

SUBMISSION FROM NFU SCOTLAND

NFU Scotland (NFUS) appreciates the opportunity to submit its considerations on the UK Government's Internal Market White Paper to inform the Finance and Constitution Committee's response. NFUS is developing a detailed position on the White Paper proposals in advance of the 13 August deadline, and this paper is to be considered as an initial view and summary of the NFU Scotland position.

As a foundation principle, and as outlined in NFUS' March 2020 submission to the Committee's Internal Markets inquiry, NFUS is crystal clear that the UK market is by far the most significant market for Scottish agricultural produce. According to the Scottish Government's 2018 export statistics, agricultural exports worth £855 million were destined for the UK market in 2018, of a total value for Scottish agricultural exports (to UK, the EU and rest of world) of £1.5 billion.

The regulatory fields of agriculture, environment and food have a hugely important role in agricultural practice and trade within the UK. As a result, they also require the closest co-operation between the UKG and devolved administrations. Maintaining the integrity and competitiveness of the UK internal market is therefore extremely important for Scottish agriculture and the producers which NFUS represents.

A second foundation principle for NFUS is that agricultural support policies are enabled to diverge, to reflect different needs, while regulatory requirements converge to protect the integrity of the internal UK market.

3.1. Agricultural support arrangements are, and must remain, devolved. It is critical that Scotland develops and implements measures and schemes that reflect the profile of Scottish agriculture in its future agricultural policy that succeeds the EU's Common Agricultural Policy in order to attain the policy objectives that Scotland seeks from farming and crofting. However, the UK internal Market must continue to operate as is does now – with free movement of goods and services – because we all play to the same regulatory rule book, i.e. the regulations governing agricultural production, animal welfare, the environment, etc. are aligned such that there is no competitive (cost) disadvantage from farming in one part of the UK over another.

In order to establish that converged regulatory playing field described above, NFUS maintains the position set out in multiple submissions to this Committee that Common Frameworks must be introduced, both to preserve the UK Internal Market and to ensure that the UK does not breach its international obligations. Those needing the highest priority for an agreed approach across the UK include:

Air quality emissions

Biotechnology deployment

Organic farming

Animal health – movement of animals and control of disease

Animal welfare standards

Product traceability

Plant protection products – maximum residues, marketing, use and licensing

Minimum standards on specific commodities

Food labelling and food safety legislation

Import and movement of plants, pest outbreaks, plant variety rights

Market monitoring and crisis management.

With Common Frameworks still seemingly some time away from being agreed and operationalised, risks relating to the functioning of the UK Internal Market and the UK's observance of its international obligations from policy divergence across the UK are obvious. For this reason, NFUS is greatly concerned that the proposals within the White Paper could overrule any progress that has been made in the negotiation of Common Frameworks. NFUS believes that a more common-sense approach would be to introduce internal market legislation after the development and implementation of Common Frameworks arrangements.

NFUS is unequivocal in saying that such frameworks must be 'commonly agreed' and be reached by mutual agreement between the UK and devolved governments (including Scottish Government). Common Frameworks should not be imposed from the centre, nor should a single devolved administration have a veto. NFUS further believes that, wherever possible, Common Frameworks should be based on inter-governmental agreements rather than legislation. For this reason, NFUS is concerned that the White Paper does not include any proposals for how internal market disputes nor the development of common frameworks will be governed. For NFUS, this is a major omission.

In the absence of Common Frameworks on the key policy areas set out above, NFUS is concerned that the 'mutual recognition' proposal within the White Paper could in fact have adverse impacts for the competitiveness of Scottish agricultural producers. An example of this is the hypothetical scenario where the Scottish and UK governments adopt differing policies to the regulation of a Plant Protection Product (PPP). NFUS understands that the mutual recognition proposal could potentially create the situation where producers elsewhere in the UK who have access to a (hypothetical) PPP could sell product treated with the PPP in Scotland, to the competitive disadvantage of Scottish producers whose access to said hypothetical PPP is restricted. This is just one example of potentially many others where, without a Common Framework on the regulation and use of PPPs internal market distortions could in fact be created by the White Paper proposals.

Finally, NFUS understands that the 'non-discrimination' proposal within the White Paper is intended in some part to overcome issues such as that set out above. However, NFUS queries whether this proposal would hinder Scottish Government from pursuing policies believed by NFUS to be advantageous to the agricultural sector in Scotland, such as an ambitious 'Scottish first' procurement policy. NFUS would consider it a real missed opportunity if having left the EU's single market, the UK government were to pass legislation which effectively made it impossible for public sector procurement contracts to stipulate Scottish produce. NFUS therefore believes that there must be exceptions in place that allow Scottish public bodies looking to procure local produce to do so outside of the scope of the non-discrimination principle.