

Transport Committee

Oral evidence: Brexit preparedness in the transport sector, HC 875

Wednesday 14 October 2020

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[Watch the meeting](#)

Members present: Huw Merriman (Chair); Ruth Cadbury; Lilian Greenwood; Simon Jupp; Robert Langan; Chris Loder; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith; Sam Tarry.

Questions 1 - 101

Witnesses

[I](#): Richard Ballantyne, Chief Executive, British Ports Association; Richard Burnett, Chief Executive, Road Haulage Association; and Elizabeth de Jong, Director of Policy, Logistics UK.

[II](#): Rachel Maclean MP, Parliamentary Under-Secretary of State, Department for Transport; and John Parkinson, Director of the International Directorate, Department for Transport.

Examination of witnesses

Witnesses: Richard Ballantyne, Richard Burnett and Elizabeth de Jong.

Q1 Chair: This is the Transport Select Committee's evidence session on Brexit preparedness in the transport sector. On our first panel we have three witnesses from industry groupings. Would the witnesses introduce themselves, please?

Elizabeth de Jong: Thank you for inviting me to speak. I am Elizabeth de Jong, director of policy at Logistics UK, which represents logistics businesses spanning all modes of transport: road, rail, water and air, and both domestic and international transport.

Richard Burnett: I am Richard Burnett, the chief executive of the Road Haulage Association. We represent not just hauliers but third-party logistics businesses, both domestic and international.

Richard Ballantyne: My name is Richard Ballantyne. I am chief executive of the British Ports Association, which is the trade body for ports and harbours across the UK. We represent 86% of UK tonnages that go through ports, as well as all the main roll-on/roll-off gateways, which are particularly relevant to today's session.

Q2 Chair: Thank you very much for being with us again. It is great to get your expertise, this time solely on Brexit.

Elizabeth, in either scenario, deal or no deal, what are the key things that need to happen between now and the end of the transition period in order for you to be reassured that freight can flow smoothly between the UK and the EU?

Elizabeth de Jong: I have been thinking a lot about Brexit readiness, as we all have. Everyone in the logistics industry wants us to be ready for EU exit. Everyone in Government wants us to be ready. Collectively, I am sure that we want to use the next 11 weeks making sure that we are ready, rather than speculating about whether we will be or arguing about whose fault it is. I am sure you will join me in wanting everybody to be confident, to have a shared view of what success looks like and to know we are on track and what still needs to be done.

About a month ago, I wrote to the border and protocol delivery group to suggest that we develop jointly some EU exit readiness metrics covering the mission critical areas that are vital to avoiding disruption on 1 January, so that we can have certainty. Although they support the idea and shared proposals on those metrics with me last night, we do not yet have a good set of metrics. We will be working on them and then sharing them more widely. For today, I have tried to assemble what measurements I can for this evidence session.

In framing what needs to be ready, although today we are looking at the readiness of freight transport, transport is one aspect of a complex supply



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chain. For the transport part to be border ready, we need to think more widely about EU exit readiness. Not all those areas are the responsibility of the DfT, but unless the border and protocol delivery group, HMRC and DEFRA are also ready, the bits that DfT is responsible for will not be ready.

I think about readiness under four headings. Does the driver have the right paperwork and know what checks are required? Are traders on track to deliver all the border documentation? Is the border industry ready for the new processes, and then, necessarily, are contingency arrangements in place should everything not be ready?

Under each of those headings there are things that I am looking for assurance on. For the driver having the right paperwork and knowing what checks are required, I am looking for Smart Freight, the Check an HGV system, to be ready and tested, and GVMS too; and for information on what is required to be drafted, tested, ready, translated and printed, such as the haulier handbook, information at advice hubs and the border operating model.

For traders, it is to be on track to deliver border documentation. There is a lot of tracking by HMRC. We need to look at both sides of the channel. We need to look at how many people are registered for customs systems and the trader support service. Are they able to generate the documentation they need to produce? Is the border industry ready for the new processes, deciding what systems they are going to use, with the port infrastructure?

In my fourth category about contingency arrangements, it is looking at how ready the border impact centre is, and Operation Brock, HGV parking in Kent, border readiness, and the Kent traffic management plan. There is an awful lot to get ready and to track in order for us to say that things will work smoothly on 1 January.

Q3 Chair: Thank you for setting the scene, Elizabeth. You have the series of metrics that you have just talked about, which seems very sensible. Are those metrics that you believe the Government are also categorising and measuring?

Elizabeth de Jong: Yes. We went to the border protocol delivery group, and they immediately said it was something they were very interested in developing. They agreed there should be a shared understanding between Her Majesty's Government and industry about what constitutes readiness. It has taken a few weeks of working on that, but, immediately, our colleagues in Cabinet Office assembled others from Government, including DfT and HMRC, to work on it, but it is still at an early draft stage.

Although we have categories and decisions on what metrics could be measured, we do not have those metrics populated with measurements. I had the first draft back from them late last night, so I hope I can turn it around quickly. It can then go to other people in industry and Government, and we can start using it as a solid way for both Government and industry to ask: are we ready or are we not ready?



Q4 Chair: To be absolutely clear, because in a way it sets the scene—we have the Minister coming along as well—will those metrics be project managed, as it were, by the industry groupings or by Government?

Elizabeth de Jong: I believe they will be project managed by Government. That would be my suggestion. Most of them are metrics that the Government are more able to monitor than industry, particularly through the HMRC systems. It needs to fit into very simple project plans of completedness. For today, I have been able to get little bits and pieces from Government or from yesterday's Treasury Select Committee, or from papers and slides that have been shared with us on the Kent management plans and Operation Brock, but the border and protocol delivery group, I believe, will be managing the tracking mechanism and sharing it with industry.

Q5 Chair: I am going to bring in Richard Burnett on Brexit readiness and how it is being measured. You had a recent meeting with Michael Gove which you described as "a washout". I believe you have since said that there is "no chance" that the UK will be ready when the transition period ends. What made you come to that conclusion?

Richard Burnett: Part of the problem is the amount of time that we have left. We have something like 54 working days left. If you listen to the list of things that Elizabeth is talking about—the measures that have to be put in place by the year end—there is a significant amount of work that the logistics industry, both in the UK and in Europe, has to undertake. Those processes have to be aligned and put in place. It was not just the RHA; Logistics UK and a number of other trade associations and businesses wrote to Michael Gove to say, "Look, in terms of UK preparedness we are concerned, and these are the elements."

The reason why that meeting was a whitewash was that it was supposed to just be the signatories of the letter, some 11 businesses. We ended up with 40-odd people at that roundtable, and it broke down to personal views in lots of different sectors around what the issues were. We have another meeting with Michael Gove this Friday. Michael Gove subsequently reached out, at the beginning of last week, and wants to have a more detailed meeting. This Friday, there will be six businesses represented to talk in detail about the real concerns that we raised, probably four weeks ago. This is our opportunity to get into the detail and discuss what the challenges are.

There is a fairly fundamental issue about customs intermediaries. Yes, we have to make sure that hauliers have the right paperwork. Yes, we have to check that they have the appropriate paperwork, but if we cannot complete that paperwork and those customs declarations in order to send vehicles to the port of exit, that is where the problem will lie. That is where the focus needs to be, to make sure that the intermediary market is big enough and capable enough.



We know we have challenges around that because of the sheer amount of time that it takes to train customs agents to do that task. We are now in a second wave of Covid, so training is going to be even harder; it is going to be harder to bring new people into that environment to train between now and the end of the year. We have some significant challenges, but they come back to the customs intermediaries being available and ready to support the logistics sector.

Q6 Chair: Thank you, Richard. I want to ask you, and Richard Ballantyne, about lorry congestion and queues.

The Government's "reasonable worst-case scenario" has reportedly described potential queues of 7,000 lorries on Kent roads, possibly lasting for up to two days. Even if the scenario is better than forecasted, do you think that lorry delays are inevitable from 1 January 2021?

Richard Burnett: My view would be yes. I have been in logistics and distribution for 35 years. I have managed transition start-ups and experienced when they go wrong, where people do not understand, the handshakes do not understand and the paperwork does not understand how these things are going to work, because you have a very steep learning curve. We are trying to align thousands of businesses and people all at the same time to understand what the process is. We are going to flick the switch and, from day one, start to manage those processes.

Going back to the point, if we cannot fill out the customs declaration in the first place what does UK business do in terms of exports? What do traders do if they cannot find an intermediary or get the paperwork completed? What if they make mistakes with their paperwork and, when vehicles are checked to see if they have the appropriate paperwork, they are returned in France either because it is not with the vehicle or it is not filled out correctly? Even the Check an HGV system is a trusted system that expects the haulier to input the information into the system to make sure that the information is correct. It is a trusted system.

You also have to recognise that probably 85% of the European haulage market—UK to Europe—is taken up by EU hauliers; 71% of those are from five countries in the EU. Communication to hauliers in those countries to understand the processes is also critically important over the next 11 weeks.

Q7 Chair: Richard Ballantyne, do you share the concern with regard to the port of Dover and the impact on Kent?

Richard Ballantyne: Yes. I would say there is a risk, but it does not have to be realised if the Government can plan and take a pragmatic approach to how they are going to enforce the new border crossings and controls. Preparedness of the sector is a cross-sector challenge. It is not just for the ports or for Kent; it is for all routes, although it has to be said that the peak amount of traffic goes through places like Dover and the Eurotunnel, which creates obvious challenges. I do not think it is inevitable that it has to happen.



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The problem is that we have such short timescales. The GVMS, which in principle we generally support and which could work, has very short timescales to get ready and tested, to get industry used to it and the ports understanding what their role in it is, along with the carriers. Of course, we need infrastructure at ports. We recently welcomed the funding announced by the UK Government for borders-related infrastructure, but we are still waiting for some of the specs and the criteria needed for that infrastructure, such as the amount of checks and space needed for various vehicles and goods. Without that, a lot of ports will go into the bidding process for infrastructure funding, which closes at the end of the month, somewhat blind. They will be asking for funding for developments when they are not 100% sure exactly what they will need to do. They will have a good idea roughly what they are needed for, but we still need further information.

There is going to be an element of pragmatism needed by the UK Government. We welcomed the postponement of full controls on imports that was announced in the summer. We hope that will see a phased introduction, going out to July next year, which is a big plus. There may be more pragmatism needed after that. That is something we are starting to discuss with the Cabinet Office, the border protocol delivery group and other Departments such as the DfT.

Q8 Karl McCartney: It is refreshing to have some witnesses who are a bit more positive than some we hear from, although I realise, Richard at the Road Haulage Association, that your members are perhaps a little bit frustrated.

I asked the Minister, the last time she was in front of us, about provision for lorry drivers out on the road and the facilities provided for them. It has always been pretty dire, and there has not really been much improvement. If, in your worst-case scenario, there are queues of maybe up to two days, what facilities are in place, or what have you secured so far?

Richard Burnett: We are waiting for clarity as to what those facilities will be, where they will be and what support drivers in queues will have. It is not just about Kent; it is about all the facilities around the country. Part of the border operating model highlighted that there were going to be a number of offices of departure around the UK. Those offices of departure have to go through a similar learning curve in terms of people needing to understand how the processes work. I guess there is equally a risk that we might have queuing and delays at offices of departure as well. What facilities will be in place at offices of departure?

Part of the meeting we are having on Friday is to flush through and get some clarity on what the infrastructure, support and facilities are going to be for drivers who are likely to be delayed in queues, whether in Kent or around the country.

Q9 Karl McCartney: You have touched on various things. Having been a logistics analyst myself at Hasbro UK many moons ago, it is good to hear



that various things have been planned for. I was touching on the practicalities, if there are delays, of what facilities are going to be available for drivers who might find themselves stuck for a period of time.

