

# Environment, Food and Rural Affairs Committee

## Oral evidence: Seafood and Meat Exports to the EU, HC 1189

Tuesday 16 March 2021

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[Watch the meeting](#)

Members present: Neil Parish (Chair); Ian Byrne; Dave Doogan; Rosie Duffield; Dr Neil Hudson; Robbie Moore; Mrs Sheryll Murray; Derek Thomas.

Questions 85 - 132

### Witnesses

I: James Russell, President, British Veterinary Association; Gary McFarlane, Northern Ireland Director, Chartered Institute of Environmental Health.

II: Shane Brennan, Chief Executive, Cold Chain Federation; Richard Ballantyne, Chief Executive, British Ports Association; Eddie Green, Head of Cold Chain, DFDS (UK).

Written evidence from witnesses:

- [British Veterinary Association](#)
- [Chartered Institute of Environmental Health](#)



## Examination of witnesses

Witnesses: James Russell and Gary McFarlane.

Q85 **Chair:** Welcome this afternoon to our second meeting on seafood and meat exports to the EU. We are delighted to have two panels this afternoon. The first panel is Gary McFarlane and James Russell. Can I ask you to introduce yourselves? We will get started and then I shall introduce the second panel when we get there.

**Gary McFarlane:** Good afternoon, ladies and gentlemen. My name is Gary McFarlane. By day, my title is the director for Northern Ireland within the Chartered Institute of Environmental Health. In the context of today, and indeed other things, I am talking to you about issues that are of national import. I am a chartered environmental health practitioner and have a master's in business administration.

**James Russell:** I am James Russell. I am the president of the British Veterinary Association, representing roughly 18,000 members from right across all walks of veterinary activity in the UK.

Q86 **Chair:** Thank you very much for joining us. It is very good because, like I said, we are really trying to drill down now on what is happening out there with exports. How much of it is homegrown and how much of it is EU? This is my first question to you: are the problems experienced by certifying officers in completing EHCs mainly teething problems or longer-term structural issues? As they are health certificates, I will bung that one first of all to James.

**James Russell:** We can divide the problems we are seeing into those that are teething problems and those that are more structural problems. I will start with your question about teething problems. What we could describe sensibly as teething problems would be those that are about compliance with the export health certificate requirements. Alongside senior vets, who are taking part in this export work, we have been attending very regular meetings with Defra. I know that they have been feeding back to the Commission to try to establish where those inconsistencies are and how we can join them up. That is not an overnight process but it seems to be working as well as it can do.

Some of the evidence for that would come from things like the discussions that we have been having with a contact in the French embassy, who was able to share with us that, from a position where, in the first week in January, around 90% of loads were non-compliant crossing those short straits, the non-compliance rate is now down to 8%. If we drill into that 8%, slightly less than a third of that related to the quality of the certification; slightly less than two-thirds related to the actions of the customs operators or the customs agents; and only the tiny leftover bit was to do with the quality of the goods that were being exported.



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On those teething issues, huge progress has been made. It is important to recognise that we see another teething session coming up on 21 April but I dare say we will come to that, Chair.

**Q87 Chair:** Yes, so 8% is still quite a lot. It is still eight out of 100 loads with which there may be a problem. When you say six of those eight are to do with customs officers, are those customs officers on the continental European side?

**James Russell:** Yes, we are talking about the people looking at that as importing officers.

**Q88 Chair:** The Government have been putting up officers to help you. I will not go into big detail with that now, but is that working to take some of the load off vets as these certificates are brought together? How is that working? Is it working or not working well? What would you like changed, if anything? The whole idea of this inquiry is not just to kick the situation but to find out how we can help the situation, if you see what I mean.

**James Russell:** The thing that we have been calling for right through this, and continue to call for now, is clarity on what is being expected of the vets and certifying officers on the ground with as much notice as possible, so that we can begin to understand the notes for guidance and the challenges that we are likely to have. We saw some quite bizarre non-compliances early on, such as someone using a red pen and a green stamp instead of a green pen and a red stamp. We want those ironed out ahead of time so that we are not facing them when we are talking about movement of goods.

We can talk about the extension to the grace period moving into Northern Ireland, for example, and the fact that we are now in a position where we do not have to have those vets undertaking that work until 1 October. It is really important that we use that time to see where the challenges are, in terms of capacity but also the structure of the documents we are being asked to complete, and to make sure that we are as ready as we can be, so that we do not see a return to that 90% non-compliance that we saw on 1 January crossing the short straits from Dover.

