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Thursday
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PARLIAMENTARY DEBATES
(HANSARD)

HOUSE OF LORDS

OFFICIAL REPORT

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The first time a Member speaks to a new piece of parliamentary business, the following abbreviations are used to show their party affiliation:

Abbreviation	Party/Group
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind LD	Independent Liberal Democrat
Ind SD	Independent Social Democrat
Ind UU	Independent Ulster Unionist
Lab	Labour
LD	Liberal Democrat
LD Ind	Liberal Democrat Independent
Non-afl	Non-affiliated
PC	Plaid Cymru
UKIP	UK Independence Party
UUP	Ulster Unionist Party

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House of Lords

Thursday 7 July 2016

11 am

Prayers—read by the Lord Bishop of Ely.

Motoring Offences Review Question

11.05 am

Asked by **Lord Berkeley**

To ask Her Majesty's Government why their review of motoring offences and penalties announced two years ago has not started.

The Minister of State, Ministry of Justice (Lord Faulks) (Con): My Lords, the review of offences and penalties relating to driving is taking place within consideration of a wider sentencing framework. We intend to commence a public consultation before the end of the year.

Lord Berkeley (Lab): I am grateful to the Minister for that Answer. I remind him, if he does not know already, that in May 2014—that is over two years ago—the then Secretary of State, Chris Grayling, announced,

“a full review of all driving offences and penalties ... over the next few months ... expected to be implemented in early 2015”.

Twenty-five months later—stretching the definition of a “few months” a little bit—the Minister says that the review has started, but when will there be public consultation, for how long and when will the Government publish something that we can read? I know that we have a caretaker Government at the moment but, unless they were going to use European legislation, this kind of thing could go on.

Lord Faulks: The noble Lord makes a fair point about the delay. We do, however, intend to move to a public consultation before the end of the year, with a view to bringing forward any legislative changes that are necessary later in this Session.

Baroness Barker (LD): My Lords, two years ago the Justice Secretary said that this review was necessary in order to make our roads safer. Is that still the purpose of the review, and will it apply to careless drivers as much as to other road users?

Lord Faulks: This is a difficult area. The distinction between careless driving and dangerous driving, although long established, does not please everybody. There are always difficult balances between assessing the culpability of driving and the effect of driving. Relatively minor episodes of careless driving can cause serious injury; very dangerous driving can sometimes not cause much in the way of harm. It is a difficult matter. It is also important to establish some proper correlation between the sentencing for driving offences

and sentences, say, for dishonesty or assault cases and that sort of thing. It is a difficult matter, but we are proceeding.

Lord Beecham: My Lords, has the abolition of the requirement to display a tax disc made enforcement of motoring offences more difficult? Have the Government made any assessment of the loss of revenue as a result of that change?

Lord Faulks: I am not aware of any assessment of the loss of revenue. I will certainly write to the noble Lord if such information is available. But it is of course perfectly possible to trace by the individual registration number, through computers, exactly who has the car and who should have the car.

Baroness Jones of Moulsecoomb (GP): My Lords, will the Minister tell us whether the concept of the driver's duty of care towards vulnerable road users will also be included in the consultation?

Lord Faulks: The question of vulnerable road users—cyclists, pedestrians and the like—is something that courts should and do take into consideration when sentencing anyway, but it is a matter on which consultation will evoke appropriate responses. The noble Baroness makes an important point.

Lord Robathan (Con): My Lords, will my noble friend the Minister look particularly in this review at the prosecution of those who park in the so-called boxes for advance stop lines for cyclists? As a cyclist, I find that the lines are ignored extremely often and I do not think that there have been any prosecutions at all.

Lord Faulks: I am not aware of any prosecutions. My noble friend makes an important point. Safety for cyclists is a priority for the Government, and we have been investing a considerable amount in this. The plan is to invest £300 million in cycling and walking over the next five years, including £100 million from the Highways Agency to improve the existing infrastructure for cyclists on the strategic roads network.

Baroness McIntosh of Pickering (Con): My Lords, will my noble friend agree to include cycling offences among motoring offences? Will he review the penalties for cyclists using pavements? Why are they not being apprehended and brought to justice?

Lord Faulks: I am sure that a number of noble Lords will be sympathetic with that observation, and I agree with my noble friend. The answer is that the consultation will provide the basis of the review that we have carried out and it will invite all sorts of observations which will be most valuable.

Baroness Randerson (LD): My Lords, Part 6 of the Traffic Management Act 2004 covers the civil enforcement of moving traffic offences, but the Government have never introduced the necessary secondary legislation. London and Welsh local authorities already have these

[BARONESS RANDEKSON]

powers, and they find them very effective at reducing congestion and enabling buses to run smoothly. Can the Minister explain why the Government are so unwilling to give local authorities the powers they need to do the job and whether they have any plans to do so in the future?

Lord Faulks: I am afraid that I do not have an instant answer to the question put by the noble Baroness, but I will look into the matter and write to her about it.

Lord Whitty (Lab): My Lords, I declare an interest as chair of the Road Safety Foundation. It is all very well having clearly defined offences and sentences, but all of them have to be enforced. In that context, will the noble Lord dissociate the Government from the populist demand for switching off and removing speed cameras, which have actually contributed substantially to improved driver behaviour and to saving lives?

Lord Faulks: The noble Lord makes an important point, because enforcement is critical; simply having an offence and a penalty is not enough. Of course, these issues are for local authorities with budget restraints, but nevertheless the point is an important one.

The Countess of Mar (CB): My Lords, what is the position of two cyclists who crash into each other head-on in a cycle lane, as happened in London on Monday?

Lord Faulks: Not a happy position is probably the case, I think. Of course there are all sorts of potential offences that they may or may not have committed, depending on the facts of the case, and no doubt they might even consider some kind of civil action, depending on the conduct of the respective cyclists.

Lord Hamilton of Epsom (Con): My Lords, am I right that road deaths have been falling pretty steadily over the past few years, and will this be taken into account in the review?

Lord Faulks: My noble friend is quite right that road deaths have been falling very considerably, although interestingly whiplash injuries are increasing, notwithstanding not only the decline in road deaths but the decline in all forms of accidents in cars. I am glad to say also that the number of cyclists who have been killed or injured has also decreased. However, we are always conscious of the importance of preserving safety, and of course we will take the statistics into account.

Paralympic Games 2016: Terrestrial Television Question

11.13 am

Asked by Lord Addington

To ask Her Majesty's Government what steps they are taking to ensure that all sports with British representation in the 2016 Paralympic Games will be available for viewing on terrestrial television.

The Earl of Courtown (Con): My Lords, coverage of the 2016 Paralympic Games will be the most comprehensive and ambitious coverage of the Games to date. Channel 4 will be showing all sports with British representation on free-to-air channels when covered live by the host broadcaster. Where sports are not covered, Channel 4 will deploy additional camera teams to capture British medal wins wherever possible.

Lord Addington (LD): I thank the noble Earl for that reply. Can the Government give an undertaking that they will encourage all those who are in the process of granting cities the right to host future Games to insist that those cities guarantee in the planning process that the Paralympic Games will have full coverage? That will ensure that we do not have the situation we are in now, where certain sports will happen to be missed out, many of which have good British medal prospects.

The Earl of Courtown: My Lords, the noble Lord makes a good point. Channel 4 would like to see comprehensive live coverage of all sports of the Paralympic Games and has been working with the International Paralympic Committee, OBS and the Rio Organising Committee to extend live coverage. As for pressure to put on further Olympiads in the future and television coverage of the Paralympics, this is carried out through UK Sport.

Lord Holmes of Richmond (Con): My Lords, when I was at LOCOG I was fortunate enough to do the deal with Channel 4 for the 2012 coverage—the largest broadcast deal ever done for the Paralympic Games. Does my noble friend the Minister agree that the more than 600 hours of Channel 4 coverage this summer will not only bring into people's homes a sensational summer of sport but have a transformational effect and positive impact on attitudes towards, and opportunities for, disabled people right across the United Kingdom?

The Earl of Courtown: My Lords, I could not agree more with my noble friend. We had 500 hours of coverage in 2012 and in 2016, this year, we will have 600 hours of coverage. My noble friend also mentioned the effect that this had on the population. I can add that 74% of 12 to 16 year-olds said that they felt more comfortable discussing disability after those Games. My daughter was one of those—at the age of 12, she visited the 2012 Paralympics in London.

Lord Grocott (Lab): Does the Minister agree that terrestrial television was one of the reasons for the phenomenal national interest and excitement that was engendered by the successes of the Welsh football team—I am speaking as an Englishman—which was absolutely terrific? One of the key reasons was the fact that it was available free to air on terrestrial television and it was a great coming together of people's interest and excitement. Does the Minister deeply regret, as I do, that so many of our national sporting events that were previously available on terrestrial television are now no longer available, and the country as a whole suffers in its enjoyment levels and even its sense of cohesion as a result of that loss?

The Earl of Courtown: My Lords, the noble Lord, Lord Grocott, mentions the listing of different sports and their availability on free to air. He makes a good point. The ability of people to watch sport is very important because it helps to encourage the legacy of these great events, apart from anything else, and encourages more people to turn out. I shall read out something on the Government's position:

"Government does not propose to reopen discussion on the Ofcom Code on Listed Events. Rather than being told by government what to show and what not to show on free-to-air television, it is for NGBs and other rights holders to strike the right balance between reaching a wide audience and using their rights to generate as much revenue as possible",

which they will need to carry out these rights.

Lord Clement-Jones (LD): My Lords, the Minister mentioned the superb coverage of Channel 4, as indeed did the noble Lord, Lord Holmes. Is it not time to end the uncertainty over the future of Channel 4, or is this another question for the next Prime Minister?

The Earl of Courtown: My Lords, as I think the noble Lord, Lord Clement-Jones, is aware, no decision has yet been made on the future of Channel 4. Her Majesty's Government are looking at a broad range of options, including those proposed by the Channel 4 leadership. We want to ensure a strong and secure future for Channel 4.

Baroness Masham of Ilton (CB): My Lords, the Minister will not be aware that I took part in the very first Paralympics in 1960 in Rome. We have come a long way, and Channel 4 should be congratulated on the lead that it is taking.

The Earl of Courtown: The noble Baroness is quite right that it should be congratulated on the amount of coverage and the enjoyment that people got from that coverage. I also did a bit of homework, and I gather that she did table tennis and competed in 1960, 1964 and 1968.

Baroness Jowell (Lab): My Lords, I draw attention to my entry in the register as a trustee of the Tennis Foundation, which promotes tennis for disabled people. Will the Minister accept that Channel 4's establishment of parity between able-bodied and disabled sports in the Olympics is a remarkable achievement? Will he also accept that it is how that participation in sport by disabled people is carried on after events such as the Olympics that is the real test of legacy?

The Earl of Courtown: The noble Baroness is quite right, and that is why I drew attention earlier to the effect on young people—the 12 year-olds and that age group—and how many of them felt what a great experience it was going to the Paralympics and just seeing what great work and endeavour were carried out. I thank the noble Baroness for that.

Lord Patel of Bradford (Lab): Can the Minister join me in congratulating the ECB—the England and Wales Cricket Board—on undertaking fantastic work in local

communities with young people with disabilities, especially people who are short-sighted or blind, so that they can play cricket? What are the Government doing further to support national organisations such as this to take up local cricket games where facilities are simply not available?

The Earl of Courtown: The noble Lord is quite right. Cricket at a local level very often relies on the good will of local people. A lot of free time is given as well, such as in the maintenance of pitches. If I have any more information on this issue, I will write to the noble Lord.

Magistrates

Question

11.21 am

Asked by **Baroness Seccombe**

To ask Her Majesty's Government what assessment they have made of the Magistrates' Association's request for an increase in the maximum penalty magistrates can impose from six to 12 months.

The Minister of State, Ministry of Justice (Lord Faulks) (Con): My Lords, we are committed to ensuring that the magistracy remains at the centre of our justice system. We are actively considering the possibility of increasing the sentencing powers for magistrates as one way in which we can make sure that this is the case.

Baroness Seccombe (Con): My Lords, that is indeed good news because in the Magistrates' Association there is a well-trained workforce ready and able to take on that extra responsibility. That would certainly help with delays in the senior courts. Delays are the bugbear of any court, so how should courts assess a situation in which a defendant pleads not guilty in the magistrates' court, the case is prepared on that basis and yet on the first day of the Crown Court appearance, as soon he can, he changes his plea to guilty? This is extremely expensive for the public purse and, more importantly, causes great distress to victims and other people involved in those cases.

Lord Faulks: My noble friend makes an important point and, with her experience of the magistracy, a pertinent one. We very much respect the contribution that magistrates make to our criminal justice system. Some 90% of criminal cases in the justice system are dealt with by magistrates. As to her specific point, defendants are always encouraged to plead guilty—where appropriate, of course—at the earliest possible opportunity, and judges and magistrates very much bear in mind that, although there is a temptation for brinkmanship, the best way to show mitigation and reduce your sentence is to plead guilty at an early stage and save all the costs that my noble friend referred to.

Lord Beecham (Lab): My Lords, on 23 December, the Ministry of Justice declined a freedom of information request on the modelling of proposals to increase the sentencing powers of magistrates, but admitted that it had carried out such modelling. On 7 June, the Minister, Mr Vara, told the Justice Select Committee that he

[LORD BEECHAM]
was not aware of any such modelling. Will the Government now disclose what assessment has been made of the impact on prison numbers of the proposed changes? If they proceed with the proposal, when will they review the effect of that change?

Lord Faulks: The question of appropriate sentencing powers is a difficult one. It goes back to 1952, when the magistrates were first given their powers. There are different views on whether it is appropriate to increase the sentencing powers. For example, the Prison Reform Trust and the Howard League think there ought to be a decrease in sentencing powers. There is a great deal of thought being carried out on this. I am not currently aware of any modelling and I cannot go beyond the answer given, but I will take that back to the department and bear in mind the question posed by the noble Lord.

Lord Marks of Henley-on-Thames (LD): My Lords, this change has been on the statute book since 2003. The Magistrates' Association argues strongly that retaining more cases in the magistrates' court and reducing the number of cases committed to the Crown Court for sentence would cut delays, as the noble Baroness, Lady Secombe, said, save some £40 million and, importantly, make justice more local. Do the Government see any persuasive arguments against now implementing the change?

Lord Faulks: The noble Lord is right; it was as long ago as 2003 that this potential increase in sentence was statutorily allowed. A number of factors have been taken into account by successive Governments. He makes an important point about cost savings. He is quite right; it is, of course, much cheaper to use magistrates than go to the Crown Court and, if they have appropriate powers, it is more likely that magistrates will deal with the matter. We have to bear in mind—I think the noble Lord, Lord Beecham, directed his question towards this matter—the possible effect on the prison population and how magistrates will feel able, or want, to use any increase in powers. It is a difficult question.

Baroness Berridge (Con): My Lords, my noble friend mentioned the incredibly high level of training and expertise that magistrates have. When looking at this Question in relation to today's first Question, of course the overwhelming majority of motoring offences are also dealt with in the magistrates' court. On training, will my noble friend the Minister please outline what plans the Government have to ensure that when driverless cars become a reality on our roads, with the potentially complex issues to do with the programming of those cars in the eventuality of an accident, we will still have the expertise in the magistrates' courts to ensure that the overwhelming majority of such cases are tried in those courts?

Lord Faulks: My noble friend makes a good point. The senior presiding judge and HMCTS review the needs of the magistrates' courts annually, including training for district judges and magistrates. All interested parties are consulted such as local Bench chairmen

and local branches of the Magistrates' Association. The training would include any new potential offences or situations identified through various routes. Clearly, they should include a new concept such as that to which my noble friend refers.

Baroness McIntosh of Hudnall (Lab): Can the Minister confirm that people who receive short custodial sentences of, say, up to 12 months are on the whole least likely to benefit from any of the educational or other potentially rehabilitative resources that are available in the prison system in a very limited way? Therefore, going back to the question from my noble friend Lord Beecham, is it at all useful to run the risk that the number of such sentences will increase?

Lord Faulks: The noble Baroness puts her finger on one of the factors which makes it very difficult to decide this quite long-standing issue. Of course, she is right that short sentences are difficult in terms of management for the purposes of rehabilitation, giving training, purposeful activity and the like. Prison governors, who will be given more autonomy, will find it difficult to get any meaningful interaction with a prisoner if the latter is there for a short time. However, it is a matter for magistrates what they think the appropriate sentence for a particular offence is.

Lord Smith of Hindhead (Con): My Lords, I am sure many noble Lords will share my concern about the prevalence of some magistrates permitting criminals to take a break from their tags to go on pre-booked holidays, stag weekends or other social occasions outside the limitations of their curfews. On 25 November last year in the other place, when addressing a Question on this matter, the Prime Minister said:

“A punishment is a punishment, a tag is a tag”.—[*Official Report*, Commons, 25/11/15; col. 1355.]

Can the Minister update the House on recent talks with the Magistrates' Association to help close this loophole?

Lord Faulks: I am aware of some of the cases to which my noble friend refers. Of course, we as government cannot interfere with the discretion of judges and magistrates in how they sentence and implement sentences. Every single case must be considered individually. Some of those decisions seem somewhat surprising on the face of it. The Magistrates' Association and all interested bodies will no doubt have that very much in mind in looking forward.

Brexit: Horizon 2020 and Erasmus *Question*

11.29 am

Asked by **Baroness Sharp of Guildford**

To ask Her Majesty's Government what assessment they have made of the impact of the outcome of the referendum on the United Kingdom's membership of the European Union on the short-term and

long-term participation of UK universities in Horizon 2020 research collaborations and the Erasmus Programme.

Baroness Evans of Bowes Park (Con): My Lords, the referendum result has no immediate effect on the right of researchers to apply for or participate in Horizon 2020, nor on those currently participating in or about to embark on Erasmus exchanges. The future of UK access to European research and innovation funding and to the Erasmus programme will be determined as part of wider discussions with the EU.

Baroness Sharp of Guildford (LD): I am grateful to the Minister for that reply, but is she aware that, in spite of similar reassurances given by the Minister of State for Universities and Science in the other place, there is already anecdotal evidence of researchers being asked to stand down from European programmes, particularly when they are the lead researcher? This is hard for all researchers in all areas, but particularly so for those in some of the more niche areas, such as—one that I know quite well—the science associated with cultural heritage, where we have global influence but depend very much indeed on European money to fund these programmes. They bring many talented young people over to this country on exchanges of one sort or another, partly under the Erasmus programme, partly under the Marie Curie programme. If we are not able to pursue this research, it will hit the UK's soft power influence very substantially. Is the Minister aware of these difficulties that are likely to arise and how the Swiss example means that, unless we keep freedom of movement, associated status will be of no value?

Baroness Evans of Bowes Park: I can certainly reassure the noble Baroness that Ministers are in close contact with Commissioner Moedas on the issue, particularly around Horizon 2020, and we are being vigilant about any problems that may start to emerge in the area. But, as I have said, UK organisations can continue to participate in Horizon 2020 under the same terms and conditions as currently, and should not be discriminated against; we will of course maintain a watch on this. We are in very close contact with the university sector and, as I have said, with the Commissioners.

Lord Stevenson of Balmacara (Lab): According to a recent *THE* review, more than 18 universities will lose more than 50% of their grant funding from EU sources. This affects not just the major universities, such as Cambridge and Oxford, but the whole range. In addition, substantial reductions in taught postgraduate courses will happen. Does it make sense, given the tsunami that is approaching us, for the Government to continue with their radical proposals to reorganise research structures in the new HE Bill?

Baroness Evans of Bowes Park: We believe that the current uncertainty makes it even more vital that we have a stable and robust regulatory framework to ensure that our world-class research base can maintain its position internationally. The Bill will put in place a framework to maintain our status; UKRI—the new

body—will facilitate more multidisciplinary and interdisciplinary research and enable us to keep up with emerging economies. It is critical at this time that we provide the stability that the university sector is looking for.

The Lord Bishop of Ely: My Lords, I declare an interest as a visitor to a number of colleges in Cambridge. In my conversations with the vice-chancellors of both Cambridge University and Anglia Ruskin University, which is in Cambridge, not only were they very concerned that there was a risk of losing £500 million of research funding for Cambridge and for the Russell group universities but—rather than the money—they were much more concerned about soft diplomacy and the free movement of scholars, which may be affected in the future. The vice-chancellor of Anglia Ruskin tells me that it is doing some very important research with a university in Portugal on earthquake studies—perhaps, by analogy, useful to us at the moment—and that this research could be in jeopardy. Can the Minister give us some assurance that there will be attention both to the soft power and soft diplomacy that needs to be assured and to how such research, with its real importance to vulnerable communities, will be sustained into the future?

Baroness Evans of Bowes Park: Of course the Government and I entirely understand the concerns of the sector. We have a world-class higher education sector and we want to support it and make sure that it is able to maintain its footing as the best in the world. That is why we will work extremely closely with the sector throughout the coming months and years to make sure that we provide the support, its voice is heard, and we do all we can to maintain it.

Baroness Coussins (CB): My Lords—

Lord Sutherland of Houndwood (CB): My Lords—

Lord Lawson of Blaby (Con): My Lords—

Lord Pearson of Rannoch (UKIP): My Lords—

Lord Kinnock (Lab): My Lords—

The Lord Privy Seal (Baroness Stowell of Beeston) (Con): My Lords, it is the turn of either the Cross Benches or the Conservative Benches. We will go to the noble Baroness, Lady Coussins, and I hope we can get in a Conservative next.

Baroness Coussins: Thank you. Will the Minister acknowledge the vital importance of the Erasmus programme for the funding of the third-year abroad element of modern language degrees, especially when the shortage of MFL teachers will be even more acute because of the Government's EBacc target? How will the Government plug the Erasmus gap both for outgoing UK students and for the incoming Erasmus students from the EU who supply our schools with foreign language assistants?

Baroness Evans of Bowes Park: The referendum result does not affect students studying in the EU, those currently on Erasmus, or those considering applying in 2017, and payments will be made in the usual way. Our future access will of course be a matter for negotiations.

Business of the House

Motion on Standing Orders

11.36 am

Moved by Baroness Stowell of Beeston

That Standing Order 46 (*No two stages of a Bill to be taken on one day*) be dispensed with on Tuesday 12 July to allow the Supply and Appropriation (Main Estimates) Bill to be taken through its remaining stages that day.

Motion agreed.

Business of the House

Timing of Debates

11.36 am

Moved by Baroness Stowell of Beeston

That the debate on the motion in the name of Baroness Mobarik set down for today shall be limited to 2 hours and that in the name of Lord De Mauley to 3 hours.

Motion agreed.

Investigatory Powers Bill

Order of Consideration Motion

11.36 am

Moved by Earl Howe

That it be an instruction to the Committee of the Whole House to which the Investigatory Powers Bill has been committed that they consider the bill in the following order:

Clauses 1 to 7, Schedule 1, Clauses 8 to 12, Schedule 2, Clauses 13 to 53, Schedule 3, Clauses 54 to 57, Clause 221, Schedule 8, Clauses 222 to 231, Clauses 58 to 66, Schedule 4, Clauses 67 to 79, Schedule 5, Clauses 80 to 100, Schedule 6, Clauses 101 to 126, Clauses 203 to 216, Schedule 7, Clauses 217 to 220, Clauses 127 to 202, Clauses 232 to 241, Schedule 9, Clause 242, Schedule 10, Clause 243, Title.

Motion agreed.

International Trade Opportunities

Motion to Take Note

11.37 pm

Moved by Baroness Mobarik

That this House takes note of the global opportunities for trade and of the case for Her Majesty's Government having a comprehensive strategy to further encourage and support Britain's businesses to engage internationally.

Baroness Mobarik (Con): My Lords—

The Lord Privy Seal (Baroness Stowell of Beeston)

(Con): My Lords, by all means leave the Chamber if you are on the way out, but may I ask those exiting to do so quietly? My noble friend is trying to introduce this debate, but if anyone wants to leave now and go that way—do they want to go now?—they can do so while I am talking. I encourage my noble friend to start again.

Baroness Mobarik: My Lords, during the past few weeks, our focus has been on the EU referendum of 23 June and the result to leave after 42 years of membership. We are clearly entering a period of very significant change in the UK economy and in commercial relations between us and the EU. There is rightly a great deal of concern, as there is such a substantial degree of integration between the UK and EU economies. These cannot be disentangled overnight, and nor should they be. It is imperative that we maintain our access to the single market and that we negotiate the best trade relationships with the EU. I have every confidence that my colleagues will lead Brexit discussions to protect and enhance our trading position with the EU.

What we must not allow is a state of paralysis as we try to extricate ourselves from the EU and its institutions, and we must not ignore the absolutely crucial need to develop business opportunities with the rest of the world. If we accept that the degree of access to the single market may affect the types of agreements that can be negotiated elsewhere, the task has to start now—and simultaneously with the Brexit negotiations. While many of us may have serious misgivings and concerns about the impact of the referendum result, there is a general consensus that going it alone has one obvious plus: it allows us to be nimble and flexible. After all, it is one of the reasons that so many voted for an exit from the European Union. We now need proactive engagement with the rest of the world. It will by no means be from a standing start but we have to work to make it greater.

It may be useful to remember that the highly developed markets of the US and the EU have relatively slower growth than the emerging markets. We have of course been aware for some time that the world's centre of gravity has been shifting eastwards and that building trade links with emerging markets is essential. In recent years, we have witnessed closer economic ties between Britain and China; the Chancellor's support for the Asian Infrastructure Investment Bank illustrates this well. China has a maturing economy that is ripe for the services and luxury goods that are Britain's strengths, but certain markets have been ignored to a large extent in the past. We must now take the opportunities wherever they are to enhance our relationships, and in particular to re-engage with the Commonwealth, where we already have such strong historical ties and a special relationship, which we have not taken advantage of fully.

The Commonwealth accounts for around 10% of UK trade; that has remained stable over the last decade. Among the Commonwealth countries, Australia, India, Canada, Singapore and South Africa are the largest of the trading partners. However, with the Commonwealth we are provided with a spectrum of economies at various stages of growth, from the developed

and advanced economies of Australia and Canada all the way to some of the fledgling economies in Africa that really need support. In between, there is the exciting frontier of fast-emerging and fast-growing economies, such as those of India, Pakistan and Bangladesh.

IMF reports show that the developing and emerging economies' share of global GDP has increased to 55.1%. I suggest that we require much more additional resource to establish proactive and dedicated campaign teams for particular regions—essentially, a task force working with existing departments and institutions to strengthen our commercial trade and business links with countries outside the EU. These campaign teams should be results-driven and run like a business. Unusual times and circumstances mean that we have to think out of the box—so we should have fewer reports and more action.

This is not to say that business organisations have not already been working hard in seeking global markets, but, by being liberated from the constraints that the EU inevitably presents as it seeks to balance the needs of its many members, the UK should be able to be more targeted in developing these commercial relationships through a highly tailored approach by country, region and sector.

I must acknowledge the work of the Foreign and Commonwealth Office through its embassies, high commissions and consulates that do such a fine job in building trade relations—but they have to be strengthened, as does UKTI. For example, one Commonwealth country in which I have an interest, as the Prime Minister's trade champion in Pakistan, has huge potential yet there is not even one person at UKTI dedicated to developing business with it. I had the honour of representing the UK Government in Karachi last October when, for the first time, it held one of the Great British Festival events that promotes the Great Britain brand. The very small and dedicated team at the consulate had done a great job but we need to do so much more for a market which has been given emerging status and has a population of 200 million people, the vast majority under the age of 30. Although I am keenly aware that issues such as security have been an impediment to this potential trade, the arguments for engaging with this market are now too many to ignore. Apart from its significant population, its vast natural resources and a growing middle class with purchasing power are key attributes.

I hope that noble Lords will bear with me if they have heard this before, as I have previously highlighted these points and opportunities in another debate, but it is important to remind noble Lords that the Chinese investment of \$42 billion in an economic corridor—a network of roads, railways and pipelines to transport oil and gas—enables China to develop a cheaper and shorter route to trade and investment with the Middle East, Africa and Europe. It links China, all the way through Pakistan, to the port of Gwadar on the Arabian Sea. According to analysts, it will place Pakistan at the heart of four out of the five fastest trade flows in the world. The UK has the potential to engage there in a number of areas: in energy, infrastructure, agriculture, dairy and of course education, which is key to building a skilled workforce for this emerging economy.

Pakistan is a good example of somewhere with which we already have some business links but where there is lots of room for growth. Preconceptions about security, corruption and the difficulty of doing business—in Pakistan in particular but non-western countries in general—need to be challenged, with a more realistic appraisal provided by trade organisations and the FCO. One thing that can help, and where we are well placed to deliver effectively, is our capacity-building skills and consultancy generally. These emerging economies are crying out for this. Education, which I have mentioned, is another area of expertise where we could be doing so much more across the emerging economies of the Commonwealth. High-value engineering, fashion retail—where we are possible world leaders—and of course financial services, which probably deserves a whole debate in itself, are all areas within our capacity.

But while we scope out our strategy for the future and where we want to be 10 years hence, we must also ensure that our teams pursue policies that will provide a future for those left behind in society, in particular by developing our manufacturing base. It is about being outward-looking, and engaging globally—but that means looking to home, and building and supporting businesses here. The last two days of debate on the outcome of the EU referendum have highlighted the concerns of many noble Lords that we have real issues of inequality and disparity in our society. So this must be a time for collective thinking—for creative thinking.

It is the small and new businesses which continue to revolutionise the economy of this country. The talents of people from all regions of the United Kingdom—from the north of Scotland all the way to the most southern regions of England and Wales and Northern Ireland—will take us forward. If we want to export, we have to make things. We must increase and expand our manufacturing base and output. The very substantial regional and generational inequalities have to be tackled, and having a goal to promote Britain abroad is a great way to take everyone forward together. It is time to invest in entrepreneurship and to teach and provide the young with certain skills. This is already being done in many schools but needs ever-greater attention. It is crucial that we persuade potential investors that the UK's infrastructure and policies are among the most attractive in the world for manufacturing. I will make one important point here today: the UK has underinvested in infrastructure and we are hesitating once again in our commitment to airport expansion. This cannot be right at such a crucial time for our country and our economy.

As a student of history, I spent many hours trawling through the dusty archives of the Mitchell Library in Glasgow when I was carrying out some postgraduate research—which, I hasten to add, never saw completion. I recall the sense of awe when uncovering old company documents and reading of the great trading nation that Britain was. As a small island with a small population, Britain was the most advanced economy of the 19th century. Of course, the circumstances were quite different—we had the advantage of leading the industrial revolution—but there was something else there: determination and a strong work ethic. The degree of entrepreneurship and the fearlessness in exploring new geographies around the world was really quite remarkable.

[BARONESS MOBARIK]

With globalisation, we are so much more interconnected, and in some ways that should make it easier. But we require leadership and the right conditions for business to flourish—venture capital investment and finance for small and medium-sized enterprises, and proper connectivity. There is one great plus that I can see from leaving the EU; with any luck, there will be a reduction in red tape and bureaucracy, which has for so long stifled SMEs. Perhaps now we can develop conditions whereby public procurement can benefit small companies.

