



Select Committee on the European Union

Sub-Committee on EU Goods

Corrected oral evidence: Preparations of port and Channel Tunnel operators for the end of the transition

Monday 16 November 2020

10.30 am

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Members present: Baroness Verma (The Chair); Lord Berkeley; Baroness Chalker of Wallasey; Lord Faulkner of Worcester; Lord Inglewood; Baroness Kramer; Lord Lilley; Lord Russell of Liverpool; Lord Shipley; Lord Turnbull; Lord Wood of Anfield.

Evidence Session No. 1

Virtual Proceeding

Questions 1 - 15

Witnesses

I: Richard Ballantyne, Chief Executive, British Ports Association; John Keefe, Director of Public Affairs, Getlink (Eurotunnel); Tim Morris, Chief Executive, UK Major Ports Group; Jean-Marc Puisseuseau, Chief Executive, Société d'Exploitation des Ports du Détroit (Port of Calais); Mark Dijk, Manager External Affairs, Port of Rotterdam.

Examination of witnesses

Richard Ballantyne, John Keefe, Tim Morris, Jean-Marc Puissesseau and Mark Dijk.

Q1 **The Chair:** Good morning, everyone, and welcome to our witnesses this morning. This session is part of the Committee's series of one-off evidence sessions on key aspects of end-of-transition readiness. Today, the Committee will be looking at the readiness of port operators here in the UK and across the Channel, as well as the readiness of Eurotunnel.

This is a live broadcast. Witnesses will have a transcript at the end of the session and, if any minor corrections need to be made, it would be very helpful if you could make them as quickly as possible and send them back to us.

I welcome our witnesses this morning. Richard Ballantyne is the chief executive at the British Ports Association; Mark Dijk is the manager of external affairs at the Port of Rotterdam; John Keefe is director of public Affairs at Getlink; Tim Morris is the chief executive at UK Major Ports Group; and Jean-Marc Puissesseau is chief executive at the Port of Calais.

Our witnesses this morning have had pre-sight of the questions. There may be some supplementaries. I ask colleagues to be as brief and as succinct as possible with the supplementaries, as we only have an hour or so for this session and we have quite a lot to get through.

Richard and John, to what extent will ports and Eurotunnel need to upgrade their IT infrastructure to facilitate the movement of goods between Great Britain and the EU? How would you assess progress so far? Will the necessary upgrades be ready for 1 January and the full implementation of customs controls on 1 July?

Richard Ballantyne: Thank you, Baroness Verma, and good morning everyone. It is great to see you all, even in such unusual circumstances.

The British Ports Association is exactly what it says on the tin. It is a trade body for ports and harbours around the UK. We represent about 86% of the volumes that are handled by UK ports, and about 50% of the volumes handled between the EU and the UK through our ro-ro ports, which are one of the BPA's strongholds of representation. Ro-ro ports facilitate tens of thousands of trucks and trailers between the EU and the UK through our port terminals each and every day.

Depending on the type of operation they are involved in, some ports will need to invest in IT infrastructure, as well as other things, like physical infrastructure. It depends greatly on the type of operation they are. If they are handling bulk commodities, containers or other non-time sensitive goods, they will probably need to invest in their own infrastructure for digital preparations, if they do not already have those facilities. Some already will.

The roll-on roll-off ports I mentioned a moment ago may need to invest in various things, but the Government are preparing the Goods Vehicle

Movement Service, which is the system that will interface with HMRC. I think there are questions later on about that, so I will not dwell too much on it. Effectively, the Government are providing an alternative system that will enable port operators to feed into HMRC, get the goods cleared and potentially clear those goods prior to their arrival so that they can flow freely out of port gates uninterrupted. John might have more detailed views on that.

John Keefe: Thank you, Richard. Good morning, everybody. To be absolutely clear, while my title says that I work for Getlink, Getlink is the owner of Eurotunnel. We operate the Channel Tunnel. Of course, the Channel Tunnel has always been a single-destination route. We have only ever linked the UK to the EU via France. All our trade in the past has been on an intra-EU basis, so there is no requirement for any kind of declaration for customers bringing goods through. Inevitably, with the change to a customs declaration model, we have had to develop systems, as Richard said, using GVMS¹ as the base that HMRC has structured. It will also serve for SPS² checks on animal and non-animal products coming into the country.

We have had to develop two things. One is a capture system that enables us to take the GMR—the goods movement reference number—from a truck driver, register it and confirm its movement into GVMS. That then enables HMRC and Defra to process the information during the crossing. We also have to have in place a communications system that delivers a message from GVMS to the truck driver that will tell them where to go—either straight to destination, or onward to the new inland facility built at Sevington near Ashford for further customs checks.

To complete that picture, because we link the entirety—we are a port that is a point of both entry and exit on both sides of the Channel—we of course do the same thing in the other direction into the French SI Brexit system. Again, we have had to build the capture and communications part of those systems.

The Chair: John, do you feel pretty confident that everything will work perfectly okay come 1 January?