**Q89 Chair:** Are you still seeking clarity from Defra and Border Force on our side? Where and from whom are you seeking clarity?

**James Russell:** There are a number of answers to that. One of them would perhaps lie around the composite product export. I realise that is slightly outside the scope of what we are discussing today, but it does bring in some of the meat products we are talking about. Even at this stage, we still do not quite understand exactly what products are and are not going to come into those composite export health certificates. That is a very basic one where it would be really good if we could get that clarification.

In terms of the specific things that we are discussing today, this is really about how the boxes on these forms should be completed in such a way



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that it is compliant with what the importing countries are expecting. Just earlier today, I was picking up examples from a group of OV exporters that I am part of, where the question, "Should I be ticking lorry, boat or plane?" is still providing holdups and challenges to people getting goods across either on to the continent or, later in the year, into Northern Ireland.

Yes, it is partly about our understanding in the UK because those people are working with the notes for guidance that are issued by APHA as Defra's agency. In order to issue notes for guidance that are going to be compliant, there has to be a conversation between the UK and the European Commission, to make sure that we are doing what is being asked for by the importing countries.

**Chair:** Thank you very much for that, James. That has really stimulated Gary into wanting to come in.

**Gary McFarlane:** I concur with what James is saying. Our practitioners on the ground are reporting potential inconsistencies with what is required at different border control posts in Europe. To be clear, I am talking here about export health certificates for which EHOs have responsibility: fish, fishery products, et cetera, and live shellfish. There are, incidentally, some real issues with that but I can come on to that if you wish.

Part of it is inconsistency. I agree with what James says. Some of this may be teething problems but, unless they are addressed, there is the potential for them to become long-term issues, particularly when the volume of exports potentially increases again. Our members are saying that volumes of exports at the moment are nowhere near where they were pre-January. The reason for that is that many businesses are sitting back and waiting to see what happens.

Q90 **Chair:** Gary, in a nutshell, we are not really too worried about the teething troubles. What should we put in our report to say to Government we should be doing more of?

**Gary McFarlane:** Again, our members are telling us that there are some very practical things that could be done to streamline the processes better. James referred to the alterations that are required on many of these export health certificates where they have to be manually edited on the premises. Just so Committee members understand, that requires an elaborate process of verification. The system is still paper-based so, where you have very remote fish processing plants a long way from any administrative centres, while mobile printing of these forms has been trialled, it does not work. They are too complex. You can begin to appreciate the complexity of that and the things that could be done at a practical level, which of course will have to be negotiated with the European Union to start to streamline those processes.

Q91 **Chair:** The prize would be to get all these forms done electronically. Is it



something like 70 pages? What is it?

**Gary McFarlane:** James may have insight into the number of pages but I can give you some examples. In certain types of products, these export health certificates can take close to an hour to complete. That is just to complete the paperwork. Imagine if you have 15 of them to do.

Q92 **Robbie Moore:** My question is around the theme of imports from the EU. Are there safety and biosecurity risks to further delaying full sanitary checks on EU imports of seafood and meat?

**Gary McFarlane:** It is a big question. We have to be cognisant that what you are essentially talking about here is potential criminal activity—food crime, effectively, as I would describe it. It is quite interesting that the National Food Crime Unit increased its capacity significantly just prior to our exit from the European Union. You can take from that what you will, but it is fair to say that food crime is still a current risk. On a personal level, I am quite sure that there have been criminals across the world watching this situation, waiting for opportunities to exploit it. You need to bear in mind that the potential to make significant amounts of money here is considerable.

Not all those risks necessarily pose public health risks, but many of them potentially could, particularly when we get into areas such as allergic reactions and mislabelling of products. The short answer, in my professional view, is that, yes, there are risks to public health from delaying the introduction of checks.

**James Russell:** I wonder if I could comment on the other side of that, which would be within the legal framework of importing goods. That is absolutely something that we seek reassurance on. It may be fair to say that, since we have parted ways with the European Union, there has not been a sudden change in the risk of the food coming across the channel from the European Union. We are not aware of any huge changes in standards of production or whatever. We need to bear in mind that, at the moment, in the short term, the alignment of our standards means that that risk might not be huge.