I can say from my own experience of business just how dismal a scenario it has been. OJEC has required the kind of resource that small businesses just do not have. OJEC, or the *Official Journal of the European Community*—or now OJEU, the *Official Journal of the European Union*—is the publication in which all tenders from the public sector which are valued above a certain financial threshold according to EU legislation must be published. It is one rule that it will be a relief for companies such as mine to flush away—and let us refrain from putting other red tape in its place. We now need more doing and less paper-pushing.

Finally, we ought to develop a “Built in Britain” brand: something that stands for quality and longevity. It requires collective thinking from industry and government and requires an aggressive mix of bureaucrats and business people to make it happen. We need a Built in Britain brand which carries everyone with it and is part of the nation building that is so badly required—a banner under which we can export to the rest of the world.

In closing, I ask my noble friend the Minister to perhaps give us some indication of the current thinking of Her Majesty’s Government on the global opportunities for trade post Brexit.

11.52 am

Lord Bhattacharyya (Lab): My Lords, I am grateful to the noble Baroness, Lady Mobarik, for the opportunity to focus on the future of British business. Trade is the lifeblood of the British economy, but the significance of trades goes far beyond the boardroom or the factory floor. As they choose their next leader, noble Lords opposite might remember that from the corn laws to imperial preference and the EU, trade policy has put them on these Benches much more effectively than my own party.

Why is trade so central to our national psyche? Britain has always been a trading nation, from the plantations of the West Indies to the tea clippers of the east. For many of us, trade is the fountainhead of our Britishness. I came to the UK as a graduate apprentice because of Britain’s manufacturing base. When I came to Birmingham, British products represented one-sixth of the world’s manufacturing exports. Manufacturing represented one-third of our economy and one-third of all jobs. With the rest of the world expanding their capabilities and technical skills, it was obvious that manufacturing exports would play a smaller role in the UK economy. Yet the contrasting performance of Germany and the UK during the financial crisis shows that it is essential to have a strong, stable manufacturing base.

Clearly, leaving Europe will cause major issues for manufacturers. Losing our voice on regulation, increased barriers, limits on recruitment and sheer uncertainty will have a depressing effect. These may be dealt with in the Article 50 negotiations. I hope that they are, although I fear they will not be. But I do not wish to focus on potential negatives today. The choice is made. To be positive, we can still increase trade while outside the EU, but it will require us to reform not merely Brussels, but ourselves. In many ways, that is a far harder challenge. It demands that we not only stay competitive in Europe, despite being on the outside, but become competitive far beyond the EU. The challenge is to improve what we offer the world’s consumers. That requires investment in innovation. We do not do nearly enough. R&D spending in Germany is 2.9% of GDP. Across the whole of Europe, R&D spending is more than 2% of GDP, but in the UK it is stuck at 1.7%. Outside Europe, the comparison is even less flattering. Compared to America, we spend a third less on innovation as a share of GDP, only half of what the Japanese spend and just a third of what the South Koreans spend. We need to match their innovation if we want to sell to the rest of the world. To achieve this, the CBI says we need to spend 3% of GDP on R&D. I believe it is the right target, but it is not enough.

That innovation also has to be outward looking and collaborative. We cannot research new technologies in a little bubble and expect to impress the world. For example, at the start of the millennium, most experts thought that our automotive manufacturing capability would more or less vanish, and we gave up. They thought that all that would survive was the assembly of foreign-designed vehicles as a stepping stone to Europe. That itself is now in trouble. The huge talent, skills and flexibility of British designers and engineers were ignored. We have outstanding technical innovation, product designers, digital technology and a science base that is the envy of researchers around the world, but decades of poor management had created a short-term mindset while failure to invest in innovation and R&D meant that that talent was wasted. Saving the neglected capability of the British car industry was the reason I asked my friend Ratan Tata to consider buying Jaguar Land Rover. We did that on a Sunday morning from my breakfast table because I knew the talent was there and we could make it a success. I had seen weak leadership and short-termism almost destroy the sector, but I believed that strong, stable leadership and a long-term approach could restore it. Even I was nervous at the beginning, but 10 years later we have one of the most profitable manufacturing industries in the country, exporting 80% of production.

We can make it in this country. How has this been achieved? It has been achieved by adopting the sort of long-term, innovation-led, collaborative industrial strategy we have lacked for more than 30 years. I stress “collaborative” because we must work with the rest of the world as equals. The arrogant language of “moving up the value chain of digital technologies” undervalues the advances made by others, fails to appreciate their consumers’ needs and underestimates what their innovations offer us. Instead, we must build partnerships with firms and universities around the world. We must invest in understanding the Indian, Chinese and

Indonesian consumer, as well as our own, because we know what happens if we do not. British Steel faced the fall in global steel prices carrying a legacy of underinvestment and low innovation. I know this because it is another company I made my friend buy. I am hopeful that we can still find a solution that will secure the future of the steel industry. It was all because of underinvestment and poor management. Yet the truth is that the root causes of the steel crisis should have been dealt with well before the glut. We need a level playing field for domestic steelmakers against overseas competition, including competitive energy, labour and tax policies—mainly infrastructure. However, to grow trade we cannot merely subtract cost; we must add value. A strong trade policy, especially in manufacturing, will require an effective industrial strategy. That means not picking winners but ensuring that where an industry or technology has the potential for growth, we maximise the chances to succeed.

A strategy on its own is not enough. Attention to detail and sustained commitment are the keys to success. We must continue to push business and academia to look outward. We have to reach out to create new global partners and stand beside them in the tough times as well as the good. This matters because trade is not simply the purchase of goods but the building of relationships. So all industrial policies need to be built on a dialogue between British industry and the world. Most of all, we need to develop a mindset of competitiveness, to which the Government should always respond.

That is especially true of immigration policy. An outward-looking industrial strategy is essential for improving British trade and should be at the centre of our post-EU trade strategy. Investment from firms such as JLR and the UK motorsport industry has massively grown exports. Considering the key people who work in those companies, I would suggest that a lot of them are top-quality immigrants. The results are clear: record levels of production and thousands of new jobs.

So why is that the exception, not the rule? Because the US, Korea and Japan invest two to three times more than the UK on public sector applied science. As a result they have a private sector that invests in commercial research, whether in nanomaterials or in microprocessors. This is the engine of innovation that pushes forward their trade. By backing bodies such as Innovate UK and listening to groups such as the CBI and the Automotive Council, the Government can use our strength in science to get the private sector to invest in innovation, and that will drive trade. That is how we drove trade in the past.

So I ask the Minister to assure the House that innovation will be a key priority in our planning for a post-EU Britain. To succeed, we have to be competitive, we need the mindset to collaborate with the best, we need the resources to innovate with the smartest and we need the partners to invest for the long term. Investing here will increase our national wealth, spread prosperity more widely and build a broad-based, growing economy, instead of what happens now. If anyone goes to the Government for anything they are told, "It's against EU rules" or, "It's against state aid".

They will use every excuse under the sun, and then no one will be welcome in this country because of all these problems.

The secret to a strong trade policy is simple. Ultimately, it is simply making products that people in the rest of the world do not have and find that they want. That is how Britain led the first Industrial Revolution, even outside Europe, and it is still the key to success today.

12.03 pm

Lord Patten (Con): My Lords, in times of economic change and challenge there are always new opportunities for business. That is why my noble friend's debate is so timely, and I listened with great care to what she had to say.

Change is all around us but we must not be seen as mere supplicants at the gates of the stronger in the economic world. For sure the pound is down, but then the stock market at FTSE level is higher than before 23 June, unemployment in the UK is low and the envy of the western world and investment is quite good into UK business and industry, even if productivity is a bit ho-hum and strongly in the "Must do better" box. The recent fall in the pound/euro cross rate or the 10% devaluation of the pound against the dollar should be seen as radically reducing the cost base of UK manufacturing, already with a strong underpinning economic base, as it exports into Europe or the US—if these changes in the exchange rates are taken advantage of, together with the excellent proposals from the Chancellor of the Exchequer to cut UK corporation tax in short order, which is a pledge that I hope to see kept to in future months.

Equally, on trade itself, President Obama said that in his view Britain would be at the back of the trade treaty queue. We will see about that. Australia, India, Mexico, South Korea, New Zealand and others have all expressed interest in new deals. I hope the United Kingdom will pursue those with vigour while at the same time we continue to trade with Europe, a much-valued customer for what we do but also a major market in both directions, because it wishes to sell to us. Therefore we must respect our close neighbours, allies and friends. However, in the coming months both sides will, post that decision-night shock, realise that getting bogged down into difficult discussions of a never-ending sort about access to the single market for goods will turn out to be a bad for world trade and European trade. This process cannot drag on forever, so we should simply apply World Trade Organization rules after, say, a 24-month period after the exercise of EU Article 50 unless we agree otherwise in specific areas, if agreement does not happen during that period.

The proposal for applying World Trade Organization rules would do a number of good things for the UK, its economy, and for exporters. First, it would provide business with new certainties, which it wants—understandably, businesses like certainties—to parallel other measures such as that corporation tax reduction proposal, which would create a most attractive location for inward investment into offshore Europe. Secondly, it would encourage UK business to raise sector-specific concerns early with the Government. Thirdly, faced with World Trade Organization tariffs, other countries

[LORD PATTEN]

would be encouraged to negotiate, which would allow the United Kingdom to seek freer access to the EU for some of our priority industries. Lastly, and most importantly, with our new albeit surprising freedoms to do this kind of stuff we can unilaterally decide to do all this in short order after 24 months or whatever period, and it can be delivered without trade wars.

I will exemplify how this works or might work with a worked example; I do so with some temerity, seeing down the Bench from me my noble friend Lord Green of Hurstpierpoint, that strikingly successful former Trade Minister who knows what he is talking about. None the less, I will risk it, and will take our trading goods with Europe—trading goods alone—as an example of how this might work.

The context of all this is that the European Union in the last full year, 2015, exported £219.8 billion of goods to the UK. On the other hand, the UK exported £134 billion of goods to the EU in return. Therefore the average tariff on imports into the UK would be 4.1%, by my calculation, raising about £8.9 billion per annum under World Trade Organization rules. The average tariff rate in the other direction, on exports from the UK, would be 3.5%, costing about £4.6 billion per annum.

However, all this detail—and let no one accuse me of not getting into the detail this afternoon—should be set against the context that the UK is the EU's single largest export market: some 17% of all EU exports come to the UK. That is bigger than the amount that goes to the US, which is 16%, or, for example, to China, which my noble friend mentioned in her introductory speech, which is a mere 8%. Therefore we all have to recognise on both sides that the EU needs the UK market very badly indeed in any future trade negotiations.

UK exporters have benefited from the reduction in the value of sterling and are therefore now very competitive, even with tariffs. The only significant sectors where we are a net exporter to the European Union are fish, mineral fuels and bitumens, and aircraft, spacecraft and parts thereof. These sectors would need to be helped in various ways and would doubtless be the focus of government incentives to relieve any pain of tariffs, even beyond the currency tail-winds, to be realistic—I recognise that.

At the same time, some UK importers would suffer substantial additional costs, and these are focused on a few industries: my little list is vehicles, electrical machinery, plastics, nuclear reactors, boilers and so on, and meat and fish preparations. There are also a few relatively small sectors where the UK relies heavily on EU imports that would attract high tariffs. These are flowers, vegetables, citrus fruit and nuts, preparations of meat and fish, preparations of vegetables and fruit, and fertilisers. There will also be—I have taken expert advice on this—some even smaller sub-sectors that will be affected. One, I am told, is pastry cooks' products. Let no one suggest that I do not get into the detail of these future trade negotiations.

In those areas, the UK could do one of two very important things: first, unilaterally reduce tariffs on imports for smaller sectors where leverage over any

one member state is low; and, secondly and absolutely vitally in these negotiations with Europe, use the tariff imbalance to negotiate other access rights—for example, trade tariff-free access for cars coming from Europe into the United Kingdom in exchange for the continuation of passporting for financial services. To take one country as an example, the Netherlands relies very heavily on the UK for its cut flower industry. It would doubtless apply pressure on other EU countries to act in a realistic way and in the spirit of give and take that all global trade agreements demand in return for tariff-free access for its own goods and markets here. Without a doubt that is what the Dutch would do. That is enough detail. That approach with our European friends would underpin the broad strategic approach to other worldwide business opportunities which my noble friend so rightly wishes to see and which she eloquently set out in her introductory speech.

I should like to ask just one question of the Minister, and I apologise for not having given her advance written notice of it. Working, as I do, outside the House for my living, some of these niceties escape me. I apologise and would be very happy to have a written answer placed in the Library of the House in due course if she cannot give it now. What is our vision for utilising more systematically our trading links with the 53 member countries of the Commonwealth, which should be our natural trading friends and allies? After all, the Commonwealth Secretariat says:

“Through our expertise and assistance ... countries secure better trade deals”.

We are indeed one of the countries seeking those better trade deals and we should trade vigorously with our Commonwealth neighbours.

12.13 pm

Lord Stoneham of Droxford (LD): My Lords, I congratulate the noble Baroness, Lady Mobarik, on initiating this debate, but I suspect that it was planned in an environment very different from the one in which we have found ourselves since 23 June, and I think that her speech reflected that.

With the growing deficit in our current balance of payments, we should concentrate on an offensive strategy to open up new markets and initiate import substitution, but I am afraid that, with the reality of Brexit, we are in a defensive strategy to protect what we have—that must be our first priority—and to negotiate completely new trade agreements. I remind the House that 44% of our exports go to the EU. If you count all the preferential trade agreements that we have, 57% of our exports are covered by the EU as well, and if we include the agreement that we hope to see with America and Europe by the time we reach exit from the EU, something like 73% of our exports will be covered by agreements and arrangements with the EU.

There are three principal problems with this. Of course, business will adapt to the problems we have created as a country by voting for Brexit. Change and crises galvanise change in business. In companies that I have run, I have always quite liked crisis because it enables you to achieve change more quickly, but I remind the House that many fewer companies than was the case 40 years ago are controlled and owned in

the UK. Multinational companies will follow not the national interest of the UK but their own interest. All our motor industry jobs will depend on such companies and the decisions they make. One of the saddest things about the referendum result was the vote in Sunderland, where Nissan is based—a company which is owned not just by the Japanese; a 44% shareholding is owned by Renault. What will happen the next time a new line or new investment is planned for that plant and where will it go?

We need as a country to bring in new skills, because we do not have the skills to negotiate trade deals in great numbers. I am told that we have 40 experienced trade negotiators, most of them already working in the EU. The public comment is that some 500 are now needed. The EU will have a great competitive advantage in these negotiations, because it has the knowledge, the skill and the expertise.

The Government will try to reassure us. They have already said, “Oh, look, the economy now is fundamentally strong enough to deal with this crisis”, but the country is facing a vulnerable situation. We have made some progress on the deficit, but we will now be blown off course by lower growth and greater uncertainty. We are an economy still recovering from its heart attack in 2007-08 and dependent on the life support of artificially cheap money. We are still very unbalanced as an economy. We may now have the competitive advantage of a lower pound, but household debt is still too high and we have not created the export growth that we wanted even with quite a competitive pound during the past four or five years. Business investment is very disappointing. We are bailed out only by flows on the capital account to keep us in a liquid situation on our foreign accounts. Uncertainty will kill business confidence and investment.

As a country that is so dependent on trade, we are woefully unprepared for the decision that Brexit has given us, and I have to question the sheer incompetence of a Government leading us into a referendum to solve their own problem and emerging from it completely unprepared for what we now have to face. If Chilcot thinks that we were unprepared going into Iraq, I hate to think what future historians will say about where the Government now find themselves in dealing with these problems.

There are two issues that we should address in this debate. First, whether we should remain in the single market is completely unresolved. We have had the noble Lords, Lord Lawson and Lord Patten, telling us effectively that we should ignore the single market and just get on with our own arrangements, because they say that the single market would be unachievable without free movement of labour. But it is much more complex than we realise. We have had 40 years of free trade and integrated our supply chains as a consequence. The reason for our not seeing improvements in our balance of trade when the pound goes down is that it simply increases the level of imports of vital parts for our manufacturing and other services, which we then have to sell as exports, so it does not necessarily help our competitive position. I know that they will say, as the noble Lord, Lord Patten, said, that we will simply go to the World Trade Organization and negotiate

away the 10% tariff on cars. I fancy the negotiations on agriculture because we now have significant exports of agricultural goods and I imagine that we will have such a strong position against the French and German farmers, negotiating away the 20% or 30% tariffs that those exporters will now face. There will be a complete disruption of supply chains.

The other aspect is all the preferential deals that the EU has negotiated with other countries. What will our position be in those? Do we retain our rights or will we have to renegotiate them? I challenge the Government: what is your preparation and what are your contingency plans on these matters? Most experts think that it will take five to 10 years to extricate ourselves from these sorts of arrangements. Then of course we are saying that we want to do new deals with the USA, China, Brazil and India using the flexibility that we now have to negotiate. But how will we possibly have the time, expertise and experience to do that?

I have a couple of other points. Our competitive advantage as a country depends on a number of factors. I have mentioned supply chains. Last year, I went to Airbus to see how it assembles aeroplanes. We will now have all the complications as parts of the aerospace industry have to go in and out of the single market and out of this economy. We will need to negotiate very carefully in these areas to protect our aerospace industry and our car manufacturing.

Our universities should be the source of all our future hope and prosperity in terms of research and development. It is a big competitive advantage. All that will be completely disrupted by the change in funding. Finally, there are services. Manufacturing is important—my goodness me, it is important to our economy—but services are our future. If we look at the way that people voted in the referendum, those areas of the country that had a big commitment to the service industries—whether London or the motorway links going down to Hampshire and Sussex and up to Cambridge, across to Bristol, Oxford, Manchester and our university bases—were where people saw the threat of coming out of the EU. Services are all-important so, looking forward, are the Government launching an immediate consultation on the single market and the detailed impact, industry sector by sector, service by sector, on the consequences of withdrawal? It is a question of talking not just to other countries, but to sectors and industries in this country. What are our priorities for renegotiating all the other trade deals that the EU has? Are we gearing up not only the diplomatic service but all our trade organisations to deal with this huge task?

I leave noble Lords with one final thought. There is already talk of us becoming the Singapore of Europe. We have already had these initiatives of lower taxes for business. Lower taxes do not actually help investment. They create cash but it does not mean necessarily that that cash is invested back into the UK. It may just simply stay idle if there are no investment opportunities. But believe me, if we are relieving taxes on business, we are putting higher burdens on everybody else. We should be very cautious of anything going forward that undermines our competitiveness. The living wage, training levies and pension contributions are all coming

[LORD STONEHAM OF DROXFORD]

along the pipeline. Going alone is a very dangerous place. We were told that we would be more flexible and more responsive, but I recall the words about going abroad: “Speak softly, and carry a big stick”. Without the single market, our leverage in negotiations will be much reduced and this is a very dangerous, uncertain step into the unknown.

12.24 pm

Lord Green of Hurstpierpoint (Con): My Lords, I congratulate my noble friend Lady Mobarik on introducing a debate on a matter that is topical, critical and urgent. In fact, well before the referendum decision this was an urgent and chronic topic for us. It is the clear Achilles heel of the British economy and has been for several decades. Last year the external position of the country deteriorated to the point where the current account deficit was just shy of £100 billion and something above 5% of GNP. That is the largest since the war. The trade deficit is over 2%, which is not a record but nonetheless serious and chronic. It is worth reminding ourselves that no other developed country is in this position. The Australians have a significant deficit, but it is about 3%. The US and Canada both have deficits, but they are less than half of ours in proportion to GDP. No other major EU state faces the same challenge. Finland, Poland and France all have trade and current account deficits, but they are less than a quarter of ours as a percentage of GDP.

The trade deficit has been there almost all the time since the 1960s. Hitherto we have had no trouble financing it, but it would be folly to assume that the markets are always going to be that kind to us. As the noble Lord, Lord Stoneham, indicated in his remarks just now, the deficit is becoming more deeply rooted. Traditionally, sterling devaluation every now and then helped us out of the crisis of the time, but each sterling devaluation has had less effect than the last one. Why is that? It is partly because of short-term responses. There seems to be a tendency for export prices to be held up in the foreign currency rather than to cut them on the back of a devaluation in order to gain share. On the import side, it seems to have resulted in a short-term depression of import demand rather than real domestic import substitution. In any event, over time the growth of supply chains has reduced the impact of a sterling devaluation because our major engineering names—household brands for all of us—which export world-class products from this country find that the import component has gone up over the past 20 to 30 years from around 30% to about 70% of their output.

The point is that this is a serious challenge and has been so for a long time, and there is good reason to believe that part of our challenge is to get more British firms involved in the export markets. Compared with some of our obvious competitors across the Channel, we have a smaller proportion of businesses engaged in the export trade.

Of course, we have recently increased dramatically the scale, complexity and risk of the challenge. We have put into question our ready access to the market that takes more than 40% of our exports. As my noble friend Lord Patten said, the EU does indeed have

every rational interest in a reasonable deal with the UK going forward, but it will be complex to negotiate it. We have told ourselves that other markets will be ready and eager to negotiate trade agreements with us to replace the existing 50 or so EU agreements around the world under which we currently trade. We have told ourselves, too, that in the case of the big ones currently under negotiation—the United States, Japan and India—the counterparty is not only ready and eager, but will find it easier to negotiate with us because we do not have to balance the demands of 27 other member states against our priorities.

“O brave new world
That has such people in’t”,

I am tempted to observe, because now we are on our own. We have taken the challenge, we have made the decision, and now we need to deliver on the promises.

We have given ourselves some extra degrees of freedom—that is clear—but we have undertaken grave risks. We have seen sterling fall. As of yesterday it was at its lowest level against the dollar since 1985 and against the euro since 2013. On the face of it that is good news for British exports, but on the other side we have started to see anecdotal evidence of an investment slowdown, various announcements of decisions, particularly strategic decisions, being put on hold, IPOs being pulled, and evidence that we are moving into a period of uncertainty that will affect investment. We need to keep that period of uncertainty as short as possible.

It is too early to tell, as Zhou Enlai famously said about the French Revolution, how this will all play out—but it is not too early to reflect on the policy challenges and the trade promotion imperative that we now face. I will talk briefly about three things. The first is the policy challenge vis-à-vis the EU. Participation in the single market now becomes a trade policy and negotiation question. Essentially there is a spectrum of possibilities that will have to be looked at in the coming couple of years or so. At one end we have an arrangement that looks like the EEA—essentially for access to the single market but taking the four freedoms as well and the costs of contributions to the Brussels budget. It is worth noting under that heading that being a member of the EEA does not get you inside the common external tariff of the EU and that we will face, even under that regime, new customs procedures, proof of origin rules, and so forth.

At the other end of the scale we have the WTO rules which, however, cover only goods. If we set our tariffs with the EU at zero we have to generalise those around all the other markets—and that removes bargaining chips as we go into negotiation with them. I make these points simply to indicate that life will not be easy or straightforward in these negotiations.

We can look at in-between arrangements. Switzerland has attracted a certain amount of attention in recent days. That country has dozens of agreements with the EU. Its relationship is fractious and changing. It is worth noting that it does not yet have passporting arrangements for Swiss banks in the EU, and that the Swiss have put all of that in balance by their referendum in 2014 which voted to restrict migration from the EU. The standstill arrangement on that runs out next February, so we will see how the Swiss get on.

There are other models. People talk about the Canadian arrangement: the Comprehensive Economic and Trade Agreement. That covers goods and agriculture and deals with tariffs, quotas and subsidies but does not cover services which are, as a number of speakers have already pointed out, important to us. It is also outside the customs union and would have the same effect, therefore, as being in the EEA.

Not talked about enough is the Turkish option. It is inside the customs union and can still negotiate independently with third parties. The arrangements cover only part of its economy—notably its manufacturing and processing industries—and Turkey notoriously does not have free movement of people. That is a disadvantage in their minds which, I suspect, would not be a disadvantage in the mind of the British Government. I do not know what the way forward is; I merely stress the importance of sorting out this problem as soon as we reasonably can.

As for the rest of the world, we have to negotiate with those countries that are currently covered by the EU agreement. It is probably too easy to assume that they will be happy to sign the same thing with us independently. In the case of the Canadians, for example, that was a painfully negotiated deal, involving the provinces as well as the federal Government of Canada, which makes it complex on their side as well as on ours. We will see as we get into it how well we get on with these various renegotiations.

What about those countries where no agreement exists yet—notoriously, the United States, Japan, and China, the first, second and third largest economies in the world, by the way? Negotiating TTIP at the moment feels to all concerned rather like walking through treacle and we do not know how and when we will get out the other side. We have told ourselves that they will find it much easier to negotiate with us because they do not have to deal with the requirements of 28 member states—only with us. That is true, but we need to stare one uncomfortable fact in the face: that negotiation is all about services and regulatory convergence or harmonisation. Tariffs on goods are 3% both ways, and for the most part are relatively trivial. The services that we care about, in particular in pharmaceuticals and financial services, are ones where it is a particularly difficult negotiation on their side. We would be unwise to assume that the Americans will find an agreement with the UK easy to negotiate.

We are where we are, and the question, to quote one famous Russian politician, is: what is to be done? The most obvious point is that we need a huge increase in official resources devoted to this challenge. We should see this as almost putting the country on a war footing. I am told that there are about 20 people in the trade policy division in the Department for Business, which roughly coheres with my memory of it from a couple of years back. My suggestion is that we probably need to grow that at least fivefold or maybe tenfold as quickly as possible with people who are able, and who, as rapidly as possible, will be trained in the minutiae of trade negotiations.

On the trade promotion front, we should re-look at the question of the UKTI budget. It was slightly reduced in the spending round. It would seem rational to ask ourselves whether we should not reinstate an

investment in UKTI and encourage an expansion of the partnership that has been developed between UKTI and business groups around the world—in some cases it is chambers and in others British business groups in what I think is now 37 countries. I suggest that we need to enhance those, be prepared to invest in them as strategic partnerships and not see them just as contractual arrangements. In short—I am conscious that I am overrunning my time—there is a lot to be done. I look forward to hearing any comments from my noble friend the Minister on the way that we will resource this.

12.35 pm

Viscount Waverley (CB): My Lords, I remember well sitting on the peripheries of a highly successful trade mission to Kazakhstan led by the noble Lord, Lord Green, and it is a pleasure to follow him today. The noble Baroness, Lady Mobarik, should be thanked for moving your Lordships' House on to arguably the single most important subject beyond that of the referendum.

Much was made during the referendum debate of what would, and needs to, accrue from exporting globally. On the United Kingdom's standing in the world, the Prime Minister informed us that we are the fifth-largest economy—although, expressed in dollar terms, we have already, I believe, slipped to sixth or seventh. We are members of the Commonwealth, but even many of our friends there have entered into their own regional arrangements. These were all cited as illustrations as to why we need not be concerned for the future. Comments ranged from those of some, who took the view that we do not need to be a member of the single market, to those of others advocating that the European Union needs our market as much as we need it, which then comes back to that all-important question of access—or not—to the single market and on what terms.

While I have listened with great care to all the positive messages today, I believe that we are afforded a few moments for a reality check, all put forward in the spirit of helpfulness. On 1 July—I am following the example of the noble Lord, Lord Patten—there were 180,734 public procurement opportunities in the 27 member states where United Kingdom commercial interests could tender freely and equally due to our membership of the European Union. In the UK, there were 12,271 public procurement opportunities where entities from member states could tender freely and equally. While it can be generally expected that all is well for those tenders that have been approved, what of those upcoming tenders for which UK interests wish to be considered? For how long will it be the case that unfettered access remains? Will it be for the two-year negotiation period, or will we be disadvantaged from the time Article 50 is triggered?

Global opportunities and the environment in which UK commercial interests can thrive become imperative. In years gone by, it was often said that the world is our oyster. Certainly, the UK has many comparative advantages, but that environment is fast-changing. Increased competition comes from countries such as India, China and South Korea, with France wishing to protect its interests in the francophone area, and the

[VISCOUNT WAVERLEY]

multivector policies adopted by many countries, particularly those that are strategically placed. However, what gives me equal cause for concern is that the new world countries, where many of the opportunities previously existed for the United Kingdom, are starting to play the game by their own rules.

As an example, some time back I was requested by the national oil and gas state entity in Kazakhstan, KazMunaiGas, to negotiate with the three largest foreign oil and gas operators to recognise that procurement policy was not expected to pay scant regard to national goods, works and services capabilities. From these aspirations, I was able to create a memorandum that is known as the Aktau Declaration on Joint Actions, which was signed up to by all the operators concerned. This was in line with the desire to ensure,

“opportunities for the companies and citizens of Kazakhstan to benefit directly from oil and gas projects as part of a strategy to develop an indigenous capability in the sector ... creating an appropriate environment and attracting joint ventures with technology transfer by companies in the global oil and gas supply”—

in other words, a stringent local-content programme. These activities become more dire with the low oil price and the little-known consequences of a low oil price that is holding back investment in capital projects.

The point of all this is that the rules of the game have changed and are changing. Partnerships and joint ventures with local employment will become increasingly mandatory. I cannot underline enough that what these countries expect is genuine partnership. The illustration I am offering noble Lords is being increasingly adopted by many around the world. I think particularly of Tanzania, where the president, or his Government, has signed up with the appropriate foreign entities.

Yesterday afternoon, I sent an email to 50 or so chambers of commerce around the UK and a trade mission organiser to inform them of today’s debate, requesting that if they had any points of specific concern that required being flagged to kindly let me know. I am most grateful to the large number who responded by return. A range of important issues emerged. The difficulty I now find myself in, with regret, is that those issues were far-ranging and far too numerous to do them justice—even a snapshot, with calls to action—and to be able to place on record today all the many concerns and challenges expressed. To be exact, I received 15 pages of condensed type of useful suggestions. There is no possibility of my doing justice to all that I have received.

However, the examples include the need to accommodate business visas with easier-to-obtain visas. For example, Dubai is now taking over as the meeting place of choice for not only nearby states but also west Africa. Our friends in west Africa prefer to go to Dubai instead of coming to London Heathrow or Gatwick, as they have done historically. The fast-track trade agreement with India was noted by a number of people, and clarity on a timetable for exit from the EU is considered essential. Lastly, to pick up one of many of the points made, stability should be sought from the Government similar to that being expressed in a clear and resolute fashion by the Bank of England. Would the Minister kindly allow me to package these

up and send them over to her for her officials to review? By the way, it is a pleasure to see the noble Baroness at the Dispatch Box. The noble Lord, Lord Price, is, I understand, in the marketplace today, where the UK needs him to be—in China.

Nevertheless, over the years I have felt that there is not sufficient partnership between the public and the private sectors in the UK. That gap needs to be plugged. After all, while often too much can be expected from government, the support of—and, in many circumstances, assistance by—government is paramount. Conversely, the private sector is at the sharp end and its views need to be taken on board as an equal partner.

With regret, I now conclude my remarks with an unpalatable tale but one that illustrates the importance of the work that needs to be urgently carried out by the Minister’s department. At this point, conforming with protocol, it is appropriate that I declare that I am the founder and chairman of SupplyFinder.com, a free-to-use global business portal created to stimulate global trade and investment, presenting national and international opportunities covering 195 countries and 25 sectors in eight languages—a large undertaking. I have been keeping the Minister’s department, including the head of digital, informed of progress and will of course continue to do so to the extent that they are minded. To go back to the tale, some short months ago I had occasion to speak with our consul-general in Casablanca, who informed me that the OBN—the Overseas Business Network—in Morocco, which is UKTI’s partner on the ground, was frantically arranging itself in Meknes for what was apparently the largest agricultural conference and exhibition in Africa. Making an immediate decision, I jumped into my car, albeit in Faro, and drove to Meknes, arriving in time for the last day—all well and good. I went immediately to the overseas pavilion, calling at the European Union stand, followed by those of Spain, France and others, including various African representatives. But then—guess what?—the UK stand had packed up shop the day before and left. There was no note, no catalogue, no point of contact—nothing.