John Keefe: We feel confident that the bits we are responsible for will work perfectly come 1 January. Given that the GVMS system is still in development, and that other systems that the UK Government are developing currently, such as the Check an HGV system, which will be essential for traffic running through the short straits routes, have not been tested in real life yet—testing is planned for the middle of December—there has to be a degree of concern as to whether they will be fully ready in time.

Q2 **Lord Wood of Anfield:** I want to ask about the Goods Vehicle Movement Service. The GVMS is supposed to allow customs declarations to be pre-

¹ Goods Vehicle Movement Service

² Sanitary and phytosanitary

lodged and cleared en route to help reduce queues at the border. Tim and Richard, have your members decided whether to use GVMS? Have they made a final decision about whether to use that or the alternative temporary storage model? Maybe you could tell us the pros and cons that figure in decisions about that.

Tim Morris: Good morning, everyone. I run the UK Major Ports Group, which is a trade association for nine of the 10 largest port operators in the UK.

Our members are probably thinking of using a combination. It will differ by location, and it might even differ by the actual part of the port that is under consideration. Some parts of a port deal with the movement of ferry traffic. Others deal with the movement of containers or bulk goods. There might be different systems operating in different situations. That is obviously not ideal from a number of different perspectives. Nevertheless, if that is what our customers want, that is probably what we will end up doing.

The word “probably” is doing some heavy lifting there, because there are a few ports that have not yet made a final decision. That is because, as previous speakers indicated, some elements of the GVMS in particular are still under test. There are also some aspects that are still uncertain of what utilising the different systems might mean for ports—for example, accountability and responsibility for who has legal possession of a good. It is likely to be a mix.

Sticking with the original temporary storage system has the advantage that people are familiar with it, the systems work, and everybody knows what they are doing. It also has some advantages in resilience and being able to handle stock that stays in one place at a time. GVMS, as Richard and John said, allows more rapid and instantaneous movement.

Richard Ballantyne: To add to Tim’s well-made points, the industry has asked for certain things to overcome the particular challenges for ro-ro operations, where we need to get goods out of ports quickly to prevent the well-publicised congestion that may arise when goods subject to customs control arrive in the UK. An advantage of GVMS being a national system, although there are some concerns about that, is that there will be a consistent approach that will enable port operators to pre-clear, or all but pre-clear, declarations, and interface with the HMRC system in a way they do not normally do. They normally provide those systems themselves; as Tim said, there is the conventional temporary storage model where goods are typically held in a port area for longer than minutes. It could be hours or potentially up to 90 days.

The advantage of GVMS is that it is provided by the Government. The port operator does not have to invest in that kind of infrastructure, although it will have to manage its own interfaces. Temporary storage, as Tim said, is well known by the sector. There are many off-the-shelf packages and IT systems that provide a solution to inventory link with

HMRC, which is one of the requirements that will come in from July next year.

GVMS will be used for some of the activities on the Irish Sea for Northern Irish traffic. Although July is a big target and deadline for most of the ports industry in Great Britain to work towards, we have potentially even shorter timescales for Northern Irish traffic, which will be subject to partial customs controls as of 1 January.

Q3 Lord Turnbull: One of the freedoms people have at the moment is to choose which ro-ro port to get to. The other is that at the margin they may be able to go from ro-ro operation to container operation. Do you think that some importers/exporters will find an advantage in that? Do you see any evidence of that happening?

Tim Morris: We see evidence of it happening at the moment. Over the last couple of weeks, a number of new sailings have come online between Europe and the UK for either unaccompanied trailers or containers themselves. We are seeing some elements of change already. Obviously, the business or the cargo owner decides the right thing for their supply chain, but the choice is there. There are a significant number of ports around the UK that have capacity to handle EU trade flows. The choice and diversity are there for UK and, indeed, European businesses.

Richard Ballantyne: Accompanied ro-ro is obviously where the driver takes the vehicle on the journey, whereas unaccompanied ro-ro is where somebody picks up a trailer from a port terminal or drops it off. It is fair to say that there will be people looking at those modes. I am less sure about moves to container traffic, but it is something operators will be looking at. It is important to bear in mind that a lot of the systems are designed for the easement of ro-ro traffic, particularly accompanied traffic. People will be looking at how those easements work; if they do not work, they may have an interest in moving elsewhere.

Typically, when there is industrial action and other instances at certain ports, there is a bit of flexibility, particularly on ro-ro traffic. It is fairly mobile. Perhaps that may be the case next year; we may see traffic moving slightly. However, wherever you go, you still have to undertake customs and other border processes. There is no escaping the impact and possible delays that may occur from that.

John Keefe: One of the things we are seeing already is that there is a significant increase in traffic across the piece. The pre-Brexit, no-deal stockpiling that we saw in the past is definitely a feature of the build-up to the end of the year. Since the beginning of this final quarter, we have seen a noticeable increase. People choose their routes according to what they are carrying, and the nature of the goods, as much as anything, whether containerised, unaccompanied or ro-ro. The feature of ro-ro is that it tends to be faster-moving goods that meet the perishable or the tight just-in-time supply chains. There is no real alternative to that; they are looking for high-volume, fast throughput routes as their option.