Let me move to the other Richard and Elizabeth. You mentioned other ports, as did Richard from the Road Haulage Association. In your view—Richard first and then Elizabeth—where else do you think there might be an increase in lorry traffic if there are delays at Dover come 1 January?

Richard Ballantyne: There are about 20 or so EU-facing roll-on/roll-off ports, most of which are my members. We get together routinely to discuss some of the challenges and issues. It is at the south coast, the east coast and of course on the Irish sea, where there are other dynamics. There is definitely choice for hauliers, both accompanied and unaccompanied. Indeed, some of the lo-lo—the container ports—will be chancing their arm and hoping to see an increase in business.

Q10 **Karl McCartney:** Many of them are probably in places like Immingham, not a million miles away from me in Lincolnshire.

Richard Ballantyne: Yes, absolutely. Immingham has ro-ro services, as do Killingholme and Hull, right down the east coast and then to the Thames estuary and on the south coast of course.

The issue is that all the traffic will have to undergo the same processes. You cannot escape the new border processes that are coming in and the requirements for hauliers and others to fulfil and undertake, and the cost that will add to their journeys. We certainly have the port infrastructure, but we potentially do not have the vessel infrastructure, the ferries. There are not many ferries on order, but that is something for the shipping sector to consider. While there is choice, there are still the same issues and challenges; the border processes and the requirements at all our major ro-ro gateways are still an issue.

Q11 **Karl McCartney:** Finally, Elizabeth, and thank you for being so positive to start us off this morning.

Elizabeth de Jong: Over time, with or without EU exit, I would expect traffic always to be slightly changing between different ports, as some ports invest, some ports change services and service levels change at different ports. Therefore, the generalised cost models that Richard was talking about—the cost of using each particular route in terms of time spent getting there, time waiting between services, being processed and so on—will be changing for traders. That is a routine thing that people do in their work; reappraising routes and optimising their supply chains from time to time is part of normal business practices.

The market will decide what routes and modes to use. We are calling on Government and industry to get ready for Brexit, to minimise friction and to keep trade flowing across all routes and all modes. We do not want our preparations to unduly unbalance the market.



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Q12 Chris Loder: With reference to the conversation we have just been having, and the points you have just made about the number of ports around the country, do you think we have enough ports? Do we have adequate capacity to deal with the issues that we might be faced with?

Richard Burnett: If we go back to the short straits and Dover-Calais, Dover is probably the biggest port of entry because it is the fastest port of entry. Other ports around the country provide a different service, whether it is accompanied or unaccompanied, where trailers, or even containers, are lifted on to the vessel with a tug and taken off on the other side.

In the migrant crisis in 2015, we saw saturation, with people moving away from the Dover straits for a short period of time while things calmed down. Therefore, the short straits were pretty much the only route that we could potentially take.

Operationally, it is harder to gear up to do more unaccompanied traffic and container traffic because it—

Q13 Chris Loder: Richard, I am sorry to interrupt. With respect, I just want a fairly straight answer. Do we have enough capacity? Do we need more ports, or don't we?

Richard Burnett: No, would be my view.

Q14 Chris Loder: We do not have enough capacity, so we should have more.

Richard Burnett: Yes.

Q15 Chris Loder: The other Richard?

Richard Ballantyne: With my greedy trade association hat on, I would like to see more ports that we could sweep up to join the association. It is fair to say that we probably have enough ports. We have enough choice. There is overcapacity in certain sectors like the container sector. As Elizabeth mentioned, it is market driven, and I do not think those markets would welcome further capacity.

As I said, the issue is the timescales to get all our ports and routes ready, and the Government infrastructure and of course the trade, as well as making sure that infrastructure is in place on critical routes like Dover and, further afield, at the secondary ports.

Q16 Chris Loder: Elizabeth?

Elizabeth de Jong: I am not aware of studies showing that we need more ports per se.

Chair: Let's move on from lorry congestion or queues, albeit we will stay on the channel crossing, and talk a bit about Operation Brock and alternative routes that may be available.

Q17 Grahame Morris: To a degree, the witnesses have covered some of the ground already, but could we clarify a particular point? It was something



that Richard Ballantyne mentioned in relation to the 40 ports, but perhaps I could put this question to Mr Burnett. To what extent are hauliers who typically travel to Europe via the Dover port and Eurotunnel exploring alternative routes?

Richard Burnett: At the moment, I think hauliers that use those routes will continue to use them for the reasons that I have just given. It is the shortest crossing. There is no sign in the market that hauliers are looking for alternative routes at this stage.

In order to keep volume away from Kent, the offices of departure need to be more prevalent around the country. I do not think there are enough offices of departure en route to Kent. What we are doing is almost funnelling all the traffic down to Kent, to stamp and check the paperwork before it goes. I think that infrastructure needs to be reconsidered in terms of the numbers of sites to do that.

Q18 **Grahame Morris:** Mr Ballantyne, do you have a different point of view?

Richard Ballantyne: The market decides in these matters. The one thing I agree with Richard on there is that there is a lot of flexibility in ro-ro. Just because it is so road based we can be very flexible. It is not linked, for example, to particular ports with rail connections, where you must take those routes. There is an element of flexibility, and that means the shipping industry, the haulage industry and the logistics industry can make choices.

Ports have to keep on their toes. They have to keep costs down. They have to be efficient. The easements designed by the Government—things like GVMS and the other things in that infrastructure—are all designed for the ro-ro ports to continue to run smoothly. If that works as we hope it will, and certainly in the long run we expect it to, I see a lot of the traffic perhaps having a look elsewhere. There may be one or two days or weeks where there may be a little bit of congestion and we may see a bit of movement. Once things settle down, I expect similar freight flows. Unlike Mr McCartney, I am not a logistics analyst by profession, so there may be complex studies that have looked at this, and I could be wrong.

Q19 **Grahame Morris:** I am grateful for that. They are interesting answers and differing opinions.

Can I go back to the point that was raised a little earlier by Elizabeth de Jong about Operation Brock and the Government's contingency planning in the event of the worst-case scenario, with moveable barriers and contraflow? Are you satisfied that there is sufficient planning in place to deal with the worst-case scenario, if the worst-case levels of congestion, particularly backing up from the port of Dover, turn out to be correct?

Richard Ballantyne: I would answer this not just on a Kent basis but on a national basis. There is still a lot to be done with the local resilience forums. Those forums comprise local authorities, emergency services and indeed ports, and look at making sure that, in the event of congestion or issues, we have good plans in place. I can cite some examples that were



in the news yesterday about Hampshire's preparedness. There are one or two issues in Kent and in the Humber region where the forum does not have the funding or the support potentially from the DfT to decide what the implementation of their strategies and plans will look like. We need to do a lot more with local resilience forums and help them to manage these situations. I reiterate that it is not just in Kent.

Q20 **Grahame Morris:** Elizabeth, would you give us your view on that? Then we will move on to the next section.

Elizabeth de Jong: There is a formal response expected to the Operation Brock consultation, possibly on Thursday. At the moment, although we know quite a bit about how it was planned to work last year, we still need more details on what is planned for this year. There may be holding capacity, we believe, for 2,000 on the M20. There was mention of 500 on the A20 and 4,000 if it is still planned to use Manston, although the border operating model just refers to a traffic management facility at Sevington.

There is still quite a lot that we need to piece together, but we know that local agencies are used to running Operation Brock in its current form. I believe that operationally it will be run well. There are a number of areas around the country. We are involved with Wales, Southampton, Portsmouth and Immingham, looking at contingencies around other ports as well.

I want to conclude on the reasonable worst-case scenario. It was a modelling assumption that 40% to 70% of trucks not being border ready could lead to queues of 7,000. Then it was looking at what mitigation should be put in place to avoid that. It is important that we focus on those mitigations. The ones particularly mentioned in the Michael Gove letter were around information campaigns, and the Smart Freight or Check an HGV system to help manage Kent traffic.

I look forward to finding out more about the new border impact centre. I do not know much about it at the moment. It will manage border flows and disruptions on an hour-by-hour basis. Part of it was the commitment to supporting traders and hauliers to prepare. That is what I am sure we will look at in more detail today.

Q21 **Chair:** One of the Members asked for a bit more clarity, and perhaps we can add another layer with a very brief answer from you. Looking at your reasonable worst-case scenario of 7,000 lorries and two days of queues in Kent, and bearing in mind that the Government have added more parking facilities than we saw with Operation Stack, do you think it is likely to be very similar to the difficulties experienced by Kent under Operation Stack, or will it be likely to be better and therefore not as impactful? What is your gut feel on that?

Elizabeth de Jong: What we have not yet done, and we will need overall complete readiness metrics, is to project what life will look like on 1 December. I want to be able to build up from all the contingency



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arrangements in place and how ready traders and hauliers are and whether the systems information is in place before I do that. Operationally, people are competent at running Operation Stack. I expect competency in running Operation Brock as well. I cannot make a projection of what day one will look like until I have a better understanding of all the readiness metrics I was speaking about.

Q22 Chair: Richard Ballantyne, have you seen anything from Government to project whether it will be worse or better than Operation Stack in that reasonable worst-case scenario?

Richard Ballantyne: No, but there are a lot of local discussions going on, as you can imagine, and a lot of planning with both the Department for Transport and the border protocol and delivery group in certain regions. Obviously, that letter, which the trade bodies all received, was in part designed to alarm the sector and drive greater awareness and preparedness. Whether it has the desired effect, we will have to wait to see.

One thing particularly about the roll-on/roll-off sector and the haulage sector is that it learns fairly quickly. Without sweeping it under the carpet and ignoring it as a potential problem for parts of Kent, we expect that the sector will quickly get used to new controls and arrangements if it can access the systems, if it can access the information, and so on.

Concentrating on the reasonable worst-case scenarios, while very important and something the Government should definitely be including in their planning, should not be the only thing we focus on. We need to look at the nuts and bolts and what the sector needs to do to prepare, and what the Government need to provide us with—the information and so on—otherwise we will just focus on the worst-case scenarios and not the day-to-day running. Hopefully, with the GVMS and other systems and infrastructure, we can get through this with relatively unscathed and uninterrupted trade flows at most of our major ro-ro gateways.

Q23 Chair: Richard Burnett, assuming that it is like Operation Stack of a few years ago, do we have the facilities in place? Karl touched on this but I am asking for a bit of clarity. Do we have enough facilities in place to deal with that?

Richard Burnett: The point is that there are going to be 2,000 trucks on the M20. There are going to be 2,000 trucks at MOJO Ashford, which is another site, and potentially 4,000 at Manston. What we need to understand, and where we do not have clarity, is the devil in the detail. What facilities will be there? Will there be portaloos down the M20? Will there be the ability to get water and food to drivers? What will the facilities to support that process look like?

I go back to what I said before. We want clarity from Friday's meeting to make sure that that level of detail is being considered. Yes, there is a plan in place, but how are vehicles going to be directed to the sites? That is also



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a critical part of the plan. We need to understand how that is going to work as well.

Chair: We will move on. It seems to be the case that you are saying that more clarity is needed and that we are still making a lot of assumptions with 54 days to go.

Q24 **Ruth Cadbury:** We have been talking about the worst-case scenario, but I want to go back to customs checks and other border checks. A big risk to disruption comes from UK businesses not having completed the right paperwork. That will obviously have consequences when lorries reach the border.

Michael Gove said in his letter to the sector that “it is essential that traders act now and get ready for new formalities.” In your view, how prepared are UK businesses for the extra checks and paperwork? How prepared are UK businesses for the extra checks and paperwork they need because of Brexit?

Elizabeth de Jong: Perhaps I might bring to life the difference in the magnitude of change for industry in helping to unpick the answer to that question. At the moment, a driver would need commercial information about the trip; what to take to where, what time is the crossing, journey details and so forth. If it is an excise, a dangerous good or a controlled good, they need to register that. They need their passports and tickets. They need quite a simple package to make a journey.