We can only scratch the surface of what needs to be debated in this opportunity today, but there is so much more that could and needs to be added if the UK is going to excel in this highly competitive global market. I end with just one thought for the Government, which I believe has been expressed elsewhere. While there is an undeniable need for UKTI to settle down and become supercharged—a new word I learned yesterday, by the way—and properly resourced, there is an urgent need for a review in parallel that addresses this self-created, changed world that had its big bang on 23 June. But, all that said, we soldier on.

12.47 pm

Lord Selsdon (Con): My Lords, it is with a certain nervousness that I stand here before your Lordships, recognising that I have been in this House for 52 years, but I stand with pride knowing that my noble friend Lord Lyell has been here a year longer. During this time, I have been drip-fed by numerous political parties and others and, often out of my depth, talking and failing to understand how you spell things, but liking the object of trade.

I came here only after my father suddenly died accidentally and, before I knew it, I was told that I should go to see Lord Jellicoe, for whom I had a lot of time. He asked if I could give up part of my job to come to the House of Lords. I said that I would ask my boss, who immediately said no, but that he could put me on part-time work as a consultant. Then I was introduced to Lord Shackleton, and it was these two Lords who gave me my interest in trade. Before, a lot of the work that I did was trade research, but these two wonderful men, who were themselves great friends—and competitors—opened up the world for me.

I was told to do some research and to decide what I thought I could do in the House of Lords, so I went off and researched the history of trade. I read most of the volumes—with the help of the Library—of the original council of trade of Queen Elizabeth I. I suggest that your Lordships read the rules and regulations there, because I think that they are slightly better than those that we are trying to introduce today. They were very patriotic indeed, because they were looking at inward investment as well.

In that period of time with my two noble friends, I wondered what I could do. They said, “Why don’t you get involved in trade, as you are doing trade research?”. Lord Shackleton said, “You’d better come to Moscow with me. You’ll find that it is going to have a different future—there are going to be all sorts of changes with the Russians”. We went to the embassy in Moscow and had to go down into the basement. We then found that some strange mouse, or some strange human, had put a microphone into the wall in order to learn what I might be prepared to say. I thought it very complimentary.

It was suggested that I should look at the socialist world because it would change and we, the British, could probably be their best friends and help to put them in order. It was also suggested that I should get involved in trade, not just the Board of Trade; I found myself on the East European Trade Council, under Lord Shackleton, and was quite a lot younger than the others. With Lord Jellicoe, I suddenly found myself almost on the Board of Trade. I went off to Cuba; I was told to deal with the more difficult countries because, when things changed, I would probably be the only one alive who had had certain experience.

With Lord Walston, I went to Havana. When we got there on a British plane, we wondered how we could get to where we needed to go. In fact, we had gone to Miami, but I thought we had arrived in Havana. When we did arrive at that end, we were greeted by Raúl Castro, Castro’s brother, and shown around, but Lord Walston seemed to know everybody. A party was given at the embassy, which was quite nice. A rather strange incident had taken place the week before, when the wife of the Foreign Minister, dressed up to the nines, had walked in—head held high with pride—and, not noticing the swimming pool, which looked like the marble surrounding it, walked straight into it. I gather that her husband asked whether anyone had a walking stick or a golf club because her extra hairpiece had come off and had to be picked out.

We were shown all around Havana. I said, “I hope to be alive when relations get better. Is there anything you could sell us?” Someone said, “Well, we’ve got

pretty good fruit, particularly pink grapefruit”. I have to say that I did not know what a pink grapefruit was. He asked, “Have you got anyone who could buy them?” I asked whether they had a telephone, and they said yes. I asked whether it worked internationally. They said, “Oh, of course. Our telephones can get anywhere in the world”. I rang Marks & Spencer, which said down the telephone, “Tell him to fill up his biggest ship and we’ll take the lot”. That was my first trade deal with Havana. I have learned that some of our old relationships with other nations are quite important.

Having been involved in such things, I rapidly found myself president of the British Exporters Association and dealing with all sorts of activities. My real wish, however, was to see whether we could get foreign investment into the United Kingdom, because our manufacturing industry had been declining for quite a long period. I then went out as a banker to ask people to come in. One of the first was the Italian white goods group called Merloni Ariston; “ariston” is the Greek for best. It was a family business that used to make weighing machines. Before we knew it—we had been sitting down with Arnold Weinstock—everyone in England wanted to get out of white goods. I said to Merloni, “If they want to get out and you’re so good, why don’t we buy them out?” They said, “We don’t have that sort of money.” Before I knew it, however, they had managed to buy a large section of the white goods industry. The Italians were playing everything off the front foot.

In fact, that led to my being asked to go on the British Overseas Trade Board—I was already on the East European Trade Council—and I was then made chairman of the Committee for Middle East Trade, dealing with the Arab world and others. They wanted someone who would be alive when important things happened. From my own background, I knew that in the Middle East and the Arab world, the guest is always the most important person and is always protected, so I had no fear.

I went to Jordan first, and then moved to Iraq for the first time on my own. I waited for someone to arrive, and when people asked what I wanted, I said, “I want to reopen trade relationships. Have you got any oil you could sell?” Before I knew it, I was seeing the Oil Minister. He was sitting in his office, with a mirror showing a whole lot of people negotiating transactions. This all led to my believing that it would be a good idea to have a close relationship with Iraq. I was chairman of the Committee for Middle East Trade, so it seemed to come under me, and I asked the Foreign Office and the Department of Trade and Industry so that I did not put my foot in it.

Having looked at the history of our trade relationships with Iraq, I got to know Tariq Aziz who was a very nice man indeed. I had been a wicket-keeper, which is why I had to have new knees to walk, and found that Tariq Aziz had also been a wicket-keeper in Wales, so we had a quite intriguing relationship. After my Iraq trips, which were many, I went to see the key man who was doing the evaluation and it was deemed that what I knew was irrelevant at that time.

If we look at the world, in a way the British are best at dealing with the more difficult countries, where the competition is least. We know too, if we look at

[LORD SELSDON]

inward investment, that a lot of British businesses which would like more business may be in a position to be acquired by foreign or international interests. Our own balance of payments is not particularly strong but the quality of the people we have here and the desire for others to come into the United Kingdom makes it very interesting. Instead of trading, maybe we should look at which companies and institutions within the EU we might join in partnership investments, as we look at different parts of the world.

Into all this work that I got involved in would come the nice, exciting bits which you could not understand. I was asked to deal with exclusion zones. I then raised in your Lordships' House the issue that British influence includes the 200-mile limit, which gives us an economic exclusion zone that makes up 20% of the world. If that is put together with the French zone, it comes to nearly 30%. Into the blue, when I asked about this it was brought to my attention that the largest ever sea chase after a fishery, for the Patagonian toothfish, took place in the South Atlantic. The Patagonian toothfish's importance is that it was apparently much loved for eating among the American mafia. Out of that came a new world of calamari—the squid. I was given some aerial photographs to show the importance of squid fishing. It was done by North Korean fishing boats, effectively using sticks to catch the calamari or squid that now adorn the tables of much of England.

It is nice to know about the EU—in the bank, they made me an EU adviser for a time, when my job was not to get anything done but to go and get the money back. I have a great hope that we have to be global and I regard the EU as just a small part of the global initiative.

12.58 pm

Viscount Bridgeman (Con): My Lords, I am grateful to your Lordships for permitting me to speak in the gap and I thank my noble friend Lady Mobarik for securing this debate.

I returned two days ago from the meeting of the British-Irish Parliamentary Assembly in Malahide, near Dublin. As your Lordships will know, the assembly was created in the bad days of the 1990s to enable Back-Benchers from both sides to talk to each other. On the British side, it owed much in its early days to the imagination and vision of the then Peter Temple-Morris MP, before he entered this House. I am very happy to see the noble Lord, Lord Temple-Morris, in his place.

It will come as no surprise to your Lordships that there is considerable anxiety in the whole of the island of Ireland at the outcome of the referendum but particularly in the Republic, which, among the 27 members of the EU involved, probably has the most to lose from Brexit. In the context of this debate, Great Britain is Ireland's largest trading partner. The Irish are especially worried about the effect of the weakness of the pound against the euro on their tourism, which depends on visitors from the United Kingdom. The retail trade in the south could be affected by the stream of shoppers from the Republic who will once again take the high road to Belfast and make shopping expeditions to take advantage of the weakness of the pound there.

I cannot say too strongly that a reversion to a closed border, which would become an EU border when Brexit takes place, would have a disastrous psychological impact, particularly on north-south relations within Ireland but also on wider British-Irish relations. It could have the effect of putting back Anglo-Irish relations 30 years or more, a theme that ran through the whole of the BIPA meeting from speakers from both sides. I am happy to say that at our meeting we had an assurance from the Minister for the Diaspora and Overseas Development Aid that it was the policy of the Irish Government to maintain the open border. I understand that following the referendum result, my right honourable friend the Prime Minister had an early conversation with the Taoiseach on this sensitive matter. I hope that as part of the Brexit settlement, the Irish border will be maintained in something like its current open state, whether by derogation or other means.

I finish by saying that the Anglo-Irish relationship is unique within the European Union as it is now constituted, and I urge Her Majesty's Government, through the Minister, to do all in their power to ensure that in the coming Brexit negotiations this very special, close and mutually beneficial relationship will suffer the minimum disruption.

1 pm

Baroness Burt of Solihull (LD): My Lords, I congratulate the noble Baroness, Lady Mobarik, on securing this debate today and all noble Lords, who have made very thoughtful and perceptive contributions, including the noble Lord, Lord Selsdon, who I will henceforth think of as our man in Havana on account of his exploits in our now mostly gone world of international trade. I now know more than I ever wanted about the Patagonian toothfish. We have heard a lot about the difficulties of renegotiation and about the gloom and doom, including how the pound is down to a 31-year low from the noble Lord, Lord Green, in his excellent and thoughtful contribution.

This is very unhelpful when our balance of payments deficit is so large that we are spending more to buy imports than we are reaping in improved attractiveness of our exported goods. We have moved from being the fifth to the sixth-largest economy in the world—displaced by the French, which is galling in more ways than one.

We have to look at our place in the world from a new perspective, as many contributors to the debate have done this morning. We no longer have the might of the largest market in the world on our side when it comes to negotiating power, as my noble friend Lord Stoneham mentioned. Like it or not, we have to strike out at new or at least underdeveloped markets and, to get those markets to take us seriously, we have to have a plan. Indeed, it would have given more comfort to Britain's industry if we had had an industrial strategy in the first place, but Mr Javid, the Business Secretary, apparently does not like the words "industrial" and "strategy" in the same sentence. The noble Lord, Lord Bhattacharyya, echoed this in his excellent contribution and talked about the importance of manufacturing and innovation, both of which are very endangered amid the possible outcomes ahead.

It is time to stop reacting and to start planning to help industry to cope with the changed economic landscape that it finds itself in. The option suggested by the noble Lord, Lord Patten, of going straight to the World Trade Organization in two years if we have not got a deal, would be disastrous for British manufacturing. A 10% tariff on cars and 12% tariff on clothing and food do not bear thinking about.

I am sure I was not the only Member of your Lordships' House to experience dismay to discover that, as far as trade was concerned, there was no post-Brexit plan in place from the Brexiteers. Bold statements like, "We'll soon have our own, better deals with the rest of the world" were not, it seems, backed up by anything other than rhetoric. The world we face, and the opportunities that exist within it, may not be quite as enticing as they might have appeared from the other side of the pre-Brexit fence.

Our Chancellor has laid great store by doing trade with China. Trade with China is rapidly expanding, but still constitutes only 3.7% of our exports, and growth in China is slowing, as we know. India, another great focus of government optimism, constitutes only 1.7% of our exports. Several Members mentioned trade with Commonwealth countries and the importance of reinforcing the links that we have with our friends in the Commonwealth. To look on the positive side, at least there is lots of room for improvement.

Let us look at countries where our balance of trade is positive: Australia, South Korea, Singapore, Japan, Switzerland—in EFTA—and of course our good old pals, the US of A, our largest single trading partner. I for one would be very willing to put my best suit on and go to any country to proudly sell the British brand. In the coalition, we boasted that no Minister was allowed out of this country without a business brief in their little red box. We need the same get-go focus today, right now more than ever. The noble Lord, Lord Stoneham, in his excellent contribution, said he likes a crisis and that it galvanises business to make changes. I hope it galvanises the Government as well, because otherwise we could be in a great deal of difficulty.

We must have a plan, but the plan needs to take account of what kind of deal we will be doing with our erstwhile European partners. Some of the other trading models which give a degree of access to the single market impose restrictions on trade deals with other non-EU countries. The noble Lord, Lord Green, gave an excellent explanation of the models and analysis of the situation, and I conclude from his comments that none of them is as good as what we have at the moment. The noble Viscount, Lord Waverley, included in his contribution the lost opportunities in public procurement, alongside a number of other very thoughtful and perceptive comments.

As we will become the EU's largest trading partner—a bigger trader even than America—I am sure we will have a lot of negotiating power. The deal that we will be able to obtain should be unique, not least because we buy more from the rest of Europe than we sell to it. Several noble Lords have made the point that it is very much in its interests to trade with us too. In my view, and in the view of my party, access to the single market is the most important thing we should be

striving for. But here is the quandary: we need a plan—fast—to restore confidence and our attractiveness in the eyes of investors, but equally we need access to the single market, otherwise our attractiveness to non-EU countries aiming to invest here, at least in part to gain access to the single market, is lost. It is the old chicken-and-egg question.

Business thrives on certainty, and right now that is in very short supply. The two major political parties are so busy tearing themselves apart that their focus on the needs of their country has been lost. Who would have imagined, six months ago, two months ago or even two weeks ago, that things would have ever come to such a state? However, there is one political party whose focus has not been lost; one party that is undivided in our appreciation of the need of our country for stability and certainty. We know what we stand for: a Britain strong in Europe and strong in the world. We say that our priority must be to remain within the single market, so companies can have confidence to stay here, invest here and trade from here. We say to the Government: do not pour what money we have into tax breaks for the rich by reducing corporation tax, when it could be put to better use supporting British business by bolstering the British Business Bank and supporting innovation, business growth, and those businesses that may not any longer attract funding from even more risk-averse banks. As long as we retain access to the single market, Britain is the best place in the world to trade with and from. We have the flexible, skilled workforce, we have a "can do" attitude towards supporting business and we are still the best place in the world to do business.

1.09 pm

Lord Mendelsohn (Lab): My Lords, I draw attention to my entry in the register of interests, which currently holds a balance of winners and losers from the post-Brexit crunch. I congratulate the noble Baroness, Lady Mobarik, on her accomplished and comprehensive speech, in which there was much to agree with. It was very valuable to have the debate introduced and such an effective case made. I shall try to be helpful. I am hoping, in this moment when we have suspended animation, to try to make a case—and to convince the Government that it is necessary—for being bold and expansive. We are in a very different place, but we are where we are, and we have to think about our challenges and the right prescriptions. In that regard, I thought the speeches of the noble Lords, Lord Stoneham and Lord Green of Hurstpierpoint, were outstanding. Both identified that we need to be bold and that our plans need to be based on a correct estimate of our challenges. It has been clear for a long time that our trade has underperformed. One simple measure is how Germany's trade with countries such as China has rapidly grown, way outside our own capability. Those sorts of things are great illustrations of some of the challenges that we face.

I shall touch briefly on three areas. First, there is the Government's performance on promoting exports. Secondly, there are some of the challenges for exports, which we must address, as a consequence of the decision to leave the EU. Then I shall make some final observations on the risks ahead for our country.

[LORD MENDELSON]

We on this side of the Chamber had high hopes that, when the noble Lord, Lord Maude of Horsham, became Trade Minister, we might at last see some serious progress in addressing clear structural weaknesses in government that were holding back our capacity to perform effectively compared to our peers. I am not suggesting that it made us believe that we would hit £1 trillion, with a doubling of trade, but it certainly gave us some expectation that the whole of government could be galvanised. Traditionally, we have expected UKTI and UK Export Finance, admirable though those organisations are, to carry the sole burden of supporting exports. A consensus had formed that the whole of government needed to be mobilised, and the increasing engagement of the Foreign Office illustrated only how our performance lagged and how much more we could do. We can do better and we need all our overseas posts to show the laser-like pursuit of Britain's commercial and economic interests—and, across government, all the departments that deal or engage with business sectors can encourage, support and help businesses to explore overseas opportunities. We were pleased that someone who had the ability to galvanise Whitehall was chosen to make this happen, and we are disappointed that there seems to be a gap. This is not to criticise the current Trade Minister, who, as I read in my Bloomberg stream, is doing a very fine job of flying the flag in his role. But we need an expanded group of Ministers to take on all these challenges. The noble Lord, Lord Green of Hurstpierpoint, made the right point about how we have to expand, and on the level of expansion that is required. We need to make the most of all those willing to fly the flag for British business abroad, and I thank all those Members of both Houses who act as unpaid trade envoys. Our business ambassadors also play an important role. But the case is clear that we have to scale up, and scale up massively.

We must look at what is on the agenda. It is not just a small amount of trade promotion; in the round, we have to look at how we will approach the WTO framework and the multilateral negotiations, the 100 or so renegotiations of trade agreements, as well as how long they take and how they are covered. The EU is in the midst of arrangements, for both implementing and discussion, with Canada, Singapore, the United States, Japan and Vietnam, India, Mercosur, Australia and New Zealand, Mexico and Chile. That is as far as I could work it out—I suspect that it is a whole lot more. So what are we going to do bilaterally? That is a huge challenge, and we will have to make sure that we are prepared to address it with the right resource.

On the second series of issues, we are concerned about the size of challenges ahead in dealing with the consequences of Brexit. There are myths about our current circumstances. First, on the argument that a decline in the pound's value could stimulate exports, offsetting any downsides from leaving the EU free trade area, the evidence suggests that, at best, the answer is “not enough”, and by some distance. The stimulating effects of currency depreciation have been gravely overstated. A fall in sterling merely compounds the problem. It is no solution. We are import-dependent for food, drink, raw materials, semi-manufactures and

finished consumer goods. Imports are relatively inelastic with respect to price. A depreciation merely generates domestic inflation or damages margins in manufacturing, wholesale and retail. Although weak currencies typically present an opportunity for increased output, this luxury is not available to the UK. Our exports concentrate on highly sophisticated services and goods, such as financial, legal and IT services, as well as pharmaceuticals. The economy's core exports naturally suffer from low price elasticity. In volume terms, therefore, a 1% depreciation of the pound increases the UK's exports by a mere 0.12%. Meanwhile, a widening trade deficit, caused by a falling pound pushing up import prices, casts uncertainty on the UK's capacity to substitute its large import values with domestic production. The result is rising consumer prices with little or no improvement in exports in return.

What is more, as the UK manufacturing sector continues to decline—we had an outstanding speech from my noble friend Lord Bhattacharyya on manufacturing issues—any further depreciation of the pound will lead to price increases. Currently, the UK's trade deficit is experiencing its highest levels in eight years. With a lightweight manufacturing sector, the UK is unable to plug the widening trade gap domestically, causing price elasticity of supply to remain at zero. We have been far too relaxed over the decline in manufacturing and we are suffering the consequences.

There is also a fallacy that there will be some deregulatory boost from all this. I shall not go into that in too much detail, but those things are specious and we have to understand that we need some regulatory push to ensure that we have effective markets. I look forward to later in the year when the Minister introduces the better markets Bill. I think we may be able to accomplish some things there.

We also need to address the fact that, as a result of the shocks and challenges in our position, we need to institute some form of industrial policy, using our advantages to support industries while we have a competitive advantage, with a strategy to ensure that nothing makes it less attractive for large multinational companies to favour the UK over other countries, support for domestic clusters of industries, and connected ecosystems to drive innovation. Where we have capabilities in industry and science and technology, we need a larger global presence, and we must focus policy—on skills, infrastructure and other areas of capital and financial support—to make sure they can prosper. These things are essential.

We have two critical sectors on which we must keep a close eye. Before the referendum, the motor industry was the UK's second largest export industry, worth £3.2 billion, an increase on 2015. Our automotive industry produces an average of 1.6 million cars each year, of which 77% are exported abroad, of which 58% are sent to EU countries. That is absolutely critical. In addition, the pharmaceutical industry is of major concern. I hope the Minister can give assurances that the EU regulatory approval system that aids the faster dissemination of drugs between the EU and UK will be a priority discussion in future negotiations. I would be grateful if the Minister could also address the question of the EU Medicines Agency, and our role in

and view of it, and whether it is likely, given that it is based in London, that it will have to relocate in the circumstances of our exit.

There are some major issues that confront us. The noble Lord, Lord Green of Hurstpierpoint, made the speech that I wish I could make, but he set the context for the issues around the current trade deficit. Can we pay our way? Can we make enough from exporting to pay for our imports? Can our invisible exports, whether they are services, tourism, or things such as insurance—or even income generated from our overseas investment—help us to deal with this? We are now in the worst position in our history. Never has the Government's inability to meet their objective and balance trade been starker. There are two serious crises. Our weak export performance, no matter what we have done, no matter what gloss we put on it, does not address where we need to be. Foreign direct investment is hugely underperforming.

There is one matter to which we must turn our attention. The money that we earn from British-owned overseas businesses minus the outflows to overseas owners of foreign-owned businesses located here is now negative. There is now a £250 billion deficit in the value of UK assets owned by foreign companies compared to foreign ownership. This number is only going up. FDI is now likely to sharpen the current account deficit. When I read the Government's April press release headed:

"UKTI reveals record number of UK businesses looking to export",

I raised a glass. Notwithstanding my scepticism when I read such things about when the records began, what they are and the nature of the data that were collected, I raised a glass, but it is nowhere near enough. Even before the decision to Brexit, trade, our current account deficit and FDI meant we were facing huge underperformance and there were conditions for major problems to our GDP, so we need the Government to rise to this new level of threat as well as to the opportunities. I appreciate that the Minister cannot provide the answers required in our current political circumstances but, most importantly, are she and the Government prepared to accept the level of the crisis we face? At a time when we can do something about it, I hope she is.

1.20 pm

The Parliamentary Under-Secretary of State, Department for Business, Innovation and Skills and Department for Culture, Media and Sport (Baroness Neville-Rolfe) (Con): My Lords, I am very grateful to my noble friend Lady Mobarik for calling this debate and for her wide-ranging, interesting and perceptive speech. I associate myself with the words of the noble Lord, Lord Mendelsohn, in relation to all that has been said about other speakers.

Our economic position in the world is at a point of inflection. As we turn to the future, the overwhelming need is to rise to the occasion, seize the initiative and make the most of the new opportunities. In my noble friend's words, we must not allow a state of paralysis. We must engage with the rest of the world, building on existing relationships and, I would say, creating new ones.

While I wanted the UK to remain a member of the EU, the British people have spoken, and it is the Government's job to implement their decision. In contrast to some noble Lords who have spoken, my vision for the future is positive, because there are opportunities as well as threats in Brexit. We must capitalise on new export opportunities, attract inward investment and build UK dynamism by making the UK the best place in the world to do business. As the noble Lord, Lord Mendelsohn, said, we will no doubt be returning to that later in the year.

I sense that those who have spoken in today's debate are already looking forward and thinking about how to turn opportunities into action. As my noble friend Lord Patten said, the Chancellor has announced that he is looking into cutting corporation tax to encourage investors. I was very interested by my noble friend's analysis, which underlined the strength of mutual trade between the UK and the EU and the tariff opportunities if we go that way. We also need to factor in the depreciation of sterling as a positive, which we have seen reflected in the relative share prices of, for example, Rolls-Royce and GSK and some of the best British companies. However, I take the point made by my noble friend Lord Green that, because of changes in supply chains, this is slightly less significant in its impact than what we saw, for example, after Black Wednesday.

As someone who has worked in business, I have some sympathy with my noble friend Lady Mobarik's point about the need for a robust, results-focused plan on international trade, and I agree with my noble friend Lord Green that this needs to be properly resourced. The noble Lord, Lord Mendelsohn, said that we need to scale up, and I can see the case for that. As a start, the Government have established a new EU unit in Whitehall, drawing in the best and brightest from inside the Civil Service. To respond to the noble Lord, Lord Stoneham, we are also looking outside the Civil Service for talent—as we did in the Second World War. I remember my mother, who worked at the Board of Trade as part of the war effort, talking about the brilliance of the academics who came in and what a difference they made. I have already had approaches from colleagues I knew doing deals around the world, in Asia and elsewhere, asking whether there is an opportunity for their talent to be offered to government. We need to look at all these kinds of angles in the stepping up of resourcing.

There will be no immediate changes to our relationship with the EU. While the UK is still a member, all rights and obligations will apply. We continue to support the EU's trade agenda, and the UK will participate constructively in EU decision-making on trade issues. Indeed, I am off to the Council, in Slovakia, next week. As the current Single Market Minister, I know how hard we need to work on the issues involved. I assure the noble Baroness, Lady Burt of Solihull, that we are doing just that. We are engaging in a series of sector roundtables to make sure that we are identifying the challenges as well as the opportunities. My door is always open, as she knows.

One of the most important tasks for the Government going forward is forging deeper trade relationships with the US, China and Japan, for example, and

[BARONESS NEVILLE-ROLFE]

rekindling long-standing ones, such as those with Australia, New Zealand and Canada. To respond to my noble friends Lady Mobarik and Lord Patten, I agree that a strong Commonwealth, with enhanced economic prospects for all members, is good for UK business. The United Kingdom Government are represented across the Commonwealth, and UKTI has offices in around half of the Commonwealth countries, including in Pakistan, where there is the fast-growing market which my noble friend Lady Mobarik talked about—I know well the opportunities there and, indeed, Pakistan is an important source of textiles in this country. There are shared systems in the Commonwealth and a shared language, which means that the cost of trade between Commonwealth countries is some 19% lower than with non-Commonwealth countries. We are committed to helping the Commonwealth unlock its vast potential in the area of trade. I am very glad to say that Commonwealth Trade Ministers will meet in London in March 2017. That has now become a much more important meeting.

Getting these trade relationships right is at the heart of the Government's vision for the UK after we leave the EU, but it will be equally important to maintain existing trade relationships, for instance with Korea, to provide stability for UK businesses. We are not starting from scratch. We already have strong international relationships, which are underpinned by our network of more than 270 posts in 160 countries around the world. As has been said, many countries have already been in touch to express their desire to maintain and build on existing trading relationships with the United Kingdom. We have laid good foundations with China and India, exemplified by the visits of President Xi Jinping and Prime Minister Modi last year. As has been said, my noble friend Lord Price is not in his place today because he is in China. I will be visiting China next month and will be focusing on resolving intellectual property matters, which are a key issue for UK investors.

Of course, we can build on the relationship we already have with one of our most important trading partners, the United States, where I was in January—I followed that up recently when I was at the OECD in Cancun last month. The US is the largest export market for British goods and services outside the EU, including in key sectors such as machinery and transport equipment, especially aero-engines, chemicals, food, live animals and, of course, financial services.

I agree with my noble friend Lady Mobarik that infrastructure investment is very important to a successful economy. As the Transport Secretary has said recently, it is right that the vital matter of airport expansion is resolved in a decision to be made by our incoming Prime Minister.

Britain's economy is fundamentally strong, and we are a great trading nation. The UK is the seventh-largest trader in goods and fourth-largest trader in services globally. We have strong sectors to drive our trade forward. In 2015, Britain exported £4.56 billion in medical technology, £25 billion in pharmaceuticals and £19 billion in food and drink. As an aside, pharmaceuticals, which was raised by the noble Lord,

Lord Mendelsohn, is always a priority area for the UK, and he is right that we need to respond to that. The European Medicines Agency is an issue, although not an immediate issue for the reasons that I have said.

I agree with the noble Lord, Lord Bhattacharyya, that manufacturing is vital to our country. It has been a great strength and must continue to be one. We also have established strengths in aerospace and vehicles, and in 2014 exports of finished manufacturing goods rose to a record level of £148 billion. I commend the noble Lord's work in bringing Tata to the UK and in helping Jaguar Land Rover, which has helped to revitalise our car industry in this country.

The noble Lord is also right that innovation is key to growth. We are a nation of great inventors, we have great universities and a world-respected IP regime and we will be setting forward our ideas in an innovation plan in the coming months.

The UK is the world's largest exporter of financial services, exporting more than the US, Switzerland and Luxembourg. In 2014, our total financial services, pensions and insurance exports were worth £69 billion. They have grown 7.9% compound over the past decade. We will need to ensure that all those industries are capable of thriving and prospering on the world stage.

It is important to remember that we are a member of the UN Security Council, NATO, the G7, the G20, the OECD, the WTO and our Commonwealth, and our voice will always be prominent in those fora.

Trade of course goes two ways, and the UK has many strengths which make us an attractive place in which to invest and do business. As Minister at the Department for Culture, Media and Sport, I am particularly proud of the global reach of our tourism sector, our creative industries, which are growing at 9%, and the strength and innovation of our digital economy.

My noble friend Lord Selsdon talked about the importance of foreign investment and some past successes. He will be glad to know that investment continues. Even after the referendum result, Singapore's Centurion this week committed £20 million to fund new student accommodation in Newcastle, Manchester and Bristol, citing the UK's education sector as strong and resilient.

I remind noble Lords of the benefits of free trade—I speak as an economist. The WTO remains the bedrock of international trading, and I must mention that recent successes have included the Bali ministerial conference in 2013, where the trade facilitation agreement was reached, which will be implemented next year. I record my thanks to my noble friend Lord Green, whose expertise, diplomacy and brilliance was at the heart of that success when he was Trade Minister. The 10th WTO ministerial conference in Nairobi in December last year agreed a good outcome on agriculture—a very difficult area—with WTO members agreeing to remove trade-distorting forms of agriculture export subsidy. Successful free-trade agreements are concluded outside the EU. The Canada-Korea FTA came into effect in January 2015. This will eventually make virtually all their bilateral trade duty-free.

As was said, our new whole-of-government approach to boosting exports was announced by my noble friend Lord Maude of Horsham in January. UKTI is at the heart of this new approach, bringing together all government players and overseeing export performance on behalf of the cross-government exports implementation taskforce, which is led by Sajid Javid, the Business Secretary. This will be doubly important in the circumstances in which we find ourselves, looking strategically but also at the nitty-gritty—sector by sector—both in trade and in discussion with the EU, because both will be so important in where we get to.

UKTI has recently completed a business forecasting exercise to determine priorities for the next five years, pulling together data from teams across different sectors and markets around the world. That identified 191 new export campaigns which we believe can increase exports by up to £70 billion by 2020. UKTI is also working with partners in the UK, such as the chambers of commerce, which my noble friend Lord Green mentioned, and overseas. We are also bringing in business—a point made by the noble Viscount, Lord Waverley—so we have new partnerships. We are working with Barclays and Lloyds banks, for example, who have pledged to help 40,000 businesses to export by 2020, which will help us to reach our target of 100,000 exporting businesses, which now becomes even more important. We are working closely with businesses of all sizes and other stakeholders to ensure that the UK's trade strategy works for them and that we continue to be a leader in free trade around the world. We recently announced that John Alty, CEO of the IPO, has been appointed to lead a team for stakeholders to liaise with to discuss their immediate priorities.

