

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT

Second Delegated Legislation Committee

COMMON ORGANISATION OF THE MARKETS IN  
AGRICULTURAL PRODUCTS (PRODUCER  
ORGANISATIONS AND WINE) (AMENDMENT  
ETC.) (EU EXIT) REGULATIONS 2019

*Monday 28 October 2019*

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**The Committee consisted of the following Members:**

*Chair:* SIR ROGER GALE

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|--|--|
| † Baldwin, Harriett ( <i>West Worcestershire</i> ) (Con)   | Hayes, Helen ( <i>Dulwich and West Norwood</i> ) (Lab) |
| † Caulfield, Maria ( <i>Lewes</i> ) (Con)  | † Ross, Douglas ( <i>Moray</i> ) (Con)                 |
| † Cryer, John ( <i>Leyton and Wanstead</i> ) (Lab)   | Sheerman, Mr Barry ( <i>Huddersfield</i> ) (Lab/Co-op) |
| † Debbonaire, Thangam ( <i>Bristol West</i> ) (Lab)  | Simpson, David ( <i>Upper Bann</i> ) (DUP)             |
| † Dent Coad, Emma ( <i>Kensington</i> ) (Lab)  | † Stewart, Iain ( <i>Milton Keynes South</i> ) (Con)   |
| † Drew, Dr David ( <i>Stroud</i> ) (Lab/Co-op)   | † Swire, Sir Hugo ( <i>East Devon</i> ) (Con)          |
| † Duguid, David ( <i>Banff and Buchan</i> ) (Con)  | Warburton, David ( <i>Somerton and Frome</i> ) (Con)   |
| † Eustice, George ( <i>Minister of State, Department for Environment, Food and Rural Affairs</i> ) |  |
| † Fellows, Marion ( <i>Motherwell and Wishaw</i> ) (SNP)   | Ben Street, <i>Committee Clerk</i>                     |
| † Goodwill, Mr Robert ( <i>Scarborough and Whitby</i> ) (Con)                                      | † <b>attended the Committee</b>                        |

## Second Delegated Legislation Committee

Monday 28 October 2019

[SIR ROGER GALE *in the Chair*]

### Common Organisation of the Markets in Agricultural Products (Producer Organisations and Wine) (Amendment etc.) (EU Exit) Regulations 2019

4.30 pm

**The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice):** I beg to move,

That the Committee has considered the Common Organisation of the Markets in Agricultural Products (Producer Organisations and Wine) (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019, No. 1343).

This instrument is part of a series of statutory instruments amending retained EU legislation relating to the common organisation of the markets—the CMO—to make it operable. I promised the shadow Minister that there were more delights to come relating to the CMO. The instrument specifically concerns producer co-operation; producer organisations in the fruit and vegetable sector; special provisions for the import of wine; and protected denominations of origin and protected geographical indications—PDOs and PGIs—for wine. These amendments are in the reserved areas of regulation of anti-competitive practices and agreements, international relations, import and export controls, and intellectual property.

The instrument also revokes implementing Acts adopted by the Commission setting out its decisions concerning the protection of PDOs, PGIs and traditional terms for wine. Those implementing Acts will not be needed after exit, as the effect of those decisions—that is, what appears in the PDO and PGI register—is all that is required to ensure continuity, and that will be in place.

I turn first to the provisions concerning producer organisations and producer co-operation. Once recognised as a producer organisation, producers in the fruit and vegetable sector can apply for match funding under the fruit and vegetable aid scheme for certain activities that they carry out, with the aim of increasing their production and making them stronger in the marketplace. The aid scheme currently allows a PO to take members from across the EU and receive aid in respect of all its producer members, no matter where in the EU those members are based. Once we leave the EU, the aid scheme will become a domestic scheme, and although it will still be possible for members to be based outside the UK, aid will no longer be paid in respect of land located outside the UK. The instrument also removes redundant provisions on transnational co-operation concerning POs in other sectors.

The instrument also ensures that functions relating to the recognition of producer organisations in the fruit and vegetable sector can continue to be exercised by the Secretary of State after exit, and it amends provisions relating to producer organisations in the fruit and vegetable

sector in EU regulation 543/2011 to allow a programme established under that regulation to continue for the lifetime of the programme.

I turn to the provisions concerning wine. EU regulation 1308/2013—the basic CMO regulation—requires wines imported into the EU from a third country to be covered by a certificate, with a few exceptions. To avoid any risk of disruption to wine supplies, the instrument contains a time-limited transitional arrangement of nine months, which will allow wine imported from the EU to enter the UK accompanied by other forms of documentation that provide evidence of the alcohol content and details of the amount of wine in the consignment, provided that the Secretary of State considers the wine to meet UK marketing standards.

**Sir Hugo Swire (East Devon) (Con):** Should legislation for an election go through this evening or tomorrow, this may well be my last performance, so it would be remiss of me not to try to get my name into *Hansard* to show I am still alive. When the Minister talks about wine, does that include fortified wine?

