

Business, Energy and Industrial Strategy Committee

Oral evidence: The impact of border delays on UK business and security of supply, HC 1113

Tuesday 22 December 2020

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Members present: Darren Jones (Chair); Alan Brown; Ms Nusrat Ghani; Paul Howell; Charlotte Nichols; Mark Pawsey; Zarah Sultana.

International Trade Committee member also present: Angus Brendan MacNeil (Chair).

Transport Committee member also present: Huw Merriman (Chair).

Questions 1 - 42

Witnesses

I: Ian Wright CBE, Chief Executive, Food and Drink Federation; Duncan Buchanan, Director of Policy, England & Wales, Road Haulage Association; Mike Cherry, National Chair, Federation of Small Businesses; Andrew Opie, Director of Food and Sustainability, British Retail Consortium.

Examination of Witnesses

Witnesses: Ian Wright, Duncan Buchanan, Mike Cherry and Andrew Opie.

Q1 Chair: Welcome to this afternoon's emergency session of the Business, Energy and Industrial Strategy Select Committee. We have called this evidence session this afternoon following the border issues between Dover and Calais, to understand what is taking place on the ground, what lessons need to be learnt to resolve this issue in terms of the Covid restrictions, but then also looking to the end of the Brexit transition period. Parliament is in recess at the moment. Some of us in Parliament felt that Ministers ought to have recalled Parliament to make a statement and allow questions to be answered, so that we could get into some of the detail. Ministers have chosen not to recall Parliament, so we have used our powers as a Select Committee today to call this emergency session instead. On that basis, it is unfortunate that the Secretary of State has not been available today to come and answer questions to us. We did suggest we only needed him for about 30 minutes, but it seems he is not available.

We are, however, delighted to have a panel of witnesses who will be able to give us an update about what is happening on the ground and some of the things that Ministers will need to think about in terms of how they unlock this situation. We are delighted to welcome Ian Wright, the chief executive of the Food and Drink Federation; Duncan Buchanan, the director of policy for England and Wales at the Road Haulage Association; Mike Cherry, the national chair of the Federation of Small Businesses; and Andrew Opie, the director of food and sustainability at the British Retail Consortium. We are also delighted to welcome two other Committee chairs with us today, Huw Merriman MP, chair of the Transport Select Committee, and Angus Brendan MacNeil MP, chair of the International Trade Select Committee.

Welcome to all of our witnesses. We are very grateful to you for taking the time, at what must be a busy period for you and your members, to answer some of our questions. Parliament is indebted to you. The last 48 hours has caused a lot of concern and chaos, especially for those in Kent and for people relying on those deliveries, as well as people across the country. In many ways, it seems to have been a bit of a dress rehearsal for some of the border delays that we were expecting at the end of the Brexit transition period. Evidently, we still do not know whether we have a Brexit deal.

I am going to come to each of you and ask you the first opening question. From your perspective, what is the current status on the ground? We were conscious that, in the press statement yesterday evening from the Prime Minister, the suggestion was that everything was in hand and there were only a few hundred trucks being queued up in Kent. We hear reports today that we are now up to about 1,500 trucks and the situation has somewhat deteriorated. While we understand the European Commission has said that the blockade needs to be opened, we



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do not yet have full detail about whether agreement has been reached between the French President and our Prime Minister here in the UK. On that basis, I will ask you for an update on the current status.

Ian Wright: Thank you for the invitation to this meeting. I hope that we manage to shed more light on the situation. I will defer to Duncan, Andrew and Mike for their particular areas of expertise. I am sure Duncan in particular understands much more about what sounds like a pretty unpleasant situation in the run-up to Dover for those who are stuck in the queue.

I have three observations. First, I do not think the number of trucks in the queue, or in the other areas under Operation Brock, is the relevant number. We reckon that there are about 4,000 food and drink lorries on their way to Dover, at various points. Anyone who could see this happening on Sunday night or earlier would have decided to go and park up somewhere else, somewhere more congenial and where they are in a better state. The number of trucks that have to be cleared as this operation unwinds will be over 4,000. That will also be a problem because those who have not set off yet, but who would have done had there not been these issues, would be joining the queue at some point, so they have to be cleared as well.

Secondly, the real concern we have now is for the knock-on that this has in a number of ways, one related to supplies coming into the country and one related to exports. The one related to supplies coming into the country is that all the lorry drivers who have not been able to get over to the mainland of Europe in the last 48 or 72 hours should have been there and should have been collecting loads, and then will be in the wrong place after Christmas in order to begin the run-up to the Brexit date on 31 December. That will affect the ability to drive post-Christmas supply and, in particular, post-Christmas stockpiles. A lot of companies would have intended to stockpile in that post-Christmas period, to allow them to build up buffer stocks of ingredients or finished product. That may well now be compromised.

The next problem is the one of exports. There are dozens of lorries there with product that is going off. I am sure that, when we get to it, Angus MacNeil and other MPs from north of the border will be particularly concerned about Scottish seafood. There is a huge hit happening, as we speak, to Scottish seafood.

My final point is that much of this should have been avoided. The Government were well aware of the power of the announcement they made on Saturday night. Indeed, Chris Whitty went out of his way, probably rightly, to scare the population about the impact of the second variant of Covid, but the point is that everybody who listened to that would have known that everybody else in Europe was also going to be scared. Their natural reaction, bearing in mind that this is the reaction we had when Danish mink got infected, was to stop goods and people from that country coming over while they assessed that situation.



I do not know whether the Government made the authorities around Dover and the commander of Operation Brock aware of what they were about to do, but it does not look like it. The consequence of that is the chaos we have seen over the last 24 or 48 hours. It really is incumbent on the Government to come forward and be prepared to compensate those who have lost out because of that failure of authority. It is also incumbent on them to learn the lesson and not do that again.

Q2 **Chair:** Duncan, you represent a lot of the hauliers who are stuck in this mess. What does it look like for your members?

Duncan Buchanan: Much of what Ian said is absolutely correct. We should never forget that a lot of our food and immediate manufacturing depends on the short straits. It is the most flexible and dynamic route for dealing with issues in the normal course of events. Having it completely stop for 48 hours right now is going to be very costly. In effect, we are using up some of the stocking that has been put in place in preparation for Brexit.

There is one key point, which should never be underestimated. When people are talking about numbers, whether it is 4,000 lorries—and I think it is at least 4,000 lorries that are stuck, waiting to go out, not just in Kent but around the country, having not set off yet—we have to remember that what comes in is going to want to go out. Whatever numbers are being reported by Eurotunnel, the port of Dover or the ferry companies at the moment, all those lorries are going to go out again. We have two full days of complete stop, so by the end of today it is probably going to be nearer 6,000 or 7,000 that will be the direct backlog, going back out. I want you to also remember that it is not just lorries; it is vans as well. About 10% of the vehicles are vans, on top of the lorries.

The disruption to the supply chain is enormous. We heard some numbers last night and we were very disappointed by the way it was portrayed. It was seeking to minimise the nature of the problem. This is a very serious problem. Whether you have moved a few hundred lorries from one place to another and only count the ones on the M20 is irrelevant. There are hundreds and hundreds of lorries all over Kent now. We have seen the photos very recently, in the last few hours, of the 1,000 or more—1,500 perhaps—that are at Manston. It is a huge problem.

This is a supply chain disruption that is far more widespread than we normally have to deal with and is going to be very difficult to recover from. If I can explain something, normally when we have supply chain disruption, it is a particular port; it is a weather event and it disappears after three days; it is fishermen striking in Calais, and there is plenty of flexibility on where else you can go to. This is of a different order of magnitude. In the context of Brexit and what is coming from 1 January, this is the start of a very serious supply chain disruption, of the like that we probably have never experienced. I would just like to say that again. This is going to be of the like that we have never experienced.



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Ian was on a call I was on earlier, and I heard Ian talk. Many of the retailers are talking about how we are okay up until Christmas. That is absolutely right. We will be fine until Christmas at least, but we need to get going and recovering very quickly if we are going to keep the shops properly stocked after Christmas. It is a big worry. That is the supply chain side of things.

We are also very worried about the drivers and driver welfare issues. We are hearing now about the prospect of drivers being tested before they go back to France. Personally, I think it is a waste of time. You are better off having the trucks moving and no one mixing. We have had very low infection rates in the haulage sector, right since the beginning of Covid, because we had the right protocols in place almost immediately, in the warehouses and in the supply chains around the country. There is a lower incidence of Covid among drivers than there is in almost every other category.