Q4 **Lord Faulkner of Worcester:** A big welcome to our colleagues from Rotterdam and Calais. It is good of you to be with us and to help us with the inquiry this morning. I have a simple question. Is your IT infrastructure in Calais and Rotterdam ready for the events that are going to take place at the end of this year, particularly in respect of the implementation of new customs checks? How well is it going to integrate with the IT systems that we are going to have in the United Kingdom?

Mark Dijk: Thank you for the question, Lord Faulkner, and for your interest in our perspective. Thank you for inviting me to the session.

As you know, the port of Rotterdam is the largest port in Europe. We do around 40 million tonnes of trade with the UK; between 20 million and 25 million tonnes is liquid bulk. You might say that is a captive market, so it is not much affected by the transition. Around 15 million to 20 million tonnes is ro-ro and short sea. They are most effective.

We have been preparing since 2017. In 2019, we launched our ICT infrastructure, a port-based port community system, which is similar to the system that is now being developed in the UK but based on temporary storage, because that is the model we use. Our ICT system is in place. Based on our terminals and the customers directed to the terminals, around 87% of the customers of our terminals have been registered with the system. Our goal is to reach around 95% of all customers being registered by 1 January. If we reach 95%, the export process from Rotterdam will go quite smoothly. Furthermore, on the SPS, veterinarian and livestock checks, we have all the inspection points in place. We can still handle all the goods imported through us.

We have done some contingency planning in case there are hiccups at the beginning, which we definitely expect because not everyone will be prepared from the European side and probably not from the UK side. We have installed 750 temporary parking places where trucks can park for 24 hours until they get their papers in order, otherwise they have to leave. We can avoid traffic jams in the port. Luckily, we have some space available there.

Are we ready? Yes, we are ready as a port, with the terminals, but we cannot be ready alone. Mr Keefe made that important point, too. From our side we are okay, but the whole supply chain of producers and manufacturers has to be preparing as well. You cannot just leave it to the port operators and customs. It is a supply chain responsibility for both sides. We are still worried that, on both the UK and the European side, manufacturers and producers are not preparing. The directly affected parts are preparing, but further on in the supply chain there is still not enough awareness. People expect that when there is a settlement everything will be solved, but even when there is a settlement they will still have to do export declarations, et cetera. That lack of awareness is what we are most worried about.

Lord Faulkner of Worcester: There were reports on the BBC yesterday that Felixstowe port is having problems accepting ships from Rotterdam.

In particular, an Evergreen container ship had to be turned back to Rotterdam and then sent to London by a different route.

I declare an interest. I am the British Government's trade envoy to Taiwan, so I have an interest in Evergreen being looked after properly. Is there any advice you can offer us, and indeed Felixstowe, on how such problems can be resolved?

Mark Dijk: In the particular case of the Evergreen ship, I still have to look into it. I would love to come back to you personally on what happened there from our perspective.

In general, the most important part is that there are only 46 days, and producers and manufacturers in the whole supply chain have to be aware of that. That is the important message. We are doing that in our hinterland, but please do it in the UK as well.

Lord Faulkner of Worcester: Jean-Marc, what are your experiences in Calais?

Jean-Marc Puissesseau: Thank you, Lord Faulkner, for your question and for inviting me to the session. Good morning, everybody.

In Calais Port, we have been working on Brexit since 2018. Do not forget that the first date for Brexit was 29 March 2019, so we are in the same situation as in January 2019. Maybe we were not so confident about the future or the controls.

Two years later, we can tell you that we are ready. On IT, the Port of Calais is developing an application called e-border Calais to manage the flow and the stock of vehicles, depending on their customs status. The application will follow the cargo during its journey through the port and the controls for entering the EU. The objective of the e-border Calais application is to keep the fluidity of the port. It will be as Mr John Keefe described. The hauliers will have to make an e-declaration when they leave Europe and when they leave the UK. If those declarations are made, there will not be a problem, either in Dover or in Calais.

When they arrive in Calais, coming from Dover, they will have been notified during the crossing if they can follow the green lane or whether they have to follow the orange lane. The green lane means that their e-declaration has been checked by French customs and there is no special problem and, as they do today, they can leave the port directly. If they get the orange sign, they have to stop in one of our three parking areas. It might be just for documentation control; it might be opening the doors of the lorry; or it could be sanitary control. In any case, everything has been prepared and we are not worried now. If there is control leaving Dover and leaving Calais that they have all made their e-declarations, that is okay.

As we are two years from the first exit at the end of March 2019, I think the hauliers must be prepared. If they are not prepared when they arrive in Calais, we have staff ready to help them to fill in their documentation

and leave the Port of Calais. I hope it is the same in Dover. If everyone respects the rules, there will be no problems.

Lord Faulkner of Worcester: Thank you. It is quite a big if, but there we are.

Jean-Marc Puissesseau: It is a question of professionalism. When you go to another country, you have to show your passport when you take the plane. If you do not have your passport, you stay in Heathrow or in Charles de Gaulle airport. It is the same now to get to England or to the UK. They have to have documentation. Of course, at the beginning there will be some who do not, but it will be so difficult to cross that, even if they forget it once, they will not forget it twice. They are obliged to do it. There is also the question of VAT and so on. Even if there is no deal, there is a question of taxes and declaration. Deal or no deal, it is nearly the same for us.