However, sitting outside the EU, we do not have access to the EU's range of disease, surveillance and co-operation systems, which have been so important for us to understand things like African swine fever. Where is that up to? Whereabouts is that on the continent? Where is it in the world and how can we therefore protect our borders from that coming in? These checks are that line of defence for us now. There is a note of caution there about a disease that is not currently in the United Kingdom and how we keep it out, balanced against the fact that, if those imports are from the European Union, we are not aware of huge differences at the moment.

Q93 **Robbie Moore:** Building on that, do you feel that the existing safeguards and checks are sufficient to protect us from unscrupulous traders and



criminal elements that are associated with the transport of food?

**James Russell:** I will be really honest and say that the criminal side of this and how people might bypass the system is not in my area of understanding. Sorry, I cannot comment on that.

**Gary McFarlane:** I am happy to come in on that. I noted with interest the point that was made in the BVA's paper. It is important to recognise that the checks and controls we have are core health protection and public health controls. They are not an inconvenience to be got around; they are there for a reason. While I totally concur with what James has said, in regard to the question you have asked specifically, it is not the vast majority of diligent operators and legitimate food businesses that we need to be concerned about here. It is those who will set out to thwart the controls and the checks that the system puts in place.

Let us be clear. For me, at a professional level, this is a fact. The EU arguably has the best system of food safety and food standards protections and controls in the world, underpinned, as James has said, with very robust intelligence systems. We are now outside of that and we have not yet, at a policy level, committed in legislation to protect those standards, which I suspect is another discussion.

The point I was trying to make in my initial response was that I am quite sure—I know from speaking to colleagues that there are others who share this view—that the eyes of the unscrupulous operators and individuals out there will have been on this situation. In simple terms, if we leave the door open too much or for too long, there are risks.

**James Russell:** To back up what Gary has just said, I would highlight that we can have confidence in the piece around why these certificates are done by vets in the first place or, in the case of some of our seafood exports, by these very well-trained environmental health officers. It is to give us confidence in the goods that we are purchasing in or the goods that we are sending out to third countries. That is what that veterinary signature does.

If your question is whether, when we have these systems in place, we can have confidence in the veracity of the evidence being put before us, we would very much hope so. That is where WHO and OIE rules of trade are based—the importance of that signature and having confidence in that signature. Ultimately, that is also what our exports rely on, so we need to maintain confidence in that.

Q94 **Robbie Moore:** Following on from that, are you confident that there will be enough certifying officer capacity to implement the revised timetable?

**Gary McFarlane:** There are real issues around capacity at the moment. In the situation at the minute, my understanding, from what James has said and indeed from our members and colleagues, is that they are managing to cope with demand on the export side. As James has already alluded to, once we move to the next phases of the implementation of



the agreement, including the additional workload within Great Britain for products moving to Northern Ireland, there is a question mark over capacity. There are some short-term things that could be looked at to potentially address and alleviate that.

In the longer term, the bottom line—this is something we have been saying to Government in general—is that there is a need for investment in the health protection and environmental health workforce.

**James Russell:** I would say no as well. I would point to the fact that, even as we sit here today, as far as we are aware, it has not been the lack of a veterinary signature that has stopped something crossing the short straits. At the moment, there is a lower level of transport than normal making that crossing and, of those vehicles that are going across, maybe only 5% currently need to undergo SPS checks, whereas we might have anticipated that being more like 10% under normal trading. There is a way to go, even within the framework we have now, before we bring in the additional certification needs—the new certificates in April and then the import certification needs in the second half of the year.

**Q95 Chair:** James, you intrigued me when you talked about the African swine fever—or say it was avian flu. Surely the Europeans are dutybound to inform us if they have it and where they have it, as we are trading with them, or do we have to check that ourselves? I would have thought they were dutybound on something like a notifiable disease, because we have to. When we trade poultry in an avian influenza area, it is regionalised and so is theirs. Surely they have to notify, or do they not?

**James Russell:** When it comes to exporting poultry at the moment and making sure it is not coming from a restricted area, that is down to the certification that travels with that consignment of poultry as it is exported. That is what we are pointing to: without those certification assurances traveling with the goods, we are not in those conversations any more about what is happening in terms of disease processes on the continent.

I know that our chief veterinary officers, right across the four nations, maintain very good relations with their European counterparts, but that is a different point.

**Chair:** Yes, that is right. Surely it needs to be formalised a bit more. This could potentially be a huge loophole if we are not careful.

**James Russell:** Absolutely, and they will have to notify us in their SPS checks, but we have to be making those SPS checks to pick that up and we are not there for that early identification. That is quite right.