If we stop the drivers and send them all to a field in the middle of Kent, they are going to start mixing. It is actually counterproductive; I am worried about it being counterproductive. It is a kneejerk reaction, a bit like what we did with the Danish thing. We did a kneejerk reaction; it was unnecessary and it was ill-thought-through. The French reaction in this case is the same. It is ill-thought-through and quite possibly counterproductive.

I am worried about the drivers. Already, the welfare for the drivers—the food and that sort of thing—fell apart yesterday. It is just not working properly. It needs to be recovered as a matter of urgency. These are not lorries. These are drivers; these are people. We need to look after them properly. It is pathetic that we are in a situation where we are not looking after the drivers when we know this is coming in 10 days anyway. We should be ready for this, and all of a sudden we find the suppliers do not have the food and no one is ready. It is just silly. We are quite angry about that. It is too little, too late, and there are many, many hundreds of lorries all over Kent, in addition to those in the parking facility.

Q3 Chair: There were some important points there, which we will come back to, especially about the conditions for drivers, Covid-secure lorry parks and the cumulative impact of Covid and Brexit delays. Mike Cherry from the Federation of Small Businesses, you represent lots of small businesses, not just in the food and drink sector but across many sectors, which no doubt rely on business-critical deliveries across the border. What is it looking like at the moment for your members?

Mike Cherry: I am happy to give some specific examples on those who trans-ship perishables, but first I would like to pick up on the point about Kent itself. We are finding that, no surprise, the general situation around the M20 is bad and that the arterial routes across the county are pretty well jammed up. This has a knock-on effect on the B roads and the villages, which is something we have found before. If this carries on for much longer, it is going to have a very, very damaging effect indeed on



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many small businesses across Kent, but that extends far and wide, as you would imagine, into other members right across England, south Wales and Scotland that are trans-shipping perishables and other products.

One thing FSB has been calling for from successive Governments for a very long time is secure lorry parks, with the appropriate facilities for drivers, for hygiene reasons, for social reasons and for security reasons. This just shows how critical that problem is. Whenever we have had, as has been referred to, strikes in Calais for whatever reason, whether it be fishermen or blockades of the ports, this has been visible for a very, very long time indeed, over successive Governments. We would urge this Government to look at this and put in secure lorry parks across the country to support the logistics of our members and of the drivers. Many of those are owner-drivers, and Duncan will know more about that than I do.

We are also finding on the ground an apparent reluctance for foreign vehicles to be travelling into the UK now. That is causing logistical and supply problems. We are finding, and there is evidence for this, that they are not having the same problems if they can use other routes. I refer specifically to Harwich-Hook of Holland. If trucks are able to get through that way and into France via the Netherlands and Belgium, that seems to be open and not causing a problem, so it is trans-shipping. There is evidence from Rosslare into France where, again, that is not causing a problem.

We also understand at the moment that, in terms of both containers and air freights, those are holding up, but we are all aware of the problem with containers being held at ports and the problem with a general lack of containers coming out of the Far East now, because a lot of them are over here and unable to get back. It is the issue in Kent with people—professional services and others—not being able to get to jobs on time, and things like that, that is causing the big problem yet again. It is regrettable that that is not being dealt with.

There is a further issue I would like to highlight. We do feel that this is a general Covid issue, and it is not likely to occur, although there will be delays at Dover-Calais and other ports and customs areas, when we get through transition from 1 January. Irrespective of whether we get a deal or no deal, we do not see borders being shut in the way they have been shut today by France and other countries on the back of this Covid mutation.

Q4 **Chair:** The European Commission has said in the last few minutes that it expects to see complete blockades opened around Covid, let alone on Brexit, so we certainly hope that is the case. Andrew Opie from the British Retail Consortium, your sector has been hard hit anyway through the Covid restrictions. It has been bringing goods in for Christmas and then not been able to sell them in certain parts of the country. It was



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stockpiling goods ready for the Brexit transition and has now been hit by this. We have been told that supermarkets are pretty comfortable about supplies up until Christmas, but that some of the food stock and others that we rely on after that might be at risk. Is that an accurate reflection, from what your members are seeing, or is it worse or better than that?

Andrew Opie: Yes, everybody's Christmas dinner is safe for the year. There is plenty of food in the country for Christmas, so we can all shop normally and enjoy Christmas as much as we can in the current climate. Your point was well made that, while we are focusing on Dover and the short straits today, we have seen other problems in the countries around our borders, particularly the container ports last month, where we saw a real problem with products coming in from the Far East. That has slowed up deliveries to many of the non-food retailers you highlighted at the start, which are already facing such a difficult time during Covid. We should not forget the travails they are going through at the moment.

Focusing purely on the short straits, as I think the Committee wants to hear about today, the issue we really face is what happens in the next day or so, frankly. If we do not see the empty trucks, which have already delivered the fresh produce into our depots and stores over the last few days, getting back over the channel, they will not be able to go and pick up the next consignment of fresh fruit, vegetables, salad vegetables, all the food we do not grow in this country at this time of the year, for which we are heavily dependent on Europe, and come back over the channel. It is a circular system. You cannot afford to have any disruption. If you have lorries stuck in one part of that circle and not moving, that is inevitable.

We have been told by members that, unless those borders open fully and the trucks can roll tomorrow back to Spain, Portugal and other parts of Europe, we will have problems, particularly with fresh produce, from 27 December. They need that time to get back to those packhouses, pick up the produce and then come back to the UK to restock. There is a slight window, in that all shops are shut on Christmas Day, and some are shut on Boxing Day this year, but we need those trucks to start moving within the 24 hours if we are to avoid seeing problems on our shelves.

I should stress that we are talking about a certain sector and a certain section of supermarkets that is affected by this. That is primarily fresh produce. We are not anticipating problems more widely with the food supply chain. We source in the UK here and those less perishable, longer-life products can come in through other ports, as we heard from Mike earlier. This is quite specific, but we should not underestimate it, because the volumes we import of that fresh produce will be needed for this year, until UK production comes on stream.

Chair: We will come back to that question about how quickly we need to clear this before we cause ourselves another problem. Thank you for those opening remarks.



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Q5 Ms Ghani: I want to direct my first question to Duncan Buchanan. Even though the situation we are in is regrettable, I want to talk to you about the interaction you may have had with Government. I recall that, in the last couple of years, your association was involved in preparing for no-deal Brexit, working with the Kent Resilience Forum, Kent County Council and Highways England. With all the work that had taken place to deal with no-deal Brexit, did that take place to ensure that, even though it is incredibly complicated, there is an explanation of where the lorry drivers need to go, and that, even though being at Manston airfield is not the place we should be, there are the services there that they need?

Duncan Buchanan: Yes, we have maintained our relationship with the Department for Transport, BEIS, HMRC and the border delivery group. We have maintained the involvement with all those people. We helped with the production of the haulier handbook. We make sure that we disseminate information, not just to all our members here in the UK, but to fellow associations around Europe. We have done everything that we can to provide advice and guidance to Government Departments, as well as to our members.

There are a couple of things that we have been very clear on, over a long period of time. One of those is that, to run an effective supply chain, to run lorries across borders, we need clear instructions, not guidance, on what needs to be done, where and how, to operate efficiently across the border. Those clear instructions, so far, even today, are not complete. It will be tomorrow before we get to see a public version of the new GVMS system. That is the system that will be needed for all transit through the EU to other countries—a significant issue.

We have a situation where far too much has been done too late, and that means, with the best will in the world, there will be delays. There will be disruptions and backlogs on the road. Whether it is 7,000 vehicles, I really do doubt. I do not think 7,000 is a credible number. A bit like the behaviour we have seen today and yesterday, the lorries will stay outside of Kent. They will not go and join the back of queues, necessarily. You may have 7,000 lorries queuing, but there will be more beyond the road in Kent.

With instructions from us and others, like the ports, telling people, “Do not travel if you do not have the full paperwork after 1 January”, the warehouses and factories in the UK and Europe will be the places where the stocking is held.

We have done everything we possibly can to get ready. As for where we are now, dealing with the symptoms of the problem is not what we should be looking at. We should be looking at minimising the queues, maximising the throughput, maximising the fluidity, because if we are going to sit here with thousands of lorries sitting in Manston or Ashford, day in, day out, queueing for a day or two days, it is just catastrophic and unacceptable for the supply chain. It is not a situation we are used to



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dealing with here in western Europe. We need to fix the problems so we do not get the symptoms.