Q5 **Lord Russell of Liverpool:** Tim and Richard, have the Government and the ports clearly identified what the requirements for physical infrastructure will be from 1 January onwards? Is the necessary construction work to build border inspection posts and other infrastructure on track to be complete by the 1 January, 1 April and 1 July deadlines? In your view, which infrastructure projects are most at risk of not being ready in time, and what would be the practical consequences?

Tim Morris: It has been something of an iterative process for the ports to engage with the Government, and government departments such as Defra, and with the Food Standards Agency on defining the expanded scope of the border checking infrastructure. We now feel that we have a relatively settled position on most areas, but it has taken us some time to get there.

Many ports already have a degree of physical infrastructure for international trade. Most large UK ports have been handling international trade alongside European trade throughout their existence.

Where expanded facilities are necessary, the short answer is that we do not quite know yet whether the infrastructure will be ready in time. We are currently awaiting the response from the Government on the call for tenders and bids for building new border infrastructure. We are not expecting a response to that until the end of this month or the start of December. That then gives us six and a bit months to build the border infrastructure. The last substantial border control post that was built in the UK took about 11 months, so we will have to move significantly more quickly than we have before.

We live in a world where you can deliver a brand-new A&E in a conference centre in a matter of weeks, so all things are possible. Nevertheless, we have to move a lot quicker than we have done. The area of biggest concern is Northern Ireland, where some of the infrastructure has to be in place for 1 January. Currently, that is very

challenging. I anticipate officials in Northern Ireland looking at minimum viable alternative solutions to provide some stopgap cover.

Richard Ballantyne: I will be less diplomatic than Tim. It has been a bit of a problem. There has been a huge amount of government activity, and civil servants have been working very hard this year. We have noted it since about February, after the dust had settled from the general election. New teams were in post and messages were getting out, so there has been a lot going on. I applaud that. It has been very good to have a lot more communication, but on the things we have needed to know it has been agonising getting some of the information out of the Government.

Tim mentioned the Defra-type things. The Animal and Plant Health Agency, which I sympathise with, sets specifications about the number of checks that goods currently coming in from outside the EU should be subject to. They are regimes that mirror third-country checks at the moment. In a no-deal situation, where we may find ourselves, it could be completely impossible for certain ports to accommodate them with any real practical or sensible approach. It would put traders at a real disadvantage when bringing their goods in through certain routes and gateways if they knew that a high percentage of those volumes needed to be opened and inspected. We have found that very challenging, particularly on the animal and plant-type products.

A lot of our goods come in from Rotterdam, such as salads, other fresh foods and meats. We really need to think about stopping, opening and inspecting a lot of those consignments. That is a consequence of our delisting from the EU single market. We are an unlisted country, which means that our goods are subject to the full frontier controls under the single market rules.

Of course, we have powers ourselves to decide that, as we are leaving the EU, we do not need to do as much inspection. That is where the Government are at the moment. They are looking at that. We are not just talking about the channel straits; we are talking about all port gateways. It even covers products such as cut flowers that come from the Netherlands. A lot of that comes to the Humber region. We are hopeful that this will not completely kill those trades, but an element of pragmatism is needed.

There are some other technical issues. The Common Transit Convention—the customs element—is one of the effective easements that the Government have mooted. We do not quite understand how much of our traffic will be subject to it or will be looking to taking advantage of it. It is difficult to fully prepare infrastructure for that scenario.

Finally, as Tim mentioned, there is a slightly different process in Northern Ireland. The port infrastructure fund has been very welcome for industry and GB. It does not cover the Northern Irish infrastructure, because that is built and covered elsewhere in government. There has been some frustration, particularly for Northern Irish port operators, working out

what needed to be done, but we understand that it is in a slightly better place now. The Government have rolled up their sleeves and taken a firmer approach. Port operators have had to juggle the political element in Northern Ireland, with two Administrations looking at what systems and infrastructure need to be in place.

Q6 Lord Berkeley: You talked a lot about importing to the UK, but one or two of you have now talked, rightly, about export from the UK. It rather seems to me that as well as the queues of traffic in Kent, we could end up with a lot of queues and delays at the ports of Rotterdam, Calais or anywhere else, because the various customers and hauliers are unclear about what information they need to enter the UK. Do you have any comments on that?

Mark Dijk: Thank you for the question, Lord Berkeley. I only heard part of it because the connection was not good. I think you asked about what we expect with exports. Richard talked about the goods we are exporting, such as flowers or tomatoes. That is indeed the sector we are most worried about. We can export, but there are a lot of forms and formalities to comply with, which makes it difficult for people to get the business case right. That is one of the developments.

If you are talking about the import of goods from the UK—for instance, meat—we have our inspection points in place and our veterinarians are being trained. Our custom officers are trained; they were all ready at the beginning of 2019. In the Netherlands, we have around 700 new custom agents and 100 new veterinarians in place just for mitigating the impact of Brexit. But we cannot do it alone. If it cannot be exported from the UK, it stops.