On top of that, after 1 January when the EU implements full import controls, they will need evidence that the import requirements have been met for all the goods they are transporting—every single package in the lorry. They will need a movement reference number for each product, which they can get through an export declaration of transit. They are legally responsible for making sure that the right safety and security declarations have been made, and for getting assurance that that has been done.

They will need a host of other documentation, depending on what is in the truck. They will need a transit accompanying document, an ATA carnet, a TIR carnet, export health certificate, phytosanitary certificates, catch certificates, and documentation for certain restricted goods. If they are going to Dover in Kent, they will need an access permit. There is significantly more paperwork, needing more time to prep that paperwork, and a significantly increased risk of not having everything you need for your trip.

In terms of being prepared, one of the reasons why the Check an HGV system is so important is that it will bring to life exactly what the hauliers need their customers to prepare for them to be able to take their goods. The longer we have to put that in place, the better. The border operating model has a lot of information in it and it is a very good step forward, but we need something particular for drivers. Part of that is the Smart Freight system and part of that is the haulier handbook, which helps checks things



off; it brings it to life and makes it real. That is in a very early drafting stage from Government at the moment.

Q25 Ruth Cadbury: What you are saying is that businesses cannot get ready for some of this stuff because they are still waiting to see it in black and white, to know what they are required to comply with. Is that right?

Elizabeth de Jong: Yes. I believe that there will be another uptick in readiness once those things are available for people to see—once the haulier handbook is out there and once the Smart Freight system is ready. A demo that went live last night will help people, but seeing in black and white the magnitude of what you need will be very helpful indeed.

Q26 Ruth Cadbury: Do either of the other witnesses want to add anything?

Richard Burnett: My concern is that traders are not ready. They are slow. That was part of what Lord Agnew was trying to say yesterday. He thinks that business is burying its head in the sand. I am not sure that is quite right. Some of the messaging at the moment is still about deal or no deal. This is about whether we get a free trade agreement or whether we have WTO. The paperwork has to be completed, and therefore businesses have to be prepared. At this stage, there is evidence that they are not. The haulage industry plays a part in working with their customers to ensure that they are prepared. We did a survey of 1,000 international hauliers last week; 91% felt that they did not have sufficient clarity over those processes in order to prepare.

The other point is that it is not just about completing the declarations. You have to on-board traders to the customs intermediary systems. You have to cleanse the master data. You have to match the customs codes and tariffs to the product, and we still do not know what deal we have. We do not know whether we have a free trade agreement or whether it is WTO. The process of even preparing the data to be uploaded to those systems can take weeks or months, or, in some businesses, years depending on the complexity of the SKUs that they are dispatching. Again, we come back to UK business being ready to trade with the EU and making sure that they have an intermediary to do that work for them, and work with them. It is happening too slowly at this point in time.

Richard Ballantyne: I will not repeat what Elizabeth and Richard have said, which is very valid. The one extra point I would make, which is a slightly different one, is about both digital and physical infrastructure, in my case at ports. If we are to have all the information processed and if traders are to be prepared, remember that we need infrastructure that can facilitate it.

As I said before, the Government have helpfully announced infrastructure funding, but we are still running to very tight timescales on whether or not the digital infrastructure will be tested, properly rolled out and understood by industry, including the ports. On the physical infrastructure, we are still waiting for the detail about the number of checks and the criteria, and what



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will occur at the inland and in-port facilities that ports need to prepare properly.

Q27 Ruth Cadbury: Thank you. Elizabeth, the UK Government decided, on the advice of the logistics industry, to phase in checks on EU imports to the UK until July. To what extent would similar transitional measures from the EU alleviate some of the pressures and concerns that you have raised today?

Elizabeth de Jong: If the EU agreed to the same approach, it would dramatically reduce border delays, or potential border delays, and would allow additional time for all parties to prepare for full border controls. It would be something we would welcome very much indeed. We would expect far fewer delays while the paperwork was checked. Import and export traders would still need to put things in the systems, but the driver would not need to have all the paperwork. A reciprocal arrangement on the staging of import controls is something we would welcome very much indeed.

Q28 Ruth Cadbury: Do either of the other witnesses have anything to add?

Richard Burnett: I have nothing to add.

Richard Ballantyne: I agree with Elizabeth, although I add a slight caveat. As I understand it, the French and the Belgian systems are slightly ahead of us. They have them in place, so from that angle we are a bit better off, but in terms of wider industry and trader preparedness there is still obviously ongoing concern.

Chair: We want to ask about the IT systems that will be needed and readiness on that front.

Q29 Robert Largan: We have already talked a bit about the IT system, the Smart Freight system, and just how important it is. Elizabeth, what assurances have you had from the Government that the Smart Freight system will actually be completed on time and that you will have sufficient time to do testing?

Elizabeth de Jong: Because of the timescales involved, the assurances are not around sufficient time; they are around making sure that the system is delivered and tested as widely as possible in the timescales we have. It went live into testing with industry last night. There is some talk about it being ready at the end of December, but in fact I have heard from the border and protocol delivery group that it may go into the public domain at the end of October.

Because of the timescales for development, we have focused on trying to get the current testing phase to be as wide as possible and making sure that it covers international hauliers as well as UK-based hauliers, and smaller companies as well as larger companies. It is not quite an assurance that there will be sufficient time for testing; it is an assurance that the process is the best that can be done within the timescale.

Q30 Robert Largan: Could I ask Richard Burnett the same question?



Richard Burnett: The Check an HGV online demo system came out last night. I completed the system test. It is very straightforward and very easy to use. It is not an intuitive system. It goes back to what I said before; it tests the haulier on whether they have all the paperwork. Basically, you just tick a box to say, "I've got the appropriate paperwork for the load that I'm taking." That is as complicated as it gets. It is not intuitive. It is just a trusted tick-box system.

- Q31 **Robert Largan:** To change tack slightly, going to Richard Ballantyne, the question is similar but based on thinking about the goods vehicle movement service.

Richard Ballantyne: This is the system that will probably be used by roll-on/roll-off ports and traders to facilitate the pre-lodging of customs declarations, so that you avoid the traditional customs process whereby, when goods arrive at a port, you seek approval and clearance from HMRC and, when you get a positive indication, the goods are released at the port gate. The GVMS system is designed to pre-lodge information so that when the ship and the vehicles arrive in the UK, they are, effectively, good to go. If they are not, they will get a message directly telling them to proceed to either a port facility or an inland facility.

It is a brand-new system. The ro-ro ports certainly like the principle, but there are some quite detailed discussions about the liability of port operators and about how the goods are released into free circulation if they are going to an inland facility. The concern is that it will not be ready and tested in time, but we like the principle of it.

- Q32 **Robert Largan:** Elizabeth, what is the worst-case scenario? If these systems are either not delivered on time or do not work properly, what is the worst-case scenario? What is the impact going to be?

Elizabeth de Jong: I believe that Check an HGV will work because it is a simple question. For me, the question will be if traders are not ready. We have 85 to 150 trading businesses that need to be ready. They need to get the right data to the right person for the right system at the right time. If Check an HGV was not ready, the driver would be setting off without having had that aide-memoire on whether they have everything they need, and it would need to be checked, probably en route, at some of the points that are being set up or at the border itself.

One of the reasons why I am very keen to have metrics on whether traders are on track to deliver the border documentation is to stop queues, whether they are physical queues at the port or having to wait at your depot while the documentation comes to you before you can set off on your journey. The types of metrics I would be looking at to check that we are ready are how many traders are registered for the EORI customs system and how many are registered in Northern Ireland for the trader support system, and are they logged on to the systems they need to produce all the additional certificates? I think that would be the scenario and the impact of not having the Check an HGV system ready.



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I do not know about GVMS. One of the Richards might be able to tell me if that is in place. I believe it will be in place and will be used.

Richard Ballantyne: The expectation is that it will be utilised for Northern Irish traffic as well. The timescales are very short.

Elizabeth de Jong: That is correct. GVMS is for Northern Ireland to begin with, for January, and then the rest of the UK for July. It is Northern Ireland that would be hit, but it is at the testing stage. It has been publicly available for a while for IT developers to link their systems to it, but I do not have timescales for completion.

Richard Burnett: We have had no confirmation of exactly when we will get access to the system. They have estimated December, but when we are in December we have a very short window to be able to train people.

The logistics industry is very good at finding solutions. If CTC and GVMS are not going to work, you could look at the breakdown of the European transport market; going back to that 71%, 33% of the hauliers that come into the UK from Poland use the TIR convention to take product across the eastern bloc. They are very familiar with that process. That is an alternative to those systems.

Part of the challenge that we have been taking back to Government is that there probably needs to be greater emphasis on something like TIR, working with the IRU. We have to find a way through. We have to find the path of least resistance. We are saying, "Look, this could well be a solution where you have many hauliers from different countries who are already familiar with how that convention and that paperwork works." They are going to be taking the lion's share of the backhauls from the UK back to Europe. It does not mean to say that you do not fill out your customs declaration. You do, but it is just a process to wrap and provide that guarantee.

Robert Largan: Thank you. I think we are going to be picking up some of those points when we talk to the Minister in the next session.

Chair: For our last section, we want to ask about agreeing a UK-EU trade deal and road haulage arrangements. It certainly struck me from the evidence that the bulk of our imports and exports from road are from mainland EU country hauliers or the Republic of Ireland, and that the UK market is more domestic.

Q33 **Simon Jupp:** Good morning to the panel. Thank you very much for joining us this morning. My first question is to Richard Burnett. How confident are you that the Government will negotiate sufficient access for UK hauliers to the EU single market as part of a deal?

Richard Burnett: I have mixed views. In terms of our ability to go point to point and our ability to transit, I think the conversations between DfT and the EU negotiators are pretty confident that we will achieve those elements. When it comes to domestic cabotage and grand cabotage, going



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from Germany to Italy or doing internal loads in Germany, I think the EU is very strong in its position, saying, "We are not going to provide you with that."

That is a big impact for UK hauliers going to the EU. Part of the issue is the symmetry of the deal that the UK is trying to negotiate. If the EU withdraws cabotage, we should do exactly the same with EU hauliers. That creates an impact on the market to start with; if an EU haulier, while they are over here, cannot do a backload or internal loads to get them back to their port of exit, they are not going to come. At the moment, more and more European hauliers are holding back, suggesting that they may not trade or even come to the UK from 1 January, depending on the potential impact of chaos in business processes, backload availability and queues. That is going to be a growing challenge for the market.

Through the Covid pandemic, for instance, when we had a shortage of drivers in Italy and Spain, we had to send UK vehicles to pick up more volume and bring it back. If we do not strike the right deal, there is going to be a risk to our supply chain in bringing volume in if EU hauliers decide not to come.

Q34 **Simon Jupp:** There is a lot of uncertainty ahead of 1 January.

Richard Burnett: Yes, very much so.

Q35 **Simon Jupp:** To the entire panel, to what extent do ECMT permits and bilateral agreements with individual member states offer a viable contingency in the event of no deal?

Elizabeth de Jong: To add to what Richard said, the other reassurance we have received is that there would be what is called a glide path to any new reciprocal arrangements on cross-trade, transit and cabotage, if they are less than we have currently. That gives us some reassurance that there will not be a sudden market failure in that area. Currently, EU cabotage is 0.8% of the UK market, but like Richard we know that some EU hauliers are deciding whether or not that makes their trip to the UK viable at all.

The ECMT permit system gives very little comfort for the future for both parties. It is really important that the deal is done, or bilateral agreements are put in place instead, which I think would probably be the preferred option. You may have heard that for ECMT there is a base limit for the UK of 174 annual permits. If that is just applied to Euro 6 vehicles, it takes us to about 2,000 permits. Currently, 8,000 road haulage companies are registered for international trade in the UK, so only one in four UK hauliers could get a permit and they could only do one journey at a time with that permit. It is not ideal.