- Q6 **Ms Ghani:** I accept that. Some of answer was about dealing with no-deal Brexit and the paperwork that is required then. I believe, in a previous life, we had many discussions on this, when I was working on Yellowhammer, which is the name of the project to make sure the processes are in place to enable transit in no-deal Brexit. Specifically, have you had the support that you needed, which we had all prepared for in the case of a no-deal Brexit, to support the drivers at the moment, even though they wish to move on and do not wish to be standing still on the M20 or at Manston?

Duncan Buchanan: We do not have confidence, and we have never had confidence, that the drivers are going to be looked after properly.

- Q7 **Ms Ghani:** What more do they need?

Duncan Buchanan: They need to know that they are going to have hygiene facilities, access to food and access to places to rest properly. They need to know that, if the weather turns and it ends up with two feet of snow in east Kent, which can happen, they are not going to be unsafe. We have felt for a long time that the drivers have been short-changed in the preparation, right from the get-go, where they were saying, "We will put portaloos on the roads if and when we need to". It is just unacceptable where we are, in terms of looking after the drivers.

It is not just lorry drivers, but also the van drivers in and around Kent, parked all over Dover and around now. These people need to be looked after because, if you leave them to their own devices, they will cluster together. I think we will end up with worse problems with Covid if we do not get these people moving. They are safer when they are moving, not when they are sitting still.

- Q8 **Ms Ghani:** What conversations have you had with your counterparts in France? Do you have an understanding of what is happening over in Calais?

Duncan Buchanan: We do not have a great deal of understanding of what is happening in Calais. They appear to put more resources into providing facilities. They always have had better facilities for lorry drivers. Earlier, Mike talked about how lorry parking facilities have not been provided in this country. I know that the RHA, well before I joined, for at least 15 years, has been talking and persistently pushing for safe, secure lorry parking facilities as a matter of national importance.

It is a shame on this country that we treat drivers as badly as we do on our road networks. On 1 January, Kent is going to start fining drivers who are forced to park up, all over Kent, sometimes not in the best of places, I grant you, but the point is that these people have nowhere else to go. They are going to get fines. They are getting fines now for parking in laybys in some places. We are creating a hostile environment for foreign



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hauliers to come here, as well as our own hauliers. Some 85% of the haulage is done by EU or European hauliers. We need to be very careful, because if we make it a hostile environment they are not going to come, or the prices to come here are going to be ridiculous. I know of someone who was seeking a load last week from Germany who got quotes between €5,000 and €8,000 for a lorry to come from Germany. That is a lot of money

Q9 Ms Ghani: It is. As you said, you have not had a huge number of conversations with your counterparts in France. That needs to be investigated. Can I talk about your actual counterpart, Vanessa Ibarlucea? She is from France's national federation for transport, and has the equivalent of your job over in France.

Duncan Buchanan: You mean the FNTR; I normally deal with a woman there called Isabelle.

Q10 Ms Ghani: That is fair enough. She hit out today or yesterday at Macron's desire to have PCR testing, which reflects your position. She said that it just takes too long—48 hours—to get a result, and she wants French drivers home for Christmas. I know you have reflected on the situation here, but we also need to look at the situation that is being created by the French authorities putting this in place. There are French drivers here who want to get home for Christmas, and your equivalent, Vanessa Ibarlucea, has asked for that. I have no doubt that, if you had the opportunity, you would be putting pressure on the French authorities or your equivalent over in France to make sure that the drivers can get home to.

Duncan Buchanan: We have been in contact with FNTR. It is not the case that we do not talk to each other. We also liaise through an organisation called the IRU—the International Road Transport Union. Again, we are liaising with them, and they liaise with the European Commission. We talk to each other quite extensively.

In terms of what you are raising about the French nationals, you are talking to a French trade association, but if you were speaking to the equivalents in the Czech Republic, Poland, Bulgaria or Romania, they would all be saying the same thing. Spanish drivers need to get back to Spain. It is a merry-go-round system. Without them going out, they cannot come back in, which is what Andrew was saying earlier. We have to make sure that we get the border open. PCR tests are not going to do it. Waiting 48 hours, with a load of people parked up, all in a field together, is not going to help with Covid. We need to get the drivers moving as quickly as possible.

My understanding is that the discussions are going on. Even while we are on this call we might get some news. Where we are now may not be where we are in three hours' time; I hope we are somewhere different.

Q11 Paul Howell: There are different things to try to get a better



understanding of here. We have seen in the past where the country could close down for 48 hours because of snow. I understand the whole circular movement, different ports and different things, but could you just give a bit more of an explanation as to how this is so different in terms of the significance? Is it just the fact that it could continue longer, or is it the fact that it is just so comprehensive to all ports? I will start with Mike in terms of small business.

Mike Cherry: Anything that disrupts the supply chains is being mitigated at the moment by people being in tier 4, tier 3, tier 2, et cetera. In that respect, we believe that we are quite fortunate. If you look specifically at Kent, because there are fewer people travelling around, it is not having such a knock-on effect to the wider community and small businesses across England, particularly in that area.

The important thing is to realise just how critical it is to help small businesses when they are already struggling with Covid. They are already struggling, where possible, to stockpile extra to cover not only issues around Christmas but also as we go through the end of transition. That is having a knock-on effect on cash. As we have seen throughout this Covid crisis, cash is the biggest problem. Anything that considerably affects, even worse than Covid, small businesses' ability to continue to trade in any way needs commensurate support, to enable those businesses to get through Covid and the problems we are all facing at the moment.

This, on top of everything else, is creating a perfect storm and causing some immense problems for many thousands of small businesses that rely on these shipments, whether it be Dover-Calais in particular, people moving around across Kent or trans-shipment of other goods and products. Businesses rely on our logistics services and our hauliers to enable them to do their trade, and any damage to that has a further knock-on effect, on top of everything they are facing with Covid.

Q12 **Paul Howell:** I will just develop the conversation a little with you in terms of understanding what is going on here. There is obviously an impact on small businesses—any businesses—that are trying to export, but there are the imports as well. Do we believe the impact is disproportionately on exporting businesses or importing businesses? Is there a balance between the two? Which one is getting the most of an impact, in the short term and long term?

Mike Cherry: At the moment, in the short term, it is those that are exporting, which need the trade desperately. At this time of year, those that are able to continue to export their goods, products and services need the freedom to do that.

In the medium term, it is both ways, because they will not have the logistics, as we have already heard from Ian and Duncan, to be able to move the goods around as much as they would like to. If we do get to a situation where this continues and foreign drivers are not willing to come into the UK to trans-ship goods, we are going to have further problems,



costs and delays, when small businesses desperately need whatever trade they can get.

Q13 Paul Howell: I will move the conversation on to Ian. There has been a lot of conversation so far around the perishables, in terms of the short-term impact on perishables if we do not get this cleared quickly. In terms of what the Prime Minister called the 20% of product that was getting stopped going this way, is it primarily perishables that go this route as opposed to manufacturing parts? What is the balance of product that we think is going in this direction?

Ian Wright: Do you mean out to the EU or into the UK? Actually, to be honest, Paul, it is both. First of all, the perishables are not just fresh fruit and vegetables, which get all the attention. The ones going out are langoustine and fresh salmon. Short of opening a lobster shack on the M20 and trying to sell to the lorry drivers, there is very little you can do with that product. That product is very high-end, and for the Scottish sea food industry millions of pounds a day is literally going to have to go down the drain. In fact, it is not even that; they have to be taken back to be destroyed in an appropriate manner. That is a really concerning issue.

Also trapped in all these lorries, on both sides of the channel, I suspect, are ingredients. That is our long-term concern about product coming in, in this crunch where the lorry drivers are all in the wrong place; that is a big concern for my members. It is not stuff that you would immediately be able to utilise. It is the ingredients that go into every kind of product: chocolate, confectionary, bread, flour. All these products are going across the channel, both ways, very frequently.

As we have discussed on many occasions before, the supply chains are incredibly delicate. They are very effective when they work brilliantly. They maintain food supply fantastically and they retain the ability to drive shopper cost down, but once there is any kind of disruption the system is potentially compromised and you see a lack of supply, a disruption of availability and potentially increased costs. As Mike said, for those who are exporting, once you lose a load, that is massive amounts of cash.

