Horticulture and Potatoes board discussion paper

Post EU referendum sector priorities

Introduction
The current NFU member consultation 'options paper' sets out the key variables and draws out some of the pros and cons of different approaches. The feedback and insight gathered through this process will be integral to determining NFU policy on a range of issues related to the UK's exit from the EU.

This discussion paper has been prepared ahead of the meeting of the NFU Horticulture and Potatoes Board on 21st September. It sets out current thinking on the board's priority areas of Trade, Crop Protection and Plant Health, as well as flagging a range of issues that the board will need to consider in detail. This discussion paper should be read in conjunction with the NFU's Brexit 'options paper.'

Leaving the EU can represent a significant opportunity for our sectors, whether that's re-balancing trade and delivering import substitution, reducing trade deficits, improving biosecurity or cutting red-tape. In addition, many of these issues are interlinked. For example, the outcome of the government's trade negotiations with the EU will impact the potential framework for regulations. Ultimately, exiting the EU is a tremendous opportunity to deliver actions and policy that support a productive and profitable horticulture and potatoes industry in the UK.

Background Facts and Figures

- The UK is approximately 60% self-sufficient in vegetables & 15% in fruit, and 50% in flowers, plants and nursery stock.
- The UK exports £155m and imports £4,800m of fruit and vegetables.
- The UK currently exports around 15,500 tonne of seed potatoes each year to the EU and a further 70,000 tonnes outside of the EU (the latter number is growing)
- However, it should be noted that the UK relies on the import of seed from Holland for genetic enhancement and new variety development.
- The large exporting Member States of Holland, Belgium, Germany and Italy have all become more reliant on the UK market for flowers plants and nursery stock in recent years

1. Trade and competitiveness

Our trade performance is such that there is a clear biosecurity and trade advantage from a concerted effort to increase our self-reliance, with many arguing that the UK should aim to increase home production of these crops in the future. That said, it must be understood that such increases in production require grower investment, time and confidence in both the market and future profitability. It must also be noted that while certain elements of the national requirement for these crops is stable and predictable, a significant element will always fluctuate and be unpredictable – a 'National Strategy' for these crops would always anticipate an element of plant supply being imported and most likely being imported from Europe.

Issues for consideration
Below are a number of discussion points for the board. Some of these, such as the call for support of PO's, will be acted upon immediately, while others are subject to further consideration:

- How to protect existing Producer Organisations? What scope to increase support to enable it to also be extended to grower businesses throughout the industry? At the same time, simplifying the rules to ease administrative burden and cost should be a priority
- What opportunities are there for improving access to and value of Capital Grant Funding or Enhanced Capital Tax Allowances?

- How can we secure more research investment in automation in order to reduce the reliance on labour?
- How can we secure and increase public funding for R&D (both applied and pure) to not only plug the gap left by the absence of further EU funding but increase so that the UK can improve self-sufficiency?
- Can production standards be harmonised in order to avoid duplication and increase efficiency, including?
- How can we deliver plant health regulations that still 'complement' trade with Europe, while better protecting the UK against pest/disease threats?
- Could government identify and develop key business sectors (including agriculture and horticulture) that are capable of increased business activity, and set targets and develop plans that will ensure those sectors develop over time?
- Could leaving the EU lead to changing standards?

On this latter point, it is worth noting that Brexit represents a potential opportunity for UK horticulture and potatoes as, theoretically, only food destined for export would have to meet the EU standards. However, food production standards in the UK are, by and large, higher than those across Europe and it is likely that there will be resistance from both the retail and manufacturing sectors, as well as consumers themselves, to any perceived 'dilution.' Furthermore, UK producers may prefer a regulatory framework that enables growers to capitalise on the fact that they are producing some of the best food in the world, rather than one that is solely focussed on delivering food as cheaply as possible. There are other important factors too. For example, currency exchange rates can have as important an influence on competitiveness as import/export tariffs. And many of the trade variables overlap with crop protection, labour, and farm assurance areas as there are equivalence issues in the production process.

2. Crop Protection

With the Brexit decision confirmed, it is critically important that the UK develops a plant protection policy that enables UK growers to operate on, at the very least, a level playing field both within the EU and globally. Looking ahead, a future that enables new, more efficient products to be approved in a more timely and effective manner would seem appropriate to the board. Clearly, this is a cross-sector issue and we will discuss with other boards as appropriate.