**George Eustice:** My understanding is that the instrument concerns all wines—all those things defined as wine, including fortified wine—coming from the European Union. I am sure my officials will update me before the end of the debate if I am incorrect. As usual, my right hon. Friend asks a perceptive question.

We are willing to accept documentation covering existing EU schemes, which will allow the UK to import wine from the EU without the specified wine import certification. UK enforcement officials will carry out checks based on existing commercial and excise-related documentation.

These changes are necessary to ensure that we can still import wine from the EU in the event that those imports do not yet meet the new UK import documentation requirements after we leave. The regulations allow for a grace period, giving importers and overseas producers time to adjust.

The regulations also make operable the legal framework for the protection and cancellation of PDOs, PGIs and traditional terms for wine in the UK. Currently, the European Commission publicises its decisions on those matters by adopting implementing Acts. After exit, the Secretary of State will simply publish such information in line with our domestic practice.

**Harriett Baldwin (West Worcestershire) (Con):** Some apple growers in my constituency make a beautiful drink called applesecco, but they were told they cannot use that designation because of current legislation. Will that remain the case after we leave the European Union?

**George Eustice:** My hon. Friend's part of Worcestershire is home to many producers of cider and other products. This instrument relates to the import of wine from the European Union and does not affect at all the terms that might be used by UK producers. There is a separate issue: in the event of a no-deal Brexit, although we are offering a unilateral nine-month grace period to enable supply chains—in common with many other areas—to continue normally, the EU has not yet indicated that it will reciprocate what we are doing here.

This instrument was made and laid before Parliament on 14 October. Like many such EU exit instruments laid close to 31 October, it was laid under the made affirmative procedure to ensure its being in force on exit day. I trust that I have made it clear to hon. Members why the changes made by the regulations are necessary and appropriate. I therefore commend the regulations to the Committee.

4.37 pm

**Dr David Drew (Stroud) (Lab/Co-op):** I am delighted to serve under your chairmanship, Sir Roger, and delighted to have this latest CMO debate. I was getting withdrawal symptoms. In fact, I had to demand of the Whip that I was put on the Committee, such is my need to discuss the common organisation of markets at least two or three times a week.

Where do the regulations fit in the great panoply of debates we are having on CMOs? The Government say we cannot consolidate such legislation, but we seem to be having the same debate, perhaps on a different sector, time after time. It would be interesting to know why some of these debates could not have been put together, at least for the benefit of those struggling to understand these different sectors.

I will not rehearse the arguments we have had time after time, but I have some specific questions for the Minister. How was the nine-month time limit arrived at? That seems a peculiar, arbitrary figure. Why not a year or six months?

The regulations are on imports of wine, so we are not looking at the impact on exports. However, we are an exporter of wine, and clearly if we take particular lines of action with regard to imports, we can expect those EU nations to which we export to look at what we do and take retaliatory action. What impact assessment has been undertaken on the export of British wine? There is a growing market for British wine, which is now well known and, indeed, well loved in certain parts of the world.

It is intriguing that the “Minister of State for Agriculture, Fisheries and Food” appears in the explanatory notes. It is nice to look back sometimes. I thought we had killed the Ministry of Agriculture, Fisheries and Food, but the Minister has obviously reincarnated it—even though the explanatory notes say he is in DEFRA.

**Mr Robert Goodwill (Scarborough and Whitby) (Con):** Will the hon. Gentleman give way?

**Dr Drew:** I give way to the former Minister.

**Mr Goodwill:** The hon. Gentleman referred, I think inadvertently, to British wine, but “British wine” is generally used to describe a product made from imported grape juice, which would not be protected in this way. I think he probably meant to refer to English wine—or even Welsh or Scottish wine, if there is such a thing—which would be protected.

**Dr Drew:** I stand corrected. I was just using that nomenclature, but, given the way we are all going, we may have to get used to being very definite in how we refer to things—English, Scottish, Welsh, Northern Irish

or whatever form it takes. The point is that there must be some impact on our potential exports, because we are changing the rules somewhat, and the length of time is quite intriguing.

Page 13 of the instrument refers to how organisations can sign up to a scheme. I am intrigued: is this a new process, or are we carrying it across from the EU? If it is a new process, who will arbitrate to ensure that shareholdings are appropriately held and that organisations are transparent in what they apply for? There is quite a rigorous and—dare I say it?—robust application scheme, so it would be interesting to know whether we are initiating it or carrying it across—as it has been, or as it could have been—given that our status with the EU is at best uncertain.

Page 16 is the most difficult page because it is full of acronyms, and I do not quite understand what it tells me. Regulation 6(16), for example, relates to TPOs, APOs and TAPOs, and we are bringing in different definitions of how those organisations will be referred to. Page 16 has left me in the dark as much as any of our debates on CMOs, of which we have had many. I would be interested to know how the Minister sees it. I understand this will be the law, but if someone were to ask for my advice on what it really means, I would not be quite sure what to say. Will the Minister say more about what we are replacing, how we are replacing it and what we are replacing it with?