It is not just if you lose the load. If the load arrives late, you may very well lose your customer, because your customer expected it to be there on Tuesday and it does not arrive until Thursday. The customer—perhaps a retailer, a restaurant or a caterer—has had to find it from somewhere else, and they will probably then refuse your products. It is 50 times more difficult to get a customer back than it is to lose them.

Q14 Paul Howell: I spent time in the manufacturing industry and shipping stuff across borders, so I have at least a grasp of that. My expectation is that these perishable type of products are more likely to be going by this accompanied route, rather than by the non-accompanied route that is still open.

Ian Wright: Yes, that is probably correct.



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Q15 Paul Howell: Duncan, you have mentioned a couple of times the number of van drivers as opposed to lorry drivers in the queue. I just want to test my assumption on that. What you are saying is that a lorry driver is likely to have his own cab, sleeping equipment and those sorts of things, so he will have some sort of self-service, whereas a van driver does not. Is that the key point there, or is there anything else that I am missing in terms of the reason for that being emphasised?

Duncan Buchanan: That is more generally true. Some vans are equipped with sleeping facilities, and that would be most common on these long-distance EU routes, but a lot will not be. For lorry drivers, the overwhelming majority doing international trade will have sleeping facilities within the cab. They are keeping themselves isolated quite effectively.

I mentioned van drivers because so often, when we are talking about queues, the issues and the problems, vans get left. People think of the big trucks because of the size and the sheer visibility of them. The smaller vehicles are quite often doing urgent spare parts or aircraft on ground. An awful lot of foodstuffs come in that way from eastern Europe, serving directly into small retail outlets as well. The Polish shops can quite often be being supplied by vans. You will see them on the motorways. That is actually a really common theme.

You mentioned the 20% and the scale of the food and fresh product. I do not know what the number is, but I would be surprised if less than 90% of the fresh product coming from Europe is on those lorries coming in across the Dover straits. That is the point. The 20% is a misleading number in that, in terms of fresh food, it is by far and away the most dominant route. The reason it is the most dominant route is that it is the most flexible and gives the greatest resilience. If you miss one ferry, you just catch the next one. If the ferries are out, you catch a train. It gives you a lot of choices. If Calais is out, you can go to Dunkirk. There is a lot of resilience and redundancy in that network, so you can recover quite quickly.

With this particular problem, you have taken all the resilience and redundancy out, aside from scrambling around trying to get bookings out of Harwich; I am told you cannot get a booking now until 4 January. That may or may not just be a story. I am always reluctant to quote things like that. If you do not normally use that route and you do not have the contacts getting on to those alternative routes, which are far longer and far less flexible, it becomes a huge problem.

Q16 Huw Merriman: Chair, thank you very much indeed for giving the Transport Select Committee a seat at your table. I want to put my questions to Mr Buchanan and to Mr Cherry, because they have both touched on the issue of driver welfare, the cost to the local economy and the lives of those in Kent; I sit on the border between East Sussex and Kent.



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To give it some context, the Transport Select Committee, back in 2016, issued a report calling for a solution to Operation Stack. That was after the 2015 summer of hell for Kent, where there was a cost to the economy of £250 million and a 30-mile queue of HGVs had to be cleared, with about 4,000 trucks. The Government then announced they were going to spend £250 million on a lorry park at Stanford, which we described as being the size of Disneyland in California. That was hoped to open in 2017. Of course, it has not, because there was a judicial review because no environmental impact assessment had been carried out.

I know I have taken a bit of time to set the scene, but we will do brief Q&A if we can. Mr Wright and Mr Buchanan, what conversations have you had with Government or Highways England about finding a solution that delivers a proper lorry park to Kent?

Duncan Buchanan: It is not a single lorry park that is the issue. This is a systematic problem that is endemic across the whole road network. I know that, before I joined the RHA, the RHA was pushing on this issue probably 15 years ago, asking for action. Various Governments have been slopey-shouldered, saying, "It is not us; it is not us. We do not need to do it".

Let me give you one example of something that is a recent case: the new lower Thames crossing that is proposed to be built by Highways England. The original proposition included a lorry parking facility. What is the only thing that appears to have been cut from the original programme? It is the lorry parking facility. We see this time and time again. It is not just Highways England's fault; it is also the fault of local authorities. About six or 12 months ago, Swale turned down an application for a lorry parking facility. It was not a huge site like the one you have just referred to, but one with a modest number of trucks, with a café and facilities. These things are habitually turned down for the most spurious of reasons. If we put all our eggs in one basket, in one site, we create a huge problem.

Q17 **Huw Merriman:** Mr Buchanan, if I can interrupt to get the answer, what conversations have you had with Government or Highways England about finding a permanent solution? We know that, with Operation Stack, every five years, on average, there tends to be a big issue and then people seem to forget.

Duncan Buchanan: We have constant discussions with the Department for Transport and Highways England about these issues. There is ongoing push from us to them all of the time, raising the issue, raising it with Ministers. We have been doing it as a campaign since well before I joined the RHA, and we still maintain that consistently all the time.

Q18 **Huw Merriman:** What solution would you therefore wish to see delivered? Do you favour one large lorry park, like the Stanford example, more smaller private expansions or using Manston?

Duncan Buchanan: I would like there to be a presumption on all local authorities to provide planning approvals to meet the demand for the



areas. At the moment, everyone just points to the next local authority and says, "They can do it". We need to create a presumption that lorry parking is going to be approved to meet the demand that is native to the area. We need to change our planning rules.

Q19 Huw Merriman: If I can put the same question to Mr Cherry and perhaps expand a little, you obviously talked about the wider cost to the economy back in 2015. That was estimated at £250 million for businesses that were just snarled up in Kent. Has your organisation had conversations with Government about finding a solution? Do you worry that the £250 million that was pledged by Government has been spent elsewhere and this has been forgotten about?

Mike Cherry: I cannot answer your specific question, because I do not deal myself with transport issues at the moment. What I can say, as Mr Buchanan has said, is that I have been involved with this issue, up until my present role, for over 15 years. In the west midlands we had an offer of a 40-acre site that could have been sorted out for a secure lorry park. I do not know if it was because the private person selling to the local authority could not agree a price or what, but it never materialised.

As far as I am aware, the only secure site that we have is on the A5, as you come down to the junction with the M1 near Rugby. Down in Kent, as I said and you highlighted, back in 2016 it was absolutely horrendous. Today we hear of a member who has a business in Dover and who is saying that all routes into and out of Dover are currently blocked and they just cannot do anything. They are almost asking, "What is the point?" This is an ongoing issue. It needs to be a nationally recognised issue and it needs to be dealt with by, hopefully, this Government being able to put in the right facilities.

Apart from there being an advantage to Kent being in tier 4 at the moment, there is a huge disadvantage, which is that these drivers, whether they are at Manston or parked up on the various roads around the county and elsewhere, rely so much on small businesses for food and facilities, and they are unable to get that at the moment either.

Chair: I am amazed to hear those answers, especially because the risk for problems post-Brexit is obviously higher than it was when we were a member of the European Union. I had rather assumed that these issues would have been resolved already, but there we are.

Q20 Zarah Sultana: The Prime Minister has urged people to shop normally, amid growing concerns of food shortages. I am sure we have all seen photos and videos of queues outside supermarkets, aisles empty and panic setting in, and we have seen supermarkets saying that the next 24 hours are vital. How confident are you that Ministers can unblock this in the next few days? What is it that they need to do?

Mike Cherry: The only answer, quite honestly, is to either get effective testing in, which, as we know, under the PCR testing takes a minimum of 24 hours to give a result, or to rely on the drivers, being some of the



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most isolated people across the population, to be able to get moving and get a test when they reach their destination. Hopefully, they will not contact people, because they are in a safe and secure cab environment, and will remain safe and secure as they transit, to be able to do that. You just have to get things moving, but obviously that takes intergovernmental agreement. As we see, it is France, not the UK, that has shut these borders at the moment. Hopefully, intergovernmental agreement will be forthcoming this afternoon.

Ian Wright: I am not an expert on how the entente cordiale will work today. It must be in both parties' interest to settle this, because there is a significant amount of trade coming from France into the UK, and that is going to be just as disrupted on the way back, as we have said endlessly so far. There is clearly an interest on both sides.

The Government's capacity to resolve this issue is likely to be significantly greater than it appears their capacity to cause it was. As I said earlier, my beef on this particular issue is that there could have been a lot more forethought, once the announcement was going to be made about the second variant, tier 4 and so on, in ensuring that everybody who could know did know well in advance.