Current legislation/ policies

The decline in availability of approved PPPs is occurring for several reasons:

- Implementation of PPPs Regulation (EC) 1107/2009 that requires assessment of inherent hazard as well as risk;
- Failure of active substances to remain on Annex I following a review of substances that had been approved under the Plant Protection Registration Directive (EC) 91/414 (the predecessor of 1107/2009);
- Some active substances being withdrawn by plant protection companies for economic reasons
- Assessment of plant protection products to determine if they are endocrine disruptors;
- Implementation of the Water Framework Directive (EC) 2000/60, and Drinking Water Directive (EC) 1998/83, and in particular measures that impact on herbicides and molluscicides;
- Adoption of the Sustainable Use of Pesticides Directive (SUD), which became compulsory on 1 January 2014, whereby plant protection chemicals must be used only to supplement alternative (non-chemical) methods of control.
- Establishment of a list of active substances within certain properties as candidates for substitution (the current list contains 77 candidates), as required under Regulation (EC) 1107/2009.

- Maximum Reside Level (MRL) Regulation (EC) 396/2005 and changes to data requirements, such as new toxicological reference values, unacceptability of historical data, invalidity of 'reasoned case'.
- Non-legislative reasons such as increasing resistance of target organisms.

Issues for consideration

How can our sector get more focus on PPP?

- Horticultural crops are 'minor crops' in a global plant protection market and are rarely the primary focus of new product development. At around €300 million per compound, the cost of finding, developing and registering new PPPs is prohibitive for many crops.

Can alternatives become more readily available?

- Biological plant protection products and biological control agents provide alternative control methods and have many established uses for pest control in protected crops with others under development. However they're largely unexploited on outdoor crops. In addition, no biological plant protection products exist for weed control and there are very few for disease control. Microbial plant protection products and botanical (biological) plant protection products also face large registration costs.

How might product approvals be treated in future?

- While approvals for active substances are undertaken at an EU level, product authorisations are conducted at a national level. In the UK, the Chemicals Regulation Directorate (CRD) is the competent authority for PPP approval. Product authorisation is a Member State activity, but the EU has tried to harmonise and streamline the process. Member States in the same zone can share assessments and mutually recognise each other's authorisations - avoiding duplication and making product registration in the EU more efficient. Challenges can occur when different Member State regulators have different interpretations of the data. In addition, Member States have additional national assessments (such as the UK-specific worker exposure models, and environmental models) that are carried out before an authorisation is granted and this has led to products being authorised for use in other Member States but not in the UK.

Is there scope for greater flexibility?

- UK interpretation of the rules could be more flexible and supportive of control needs while still retaining safety. This also applies to the extension use of products for minor uses (often in 'emergency' situations). It is critically important for there to be sufficient resource and support for the Chemicals Regulation Directorate (CRD) to operate in an effective and timely way in its assessment and approval of PPPs, and in developing a UK regulatory framework that meets the needs of the industry.

What potential issues are there around minor uses?

- Many horticultural crops rely on Extensions of Authorisation for Minor Uses (EAMU) for minor uses, which may not be supported if a major use is withdrawn. CRD is responsible for EAMUs in the UK. Many minor crops rely heavily, and in some cases solely, on the use of EAMUs for plant protection. Often residue data is not available from manufacturers and data is generated and funded by growers. To help address the issues around minor uses at an EU level the EC established the EU Minor Uses Co-ordination Facility in September 2015. The mission of the facility is 'to enable farmers in the EU to produce high quality crops by filling minor uses gaps through efficient collaboration to improve availability of chemical and non-chemical tools within an integrated pest management (IPM) framework'. Jointly funded, initially, by the EU and the governments of France, Germany and the Netherlands, the facility is hosted by the European and Mediterranean Plant Protection Organisation (EPPO) in Paris. The co-ordination facility is not fully functional and there are no quantitative outputs yet. CRD contributes 'in-kind' support.

What might be the impact on Maximum Residue Levels (MRLs)?