**Chair:** It is good to have that clear evidence this afternoon.

**Q96 Ian Byrne:** To build on what Robbie has just said, the British Veterinary Association said that the UK needs enough certification officers to meet the additional demands for both export and import certification and



controls. Otherwise, it will create a significant barrier to trade that could be detrimental to the UK farming, food and hospitality sectors. James, have the Government done enough to ensure that there are sufficient certifying officers to meet demand from exporters, taking into account the new export health certificates and extra requirements for Great Britain-Northern Ireland trade?

**James Russell:** We sit here today still unsure of the answer to that question. What I can tell you is that, on a weekly basis, I am sitting in a room with producers who are exporting their goods out of the United Kingdom every day and every week of the year. I never cease to be amazed when I sit in that room—virtually, obviously, at the moment—and look round at the faces, and we tot up the value that their produce brings to UK GDP. It is colossal and these are people who are saying to us, “If we are not able to achieve this, if we are not able to find these vets and do so in a time-efficient and financially efficient way, we will just have to step back from this part of our business because we will not be able to make it work”. That really gives me some concern. We would like to understand, as soon as possible, exactly what those veterinary needs are going to be as we move forward through the different stages of this process.

I should say that there have been some great steps put in place and the Government have funded the training for people to take on the official veterinarian panel that they need in order to carry out this export work. That, together with the support of us and the royal college sharing and promoting that training, has seen us increase from around 900 people in the country able to carry this work out to, at the last count, just on the plus side of 1,800 people.

We need to remember that it is not 1,800 people sat at home with a clipboard waiting for some certificates to sign. Those are people who are already gainfully employed as vets in the country, either in private practice or potentially in important surveillance work in different parts of the system, who are thinking that it would be possible to fit export health certification work alongside that to help fulfil that need. It is great that we have seen that increase in the numbers of people. We just still do not have the confidence that there is enough of us to do everything that is being asked for. That is magnified when we think about the challenges of bringing vets into the country to work under the new immigration rules as well.

**Q97 Ian Byrne:** That is a really good answer. I can hear and see the concern in your voice at what you have just outlined. What would make you sleep easier at night if you could have an ask of the Government so that we can put it in the report as a recommendation?

**James Russell:** It is a lovely question. Thank you for asking it while I think about an answer. We would want two things. We would want the ability to think about how we were going to bring people into the country



to support our existing veterinary workforce more effectively. Then we would want clarity on what we were going to be asked to do.

**Gary McFarlane:** I would share James's initial response, which is that it is just not clear at the minute. There are certainly capacity issues within environmental health. There are proposals, as I understand it, in the pipeline to change elements of the food law code of practice, led by the FSA, in order to improve capacity in that particular local authority workforce. It is important to say, though, that, certainly within the local authority sector, there is considerable doubt about whether it will achieve that. We have other concerns about the removal of professional qualifications and the impact that that could ultimately have on public health and, indeed, with the European Union.

Having said all that, there are ways in which, certainly in the short term, capacity and easement could be looked at on the export side. This is quite a complex issue and probably too long to get into in any detail, but I can provide further details on this. I can potentially talk to James about a joint response to this.

There are some bizarre irregularities, for example, particularly in composite products, which at the moment require full veterinary sign-off. Honey is an example, which is fairly far from a high-risk food. Seafood products, such as shellfish mornay, that have dairy in will require both an EH element and a veterinary element, because vets are responsible for dairy. At the same time, it is the EHOs who are looking after all the systems in those plants, the controls, the risks and the processes on a daily basis. I can see areas where there could be streamlining.

It is important to make the point that the veterinarian support for all this work comes from the private sector quite substantively. There are significant numbers of highly qualified EHOs and EHPs in the private sector but, at the minute, we are unable to harness their capacity because of the way in which the authorisations in APHA are set up. That is a missed trick.

Q98 **Chair:** Where is the Food Standards Agency in all this? We have a Food Standards Agency, Defra and Border Force. We have a whole load of people there interconnected. FSA, naturally, is answerable to health, not Defra, because that is the way it was set up. Is it all being joined up properly? This is one of my pet themes. Are all the organisations of Government connecting?

**Gary McFarlane:** This is coming from our members, as everything I have said has been informed by our members. I know that members on the ground would suggest that there is certainly scope for much better connection between the work they are doing and Defra colleagues. It is fair to say that the FSA is very well connected with the work that local authorities do. I do not think that there is the same understanding or connection between Defra and the local authority workforce in terms of



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both the roles they carry out and much of what we have talked about. That is an area that could be improved.