Q36 **Simon Jupp:** I don't know about you, but I always get nervous whenever I hear phrases like glide paths and things like that when it comes to national policy. Can I ask Richard Ballantyne the same question about viable contingencies?



Richard Ballantyne: Certain ports are concerned about this. They would very much support the comments from Richard and Elizabeth. I would not be able to answer as eloquently as both of them, so I will change tack slightly. I highlight that we are not political so we are not pushing for specifics on a principled basis, but it is worth nothing that if we do not get a free trade deal with the EU and certain tariffs come in, while they may not represent an operational challenge at the border—say, the collection of duties, which are fiscal processes and not conditional on entry—they might have an impact on certain sectors, such as the car manufacturing industry and the agricultural industry, that make up a lot of our imports from and indeed exports to countries in the EU. There is a wider concern that there could be unintended consequences and impacts on the wider freight and logistics industry as well as on manufacturers.

Q37 **Simon Jupp:** And Richard Burnett?

Richard Burnett: From my perspective, ECMT is not a solution if we do not get the right deal. It is also fair to say that it is going to take some time to negotiate bilateral arrangements or agreements with each member state. There are going to be some challenges.

Taking up what Elizabeth was saying about the 8,000 businesses, that equates to about 39,000 trucks that those operators operate. You can see that there is still a significant gap for UK hauliers to be able to access Europe in the event of ECMT. I guess that level of uncertainty is a concerning challenge that we still face.

There are certain sectors that will be impacted greatly by cabotage being removed—for instance, in GB to EU. It is the bread and butter of concert hauliers' business. Not only have they been decimated this year because of Covid, but they are likely not to be able to go to Europe and access Europe if we do not reach an agreement on cabotage.

Simon Jupp: I am grateful to you all for your time. Thank you very much for your thoughts on that.

Chair: We have the Minister and Mr Parkinson in the room, so no extra pressure, witnesses. There is time for a final question from Chris Loder.

Q38 **Chris Loder:** We have been talking a lot about the difficulties, challenges and pressures on timescales for road haulage to cross the channel and get to other European destinations, and vice versa. What proper consideration has been given to what rail can do to alleviate the pressures?

Ten years ago, I was working on a project to connect London with Germany by passenger rail. It was clear that there was capacity through the channel tunnel. As part of your mitigations, to what extent have you considered that as a viable and arguably more environmentally friendly alternative?

Elizabeth de Jong: Supply chains generally always consider rail. We do a lot of work trying to increase the number of paths available to rail freight. There is a strong DfT rail EU exit group where we are in continual contact



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about that, and the additional services, paths and availability that may be offered.

There has been some talk about difficulty using the channel tunnel after EU exit or at the end of the transition period, and we have raised that directly. We are talking about concerns about how safety issues might be legislated and overseen, and whether or not the European Court might need to continue to rule over those. In fact, that is not an issue and we have been absolutely assured that there will be continuity of service through the tunnel.

Q39 **Chris Loder:** Richard Burnett, could I ask you next?

Richard Burnett: I would suggest that consideration has been fairly low. The principles are exactly the same, whether it goes on a train or on a truck: you still have to prepare the paperwork and make sure that you have the right customs declarations to move the product. Certainly from where we sit at the moment, there has not been any consideration of flipping volume on to rail.

Q40 **Chris Loder:** Given the potential threat that you have mentioned to blocking up Kent, for example, do you not think that it might be a worthwhile consideration? I take your point about the paperwork being the same, but clearly the key difference is that you do not clog up the road network in the event of difficulty.

Richard Burnett: It should be a consideration, but, like all of these things, there is operational detail that sits behind it in terms of which countries you are going to target and how you are going to get volume in as primary freight movements. I guess it comes back to the speed at which you decant the product from a train to whatever its supply chain is. There is a practicality to it. It is about loading and offloading it. Road is usually the fastest way to move product in a just-in-time supply chain.

Richard Ballantyne: Briefly, because I do not want to hold the Minister up, rail freight is a very important aspect of the logistics industry, but for ports it only comprises a relatively small amount. Road is used for the majority of goods transported to and from UK ports. It is about 85%. We have had that analysed by specialists previously.

There are aspirations to plug the UK ports industry better into a rail freight network and increase capacity. It has to be said that Government policy has tended to focus more on passenger transport, of course. Freight has always had to pick up the crumbs somewhat. As a market-led sector, we would not like Government to be pushing certain sectors over others.

To create the right conditions for rail freight, there could be more done by the Department for Transport to look at better freight paths, as well as capacity issues and things like infrastructure, both the network and wagons. We certainly have a lot of ports with historic rail connections and current rail connections. There could be an aspiration for those ports to be



plugged in better. Without undermining particular routes, there are other options; unitised volume and bulks could be transported via other ports.

Q41 **Chris Loder:** Although, regrettably, it is worth noting that some ports have had their rail connections removed in recent years.

Elizabeth de Jong: I want to confirm that every port we speak to wants to increase the proportion of goods it receives and dispatches on rail. There is a huge demand for more rail from ports, particularly containers.

Chair: Elizabeth, Richard and Richard, on behalf of the Committee, I thank you very much for your evidence. There is obviously a lot to do in a short space of time, but we very much hope that you and your members will be able to get there. We wish you well. Thank you again.

Examination of witnesses

Witnesses: Rachel Maclean and John Parkinson.

Q42 **Chair:** We move to our second panel in our evidence session on Brexit preparedness in the transport sector. Could I ask our two witnesses to introduce themselves?

Rachel Maclean: Good morning, Chair and Committee. I am Rachel Maclean, Minister in the Department for Transport with responsibility for EU exit preparations.

John Parkinson: Good morning, everyone. I am John Parkinson. I am the international director in the Department for Transport. I am responsible for overseeing our EU transition portfolio, working with modal directors across DfT.

Q43 **Chair:** Good morning, Minister, and Mr Parkinson. Thank you for being with us. We have just had a very interesting evidence session with those in the industry. We have taken evidence that there is still quite a bit to do in 54 days. We have also taken evidence that the bulk of the carriers on the road of UK imports and exports come from EU member states. Therefore, one would assume that there is a lot for the EU to gain by getting a deal.

In the summer, the EU criticised the UK for continuing to request single market-like benefits for its lorry drivers. What are the main sticking points currently in the negotiations on road haulage, and how optimistic are you, Minister, that an agreement can be reached with the EU?

Rachel Maclean: We remain committed to achieving an agreement with the EU. As the Committee knows, negotiations are ongoing and intensifying as we speak. What we believe we are asking for is an entirely reasonable set of arrangements that maintain our flexibilities for hauliers on a permit-free basis. We are not asking for single market access, but we are exploring some limited additional flexibilities that we believe will be sensible for both sides. We have seen some good progress on that, but I am sure you would not expect me to provide a running commentary on a live negotiation.



Q44 Chair: I completely understand that. There have been recent reports that the EU and the UK are looking at a mini-deal on road transport if the more comprehensive UK-EU deal cannot be reached. First, is that true? Secondly, what would be the benefits and risks of any mini-deal?

Rachel Maclean: I think you said it yourself, Chair. There is recognition from the EU side and from the UK side that achieving continued access to each other's markets is in both sides' best interests. Haulage clearly plays a very important part in our economy, as it does in the EU's economy as well, for the member states. We are absolutely focused on ensuring that hauliers can continue to have that access and can continue to provide services to, from and through each other's territories with no quantitative restrictions and no permits. That is where we started from. At the moment, we are approaching it on a unilateral basis. We want to secure a unilateral agreement. We believe that an agreement is sensible, proportionate and achievable.

Of course, we have contingency plans for every aspect of our work in this field. We have plans if it is not possible to reach a permit-free agreement. We have alternative arrangements that could be stood up, but I stress that it is our first preference to reach an agreement, and we believe it is entirely possible.

Q45 Chair: Let's work on the basis that David Frost and the Cabinet Office are working on the big deal that covers everything. Is it the case that the Department for Transport in parallel is working with your counterparts in the EU on a mini-deal, so that, if the bigger one fails to reach fruition, there is something that can be picked up for the beginning of January?

Rachel Maclean: I want to be clear that on the broader negotiations we, in the Department for Transport, like all the other Departments, work hand in glove with David Frost and the team. The negotiations are co-ordinated and sequenced, so we work entirely under that framework. We do not have our own parallel negotiation sessions. Everything is sequenced and co-ordinated through David Frost's team.

From going through this process previously, we know that there is a range of ways that we could secure access to each other's territories in the event that we were not able to agree a deal, including mutual recognition of existing documents that are issued to UK and EU hauliers for international carriage without the need for additional paperwork.

Q46 Chair: To be clear there is a process on working for a mini-deal as a fall-back.

Rachel Maclean: I am not using the word "mini-deal".

Q47 Chair: Let's call it an alternative arrangement, to use the lingo—an agreement between the UK and the EU to cover this sector, in the event that we cannot get the bigger deal that, as you say, the Government rightly hope will be in place.



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Rachel Maclean: Yes, absolutely. I think hauliers would expect us to prepare for every eventuality. Clearly, it remains our first and overriding objective to secure a cross-cutting deal with the EU on all the aspects that affect our economy, but we know from having gone through the process before that there is a variety of other routes that we could pursue.

When it comes to looking at what point we trigger those talks, that is not something that is within our gift alone because we work through David Frost and his team. It all plays into the wider negotiations.

Chair: Thank you, Minister, for those opening answers.

Q48 **Ruth Cadbury:** If no agreement is reached, Minister, to what extent do the ECMT permits—I believe there would be a finite number of driver permits—and bilateral agreements with individual member states offer a viable contingency?

Rachel Maclean: As I alluded to before, if we do not reach a permit-free agreement, which remains our priority, we have established some frameworks and systems under the Haulage Permits and Trailer Registration Act. That could in principle apply to a new permit-based agreement with the EU as a whole, or possibly a series of bilateral permit-based agreements. I stress that that is not something we want to see; it is not our first preference. They are eventualities for which we have prepared the ground by use of legislation, which I think is a sensible approach. I stress as well that ECMT permits continue to provide market access for UK hauliers in any situation post EU transition.

Q49 **Ruth Cadbury:** We have discussed ECMT permits with you and your predecessors. What is your assessment of the number of permits that UK hauliers would be entitled to under the ECMT system?

Rachel Maclean: We do not intend to rely on ECMT permits alone in that eventuality, which again I stress is not our first preference, but they will provide some additional capacity to UK hauliers, alongside other market access arrangements that we hope to secure in that eventuality.

Q50 **Ruth Cadbury:** How would that work? Would it be having more EU drivers driving lorries from the UK to the EU, or what?

Rachel Maclean: The ECMT permit scheme provides market access for a limited number of hauliers who wish to travel to other member countries, which include all the EU countries except Cyprus, plus some others like Turkey and Switzerland. The number of permits available depends on the age of the vehicles they are used in, with more permits available for newer, cleaner vehicles, as defined by their Euro class. The UK has up to 1,668 annual and 5,040 short-term permits available for 2021.

Q51 **Ruth Cadbury:** What is that as a percentage of the current UK drivers driving to the EU?

Rachel Maclean: We know that it is not adequate for all the UK drivers driving to the EU; it is just one option that we would look to rely on in the



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eventuality that we were not able to agree a more widespread access arrangement.

Q52 **Ruth Cadbury:** What are the other alternatives?

Rachel Maclean: The other alternatives are a series of bilateral agreements that we could potentially agree. As the Chair said at the very beginning, there is a significant amount of trade that passes between member states. We would clearly look to secure agreements with member states to enable market access and to enable the transport sector to continue to operate.