As to the impact on shops and panic buying, I worry a lot about the "panic buying" expression. Andrew should be the expert on this; he knows much more about it. By and large, shoppers do not panic; they act pretty logically. There was a very interesting piece on this in the *Times* the other day. Shoppers react to the news they have seen, and if they think there are not going to be any products on the shelves and they want them, they usually go out and buy them in advance of that happening. I am sure that the numbers of shoppers who act in a self-restrained and responsible way to allow someone else to have their toilet rolls is relatively limited, frankly, in reality. Andrew is much more expert on the question of panic buying and avoiding that.

Q21 **Zarah Sultana:** Linking on to the question that you have just answered, were you contacted by Ministers in advance of the new strain announcement, or were you also blindsided by it?

Ian Wright: We were contacted to say that there was a big announcement. As I have said to this Committee before, our relationship with Defra throughout this has been absolutely outstanding. Defra has done everything it can to make sure that we know announcements are coming and that we are, as far as possible, advised on the general territory of the content. Of course, they are not going to tell us, not should they, that the Prime Minister is about to announce tier 4; there are all sorts of reasons why that would be inappropriate.

It is more the groundwork with the authorities, as opposed to external agencies, that should have been laid. Yes, we knew that there was going to be an announcement, although frankly from 10 am on Saturday the



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guts of that announcement was on every website. As I have said before, you do not need to be Mystic Meg to know what is coming

Q22 Zarah Sultana: Does Andrew want to come in about the “panic buying” phrase?

Andrew Opie: Let us put some proportion into this argument. There is not widespread excessive buying going on in supermarkets at the moment. There are pictures of queues because supermarkets are Covid compliant and they can let fewer people into their stores, and they are also dealing with a much higher demand because restaurants, hotels and other places are shut. They are selling more food and they are not allowed to let as many people into their stores, so it is inevitable to see queues outside a supermarket, and that will remain for the next couple of days, because these are the three busiest days in the run-up to Christmas. You have to take the media coverage with a pinch of salt.

We are not seeing the widespread excessive buying that we saw, for example, in the middle of March, in the run-up to the full lockdown then. Our view is that customers have a better understanding that the supply chain is pretty robust and can get the food on the shelves that they need. Supermarkets are also opening longer. If any of you need to get your Christmas dinner, they will be open late tonight for you to shop when it might be quieter as well. We need to keep it in proportion around this issue, but also to look forward and see that the actual risk to shelves is actually a little later—it is probably from 27 December onwards—if we cannot clear the backlog that we have at the moment.

Ian makes a good point, as ever, in what he was saying as well. It is possible in terms of the liaison with Defra. We also have a very good liaison with Defra and it can also tell us. The thing that probably surprised us—I do not presume it would be unique to other sectors—was the speed of the announcement and of the closure, both for our non-food and food members, with the consequences of that from Sunday onwards.

Q23 Zarah Sultana: All of this has happened 10 days before the end of the Brexit transition period, when new checks were already in danger of causing significant disruptions. Supermarkets have stockpiled goods in anticipation of this, and this is probably stemming the media issues right now. Are the scenes we are seeing something that we are going to have to get used to? If not, what additional contingencies need to be put in place in advance of the 31st to make sure that this does not happen again?

Andrew Opie: The scenes we are seeing are typical pre-Christmas buying, but with a heavier demand than we would normally see in usual years, with an added dilemma for those who are trapped in tier 4 and have gone to buy a Christmas lunch that they thought they would be eating with their parents outside of London. That is what we are seeing in terms of more demand into the stores, which was anticipated.



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You are right about stockpiling. Supermarkets have done everything they can to plan ahead for Brexit. Most of the panel have already mentioned this: we are anticipating disruption from the end of the transition period, so we were already brining extra products, where possible, into the supply chain and storing them for that week. To come back to my point, the pressure is that you cannot stockpile fresh produce; nobody can. There is no point panic buying lettuces today, for example, thinking that you are going to be all right into next week, because you are not; you cannot stockpile lettuces. The key thing here is to get the supply chain working as well as we can before the end of the transition period, so that we keep the supply chain moving, and that then stops us having a problem, particularly with fresh produce, from next week onwards.

Duncan Buchanan: I do not have much to add to that. We have already talked about the fact that it is a circular transport system, what comes in has to go out and all of that. Everyone has done everything they can to stockpile the goods that they need to.

I know that food manufacturers have done a lot of stockpiling as well. The people who are worried about whether they can get their ingredients in January, the longer-life ingredients, have stockpiled quite heavily. We have possibly been a little lucky that it has happened this week. We are on a downward slope of a small gap, where the supply chain is doing its domestic thing. The international thing will ease off temporarily over Christmas. We would have expected Wednesday and Thursday to be very quiet, and then it would pick up again after that. Instead of it being two days of impact, if we do not start again today it is probably more like a day and a half's impact that we are going to get because of the ability to recover right now. We are burning resilience.

Ian Wright: The scenes at Dover could be replicated at any point going forward. As has been said, we have seen some of these scenes before. Operation Stack is almost a medieval ritual now, but the intensity and the impact of this on the supply chain is the concern. I think you will see this happen again, particularly if we get a no-deal Brexit, with the imposition of tariffs. It will not necessarily be as bad as this, but this will become a commonplace that lorries, with the wrong paperwork or whatever, get stuck in the queue, and then things are delayed.

I will go back to the point I made, and I agree with Duncan that many businesses in my sector have stockpiled ingredients, but many will have planned to build those stocks in the week after Christmas. If the lorries are in the wrong place, as a consequence of all this, that stock build may not be possible in the profusion that was necessary. Bear in mind that, for one very famous chocolate bar, it takes 27 ingredients, the majority of them imported, to be in the factory, at the same time, at the same place, for it to be produced. This is a scientific work, and if they are not there they cannot produce. Some of those impacts will work their way through to that sort of product.



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Q24 Mark Pawsey: I want to ask some questions about the costs that are being borne by business as a consequence of what has happened over the last couple of days. To start, I would like to ask our witnesses to reflect on how we got here. Mike Cherry reminded us that this situation has arisen because the French authorities decided to close their borders. I have a report in front of me, from Sky News, telling us that cases of the new coronavirus strain have been confirmed in Denmark, Italy and the Netherlands, and that the French Health Minister, Olivier Véran, said that it is entirely possible that the new variant is already circulating in France, but that no cases have officially been identified.

Duncan drew attention to the fact that we could be making the situation worse rather than better by encouraging drivers to mix in a field in Kent. Therefore, Duncan, without wishing to ask you to apportion blame, how reasonable do you think it is for the French authorities to have closed the borders in the way they did?

Duncan Buchanan: Right throughout the pandemic road freight has kept operating across Europe. The only previous example that I am aware of, of this type of blockading, was actually done by the UK Government when we had the outbreak in Denmark. I know what my reaction was when I heard about the mink thing in Denmark. I thought that this was a disproportionate and silly response. It was not evidence-based. I am not an epidemiologist. I am not familiar with the ins and out of this, but my understanding is that this particular variant has been in circulation, was identified from samples taken in September, probably became widespread in October and November, and is now where we are.

It is beyond belief that these variations are not already in France. It is beyond belief that this is going to make any material difference, to be honest. It is a reaction that is not based on evidence that this is going to stop the pandemic. It is a very poor approach, particularly considering that the people you are doing it to are almost in isolation, by the nature of their job in the first place.

Q25 Mark Pawsey: Recognising that none of our witnesses is an epidemiologist, Mike, do you have any thoughts on how we have got to where we are?

Mike Cherry: I would answer that by purely saying that I am not a scientist, or at least not in this vein. Therefore, I cannot comment on that. I will comment on the severe damage that it is causing to all sorts of businesses, across our membership and small businesses more generally, in being able to get on and do their free trade, particularly at a time when they are trying to cope with the ramifications of Covid, and the ramifications across Kent and the south-east, and probably further, as we go into 2021, for tier 4. We have always said that at some point the Government are going to have to look again at how they give adequate support to those businesses that have either lost loads or been severely



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affected, and have not had any of the support that has been available to other businesses or sectors so far.

Q26 Mark Pawsey: Andrew, what are your thoughts on how we have got to where we are now?