Q99 **Chair:** Historically, you would have had much more to do with the FSA than you would necessarily with Defra. Is that where we need to join some wires up?

**Gary McFarlane:** The simplistic way to describe it, as I have already alluded to, is that EHOs in local government are largely responsible for food safety and standards throughout the entire system. With some notable exceptions, EHOs look after the vast majority of food processing, in terms of the safety, hygiene and standards, on a day-to-day basis. Defra is responsible for imports and exports. There is an environmental health role in that as well. Often on the export side, as I have already alluded to, it is the same manufacturers and processors, particularly in the small business sector, that are exporting as are dealing with EHOs on a day-to-day basis.

There are two elements of the food system, as such. FSA looks after hygiene and standards. Defra looks after imports and exports. There is scope for improving communication, understanding and engagement between the local authority sector and Defra on the imports and exports side.

Q100 **Chair:** We are short of time, but I would be really grateful if you could let us have something in writing as to where you think we could join that up better. The whole idea of our inquiry is to pull the wires together.

**Gary McFarlane:** I am happy to do that.

**Chair:** Thank you.

**James Russell:** I would take this back round full circle and start thinking about where vets can add value to the sanitary and phytosanitary checks of goods coming into and going out of the country. It is important to make sure that that veterinary expertise is harnessed in any trade deals we are looking at as a country. That will, therefore, help to enable some of these reciprocal agreements that we have all alluded to, in terms of streamlining and improving the flow of goods, during this evidence session today.

Q101 **Mrs Murray:** You have answered the first part of this, gentlemen. Is the current model of official veterinarians mostly being from the private sector and fitting certification around their other work still appropriate? It seems to me that you feel there is a problem there, but is there another model that you would suggest besides just employing more vets? Have you any other thoughts around that? We are looking for solutions. It is very easy to identify the problems, but have you thought about any solutions? I am sorry to put you on the spot.

**Gary McFarlane:** That is what we are here for. I will first make a point of clarification. Forgive me if the Committee already understands this. As



James will appreciate, the model in Northern Ireland is very different from England and Wales where the vets are employed for the public good. Interestingly enough, going back to the previous question about the connection between environmental health and the veterinary side, that is much better in Northern Ireland because the DAERA vets are working closely with the EHOs, as they are all part of the public service. It is very different and much more difficult when the model is entirely reliant on the private sector, as it largely is, to my understanding, in England and Wales.

To answer your question specifically in terms of solutions, I am thinking about it and I will commit to come back. The Chair has already asked for some further supplementary written evidence, which I am happy to provide, and I will reflect on and provide some further thoughts on that, if that is okay.

**Mrs Murray:** Thank you very much.

**James Russell:** As an introduction to my answer, the reason that we have the need for a veterinary certificate signed by an official veterinarian who has gone through these postgraduate qualifications is that that is the demand of the importing countries when we are exporting our goods. It is really important that we recognise what we can and cannot tweak within the confines of where we are working.

The other side to that is that, as a profession, we are not precious about absolutely every step in that needing to be done by a vet. We already have a situation where certification support officers work alongside us to help gather the data, collate the evidence and bring that together, in order for the official veterinarian to undertake suitable due diligence, use their expertise in disease surveillance and all the rest of it to make sure they are comfortable with what is front of them, and then sign things off.

If we were able to engage further in dialogue about how we might better use those allied professionals to work alongside the vets to give absolute confidence that the goods we are exporting are fit, are safe and are what they say on the tin, while taking some of that time pressure away from veterinary professionals, that would be really helpful.

Q102 **Mrs Murray:** That brings me really nicely on to the second part of my question. What would be the advantages to exporters if the environmental health officers could certify non-seafood environmental health certificates? I know that the European Commission has set the rules on this, but would you like to see, perhaps, if there is an advantage, Defra focusing on this and negotiating some flexibility with the European Commission?

It would also be interesting to know from you, Gary, whether you think the situation is perhaps a little different in Northern Ireland because Northern Ireland is in a slightly different position with the protocol.



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**Gary McFarlane:** The Northern Ireland situation is probably a whole conversation in its own right, and I am not here today to talk about that extensively, although I am happy to talk to the Committee about it in the future.

**Mrs Murray:** It is just a case of whether the rules around this are a little different in Northern Ireland because of its unique position. I do not need you to go into a massive amount of detail.