Chair: Minister, we want to talk about lorry congestion and queues. We have received a copy of the letter that Michael Gove sent to the industry on 24 September, which dealt with a "reasonable worst-case scenario" in which 70% of hauliers, including 50% crossing at Dover and the channel tunnel, do not have the correct paperwork. Robert Largan will take us through this section.

Q53 **Robert Largan:** Good morning, Minister. We all want to see a long-term trade deal reached between the UK and the EU, but it is absolutely right that we have to prepare for all eventualities. The Chairman has just referred to the Government's own reasonable worst-case scenario, which talks about potential queues of up to 7,000 lorries on the roads in Kent. What is being done to prepare for and manage the impact of that worst-case scenario?

Rachel Maclean: You will be aware that this is the result of a lot of detailed planning that has not only been done by my Department, John and the official team, but is owned across a number of different Government Departments. We in DfT of course play a critical role because it is our responsibility to consider the impact on Kent, on residents and businesses across the board. That is the starting point. That is why we have looked at it from a worst-case scenario.

With a worst-case scenario, it is important to remember that it is the worst case, but we absolutely have to plan for that. The detailed work that has been done to come up with that number relies on a whole series of assumptions that have been fed into a number of different Departments across Whitehall. It is our job in the Department for Transport to put in place robust plans for managing the impact on Kent.

We start from the premise that what we want to do is to enable hauliers to be ready to cross the border with the right paperwork before they get to Kent, which is where the Operation Brock work comes in, and the IT system, previously named Smart Freight, but now retitled as the snappily-named "Check an HGV is ready to cross the border". That is the new name of the Government's IT system. I did not choose it. However, that is the name. I may abbreviate it to Check an HGV later in this hearing.

However, we know that while we in the UK are able to determine what checks we place on hauliers, although of course we will not be placing any



of our own outbound checks on hauliers, it is not in our gift to determine what will happen at the French ports. We cannot control what they do. There is limited capacity in France, so that could naturally lead to queues backing up, especially at the short straits crossing, because of its importance to the UK economy.

That is why we are working in a lot of detail with the Kent resilience forum to revise traffic management plans as they reach the end of the year. We went through this before with the no-deal preparations. There was a lot of learning from that situation, and that has been fed into our plans this time around. We will draw on a combination of temporary lorry holding at the A20 Dover TAP sites, the M20 between junctions 8 and 9, and off-road sites, and we are procuring some temporary lorry-holding capacity at Ashford Sevington. The wider plan then will feed all of that into using those sites if it becomes necessary and Operation Brock is active.

Q54 Robert Largan: To get an understanding of the level of planning that is involved, what consideration has been given to the facilities that lorry drivers are going to need to use if they are stuck in queues?

Rachel Maclean: That was almost the first question I asked when I was given this portfolio. It is absolutely vital that we consider the welfare of drivers and hauliers, because they are hard-working people. We rely on the haulage industry for the supply of critical goods. We must consider their welfare. Your previous witnesses have done a fantastic job in representing their members, those hauliers and drivers, to me and other Ministers in DfT.

Yes, we have detailed plans that we have worked up for the provision of not only portaloos but other facilities for drivers, not only in Kent, should it become necessary, should there be stationary traffic, but in a range of other areas throughout the country. We want to minimise the impact on drivers who are already working really hard. We do not want to see them in queues. We want to think about the impact on them.

Q55 Robert Largan: Would you say that you are confident that the Government will be in a position at the end of the transition period to manage the situation as effectively as possible?

Rachel Maclean: There are going to be a number of unknown unknowns. We have seen one of those, which, of course, is coronavirus—the pandemic—and we have had to make provision for eventualities that we could never have expected.

As to the transition period planning, we have known that it was coming for some time. Because the team in the DfT and John's team went through the process in a huge amount of detail before I was appointed as a Minister in the Department, a massive amount of learning and institutional knowledge had been built up in the Department.

This time around, we have some advantages. Although a lot of our work is still contingent on the negotiations, and we do not yet know what the free



trade deal will look like, we know for a fact that there will be border checks. We have been able to plan for that in the Department and make a lot of detailed assumptions about the reasonable worst-case scenario and the impact on Kent.

Added to that, we have been able to do some things that we could not do last time. We now have new infrastructure in place. I point, in particular, to the moveable barrier in Kent, which I have been lucky enough to see. Instead of us having to close down the whole of the M20, as had to happen under the Operation Stack scenario, it will enable traffic to continue to move more freely on that motorway. While we may see some hauliers held there, we should also see Kent residents and other people being able to use the motorway to access London in a much more advantageous way than we saw previously.

Chair: Do you want to follow on, Karl?

Q56 **Karl McCartney:** My question has been asked. The Minister knows that the last time she was in front of our Committee I asked about facilities for lorry drivers and the increase across the national network, and she has just covered it a little bit, in the case that, following 1 January, there were some delays to lorry drivers. In the case of the delay being for two days, I asked the question of Richard Burnett; I think he was asked three times and he did not give us any answers, although he talked about flushing at one point.

In the case of lorry drivers perhaps being delayed up to two days, what other facilities, other than toilet facilities, will be provided for them, or what are the plans to provide them? In various lay-bys, there is a proliferation of bottles that look like they are filled with Irn-Bru, but they are not. If drivers are going to be stuck for two days, they are going to need feeding and watering.

Rachel Maclean: Absolutely. Thank you for your interest, and I share it. Hopefully, Karl, you received the letter that I wrote to you following my last appearance. You are nodding, so I hope you received it.

Karl McCartney: Yes.

Rachel Maclean: Drivers have access to the full suite of facilities at all the motorway service stations and truck stops, as they currently do, including toilets, showers and refreshments. Additionally, we have taken into consideration the situation that those facilities would need to be closed because of Covid. We will ensure, even in that situation, if we unfortunately see a progression of the virus spread, that we continue to provide access to washroom facilities, in line with Public Health England guidelines at the time. The delivery provider that we are using already has experience in that, because they delivered Public Health England-compliant outdoor washroom facilities to customers during the Covid-19 response.

The other piece I want to reassure you about, Karl, is that we are working very closely with Highways England. We are signing, providing access and very clear signalling to drivers, where those facilities will be, again, to ease



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their journeys. We want to consider the welfare of the drivers. We know they play a vital role. They played a vital role in the pandemic in keeping goods and services moving around the country, and I am incredibly grateful to them for that. We need to think about their welfare, because we cannot keep this country going without them.

Q57 Karl McCartney: Thank you, Minister. Does your colleague, John Parkinson, have anything to add?

John Parkinson: No, I don't think so. The Minister has covered it.

Karl McCartney: Thank you very much.

Q58 Chair: Minister, back in 2015 residents in Kent suffered absolute chaos from Operation Stack. People missed their appointments, they struggled to get from A to B, and goods could not come in. Having a constituency right on the Kent border, I saw that for myself.

In the reasonable worst-case scenario that 7,000 lorries are stranded for two days, how confident are you that Kent residents will not experience anything like the degree that they experienced a few years ago with Operation Stack?

Rachel Maclean: I was not a Minister then, but I recognise and absolutely understand the impact on Kent residents. I have personally visited the Ashford Sevington site. While I was there, I spoke to local residents, representatives from the parish council and the local MP. Those concerns and strong feelings were conveyed to me in no uncertain terms, in addition to all the Kent MPs, who I engage with regularly. I really understand the concerns and natural worries of Kent residents.

That is why we do not want to see queues of two days. We have had to set that out and plan for it, because it would be remiss of us not to say that it could, potentially, happen. We are doing absolutely everything we can, right from the minute that someone decides to set off on a journey, to make sure that that journey can be completed in a trouble-free way without them having to wait for two days.

I have mentioned some of the things. In addition to the Sevington site, we are looking at procuring the use of the Manston airport site, again in case we need it. We already have the site in Dover where we can divert traffic off the roads in Kent, should there be some disruption, in the unfortunate situation that we had some disruption.

To come back to your question and to answer it as directly as I can, Chair, I believe we have done so much planning and used the best logistics minds at our disposal in Government. It is not just my Department; it is co-ordinated across the whole Government in the logistics, the planning and how we stress-tested the scenarios. As we get closer and closer to the actual end of the transition period, we will do more and more planning exercises. Every time we do them, we learn more about small things that we can improve. We are going to continue doing that.



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Chair: Thank you, Minister. We turn next to industry readiness for the end of the transition period.

Q59 **Greg Smith:** Good morning, Minister. You touched on the paperwork readiness of lorries going both ways between the EU and the United Kingdom. Can you give us an update on where preparedness is? I appreciate that it is not wholly a DfT point. It involves work across multiple Departments. Where are you in working with BEIS and other Departments to get British industry ready so that they actually have the paperwork, and understand the paperwork, they will require, whether it is physical paper, digital or whatever form it might take? Where are we on that?

Rachel Maclean: It is a really important part of our work. You are right to say that we do not have the whole responsibility for that, but we definitely have the lead responsibility in my Department for engagement with the haulage sector and the transport operators. We have our own focused stream of work, which reaches out to hauliers, transport managers and drivers. As well as that, I regularly meet the Road Haulage Association—in fact with all the previous witnesses you heard from. We have very good dialogue with them. The officials in my team probably meet them almost every day.

I appreciate that there is going to be a lot of change for them and that we cannot have absolutely everything ready right now, as they would like. We would like to be able to provide as much clarity as possible. That is always our starting point. The border operating model has been published. We had a meeting just this week where they saw a demonstration of the ready to cross the border service. They were able to provide feedback, and we take that feedback on board.

Our work has indicated that we have some quite good results from our communications. It is not finished; we are doing it all the time. We know that, despite all the uncertainty that exists in this space, 92% of hauliers in the UK have reported taking at least one action, visiting gov.uk and signing up for alerts. We know that 82% of UK hauliers have looked for information about customs changes, and 82% have instructed drivers about collecting the correct documentation.

We know that some have not taken any action, but that is understandable because there is still some time to go. It is worth stating that, where we have engagement with the industry, some businesses say, “Yes, we know what we need to do. We are ready.” There may be some teething problems, but, as time passes, we will be absolutely ready and we can handle this. We have very experienced people working in the industry—logistics experts. I have every confidence that they will cope with what they need to do.

Q60 **Greg Smith:** Absolutely. I share your confidence. As you rightly pointed out, with change comes some uncertainty. With change come a lot of questions for people in logistics businesses, haulage businesses or whatever it might be. From my position, it is a change for the better and



we will get there.

When we look at some of the stats that you have just read out about the number of business that may have looked at gov.uk, there could still be a big gap between “thought about it” and “done something about it”. There will come a crunch point when everybody has to be in the place where they know what they are doing. Learning from the Covid pandemic, particularly with the number of people signing up for universal credit, the way that DWP very successfully dealt with that was by a massive scaling up of capacity to process new claims and so on. Is that capacity coming down the line, so that the DfT, in conjunction with BEIS and other Government Departments, will have a body of civil servants and officials able to answer the very specific questions that will be coming in a very tight timeframe, so that businesses know that they are in the right place before the wheels start turning on the trucks?

Rachel Maclean: Yes; 100%, Greg. I might ask John Parkinson to come in on capacity, but, before I do, I want to reassure you that, even though the DfT has been on the frontline of the coronavirus pandemic, we have not at any stage stopped work on preparation for the end of the transition period. We have known that it was coming. We have an enormous responsibility in this space. We have been meeting all our obligations in terms of resourcing all the critical frontline response structures that will be needed. We know there will be change, and we know there will be inevitable questions that arise at the last minute. A lot of structures across our Department are being stood up now in crisis response, such as how we escalate our plans and how we roll out and stand up our various operations.