To conclude, these are challenging times but also rich in opportunity. Our priorities in the months ahead will be to limit uncertainty during the transition, ensure that our new relationship with the EU works for business and keep Britain open to international trade and to the world. International trade and investment have been integral to the history of this country and will be central to our future. Britain is open for business. Our ambition remains to be the best and easiest place to do business and to be an excellent global trading partner.

1.35 pm

Baroness Mobarik: My Lords, I thank my noble friend for her comprehensive reply. I also thank all noble Lords who took part in the debate.

I know that there is no time to say much more than that, but I will address one point to the noble Lord, Lord Stoneham. I assure him that this debate was not scheduled in different political times; it was most definitely scheduled after the result of the EU referendum. After the initial shock and dismay at that result, in the words of my noble friend Lord Green we are where we are and we have to move forward. I always like to see the glass as half-full, so this debate was about how we energise ourselves to move forward and take urgent action to scale up our efforts. I thank the House again for allowing this debate.

Motion agreed.

Brexit: Case for a Second Referendum

Question for Short Debate

1.37 pm

Asked by **Baroness King of Bow**

To ask Her Majesty's Government whether they have made an assessment of the case for holding a second referendum on the United Kingdom's membership of the European Union.

Baroness King of Bow (Lab): My Lords, let me begin by making one thing very plain. At this point in time, it is the will of the British people to leave the European Union. Therefore, negotiations on Brexit must take place. Once they conclude and the shape and meaning of Brexit become clear, at that point it is only fair and democratic that the British people accept or reject the final deal. The problem is that at the moment we have no idea when the deal will be made—even if it will be made—or what it will include. To borrow a phrase, we know nothing.

David Cameron repeatedly said that if he lost the referendum vote he would trigger Article 50 for Britain to leave the EU. Well, he did not trigger Article 50 but he did trigger a series of events that may well lead to the break-up of the United Kingdom and the impoverishment of its people.

Let us turn to the British people. They voted by a narrow margin to leave the EU, but many British people—possibly the majority; possibly even the majority in this House—were unaware of the far-reaching consequences of the EU referendum. After all, they were asked, “Do you want to leave the EU?”, not, “Do you want to break up the UK?”. This likely outcome was not articulated clearly by either side during the referendum campaign. This brings us back to the central problem. After the dust has settled, in the immediate aftermath of the referendum vote, we do not know what we voted for. We have no idea.

Did we vote to leave the EU but stay in the single market? A lot of people who campaigned and voted for Brexit, including Boris Johnson and Michael Gove, say that was what they were fighting for. Really? Well, we are not going to get that unless we accept free movement of people. That has been made very plain by EU leaders. Although the remain camp accepts free movement of people, many in the leave camp do not; in fact, that was why many of them voted to leave. In many of those forgotten British towns that have been left to struggle on their own—like Don Valley in the north, Ebbsfleet and Thurrock in the south and Ebbw Vale and Gwent in Wales—a lot of people who voted to leave said that they did so because they wanted to restrict free movement of people. They voted for something that will probably never happen, so they have already been deceived. At least let them have the final say when they know what the cost is.

Lord Robathan (Con): I am very grateful to my noble friend for giving way. Does she not think it may be perceived as being somewhat patronising to suggest that people did not know what they were voting for when they voted in the referendum? Would it not be better for this unelected House to say, “The people have spoken, whether we like it or not”?

Baroness King of Bow: I thank my noble friend for that intervention. He called me his noble friend and I regard him as mine. I will come on specifically to what I think the role of this unelected House is. It is absolutely fair to say that most people did not realise that the EU referendum and the Brexit vote would trigger the chain of events that have happened so far. Our economy is in crisis, major companies are lining up at this moment to leave and jobs are flooding out. People did not realise that there would be those consequences, and the main reason why they did not know is that the architects of the campaign themselves did not know what the final deal would be that they were voting on. It is that point that I am bringing before the House today.

As I was saying, after only two weeks a new opinion poll released yesterday showed massive voter remorse in Wales, precisely because they did not realise what they were voting for. According to this opinion poll—although I agree that we cannot always trust polls—Wales has changed its mind. If there were a second referendum, Wales would now opt to stay in the EU by a margin of 52% to 47%. Notwithstanding that apparent change of heart, it would be entirely illegitimate for Parliament to thwart the will of the British people by voting down Brexit—something that the noble Lord will know has been raised in the other place. It would be entirely illegitimate to do that even if leave's key claims were untrue—and it transpires now that many of them are.

It is, however, entirely legitimate for Parliament to ask the British people to review their vote, as it has monumental consequences for our country's future that were not discussed during the referendum campaign itself. Governments are constantly asked to reconsider their legislation, whether by judicial review or legislative amendments in the Commons or the Lords. In the same way that Governments must often vote on their legislation a second time, I do not see why citizens should not do the same. Like Governments, they are quite entitled to vote the same way if they choose, but it should be their choice.

In these extraordinary circumstances, the House of Lords should fulfil its constitutional role, which is to require legislators to pause, reflect and vote again. As the noble Lord pointed out, we have no elected authority; our only role is to scrutinise the decisions of those with democratic authority—in this case, the British people—to bring more facts to their attention and to ask them to review their decision. Do they still believe that it is the right thing to do?

But if there is a second referendum, here is a note of warning to all in the remain camp: it will lose again unless we have a very clear plan to spread economic opportunity beyond affluent groups and affluent areas. We should reflect on one point above all: our current constitutional crisis is built on Britain's inequality. Losing Britain's position as the world's fifth largest economy—incidentally, something that took place within 24 hours of the Brexit vote; we slipped from fifth to sixth—is meaningless to those who do not even have a toehold in our economy. Why should they care? They voted for change. The problem is that the change they voted for can only make the situation worse for those

cities and communities that have been abandoned. Making Britain poorer cannot help Britain's poorest communities. Shamefully, making Britain richer did not help them, either—or not enough. That is why we should thank the leave campaign for illuminating an inescapable truth: if we do not radically change our economy to provide opportunity for all of Britain, not just metropolitan Britain, our country as we know it will cease to exist and our identity as a tolerant, influential, outward-facing people will vanish.

In summary, in terms of what I am asking parliamentarians to do, if they believe that citizens have voted for something that threatens the future prosperity and fundamental integrity of the UK, they must tell them what they routinely tell the British Government: pause, reflect and vote again, once we know what they are being asked to vote on. Today parliamentarians will not play that role, but it does not really matter what they say today—it is what they say once Brexit is negotiated. This is the most important peacetime challenge that Britain has ever faced—certainly the most important in my lifetime—and, incredibly, we do not have a plan. Basically, the remain camp had no plan B and the leave camp had no plan A. Instead, what have we got? Oliver Letwin, the new Brexit Minister—or, as one journalist described him today, “the Wizard of Brexit”. The curtain has been pulled back to reveal—a disappointment. He can say whatever he wants but that will not make it any more believable.

Our economic prospects are fading. Since Brexit, as we know, the pound has crashed to a 30-year low and innumerable large companies are moving their workforces out. The political prospects of sorting this out are ebbing away almost as quickly as the strength of the pound—and in the meantime, hate crime is on the rise. We are turning into a country that we do not recognise. Last week a Member of this House told me that a friend of hers, a white man, was stopped in his car by a group of men. They asked him threateningly, “What language do you speak?”. “English,” he said, “I’m English”. “Well, that’s all right then,” they said, and drove away. As someone who has campaigned around issues of xenophobia for years, I have to ask what this country is coming to when white Englishmen have to put up with racism. Of course we expect black British people to put up with it—it has been like that for ever and a day—but not white Englishmen. Whatever next? The genie is out of the bottle. We need to protect our tolerant society in every way we can.

That is why I brought this debate: to ask if the Government had made an assessment of the case for a second referendum. I know that the Minister will stand up and say, “Yes, we have made an assessment and no, there will be no second referendum”. I simply say that politicians often eat their words: look at David Cameron and Article 50, Nigel Farage saying that migration would be brought down, and Boris Johnson claiming that £350 million more a week would be available for the NHS. Then let us look at ourselves and think about what we say today. I say this: in the interests of democracy, the British people must be given the chance to vote on the deal to leave the EU once we finally know what the deal is and what it costs in terms of our economy, our jobs, our pensions, our future, our global influence, our geographical borders

and—last but certainly not least—our precious identity as a tolerant, open, outward-facing nation. I say let the people decide.

1.48 pm

The Earl of Caithness (Con): My Lords, I totally respect the right of the noble Baroness to table this debate. That said, it was a topical question when she tabled it but it is no longer topical. We have just spent two long days debating the subject that she has raised, and I do not think it does the House any good if we repeat much of what was said then. The noble Baroness never mentioned the fact that we had had that two-day debate. My noble friend Lady Anelay made the Government's position totally clear at about 10 pm last night, and it is at col. 2109 of *Hansard*. There is nothing that she could add to or subtract from that statement; it is perfectly clear.

Say what one will about the campaign—we can howl about the lack of information, protest at the lies told and bemoan the unprincipled behaviour of some politicians—but there will be no second referendum under this Government. I have been active in both recent referendums. They have both been divisive, destructive and distracting. I do not want to go through a third.

When would it be held? Not now; the noble Baroness has said it would be once we had negotiated our position. We might have a position but the negotiations will take many years. In any case, we have only two years from the service of the Article 50 notice to when we could be unilaterally thrown out of the EU on our ear without any further debate.

I have no doubt that the happy alliance of those in this country who feel most isolated and resentful, together with some of those in the Conservative Party, will not last very long. They have totally different objectives; indeed, the noble Baroness has already told us that that is happening. The only way we can have a second bite at this cherry is to have a political party whose main aim in its manifesto commitment is not to break with the EU, and to test that at a general election.

1.50 pm

Lord Lipsey (Lab): My Lords, on this day in two years' time, EU exit negotiations are going badly. Growth has stalled; unemployment is soaring. The new "Real Labour Party", which has an electoral pact with the Lib Dems, leads by 25% in the polls on its sole platform, "Second referendum now". In that circumstance, what is Parliament to do? I emphasise the word "Parliament" because it barely escapes Ministers' lips when this subject is under consideration. The Government produced a document in February called *The Process of Withdrawing from the European Union*, which barely mentions Parliament. Yet at some stage—whether before triggering Article 50, as some people think, or after—Parliament will have to get involved, and surely at some stage, if we wish to exit, we will have to repeal the European Communities Act, and both Houses will vote.

I am not very keen on the European Union. It is a minority view, but I voted no in 1975, rather to the shock of my then boss Tony Crosland, who was a

great European, and I reluctantly voted to remain this time, partly because of the economic risks but mainly because the tone of the leave campaign was shocking. However, I am concerned about process and that at a time when we should all be worrying, day and night, about the gap that has emerged between people and politics, we do not act in a way that deepens that gap and makes it more salient. To proceed, irrespective of circumstances, and put into effect a referendum held in 2016 if the circumstances in 2018 are completely different, would be a mistake. If it is clear that the people have changed their mind—and there is nothing wrong with changing your mind—it would strike a deep blow to our remaining democratic legitimacy.

This referendum was partly about sovereignty, which in our country means the sovereignty of Parliament; that is what the leave campaigners said they were trying to restore. That sovereignty still exists, although we have to give great weight to what the people say in any referendum. If opinion in two years' time remains in favour of leaving, that is fine—we must accept that. But if it shifts, as on balance I expect it to, so that the people are clearly for remain, it is my contention that Parliament would have not merely a right but a duty to put leaving to the test of a second referendum. We should then see whether we are mice or men and women.

1.53 pm

Baroness Bowles of Berkhamsted (LD): My Lords, the way in which the referendum campaign was conducted and covered was shocking. Even the BBC news, which neutralised expertise in the name of balance, was about as useful as an exam where everyone gets 50% because those getting the answer wrong thought it was right and vice versa. It is not the first time this has happened—last time it was about autism and the MMR vaccine.

Nevertheless, a rerun of a close referendum is unlikely to be broadly acceptable to the public without compelling evidence for it. Nor is a rerun for a supermajority; measures such as that need to be contemplated well away from heat or likely use. However, another referendum, later on, about a more focused question is another matter. It might be appropriate after a significant change in circumstances or on the outcome of negotiations with the EU, especially bearing in mind that negotiation strategy cannot all be public.

The last few days of debate have yielded a wealth of reasoning, including that the remain or leave question was broad in scope about a complex matter and was the start of a process that needs parliamentary sovereignty and public assent. Above all, the national interest must come first and cannot be ruled out. However, the fact that there could be a referendum on the outcome should not undermine sincere efforts to identify a genuine mandate and negotiate with the EU. As was also mentioned on previous days of debate, the referendum lock in the 2011 Act is drafted very widely. It covers where an EU treaty confers on an EU institution or body,

"power to impose a requirement or obligation on the United Kingdom",

and also covers replacing treaties. Such things may well be needed to achieve Brexit, and the logic still applies—a say on being bound.

[BARONESS BOWLES OF BERKHAMSTED]

Finally, it is important that there is the time for a possible referendum or some other ratification. A hard deadline must not rob us of that opportunity. I have seen it all before with the Greek bailouts. Therefore I note that nothing in Article 50 says that extensions are negotiated only at the end—and a ratification extension, or other circumstantial extension, could be pre-agreed as part of the triggering process.

1.56 pm

Lord Livermore (Lab): My Lords, I believe passionately in Britain's membership of the European Union and that leaving would have disastrous consequences for our country—for the union with Scotland, our economy, and our place in the world. Great Britain now faces the very real prospect of becoming little England: poorer and inward-looking, divided and diminished.

However, we cannot pretend that a verdict has not been delivered by the British people in the referendum, and Parliament—particularly this House—must acknowledge a mandate, based on the promises of the leave campaign, for an end to free movement of labour and an end to our financial contribution. But neither can we pretend that this mandate is in any way compatible with the economic well-being of the nation, and Parliament would be failing in its democratic duty if we failed to acknowledge that fact.

The uncertainty created simply by the result of the referendum is already feeding through to the real economy. The Economist Intelligence Unit estimates that investment will decline by 8% by 2017, our debt burden will reach 100% of GDP by 2018, and our GDP will be 6% lower by 2020. Both the politics and the economics are clear but irreconcilable, and we are heading for a moment of decision when a choice has to be made between them.

Rather than confront that choice, a delusion has taken hold in both main parties—and, most importantly, among the candidates vying to become Prime Minister—that our economy can be protected within the single market while at the same time ending free movement and budget contributions. The presidents of the European Parliament, the Commission, the Council, as well as the leaders of Germany, France, and all member states, have said unanimously that there can be no access for the UK to the single market on these terms. After all, why would they give the UK a better deal than they themselves enjoy?

Therefore we face a terrible choice, but one for which the British public have in no way been prepared. Do we honour the political mandate and create an economic crisis, or do we honour our duty to protect the economic well-being of our country and create a political crisis? If the promises made on immigration turn out to be undeliverable, the backlash will be catastrophic for our democracy. Yet how can a democratic Government knowingly and deliberately pursue a policy of leaving the single market when it would cause such economic self-harm to our nation?

Ideological zealots on both the extreme left and right in British politics will make the decision more difficult still for anyone who genuinely seeks to wrestle with this choice. However, decisions of this magnitude

cannot be taken by Parliament alone. They require greater democratic legitimacy. The British people must be involved in helping to resolve this choice.

1.59 pm

Lord Norton of Louth (Con): My Lords, I follow the noble Baroness, Lady Bowles, in essentially making a distinction between an argument for a later referendum based on whatever is negotiated under Article 50 and an argument for a rerun of what happened on 23 June. The noble Baroness, Lady King of Bow, said that she was making the case for a later referendum based on the negotiations that took place, but all the arguments that she advanced were for a rerun of the referendum on 23 June. They were based on why the electors got it wrong. That is an extremely dangerous path to pursue. It would convey the impression that the political class was not prepared to accept what the electors had decided. That would undermine trust in the political process when that trust is already fragile.

We cannot second-guess the electors. They voted. We might not like how they voted but there was a result. We asked the electors to make a decision on whether we should remain in or leave the European Union. They made the decision—perhaps by a small majority but it was a decision. In the past two days we have heard various people arguing, “But it was only advisory and there was a small majority. We should have had some sort of threshold or there should have been a much larger majority”.

To say that the referendum was advisory is misleading. We did not say to the electors, “Please tell us what you think and then we’ll decide whether to accept what you’ve said”. It was non-binding but that is a very different matter. There is no statutory obligation on Ministers to trigger Article 50 but there most certainly is a compelling political argument for doing so. The Government are bound by that political dimension. Yesterday I quoted Dicey, who distinguished between parliamentary and political sovereignty. The latter matters.

As for whether we should have applied some rules, we did not. At Second Reading of the European Union Referendum Bill, I raised the question of a threshold but there was clearly no desire to pursue it, so we put it to the people. It was a simple choice based on a majority. We cannot rerun it; we cannot apply rules that were not in place at the time. Therefore, I think that for the moment we have to accept the decision of the people and proceed on that basis. There may be a case for a later referendum based on negotiations—

Baroness King of Bow: I agree with the noble Lord. We accept the rule of the people, we see where it takes us and then we give them the democratic right to decide whether they want that or not.

Lord Norton of Louth: That is the line I am pursuing. My point is that we go forward on the basis of what has been decided. There may be a later case for putting the negotiations to the people, but we do so on the basis of that case, not on the basis that they got the decision wrong on 23 June—on which the noble Baroness's

argument was essentially based. We have to accept the decision and move on. There may be a later argument about referendums but it is not one to have now.

2.02 pm

Lord Hoyle (Lab): I have to say to my noble friend—and we are very good friends—that I wonder where she was when the referendum was being discussed. The dangers were outlined; it was doom and gloom all the time. People were warned about the dire consequences of voting to leave, so that was certainly put to the people. We must never underestimate the people once they have spoken, even though we may not like it. I have not liked many of the decisions that they have made. The noble Lord, Lord Robathan, is laughing but he knows that from our exchanges in the past. We must accept and go along with what the people say. There may be a case for a later discussion, but we cannot now say that we must have another referendum.

It is argued that the decision was made by only a small majority, but if the decision had gone the other way, would that have been accepted? As has been said, all the arguments put forward were about the present position. If you had another referendum now and did not get the result you wanted, would you want another one?

We have just had a very lengthy debate on Europe and our position in it. I do not want to go over what was said but we are certainly a very important market for the EU. It has a £58.8 billion trade surplus with us. The German car industry exports 20% of its cars here. I will not mention the French wine industry, although I enjoy a glass of its wine. I repeat: our market is very important to the EU.

We have to recognise that the people have spoken. We are in a democracy, so let us get on with it. I agree with those who have said that the negotiations should begin immediately. We cannot wait for two years and the EU does not want that either. It is saying, “You have spoken. Let’s start the discussions and the sooner the better”. Certainly, we must not underestimate the British people or democracy. I want to say here and now that they made their views very clear.

2.05 pm

Lord Brown of Eaton-under-Heywood (CB): My Lords, I agree with much that was said by the noble Baroness, Lady King, in opening the debate and, more particularly, with everything that was said by the noble Lord, Lord Norton. I of course recognise that the majority vote must be given immediate effect, although I, too, hope that further down the line there may be an opportunity to reverse the process if we find that the price at which we can leave is simply appalling.

I want to use my three minutes to express the fervent hope that we never again get ourselves into the position that we are in now. We have held a referendum requiring a decision by a simple majority on a question of the most profound importance, supposedly offering a simple binary choice. Parliament having, by a large majority in both Houses, commissioned the referendum, realistically it is now bound, in the interests of the public continuing to trust us at all, to accept the result and embark on the process of leaving.

I ask noble Lords to contrast the position under the European Union Act 2011, which essentially provides that, in the event of any proposed significant change in EU competencies or treaty law, no such change is permissible without both majority approval in a referendum vote and—this I stress—approval by Act of Parliament. How much better if that had been the basis of this particular sounding of public opinion?

Referendums generally, I suggest, are to be discouraged. In a compelling article, which is imminently to be published in *Prospect* magazine, Anatole Kaletsky explains why that is so. Margaret Thatcher, he records, called them,

“a device for dictators and demagogues”.

Their very character, said one of the draftsmen of the original United States constitution, was tyrannous. The so-called “will of the people” is often, the author suggests,

“inconsistent or ill-informed and sometimes dangerously repressive”.

Minority interests are simply ignored or overridden. Small wonder that, for example, in Germany’s post-war constitution referendums were deliberately excluded. Representative democracy should not be compromised. In short, we must never again allow ourselves to get into this intolerable position.

2.08 pm

Lord Balfe (Con): My Lords, perhaps I may take up a point made by the noble and learned Lord, Lord Brown. The reason it was put into the German constitution was that Prime Minister Attlee pointed out that referenda were the tools of Hitler and Mussolini. That constitution was drawn up during the Labour Government of 1945.

Before the referendum, the question was quite simple. It was: what might happen? The people decided that they would find out. That is what they voted for—to find out what might happen if we left the European Union: if we triggered Article 50 and negotiated. For well over 30 years, I have had an Irish passport. One tradition of Ireland is that if people give you the wrong result, you go back and ask them again. On this occasion, I do not think that we can quite do that, but when the negotiations are over, probably in 2019—we have not even started them yet—the question will change. Then, it will be: what will happen if we accept these terms and withdraw? There will be a number of different scenarios.

First, immigration and our membership of the EU are not quite as closely linked as we think. More than half the people who come into Britain do so on visas issued by British embassies around the world. We will find it increasingly difficult in a shrinking world to control migration—that is a prediction—and it will not be seen as an EU matter. As discussions continue, we will find a whole range of problems. I do not think that we will be united in this House or in the political fora on how we face them or on what is acceptable. It is also possible that at the end of the negotiations the Government will say, “Well, we’re sorry, we can’t recommend this package to you. We have not been able to get a package that is acceptable for us to say that it is sensible to leave”. So we should not deny that all sorts of scenarios are possible.

[LORD BALFE]

I say to my friends sitting opposite—and a number of them are friends—that if they could manage to find themselves a decent leader, I could well see the Labour Party campaigning at the next election to scrap the renegotiation on the grounds that it is just driving into the sand. The Liberal party, which has a long and historic record of support for Europe, might well go to the public at the next election and say, “Actually, we think you got it wrong”. So we may have another referendum, but it may be called a general election and the parties may be on different sides.

2.11 pm

Lord Grocott (Lab): My Lords, it may have been some time since the noble Lord, Lord Balfe, was canvassing and campaigning among Labour voters in the Midlands and the north if he thinks that, in 18 months or so, where they voted widely 2:1 to leave, they will want to go along with such a manifesto as he has described. But I do not want to spend time referring to what has been said before.

It should be the simplest of propositions; it should be the simplest of speeches. Parliament decided that the public should make the decision in a referendum. The public have given us that response. Our duty is to respect that and to implement it—end of discussion from where I am standing.

I know that that causes pain and distress to a lot of people who are on the other side of the argument—it would have done whatever had happened. Perhaps I can offer one piece of expertise to the House, which is that I am something of an expert on losing elections. I know what noble Lords are feeling. Having fought eight general elections—won four and lost four—I know that the feelings that you go through are almost exactly the same. When you lose, your opponent lied; your opponent made promises that he could not possibly keep; probably your opponent had more money than you did; and certainly the press were on your opponent’s side. On the four occasions when I won, I am happy to say that it was a triumph of British democracy.

These responses to losing and winning are unfortunately the case with referendums as well. We have had three in the past five years, all of which were said at the time to be defining referendums. The first was on AV versus first past the post, where the latter was supported by a two-thirds majority. Within a year, a substantial number of people, including many in my own party, said, “Oh well, forget about that referendum result. We’ve got to get on with PR as quickly as possible”. On the Scottish referendum, within weeks of Scottish National Party leaders saying, “This is a once-in-a-generation opportunity”, they were saying, “Oh, perhaps we ought to have another referendum soon”. However, I must say to my noble friend Lady King, whom I am very fond of and have known for a long time, that she really has beaten the world record. It is 10 days since we made a decision and now we’re saying, “Well, no, we ought to look at this one again”. We know what she is saying and I respect it: she wants a second referendum to reverse the decision of the first. That is what it is about. If I am misrepresenting anyone, please could they explain that to me now.

Baroness King of Bow: My Lords—

Lord Grocott: Honestly, I have only three minutes; it is ever so difficult.

I sat through the whole Committee stage of the referendum Bill. The referendum was supported by the Conservative Front Bench, by the Liberal Democrat Front Bench, by my Front Bench, by the Green Party, by the Scottish National Party and by the Welsh national party—all parties supported the referendum. I never heard anyone say, “This is only the first of two referendums”; I never heard anyone say, “Oh, this is just an advisory referendum. You don’t have to take much notice of it. It’s useful advice, but let’s leave it at that”. The unanimous view of this House—no one voted against—was that the public should decide in a referendum.

I simply say to this House, of which I am very fond, that this is essentially an advisory House; the public are not an advisory public. The public have made their decision. I say to my friends in this House—I would say it to my friends at the other end, among whom I see no appetite whatever for another referendum—that it really is not our job to thwart the will of the British people.

2.15 pm

Lord Low of Dalston (CB): My Lords, I am sorry that I failed to get my name down on the list, but I am grateful for the opportunity to speak briefly in the gap. The noble Earl, Lord Caithness, pointed out that the noble Baroness, Lady Anelay, had made it crystal clear in the debate last night that the Government were against a second referendum and that the matter was closed. I want to drive home the point made most forcefully by the noble Lord, Lord Norton of Louth: that the second referendum being spoken about now would not be a re-run of the referendum on 23 June—in fact, it should not really be called a second referendum at all—but that we are talking about an opportunity for the people to have their say on the terms of withdrawal once they have been negotiated. I do not say that there should be a commitment to holding such a consultation here and now; I just say, as I did in the debate last night, that we should remain open to the possibility of holding such a consultation once the terms have been negotiated.

2.17 pm

Lord Robathan: My Lords, I apologise for not having put down my name; I did not realise that the debate was taking place. I am not a fan of referendums—I really am not; I believe in parliamentary democracy—but we had one, as has just been pointed out. Dear God, was one not enough? Do we really want another one? I cannot believe that people would want another one. I am distressed that we are losing as a consequence the very rare talents of our Prime Minister, but that was his decision, not mine.

Let me focus on this House. This House revealed during the referendum campaign that, frankly, it was quite out of touch with public opinion, with the people whom we are here to serve—our people. I always thought that we would leave, because I talked to

people and listened to them. We as a House should perhaps have listened rather more to what the people were saying. We have become out of touch and it is important for our legitimacy that we become a little more in touch with the people, because this is a unique, unelected and—dare I say?—somewhat strange legislative assembly.

The British people were not deluded; they knew what they were doing; they voted to leave. We may disagree with it—many people do; I do not—but they voted to leave. We should not scorn their decision; we should not deride the reasons they did it for; we should accept what they said and get on with being a democracy in this country. When one disagrees, it is of course a bit painful—I thought that the noble Lord, Lord Grocott, was absolutely right; luckily, I won all the general elections that I stood in—but, nevertheless, please let us just accept the result.

2.18 pm

Baroness Smith of Newnham (LD): My Lords, as the noble Lord, Lord Norton, suggested, there is a distinction between a second referendum, which, as I made clear last night, the Liberal Democrats do not support, and a referendum on the results of a renegotiation or whatever the withdrawal agreement would be. While I made it clear last night that we absolutely respect the outcome of this referendum and are not patronising anybody, I was perhaps not sufficiently clear that if we trigger Article 50 and there is a package, the Liberal Democrats would support a referendum on the outcome of those negotiations. There is a distinction between those two things—no support for a second referendum to unpick the democratic decision, but an acceptance that there is a real question about what people voted for. It is all very well to say that they voted to leave. That was clear. But there was no agreement before 23 June and there is still no agreement among those who advocated leave about what sort of relationship the United Kingdom should have with the European Union once we have left. There is a real gap.

We had no plan B from the Government. The Government have not said, “This is what we propose to negotiate” and I note that the noble Baroness, Lady Anelay, will not be able to say, “This will be the package”, because clearly we are waiting for a new Prime Minister and a new Government. There is no clear sense of where we go or what we negotiate. No one standing for the Conservative Party leadership was leading the avant-garde for leaving the single market. There are real questions about what leave means and who has a mandate.

A general election would be the way to give a fresh mandate and the Liberal Democrats will campaign to say that the United Kingdom is better off in the European Union. That is not to say that the voters got it wrong but, if there is another general election in the near term, we would absolutely say that we are better off not leaving the European Union. We would also say that it is vital that we enfranchise those who have most to lose—namely, 16 and 17 year-olds. That carried weight in your Lordships’ House during the passage of the then EU referendum Bill and we would push for it again.

Finally, the noble Baroness, Lady Anelay, reminded us yesterday that the Prime Minister had said that this was a once-in-a-generation decision and that there would be no further referendum. But what happened to the European Union Act 2011? Will the Minister tell us whether that would be invoked at the end of the Article 50 negotiations?

2.21 pm

Lord Collins of Highbury (Lab): My Lords, I must say to my noble friend Lord Grocott that, every time I have had the opportunity to vote in a referendum, I have been on the losing side, so there we go. That is how effective they are.

We have spent the past two days in this House debating the referendum outcome and we have sought to better understand what happens next. There is no doubt, as I said last night, that the referendum process has polarised politics in our country, with complex issues appearing to be resolved by one simple answer. Whatever our thoughts on people’s reasons for deciding the way they did, what is not in doubt is the final outcome, which must be honoured—although, as I said last night, if many people had heard the reasons for Brexit given by the noble Lord, Lord Lawson, they might have changed their minds, because they would have understood that it meant a return to the 1980s to finish the work of Margaret Thatcher.

My trade union upbringing taught me never to ask a question unless you know the answer. I suspect that, for most of us, today’s question falls into that category. Even my noble friends suggest that perhaps today is not the time for this debate. But as the noble Lord, Lord Butler, said yesterday, the answer given by the people is not straightforward. Of the two options on the ballot paper, one set out clear terms for remain—the agreement negotiated by the Prime Minister—but the leave alternative offered a whole range of different futures, depending on the outcome of uncertain negotiations. I agree with him that we must go into the negotiations in absolute good faith, determined to get the best result for the British people. To do anything else or suggest anything else would totally undermine the political process.

However, I also want to repeat what the noble Lord, Lord Lisvane, said at the end of his contribution. At the end of the formal negotiations, there will be an exit package. It may be good, it may be acceptable, it may even be disastrous, but it will surely require further authorisation—whether popular, parliamentary or more probably both. But today is not the day for that debate.

2.24 pm

The Minister of State, Foreign and Commonwealth Office (Baroness Anelay of St Johns) (Con): My Lords, after what the Prime Minister described as one of the biggest democratic exercises in history, it is fitting that we have the opportunity to discuss questions arising out of the decision by the voters that the UK should leave the European Union. This is one of multiple opportunities. We have had two full days of debate, starting on Tuesday morning at 11.30, and there are some hardy individuals around the House today who

[BARONESS ANELAY OF ST JOHNS]

took part not only in that but in today's debate and sounded as fresh today as—if not fresher than—they did in the first debate. I have enjoyed every single word they said; even if I did not agree with half of it, I have certainly enjoyed it. It is the kind of debate that does this House proud. It is a good one.