Andrew Opie: I am with the other two speakers. I have no idea why those kinds of decisions were made. I will come back to one of the previous questions, about the timing and the difficulty of this. It is a particularly acute time of the year for this to happen. We are so heavily dependent on imports of perishable products at this time. We have said a similar thing about the end of the transition period. If you were picking an easy time to transition away from Europe and introduce border checks, you probably should have done it around June time rather than January or the end of December, as we are in now, because of our reliance on fresh imported produce, where we do not produce it in this country. The timing of this could not be much worse than the end of the transition period itself.

Q27 Mark Pawsey: Ian, do you think that the action of the French authorities was fair and reasonable in the circumstances?

Ian Wright: It is profoundly unhelpful, but whether it is fair or reasonable is really a matter for you, as an elected representative, Mark, and for their representatives to judge. No one has ever accused me of being naïve in these situations. The timing has some significance, but it is interesting that the Prime Minister appears to have had a perfectly amicable conversation with Monsieur Macron, and it seems that they are going to get to a resolution.

How we got here is partially because of the Government making an announcement late on a Saturday night and causing everybody, not just the French, but a whole load of the population, to do things at great speed to avoid consequences that they do not like. There is surely a better way to run a railway than this.

Lastly, on the railway point, it seems astonishingly inconsistent that Grant Shapps is going around handing out fare refunds to all those who might or might not have been able to meet their granny for Christmas, but is not prepared to save businesses that have lost product as a consequence of the actions he and his colleagues took. There needs to be some form of equal approach in the commercial sector as much as in the way of dealing with personal issues.

Q28 Mark Pawsey: Let us stick with cost. Ian, we are both former sales guys, and you reminded us that, once you have lost a customer, it is very hard to get it back. Is there a real danger that some of our exporters are going to fail to fulfil their promise to their customers, fail to deliver on time and lose business forever as a consequence of what we are going through?



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Ian Wright: My colleagues in Diageo would be amused to hear the compliment you just paid me of being a former salesperson, but I take it as a big compliment. Of course, that is the case. Even before this happened, UK businesses were being told by their European customers, in many cases, that they were losing the order, losing the contract, because of the uncertainty associated with the UK and its ability to supply products through the Brexit transition end. That is exactly what has happened.

Whether that is a self-fulfilling prophecy, because of Mr Macron's malevolence, or whether it is simply a cock-up, I do not know. The simple fact is that we have just proved that it is an uncertain world and you cannot trust British product, if you already had a doubt about it. That is really unhelpful to Mike's members, and to all of our members who are exporting. It is going to take a long time to get some of those orders back. Yes is the answer to your question.

Q29 **Mark Pawsey:** Mike, the FSB will have many members involved in manufacturing, and we know that Toyota, a huge manufacturer relying on the just-in-time supply chain, has closed its UK and French plants. Let us not forget that components are travelling both ways on this corridor. It has closed its French plant two days early. Do you have evidence of your member base having to stop production because they have not been able to get goods just in time and in a way that they have been used to?

Mike Cherry: It is inevitable. If you are referring specifically to the automobile sector, we have members supplying specialised products into that sector. If those factories are shut, inevitably, that has a knock-on effect. Orders are put on hold, or even cancelled, until they start up again. There is an impact right across the scene, where smaller businesses are key parts of the supply chain. Let us not forget that we need those small businesses to facilitate and be at the heart of whatever recovery is going to come through, at some point in 2021, from this chaos and crisis that is caused by Covid.

Q30 **Mark Pawsey:** Is there any way we could put a figure on the cost to business of these delays? Is it incalculable, or could we take a stab at what it has cost our economy?

Mike Cherry: If you look at what Covid has cost us, and then proportionately attach that to something like this, you might end up with a figure. I do not do guesses; I take it on evidence, I am afraid.

Q31 **Mark Pawsey:** To our other witnesses, should there be some compensation to businesses that have suffered at this time? Andrew, would the people you represent be looking for somebody to compensate them for the loss they have incurred during this period as a consequence of the delays at the border?

Andrew Opie: No, we will not be looking for that. In our case, the costs are more likely to be borne by European suppliers unable to fulfil their orders into the UK. For consumers this side of the channel, if we



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cancelled it out, it is probably going to be less choice and shorter shelf life rather than costs to them or to the business. The businesses will need to sell something other than that fresh produce that I talked about before. The farmers, processors and packers who are unable to get their produce over the channel and into UK stores are likely to bear the cost of this rather than the consumers or businesses, for us at least, in this case, this side of the channel.

Q32 Mark Pawsey: The losses will be rolled into the general costs that businesses have had to incur as a consequence of Covid.

Andrew Opie: Yes. The supermarkets will continue to open and sell produce. They just will not be able to necessarily give consumers quite the level of choice that they usually expect in a British supermarket. They will find plenty of things to sell, and there is plenty of food in this country. It is disappointing for consumers, and it is disappointing for retailers not to be able to offer them the choice. At this time of the year, 90% of our lettuces and 70% of our soft fruit comes from the EU. Those farmers and processors, who are unable to get their produce here, are not going to get paid for those orders as they would have normally.

Q33 Angus Brendan MacNeil: Thank you to the BEIS Committee for giving us this opportunity this afternoon, similar to the chair of the Transport Committee, Huw Merriman. I have the same sentiments. Ian Wright, last week I was involved with the British Retail Consortium and the Food and Drink Federation, in an urgent meeting about the port of Felixstowe. To the point that Ian made earlier, which I think is important, the London population and the French Government seem to have reacted in much the same way. The kneejerk reaction and panic came from the big shock at the announcement on Saturday night.

Thinking of Felixstowe, and maybe thinking more of Dover, do you think there is enough of Government looking for co-operation and co-ordination rather than just leaving the components to compete with each other. Is this a time for Government to be more of a ringmaster than they have been? Our role in committees is to scrutinise Government in the first instance, then look for solutions, and move forward from that.

Ian Wright: Thank you for convening that meeting, which seems to have at least shone a light on the problem at Felixstowe. It has moved some of the debate forward. This is not a political point, in the sense of a party political point. This has happened all the way through my 30-odd years of doing this. There is a real problem about co-ordination between individual Ministries. The responsibilities for ports sits mostly with the Department for Transport, but the individual components of the health checks, animal checks and customs checks are all with different Departments. You have HMRC and Defra involved; you have the Home Office, with immigration checks. I am sure you have loads of other Departments. It becomes very difficult to pull together a coherent response.



When it works, it works very well. It works most of the time, so not unreasonably Government leave it alone on the grounds that Government interfering in these sorts of areas is usually less than effective. "I am from the Government; I am here to help"; these are words to make you tremble. But there is a real reason to question the strategic management of our ports and of the way imports and exports are going to work in what is inevitably a massively changed context, with our exit from the EU.

While there has been a lot of focus on the costs, whether you can get particular products in and all of that kind of stuff, I am not sure we have had a proper and coherent strategic conversation about the management of imports and exports as part of the economy, and about how much attention should be given to the way in which you ensure that happens seamlessly, who should pay those costs, whether it should be the importers or exporters, and how much time we should devote to making this kind of thing happen. There is a case, as I think you are implying, for a much better level of co-ordination, but before you do the co-ordination you have to have a plan. I do not think we have a plan.

Q34 Angus Brendan MacNeil: From last week's urgent meeting, the boats circulating the port of Felixstowe are not given long enough to berth. When boats are berthed at Felixstowe, they do not have enough time to get their containers off, and the next port at which to drop the containers is Zeebrugge. There did not seem to be somebody overlooking this, to ask, "Are there any other ports on the island of Britain at which they can drop the containers, which are then more easily moved to the final destination?" As we have just seen, a few days after we held that meeting, the channel ports have gone.

This brings me to the next point. When the Calais issue began, was there any thought of using Zeebrugge or Ostend? For stuff going to Spain or out of Spain, were Santander and Bilbao looked at? Do any of the witnesses know? I certainly do not know. I know that the flexibility is there with the Dover crossing. It is 22 miles, travelling at 20 knots. It is an hour crossing. The flexibility is not there if you go up the road to Zeebrugge, which would be about three and a half hours, and Ostend would be three hours, going at the same speed as the Dover one would be. Given that there was no rotation at all, due to Dover, was there any look at the other ports?