In terms of the haulage industry, we are setting up a range of information and advice sites across the country because we do not want the impact just to be in Kent. We want to ensure that hauliers can get the advice they need, whether it is on completing paperwork or completing the ready to cross the border system, before they reach Kent. Those sites are being stood up now. There is a range of them that we are getting ready.

The sites will open before the end of the transition period, which is very important; they will be there and, when hauliers make their regular journeys, we will encourage them to stop off and make sure that all their questions can be answered. We are going to have people at those sites able to speak different languages. We are doing a lot of work to get all that up and running. I will ask John to come in on the capacity side.

John Parkinson: Thank you very much, Minister. As the Minister has set out, we are already extensively engaged with the haulage sector. We are building up that engagement with the capacity to support it. We will shortly be launching a specific campaign aimed at hauliers to ensure that they are ready, whether they are UK or EU hauliers, and that they are aware of the documentation that they need to go through customs. As the Minister said, a very important part of our arrangements will be having 43 information and advice sites at various key locations around the UK. We have done a



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lot of work to ensure that they are placed at the points where hauliers stop, so that they engage with them.

We are also looking at providing products, including a haulier handbook, to make sure that people are aware of what they need to do. Among other things, we will be emailing those directly to all UK haulier managers. I hope that gives you an indication of the fact that we have done a lot, and we are doing more as we build up towards the end of the year. The information and advice sites will be open in November.

Q61 Greg Smith: Absolutely. That is very good work and progress. The little niggle that exists in the back of my mind, which I will leave you with, is that, thinking through our learnings from this pandemic, when perhaps new restrictions have been put into place, a lot of businesses have had last-minute questions: "Expletive. What does that mean for me?" Maybe people have not thought through or fully understood the situation.

While the stop points are good and the information campaigns are good, can I urge you also to think about that last-minute capacity, that panicked force in a haulage business's mind just before a fully loaded truck leaves the yard: "Have we got this right?" It is about ensuring that we have the capacity to give people an instant answer to their question where it is practical to do so, rather than saying—I am not saying that this happens in the DfT—as sometimes can happen in Government, quangos or state bodies, "We'll get an answer to you in 14 days," or something. That clearly would not be practical, so it is about how you can address the very last-minute issues that might flare up.

Rachel Maclean: Absolutely. To reassure you, we recognise that the haulage sector and industry relies on the just-in-time flow of goods for many of our industrial sectors, the NHS, our food supplies and so on. We have always started from the premise that we will need to be responsive in real time. That is how we are making our plans now, through a series of gold command centres and crisis response centres. I will not be going anywhere over Christmas and the new year, I can assure you. I don't think John is going to put in his holiday request either.

I heard some of the earlier witnesses talking about the Operation Brock consultation and requesting more clarity on that. That will be a very important part for them to see more detail. It is going to be published tomorrow. They will, hopefully, get a lot more of the detail that they have been requesting and wanting—rightly so. Even if it does not answer all of their questions, we will continue to work closely with them to make sure that they have what they need from us.

Q62 Grahame Morris: I want to follow up on that point, Minister. I am pleased that you heard the evidence that the previous panel gave us—the freight operators and so on. How is multi-modal freight capacity going to be maintained and, as a contingency, increased?

You might have heard Richard Ballantyne of the British Ports Association tell the Committee in the earlier session that there are 40 UK ports that



trade with the EU. He mentioned roll-on/roll-off capacities as a potential alternative to relieve pressure on the anticipated pressure points in Kent, in Dover. What are you doing to maintain maritime ro-ro freight capacity? We have heard that P&O is seeking to close the existing route between Hull and Zeebrugge. Other countries, notably the Republic of Ireland, are making particular efforts to maintain and increase capacity in anticipation of the worst-case scenarios that we were talking about earlier.

Rachel Maclean: Absolutely. As the industry knows, we are working to procure additional capacity, should it be needed in anticipation of any disruption in Kent. As well as mitigating what we hope will not happen in Kent with all the stuff I have just outlined to you, we recognise that it may be the case that there may be disruption in Kent. Therefore, traders would choose not to use the short straits crossing.

That is why we are making available to hauliers a procurement capacity and a freight capacity framework, which will enable them to plan their journeys by not using Kent and making use of other ports outside the short straits. That is a piece of work that we announced yesterday, actually. Hopefully, your witnesses will be aware of what we are doing. We are procuring capacity of over 3,500 HGVs from four framework operators across nine different routes around the UK to support that objective. We think it is a sensible response, looking at what the worst case could be, as to what alternatives could realistically be provided.

Q63 Grahame Morris: I appreciate that in relation to freight capacity, but in terms of multi-modal, as freight vehicles go on to the ferries and so on, it must be a concern when P&O and, presumably, other operators are proposing to close down existing routes and capacity, which I am sure is because of short-term pressures through a drop in demand due to the Covid circumstances. Are there any interventions that you and the Department are making with P&O and other operators to try to safeguard those routes and that capacity?

Rachel Maclean: Freight is a market-driven activity and it is incredibly competitive. It is one of those businesses where there are shifts over time. I cannot comment on that specific route. I do not have that particular information. I am not the maritime Minister.

In terms of what happened in the coronavirus pandemic, our Department did a significant amount of work to safeguard freight capacity on various routes. I do not know whether that particular route was one of them, but the Government underwrote a number of freight routes to make sure that there was freight capacity for critical goods coming in and out of the country, particularly at the very start of the pandemic. If you recall, there was a worry about how we would ensure the continuation of that. Yes, we definitely intervened at that time. Like any coronavirus pandemic response, we keep all of that under review.

We monitor freight flows very closely in the DfT to see what impacts are being felt across all sectors of the economy. If we felt that there was a case



for intervening again, we would certainly look at that and have those discussions with the Treasury.

- Q64 **Grahame Morris:** I am grateful for that. Would you investigate the specific issue I raised, and have discussions with other colleagues who are involved, particularly in the maritime sector? The terms of reference of our investigation are very specific in relation to Brexit planning preparations, but subsequent opportunities to develop ports post Brexit are dependent on them being commercially viable, and having opportunities to develop jobs, trade and renewable energy hubs and accommodate zero-carbon shipping. If we lose those routes, that potential will be gone. I would be grateful for any support and clarification that you are able to give subsequently.

Rachel Maclean: I absolutely will. Let me say one word on freight ports in the future. Across the board, we are looking at our freeport capacity more broadly, because leaving the EU provides us with the opportunity to do things very differently with our freeport plans. We will definitely write to you on that one point.

Grahame Morris: That is a whole new issue, Minister. I am under instructions not to get into that, but I am grateful for your response.

Chair: Perhaps we can move on, Minister, to customs and checks on imports from the EU to the UK.

- Q65 **Ruth Cadbury:** Minister, you said that you thought that 91% of hauliers have taken an action such as looking on a website and so on, yet we have just been told by the RHA that 91% of its international hauliers do not feel they have the information needed to say that they are confidently going to be ready for January. There is quite a high risk of serious disruption.

The Government decided, on the advice of the logistics industry, to phase in checks on EU imports until July next year. To what extent do you think that similar transitional arrangements from the EU would alleviate the pressures that we may face in January for exports?

Rachel Maclean: Are you referring, Ruth, to what checks the EU would place on our trade, outgoing from the UK?

Ruth Cadbury: Yes.

Rachel Maclean: It is clearly not in our gift to say exactly what the EU will do. Some of that will be subject to the actual shape of the final deal that we are able to agree, as I hope we do. We have taken a decision on our side, on the UK side, to take a sensible approach to phase in checks. We will have some checks in January. We will have some more in April, and a significant number in July.

In terms of what the French authorities will do, or any other EU country, we know specifically that France will be imposing checks, and they will expect hauliers to be ready. We know already that they will have some systems in place where they separate loads coming off the ferries that are



deemed to be ready and have the documents in place. They will allow those to continue their journey. There will then be some sort of holding procedure where they keep loads while they check, but that is very limited. That is why we are putting in place all the other measures to mitigate the disruption that I referred to earlier.

Perhaps I could make one point on your comment about the number of hauliers who say that they are not ready. I have a lot of sympathy, as I hope I have conveyed to the Committee, on the additional work that hauliers need to do; many of them are small businesses and, understandably, have an awful lot of other things on their plate at the moment. We are doing a lot to help them.

As well as the advertising, the communications and everything we have talked about, there is a whole programme of work where we get in touch with them individually by phone. We know which businesses trade across the border. We have details of those people. There is a programme of work across Government to reach out to people on an individual basis, if that is required, to ask them detailed questions and to get that granular level of information into the hands of the people who need it. I understand that that work is not finished. It is continuing as we get nearer to the day.

Q66 Ruth Cadbury: The European Commission has not confirmed yet if it will reactivate the earlier contingency plans that it made to allow UK road and air transport services preferential access to the single market on a temporary basis to prevent disruption to trade. How important do you think that such a measure would be?

Rachel Maclean: For air freight and for road transport?

Ruth Cadbury: Yes, according to the EU.

Rachel Maclean: The matters you are referring to are subject to the actual negotiations across the board. We want to reach arrangements where we have market access, where hauliers can continue to trade and where we have aviation connectivity, with flexibility for passengers, and where flights can continue safely. As well as that, we know from the previous time when we were looking at a no-deal exit, which is not where we are now but in the past, that we have faced that scenario. There was a lot of detailed engagement at that time about what potential alternative arrangements could be put in place. It is the case that some of those could be revisited.

I am not in a position now to say exactly how that would play out at the time or the sequence in which it would happen. From the perspective of the DfT, we are as confident as we can be that we will be able to reach sensible agreements with the EU Commission or member states individually to enable connectivity to flow both by road and air. Of course, it is in the interests of their citizens and businesses as well as ours.

Q67 Ruth Cadbury: Of course. Thank you. What discussions have you and ministerial colleagues from other Departments had with authorities and ports in France, Ireland and other parts of the EU about the arrangements



being put in place to ensure that UK exports continue to flow smoothly from 1 January?

Rachel Maclean: I might bring John in to give a bit more detail. As I have said, we are not in a position to have those bilateral conversations at the moment, but we have been given some information, which I referred to in my previous remarks, about how the French authorities will deal with the unloading of their loads. That is information that has been provided to us. In terms of ports in other EU member states, those are not discussions that we are able to enter into. John might like to say something on that.

John Parkinson: Thank you, Minister. It is not for me to speak on behalf of other Departments. The Minister has talked about ministerial engagement. She is obviously right that that needs to be handled carefully, given the situation with the ongoing negotiations on an FTA. There are ongoing regular engagements between, for example, Border Force, HMRC and their European equivalents on operational matters. Those happen as a matter of course.

Ruth Cadbury: Thank you.

Chair: Next we want to talk about IT systems readiness and the Goods Vehicle Movement Service that we have heard about from other witnesses.

Q68 **Lilian Greenwood:** Good morning, Minister. It is not unknown for Government IT systems to have teething problems. Do you have dates for when companies can start to test the new Smart Freight system and the Goods Vehicle Movement Service?

Rachel Maclean: Hi, Lilian. Yes; broadly speaking, we are mindful of the challenges of implementing IT systems across any area of government or, indeed, in the private sector. It was my background before I came into this job. However, that being said, we have been focused for some time on getting ready what was called the Smart Freight system but is now called the ready to cross the border system.

The point you asked me about specifically is when industry will see it. I think you heard from Elizabeth de Jong and others that they were shown it earlier this week. They are now able to look at that system, test it, share it with their members and provide feedback that we are able to work to.

As you would expect, there is a very detailed project plan for all the milestones. We have Gantt charts and all the tools you would expect to manage the software delivery seamlessly and on time, and to enable it to be tested in the hands of real users in real-life scenarios. That is something we are working very closely on. The software itself is not a responsibility directly of my Department, but we are closely involved in the work, as you would expect, because it impacts very significantly on our major stakeholders and the people in the transport sector who will be using it.