Of course, I know that the result was not what many of us wanted or hoped and campaigned for. I am reminded by the noble Lord, Lord Grocott, about how one can be on the losing side. This is not the first referendum that I have had the opportunity to vote in, and I was on the losing side, but I am not using that as an argument to have another referendum and keep on trying. I will argue just the reverse.

The result was clear. By a margin of more than 1 million votes, 52% of those who cast their votes voted for the UK to leave the European Union. We can quote all the opinion polls we like, but the only one that counts is the ballot box, and it does count. It is an advisory matter—in law it is advisory—and the Prime Minister made that clear. But he also made clear his word that, if the British public, the Gibraltarians and all those who were qualified to vote said out, it would be out. Therefore, on the substantive text of the noble Baroness's Motion, I would say that there will be no second referendum. However, I realise that what she has done is to extrapolate from that and say: "What I really want to do is to say: let us look at what happens next. What is the role of Parliament and what happens when we have a negotiated agreement? Should there be a referendum on that outcome?". I will look at that relatively briefly, as this is a time-limited debate.

I was astonished to hear the noble Lord, Lord Lipsey, say that he hardly heard Parliament mentioned. "Gosh! Brass neck", my mother-in-law might have said. If he had been here throughout the debates, he would have heard me and others mention the role of Parliament. It is crucial in this matter—utterly crucial, as I made clear last night. The Prime Minister said that Parliament will have a role, but it is also important that this House fleshes out what we see that role to be. Already, the Leader of the House has spoken to the chair of the European Select Committee to work out how we can best engage with this House. The chair of the European Select Committee has already had meetings with Oliver Letwin, who heads up the unit in Whitehall to provide information to the next Government about how we might go forward, and the noble Lord, Lord Boswell, has also spoken to David Lidington, the Minister for Europe. It is all in train, because Parliament is key to what happens next.

It is the case that there are different views about how Article 50 can be triggered. As I made clear last night, in law the Government alone can trigger the Article 50 process under their inherent prerogative power to conduct foreign affairs, which includes the power to withdraw from a treaty or international organisations. But there is a political decision to make and the Prime Minister said that we now have to look at all the detailed arrangements, and Parliament will clearly have a role in making sure that we find the best way forward. I realise that Parliament will have a variety of views, but I undertake to listen to the views of Parliament. That is provided that I am in this job,

given that—who knows?—lots of things change over the summer, but I imagine that whoever is in my position will continue with that undertaking. We have already had debates responded to not just by Foreign Office Ministers but others who have given that same undertaking.

Lord Lipsey: My Lords, I am most grateful to the Minister. Will she now give a commitment that there will be no withdrawal from Europe without both Houses voting for the repeal of the European Communities Act?

Baroness Anelay of St Johns: My Lords, the noble Lord is taking me neatly into the next part of my remarks.

Perhaps I may first dispose of this issue. There is an argument that leaving could be achieved by an Order in Council, whereas others say that we need to repeal the European Communities Act. Last night, I pointed out that repealing the European Communities Act is the end of the process—it is not the beginning—because the only lawful route to leaving the European Union is through the procedures laid down in Article 50. That is absolutely clear. The report published in May by the European Union Select Committee of this House made it clear that that is the only lawful route; otherwise, if we were to go straight ahead and repeal the European Communities Act, we would be in breach not only of EU law but of international law. This proud country does not breach international law; that is not our plan. There is a process that one needs to go through, but it naturally will involve seeking advice from Parliament. What that will be is now a matter for Parliament to advise on, and getting that advice has been part of the process over the past two days.

We had some tremendous contributions to the debates. For example, my noble friend Lord Lawson suggested with regard to the European Communities Act that there could be an early introduction of its repeal but with the equivalent of a sunrise clause within it so that implementation of the repeal could be delayed. There are lots of ideas that can be brought forward on these matters.

I turn to a matter raised by the noble Baroness which is different from the text of her Question on the Order Paper. She feels passionately that, after a negotiation and once we have reached a position where the Government feel that they have achieved an outcome that is in Britain's interest, at that stage we should put that decision before the public. Other noble Lords have pointed out some of the holes in that argument. This last referendum put before the public, for the remain side, the negotiated outcome, and yet we are now being told by the noble Baroness, or certainly by others, that people did not know what they were voting for. We are now being told, "Let us bring forward a full negotiated package and we will then put that package before the public". My concern is that, if the public say that they do not agree with that, there would be an attempt to rerun and rerun. There is a core issue here that we have to be really worried about, which is that as politicians we must re-engage with the public. They have shown that they distrust the

political elite. We will increase that disgust if we keep saying to people, “Keep on voting until you do what we want”. That is not the way we operate. I know that it is not what the noble Baroness wants, but I think that that is the implication behind her argument.

Baroness King of Bow: My Lords—

Baroness Anelay of St Johns: Perhaps I may continue, because the debate is time limited. Some of the previous speeches overran, although not by much—noble Lords have been terrific in how they coped with that.

Perhaps I may put another point. Let us say that we reached a position where, at the conclusion of a negotiation, the Government of the day decided that they did want to put the agreed package before the public in a referendum. Let us say that, at that stage, Parliament agreed to such a referendum—there has to be an Act of Parliament for that, with all the conditions that apply, and we know of the resistance to referendums and whether they should be used for the precise purposes that the noble Baroness has outlined. However, let us say that there is then a referendum. Would it be a binary choice? We need to think about that further after this Question for Short Debate, because the noble Baroness has raised some interesting issues. Is it really binary? What if the public say, “No, we don’t want that, but we don’t want to stay in”, because at the time when the choice was put to the public we would still be a full operating member of the European Union, which we are this minute, this day and this year. Or is there a third option, which is, “Go back and try again”?

Baroness King of Bow: My Lords—

Baroness Anelay of St Johns: Perhaps I may finish what I am saying. We must remember that we are reliant on the fact that it is the 27 other members of the European Union who will decide, first, whether the agreement is one that they can agree to, and secondly, how long it may take. Asking to negotiate first for an extended period beyond two years is an interesting idea. It is novel and I am not against the novel, but I like my novels to have some element of reality in them as well. We cannot predict what the result would be.

I have two minutes left, so I shall give way to the noble Baroness.

Baroness King of Bow: I completely agree with the noble Baroness and others who have said that we must not treat the British people in a condescending way. They can make up their own minds—absolutely they can. But you cannot say that on the one hand and then say, “Ah, but what happens in two years’ time? It might be too complicated for them”. I am saying this: do not curtail democracy; enhance democracy; let the British people decide when they know the decision that they are actually taking.

Baroness Anelay of St Johns: My Lords, when the British public know what the deal is, the question will be this: what will be on the paper offering the options? I am trying to point out the unreality of the proposal

being put forward by the noble Baroness, given that the other 27 member states would look on in astonishment at this pick ’n’ mix option that she is proposing.

But overall what I would say is that, while democracy can give us a kick in the teeth, my goodness it is better than any alternative of governance that I know, and I am proud of the role that this House plays in it.

Agriculture and Horticulture

Motion to Take Note

2.36 pm

Moved by Lord De Mauley

That this House takes note of the current and future roles agriculture and horticulture play in Britain’s rural economy and the role that advances in agricultural science can play in the further development of that sector.

Lord De Mauley (Con): My Lords, before I start I should refer to my interests as set out in the register, including that I am a farmer and a beneficiary of the CAP schemes.

The track record of British farming is one of resilience. During the five years following the recession of 2008, while the UK economy as a whole recovered to a size similar to that before the global banking crisis, the contribution of farmers to the economy grew by around 45% to almost £10 billion. Our farmers grow the raw ingredients for the food sector, which collectively is worth more than £100 billion. The farming and food sectors together provide nearly 4 million jobs. Food and drink is now our country’s fourth-largest exporting sector and is worth more than £12 billion. Farming offers huge potential to the rural economy as a whole.

Today, British farmers produce around 62% of our food, which is good but—some would say—not enough. Many increasingly employ innovative technology to produce food for today and to prepare for the future. Our farmers work to enhance the countryside and protect the environment, to maintain habitats for native plants and animals, to maintain footpaths, to protect watercourses and to support wildlife. Productive farming depends on healthy soils and clean water, so it is in farmers’ interests to prioritise their protection. Through the voluntary Campaign for the Farmed Environment farmers have created thousands of hectares of wildflower habitat and are continuing to plant more. As energy prices rise and climate concerns increase, farmers are finding innovative ways to produce renewable energy on farms.

But all of this has to be seen against a background of volatility in farm business incomes, which sometimes vary by up to 30% between years because of factors such as commodity prices, currencies and weather conditions—and the structures of some of our markets do not help, either. So it was welcome when the Chancellor announced in last year’s Budget that farming incomes could be averaged over five years for tax purposes. High on the list of those bearing the brunt of the problem are dairy and other stock farmers, many of whom continue to suffer devastating losses.

[LORD DE MAULEY]

I would be interested in an update from my noble friend the Minister on the initiatives that are in place to assist them.

I turn to horticulture, which for food represents around 12% of total agricultural output, so it is an important component. In addition, there is a sizeable and important market in ornamentals. Field vegetables and non-edibles in particular have shown recent growth, although vegetables have declined over the longer term so that until recently—my figures may be slightly out of date—we are in value terms around 38% self-sufficient in vegetables, while the figure is only 16% for fruit because of our appetite for tropical fruits, and around 49% in ornamentals.

It is important that we now see growth in that area, and my noble friend might care to comment on new ways to encourage that. While global demand for food is forecast to increase steadily over the next 20 to 30 years, it will not be all plain sailing, especially as prices are likely to continue to be volatile. If farming is to be profitable in future, whatever else contributes to that profitability, yields will need to increase.

The United Kingdom is home to some of the world's finest agricultural research, and this must hold one of the keys to improving the position of our farmers. I have been fortunate to visit many of our wonderful institutions: from Rothamsted to John Innes, Fera to Roslin, East Malling to NIAB, the RAU to Harper Adams, to name but a few. Drawing on exciting breakthroughs in plant and animal breeding, remote sensing, meteorological prediction and the exploitation of data, Britain's most progressive farmers are leading the way. Our world-class food and drink manufacturing and retail sectors are highly competitive, supplying consumers both here and abroad.

In the agritech strategy, in which I was fortunate to play a role, we considered how we could meet the challenge of feeding a growing population without damaging our natural environment. Our vision was of a United Kingdom with once again a world-leading role in the race for better, more efficient and more sustainable agricultural production. Central to this was rebuilding the connection between basic research and applied science. We secured £160 million from the Treasury through the agritech strategy to accelerate innovation by UK food and farming businesses and to boost UK growth through the emerging global markets. This, importantly, included addressing skills, essential to help us to develop ideas from the laboratory to the farm, as well as to develop our capabilities on-farm.

We also identified that British science and technology has a vital role to play in efforts to improve food security in developing countries. Part of the £160 million was to go towards the establishment of a small number of centres of scientific excellence. I understand that these now include an agrimetrics centre, based at the Harpenden site of Rothamsted Research, a centre for crop health and protection and a centre for innovation excellence in livestock, both to be headquartered just outside York at the National Agri-Food Innovation Campus in Sand Hutton, and an Agricultural Engineering Precision Innovation Centre that will have hubs at Edinburgh at Harper Adams University and at Cranfield University.

The other substantial proportion of the £160 million agritech money was to be invested through a catalyst in projects dealing with subjects ranging widely from, for example, resistance to rhynchosporium, to improving apple storage, to localised delivery of environmentally benign pesticides, to feed conversion efficiency in beef cattle, to chicken welfare, to the sustainable intensification of agriculture in the Horn of Africa, and much more. Perhaps my noble friend could update us on the agritech strategy.

There is more, of course, to the rural economy than farming, but farming is integral to it. Of all the technologies that will benefit rural industries, superfast broadband is one of the most tangible, so I am pleased to see the prospect of some real progress in my home area, despite some well-publicised disappointments. I would welcome an assessment of progress nationwide.

Before I finish, I cannot avoid the elephant in the room: the effect on all of this that Brexit will have. I do not know whether others noticed, as I did with some surprise, the high proportion of farmers during the campaign who, despite their, in many cases, heavy reliance on subsidies through the CAP, said that they planned to vote leave. The reasons given ranged from arbitrary and disproportionate fines being levied for relatively minor administrative errors in cross-compliance and grant claims, to confusing and sometimes contradictory regulations, for example on nitrates, to the categorical refusal of the European Union to accept imports of British beef without any scientific basis, to frustration at political decisions by the Commission which, for example, led to the sacking of the excellent chief scientific adviser because she gave advice that the commissioner did not like.

Others cited the position that the Commission took over the negotiation of a new CAP, for example insisting on a flawed three-crop rule and making mapping unnecessarily complicated. These are the reasons a surprising number of farmers gave me for voting leave. Brexit will have far-reaching consequences and I worry that, despite what many told me, it will not make farming, or indeed horticulture, which relies on labour from overseas, a great deal easier. I will finish by tempting my noble friend to gaze into his crystal ball and give us his thoughts on how the future might pan out for British farmers and horticulturists, and indeed for agricultural science. I beg to move.

2.46 pm

Lord Clark of Windermere (Lab): My Lords, I thank the noble Lord, Lord De Mauley, and congratulate him on initiating this debate, which is particularly timely in view of the Brexit decision 10 days ago, to which he alluded.

When I speak in the Chamber on rural issues, I am always conscious that I see things from a slightly different perspective from many colleagues on either side of the House. I am not a landowner but I was born in the countryside, grew up there and live in the countryside today. I will defend with them the critical role of the agricultural community, in particular, to survive and prosper in this country. I am grateful for this debate.

I am also conscious, however, that the previous census, in 2011, showed that more than one in five still live in rural areas. Having said that, we are a heavily urban-based society. Clearly, because of that, most of our citizens are influenced by the environment in which they live. It is incumbent on those of us who think we understand the countryside to try to explain to them the difficulties, the potential and the opportunities for those of us who live in the countryside, so I am doubly grateful for the opportunity to take part in this debate.

Having said that, things are changing in agriculture, and have changed in my lifetime beyond what I could comprehend. Science and technology will have to be harnessed even more in the years ahead if we are to sustain a role for agriculture, and we do need to sustain it in our rural areas. Broadband, as the noble Lord indicated, has not been universally successful in many rural areas. In some it works; in others it does not. It causes a problem for modern businesses operating in rural areas.

Perhaps I can emphasise that by giving one example of the impact of technology. I shall talk about forestry because I started my working life as a forestry worker and then had the dream job to which I aspired, as chair of the Forestry Commission. When I retired in 2009 after eight years, it was decided that I would cut down one of the trees that I had planted 50-odd years previously. That was significant in many ways for showing forestry as providing a living crop that had its life and had then to be harvested. I did it in a way that I would never have dreamed of doing it. I was sitting in a state-of-the-art machine which cost hundreds of thousands of pounds, and which was guided by a computer. Within five minutes, I had chopped down the tree, stripped it of its branches and we had cut it up into lengths to be sent off to the factory.

I contrasted that with the position 50 years previously when I planted the tree. Then, it would have taken two of us a whole day to do that job. We would have had to cut down the tree with a crosscut saw—this was in the days before even the chainsaw, which was a remarkable piece of technology that has had such an effect on the lives of everyone in the countryside: farmers, foresters, horticulturists and everyone. Then we would have to strip the branches, then cut it up and then get it ready for loading on to the tractor to go. That just showed how productivity can be so enhanced beyond our wildest dreams by modern technology. I use that as an example.

What is true in forestry is true in agriculture. It is laughable now to think of people milking cows by hand. Cows virtually milk themselves these days. Having said that, as the noble Lord indicated, life is still hard for those of us who work in agriculture and rural areas. He mentioned farmers with livestock. That is doubly difficult. I think of the upland farmers with sheep. Of course, technology has revolutionised that in a very basic way in that the farmers now have quad bikes to go up into the hills. Nevertheless, they still need the old and trusted Border collies—the cleverest of all dogs. Without those dogs, they could not do the job. I do not foresee it, but perhaps one day we may have a machine that does that. It will have to be pretty

good to run 100 miles a day to bring in the sheep from the hills. That emphasises how hard life is for farmers, particularly with livestock.

We face a big challenge at the moment. The noble Lord mentioned Brexit. I remember the referendum of 40 years ago. The issue then was so much to do with agriculture: the sugar from Australia and the West Indies, and the lamb from New Zealand and the Commonwealth countries. Agriculture and farming dominated that debate in many ways. I know that the NFU took a position officially to endorse remain but, according to the opinion polls, about 50% of farmers voted to leave. The CAP, with all its shortcomings, had pluses. We are now going back to the annual agricultural review. I recall all the hardship and anguish that the annual review caused, not only to we politicians but especially to the farmers. There were those months of uncertainty and bargaining. It was not a very successful means. We will have to reinvent our own agricultural support system. Each of the constituent Governments in the UK will need their own system.

I also agree very much with what the noble Lord said about food production. I am a great environmentalist but I have always accepted that at the end of the day we need to produce as much food as we possibly can. It is silly to try and produce food that we cannot grow efficiently, but with science and technology there are things we can grow now that possibly would have been very difficult 40 or 50 years ago. I was interested to see this week that our own Select Committee on Science and Technology was looking at driverless vehicles. One aspect it looked at was how that could revolutionise agriculture and farming. I am moving away from the stock farmer to the arable farmer. Clearly, with modern technology and driverless vehicles you can spray crops—and the machine will pick out which is a weed to spray and which is the crop. With investment and experiment, that could revolutionise the way we do our arable production.

We then have the challenges of climate change. I looked at the *Veterinary Record* this week, which discussed how even in a cold climate between January and April there were 14 investigations into exotic diseases, many of them—such as blue tooth—affected by and coming into our country because of changes in climate. Those are other challenges we must take on board when trying to get the right balance of support. There needs to be support for the agricultural industry.

While agriculture is critical and provides the backbone of many of our rural communities, in terms of jobs so much depends on the tourist industry. I speak here as chair of the Lake District National Park Partnership, which oversees the work of the national park. We have in it all the major players from the community—obviously, the tourist industry and the environmental groups but also the NFU and representatives of the Country Land and Business Association—so that we can get a balanced view of how we move forward and make sure that we get the right discussions. Currently, we have a bid for a World Heritage Site with UNESCO which could be decided next year. I make this very last point: people come to the Lake District National Park, and visit England, in such numbers because of the landscape there. That landscape—the hills, fields,

[LORD CLARK OF WINDERMERE]

fences and stone walls—is built and maintained by farmers. That is why we must support our farming industry.

2.56 pm

Lord Jopling (Con): My Lords, it is a real pleasure to follow my old friend the noble Lord, Lord Clark. He may not be a friend in the political sense but he was born, bred and lives in the depths of my old constituency. Indeed, he once wrote a book about the Labour Party in that constituency in which he referred to me as “wily”. I am sure he did that as a friend but I was really rather flattered to be described in those terms.

Like him, I must begin by congratulating my noble friend Lord De Mauley on instigating this debate, which is extremely timely. I have seldom participated in debates in this building on agriculture. I think I am right that this is only about the third time I have participated since, 29 years ago, I ceased to be Minister for Agriculture. However, this is a good time to come back to the topic. Of course, I must begin—like my noble friend—by declaring an interest as a farmer and being in receipt of funds from the common agricultural policy.

Like others, I must concentrate my remarks this afternoon on Brexit. I was very surprised that so many farmers supported Brexit. My noble friend Lord De Mauley referred to a whole lot of the nonsenses that have emanated from Brussels. Nobody is more aware of those than I because I had to put up with some of them in my time. However, I am old enough to remember the days of the annual price review—to which the noble Lord, Lord Clark, referred—and of guaranteed prices and deficiency payments. It was a horror squeezing money for the agricultural industry out of the British Treasury. It was annual horse work, if I can put it that way. I can remember very well—perhaps not many noble Lords remember this—that in the 1966 general election, and again in the 1970 general election, before we joined the Common Market, as it was then, the manifesto policy of the Conservative Party was to break away from guaranteed prices and deficiency payments and to move to a system of protection based on tariffs on imported foodstuffs. I think that a lot of people have forgotten that. In the 1960s, I happened to be a member of a study group chaired by Lord Prior, who subsequently became a Minister, which led to that policy in those two elections. It is unfortunate that so many farmers seem to have thought that they would obtain a similar level of generosity from the British Treasury as they have had over all these years from the mandarins of Brussels and the Council of Ministers. The Council of Ministers, on which I had the privilege and pleasure of serving for four years, was much more sympathetic to the position of farmers and agriculture than one ever sees in the British Treasury.

However, today I want to refer to the problems of the dairy industry. My noble friend Lord De Mauley quite rightly referred in passing to the current crisis in the dairy industry. I have never been involved in that industry. The closest I ever got to it was when I was the Minister who introduced milk quotas in 1984, which led to me being widely and nationally vilified. Unlike the German Minister, I was never burnt in effigy as a

result of that—I think he was five times. That measure made me extremely unpopular, until farmers discovered that quotas were worth a great deal of money and it was much easier to talk to their bank managers on the back of the value of their quotas. Then they started to ask me, “You won’t scrap milk quotas, will you?” I always said, “I wish you had told me that at the time”.

Going back to the UK’s dairy industry today, it is really in a fearful state. Receipts in many cases are well below the cost of production, and many small and medium-sized milk producers are going out of business. Of course, one of the underlying reasons that the dairy industry is in such crisis in the UK leads, I believe, directly from the scrapping of the Milk Marketing Board, which happened after I left the department. I think it is no secret that the Commission in Brussels pressed me very hard indeed to abolish the Milk Marketing Board, as did some people here at home. I absolutely refused to do that, to the extent that I threatened to resign if I had to do so. However, it was scrapped because of the intense pressure from Brussels.

It is as well to recall that the Milk Marketing Board was set up between the wars because of the fate of small and medium-sized milk producers who were situated away from the big conurbations and being driven to bankruptcy by the attitude and behaviour of the large dairy manufacturers at that time. There are many parallels between what happened back in the 1920s and 1930s with what is happening today in the milk industry. The situation today is not helped by the actions of some of our supermarkets, which have caused the dairy industry to be in such difficulty through the use of their buying power. Therefore, if we are to leave the European Union and the common agricultural policy, I ask the Government to ensure that in future there will be nothing to prevent us trying to find new devices to support not only small and medium-sized dairy farmers but also small and medium-sized farmers right across the spectrum.

The noble Lord, Lord Clark, and my noble friend referred to the importance of the rural economy. It would be tragic if we were to move to a situation where we drove medium and small-sized farming interests out of business altogether. I am not necessarily saying that we should create a new Milk Marketing Board; I do not think we could face that at this moment. However, there are other ways, and other organisations, which could be created to help the whole agricultural industry, although I am thinking of milk in particular.

In the old days, there were other organisations which had far fewer powers than the milk board. The milk board had the almost monopolistic power of being the sole first buyer of milk from producers. Other organisations were set up such as the Cereals Marketing Board, which had a reserve buying power. I made my maiden speech down the Corridor on that. There was also the meat and livestock authority and the potato marketing boards. There were other organisations of this sort which we ought to give some thought to reviving in some form to protect and support our industry because, as I said earlier, our agricultural industry will not be able to rely for very long on the generosity of the British Treasury. If we are to leave the European Union, and now that we are likely to be free of CAP regulations, I hope that the

Minister will be able to tell us that thought will be given to determining whether plans can be prepared to establish new organisations to provide backing for the agricultural industry in the years ahead.

3.07 pm

The Duke of Somerset (CB): My Lords, it is a pleasure to follow the noble Lord, Lord Jopling, with his great experience of farming.

I declare an interest as a landowner who receives income from agricultural activities. The main question that we all want to ask the Minister is one that he will be unable to answer—that is, on the future support system for our farmers and horticulturalists outside the CAP. I think that I am the third speaker to express surprise that so many farmers opted to leave the EU. For many, the single farm payment is the difference between loss and being able to pay the rent or the bank.

The Defra Minister in another place has argued that subsidies will carry on indefinitely. I find that hard to believe when both the main political parties in the last decade have said that they would be reluctant on that, certainly at the current levels. At the very least, I hope that future support will be found for marginal and upland farms which would not be able to survive on the unprotected world stage and which provide public goods.

We should remember that, currently, the CAP provides 55% of the total UK farm income—that is a considerable amount. Even with the present payments, farming is in a dire situation. I believe that all sectors are suffering, from cereals, through milk, to the meat trade. It is both low prices and volatility, but it is the former that is the most severe. Cereals in particular are projected to make a loss in this coming harvest, even after direct payments. The rotten weather has not helped, with increased disease and a difficult spraying season.

So, as the timely Motion moved by the noble Lord, Lord De Mauley, indicates, we need to look to science to help. We need difficult decisions to be made on a scientific basis. There are two topical questions that are currently causing problems: glyphosate and neonicotinoids. In the case of the former, a last-minute reprieve for a further 18 months was achieved after the EU member states delayed a decision on unproved grounds about the threats to human health. Further assessment is urgently needed. We obviously do not wish to carry on using a carcinogenic product but, if it is not one, this vital agricultural tool must be allowed to continue to be used. The controversy over neonicotinoids is similar in that science is still uncertain as to the effect that they have on pollinating bees. Such a ban would seriously affect rapeseed growers. Again, we need the scientists to finish their evidence-based work so that regulators can make an informed decision. Science can help in all sorts of agricultural areas, from—as we have heard—automated tractors and combines through to forecasting the weather and developing crops that can cope with the changing climate and can survive floods and drought. There are plenty of other arable diseases and weeds that the industry is looking to control chemically. Black grass is spreading north and mildew, rusts and blight are rampant.

I think, however, that there is a question mark over the tolerance of consumers in the future as they start to understand how many chemicals are applied to their food. This is something that the industry will have to manage very carefully, as people become more questioning and savvy about what they eat—as they are doing. It is a surprise to me that the organic premiums are not greater in order to reflect this but, perhaps with the inevitable rise in prices post-Brexit, price will outweigh these concerns in consumers' minds.

GM is another PR issue for the industry to confront. Biotechnology policy is changing and the Government have recently increased their support, certainly since 2010, for both GM crops and further research. That is especially true in the activity of the Department for Business, Innovation and Skills. We are fortunate to have a good number of diverse agricultural research stations, as we have heard, and these will be increasingly under pressure to come up with solutions. The world population is set to rise from about 7 billion at present to 9 billion by 2050 and all these new people will need feeding, but with less labour, less water, less energy and less land—all commodities that will be needed for other, competing uses.

GM is a part of biotechnology and its benefits could cover the whole spectrum of agricultural output but many consumers and growers remain wary. Despite 2 trillion GM meals having been consumed since 1997, with no apparent health risks, suspicion remains. We have seen the activities of large companies such as Monsanto, which exploits its dominating position in the seed market and contracts its producing clients into poor positions of dependence and debt. That they have a Roundup Ready soybean available causes huge anxiety to many. A cursory internet search reveals the horror stories of many US farmers who are locked into these methods. Great care is thus needed in advocating these progressions. Barriers between GM and non-GM farms must be enforced through a strong code of conduct, as has indeed been in place in the UK since 1999. Likewise, a redress charter is being developed to compensate for accidental contamination of neighbouring land.

Another industry interface with the general public is TB and badger control. It is encouraging that the ministry is more determined than ever to tackle this curse, but frustrating that the vaccination programme has been interrupted by the scarcity of the BCG vaccine. However, the Government and the industry have failed to win the argument about culls and they need to work harder to point out the dangers of TB and the sad and wasteful costs of slaughtering affected cattle. Why are badgers considered by many to be more valuable in the animal kingdom than cows? They are equal; each has a life, but one carries disease and so needs to be controlled like all other wild animals that impinge on human health and well-being.

There is much to celebrate in British food production, from our huge range of cheeses, to artisan breads, small-scale cereal and muesli makers, yoghurts, asparagus, game, and craft beers, not to mention fruit and berry products—surely we all agree that our strawberries are the best in the world. All these niche products are funding an increasing market of keen purchasers. British food quality is, I believe, overtaking the French in

[THE DUKE OF SOMERSET]

critical perception, as their labour laws are decimating restaurants in that country. We must encourage these products and their dissemination in farm shops and farmers' markets. The margins are narrow and many retailers, small and large, are struggling. Science has a huge role to play, but so will a new Government—free, perhaps, of Brussels red tape, bureaucracy and conformity. Defra will need to make friends with a new Treasury, inevitably short of funds, and make the case for targeted support to keep our industry one of the biggest in the UK, vibrant, healthy and innovative and which, at the same time, also respects the environment, biodiversity and public opinion.

I have one minute left so I will repeat a plea that has already been made that the Government redouble their efforts and determination to provide fast broadband and mobile phone signal to rural areas. The absence of these services seriously hinders and disadvantages all those working and living in rural England. I ask that the Government do all that they can to improve that situation.

3.18 pm

Baroness Byford (Con): My Lords, I thank my noble friend for securing this debate this afternoon; it is always good to have a debate on agriculture but, at this moment, after the Brexit decision, it is so important that we have it. I should declare my interests, which are in the register, that we have farming family interests and that we are in receipt of common agricultural payments, and that I am a member of the NFU and CLA and I am the current president of the Royal Agricultural Society of England.

Today, we have been set the target, if you like, of considering agriculture and its role in society, the economic factor that goes with that, and the role of science in agriculture as we look to the future. I have divided my thoughts into those three areas.

I believe that serious consideration of the place of agriculture starts with food. It covers the growing of cereals; animal husbandry, from which come milk and meat; and poultry, which signifies meat, eggs and special lines, such as Christmas turkeys, geese and ducks. Agriculture and forestry encompasses production, packing fruit from horticulture and growing fruit and vegetables. At farmers' markets throughout the country and in countless stalls at shows, fairs and fetes, we find cheese, butter, pies, cakes and ice cream, all produced locally on our farms. Most farms are situated in rural areas, though there is a significant growth in city farms and, of course, in the use of allotments.

Agriculture supplies employment in rural areas for many people, and has the merit of being a long-term business. As has been said, food manufacturing is our greatest manufacturing industry in the country. It employs one in eight people, and is bigger than the aerospace and automotive industries. It is worth about £100 billion and, as I say, it is a long-term commitment. The sheer range of possible products that may be obtained from the land leads to a stability that is not always available for the urban environment.

Following the referendum on withdrawal from Europe, the supply of labour, particularly on fruit and vegetable farms, is of concern. Will the Minister clarify whether

existing arrangements will continue, and if not, what plans will be put in place to address this change? I am referring to the former SAWS and other such schemes.

Agriculture also supplies housing in the form of tenancies for farm workers. It is increasingly coming forward with land for shared ownership schemes and with barn conversions for dwellings. Outside food or renewable energy production, agriculture's biggest contribution is surely to tourism, which has already been mentioned. We are very lucky to live in a very attractive island, but much of the maintenance of that attraction is down to the work done by our farmers. They also contribute to the entertainment and well-being of tourists through the supply of farm-based holidays, cafés, cream teas, bed and breakfast facilities, and many self-catering venues. Rights of way, bridle-paths and footpaths criss-cross the rural landscape, and many farmers maintain them as a matter of course.