What I see in this discussion is that the ports, both on the European and the UK side, and the Governments are on their own preparing for Brexit, to avoid traffic jams, et cetera, but those things are so interlinked. If there is still one thing that we can do better, it is to try in the last couple of weeks or months to find better linkages between the different ICT systems and custom procedures, because that is highly necessary. We can be prepared and the UK ports can be prepared, but because the two systems are different we cannot communicate with each other and we cannot trade. That is still a worry for us.

Jean-Marc Puissesseau: We are all in the same position. What was your question exactly? I was waiting for my question, but I think you have introduced another one.

The Chair: Maybe we can move on to a question from Lord Lilley, and then come back to further questions.

Q7 Lord Lilley: Tim and Richard, how would you rate the success of the Government's £470 million infrastructure fund? Have ports been able to access any necessary government funding for these projects, and could the Government do more to ensure that the work is completed on time?

Tim Morris: The short answer is that it is too early to tell. The bids have gone in from the ports for the port infrastructure element of the fund, which was £200 million of the £470 million. We do not yet know whether they have been successful in their bids, and to what extent they have been successful, let alone laying concrete or putting spades into the ground. We cannot tell yet.

An area of significant concern is the fact that we already know that that element of the fund is significantly oversubscribed. More ports have put in bids to a higher financial amount than the facility that is there. Hopefully, the Government will see the rationale of making sure that it is properly funded and that ports all around the coast of the UK, not just in the south-east but in Humber and on the west coast, have adequate funding for their border infrastructure.

Richard Ballantyne: To follow Tim's well-made point, we are waiting to see. The fund has been broadly welcomed, but not by everyone. Traditionally, port infrastructure is funded by the commercial operators themselves, but given the timescales, there was a prevailing view that it was welcome and would enable ports to get prepared as quickly as possible. They have been waiting for the Government to decide things like whether we are leaving the single market and the customs union.

A lot of people say, "Why didn't ports start building this infrastructure back in 2016 after the referendum?" You will recall that we have had several proposed EU-UK customs arrangement deals pitched, so we have not been able to understand fully what the industry needs to prepare for until now; hence the reason why a lot of the infrastructure has not yet been prepared. That said, the infrastructure fund itself is probably a bit too late. We cannot escape the increased costs for building because of the short timescales that Tim mentioned. We are keen that the Government look at whether they can increase the potential funding so that all the infrastructure can be ready.

Will it be ready? That is a big question. It is probably fair to say that not all of it will, although I cannot list exactly where it will not be ready because a lot of those discussions and agreements are subject to what happens with the fund announcements. As Tim mentioned, it is not just the Channel and the larger ports. A lot of smaller ports that handle goods with the EU will need more modest infrastructure, and they have applied as well. The issue is challenging a lot of port operators across the country, according to their scale.

Q8 **Lord Lilley:** You said there was a lot of hesitation in this country. You did not mention why, but it was because the Treasury discouraged any action. How is it that the continental ports seem to have got on and done things? They were done ahead of March 2019, whereas we are thinking of doing it now, four years after the referendum. It is breathtaking to me.

Richard Ballantyne: We have had to wait for instruction from our Government. There has been a bit of a delay on that. It is probably fair to say that there was an element of speculation by the European ports,

which were taking the message that they needed to prepare for something because they were not sure of certain deals being done. That may be more a question for our European colleagues.

Lord Lilley: Yes, perhaps our European colleagues can tell us why they got ahead and did things, when they were not being told by the British Government what the outcome was going to be. The British Government do not seem to have produced a similarly speedy reaction in our domestic ports.

Mark Dijk: I will try to avoid being political, but I must support Richard's statement. Sometimes, the non-clarity of the Government can influence the preparedness of ports. In the Netherlands, from February 2018, the common statement from the Government, customs authorities, the road infrastructure manager, the port authorities and food inspection were that there would be a Brexit—as we called it at that time—and it did not matter whether there was a hard or a soft one because every Brexit would be hard. That was the preparation that we needed at the port, and then we could get on.

It was similar in Belgium and later on in France: prepare for the worst and hope for the best. That was the statement from the beginning. As a port, we invested in ICT infrastructure, but of course every country has a different model of port governance. We did part of the investment. We invested in parking spaces. Among other things, customs officers were especially important. There were between 700 and 900, which is a significant number. We had 500 new customs officers ready on the Brexit date of 29 March, and now we have 750. All parties—not just the ports but all parties, including the Government—said that we had to prepare. That was the important part.

John Keefe: We have a base on each side. The EU and France took the very clear decision at the beginning to treat the UK as a third country on customs and border formalities. They simply applied the existing EU rules on third countries. They had a playbook to work to for what would be needed on infrastructure and controls.

As Richard said, the fact that the UK Government have been through a series of iterations on where exactly they wanted to get to meant that we have had to follow each of those on the UK side, from no controls on day one, which was the original March 2019 approach, to where we are now, which is preparing for full customs controls eventually, come July. It was the attitude about where the land lay. In the EU, it was very straightforward. The UK has evolved its position, so we have had to follow that evolution and have not been able to invest from day one.

Q9 **Lord Turnbull:** I think you have answered part of my question, John. Looking at both sides, can you compare the degree of preparation on the continental side and the UK side, and why they are different?