Duncan Buchanan: I would like to talk about Felixstowe as well, but I will come back to Felixstowe in just a moment. When it comes to road haulage operators, the logistics and the supply chain, they will always look for alternatives. Having alternatives is critical. One of the great flexibilities of the Dover straits is that we have two alternatives. We have the train and the ferry. Normally we do not have a country blockading us, which is what has happened in this case. This is not a weather incident; this is not something that is normal. You have not been able to use some of the alternative routes because they go into France. We have had a blockade by France on UK trade, by accompanied road haulage.



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Angus Brendan MacNeil: That is why Ostend and Zeebrugge out of France might have been interesting, given that the haulers are 85% European.

Duncan Buchanan: They will use any route they can to complete their journey, whatever is available. It is as simple as that.

Q35 **Angus Brendan MacNeil:** How easy would it be for the ferry companies to not sail to Dover, but to alternate and go into Zeebrugge and Ostend, assuming the Belgian authorities would let them in? Would that be a possibility?

Duncan Buchanan: You would need to speak to the Chamber of Shipping, and what have you, about that. I know there are limits on the flexibility of the ferries, because the ferries are designed to fit the ports, and the ports are designed to fit the ferries. Just because the ferry goes into Dover and Calais, it does not mean you can send that same ferry to Zeebrugge.

Angus Brendan MacNeil: I see that on the west coast of Scotland a lot.

Mike Cherry: We are aware of a member from Scotland, who supplies fish and shellfish. He was able to divert a £350,000 trailer from Dover-Calais to Portsmouth, to get into Spain and to deliver it to his customer. It was not accompanied. That trailer had to be dropped off, and he had to arrange for a Spanish haulier to pick it up, so I presume it went into Santander, and then make the trans-shipment across to Barcelona. That obviously involved a lot of time and, indeed, some extra cost. That is where small businesses are very adept at trying to find other routes, but if you are stuck in a queue and you cannot get out of it, it matters not a jot whether you have been able to find extra ferry capacity.

They were saying that even the ferry company down in Portsmouth, which I think was Brittany, was inundated with requests. Their ability to respond was being hampered by the problems that all of this was causing in the first place.

Q36 **Angus Brendan MacNeil:** The big market in Barcelona is tomorrow for the shellfish pre-Christmas. I will touch on two minor points. They are not minor points, but I will try to touch on them briefly. Given there is a lot of other haulage from other European countries going through—Andrew pointed out the loss from these producers selling into the UK, and possibly the Irish market—are other Governments across Europe pressuring the French Government, because the losses have been borne on all sides? Trade is a two-way thing. The buyer and the seller benefit; it is why we do trade. What pressure is coming on to the French? I think the Chairman said today that the European Union has already said something, but have we heard anything specific from other European Governments?

Ian Wright: The Commission came out at lunchtime with a very clear request that bans and travel arrangements were moved back in the



direction of normal. I think they talked about essential travel. I understand that all the European trade associations—what influence they have, I do not know—from the big manufacturing industries were pressuring the Commission to try to unblock this ban. As we have heard from Mike and others, it is bad for everybody and it is extremely disruptive. The answer to your question is a subtle and behind-the-curtain yes.

Q37 Angus Brendan MacNeil: The final point I would like to raise is about Brexit. I assume that all four of you, as traders and people dependent on trade, would like a magic wand to get rid of Brexit if possible, because it is another headache that you do not need. That is an assumption I am making. Given that Brexit is coming, what have we learned? I have been speaking to the Road Haulage Association, as Duncan Buchanan will know, and 85% of hauliers are European. Most of them are out of Poland, and a lot of them out of Spain, Slovakia and Lithuania. They have debt on their lorries, and they have to pay this debt. They have to be moving, and it is priced per kilometre. If they are stacked up, they are not earning money.

Is there a double learning going on here? Surely the UK is seeing the real problems, but hauliers are perhaps learning something about the UK. Is there not something else perhaps going through the European Commission, a third learning, even, that other member countries will be affected by this as well? Will there be pressure or change, positive or negative, from this experience, or do you think this experience is the Brexit that is to come, hence the magic wand I mentioned at the beginning? I would like to hear from each in turn on that, because I have made an assumption about you. Duncan, you look ready and poised to get in gear with that lorry and go.

Duncan Buchanan: The most important thing about Brexit and Brexit preparation is having the information necessary to make whatever happens in the supply chain work. It is not the responsibility of a trade body to be pro-Brexit or anti-Brexit. It was a decision that was taken. It is just an environment, and we have to make it work. Our big disappointment is that, after four years or more working on this, we still have so many gaps. The gaps are not just in the UK, but in the EU. If I could have a magic wand, I would like to have two or three months of complete stability, with all the rules known about and tested, all the IT in place, so that we could make the systems work and put the customs and border processes in place, to get them done, because we are not there yet.

Mike Cherry: We carried out a transition survey at the very beginning of this month, so I can give you some very recent statistics that have come out of that. Over two-thirds of our members are raising the uncertainty regarding the relationships as causing them a real problem. One in five are saying that a lack of time and resource, due to the economic impact of Covid, has held them back. That is the overriding problem that many of them are facing at the moment. Less than one in five of the small firms



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that believe they will be negatively impacted have finished preparing. It is that preparation, uncertainty and lack of clarity around the specific detail of whether we have an agreement and whether we work under WTO rules. It is that specific detail, which businesses need clarity on, that is causing them the biggest problem at the moment.

Andrew Opie: From our perspective, first, we need to remember that, if we do not get a deal and we have tariffs on food, the impact on British consumers is going to dwarf the issues we are facing at the moment. It is going to be of a different scale once we see food prices rising across the board, not just in fresh produce. The key thing is to get a good deal done for consumers.

Secondly, the UK should reflect on this. The UK is gradually opening its borders to the EU over 2021, so the last thing we would want is for European importers coming into the UK to be as poorly prepared as it looks like some of our exporters going out of the UK are, in January. We have six months, and we really hope that there is a really big attempt to upskill European importers, so they are ready to face those full border checks at Dover and other ports in July. Otherwise, we are going to see a much bigger disruption to our supply chain than we are currently seeing.

Angus Brendan MacNeil: The most shocking thing I heard was that UK-produced chicken in the UK is going to be more expensive, with either a deal or no deal.

Ian Wright: It is a tiny peek at what could happen, in the first few days or weeks of the transition period ending, and it would be compounded by tariffs and by no deal. It could happen not just at Dover and Felixstowe, but at Cairnryan and Holyhead. For any port that goes into the EU with food and drink, this kind of chaos is entirely possible and could happen, not regularly or frequently, but on an occasional basis. Everybody should be worried about that and the level of confidence that these scenes leave with those whom we need to help us and who have to come here from abroad to do business.

Chair: Huw Merriman wins the prize for the most well-behaved guesting chairman.

Q38

Alan Brown: To pick up on Brexit, this is for Duncan. Following on from Ian's comments, if we look at what has happened just now, the Government have said that only 20% of the goods are accompanied, so therefore it is not too big a problem. They have said that what has happened shows that the Brexit preparations are good because there are not that many lorries parked up in Kent. Duncan, you said that lorries are parked up elsewhere. Is there still a complacency, or is there a real risk that this will happen again in Brexit? What happens once we hear ports are open? With all the lorries that are parked up elsewhere out of Kent, what is the actual knock-on effect once they all start heading towards the ports that have been otherwise closed?



Duncan Buchanan: You asked if there is a complacency; I would say yes. I do not think the civil servants and the Government believe that there is a complacency. They believe that they are prepared, but from where I sit they make very big assumptions about readiness. I think there is a complacency. The discussion around 20% is part of almost dismissing of the scale of the problem. This problem is going to be very significant. I have described it before as somewhere between a shambles and a catastrophe that is coming in January, and I stick by that. Everything I have seen in the last 24 or 48 hours leads me to believe that we are going to be in a very bad position come January.

The problem is that we do not know what goods exactly are going to be in short supply. We do not know what exactly is not going to happen properly. We do not know what factories are not going to be able to make whatever they are going to make. We cannot tell exactly what the impacts are. We are not going to starve. The sun is still going to come up. It is not that bad, but we are in a very serious situation, and it is going to be incredibly disruptive for supply chains, but quite unpredictable too.

Q39 **Alan Brown:** Duncan, the GVMS system goes live tomorrow. What happens if that does not hold up? What is the impact?

Duncan Buchanan: There will be contingencies around the lack of a GVMS system, and it will almost certainly involve paper and doing emergency short-term procedures. As for exactly what they may be, we are second-guessing what might or might not happen. We are almost passengers in this now. We are just going to have to wait and see how bad it is in January.