Farmers also use external professional services. Livestock husbandry requires vets, and we have people to deal with subsidies and water extraction licences. Employee payments and pensions involve computer experts, and machinery needs highly skilled engineers. Farmers, their employees and all families need doctors, nurses, carers and teachers. There is a call for cleaners, motor mechanics and those skilled in home maintenance trades. My goodness, we need a lot of people.

Agriculture is the foundation of the rural economy. If I may say so, it is often the focus of the local community, bringing it together in a way that some of our urban colleagues really envy. Its economic stability and prosperity is vital to the well-being and way of life of a quarter of our population. Its continued development and progress is essential to the remaining three-quarters of our population. As our population is expanding rapidly, food resources must at least keep pace, if not grow.

As others have suggested, agriculture experienced a loss of some £15 billion in 2015. Commodity prices have continued to fall, and the dairy industry is experiencing particularly hard times. Looking to the future, I am confident that our agriculture will succeed in the coming years. The pending changes will give us access to all markets on terms negotiated by our Government. I believe that imports can be controlled to ensure, for example, that pork and pork produce come from herds that are raised to the same welfare standards as our own. If that is not the case, it is surely not right for UK farmers to be expected to compete at a financial disadvantage to other producers around the world.

Lastly and most importantly, I turn to research and development. I am sure that my noble friend Lord Plumb, had he been here today, would have referred to his early years, when technology was fairly minimal, and to the fact that the enormous changes seen in agriculture have been because of the development of technology, with GPS making such a difference to those of us working on the land.

Further collaboration is very important. At the moment, quite a bit of our research is twinned with Europe, but I believe that we will look further afield in the world to gain suitable arrangements. Our Government must be prepared, especially in the early days, to

subsidise research programmes if they are discontinued before new ones can be established. It is very important to find out soon whether existing contracts will be kept going at the time of our exit from the EU, and whether they will be honoured until their completion. I seek clarification from the Minister on that point.

I am grateful to the NFU for its detailed briefing on biotechnology. It acknowledges that some of its members are keen to see GM technology developed in the UK, while others have concerns about such crops. In fact, in my family, my husband would have taken a different view, which will I think be reflected in other contributions. GM modification is not a stand-alone saviour, but it offers new techniques of plant breeding. Other farm management practices to improve efficiency and long-term sustainability are equally important, and soil and water are crucial. As president of LEAF, I am well aware of the impact that that can have, and of the importance of caring for the environment and wildlife.

GM technology would increase yields, use resources more efficiently and be more robust in the face of increasing pests and diseases caused by changes in climate. I urge the Government to support this new technology in the future so that we can develop more for our own home market, but, equally importantly, so that we can supply the export trade to countries that will not be in the same position as us.

Finally, I cannot sit down without urging the Government to consider how best to support our apprenticeship schemes in rural areas. My noble friend Lord Gardiner of Kimble said on 27 April that the Government are seeking to improve skills in rural areas through the tripling of apprenticeships in food and farming. I hope recent events have not caused him to change his mind. I draw his attention to the crucial role of land-based colleges in supporting these endeavours. Through their courses, a career in agriculture should be seen as an exciting choice. It offers endless career possibilities through science, biology, plant breeding, engineering, technology, GPS and working with livestock—to name but a few. This industry needs a skilled workforce, and if agriculture is to thrive in future years, we must push ahead. Again, I am grateful to my noble friend Lord De Mauley for giving me the opportunity to make this speech.

3.28 pm

The Earl of Caithness (Con): It is a great pleasure to follow my noble friend—and bridge partner—Lady Byford, with her great expertise. It is right to say just how much we miss our noble friend Lord Plumb. He is not taking part today but would have been a useful contributor. I was one of those who called for a full debate on farming and the countryside during our short debate on 27 April, so I am particularly grateful to my noble friend Lord De Mauley for securing this debate for us. I declare my interests as in the register and confirm that I am not a landowner and I do not farm.

The speech I planned to make when I raised this matter on 27 April was very different from the one I will make today. Today I have to refer to my maiden speech, which I made in 1971 on the future of Scottish farming when we joined the EEC. There was a lot of enthusiasm from farmers then for the bright lights

that were ahead of us—but I was sceptical. In 1971, the UK was 55% self-sufficient in food; it is about 60% self-sufficient today. In 1971, the EEC was 90% self-sufficient in food; today, the EU is about the same, and 100% self-sufficient in many products. I went on to say then that a prosperous agricultural industry and our diverse countryside were essential to our nation's well-being; I would say the same today. As the noble Lord, Lord Clark, reminded us, much has changed in 45 years, but I am also reminded how much has stayed the same. When I made that speech, I certainly did not envisage that I would be standing here making a speech on what is going to happen when we come out of the EU.

So whither now? We cannot go back to the post-war system of guaranteed prices and assured markets. My noble friend the Minister has a fairly blank slate on which to come forward with proposals. What has Defra cobbled together so far in the past two weeks? We cannot look at agriculture and horticulture in isolation when they are part of a wider discussion on how our countryside is managed—by whom and for whom, and how it should be accessed for public good. We live in a heavily urbanised society in which some people are very vocal and some, sadly, have little idea of the real world of farming. It is therefore important that we have easy-to-understand information readily available for those people. What is the relevance of climate and soil, for example? Does it matter that 85% in Scotland is in a less-favoured area?

Farming is unpredictable, as the noble Lord, Lord Jopling, reminded us. In 2014-15, farm businesses' income in Scotland fell by more than 20% from the year before. Business really cannot exist on that basis. But farming is a commitment. Stock farming is a 365-day a year business—yes, even on Christmas Day, while most are holidaying, farmers are feeding, watering and tending their stock. We want cheap food but we want it of high quality. We are schizophrenic between a romanticised view of the country and farming and an industrialised view of an efficient, capital-intensive and mechanised industry. Sadly, the voice of farming has diminished hugely over my lifetime. An added difficulty for my noble friend Lord Gardiner is how to make the voice of farming heard in what will be a bitter political struggle on how we go forward now. Farming will be well down the list of priorities. In that respect, I venture to suggest that the CAP was an irritating but useful friend of the farmer, since it at least gave farming a high profile.

In winding up the debate last night, my noble friend Lady Anelay said that the Government would consult the devolved Governments—but that is not enough. I hope that my noble friend Lord Gardiner will reassure the House that the Government will consult the devolved institutions as well. These organisations, which represent the interests of those who live and work in the country, must be actively consulted and listened to as we go forward. Can he say whether we are to have a UK policy for farming or different English, Scottish, Welsh and Northern Irish policies?

I turn to the crucial question, as I see it. What is the value and public good of the taxpayers' money that is given to farmers and landowners? Is it good value? A great many farms are unprofitable and would go out

[THE EARL OF CAITHNESS]

of business without taxpayer support. Most farmers have diversified just to exist; some farming is no more than glorified crofting. Farming is a small proportion of total farm income to many. Many of us want the stone walls and hedges, and the small mosaic of fields that is much better for wildlife, rather than prairies and wire fences. But that is costly to maintain and needs skill and dedication, which is provided by the farmers—often freely, as my noble friend Lady Byford told us. We need a countryside that is of huge benefit to us all and to the much underrated and misunderstood industry we call tourism, which is such a help to our rural economy.

On access, I speak from personal experience. I did not know how much of getting better after an operation was in the mind. I have been pushed through woods on my wheelchair and I have tottered on crutches, painfully and slowly, along farmers' footpaths. Recently, I walked again on a hill. I was fortunate to be able to do this—to hear the birds and see our lovely countryside, and to get fresher air than we have in the city. It has speeded up my rehabilitation. I have had it all for free and done it on someone else's land, but I am not alone. Millions of people, a minority of them perhaps mentally or physically ill but most fully fit, derive huge benefit and improve their well-being by accessing the country. In doing so, they are saving the NHS and the taxpayer a massive sum of money. Is there a cost-benefit analysis of this calculation? What assessment has there been—and, if there has not been one, will my noble friend have one done?

Has the benefit of well-being been taken into account in the cost of agri-environmental programmes in the UK, which is equivalent to £20 per hectare? The average in the EU is £100 per hectare. We have the lowest level of support of any member state. Many argue that support for farming, especially livestock farming in the hills and uplands where there is little opportunity for diversification, is the best means of keeping a balance between food production and care of the countryside. The noble Duke, the Duke of Somerset, reminded us that some politicians are arguing that that support should be reduced. Has the Minister assessed what the implications of that might be?

I hope to be fit enough to fish again later this year and I make no apology for wanting to do that. Country sports play a vital role in preserving our countryside. Not only do they help keep the rural economy good and create jobs, but they require our woodlands, heather, rivers, lochs and lakes to be in good condition. Everyone benefits from that; wildlife benefits from that. Country sports really do help farmers and fragile communities exist.

I will not talk about scientific research, which has been well covered. I recall only that I served on our EU Sub-Committee which looked at this. It found that we could and should do an awful lot more. Perhaps now is the opportunity.

As my noble friend the Minister plans for the future, will he consider looking at farming more holistically, as it is part of how our countryside is shaped? Rather than payments on a field-pattern structure, there should be a whole-farm approach to include

woodland, so that the farmer can receive the right benefits for managing all his land in a way that we would like him to.

When my noble friend Lord De Mauley opened this good debate, he reminded us of the resilience of farmers—but that is also their own worst enemy. By showing such huge resilience and ability to adapt to what successive Governments have thrown at them, they deserve our gratitude and respect. But it has also allowed politicians to consider them as easy meat—that farmers will just carry on doing whatever politicians ask them to do. That should not be taken for granted in the future. Doubt has been expressed, at least on the “Farming Today” programme at the weekend, that after all the changes Defra has gone through it no longer has the capacity to think through the myriad uncertainties and opportunities that now confront us. Can my noble friend tell us what use Defra will make of those in the farming community and others in the private sector with the relevant experience to help him find the right path forward?

3.39 pm

The Lord Bishop of St Albans: My Lords, I add my thanks to those from other noble Lords to the noble Lord, Lord De Mauley, for securing this important debate at this time of significant uncertainty for the agricultural and horticultural sectors. I also declare my interest in the register as president of the Rural Coalition.

As noble Lords have already stated, the agricultural and horticultural industry is an essential feature not only of the rural economy but of the wider national economy. It is often said in this Chamber that the defence of the people is the first duty of government, but I wonder whether feeding the people should be an equally primary duty. Establishing food security is an essential role of all Governments, never more so than in the current climate of global uncertainty.

The process of maintaining a thriving agricultural and horticultural industry is not simply about protecting commercial and economic interests. A thriving domestic food industry is a common public good and provides the bedrock from which we can secure affordable and nutritious food for everyone in our society. Farming of course plays a central role in the rural economy, providing jobs and bringing money and services into rural areas. It provides the backbone of the wider food manufacturing industry, and its important role in domestic supply chains will only increase if sterling remains weak.

Figures released last week by the Government show that nearly a third of UK children are now classed as living in poverty, unable to afford basic supplies. Food banks are being increasingly relied on by some of the poorest families in society. Of course, things could get worse if barriers to global trade rise and we do not have the capacity to rely on domestic produce. We can create all the life chances we like, but that is futile if families cannot afford to put food on the table.

It is for that reason that the Government must take steps to secure the future of Britain's agricultural and horticultural sectors, particularly in the light of our impending withdrawal from the EU. If we are going to become more reliant in the future on domestic food

supplies, we need to start the hard yards now. There are three things in particular that I hope Her Majesty's Government will start planning for immediately, besides the inevitably protracted negotiations.

First, the Government must do everything they can to secure funding for the ground-breaking agricultural research which is already taking place across UK universities and research centres such as at Rothamsted Research, which I think two noble Lords have already referred to and which is just up the road from where I live in my diocese. Rothamsted has made significant contributions to research over the years and has the longest-running continuous scientific experiment, which began back in 1856. It is also at the forefront of cutting-edge agricultural research. Yet without EU support, Rothamsted Research faces serious challenges in securing funding for future long-term projects. In the last five years, Rothamsted scientists have received nearly £5 million in funding support from the EU. The loss of this research capacity would ultimately be to the detriment of the UK, not only to our status as a world leader in agricultural research but to our ability to increase food production to match demand in an environmentally sustainable and ecologically sensitive manner. What research centres such as Rothamsted urgently need is the security of government investment for long-term projects that will boost productivity in a sustainable manner. We cannot allow research funding to be controlled by commercial interests, whose priorities may just be short-term and perhaps ill-aligned with the wider common good.

On that note, I might add that any research funding must be directed towards agricultural practices that promote environmental sustainability. We need the agricultural technologies of the future to reduce farmers' reliance on herbicides, pesticides and artificial fertilisers, not increase it.

Secondly, there is access to labour, to which the noble Baroness, Lady Byford, has already referred. As noble Lords will know, the horticultural industry is particularly dependent on seasonal labour, which is invariably, for one reason or another, provided by EU migrants. The seasonal agriculture workers scheme was scrapped back in 2014, and I know many farmers are fearful about how they are going to find the workers to pick fruit and vegetables. Obviously, we do not know what form the eventual EU agreement might take when it comes to migration, but I hope that the Government would not be caught out and that appropriate schemes would be ready for implementation when required.

We need similar assurances for the agricultural research sector, which has consistently looked to the European Union to attract the very best research talent, as well as working in collaboration with research bodies across the EU. One-quarter of Rothamsted's research staff are from the EU, and it is a similar story across other research bodies and universities. Again, I hope Her Majesty's Government will be working on plans to ensure that Britain remains at the forefront of international agricultural and environmental research, regardless of eventual EU agreements. It is absolutely vital that our research institutions have access to the EU knowledge base, through the sharing of both information and personnel.

Thirdly, away from the EU negotiations, I hope that we can begin to see fresh blood injected into an agricultural industry that is ageing at an alarming rate. Unless a new generation becomes integrated into the farming industry, I fear the long-term sustainability of British agriculture and horticulture is in serious trouble, no matter how many new technologies or scientific advances we might develop. Research depends on a thriving industry, just as the industry depends on innovative research.

There is good news of course: we have record numbers of students graduating from agricultural colleges across the UK, which are some of the finest educational institutions in Europe. But these aspiring farmers struggle to get a foot on the first rung of the farming ladder, so prohibitive are the risks and costs involved. Apprenticeships will help, but I would like to see new entrants schemes established—but we also need to take steps to give an older generation of farmers the confidence and stability to retire with dignity and pass the farms on to new hands. That means direct retirement support, but it also means investment to create the sustainable rural communities that will be required in terms of housing, education and social care.

3.47 pm

The Earl of Shrewsbury (Con): My Lords, I congratulate my noble friend Lord De Mauley on securing this debate, especially as during a recent similar debate in the Moses Room it was stressed by those taking part, including my noble friend Lord Caithness, that a larger window for debate was required, reflecting the importance of the subject. Today's debate is excellent news, therefore, and I welcome the opportunity to consider the situation facing our agricultural industry.

Both my noble friend and the Minister bring with them wide experience, not only in Defra but as participants in the industry. I declare an interest, as a member of the National Farmers' Union, and as a former president of the Staffordshire & Birmingham Agricultural Society, where I had the pleasure of inviting my noble friend Lord Plumb one day. I am very sorry that he is not here today. We miss him—I have never actually taken part in an agricultural debate without the old boy in here, and we wish him well. Henry Plumb walked around with me; what I wanted him to do was to come to lunch, but I could not keep him away from the farmers, who regarded him as somewhat of a god.

With the result of the recent referendum still ringing in our ears, what better time could there be to explore the needs of the agricultural and horticultural sectors going forward? I voted to leave, as did many farmers and landowners. The road from Ashbourne to Derby was lined with leave posters on agricultural land. That I did not expect to see—nor did I expect the leave supporters to prevail. But we have what we have, and we must get on with it, and grasp wholeheartedly the opportunities and challenges which Brexit inevitably will bring.

We ignore the economic importance of the agricultural sector at our peril. It is the bedrock of the UK's largest manufacturing industry—food and drink—employing 3.9 million people and being worth an annual £108 billion to the economy.

[THE EARL OF SHREWSBURY]

Currently, agriculture is not an easy business to be in. It seldom is but, particularly at the moment, times are very poor. Milk and meat prices are atrocious, cereal prices are not much better, and one of the few sectors to be fairly buoyant is poultry. My youngest son is a free range egg farmer in Lincolnshire. His business is profitable, but it is subject to vagaries and even small fluctuations in the cost of inputs and in the price of the product, which in turn is almost entirely driven by the decisions of the supermarket chains. He told me yesterday that 1 penny less per dozen makes a very considerable difference to his profitability.

Love them or loathe them, we badly need to grow GM crops on a commercial basis. I believe that they would revolutionise homegrown food production, reducing the costs of livestock, poultry and egg production dramatically, and thus assist those sectors to become profitable. What we now have to do—and I mean immediately—is to plan for life in the horticultural and agricultural industries and indeed in the rural community as a whole, after the cessation of the single farm payment when we leave the EU. A number of politicians have said openly that these sectors will not be allowed to suffer, but, to be quite frank, we have seen so many promises broken by our political classes, so can we really believe their assurances on this issue? Do they really know yet which direction they intend to take us in? Will they have the funding available to continue a basic payment and support through the Rural Development Programme or some such scheme? Will they continue to support the stewardship of our less favoured upland areas, where much of our sheepmeat production comes from? What will happen to our export market for sheepmeat to Europe, which is currently a substantial market for our sheep farmers?

I suggest that we need, like never before since the last war, a new and vibrant domestic agricultural policy, one that is both achievable and sustainable and, yes, profitable to the farmer and producer, giving them a fair return for a very high-quality product. Without adequate profitability, they cannot invest in the future. We have a growing population and declining food self-sufficiency, and these facts must be addressed and action taken. We need to promote British food products through better, clearer labelling. Our customers really care about traceability; they care about high welfare standards—and we have some of the best welfare standards for animals in the world, in this country. They care about quality and, alongside our agriculturalists, they care about our countryside.

The post-war Labour Attlee Government stated their aims for the Agriculture Act 1947 as,

“to promote a healthy and efficient agriculture, capable of producing that part of the nation’s food which is required from home sources at the lowest price consistent with the provision of adequate remuneration and decent living conditions for farmers and workers, with a reasonable return on capital invested”.—[*Official Report*, Commons, 15/11/1945; col. 2334.]

That is an admirable statement, and one upon which we now have the opportunity to modernise and build, but it should also include the word “export”.

3.53 pm

The Earl of Arran (Con): My Lords, in our family my wife is the farmer and we farm in the beautiful dairy fields of north Devon. As other noble Lords have said, it is hard to exaggerate the magnitude of change that the referendum result will enforce on the rural economy. This will require not only a review of British farming policy but also a greater understanding of the critical importance of sustainable agriculture to our rural communities. The facts help to spell out the scale of the challenge. As noble Lords have said, food and drink is the UK’s largest manufacturing business with 7% of GDP. Farming received £2.4 billion in 2015 from CAP with an additional £4 billion allocated to the UK for rural development programmes between 2014 and 2020. On average, therefore, every farm receives an average of £13,000 per annum.

In the south-west, there are around 25,000 farm businesses—24% of all English farms—with 60,000 employees and, crucially, 200,000 indirect employees. We calculate that every farm supports around 25 other businesses. The referendum result is a huge opportunity for the Government to unlock the vast potential of a revitalised agricultural industry, to the benefit of not only the rural economy but national wealth. It is a real chance to ensure that agriculture is a sustainable and profitable long-term business rather than one that continues to require subsidy.

Opportunities are there in abundance. Take, for example, food production. Currently the UK produces only 60% of its capacity. With population growth and rising cheaper imports, this is predicted to drop below self-sufficiency by 2030. By supporting the great British food initiative and the long-awaited 25-year food and farming plan, production could achieve 75% of our requirements and, at the same time, increase food and drink exports around the world, which are currently this country’s fourth-largest export sector. This could create double the number of direct and indirect jobs, with obvious benefits to the whole rural economy. Importantly, many of the jobs would be attractive to our next generation.

In the south-west, we have seen too many young people leave the industry. We have, however, been market leaders in encouraging women to develop farm diversification enterprises. Here again, a rich prize can be achieved. Greater links between agriculture and tourism would also transform the prosperity of the south-west: amazing food equals amazing gastronomy plus beautiful landscapes equals happy visitors all year round.

To concentrate just on the importance of food production tells only half the story. Farms, through their land stewardship programmes, also provide a wide range of eco-system services. These include helping to improve water quality, being at the front line in helping to reduce flood risk and making a vital contribution to renewable energy supplies. Here again, this extends the influence of agriculture right across the rural economy and helps to ensure that rural services can be maintained.

So what must the Government do to ensure that agriculture and the rural economy can now reach their full potential? First, they can ensure that Defra is adequately resourced to meet the challenge of unpicking

the European project while driving new front-line business. Secondly, they can ensure that, as a minimum, current funding for the agricultural industry is maintained with a guarantee that this will be ring-fenced for at least five years to allow confidence to be rebuilt and investment decisions to be made. Thirdly, they can ensure that there is not a shift of capital investment priorities from shires to metropolitan areas. Fourthly, they can rural-proof council tax, which is already significantly higher per head of population in rural areas compared with urban areas due to historic underfunding of rural services by successive Governments. In short, the challenge is for the British public to support the rural economy and our farmers, but will the Government respect the voice of the people? Again, in short, they must.

3.58 pm

The Countess of Mar (CB): My Lords, I, too, am grateful to the noble Lord, Lord De Mauley, for bringing this very important subject to our attention today. I declare my interests as recorded in the register. My husband owns a small farm in Worcestershire, for which we receive about one-thirteenth of the £13,000 average CAP payment. I am also co-chair of the All-Party Parliamentary Group on Agroecology for Sustainable Food and Farming.

While I was thinking about writing this speech, my mind went back to my first jobs on farms in the mid to late 1950s—I cannot believe it was 60 years ago. I recall long hours of back-breaking work hand-weeding acres of kale in the pouring rain, spreading lime, slag and farmyard manure on the fields for fertiliser and milking cows in their stalls, initially by hand, but later by machine, at 6 am each morning and again 12 hours later. After I married, I would go strawberry picking in the summer and apple picking in the autumn. Those jobs are now taken almost entirely by our eastern European friends, and I wonder what has happened to the British workforce in this field.

Scientific and technological developments and, at times, sheer necessity have changed the world of British agriculture and horticulture from small, mainly family units, which were labour-intensive and marginally productive, to, with some exceptions, large, low-labour, high-capital industrialised units with some of the highest productivity levels in the world. We have looked west to Canada and the USA, where farmers have vast tracts of uniform land, and have tried to emulate their monocropping practices, albeit on a smaller scale, particularly in eastern England. However, Britain is a small country with hugely varying geographical features, climate and soil conditions, not necessarily suited to US methods.

A section of the scientific and farming community is asking us to emulate the States further by allowing genetically modified crops to be grown in the UK. Our farmers and horticulturalists have, with EU encouragement and education, made steady advances in reducing pesticide and fertiliser inputs to those deemed essential, and they have steadily improved yields. Here, I pay tribute to the noble Baroness, Lady Byford—whom I call my friend; we have worked together for so many years—for her work with LEAF, which has certainly made huge advances.

There is a risk that if we introduce GM pest and herbicide-resistant crops, those advances will be reversed. This reversal is a feature of so-called Roundup-ready GM soya. Since an initial increase in productivity when GM crops were first introduced, crop yields have become highly variable and have in some cases declined, sometimes below pre-GM levels. More than 20 weed species have become resistant to Roundup, despite application rates that have risen nearly 15-fold since GM soya was introduced in 1996 to 122.5 million pounds in 2014, the latest date for which EPA figures are available.

To accommodate this, maximum residue levels for glyphosate, the active ingredient in Roundup, in animal and human foods have been steadily increased, despite safety concerns. Major seed companies have now developed stacked varieties of soya that are tolerant to at least two herbicides, but I have very little doubt that Mother Nature will find her way around these, too.

Those scientists who develop GM seeds and plants seem to have totally ignored their effect on the environment, or on the health of humans and animals who consume the crops produced. They emphasise the accuracy and simplicity of their procedures while ignoring the complexity and interdependence that exists within the genome. We still do not understand fully the relationship between genes and the environment. To quote Jonathan Latham,

“a defined, discrete or simple pathway from gene to trait probably never exists. Most gene function is mediated murkily through highly complex biochemical and other networks that depend on many conditional factors, such as the presence of other genes and their variants, on the environment, on the age of the organism, on chance, and so forth”.

US regulators have taken the word of the corporations that their GM products are substantially equivalent to their non-GM counterparts without testing the veracity of their assertions. There have been very few truly independent studies of the safety of GM foods. We frequently hear, as my noble friend the Duke of Somerset said, that millions of Americans have been eating these foods for 20 years with no ill effects, but there have been no post-marketing surveillance or epidemiological surveys to prove this assertion one way or the other. American consumers have no way of knowing whether the food they are eating is GM unless they deliberately buy organic food.

We know that many studies have shown that glyphosate is strongly associated—I repeat, strongly associated—with increased birth defects, neurological developmental problems in children, kidney failure and cancer. It is genotoxic. It is believed to attack the beneficial organisms in the human digestive system, causing serious health problems, although much more research is necessary to prove this and other hypotheses. It is also a powerful biocide which encourages microbial plant pathogens and mycotoxins to develop.

There is a major concern about the threat of major widespread contamination of the countryside. It is clear that some GM crops pose a threat, but not all. The lesson of the Government's own farm-scale evaluation trials should be heeded. The key one was that contamination was inevitable with some crops. Currently there is no effective system in place for post-marketing surveillance to measure the effects of GM releases, though both the UK Government and the EU have

[THE COUNTESS OF MAR]

acknowledged the need for such monitoring. It could be said that there is no need for monitoring because there has been no commercial cropping, but if GM varieties of, say, oilseed rape, cereals or grasses are to be introduced, a robust monitoring system is essential.

There is a tendency to the simplistic view that agricultural science is the equivalent of genetic modification and intensive chemical farming. Far from men and women in white coats working in laboratories on trial plots, there are many agrieological, agriforestry and organic farmers who have an intimate scientific knowledge of the farming, ecological and environmental systems in which they operate. Far from the objectors to the currently available GM seeds being anti-science, I believe they have very valid scientific reasons for voicing their concern.

These advances are proving economically important to many family and small farms, as well as to many large-scale producers that serve local markets, UK markets such as supermarkets and, especially in the case of dairy products, the export market. The UK organic market, according to the Soil Association's 2016 report, showed growth of 4.9% and a value of £1.95 billion. We are now on the threshold of major change in the way we are being encouraged to farm as members of the EU, changes that I hope we will embrace with enthusiasm and courage as well as a modicum of caution. I suggest to the Minister that he reads *The Precautionary Principle (With Application to Genetic Modification of Organisms)* by Nassim Nicholas Taleb. It provides a very balanced method for the application of the principle, though I must confess that the mathematics got the better of me. We are constantly reminded that we will need to feed 9.5 billion people by 2050. That reminder is coupled with the statement that the only way we will succeed is by embracing genetic modification. I am neither anti-GM nor anti-science. If it could be shown that, instead of being beneficial solely to the great corporations that promote it, GM was both beneficial and safe for humans, animals and the environment, I would happily embrace it.

Currently, agritech strategy totally, and government funding largely, ignores the research and development needs of the sector. In what is undoubtedly our most important industry, the many years of neglect have resulted in the closure of land-based university departments and colleges with a loss of soil and plant scientists—those young people who, as we have heard today, the research establishments need to replace others as they retire.

British expertise in this field was once regarded as the best in the world. Just after the Second World War, we were 80% self-sufficient in food. That is now down to 62%. Unless we recognise the importance of agriculture, not just to the rural community but to the whole of our nation, we will be in danger of becoming the equivalent of a third world country. Commercialisation or development pathways for direct rural development are not particularly considered in funding allocations, or, if they are, they are not transparent. Alternative approaches that rural communities might consider more beneficial to the development of the rural economy

are not set against any proposal and considered. It is not just a matter of deficit in transparency; it is a deficiency in thinking about how science can engage communities and, through that engagement, be more effective.

Our farmers have the skills, energy, ingenuity and motivation to be the best. Far from wallowing in doom and gloom, let us harness those assets and show the world what we can do. However, we need a supportive Government.

4.09 pm

Baroness Redfern (Con): My Lords, I am grateful to my noble friend Lord De Mauley for tabling this timely debate. I am following very experienced and knowledgeable speakers and farmers. I am not a farmer but I own a pair of wellies and some well-worn walking boots. This morning I was out in the countryside very early, walking my dogs and enjoying the freedom of that countryside. I thank farmers for being good stewards and opening up the countryside to enable people to come and walk their way back to health. I wish also to highlight the contribution that our rural economy plays in economic terms now and in the future.

As we know, agriculture and horticulture play a significant part in our rural economy by contributing an estimated £229 billion to England's total economy in terms of GVA. The agritech strategy will play a significant role in meeting the challenge of feeding a growing population and, importantly, will do so without damaging our natural environment. All partners, whether from the public sector, the third sector or industry, will initiate support for long-term investment by businesses and private investors, who will look at opportunities for working together, with potential for real growth in investment.

Getting more land back into production was a necessity many years ago, with land conversion, drainage and reclamation. The people who lived where I live, in the Isle of Axholme, learned from the Dutch experts such as Vermuyden, who brought some of this technology to Britain all those years ago, and we still see strip-farming being used today in my part of the world. This Dutch engineering expertise created a landscape and enabled farmland to be established and expanded, and we can still see that uniqueness today. Therefore we need more land to grow more food, and that continues with even more pace so that we will be able to feed more people. As we have already heard from previous speakers, we are at just 62% self-sufficiency.

Fast-forward from the then British agricultural revolution to the science and technology of today, which is helping our modern farming and food production raise its game and our position to become, I hope, a global leader once again. Lincolnshire is a major contributor in cereals, including the area known as the bread-basket of the UK, but we also major in food processing, food and drink manufacture and packing, retail, tourism and catering. To the south of the county we have horticulture, which is certainly not to be underestimated as an important player in Lincolnshire's rural economy and the landscape. Even our sporting fixtures receive quality turf from Lincolnshire for

major sporting venues, and I hope that everybody has heard about Lincolnshire Poacher cheese, which is one to be sampled.

Our colleges must re-energise and begin to reform, encourage and stimulate interest to make a serious case for a place in further and higher education courses, to reduce our green skills gap and make a case for new opportunities in this sector. It is about changing mindsets, because there is much more to agriculture and horticulture than many people think. Having worked in the agri industry, I have seen many changes in agriculture innovation and how it plays into achieving bigger quality yields, coupled with resource efficiency.

Unfortunately, there is a downside to our food production, because we have seen that, over the past 30 years relative to our major competitors, our skills gap is holding back on developing and using innovation and new technologies. All too often we see professionals retiring and experienced workers leaving. Therefore it is so important to fill, skill and reskill our new workforce now and for the next generation.

I am pleased that the Government have recognised and support—with funding—putting research into practice, with agricultural science and technology becoming rapidly one of the world's fastest-growing and exciting markets. We are already seeing progress in nutrition, genetics, informatics and satellite imaging, which help drive major global investment in agritech. We want the UK to be leaders in this technology, with a vision to be part of not only increasing productivity but working internationally.