My other question is on the £470 million fund. Has Eurotunnel managed to access the money that it needed from that fund? If not, does that

mean that Eurotunnel has put in the infrastructure but at its own expense, or that certain things that would have been desirable have not yet taken place?

John Keefe: In fact, Eurotunnel has already put in a lot of infrastructure. We have spent €47 million on building infrastructure and systems to be ready for Brexit. There is a combination of things. On the French side, we had a fair amount of land and were able to incorporate some of the new structures in the existing terminal. We have an export truck park where we can hold 250 trucks, if they need to get their paperwork ready, so they are off the motorway. We have built a customs and SPS check zone with a 100-truck capacity. Using the French authorities' calculations of the volumes coming through the Channel Tunnel, those should be adapted to keep traffic flowing at the speed it is today.

In the UK, very similar to the Port of Dover, we are hugely constrained in space. We had no room to build facilities for customs clearance on site. The very good news, different from March and October 2019, is that the Government saw that and have done something about it by building the inland clearance facility at Sevington, near Ashford. That enables us to use the model that the Channel Tunnel is based on, which is a rolling motorway where nothing stops, and everything just keeps moving through. We can do the online clearance work. We can capture and send information, but the actual inspection is done at distance, 12 miles away in Ashford. That is a very significant step.

On site, we have had to build stuff, and because we have built it we have also made a bid to the port infrastructure fund. As Richard and Tim described, we are waiting, as with other ports, to hear whether our bid will be successful.

Q10 **Lord Turnbull:** You need two things for one of those remote sites. You need the site, and you need a separate team of customs officials to run it. HMRC has to find the people in Dover and in Sevington. Does it have additional teams of people ready to operate those other facilities?

John Keefe: We understand that it is recruiting additional officers, both to work in France and on our terminal in the UK, as we have the juxtaposed controls, and to staff the facility at Sevington. Not only Border Force, but vets and port health officials will work at Sevington. They will be recruited between now and when that facility goes live.

Across the piece, one of the biggest issues has been understanding how many people will need to be recruited and how long it will take to recruit and train them. The absence of sufficient numbers, properly trained at the right time, is one of the risks that we still run.

Richard Ballantyne: Nationally, it is fair to say that there have been increased resource allocations to UK Border Force front-line staff. Whether that is enough is something that the Government have to consider and are considering. As John Keefe explained, our main concerns would be the sanitary and phytosanitary checks. I know that local authorities, which are responsible for employing and enforcing port

health controls at the frontier, have been able to access some funding, but there is generally concern from a lot of our members that those agencies, locally, have not been able to get sufficient numbers yet, especially when we factor in what I explained earlier about the delisting of the UK from the single-market animal and plant health regimes, which may require a huge amount of extra workload at our frontiers. That would be our main concern on the plant and animal health side.

Q11 Lord Shipley: Jean-Marc, in a reply to Lord Faulkner earlier, you said that Calais was ready, and I think I heard you say, "I hope it's the same in Dover". Calais and Dover operate as a closed-loop system, with delays on one side invariably impacting on the other. How would you assess Calais's readiness overall on co-ordination and collaboration with the Port of Dover in preparations for 1 January and beyond?

Jean-Marc Puissesseau: I do not know when I said that about Dover. I think it was a month ago, but since we have co-ordination with Dover we are satisfied with what is now at Dover. People waited a bit to understand that Brexit was coming, and now I think they are ready and prepared for that.

Perhaps you would allow me to express my feelings after the questions from Lord Lilley and Lord Turnbull about the money. I am very angry that the English Government decided to give some money to try to avoid the Calais-Dover route. I am very sad about that. Do not forget that, for 15 or 18 years, the Port of Calais has been controlling each truck to see if there are any migrants inside the truck. That costs us millions each year.

As Brexit has been decided, and the Prime Minister wants to bring your border back to England, why should the border stay in Calais? We are ready to keep the border in Calais and to do your controls to help you, but today it is a question of money. I hope you can influence your Government to help the Port of Calais with those controls. We did not get any money and we have a lot of expenses to prepare for Brexit. As you are out of the European Union, it would be normal that you consider the position of the Port of Calais on those controls.

To go back to your question, we are preparing the infrastructure to accommodate the controls and the services to assist the cargo with new procedures—freight forwarding, storage facilities and so on. In the Port of Calais, we cannot have parking for more than 700 lorries, in the case of overwhelming access—[*Inaudible.*]

Each side of the Channel should commit to respect the following rule: no paperwork, no boarding. As I said before, that is the first condition so that everything flows fluently between the UK and the Port of Calais. That will avoid saturated facilities on the other side. We should bear in mind that issuing the declaration is extremely time-consuming—much more so than a control—and, in ports, time means space. There is no need to paint it black; do not be worried. Our market is Europe-wide. Logical behaviour by most European shippers should be good for common transit.

I reiterate: do not be worried. We are doing a lot to inform all the national haulier companies to tell their members that they have to do the e-declaration before they leave. In French embassies all over Europe, we have been sending documentation to inform them, working in co-operation with haulier associations, so that when they arrive in Calais they know that they have to make the declaration. That is the way we will do it.