Q40 **Alan Brown:** Ian, you mentioned cost to business before. We have heard from Scottish seafood producers in particular, who have goods that are going off as we speak. It is said that insurance will not cover this just because it is delays. Is it right that insurance will not cover it? Therefore, should Government do it? What does this mean if there are further delays and the same thing happens in January? How do these companies cope with this?

Ian Wright: All my members, and all my colleagues across the other food trade associations, will tell you that the insurance policies they have will not cover the loss as a consequence of a situation like this. That is why I said earlier that, if the Government were handing out refunds for train fares to go and see your granny, they should be much more seriously thinking about compensation to those who, through no fault of their own, have found themselves stuck in this situation where millions of pounds of stock is going off as they sit in the queue.

I believe they should be. We will be pressing them very hard, as I am sure you and your colleagues from constituencies that have been badly affected will be, to look at a compensation scheme. There is a real danger that Duncan and I sound like Senna the Soothsayer: "Woe, woe and



thrice woe", but this is a very serious situation, and we have to say what we think might happen. If it does happen, that is going to give us no pleasure. In fact, it is going to screw our members royally. It is going to be bad for us and our members.

We have had a constructive partnership with Defra. They have been exemplary in the way that we have been able to talk to them. They have not always agreed with us, and there is a bit too much, "We hear what you say; we are listening". Would you mind doing something? But they have been very effective, and we have had a lot of issues resolved. I have said before to this Committee that I have a lot of confidence in George Eustice and his ability to look at these issues, act and get things done. Through the whole of the Covid crisis, when something like this has gone wrong once, they have put it right the second time. I am very hopeful that they will have looked at this. I do not expect them to come forward and say, "We have got it wrong". It would be nice if they did, but I do not think they will. I do hope that they will learn the lessons from this. Let us hope that they have been applied in the weeks to come.

Q41 Alan Brown: On logistics, Ian, you said that there is another window post-Christmas that is now being affected, in terms of stockpiling. It seems there are quite a few things going out of sequence, in terms of goods going to the continent and goods coming back. If there are windows getting missed, what are the knock-on costs, and the hidden costs and overheads to businesses, if this keeps happening, bearing in mind we think it is going to happen again on 1 January?

Ian Wright: The costs will be significant. To go back to an answer Andrew just gave, a lot of it will be about disruption, out of stock and delay, rather than actual money.

Alan Brown: Yes, so it is a hidden cost and an overheard.

Ian Wright: Yes. Every time it is disrupted and delayed, you lose your customer. That is a big cost. It will be in the low-single-figure millions.

Q42 Charlotte Nichols: I have two questions that I will ask together, in the hope that that will make things go a little more quickly. In answer to earlier questions, it has been mentioned that, in some respects, the tier system has mitigated some of the issues, in terms of reducing demand. In terms of the confluence of this with sometimes very sudden announcements in tiering arrangements, which force closures of certain sectors, I am quite concerned about things in the supply chain, on their way to places, that could be closed by the time they get to their destination because of these delays. Is that an issue that has affected your members?

Secondly, my constituency is in Warrington, with a new inland border facility due to open on 1 January. I am concerned by what is being said about driver welfare. What specific measures and facilities would be necessary, in terms of access to toilets, washing facilities, and being Covid-secure locations, to ensure that the issues we have seen at other



lorry parks that we have spoken about today are not replicated there?

Duncan Buchanan: I will take the second question first, which is the one relating to your constituency and the inland border facility in Warrington. The first thing to note about these inland border facilities is that they are not meant as places for lorries to dwell. They are meant for the processing of the lorries, in terms of the paperwork. They are there as literally customs posts. Think of the Warrington inland border facility as a port rather than as a lorry park.

The focus of these facilities is to have the vehicles in and out as quickly as possible. My understanding is that, at least for the one down in Sevington, the proposal is to start charging within an hour or two of a customs formality being completed. It is not for dwelling. With the welfare facilities, you need toilet blocks; you need to look after the drivers; you need food and what have you, yes, but they are not going to be long-term sites. You can be a little reassured about that element, in terms of Warrington.

You asked about supply chain closures and what happens when things are not clear, and people have ordered stuff. For the haulage industry that is probably less of a problem than, say, the restaurant industry, where they have to buy the stock, and if the restaurant closes on a Saturday unexpectedly, that is a disaster for them. They have just got a load of food for nothing. From a road haulage point of view, we would want to be paid for moving freight, regardless of whether someone shut.

Mike Cherry: Supply chain closures is a problem. As we know, in certain sectors, whether it is retail or hospitality, there is a huge supply chain behind those frontline retailers and outlets that have not had any of the support, apart from furlough. Those businesses face the fact that, if it is something that is in transit and they cannot deliver, logistically it may disrupt their circuit and cause increased time and cost. The other knock-on effect is that, if they have already manufactured goods for those sectors, and it applies to other sectors as well, inevitably the orders are not placed, they are not taken, and the manufacturer ends up with those goods on stock, unable to sell them and unable to get paid. They have a cashflow knock-on effect as well.

The likelihood of something being stopped in transit is less than it would be if somebody were manufacturing, and indeed pulling across some parts. That would be the only situation where the completion of the manufactured product was relying on goods in transit through the ports, Dover-Calais, or the tunnel, and they could not compete. As we heard earlier, in the automobile sector, whether it be Toyota, Nissan or JLR, we understand that some of those are shutting for extended periods, using Christmas as part of the main shutdown to hopefully ensure that they have less of a problem as we go through the end of transition on 31 December.



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Ian Wright: A significant amount of food and drink product would have got lost in the queue at Dover, and that will be a fear if these kinds of scenes repeat themselves in other places. Product that was on its way to any operation that has been shut down, as a consequence of tier 4, will also be lost. I will make one longer-term point. What has happened, as a consequence of the last few months, with the use of the tier system to particularly close hospitality and food to go, and with the withdrawal from downtown metropolitan areas and people working from home, has meant that the whole ecosystem of food consumption has changed.

Andrew will probably correct the figure, but it used to be about 70% retail, 30% out and away from home. At the moment it is something like 90/10 in favour of retail. The important point about that, for our sector and further up the supply chain, is that, putting it not too unkindly, retailers are very hard negotiators. The margining out of home drags the average margin up, and when retail is dominant in the way it is the margin comes down. That means there are lower returns for our members, and it is much more difficult to make a profit.

Andrew Opie: To touch back on the disruptions to the supply chain in Felixstowe and other ports, it had a significant impact on parts of retail, for example toy retailers. Some of the furniture retailers, which order and then deliver to consumers on demand, were absolutely affected by that. We should not forget that.

To your point around the tiers, we saw this this week when tier 4 was introduced, and non-essential retail went back into lockdown. The suddenness of that decision, particularly in the week before Christmas, the most important time for those retailers, could not have been any more devastating for those businesses that have already weathered a really bad storm through near enough the whole of 2020. The tier changes, the speed of them and the stop/start nature of the controls we have seen around Covid have had a significant impact on retail. They have been left with stocks maybe out of season, which will be difficult to sell in later parts of the year, or into next year. We should not underestimate the impact, as Ian and others have talked about, on the supply chain, but also for those hundreds of thousands of workers who work in high street retailers.

Chair: My apologies to the witnesses. I know I have kept you over the time that we indicated, and I am grateful to each of you for sticking with us. The message today for Ministers, who, as I said, unfortunately could not be here today, is clear: that there is an absolute imperative to unblock this issue in the next couple of days for the 4,000-plus trucks and vans involved, with some clarity quickly on testing procedures and testing capacity.

Given we were expecting delays, even with a Brexit deal, on 1 January, it is disappointing to hear that the preparations have not really stood up to the test of this Covid-related dress rehearsal, especially nine days before the end of the transition period. From the evidence today it is clear that,



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if this issue is not unblocked in the next couple of days, the cumulative impact of that, alongside the Brexit delays from 1 January, will cause real problems for the security of supply of many of our goods and products, as well as an inordinate cost for businesses and hauliers, and ultimately probably, therefore, for consumers.

There is rumour afoot that the Government will give Parliament the courtesy of a recall between now and the new year to understand what is happening next on Brexit. I am sure the House will continue this debate in detail from next week. Thank you to all of you for your evidence today. Thank you to my Committee members and fellow chairmen for joining this Committee at short notice, and as always to the clerks and broadcasting team for turning this emergency session around so quickly. I now call this session to an end.