Q69 **Lilian Greenwood:** Thanks for that response, Minister. I want to be clear. Are you saying that not only has the industry seen these new IT systems



but it has had the opportunity to get staff using them, testing them and providing the feedback that you previously said was very important? Are they now actually installed on their systems and they are able to use them as if they were for real?

Rachel Maclean: There will, naturally, be a staged process of sharing the software and making it available. That is why we started with a small group of stakeholders who we know represent the vast majority of the people who will need to use it, and to take their feedback in the first place.

In terms of the detailed plan and the milestones, we work closely with BPDG and others across Government to feed back concerns. If it was flagged up to us that there would need to be a wider amount of sharing of that particular software, it is something we would definitely work to achieve and make sure that the testing can take place. We have already come quite a long way in making sure that the software is able to meet their needs.

Elizabeth de Jong made the point that the system in and of itself is not hugely complex; it is more of a declaration. They are declaring that they are ready to cross the border. I have seen the software. I have used it myself. It definitely works, it is ready and it is straightforward, which is the right way. That is what we want it to do. It is a self-declaration system where they say, "Yes, I have all the documents I need for my particular load in order to cross the border." Therefore, we will not need to be concerned about them entering Kent unlawfully.

Q70 **Lilian Greenwood:** It sounds to me as though you are doing a lot of work to pilot it and you are testing it with a limited group, as you described. But when will it actually be available and rolled out for all operators to be able to see the system and try it for themselves? What is the date you are aiming at for that system to be in place, albeit that you think it is simple and, therefore, hopefully, there will be few difficulties?

Rachel Maclean: In terms of the dates you are asking for, and I totally understand why you are asking for them, we are confident that the system will be ready to use from December. We are going to be sharing a version of it in October, which we have already done and will continue to do. That is the clear objective of the Department. John, do you want to add any more granular detail?

John Parkinson: No, thank you, Minister. As you said, BPDG are leading on putting in place that web-based system. We are working very closely with them on it. It is recognised that, if it is to be effective, it needs to work properly, which is exactly why the industry have been engaged, working on it in beta, so that they can feed back and make sure that the system works for hauliers when it is up and running in December.

Q71 **Lilian Greenwood:** Is there a date for when it will be up and running, as you have just described, in December? Is it at the beginning of December or towards the end of December, or don't you have a specific date?



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John Parkinson: My understanding is mid-December, so, in good time, before people would need to cross the border at the end of the transition period.

Q72 **Lilian Greenwood:** Thank you. Do the same arrangements apply to the Goods Vehicle Movement Service? Is that exactly the same? They sound like two separate systems—the ready to cross the border and the GVMS?

John Parkinson: As you say, they are two different systems. DfT's principal interest is in the cross the border system because that is directly relevant to hauliers. I cannot comment on the other system. I do not know what the dates are.

Q73 **Lilian Greenwood:** Minister, are you liaising with colleagues in, I suspect, the Treasury about the GVMS?

Rachel Maclean: Yes, absolutely. As John said, it is not our Department's responsibility, but because, as I have said all along, it has an impact on our drivers and hauliers in the transport sector, I am part of a lot of the meetings led by Cabinet Office, HMRC and the Chancellor of the Duchy of Lancaster, Michael Gove, at which a broad range of issues are discussed, including the system that you referred to. I am aware that the sector has asked for more detail about that particular system. It has been provided as much as it possibly can be. I continue in my role as Minister in the Transport Department to make that very clear to my colleagues across Government and urge them to stick to the timelines, bring industry with them and make as much information available as possible, which they do and which we are all trying to do across Government.

Q74 **Lilian Greenwood:** Minister, do you know the date by which the transport industry and the logistics industry will be able to test the Goods Vehicle Movement Service?

Rachel Maclean: As I said, Lilian, I do not have the dates for that because we are not involved in the project planning for that particular system, but I am sure that colleagues in HMRC would be able to answer that.

Q75 **Lilian Greenwood:** I understand all the preparations you have put in place to ensure that things work smoothly when thousands of users are accessing the systems, but what is your back-up plan if things go wrong and those IT systems do not work as you expect?

Rachel Maclean: We absolutely want the systems to work. As John said, it is a web-based system. It will work on a smartphone. It is a relatively simple system; it already works and we know it works. Of course, if for some reason there was a catastrophic event and it was not working, we would be able to go to a manual checking system, which would clearly not be ideal—no one wants to go there—but we have those plans in case we need to do that. That is when we will be able to use the temporary lorry parking sites. We will be able to use some of the information and advice sites, should we need to in a worst-case scenario.



Q76 Lilian Greenwood: So you have contingency plans in place for that worst-case scenario.

Rachel Maclean: Yes. We have contingency plans. For every plan that we have, there is a contingency plan. We have really thought about and tested every scenario. Coronavirus has made us mindful of the fact that things can come out of the blue that we are not expecting, so we need to think the unthinkable. My approach with John and the team right from the start has been to say, "What if? What if? What if?" That is why we produced very detailed worst-case scenario plans. As I said right from the start, I do not want people to think that that is what we expect to happen. It is our planning as a responsible Government to make sure that we have considered every possible impact.

Lilian Greenwood: Thank you, Minister.

Q77 Chair: Minister, perhaps we could ask you and Mr Parkinson if we could have a list that shows each IT system, what it is being put in place to deliver, when it has to be delivered by—not 31 December, but when it has to be in place—and where it is right now. It would be quite helpful for us to get a holistic approach to all the IT systems that are required and where they are at.

For the final section, Minister, we are going to move to transport sector readiness, so we will cover aviation, rail, bus and coach.

Q78 Simon Jupp: Good morning, Minister. Thank you very much for joining us this morning, in quick succession to your last visit in front of this panel.

The European Commission and the UK Government both want a comprehensive agreement on aviation. We understand that aviation is another area where there could be a so-called mini-deal. What progress has been made on a UK-EU air services agreement so far?

Rachel Maclean: We have, obviously, had intensive discussions with the EU on that, and we are focused on securing the best future arrangements with the EU on aviation. It is a massively important sector for us in the UK. We are focused on enabling our UK passengers and our freight system to continue to have high levels of connectivity and choice at attractive prices. We seek to agree an air transport agreement with the EU that includes provision on market access for air services, close co-operation on aviation security and collaboration on air traffic management.

Q79 Simon Jupp: What has been agreed so far?

Rachel Maclean: As you know, nothing is agreed until everything is agreed. As I said earlier, we work across the transition taskforce. We work with David Frost and his team. We have been having intensive negotiations and they have been incredibly helpful. John may want to say more on that because he is very involved in it.

John Parkinson: Both sides clearly recognise the importance of maintaining aviation connectivity. As the Minister said, negotiations are ongoing and it is not appropriate to give a running commentary, but the



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core issue of maintaining services between the UK and the EU is fully recognised. As the Minister said, nothing is agreed until everything is agreed, so we need to see what happens in the context of the wider negotiation.

- Q80 **Simon Jupp:** I recognise that negotiations are ongoing. Are there any freedoms that UK airlines could no longer be entitled to under these negotiations that you can see at the moment? Are there any stumbling blocks in that direction? That is a question to both of you.

Rachel Maclean: I work closely with the airline sector. I am not the aviation Minister, but I clearly have a strong interest. I work very closely with my colleague, Robert Courts, as well. I engage with the airline sector. We, of course, go through at a very detailed level their issues, their concerns and what they want to see from the future deal. Clearly, they want a future where their industry can thrive and there will be no barriers. In those meetings, we look at any potential stumbling blocks and provide reassurances where we are able to.

There is nothing I can say on specific things, because we do not have a final agreement yet. It is not possible for me to say that there will be specific things that they do or do not have, because the agreement is not actually finalised yet.

- Q81 **Simon Jupp:** Minister, you used one of my favourite phrases earlier on—think the unthinkable. What contingency arrangements are in place for air freight if a UK-EU aviation deal is not agreed?

Rachel Maclean: Do you mean for air freight specifically?

Simon Jupp: Yes.

Rachel Maclean: Air freight, in a sense, is very similar to passenger services; we want that connectivity for both. Sometimes, air freight is in the bellyhold of planes and it is important that flights continue. In my remarks earlier, I talked about some of the work that had been done last time around when we looked at no deal, and conversations took place with the EU and with member states about what would potentially happen if we were not able to agree a wider deal, a free trade agreement.

Alternative arrangements have been put in place and recognised. The EU put some of those in place last time around, so we know for a fact that there are various mechanisms by which we could enable connectivity to continue. We hope very much that we will not need to do that, but those are practical sets of arrangements that could enable connectivity to continue while we had any necessary bilateral discussions with member states.

- Q82 **Simon Jupp:** Are you confident that, in the advent of a no-deal scenario, it would be as smooth as possible for the aviation sector as a whole, both in passenger and in freight, to continue as they currently do? We have all seen the news articles over the last however many years since the



referendum result that said planes will be grounded and all that sort of nonsense. You are pretty certain that that will never be the case.

Rachel Maclean: I am as confident as I can be—I add those words. I do not believe that planes will be grounded. It would clearly be a monumental act of self-harm for both sides in the negotiation, particularly at the moment when we are all, across all of our economies, including in our country and in the EU countries, dealing with coronavirus. It would not be a sensible, rational or pragmatic approach for any EU member state deliberately to stop what little air travel there currently is. These are industries that employ many, many of their citizens. Businesses and tourism rely on it. I do not believe that any sensible member state would seek to implement a mechanism that would ground flights. I will ask John to say a word or two on that.

John Parkinson: We have seen evidence of this before in the run-up to a possible no-deal outcome, when the EU put in place contingency regulations to enable UK airlines to continue to fly to the EU on a reciprocal basis. For all the reasons that the Minister explained, we anticipate that is exactly what would happen in this case, if we were not able to secure the overall FTA that of course the Government are committed to delivering.

Q83 **Simon Jupp:** I understand that. I understand that all sides are committed to making sure that our airlines and airports continue to operate. Do you accept that, on top of the understandable uncertainty that this is currently causing, the lack of specific Government support for the aviation sector will cast further doubt over the resilience of aviation and confidence in the future of aviation? Essentially, we are talking about an industry that the Government have not supported during the pandemic.

Rachel Maclean: You are, with respect, straying a little outside the brief of this particular Committee. but I am happy to say a word on that. The Secretary of State has been working incredibly closely with the aviation industry. They have, of course, received some of the industry-wide support. They have received furlough money, and other forms of support have been made available to them. As well as that, there is always the option of the Birch process so that they can engage in talks. I will not say more on that because it is not within the scope of this Committee.

As well as that, in the Department for Transport we are trying to get the aviation sector able to fly again by looking at how we can help them with additional testing and facilities. It is ongoing work that we are all closely focused on.

To go back to your point about EU exit, of course we recognise the challenges that the sector has faced, which is why we have kept it in sight and in focus. We are focusing all our efforts on achieving the deal so that they do not have the uncertainty of a chaotic exit from the transition period. We want them to be able to continue their flights. We want them to recover from coronavirus and provide the service that is so important to them.



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- Q84 **Simon Jupp:** A deal is essential, but it will only work if the other side still exists. I am talking about the aviation sector itself. That is my general point. Having said that, I thoroughly welcome the announcement of the taskforce to work on airport testing, but it needs to be as quickly as possible. Less talking and more action will be very welcome, but I appreciate that is not your specific role.

I have been the warm-up act. I now hand over to Gavin Newlands.

- Q85 **Gavin Newlands:** I am not sure there is much left to cover. I very much concur with the sentiment that my colleague has just expressed, but I suspect I will not get very far if I go too much into that. Aviation is an industry that is on its knees, or it certainly will be by the end of this winter.