I have spoken to many farmers recently; in Lincolnshire we had the large Lincolnshire agricultural show and have other small and medium-sized shows. I have to say that the majority of farmers were for leaving the EU, for many reasons. I will touch on Europe for a moment. Previous reforms of the CAP on subsidies distorted the market, having the reverse effect from that intended, discouraging competitiveness among farmers. EU regulations have acted at times as barriers to innovation, merely acting as a safety net not available to other small businesses. Again, it is recognised by economists that this can inhibit innovation and change.

Leaving the EU allows the UK to build a new agricultural policy specifically adapted to our needs—one that is easy to understand and simple to administer, whereas for many people the CAP is very complicated, with late farm payments having an impact.

Our rural economy comes with many challenges, as well as opportunities. In Lincolnshire, small and medium-sized companies need connectivity. Previous speakers have mentioned superfast broadband. Luckily, North Lincolnshire was a pilot area for this and connectivity there is almost at 100%, which is really good. Other rural parts of Lincolnshire and the UK as a whole need that fix as quickly as possible.

The Government have set about their vision for the UK to become a world leader in agricultural technology, innovation and sustainability, exploiting opportunities to develop and adopt new and existing technologies, products and services to increase productivity, thereby contributing to global food security and international development. I certainly agree about “getting smarter with science”.

However, this industry has another barrier—dealing with the diverse weather conditions, which, for example, have led to the flash flooding that we have witnessed all too often. It is imperative that the agricultural and horticultural sectors are given real support to increase flood defences, ultimately giving businesses the confidence to grow.

I am pleased to have had the opportunity to take part in today's debate to highlight the importance of agriculture and horticulture to our rural economy. Agricultural science plays an important role not only in production but in encouraging the closure of the green skills gap. Finally, I would like there to be a firm dialogue with Ministers to identify how we can action these objectives in support of our agricultural sector. I very much welcome this debate.

4.17 pm

Lord Swinfen (Con): My Lords, I am not a farmer. However, I like to think that I am a countryman. I live in an old farmhouse surrounded by someone else's farm. It is farmed not by him but by a contractor. What I am about to say may be specific for that reason rather than applying generally throughout the country.

I understand that there are now far fewer mixed farms than there were 30, 40 or 50 years ago. A number of them have much less in the way of livestock or no livestock at all where they had it before, and there are now a number of very much larger arable farms—farmed, of course, with modern machinery and much less labour.

Some 70 years ago, from my observations there were far more butterflies and insects. In fact, back then, as a small boy among many others, it was great fun to catch butterflies in a butterfly net. I understand that that is now illegal and I suspect that that is because of the reduction in the number of butterflies in the country.

I have also noticed that there are far fewer starlings around. Noble Lords will recall that in the past when going to Trafalgar Square there were thousands and thousands of starlings every evening and in the mornings. Their number probably declined there as a result of the reduction in the number of horses in central London. However, their number has dropped in the country as well. I have not seen a large flock of starlings flying round at dusk for many years, and it used to be a very common sight. I suspect that it is partly because of the arable farming that goes on today.

When the crops were off, farms used to lie with spilled seed on the ground for weeks if not months. Today, around me, they are very often ploughed in within a matter of days of the harvest being taken off. There is no food left for birds or other wildlife.

We used to have swallows at home. The last time I saw a swallow at home it was some three years ago and it was lying on its back on the ground, because there are no flies around. The farmer around us regularly sprays his crops with insecticide. There are no flies for the swallows, for the swifts, for the martens or for the flycatchers, and others that live on flies. Consequently, there will not be the grubs in the ground for those that eat the grubs there. One of the only benefits as far as I can see is that we are no longer, as humans, pestered by flies in the summer, which must be a great advantage

[LORD SWINFEN]

for horses and ponies as well. Farmers provide game strips because they want to increase the number of grey partridges, but where are the insects for the chicks to eat? They have all been sprayed out. The partridges will not stay in the partridge strips. They are adventurous; they go among the other crops and they die.

Hedges were taken out—those who did it probably got a grant. Other hedges have now been put back in, some in the same place and some in different places, probably with another grant. But they are cut mechanically and no longer cut and laid as they were in the old-fashioned way. It means that the bottoms of hedges are thin. There is no cover there; there is less cover for the birds to build their nests, and nothing for small mammals on the ground.

We used to have hedgehogs around us, lots of them, brought in every night in the summer by my dogs. They had to be rescued and freed again. Some three or four years ago, a crop of rape all around us was smothered in slug pellets, making the slugs poisonous to the hedgehogs. Since then, I have seen one hedgehog only.

We get a lot of moles in the lawns in our garden—an awful nuisance—but it is the only area around where there are sufficient worms for the moles to feed on, because, with no muck being put on the fields, there is nothing for the worms to eat. While we have been in the house—we moved there in 1974—there was one field of navy beans ploughed in because it was so wet that it could not be harvested and one field on which sheep were folded one year, but no organic compost has been put on to that land in all the time that we have been there. It means that when it rains heavily and there are no crops on the ground to hold the soil in place, it is washed off. That is the topsoil. What is left is the organic soil.

I know that we need to produce food and need modern farming methods, but they must be combined with keeping the standard and structure of the soil healthy for the future. If we lose the structure of the soil, I understand that it takes at least 100 years to produce an inch of good soil on top. What are we doing to this green and pleasant land? Many of your Lordships will have read Rachel Carson's *Silent Spring*, which was published in 1962. It should be compulsory reading for every agricultural student. I am not against modern farming practices, but I wish that the farming community could manage to keep the soil in good condition to maintain our wildlife and our birds, which we need. We cannot afford to lose them.

4.25 pm

Baroness Parminter (LD): My Lords, I add the thanks of those on these Benches to the noble Lord, Lord De Mauley, for initiating this debate today. Post the referendum result, it is critical that the role of UK agriculture is championed. This debate has allowed Members on all sides today to do just that. As we have heard, our farmers provide over 60% of the food that we eat and it is vital that we have farmers keeping our food prices affordable, and a sustainable farming industry providing well-husbanded landscapes, which, as the noble Lord, Lord Clark, and the noble Earl, Lord Arran, memorably articulated, are the bedrock of

tourism in many rural economies. They also deliver protection to wildlife and biodiversity and can help climate mitigation.

Now there are serious questions about how our farmers will trade in the EU and further afield, the levels of agricultural support they will receive, how they will access labour, what standards they will follow and the levels of investment in research and development. While the majority of farmers voted to leave the EU—and, like other noble Lords, I am equally surprised at the large number who did—few of them would deny that there are many challenges ahead. The most vulnerable are the livestock farmers, particularly in upland areas, and those on low incomes. They must be uppermost in our mind at this time.

Farmers now face a lengthy period of uncertainty about what the future trade arrangements will be. At the Norfolk show, the Secretary of State said that there was no plan B, so I am keen to hear what Defra has—as the noble Earl, Lord Caithness, notably said—“cobbled together” in its plans to work with the team in the Cabinet Office that is being drawn together to co-ordinate negotiations. I ask the Minister specifically what economic advice Defra is getting to inform its position and from whom. The NFU is urging the Government to ensure access to the single market when negotiating withdrawal agreement. It is right to do so given that the rest of the EU countries presently take 60% of our farm exports.

As significant are worries about the level of support that British farming will attract outside the CAP. With UK agriculture receiving £3 billion per annum under the CAP, upcoming discussions about the future of direct support to British farmers will have far-reaching consequences. There is no doubt that there will be those in government arguing that farming is a marginal economic force, with core agriculture contributing less than 1% to GDP. Some prominent leave campaigners will still be arguing for the abolition of direct payments and that farmers should be left to float free on the volatility of the world food markets.

While we can and have today pointed to the contribution that UK farming makes to the economy by underpinning our food industry, there is no denying that when discussions about future support go ahead, Defra will need all its tenacity to fend off calls for more money for education or the NHS. My party believes that farmers deserve public support and subsidy for delivering a public good: both feeding us healthy food at a time of growing food insecurity and delivering environmental benefits. We will argue hard for continued support on those joint grounds.

There are real worries, too, about how we will access the non-UK labour vital to harvesting our crops, given the increasingly difficult ways that we will have to recruit a domestic workforce—something that the noble Baroness, Lady Byford, and the right reverend Prelate the Bishop of St Albans remarked on. I would echo their comments and ask the Minister how the department believes that farming in places such as Lincolnshire—or closer to my home in Surrey, where we have a number of soft-fruit farms—will survive without the free movement of people that we have benefited from in the EU.

There is all this uncertainty and a risk of a bonfire of the directives, as the hard-won gains in animal welfare and environmental protection built up over 40 years, which Britain has often been at the heart of championing, are threatened by those in the industry who see leaving the EU as a chance to cut back on all that burdensome red tape and to ditch all that gold-plating, when in reality that red tape has created a level playing field for our farmers to trade fairly while raising standards of animal welfare and tackling the threat of catastrophic climate change and environmental degradation.

We on these Benches will speak out loudly on the continuing need for legislation to control nitrates and pesticides, to improve our water quality, to ban the use of nicotinoids—unlike the comments of the noble Duke, the Duke of Somerset—and all the hundreds of other pieces of legislation and regulation built up to ensure that farming delivers wider public goods.

The noble Lord, Lord De Mauley, highlighted the role of agriscience in the future development of the sector, and I will turn to that in a moment. Before I do, I will make one point about the need for a clear strategy from the department at this time. We on these Benches have resisted calls made by the Government, who decided that they would divide the strategy into two: one for food and farming and one for the 25-year plan for the restoration of biodiversity. We would argue that after the referendum, when there is an absolute need to remind the general public of the benefits that farming produces so that we can ensure that they will support calls for public subsidy for farmers, it is no longer appropriate for the two strategies to be kept in isolation. Now that a pause has been put on the 25-year plan for biodiversity, will the Government reconsider and bring the two strategies together so that we have one strategy for farming which recognises its vital role in both producing the food we need and protecting the environment we rely upon?

I turn now to agriscience. The noble Lord, Lord De Mauley, was right to flag up this issue, but the referendum poses major challenges to agricultural research and development. Key figures in the industry say that it is of enormous concern both in terms of the level of funding and the loss of links and networks that have been built up over the past 40 years. The right reverend Prelate the Bishop of St Albans highlighted the work of Rothamsted Research. I have been speaking to emeritus Professor Peter Gregory at the School of Agriculture, Policy and Development at Reading University. He reflected on how, back in the 1980s when the first framework grant was introduced, everyone thought that it was just a lot of bureaucratic nonsense. Some 30 years on it is fundamentally different, with everyone who is active in agricultural research linked deeply into EU networks. Under the current EU research programme, framework programme 7, the UK ranks second behind Germany both in the number of participants and budget share. How will we access those funds, consortiums and networks outside the EU? How will we continue to make progress in, innovate and develop our agribusinesses?

It is not just about replacing funds, which leave campaigners cavalierly suggested was possible when clearly that is even less likely now, given that the risks

of exit warned of in the run-up to the referendum have begun to crystallise, as the Governor of the Bank of England said this week? It is about how we can replace the important collaborations that British science needs if it is to remain at the forefront of research. There are desperately pressing global challenges such as food security—an issue outlined by the noble Duke, the Duke of Somerset. With our European partners, the UK has been pivotal in addressing those issues. We need to find ways to advance agricultural science with our partners in Europe and further afield in the years ahead.

Let us be clear what we mean by agriscience. It is not just about GM, although there are outstanding concerns which were eloquently outlined by the noble Countess, Lady Mar. GM is not a silver bullet and it is only one of a number of options in the toolbox. We have seen big advances in precision farming over the past four years. Highly specialised sensor companies have begun applying their technology to horticulture with image analysis and biological interpretation of what is coming out of the sensors. In due course this technology will roll out into mainstream agriculture if the funds for research can continue. A new suite of applications is coming along to take us beyond some of the pesticide controls that we have had to date.

We must not think about agriscience as just about doing things to nature, it is about working with natural resources, including the soil, the importance of which was eloquently alluded to by the noble Lord, Lord Swinfen. In recent years, universities and research institutes have begun to focus more on soil, including increasing research efforts and working with farmers to trial different solutions and provide evidence of what can work on our farms. These are vital programmes, one of which is the soil security programme led by the Natural Environment Research Council in partnership with the Biotechnology and Biological Sciences Research Council, Defra and the Scottish Government. Future agriscience must support agro-ecological research, as we can achieve truly sustainable agriculture only if we respect and value the constraints of the natural environment. So, like others, I ask the Minister what assurances he can give about maintaining the funding for agriscience R&D and the vital collaboration to maintain our leading status once we are outside the EU.

There is no denying that there are challenging times ahead for farming. For those of us who argued that British farming's future was best secured within the EU, our job now is to champion British farming and the huge benefits it can contribute to our country, our communities and our precious environment if it is properly directed and supported.

4.35 pm

Baroness Jones of Whitchurch (Lab): My Lords, I am very grateful to the noble Lord, Lord De Mauley, for initiating this debate today and for the insight and knowledge he and other noble Lords have brought to the discussion. As everybody else has been declaring interests, I feel that I ought to find one to declare. The best I can come up with is that I am the daughter of an official of what was then known as the Ministry of Agriculture, Fisheries and Food and I spent my years

[BARONESS JONES OF WHITCHURCH]

growing up in the rather beautiful Vale of Glamorgan. I could not have had a nicer place as my playground in my formative years.

I feel rather sorry for the Minister in having to reply to this debate. There are such huge challenges to be answered in the light of the EU Brexit vote, and I doubt whether he can say very much with certainty at this stage. However, things need to be said and clarified soon, to provide some reassurance for the 9 million people who live in rural areas, and specifically to those contributing to the food and farming sector, which is worth some £108 billion to the UK economy.

As a fervent remain supporter, I could use my time to score lots of political points about the hollow Brexit promises made to farmers during the campaign about protecting their interests and their lifestyles. To be honest, I am not sure that the farming community put too much weight on those promises. Whatever their motives—we have heard a number of different interpretations around the Chamber today—they, like me and other noble Lords, are left with a whole pile of questions about the practicalities of leaving the EU and what the future holds.

For example, what will happen to the 10,000 or so pieces of EU legislation which impact on farming life? Will the EU-funded rural payment scheme be protected? Will a future UK farming strategy have the same commitment to environmental protection, or will those commitments be discarded as being perceived somehow as unnecessary red tape? Will we still be in the single market, or will farmers have to find new markets elsewhere in the world—a real problem for us when we look at how much we rely on the EU currently?

Will we be able to impose higher tariffs on food imports that do not meet our welfare and public health standards? What will be the impact on the availability of seasonal labour if freedom of movement to the UK is restricted? What will happen to the unprofitable upland farms whose very existence is kept alive by the EU subsidies? As my noble friend Lord Clark and others have said, they also add so much to the landscape that attracts and builds a vibrant tourist industry.

Like a number of other industries, the farming sector relies on long-term planning and investment, so we cannot afford to have an investment freeze while we await the outcome of potentially two years of negotiation. Perhaps the Minister could clarify what work is taking place in the department to give some urgent guidance to farmers on these issues. Could he also clarify the status of the 25-year food and farming strategy, which we understood was to be published shortly? Is it now being revised in the light of the referendum decision?

Even without the complications of Brexit the farming community, as we have heard this afternoon, has been faced with some difficult challenges. Falling global prices and overproduction of milk have seen profits fall and many producers exiting the market. At the same time UK food self-sufficiency has dropped from 80% to 62% and continues to fall. If, as a result of Brexit, we are to be more isolated in the world, it is even more imperative that the Government give priority to ensuring that the UK has enough safe, affordable and nutritious food to feed its population.

Clearly, as noble Lords said, one part of that solution is to harness the outcome of research and technology to increase yields. We welcome the Government's investment in agricultural innovation—the noble Lord, Lord De Mauley, referred to a number of schemes. For example, there is the funding of three centres looking at crop health and protection, livestock technology and precision agriculture. Of course, these centres will help to build on our global reputation for agricultural innovation. Apart from helping to increase crop yields and improve pest control, they should also lead to better lives for our livestock and healthier animals. These developments will build on our scientific breakthroughs in such areas as nutrition, genetics, satellite imagery, meteorology and vaccination, which are already having an impact on farming efficiency. However, these initiatives must be set against the potential loss of EU-funded research projects such as Horizon 2020 and other EU innovation partnerships.

A number of noble Lords mentioned GM crops. We had a useful debate a few weeks ago about the opportunities and concerns arising from GM insects and GM crops. As I made clear at the time, it is important that all these developments are rooted in science and evidence, but are also combined with robust safety controls and underpinned by a fully informed public debate. That is why we are also supportive of the work of the Nuffield Council on Bioethics and others who have sought to increase public understanding and raise public awareness of the ethical issues arising from techniques such as gene editing. Could the Minister confirm that the Government will work closely with Nuffield and others to ensure that our scientific advances are firmly rooted in public awareness and ethical scrutiny?

We also urge policymakers and innovators to focus their efforts on the concept of sustainable farming. There is increasing evidence of the damage that intensive farming can do to the longer-term viability of the land. The overuse of pesticides and the destruction of local habitats will have an adverse impact on yields. We need to value pollinators and bird life more, which spread natural reseeded. The hedges and woodland that make rural areas attractive places to visit and work also provide a healthy, balanced ecology which is resilient and abundant. We need to value that more. Our scientific progress must be centred on the essence of long-term, sustainable farming practice rather than short-term profits.

If we are serious about sustainable farming, we also need a bigger rethink about the behaviours we encourage as both producers and consumers. We have a generation who have no understanding of food production systems. Cheap food and obesity go hand in hand. We currently spend £6 billion a year on health issues caused by bad diets, with the cost to the economy as a whole set to rise to about £50 billion annually by 2050. While the introduction of a sugar tax on sugary drinks is welcome, we need a much bigger eating revolution. We need to make healthy food choices more appealing. Seasonality and provenance need to be valued more and consumers need confidence in robust labelling controls—with no more invented Tesco farms.

We must also bite the bullet that no Government have been prepared to face up to until now: large-scale consumption of animal protein is incompatible with

sustainable farming and food security. Put simply, people must be encouraged to eat less meat. It is not the best use of our limited land resources, and livestock contributes 15% to global greenhouse gases, making our Paris commitments even more unattainable. At the same time, we must address the inefficiencies throughout the food chain that lead to an estimated 16 million tonnes of food waste being generated each year—a waste of energy and precious resources. Could the noble Lord confirm the Government's commitment to sustainable farming combined with a focus on healthier eating and less food waste?

Finally, our strategy for innovation in the rural economy needs to be focused on the impact of climate change. We saw last winter how ill prepared we were for changing weather patterns, which resulted in the large-scale floods. We need a more profound rethink which goes further than building higher flood defences. On the one hand, we need an urgent plan to implement our Paris commitments to cut CO₂ emissions. Sadly, I have to say that DECC has been noticeably slow in coming forward with any concrete proposals in this regard. On the other hand, we need to adapt to the effects of a changing climate on our landscape. Despite our growing frustration that we will never see a summer this year, we have to recognise that overall the trend to higher temperatures and reduced summer rainfall will increase the need for irrigation of crops and water for livestock. Some crops will become less viable; other new species might thrive. At the same time, flooding of farmland could become more frequent and new pests and diseases could pose additional risks to trees, crops and livestock. Yet the Committee on Climate Change's latest report in 2015 highlights that there has actually been a decline in investment in research and development on new approaches and technologies that would boost the resilience of agriculture and forestry to climate change. This seems particularly short-sighted, so could the Minister explain what steps are being taken to invest in solutions to this challenge?

I have been able to focus on only a few of the key challenges identified by noble Lords, but I think we have had an excellent debate and I look forward to the Minister's response.

4.46 pm

Lord Gardiner of Kimble (Con): My Lords, my noble friend has long been a great champion of agriculture and horticulture and I join other noble Lords in congratulating him on securing this debate. As his successor at Defra, I am very conscious of the positive legacy he has left us.

This has surely been an exceptional debate and the experience that your Lordships bring to it is invaluable. I am delighted and honoured to reply to it. My noble friend Lord Plumb was rightly mentioned a number of times. I am very much reminded that he has been a constant in so many people's lives. In fact, I remind him now and again that he knew my grandfather very well.

I declare my farming interests as a recipient of CAP funds, a member of the National Farmers' Union and as vice-president of the Buckinghamshire Agricultural Association and the Suffolk Agricultural Association. I assure the noble Baroness, Lady Parminter, that I am

tenacious. I am very grateful to the noble Baroness, Lady Jones of Whitchurch, for her remarks but I shall be robust on matters in the department and more generally because I passionately believe that agriculture and horticulture have a crucial role to play in our rural and, indeed, our national economy.

Farming directly added almost £10 billion to our economy in 2014. The right reverend Prelate the Bishop of St Albans described it as the backbone of the food industry. I decided that I would call it the seedcorn. Farming contributes to the UK's £108 billion agrifood chain, which provides employment for one in eight workers. It is an industry renowned the world over for the quality of its produce and its high standards of animal welfare. Farming also dominates our landscape: 70% of UK land is classed as agricultural.

I am pleased that my noble friends Lord De Mauley and Lord Shrewsbury raised the issue of exports. The UK boasts some of the most diverse food and drink, ranging from Scottish beef to Yorkshire forced rhubarb, Kentish ale and Suffolk cheese. As my noble friend Lady Redfern is present, I had better include Lincolnshire Poacher cheese as well. Food and drink is the UK's largest manufacturing sector, with exports worth £18 billion. I assure noble Lords that very much uppermost in the Secretary of State's and all the ministerial team's minds is how we enhance exports to China and America. If I had longer, I would advise your Lordships on the many areas that we are working on.

This Government are absolutely clear about the importance of vibrant and sustainable rural communities that are built on a strong economy, making them great places to live, work and visit. We also champion the way of life and traditions that make our rural areas so special. Sustainable rural communities need to be dynamic, resilient and ready to adapt for future generations. We should not look to preserve them in aspic, but instead provide them with a framework of support within which they can flourish. Last August the Secretary of State published a 10-point rural productivity plan. It will help us to create thriving towns and villages where generations of families can open and expand their businesses, buy homes and educate their children at first-class schools.

One of our plans—mentioned by a number of your Lordships—is to improve broadband, mobile and transport connections. The public investment in improving broadband is nearly £1.7 billion. My department is working closely with DCMS and its delivery body, Broadband Delivery UK, to press for improvements in coverage. It may be good in Lincolnshire, but there are still counties that are not where they should be and we need to work consistently to improve it across the country. We should also be improving planning and regulatory conditions for rural businesses, creating a highly skilled rural workforce, creating strong conditions for rural business growth, and making it easier to live and work in rural areas, particularly by overcoming housing constraints and improving access to affordable childcare for working parents.

As a number of your Lordships—my noble friend Lady Byford, in particular—mentioned, tourism plays an important role in the English economy as a whole and a vital one in many rural economies. Many of our

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most iconic landscapes, which attract millions of visitors from around the world, are landscapes that have been, and continue to be, shaped by farming. I am so pleased to endorse what the noble Lord, Lord Clark of Windermere, said: the Lake District would not look the way it does today without the presence of sheep and the careful management by hill farmers.

I also entirely agree with my noble friend Lord De Mauley about the importance of growth in the horticultural sector. The UK's horticultural growers are embracing new technology to allow them to grow more while using less land. New growing techniques are being used for new varieties of apples, producing not 20 tonnes per hectare, but up to 100 tonnes per hectare. Meanwhile, growers use fewer pesticides because they use weather monitoring technology to determine when they need to spray. Our apples are the tastiest in the world and we are now selling this crisp, beautiful fruit into the middle of June. This is due to improved storage technology. The noble Duke, the Duke of Somerset, mentioned strawberries—another success story. In the 1980s, English strawberries were a treat for a few weeks of the year; the rest were imported. We are now nearly self-sufficient in strawberries and they are available from March through to November and, whatever the weather, for the whole of the Wimbledon fortnight. UK growers use various types of modern, innovative, hydroponic growing systems to produce fresh herbs and salad vegetables year-round. In addition to UK research and development, UK growers regularly visit other countries to learn from the technology used elsewhere and incorporate the best ideas into their own regimes.

British cut flower growers are just starting to see a renaissance in interest in local seasonal blooms. With continuing support from consumers, they can continue to invest in the best production techniques and produce even more. Our garden designers are the best in the world and the impact on our economy is enormous; it is worth more than £10 billion. We attract visitors from everywhere to our world-renowned gardens and centres of horticultural excellence. I must mention Kew and Wakehurst, for which I am responsible, as well as Wisley, Sissinghurst and Alnwick, to name a few. In addition, we lead the world in flower shows. Many of us will have wondered at the displays at Chelsea, not least the gold-medal winning tribute to Her Majesty by New Covent Garden Market.

As my noble friend Lord Shrewsbury has observed, farmers quite clearly operate in a global market. The future promises further change; yes, some opportunities, but some current uncertainty, following the decision of the British people to leave the European Union, to which all your Lordships—I think it is fair to say—have referred. I am fully aware of the overwhelming importance of this decision to our farming and horticultural industries. The Prime Minister has been clear that the negotiation for Britain's future relationship with Europe will need to begin under a new Prime Minister, who should also take the decision about when to trigger Article 50 and start the formal process of leaving the EU.

To address the points made by the noble Baronesses, Lady Jones of Whitchurch and Lady Parminter, and my noble friend Lord Caithness, Defra's priority, as

my colleague the Secretary of State has made clear, is to put our shoulder to the wheel to ensure we leave the European Union in the best way for Britain, which includes ensuring that Britain's agriculture and horticulture sectors have a vibrant future. I assure noble Lords that Defra will play a very important role in these discussions. As we prepare to negotiate our exit, Defra will work closely with a new dedicated EU unit set up in the Cabinet Office to look at future support for farmers, future trade arrangements and the regulation of the food industry.

The Government will work with industry and the public to develop these new arrangements. As my noble friend Lord Caithness said, agriculture in the UK is a devolved issue, but we will continue to work closely with colleagues in the devolved Administrations. When I attended the Agriculture and Fisheries Council in Luxembourg last week, I had some very cordial discussions with the Scottish Government Minister. The noble Baroness, Lady Parminter, asked about the economic analysis on Brexit that Defra will receive. The Government will work with industry experts and the public to take into account all the important issues, particularly the advice on economics, as she highlighted.

My noble friend Lord Caithness, the noble Baroness, Lady Jones of Whitchurch, and my noble friend the Duke of Somerset asked about the future of CAP schemes. As the Prime Minister has made clear, while the UK remains a member of the EU, current arrangements for food and farming, trade and the environment remain in place. EU funding arrangements continue unchanged. We are considering the implications for multiannual schemes under the Rural Development Programme for England, including countryside stewardship, as a priority. We will advise stakeholders as soon as we have any further information.

In answer to the question asked by the noble Baroness, Lady Jones of Whitchurch, the existing rules of the CAP will continue to apply and inspections will be conducted as normal during this period. Looking to the future, the Prime Minister was absolutely clear that a system of agricultural support would be needed in the event of a decision to leave the EU. This will all have to be negotiated under the direction of a new Prime Minister, but it is vital that British farming is profitable and remains competitive. It is at the heart of the countryside, and it is the bedrock of the food and drink industry, which is Britain's largest manufacturing sector.

My noble friends Lord De Mauley and Lord Jopling spoke about the dairy sector. It has been and still is a grave time, but there are some positive signs for the sector. The global dairy price has risen by 3.4% over the past year and dairy consumption globally continues to rise. To support dairy farmers through this volatility, we have extended tax averaging to five years, invested in technological advances to help farmers improve their productivity, and fought hard—I was at the Agriculture Council when this happened—to secure support from Europe for a £26.2 million aid package for our dairy sector. We paid this money promptly to provide some immediate relief. I should say that I am very conscious of all that has been said about the dairy sector, as my family has been steeped in the industry for so many generations.

The world's population is expected to rise from 7 billion to 9 billion by 2050. Our world-class research and development has a role to play in contributing to global food security and international development. As has been acknowledged, the UK has enormous strengths in this area. A recent international survey placed us top in innovation in biosciences and environmental science. In the UK, as of 2012-13, the private sector is spending more than £500 million on research and development in agricultural technologies, while the public sector is spending around £300 million.

My noble friend Lord De Mauley launched the agritech strategy in 2013. Through that strategy, this Government are taking action to ensure that the products of our world-class science and research base are making it to our food and farming businesses. As my noble friend said, the Government have committed £160 million under the strategy to rebuild the pipeline of innovation from the research laboratory to the farm. To date, £77 million of government funding has been committed to almost 100 projects under the agritech catalyst. The projects cover every aspect of farming, from cereals production to horticulture and livestock. Examples of these research projects include the precision application of fertilisers using radar technology, and protecting crops without spraying insecticides by luring insects to traps coated in insect fungal spores.

Many of your Lordships raised the importance of the environment. I was struck by what my noble friend Lord Swinfen said about soil health. I spent last Friday on a farm looking at pollinator schemes because the national pollinator strategy group, for which I am responsible, is a key part of what we want to do in ensuring that we have the best environment. I assure the noble Duke, the Duke of Somerset, that black grass is prevalent in Buckinghamshire and is a very serious problem for us all.

This Government have also invested £80 million in four new centres for agricultural innovation, which will be enormously important. These centres are now open for business and I hope that we will soon see a positive impact.

The noble Baroness, Lady Jones of Whitchurch, asked whether a future farming strategy will have the same commitment to environmental protection and about the status of the food and farming plan. The outcome of the referendum clearly provides an opportunity to consider a long-term vision for the type of environment, and food and farming sectors we want in Britain. I also noted the comments made by the noble Baroness, Lady Parminter, on this. It remains essential that we have a thriving food and farming sector, with high environmental standards. We will continue to develop both our plans in partnership with the sector within this new context.

My noble friend Lady Byford and the right reverend Prelate the Bishop of St Albans mentioned employment. The land-based colleges and universities provide vital training for those joining the industry. I welcome the recent creation of the National Land Based College, through which many land-based colleges are working together to enhance their offer to the industry. For our part, we are working with the industry to treble the number of apprenticeships in food and farming. My noble

friend Lord Arran spoke of the enormous opportunities. I endorse his words and very much hope that it will be a huge success in his part of the world, the south-west. We also need to join up innovation across the farm gate. To bridge that divide, last summer the Prime Minister announced that we are setting up a new industry-led food innovation network, which I believe will be of great assistance.

The Government recognise that GM technology is one option that could help to make agriculture more efficient and sustainable. We want our farmers to have access to the best technology available, so that they can remain competitive and contribute to the growth of the rural economy. The Government believe that policy on GM technology must be science-based and proportionate, taking full account of the available evidence. We also recognise the importance of the points raised by the noble Baroness, Lady Jones of Whitchurch, and the noble Countess, Lady Mar, about the need for a debate on new technologies to be informed by and to take account of any ethical considerations.

A number of your Lordships raised climate change, which is one of the biggest challenges we face in our future. We are committed to meeting our target for reducing the UK's greenhouse gas emissions and supporting the agriculture sector in reducing those emissions through investment.

The noble Duke, the Duke of Somerset, raised the matter of TB. We are taking strong action to deliver a long-term plan to eradicate the disease and protect the future of the UK's dairy and beef industries. Our comprehensive strategy includes strengthening cattle testing and movement controls, improving biosecurity on farms and when trading, and badger control in areas where TB is rife.