The Calais-Dover route is a shorter way, so why give money to try to spread the traffic from Calais-Dover to other ports, especially when we have done controls of migrants for 20 years? Think of us. Think of the port. When I heard that everything was being done to try to avoid and reduce traffic between Dover and Calais, I was very angry.

Q12 Baroness Kramer: My question is on diversion to other ports as a contingency. It has already been raised by Lord Turnbull, and members of the panel answered it. Could I ask a narrow part of it? It relates to the accompanied ro-ros, which are largely the mechanism for transporting both perishables and the absolutely critical just-in-time freight that goes in both directions across the channel.

I could easily be wrong, but my understanding from both manufacturers and freight hauliers over time is that under the current system they make use of a great deal of flexibility. Often, the decision about which route to take may be made when the driver is already in the cab and the load is on its way.

What I do not understand is how that flexibility can remain, given the need to provide documentation to computer systems significantly in advance of freight reaching the port. Have I misunderstood that, or is it inevitable that we lose some significant flexibility that has been part of the system? Could you tell me that from both sides of the channel? I am thinking particularly of the accompanied ro-ros.

Richard Ballantyne: That is a good question, Baroness Kramer, and well observed. You may find that one or two operators will struggle with the flexibility issue. One of the things that the Government have tried to build into their new model, and which was articulated in the recently published border operating model document that the Cabinet Office put out about a month ago, is timescales for how long in advance declarations will need to be pre-lodged. There is some flexibility. Of course, the GVMS system is uniform. If the unaccompanied roll-on roll-off ports mostly, as we would expect, take advantage of the GVMS system, it is a ready-made system that everybody understands, and they know what they need to feed in.

There will be one or two extra things, such as the safety and security declarations and the animal and plant declarations, that add to the commitment that traders will have to make about which routes they are going to specify. We hope that the system will not prevent the same sort of flexibility and agility that the freight industry has enjoyed. Certainly, we would not want the Government to get involved in dictating which routes freight operators should utilise.

John Keefe: Thank you for the question, Baroness Kramer. It is a very sensitive one. Hauliers and manufacturers choose routes to serve their business needs. The need in the just-in-time and perishable and pharmaceuticals industries is very much about speed and flexibility and frequency of crossing, and the ability to shift direction. A trucker coming to Calais or Coquelles will reserve until the last minute the decision as to whether they go through Jean-Marc's port or through the Channel Tunnel. Going the other way, the choice of whether to go through the Channel Tunnel or Dover is made a few hundred metres from junction 11A on the M20, which is the route that leads into the Channel Tunnel. It is vital.

GVMS has the ability for transporters to switch on the short straits route, and use either the port or the Channel Tunnel equally easily, so there is no need to specify which route they are going to use before heading down there. On the question of diverting all that traffic if there was to be serious congestion at the short straits, there simply is not the capacity at the other ports around the country to take all the ro-ro traffic from the short straits. Many supply chains would be disrupted if they had to take longer routes. Our whole focus over the last four and a half years has been on ensuring that the level of fluidity that we have today is built into the systems and processes that we will have in the future. Even if additional paperwork is required—it is undeniable; there will be additional declarations to do—it can be done in such a way as to ensure that the traffic keeps moving at the same speed as it does today.

Tim Morris: If I could quickly build on that—

The Chair: Tim, I am very mindful of time. Is it possible that, if questions cannot be answered immediately, you could give us written responses? That would be really helpful to the Committee. I want to get the final three questions in, if I can.

Q13 **Lord Berkeley:** We know that the Government have signed contracts with four ferry operators to provide extra capacity for critical goods. How easy is it to increase the capacity, first, for ferries to run more services; and, secondly, for the Channel Tunnel to run more shuttles? Thirdly, are we reaching a peak at the ports now because it is before Christmas and before Brexit? Is there a problem?

Tim Morris: I agree with the point that John made earlier. Ports across the UK, not just seaports but rail hubs, et cetera, are seeing a real spike in pre-end of transition volumes. Building on the last question, if you plan to be flexible, you have more options. If it is an hour ahead or a day ahead, your options are more constrained. The UK has significant port capacity, for example, in unaccompanied ro-ro and containers. It is more constrained in accompanied ro-ro capacity.

John Keefe: We have capacity that we can flex according to demand. On the basis that our customers all give us regular forecasts on how their traffic is going to change, we are able to add additional shuttles to the mix, particularly at the shoulder periods. At peak, it is very difficult because everybody is running at 100%, but on the shoulder periods—

typically, Monday and Friday and the weekends, which are calmer—there is significant capacity available. Of course, as you well know, there is still a great deal of capacity available for rail freight directly. The opportunity for modal shift, should the ro-ro side become more saturated, is there to be taken advantage of in the future.

Jean-Marc Puissesseau: Concerning the Port of Calais, two years ago, before Brexit and coronavirus, it was close to 2 million trucks. Our programme for 2030 was 3 million trucks. That is why we decided to build a new port in 2022. The new port will be finished in six months and will give us the facility for much bigger ferries in order to have more capacity. Do not be afraid; there is capacity. If the UK needs to export, we are there to bring the goods to Europe. If Europe wants to export, we are there to export. We would like to open the rules for unaccompanied to be the same as accompanied, which is very important for the future, especially for medicaments and so on.