- This MRL sets out how much of any given PPP is permissible to be found on a food without causing harm to human health. MRLs do not prescribe any conditions on how PPPs are applied. However, the EU is constantly reviewing MRLs.
- Since September 2008 the competence for MRLs has passed fully to the European Commission under Regulation (EC) 396/2005.
- This sets harmonised standards for MRLs across the EU, based on EU wide dietary intakes.
- New regulatory rules have been put in place to ensure that there is a single review programme of MRLs that is based upon complete data packages that conform to modern standards. This is a manufacturers issue and some 300 active ingredients will be covered by the review, which it is anticipated to take 3-4 years to complete. There are no internationally harmonised MRL regulations, but there are guidelines (CODEX, OECD), EU Regulations (EC) 396/2005, as well as national regulations.
- The time that it takes to set MRLs for an active substance can be a challenge, delaying authorisation and thus preventing access to useful PPPs. It also adds cost to the authorisation process. Additionally new regulatory rules have been put in place that include modelling changes, prohibited 'old' data, invalidity of previously accepted 'reasoned case', lack of effective extrapolation.
- Non Member States like Norway and Iceland incorporate EU regulations and judgements within their European Economic Agreement in order to trade. On the other hand, the US has its own regulatory framework and approach to authorising PPPs. Many countries across the world have authorised PPPs for use that are banned in the EU. However, food products treated with these PPPs are still allowed into the EU if there is a Maximum Residue Level (MRL) for the active substance.
- Many countries such as US, Canada, New Zealand, Australia, India, Japan and Thailand have their own standards for MRLs in agricultural compounds. Countries such as Hong Kong, Taiwan and South Korea are now also moving towards setting their own MRLs.
- Currently, the US IR4 Program conducts 70 residue studies per year on approximately 40 actives. From this data generation, the program prepares 80 study reports for US Environmental Protection Agency (EPA). EPA then reviews and usually will establish MRLs on 20 or more actives per year. Through crop group extrapolations the data supports an average of more than 700 new uses per year. *Note, further analysis is currently being carried out on alternative policy frameworks (such as the IR4 model in the US) for consideration to the appropriateness to the UK.*

What other opportunities might exist?

- Exiting the EU gives scope to new technologies and new approaches to PPPs that support sustainable production of edible and ornamental crops (e.g introduction and approval of new chemical actives; increasing number of biological plant protection products in the registration pipeline). However, the following points are also worth of consideration:
    - better targeted application;
    - greater development and use of non-chemical plant protection methods;
    - investment in anti-resistance strategies to prolong the life of actives;
    - a coordinated approach so that the majority of products and treatments with potential are evaluated;
    - interaction between researchers so results on one pest are used to inform studies on similar pests;
    - collection of all relevant data so results can be used immediately to support registration data packages;
    - training of the next generation of applied plant protection specialists.

3. Plant Health

EU plant health regulations have been important in protecting the biosecurity of our country's horticulture and potatoes sector, working to facilitate successful and disease-free horticultural businesses in the UK. As such, the shape of our country's plant health regulations is going to be a significant area of work that will need careful consideration for the NFU to be able to influences negotiations effectively for our members.

Issues for consideration

How closely are the potential trading options linked to our plant health regime?

- As explained in the options paper, the potential trade relationships will link closely with the EU legislative environment. For example, Switzerland and Norway are not members of the EU but their trade deals mean that they do import plants under EU regulations. However, it gives them no say in the regulations that govern Plant Health throughout Europe. *Further details are required on the different aspects of the Swiss or Norwegian plant trade models to determine their applicability to a new UK system.*
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Should plant health activity be better targeted outside the EU?

- Current EU Plant Health directives and regulations rely on the Plant Health authorities in each Member State carrying out their duties diligently and effectively: on this assumption plants move within Europe without hindrance. Could the UK to adopt a system that allows the authorities to make informed decisions on where plants are imported from? Is there scope to negotiate export terms with certain 'trusted' member states for specific plant groups (similar to the US approach to bulbs from Holland and the UK at present). *Discussions with the Plant Health Inspectorate are needed to establish how they feel the current Plant Health Regulations could be legitimately 'interpreted' to allow a functioning trade model and at the same time provide adequate biosecurity.*

How should Protected Zone Status be applied?

- Since the outbreak of ash dieback disease, the UK authorities have made increasing use of 'Protected Zone Status' as a means of legitimately managing plant movements within the EU Plant Health regulation framework. How can this be developed further?

What regime for exporters outside of the EU?

- The EU regulations for the export of EU production to non-EU States differ from those that regulate export to another EU Member State. For example, a Member State may ship plants to a customer in another EU Member State (say Holland to Sweden) without having to declare the soil plants are grown in is free from potato cyst nematode (PCN), but if the same plants are to be supplied to a non-EU State (from say Sweden to Norway) a certificate is required to demonstrate that soil is free from PCN. However, the EU no longer has in place the infrastructure to provide for such certificates. As a result it is now difficult to supply plants from Sweden to Norway.
- When we leave the EU, our status will change and different regulations will apply. What are the differences in the supply of trade between EU Member States and between an EU Member States and a non-Member State? Further work is required to answer these questions and put us in a more informed position. *Investigate the detail of the supply of stock from an EU Member State to a European Non-Member State under existing regulations to identify potential issues.*

How to develop the regulatory framework?

- Whilst the EU has developed our plant health regime, we have not needed to carry out that function ourselves here in the UK. In future, what infrastructure is needed to develop such regulations? What are the implications for Plant Health authorities in enforcing these regulations

(particularly if there is limited movement of goods)? What say will industry have in developing legislation (transparent process)? In addition, like all areas of legislation, there remain question marks about how existing EU legislation will be transferred into our legal framework.