Food security is another key point. Meeting the challenges of global food security will require a multipronged approach to improving production systems. This has been highlighted in the Royal Society report, and endorsed by the Foresight report. We are investing in food security. The Government invest £450 million a year in food and farming research and, as I mentioned, a further £360 million to support agricultural technologies. We are working with farmers, manufacturers and retailers to enable UK producers to grow and compete.

I re-emphasise the vital economic importance of British agriculture and horticulture, and this Government's commitment to supporting its continued growth, especially through the use of science, in the future. Our country has a proud history of leading bioscience research and farming innovation, alongside a strong history of environmental land management. Farming and horticulture will continue to be the heartbeat of our countryside. For many of us, the British countryside goes to the very core of our identity and culture—the challenges of the seasons and the custodianship of the land. We owe much to the rural communities up and down the kingdom: our food, water, energy, landscape, recreation and indeed tranquillity. We ask much of them.

My noble friend Lord Caithness spoke personally of the countryside's place in terms of both physical and mental health. Whatever the analysis, which I do not have to hand, I suggest to my noble friend that all

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these benefits are without price. The vibrancy of those communities is essential, and not only to the rural economy. I sense what all your Lordships have felt in this really striking debate—which has brought so much experience to bear—which is that what we owe to these communities and to our country is absolutely essential to our national well-being. I assure your Lordships that my energies, and the energies of Defra, are devoted to that purpose.

5.07 pm

Lord De Mauley: My Lords, I thank all noble Lords for taking part in this debate so enthusiastically. I was struck by the high level of agreement between most of us, perhaps with the exception of the subsidiary debate on GM crops, which noble Lords will be relieved to hear I will not embark on now. Although the noble Lord, Lord Clark of Windermere, was a lonely Labour Back-Bencher, he and most of us on this side seemed to have a strong meeting of minds.

I did feel sorry for my noble friend Lord Swinfen. I do not know where he lives, but it sounds like the most terrible place and I feel very lucky to be able to say that it is not like that where I live. None the less, he makes an important point, which is why our agritech strategy emphasises the importance of meeting the challenges of a growing population without damaging our environment.

There is not time for me to thank each and every noble Lord by name, but my noble friend the Minister has summarised the debate in his usual competent way, saving me the trouble.

Motion agreed.

Refugees and Migrants: International Summits

Question for Short Debate

5.08 pm

Asked by Lord Roberts of Llandudno

To ask Her Majesty's Government, ahead of (1) the high-level United Nations plenary meeting on 19 September, and (2) the summit hosted by President Obama on 20 September, what plans they have to work with other nations in addressing large movements of refugees and migrants.

Lord Roberts of Llandudno (LD): My Lords, I had thought we might sing the Welsh national anthem at the start of my speech to congratulate the Welsh football team for doing so magnificently. But I am going to refer to another song which we could sing:

"All things bright and beautiful,
All creatures great and small".

However, one verse has been omitted in recent hymn books:

"The rich man in his castle,
The poor man at his gate,
God made them high and lowly,
And ordered their estate".

No wonder that verse has been omitted. That is not how life goes. People are victims of circumstances. They often do not choose the paths laid before them; they have to accept the circumstances in which they find themselves. Today we are in the middle of the greatest humanitarian crisis since World War II. I was surprised when I saw the figure—it is estimated that 34,000 people a day become displaced, including asylum seekers and refugees, and people internally displaced. There are incredible numbers of people, displaced for many different reasons, including political oppression, civil war, food shortages and climate change. How do we handle these causes of migration, and what do we need to do to help people who have been forcibly displaced, both internally and beyond? What guidance can be given to countries?

Migration is not new. People fled, for instance, in the 19th century, because the Irish potato famine caused a mass emigration of 1 million people to the United States. Some came to south Wales and worked in our industries there—but another 1 million Irish people starved to death as their main crop failed. In the 20th century, political violence and hatred led to the Holocaust, when 6 million Jews died, and the papers here reported, "German Jews pouring into this country". That was a sort of migration—a devastating migration for so many millions of people. The war itself saw millions trudging in search of somewhere they could be accepted and helped to survive. Then we saw the partition of the Indian continent with all the migration there, and in the Middle East the lines drawn on maps had terrible repercussions. We still seek to find a lasting solution to the Israel-Palestine question. The Syrian crisis has devastated a once peaceful country.

I read a report from the British Red Cross, which has studied the situation in Africa. It says that the journey from east and west Africa through north Africa is long, dangerous and traumatic, and takes one to two years. Every person interviewed in the course of Red Cross research had been exposed to violence and witnessed the death of someone else on the route. The upcoming summits on migration at the UN General Assembly in September will provide an opportunity for countries to reaffirm their commitment to a humane response to migration. The British Red Cross study highlights how far the international community has yet to go in ensuring that all migrants, regardless of their legal status, receive the protection and support they need.

It is a vast issue, with 65 million refugees and 65 million individual stories. It is 65 million boys, girls, grandparents, mothers and fathers; each of these people is an individual. There are 65 million migrations, each individual with their own character, strengths, weaknesses and potential. What has caused each of these people to flee their homes, to take risks and face the unknown? Was it bombing or hunger? What pressures led them to risk crossing devouring seas in very fragile boats? This past year, more than 3,000 have drowned as they tried to cross from north Africa to the European continent.

One Syrian refugee who fled civil war and left all that he knew and loved behind had studied English and history at his university in Syria. As his studies

concluded, the war commenced, and as a young, able-bodied man, he was left with three options: fight for the Government, fight for the rebels, or flee the violence. His reluctance to kill his own countrymen led to choosing the third option. First, he travelled to Iraq; he was a very competent person and worked as an aid worker with the United Nations. When he realised that that area in Iraq was no longer safe, he made the decision to put his life in the hands of traffickers and flee to Europe. He travelled by rubber dinghy and in the back of lorries, in constant fear for his life because he was in the hands of traffickers.

The family of another young man from Syria sold everything they owned to help pay traffickers and get him to safety. He, and 45 other people, were put in an inflatable boat that was intended for a maximum of 20 people, he walked 12 hours in the dead of night once he reached Greece and spent the month after that walking through Macedonia and Serbia.

Those who have fled Syria are the victims of circumstances. It was not their wish to leave their homes, families, livelihoods and country. In no way can they be regarded as economic migrants. Rather, they were forced out by the violence and insecurity that political upheaval had wrought in their homeland. We have a responsibility to help these people and others as they face an uncertain future. Some will, by one means or another, reach the United Kingdom. We hear of government attempts to reduce the number of asylum seekers to tens of thousands. What prospect is there of this? It can become a reality only when bombing stops and when the famine-stricken are fed. Climate change will always be with us, as we heard in the previous debate. Its consequences will be increasingly notable.

Here in Britain, initial Home Office decision-making is inadequate. How do we receive these people? In 2015, the courts overturned Home Office decisions in 38% of asylum appeals. In 2015 alone, nearly 15,000 asylum seekers were locked up in detention centres. In fact, nearly half of all asylum seekers will be detained during their asylum process here in Britain. What led me to support the coalition Government in the previous Parliament was the pledge to end child detention in immigration cases. We have gone a long way towards that, but much more needs to be done. Britain is not fit for purpose in its processing of asylum applications. The United Kingdom currently welcomes less than 1% of the world's refugees. It is a challenge, remembering our Christian heritage, to welcome people who have faced incredible difficulties and to incorporate their contributions to our society. So often we seem to be banging our heads against a brick wall trying to get the Government to move. Canada welcomes 25,000 Syrian refugees a month. The UK wants to accept 20,000 over the term of a Parliament. The obligation in the latest Immigration Act to accept unaccompanied child refugees is not making a great deal of headway.

In 2016, the United Nations made its strongest appeal for humanitarian aid, calling for \$20.1 billion. This September, President Obama will host a leaders' summit on refugees to increase financing for international humanitarian organisations by 30%, double the number of legally resettled refugees, increase access to legal channels of admission and increase the number of

refugee children in schools and refugee adults in work. Global migration is an issue our children and our children's children will have to reckon with. We have to accept our fair share of refugees here in the UK. At that time, we hope that some of the problems that drive them from their homes are mitigated. There is no one-size-fits-all approach, but one thing that could happen at the UN could be a requirement for each country to plan the way that it is prepared to respond to future emergencies. In the UK, with 20,000 refugees to accept before the next general election takes place, according to the Prime Minister's pledge—there is no use passing this on to the next Prime Minister as the pledge has already been made—unaccompanied refugee children must be accepted here. We agreed and I want to know exactly what is happening and how far down the road we are.

In conclusion, we wish the conferences in New York well. Is Britain going to take a lead or will we pass by? We could be the humanitarian force in the world in the coming decade. Will we do that or will we sit back and let other people do what they can?

5.20 pm

Lord Judd (Lab): My Lords, I am glad to follow the noble Lord, Lord Roberts. He has a lot of political courage. I sometimes feel that the House is not comfortable with his contributions because it would rather not face the issues he sees so clearly with a sense of vision and international responsibility.

We are preoccupied at the moment with immediate European affairs and their implications for people. I am one of those who believes that it is intolerable that we should have thrown people who are working here, living with us, contributing to our society and enjoying being in our midst into a sense of desperate agony and uncertainty about their future. Of course we should give them an unqualified pledge that they can stay whatever happens. But all this is child's play when considered against the international, global reality that faces us. Pressures are immense.

Where do refugees come from? In the world, 4.2 million come from Syria, 2.6 million from Afghanistan, 1.1 million from Somalia, 744,100 from South Sudan, 640,900 from Sudan, 535,000 from the Democratic Republic of the Congo, 470,600 from the Central African Republic, 458,500 from Myanmar, 383,900 from Eritrea, 377,700 from Iraq. All those people are desperate, agonised, yearning for some hope for their future and that of their children. It is a terrible plight to consider. Who takes them in? Turkey takes 1.8 million, Pakistan 1.5 million, Lebanon 1.2 million, Iran 982,000, Ethiopia 702,500, Jordan 664,100, Kenya 552,300, Uganda 420,400, Chad 420,800 and Sudan 356,200. Those figures should be imprinted on all our minds as we look at our neurotic supposed concerns about the numbers with which we are dealing. I speak specifically and legally about refugees. The truth is that we host 117,234, which amounts to 0.18% of our population. When will we look at these issues with a real sense of honest perspective?

It will not get better because, as the noble Lord, Lord Roberts, argued, climate change will mean that these numbers accelerate all the time. That is why I deeply regret our withdrawal from the European Union, where we could collaborate in finding strategic solutions.

[LORD JUDD]

If we are really serious about being positive members of the international community, we had better demonstrate very quickly that we will take specific and identifiable action to meet these challenges and the human suffering that they represent.

With regard to the refugees who are the specific responsibility of the UN High Commissioner for Refugees, to whom we have given that responsibility, 50% of the countries that receive them are in sub-Saharan Africa. Four of those are the least developed countries. The EU receives none of those refugees who are the specific responsibility of UNHCR. That is a disgrace. History will see that and wonder how we could be so mesmerised by the immediate problems on our own doorstep.

The political consequences of what I have been talking about are incalculable. Hosting this number of refugees will lead inevitably to tremendous tensions. It will matter tremendously that such a high proportion of the population in Jordan or Lebanon are now refugees. The people of those countries have been amazingly tolerant and accepting, but what will happen as they begin to see the world's attention, such as it is, concentrated on the refugees and not on the implications for them socially and economically? It is bound to undermine political stability still further in the region. We must give priority to quickly finding strategies that matter.

In the three minutes left to me, I have a few points to make. Our response should focus on prevention, doing more to ensure that people do not need to flee war, disasters, persecution and poverty. It means the co-ordination of development, human rights, conflict resolution, security sector reform and early warning as much as it does managing the movements when they arise. It means we need to recognise that many countries and regions have been dealing with large refugee problems for a long time. Our approach needs to acknowledge that we need to provide a better package of support to those countries, and predictable funding for UNHCR would be a good start, as would preventative funding for agencies such as the World Food Programme, which often appeals for funds to stave off disasters but is often ignored until the situation escalates.

There is clearly a need to close the gaps in protections. For example, those displaced by disasters and poverty do not fit neatly into the 1951 convention definition, which is predicated on individual persecution. The same has been true of so-called climate refugees. Given the present environment, it is difficult to imagine that trying to amend the convention would be productive. We need to look at other mechanisms—for example, building this into our climate change and development frameworks. Obviously it is vital for us to lead by example. That does not just mean giving money; it demands working on the politics, which means taking people into our own society and being part of United Nations schemes to do so. All the more so post-referendum, when, if we are not to confirm our position as a neurotic, introspective island off the mainland of Europe, we have to show that we are a responsible global player. There is nowhere better to start than by demonstrating our seriousness of intent on the refugee issues. Above all, I thank the noble Lord, Lord Roberts, for having raised this important subject.

5.30 pm

Baroness Sheehan (LD): My Lords, I too thank my noble friend Lord Roberts for securing this important and timely debate.

We are witnessing the forced displacement of people on a colossal scale. This is a global emergency which is projected to grow, devastating lives, stunting economic growth and endangering world peace. There is no one single cause of this mass movement of people. Separating desperate people into refugees and economic migrants is counterproductive if we want to come to grips with useful ways in which we can move forward. We need now to broaden our definitions—by that I mean the 1951 Refugee Convention—of those who need our help to include those displaced by crippling inequality and devastation of livelihoods by climate change, because they too are fleeing to save their lives.

Our global institutions continue to address the issue, with a multitude of initiatives under way, all incorporated in the high-level United Nations plenary meeting on 19 September, complemented by the summit hosted by President Obama on 20 September. It is imperative that Britain plays its full part. It is a shame that at a time when Britain should be playing its historic role in leading global thinking and moulding forward processes, we are instead looking inward and our focus is becoming increasingly insular as we divert resources to extricating ourselves from EU agreements. It is doubly frustrating, as this will entail dismantling some of the very mechanisms which help us to work collaboratively with our European partners—and then reconstruct them to meet the same international requirements. What a waste of time, effort and money.

Another major concern thrown up by the EU referendum result is the toxic, xenophobic language unleashed by the leave campaign, which has fuelled racist, anti-immigration violence against peaceable residents. History has taught us many lessons about the destructive legacies of hatred. This climate incites discrimination against refugees and migrants in various spheres of life such as education, employment, healthcare and housing, violating their human dignity.

I will quote the UN Secretary-General's report of 21 April 2016 to the UN General Assembly, entitled *In Safety and Dignity: Addressing Large Movements of Refugees and Migrants*:

“To address this, I have decided to initiate a global campaign led by the United Nations to counter xenophobia, emphasizing direct personal contact between host communities and refugees and migrants. I hope that the campaign will highlight our common humanity and stress the positive contributions made by refugees and migrants”.

I hope the Minister will be able to assure us that the Government will embrace the sentiments behind this initiative on the part of the Secretary-General and will enthusiastically make the positive case for the benefits that migrants bring to Britain—not just economically but socially, culturally and, dare I say it, gastronomically. Chicken tikka masala is, after all, the nation's favourite dish.

The inclusion of refugees and migrants in all spheres of economic, social and cultural life will promote social cohesion, to the benefit not only of refugees and migrants but the host community. I shall give your

Lordships an example—that of Nagu, a remote island in Finland, which was called upon to host refugees. It is worth looking at the report in the *Guardian* on the way in which the islanders took a decision not to be fearful of the arrival of strangers but, rather, to welcome the Afghans and Iraqis into their community and include them in their activities. Those included social gatherings, a friendship cafe, baking classes, piano lessons, animation and drawing for the children, music events, football, ice-skating and daily walks—all with the facilitation of the Finnish Red Cross. For many local people, the arrival of the refugees has helped the community to find a greater togetherness. Despite their initial reservations, the islanders now feel that it is the refugees who have brought them something.

That example shows that with good leadership it is possible to change the mood of the host community from one of fear of the other to one that is open-minded and welcoming—to the benefit of all. It is my fervent hope that, in developing plans to work with other nations to address large movements of refugees and migrants, our Government will, in particular, look closely at the damage done to community cohesion in host nations by inflammatory anti-immigration rhetoric and that they will do what is necessary to encourage a welcoming environment. Without that, I see no easy way of securing a decent, moral and humanitarian solution to the crisis that we face. I suggest that the tone of candidates' campaigns as they vie for the position of Conservative Party leader should reflect that, given that the country's ears will be acutely tuned in, as the campaign will also involve the selection of a Prime Minister to govern us all.

To end, I should like to focus on the manifestation of this global issue on our own doorstep—in the camps in northern France at Calais and Dunkirk, and in other, smaller camps. The title of this debate includes the words “work with other nations”. What collaborative work are the Government undertaking with the French Government to put in place systems and processes to assess the claims of the people who have been living there in the most appalling conditions? The camps continue to grow, although that has not received much media coverage recently. I assure the Minister that, despite protestations by the Government that systems are in place, I have seen no sign of them on my recent visits to the camps.

The then Immigration Bill saw the inclusion of an amendment from the noble Lord, Lord Dubs, supported by these Benches, to allow an unspecified number of unaccompanied asylum-seeking children already in Europe to come to the UK. I would like to see the Government take a proactive role in making that happen. Attending high-level UN meetings with President Obama is all well and good, but what is the point of fine words when we ignore the plight of very vulnerable women and children here and now on our doorstep?

5.38 pm

Lord Collins of Highbury (Lab): My Lords, I, too, thank the noble Lord for initiating this debate. Images of refugees making treacherous journeys in search of safety have dominated the news in recent times. I sometimes fear that we have become a bit immune to those images, but I hope that no one will ever forget

the picture of that lone child being swept up on a tourist beach. That image resulted in an outcry from the public and a call for action—action that I hope everyone on all sides of the House firmly believes needs to be taken.

As we have heard, behind that one image is the story of tens of millions of families forced out of their homes. As the noble Lord, Lord Roberts, highlighted, UNHCR figures show that more than 65 million people were affected in 2015—the highest level ever recorded and greater than the entire population of this country. Although the total includes some 21.3 million refugees and 3.2 million people awaiting asylum decisions, the overwhelming majority of the displaced—40.8 million—are exiled from their home within the borders of their own countries.

The figures have increased by more than 50% during the past five years as levels of displacement reached their highest with violence, conflict and wars. The violence in Yemen, for example, brought about more new internal displacement than any other conflict in 2015, with almost 10% of its population forced into internal exile.

More than 800,000 refugees and migrants came from Turkey into Greece in 2015, accounting for 80% of sea arrivals, while the number of people crossing from north Africa into Italy dropped slightly from 170,000 in 2014 to around 150,000 in 2015. The number of people crossing the Mediterranean increased from 5,500 in January 2015 to a monthly peak of more than 221,000 in October.

Filippo Grandi, the UN High Commissioner for Refugees, said that the world was not doing enough to tackle a crisis with no end in sight. He said:

“More people are being displaced by war and persecution and that's worrying in itself, but the factors that endanger refugees are multiplying too ... At sea, a frightening number of refugees and migrants are dying each year; on land, people fleeing war are finding their way blocked by closed borders”.

And yet, he went on to say—this is perhaps the most worrying thing—politics in some countries is gravitating against asylum. I repeat the question asked by the noble Lord, Lord Roberts, bearing in mind the commitment that this Government gave to ensuring that asylum seekers could enter the UK from the conflict in Syria. What are the latest figures on reaching the 20,000 target? What are the figures for the first six months of this year? We knew what the commitment was over the Christmas period, but I would like to know the figures for the latest period.

This year a number of events have addressed the issue of refugees and migration. We had the Syria Donors Conference on 4 February in London, co-hosted by our Government and those of Germany, Kuwait and Norway. A resettlement conference was convened by the UNHCR in March to gather pledges to resettle people displaced by the Syrian conflict—and, of course, we had the World Humanitarian Summit in Istanbul in May. When we received the report of that summit, I welcomed the Government's approach in scaling up the methods that we pioneered in the Syria region as a global model for dealing with this protracted crisis of displacement, going beyond people's basic needs and investing in education, jobs and livelihoods.

[LORD COLLINS OF HIGHBURY]

In this House, I also welcomed the commitment of an extra £30 million to the Education Cannot Wait fund to make sure that no child misses out on an education. Generations of people in camps face no future and no education. The fund is vital to ensure that that generation is not wasted. Will the Minister update us on the fund and whether and what other countries are contributing?

The September gathering convened by the UN Secretary-General and the summit that preceded it hosted by US President Barack Obama offer a chance to tackle the situation and to strengthen global responsibility sharing. President Obama has declared that he will seek to secure new commitments towards increased and sustained support for UN humanitarian appeals, greater opportunities for resettlement, and expanded opportunities for refugee self-reliance through that programme of education, legal employment and other measures.

The Government have repeatedly said that their approach has been the SDG's pledge to ensure that, "no one will be left behind".

Out of the forum that preceded the May summit, five core principles were adopted which clearly informed the outcome of that summit. The first was to work through national and local systems. We have seen examples in Pakistan, Lebanon and other host countries where children have been educated in national schools. I would like to hear an update on how far those programmes are being expanded.

There is also support for host communities to build social cohesion. That is vital and takes me to the point made by my noble friend Lord Judd in terms of the populations in Jordan hosting a huge number of people. It is not just about the care of the refugees; it is important that we understand and support the host nations, too.

Core principle III is to enable economic participation and stimulate growth. We have seen Jordan's plan for a special economic zone where Syrian refugees and Jordanian nationals work side by side to develop businesses and to ensure that investment can be attracted by access to the European Union market.

The fourth principle was to provide impactful and innovative financing. I raised the question before about humanitarian programmes that have the potential to make the difference between dependency and development. Will the Minister update us on projects such as providing refugees with cash rather than in-kind goods so that they can stimulate the local economy and benefit the host nations themselves? I know that specific projects have been evidenced in the report.

The final principle, which I know will be addressed at the summit in September, is the need to improve data and the evidence base. We have seen the potential of this with a recent study conducted on poverty and welfare among Syrian refugees in Jordan and Lebanon. How does the Minister think we can improve the data on refugees to ensure the principle that no one is left behind? The inclusion of refugees and displaced people in national poverty surveys would clearly ensure that their needs are properly reflected in national planning. Of course, data on refugees and financing still will not

tell us the full story, but understanding the poverty of people forced to flee and the investments needed to help them would constitute a vital step in the right direction.

5.49 pm

The Earl of Courtown (Con): My Lords, I thank the noble Lord, Lord Roberts of Llandudno, for enabling the House to have this debate and me to make some of the points that I will make in this speech. Let me first set the context. As other noble Lords have mentioned, more than 65 million people are forcibly displaced worldwide, a third of whom are refugees. Alongside them, many are embarking on risky journeys for economic reasons. This global crisis has reached unprecedented levels.

As well as the clear humanitarian concerns, the situation risks fuelling organised crime and reducing resources for those in genuine need of protection. It also undermines public confidence in the controlled, safe and legal migration that brings significant economic and development benefits to the global community. As the noble Lord, Lord Judd, said, this is the time for the UK to show itself to be a responsible global player. A more sustainable global response is urgently needed.

The United Kingdom is leading the international policy debate. We are pursuing a comprehensive approach by responding to the immediate humanitarian crisis and using our aid programmes to deliver stability, jobs and livelihoods, reducing the pressures that force people to migrate. As the noble Lord, Lord Collins, mentioned, we hosted the Syria conference in February, which not only raised more in a single day than any previous event, but established a new approach to providing long-term support to neighbouring countries and the displaced Syrians they are hosting. I would mention places such as Lebanon, Jordan, other countries in the region and of course Turkey.

In 2015-16, DfID spent £540 million on economic development in Africa and £500 million on humanitarian support. The noble Baroness, Lady Sheehan, mentioned the problems of poverty, and this will go some way to putting money where it is needed most. The United Kingdom is also at the forefront of the response to the crisis in Syria and the region. As noble Lords are well aware, we have pledged more than £2.3 billion, our largest ever humanitarian response. One must always remember that whichever country and whatever area we look at, the United Kingdom is more often than not among the top three contributors to humanitarian aid.

We are not operating in isolation. The UK is working with the international community and with our partners and allies to shape a global migration framework. We have played a leading role in addressing the situation in the Mediterranean, including joint work with European partners in the Horn of Africa through the Khartoum process and providing expertise and practical help to Greece and Turkey.

2016 is a pivotal year, offering an opportunity to build a sustainable global response, placing greater emphasis on global responsibility-sharing, on reducing large-scale irregular migration and on providing protection

and humanitarian support to those who need it. A series of high-level international meetings across the year are providing the context in which we will pursue a new global agenda on migration. Many of these forthcoming international meetings have been mentioned in the debate.

My right honourable friend the Prime Minister discussed migration with his G7 counterparts at their summit on 26 May. I assure the noble Lord, Lord Judd, that the G7 leaders recognise that this is a global challenge requiring a global response. We are committed to increasing assistance to meet the needs of refugees, displaced people and host communities, and to encouraging international financial institutions and bilateral donors to bolster their assistance.

Also mentioned was the first ever World Humanitarian Summit held in May, which was attended by 55 leaders. The United Kingdom led the way to securing agreement that the humanitarian system needs to reform and forge consensus on the way forward, in particular through a renewed commitment to compliance with international humanitarian law. Improving the architecture to tackle forced displacement and migration was a major theme running through the summit, as was the need to ensure that the most vulnerable—girls and women, youth and people with disabilities—are not left behind. We have been exploring with our NATO allies an enhanced NATO role in tackling migration in the central Mediterranean, including when Defence Ministers met in June. Migration will be on the agenda at the Warsaw summit in July.

Her Majesty's Government have also been working with G20 partners to consider how leaders can build on this new approach to protracted crises when they meet in China on 4 and 5 September. The G20 summit will immediately precede the two summits which the noble Lord, Lord Roberts, highlighted in his title to the debate: the UNGA high-level event on large movements of migrants and refugees, hosted by the UN Secretary-General, and the US summit on refugees to be hosted by President Obama.

The noble Lord, Lord Roberts, mentioned migration and the UN summit. I agree that it is critical that all states, wherever they are in the migration chain, take responsibility to provide protection to those who need it, and for tackling irregular migration. A key UK objective for the summit is to increase global responsibility-sharing. We want those who currently do not offer resettlement to establish mechanisms. The outcome of the summit is likely to call for all equitable responsibility-sharing, according to capacity and circumstances.

The UK hopes that the UN Secretary-General's summit on 19 September will build on the consensus over the practical actions that should be taken. It will seek to agree a new global compact for refugees and lay the groundwork for a global framework for dealing with irregular migration. The compact will reinforce the 1951 convention and the 1967 protocol and have a focus on responsibility-sharing for refugees. We are discussing with other UN member states, including Ireland and Jordan as co-chairs of this process, what should be included in the compact, engaging both in New York and in capitals.

The noble Lord, Lord Collins, mentioned the Wilton Park forum, and the discussions that have contributed to the development of the guiding principles on responding to protracted enforced displacements: the work through national and local systems; support to host communities and social cohesion; the economic participation and growth; impactful and innovative financing; and improved data and evidence. Those principles exemplify the shift that we want in moving from a purely humanitarian response to protracted enforced displacement to the application of development approaches alongside humanitarian responses.

These principles became the critical input for the World Humanitarian Summit in Istanbul in May. The United Kingdom aims to secure these principles as a key part of the declaration and refugee compact agreed at the United Nations summit. The noble Lord, Lord Collins, went on to ask another question to which I will respond in writing, and I will provide answers in the Library for all those who have taken part in the debate.

As noble Lords are aware, the following day, on 20 September, President Obama will host a leaders' refugee summit aimed at making new and significant commitments to strengthen the international response to the global refugee crisis. This includes securing increased funding to humanitarian organisations and UN appeals, doubling the number of resettlement places, and providing opportunities for education and legal employment to increase refugees' self-reliance and inclusion. Senior United Kingdom officials have been engaging closely with the United States, including through a recent visit to Washington and New York, to identify how the United Kingdom can best support its objectives. The United Kingdom is encouraging other countries to put forward resettlement commitments, and to commit to donating money—maintaining the push and forward momentum following the Syria conference.

The noble Lord, Lord Roberts, and other noble Lords asked about the resettlement of unaccompanied minors, in particular in relation to the amendment of the noble Lord, Lord Dubs, to recent legislation. On 21 April, Her Majesty's Government announced a new scheme designed with the UNHCR to resettle children at risk from the MENA region. The Government committed to resettling several hundred individuals in the first year with a view to resettling up to 3,000 individuals over the lifetime of this Parliament, the majority of whom will be children, where the UNHCR deems it to be in their best interests. The new scheme will be in addition to the 20,000 already committed to and mentioned by many noble Lords. I have figures relating to that which I will come to later in my speech.

The scheme encompasses unaccompanied children, separated children and other vulnerable children, as well as those at risk of child labour, child marriage and other forms of neglect, abuse or exploitation. We established an additional £10 million Refugee Children Fund for Europe which will work mostly in Greece and will prioritise unaccompanied and separated children. It will provide immediate support and specialist care, alongside legal advice and family reunification where possible. UNHCR, Save the Children and the International Rescue Committee were selected to implement this programme.

[THE EARL OF COURTOWN]

On 4 May, the Government announced they will work with local authorities on plans to resettle unaccompanied children from Europe. We are looking to transfer children who were already present in Europe before the EU-Turkey deal came into force on 20 March where it is in their best interests. We must put the best interests of children first and avoid any policy that places children at additional risk or encourages them to place their lives in the hands of the people traffickers and criminal gangs. In any response, we need to be careful not to inadvertently create a situation in which families see an advantage in sending children ahead, putting their lives at risk by attempting perilous sea crossings to Europe.

I apologise to the House for going over my time limit but I think it is a good idea to get these points on record. The noble Baroness, Lady Sheehan, referred to Calais. While the management of migrants in Calais is the responsibility of the French Government, the United Kingdom recognises that vulnerable people in the camps are at risk from exploitation and trafficking. This is why the United Kingdom Government fund a project run by a French NGO to identify and direct vulnerable people to protection, support and advice within France. At the UK-France summit on 3 March, both countries reaffirmed their commitment to addressing the issues raised by the migration pressures in Calais and the surrounding area. The United Kingdom will contribute £17 million to joint work with France to ease migrant pressures in the Calais region and further strengthen the UK border.

The United Kingdom and France run regular joint communication campaigns which inform individuals of their rights to claim asylum in France and give

them information on family reunification. The frequency of these campaigns has been increased in line with the joint declaration signed by the Home Secretary and French Interior Minister in August 2015.

The noble Lord, Lord Judd, and other noble Lords asked how many people have so far been resettled. In the year ending March 2016, a total of 2,441 people were resettled in the United Kingdom. Of these, 1,667 were resettled under the Syrian VPR programme. The others were resettled under our mandate and Gateway schemes.

I am pleased that the noble Baroness raised the important topic of predictable financing. The United Kingdom was at the forefront of devising and brokering the grand bargain between donors and implementing agencies at the World Humanitarian Summit in May. These 10 principles will make major donor funding more predictable over multiyear timeframes and with reduced earmarking.

I know that I have not answered a number of questions. I will write to all noble Lords and provide the answers as best I can and place copies in the Library. I conclude by assuring your Lordships that we will continue to engage internationally through the range of our bilateral relationships and through multilateral channels at the United Nations and within the European Union, while we remain a member. We will continue to focus on a positive, proactive agenda, building alliances and making the case for a comprehensive and truly global response. And we will continue to ensure that the United Kingdom remains at the forefront, leading the way in both the discussions and through our actions.

House adjourned at 6.05 pm.

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