Mark Dijk: We, too, are ready to increase capacity. As Jean-Marc said, it is about scaling up the size of the ships and investing in the new quays that have been developed at some of the terminals. Most importantly, especially with accompanied transport, it is all about preparation and being registered in your own port community system. If all companies do that, we can keep flexibility and keep trade going. That is where the whole challenge is now.

Q14 **Baroness Chalker of Wallasey:** John has partly answered my question already. It is about how you increase the flow of traffic through the Channel Tunnel. Clearly, there are potential options, but there are also limits to the approach that he indicated. Are there enough trains for the lorries? In addition, is the capacity of the railway on both sides enough to take a vastly increased amount of train cargo?

John Keefe: We have increased the fleet with an additional three freight-carrying shuttles since 2015. We have a series of options available in the future to add to that fleet, so there is still plenty of scope for us to increase the number of departures we run. Inevitably, that has to be accompanied by upgrades in the infrastructure, particularly signalling, but those things are already planned. It is a bit as Jean-Marc said; only a few years ago, we were looking at the increase in traffic through straightforward economic growth and aiming for 2 million trucks per year over the 1.5 million we were carrying in 2015. That capacity increase is built in.

There is also the rail freight option for modal shift and moving some goods on to freight trains that run over longer distances. There is plenty of capacity in the allocation of tunnel paths for that to be done. Most of the restriction on the running of more rail freight through the Channel Tunnel is about national infrastructure and the operations of the railways on both sides. There are constraints to do with the different sizes of the gauge and with the paths that are available, particularly from the south coast in Kent through London, or around London. The routes are very limited and constrained because of the amount of commuter traffic, which

we are not seeing now during Covid but where there are normally problems.

On the French side, there are equally difficult issues to be addressed, particularly in the way SNCF treats rail freight, with its priority being much more towards the passenger market. Through the tunnel itself there is definitely capacity, both through rolling stock and with infrastructure improvements.

The Chair: The final question is a quickfire question. Could our witnesses try to keep their responses to three sentences?

Q15 **Lord Inglewood:** The end of the transition will clearly fundamentally change the way goods move into and out of the continent, and that change could go well or badly. So far, we have been talking about technicalities, but I am a simple sort of person and I would like to ask a simple kind of question. Bearing in mind all the things that have to come together, how do you rate it? Is it green, red or amber? In particular, if there was something that the Government should focus on, what should it be?

Jean-Marc Puissesseau: At the port, we had some dry runs in 2019. We had another with the ferry company DFDS on 10 November, and we have one with P&O on 19 November. We have been doing a lot of dry runs. The last one to take place gave 100% satisfaction. We have been working a lot with UKBF. We have been working a lot with French customs and with PAFF. Everyone has been working very well. We are ready. Send us as many trucks as you can. They will be satisfied when they cross. If they make their e-declaration, they will take the green lane, and tomorrow it will be as it is today, to the satisfaction of everyone. I have nothing more to say, as time is running out.

Tim Morris: I was going to give it an orange. There are plenty of moving parts. There are still some things that definitely have to be red on any kind of project management dashboard. We are a resilient and capable sector on both sides of the North Sea or the channel. Although there might be a bumpy day or two, or week or two, we will get there. The one Achilles heel in all this, as Jean-Marc, Mark and all of us have mentioned, is the awareness and preparation of traders. The one thing the Government have to do is absolutely to double down on that.

Richard Ballantyne: To use your analogy, Lord Inglewood, the traffic light system the Government are building will be state of art, but it is not working yet. If you pushed me, I would say that we are at amber, but once it works, hopefully we will be full steam ahead with green. The responsibility is for everybody to follow the traffic lights. That is something we have not had to do. There has not been a control measure for this traffic for many years, so there is a lot to do.

Jean-Marc Puissesseau: I invite you all to come to Calais, if you can, between now and 31 December. You can see what we have been preparing. We can organise and show you everything that has been done.

You will see that what I and my colleagues have been saying this morning is true and that we are ready. I invite you. With Richard and Tim, together we can organise that, if you can go back to your country and not spend two weeks somewhere. I do not want you to have difficulties when you get back to your country, but if it is possible for you to visit, please do it. You will see what we are preparing. John can come too.

John Keefe: I agree pretty much with everything that has been said. We would class ourselves as green and ready to go. On trader readiness, customs intermediaries and the recruitment of the relevant staff for customs and particularly for sanitary and phytosanitary checks, we are at amber. On government systems, particularly GVMS and the Check an HGV system, we are also amber. There is still work to be done.

Mark Dijk: I do not have much to add. The port itself is on green. The trader supply chain is still on amber, but I have trust that in the end trade will be the strongest part. People are finding ways to adjust to the new system, and after a couple of bumpy weeks we will be able to trade in a good way.

The Chair: Thank you very much. On behalf of all of us, I thank our five witnesses this morning. It has been a very informative session, and we had to get through quite a lot. I remind witnesses that the transcript will be sent to you. Thank you all very much indeed. I call this meeting to a close.