In terms of the freedoms—without going into the negotiations or trying to give us a running commentary or whatever—is there a DfT analysis or a Government analysis of the economic impact on the sector and, of course, the entire UK of the loss of any of the nine freedoms that we currently have?

Rachel Maclean: Just to check, Gavin, are you asking about the nine freedoms of the air that we currently have?

- Q86 **Gavin Newlands:** Yes. There is some doubt at the moment about the agreement we have. It may only extend to the fifth freedom, depending on whether any level playing field arrangements are agreed. Freedoms six to nine, which cover cabotage and grand cabotage, may not apply to UK airlines. It is on that basis that I am asking what the impact to the sector, and to the UK economy and the Exchequer, might be of the loss of those freedoms.

Rachel Maclean: We seek to agree the most liberalised access to the EU's market as possible. That has been our starting point with all the talks. We understand that we have left the European Union, and we are not going to be part of the single market, so there will be changes that come into play for the aviation industry.

Having said that, it is a vitally important industry for the UK, which is why we have an aviation Minister dedicated to it, and the Secretary of State is leading work, via the aviation recovery taskforce, to enable it to recover from coronavirus. We clearly want to make sure that we retain as much market access as we possibly can and enable the airline industry to continue to enjoy that freedom.

- Q87 **Gavin Newlands:** As you said, you are not the aviation Minister, but there was no real answer to the question. Is it possible that you, or perhaps Mr Courts, could write to the Committee to answer the question? Is there analysis that outlines what the impact to the sector and the economy might be of the loss of each of those freedoms, or even freedoms six to nine? It would be very useful if we could have that information.

The EU aviation agreements govern, I think, access to 17 non-EU countries. Agreements have been made with nine, including the US, which was a



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couple of years ago. That still leaves eight, including Canada, unless the situation has changed. Can you tell me where we are with the remaining countries because we have only two and a half months left?

Rachel Maclean: Yes. You are right that we have entered into discussions with a number of countries. I will ask John to provide the detail.

John Parkinson: I think what we are talking about are replacements for what are currently EU agreements with 17 other countries. As the Minister said, work is in hand to make sure that agreements are in place for all those 17 countries by the end of the transition period. That work is in hand and will be delivered.

Q88 **Gavin Newlands:** Was that a guarantee that they will all be signed and in place by the end of the transition period?

John Parkinson: The intention is that they will be signed and in place ready for the end of the transition period, yes.

Q89 **Gavin Newlands:** I have a follow-up question on air freight and capacity, given potential delays. None of us wants the worst-case scenario delays outlined this morning by yourself and, indeed, the sector. If a significant transfer occurs from road and ferry freight to air freight, are you happy that there is sufficient capacity in the sector? Secondly, are you happy that there is sufficient logistical and customs capacity at airports throughout the country?

Rachel Maclean: I don't mean to repeat myself; I am not the freight Minister, but of course I have a very close interest in the point you raised, which is the potential for freight being switched from different modes of transport.

Freight is a very competitive industry. It will respond to market forces. My understanding at the moment is that we are not likely to see a big transfer from road freight to aviation because it does not suit the business models. Our initial work indicates that people will still seek to move goods by road, purely because that is the way they have traded for a long period of time. They will continue to do that and to use the short straits crossing.

On whether we have sufficient air freight capacity, we have done a lot of work with airports already. I held a roundtable with them and the airline sector, as I said earlier, to go through all the details of what preparations they would need to put in place for the end of the transition period. They are doing a lot of work to make sure that they are ready.

Q90 **Gavin Newlands:** Thank you. I have a brief last question, so it should be a brief answer. On a scale of 1 to 10, how confident are you that you will reach a comprehensive air services agreement before the end of the transition period?

Rachel Maclean: With respect, I am not going to answer that and give you a number. It would be wrong to put a number on it. I am very confident that we are doing absolutely everything we can. On a scale of 1 to 10, are



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we trying to reach 1? Yes, we are. Are we putting everything behind trying to reach 1? Yes, we absolutely are, but there are some elements that are outside my control, so it would not be sensible of me to put a number on it.

Gavin Newlands: Okay. Fair enough. Chair, I tried. Thank you.

Chair: We are all politicians. We have less than nine minutes left, and we have rail and coach to cover. We will give them equal time.

Q91 **Chris Loder:** Minister and Mr Parkinson, good morning. I want to ask you first about the Treaty of Canterbury. Clearly, the European Commission believes that it needs to be revisited. It was signed in 1986. Could you tell us whether you, too, think it should be reopened or not and why?

Rachel Maclean: I am going to ask John to comment on the Treaty of Canterbury that was signed in 1986.

John Parkinson: I have to admit that I am not an expert on the Treaty of Canterbury. I am not a rail official. It would be a matter for the UK and French Governments as it is a bilateral treaty.

Q92 **Chris Loder:** But it is the treaty that governs the channel tunnel and the continuity of rail services.

John Parkinson: Indeed.

Q93 **Chris Loder:** Clearly, that is why we have an interest. I appreciate that you might not understand the technical detail, but we would greatly appreciate a written response, if you could help us with that. It is clear from reading the notes and the position of the European Commission that they want the Treaty of Canterbury revisited. Personally, I do not understand why, because the treaty already contains provisions for two different sorts of administration and two approaches. It seems to me that that could be a tricky part of the negotiation, which may be unnecessary.

Rachel Maclean: May I add something, Chris?

Chris Loder: Yes, please.

Rachel Maclean: While I fully confess that I am not up to speed on the Treaty of Canterbury, I can give you some wider reassurance on the work that is ongoing to secure rail access. It was agreed by the EU and the UK as part of the political declaration in 2019 that we will establish bilateral arrangements that support the continuity of services, especially through the channel tunnel. We have been very clear that any bilateral arrangement must respect our status as an independent sovereign nation. We believe that the political declaration provides a framework under which we can reach an agreement for the continued smooth functioning of rail services. We do not expect that to be a problem, but we will write to you on that specific point.

Q94 **Chris Loder:** Thank you. It is almost 10 years to the day when Deutsche Bahn, the German state operator, tried to connect London with Frankfurt



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by direct trains. At the time, I was working with the rail industry on that project to get the train here, and we managed to get it here. Regrettably, it was the only one.

At that point, it was clear that the channel tunnel safety regulations were, shall we say, unique, and they were not treated as per the European standard. As I am sure you know, there are many longer tunnels in Europe where trains fully operate. Going forward, do you have any views and/or aspirations about ensuring that it is in the United Kingdom's interests to have greater competition and greater rail access through the channel tunnel than there is today?

Rachel Maclean: If you are asking me about the safety framework, we are in discussions with the Channel Tunnel Intergovernmental Commission to maintain the current safety framework as soon as possible.

Q95 Chris Loder: That framework was used against competition several years ago. What I want to understand is whether, going forward, you are keen to encourage other operators. It feels to me that we are at a juncture, given that we are coming up to the end of the year, and there is an opportunity to go one way or the other. Is it the policy of the Government to encourage greater competition through the channel tunnel or not?

Rachel Maclean: We want to see a thriving rail sector, not just in the channel tunnel for Eurostar and Eurotunnel but for all our rail operators. You are, possibly, asking me to comment a little beyond the remit of my role, but I will ask John to add a few words.

John Parkinson: It is also, unfortunately, beyond the remit of my role. The focus for us is on making sure that services can continue to operate safely at the end of the transition period.

Q96 Chris Loder: Let's focus on Eurostar as it is today. Eurostar is a going concern, but it is clearly in great difficulty, given coronavirus. The British Government sold their 40% stake in the business to SNCF and SNCB in 2015. To what extent does that affect your desire to keep services running? Do you expect the same timetable that we have today to continue into the new year?

Rachel Maclean: As John said, my role is very much about the contingency plans, making sure that rail services operate and that we have connectivity for passengers and freight. We know that Eurostar has been impacted by coronavirus, as have a number of other transport operators. I am more than happy to suggest that you speak to Minister Chris Heaton-Harris about some of those wider questions.

Q97 Chris Loder: Because the rail services through the tunnel are fully commercial now, and the Government have lost their interest because they sold their stake, the continuity aspect can be muddled. To what extent will the Government ensure the continuity of those services? Will the commerciality, potentially, affect that? Let's say that Eurostar says, "I'm sorry. This doesn't pay. We're not going to continue." Will the Government



consider other alternatives, other operators and the like, to fulfil that service or not?

Rachel Maclean: You have hit the nail on the head. It is a commercial operation. It is a competitive market. Yes, they have been impacted by coronavirus. Even having said that, the channel tunnel is still a very popular way to travel. While travel has been continuing, people have been using Eurotunnel, both for freight and leisure. In fact, some people have reported to us, in our various workstreams, that they prefer to use the train, for all sorts of reasons. We anticipate a good and bright future ahead for Eurostar and the operators. We want them to see it as a thriving business and we want them to continue to provide their services.

You asked what we would do if they were not able to do it. I refer back to the comments I made earlier to Grahame about our view of the movement of critical freight across the country more broadly. When we had the initial conversations with all the operators, we took a view. It was not about an individual operator or an individual business. It was more about our responsibility as a Government to continue to see the critical goods and freight that are needed moving in and out of the country. That is why we provided the support, and that would be the approach we would take in the future.

Chris Loder: I entirely concur on that point, which is why I am asking about the continuity of passenger services, regardless of operator, and whether the Government would ensure its continuity, should Eurostar have real difficulties. I am conscious of the time, Chairman.

Q98 **Chair:** You have taken all of it. It is vital that we cover bus as well as rail and aviation. Minister, can you give us a few more minutes, otherwise I will never be allowed on a bus again?

Rachel Maclean: It is a great pleasure, Chair. I am very happy to talk about buses.

Q99 **Greg Smith:** I am going to go back not to 1986 but to last January, when bus and coach operators were given an assurance by the Government that inter-UK and EU travel would continue as soon as the UK rejoined the Interbus agreement in our own right. Can you give us an update of when that is going to happen and when that agreement is going to be made, to give our bus and coach operators the certainty that they need?

Rachel Maclean: Thank you for not taking me back to my teenage years, which I am sure the Committee does not need to know about. You are right that we are making arrangements to accede to the Interbus agreement, which is very important for the sector. Three million trips are taken every year by UK and EU residents between our territories. It is very important, and we want to secure those arrangements. It is expected that shortly the agreement will be expanded by a protocol to cover regular and special services—for example, scheduled services.

Q100 **Greg Smith:** That is reassuring. Bus and coach operators, much like all



travel operators, are hurting very much under the Covid restrictions. As soon as we can get them that certainty, it will be a step in the right direction for them to know that, once we are over the pandemic, they can plan and put on the trips that make them money.

I am very much aware of the time ticking away, but could you briefly comment on any impact that is going to have, and how we can ensure that bus or coach travel between Northern Ireland and the Republic of Ireland will be able to continue unfettered?

Rachel Maclean: Absolutely. We are focused on securing the Interbus agreement because it provides for cross-border services on the island of Ireland, and transit for UK bus operators to non-Interbus countries, which include Switzerland. As you know, Greg, that is important because it is for the liberalised and occasional coach services that, unfortunately, cannot take place at the moment, but we hope will in the future—for example, holidays, school trips and private tours. We definitely want to see that and we will be updating the sector. John, do you have any detail to add?

John Parkinson: No, Minister. You have covered it thoroughly.

Greg Smith: That is very helpful. Mindful of the time, it is probably best to leave it there.

Q101 **Chair:** Minister and Mr Parkinson, thank you ever so much for being with us and giving us evidence. We know there is a lot to do in 54 days, and it is clear that you are all working incredibly hard to get it done. We wish you and the rest of the Department well.

Rachel Maclean: Thank you.

Chair: Thank you again for your evidence.