In its own way, this is a very minor piece of legislation, but the issue is how it fits together. This is an amendment, so it would be interesting to know why we have to discuss the subject again, unless the EU has moved forward in this area—that is quite possible. It would be useful to know why the Government think we now have it right and will not be discussing it again. Much as I would love to discuss the CMO for the next few days, it is important that we get this on the record and get it right, and that we understand that it is right, and that people whose livelihoods will be affected can know what the regime will look like and can react accordingly.

4.45 pm

**George Eustice:** I start by answering this question of where the draft regulations fit within the wide panoply—as the hon. Member for Stroud described it—of CMO regulations. The CMO is a highly complex body of law, as he and any of us in such Committees have discovered. It is a big jigsaw, but I assure him that it all fits together neatly, once we bring together all the different SIs.

For a number of reasons, we have had to do the SIs in different stages: sometimes because certain matters are reserved and others devolved, so at times two SIs must cover broadly similar areas; in other instances because different provisions within the CMO have not all been dealt with at the same time; and sometimes there have been time issues, when certain matters have been unresolved or still subject to discussion and so left until later in the process. The reason we are discussing this again, although we have discussed the CMO many times, is that these regulations fall into that last category.

There was discussion with the devolved Administrations earlier this year on exactly which matters were reserved and which devolved. These are the matters we have

[George Eustice]

decided and agreed are reserved, which is why we made this instrument<sup>1</sup>. Later today, a separate SI will deal with some of the devolved issues in a similar space—

**Dr Drew:** I'll be there.

**George Eustice:** The hon. Gentleman, who was corrected by my right hon. Friend the Member for Scarborough and Whitby, made an important point about the export of English wine, as well as Welsh and other such wines. They are increasingly successful overseas, and the growing export market for English sparkling wine in particular has been a big success story. However, as I said in my opening remarks, organic certification recognition and other regimes are one of a number of areas where the European Union is maintaining the position that it will not discuss such matters until after we have left on 1 November. Inevitably, therefore, in the short term there would be an air gap in such areas, but all of them—including ensuring that we expedite the recognition of certification documents for English wine entering the EU market—are on a list of priorities that we will seek to progress as quickly as possible.

The shadow Minister raised the issue of page 13, annex 8, which is simply about the anti-avoidance criteria. Those are in a fairly generic form that has been used previously. He also mentioned page 16 and, on reading that page, the document seems to me to be largely about interpretation of EU documents. However, to answer his direct question, in all these SIs we are moving functions currently exercised by the European Commission to be exercised instead by—since these are all reserved areas—the Secretary of State.

I hope that I have managed to address some of the particular issues raised by the shadow Minister—

**Dr Drew:** I accept what the Minister has said. Clearly this is a specialist area, but no specialist wine producers were included in the consultation. Will he assure me that he has talked to the industry about the impact of some of the changes? I dare say that will include retailers, who will presumably be interested to know how they will get their French, Spanish and Italian wines.

**George Eustice:** I can assure the hon. Gentleman that we have had extensive discussions with the UK hospitality industry and its trade body—which we meet weekly—and more widely with agrifood stakeholder groups, which we have also met. As we progressed our plans for a

potential no-deal Brexit, they have been fully engaged. At one point, they had been concerned that we might not have a transitional period of nine months. We gave some consideration to whether we should, in the first instance, offer that unilaterally to the European Union or whether we should seek mutual reciprocation.

In the event, in this and virtually every other area, the Government took the view that we should adopt a continuity approach for at least six months. In this instance—I know the hon. Gentleman asks about this a lot—we felt that a nine-month transition was consistent with what we said about giving six months of continuity, when not much would change at all, while recognising that bottles need to be labelled in a particular way. To give people the extra time, we chose to go for nine months in this particular instance.

I assure the hon. Gentleman that we have consulted widely with the industry, which is reassured that we are offering this grace period on wine. On that basis, I hope the Committee will support this statutory instrument.

**Marion Fellows** (Motherwell and Wishaw) (SNP) *rose*—

**The Chair:** I am not clear whether the spokesman for the Scottish National party wishes to defend the virtue of Welsh wine—I take it you do.

**Marion Fellows:** As these are largely technical regulatory amendments required to continue the current regulatory regime, we will abstain. However, may I point out that there is no better deal for the agricultural community in Scotland than the uninhibited European market that already gives access to more than 500 million consumers, some of whom may indeed enjoy Scottish wine?

**George Eustice:** The hon. Lady makes a point slightly outside the scope of the instrument, which is clearly preparation for a no-deal Brexit, should we have to do that, although none of us wants it. The best way to ensure that we protect the interests of the food and agriculture sectors is to get behind the new deal put together by the Prime Minister.

**The Chair:** All sorts of things in the Committees I chair are on the margins of order, but we have learned to live with that.

*Question put and agreed to.*

4.52 pm

*Committee rose.*

1. [Official Report, 30 October 2019, Vol. 667, c. 2MC.]