**Gary McFarlane:** I will come back to that in a moment. First, to underscore something James said, he made a very important point. It is important to remember that the requirement that everything but fish and fishery products is signed by an OV is ultimately a European-led requirement. It is very important to understand why.

You would expect me to say that the EHOs are also highly competent and highly trained professionals in this space who could probably be utilised in this space more than they currently are. The important point to make here is that EHOs are rather unique, professionally, to these islands. Most of the rest of Europe does not have a similar professional. That is part of the reason why it is everything, including fish and fishery products, in most of the rest of Europe. Those are the origins of this.

I would totally support what James has said. Moving forward, there is a need to negotiate with the European Union for perhaps some different models to apply to the UK, and arguably Ireland as well, although it is in the EU so it is kind of a moot point. My point is that there is a highly competent and highly trained workforce out there that could assist in this space. I have already alluded to ways in which the work could be streamlined.

There are, by the way, Sheryll, some very specific issues with shellfish, which I know will interest you because of where you are from. There are real issues that need to be addressed there. Otherwise, I would fear for the future of the UK live shellfish market, because there is currently an impasse on, for example, undepurated scallops from class B. That is a significant part of the economy where you are from, so that is an important point to make. To come back to the question you are asking, yes, there is lots of scope for better use of the capacity that we have professionally in that area of health protection. I would support James' point on the use of vets in a more holistic way in certain areas of the food production system and chain.

On Northern Ireland, I did allude to this. DAERA, the Defra equivalent in Northern Ireland, has a much better working relationship with the local authority sector, mainly because the veterinary professional capacity in this space is part of the Department. I have been present at meetings where local authority practitioners and vets are sitting down together to work out solutions to some of these problems, which is very positive.



**James Russell:** I want to reinforce—and you would be surprised if I did not—the importance of the veterinary certificate and the veterinary signature on these certificates. We have already alluded to the fact that this is what the importing countries ask for and, therefore, that is what we need to provide, but it is the professionalism and expertise of those vets that makes that internationally recognised.

I have a bit of an analogy. It can look from the outside like what we are doing here is completing paperwork, but I genuinely believe that this is complex work that makes use of that veterinary expertise, albeit, hopefully, supported by CSOs and so forth. When we see Chris Whitty stand up on the television, he is not wearing scrubs with a scalpel in his hand, but none of us doubts that he is using his medical knowledge in the most effective way that he can. I would perhaps equate that here with veterinary certification.

Q103 **Mrs Murray:** Gary, you alluded to the depuration of shellfish. A lot of restaurants in other member states use the depuration plants as a way of storing the shellfish and keeping it alive longer. Do you think an answer could be that we depurate them here and then export them or do you think that would have a financial cost, besides paying for the plants in the beginning—a financial export cost when you are selling it?

**Gary McFarlane:** My understanding, again from practitioners on the ground dealing with the businesses that shift these kinds of products, is that the market, in large parts of Europe, does not want depurated shellfish. You have put your finger on why—because it affects the shelf-life of the product. Prior to 1 January, there was no issue. A simple way to describe this is that, prior to 1 January, there was a clear mechanism for exporting undepurated shellfish from class B waters. That is now effectively closed. There is no longer a mechanism to do that. I know, from talking to EH colleagues on the ground who are working with these businesses, that, unless a solution to that is found, that market could collapse.

**Chair:** Gary, you raised the issue of shellfish, which we are also very concerned about. Thank you for your answers.

Gary and James, thank you very much for your evidence this afternoon. As we commented throughout this session, we are looking for as many solutions as possible. When you think about the session, there may be things you want to add to it, where we can join everybody up together and make it work better. I take the point, James, that, in the end, a vet needs to sign off these certificates and to be certain they are right but, somehow or other, we have to get the vets more help and make the whole scheme more streamlined in order to get the process working.

Gary, I was intrigued about the Food Standards Agency and all these agencies involved. Let us try to get everybody joined up. It flows off the tongue very easily but it does not work quite so easily on the ground, does it? Naturally, we are learning all the time but the whole idea of this



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inquiry is to see if we can speed up the learning process.

We do appreciate your time in joining us. You can carry on and watch the rest of the session or you may leave us if you prefer. Thank you both very much.



## Examination of witnesses

Witnesses: Shane Brennan, Richard Ballantyne and Eddie Green.

Q104 **Chair:** I shall move on to the second panel. We have Richard, Shane and Eddie.

**Richard Ballantyne:** Good afternoon. It is Richard Ballantyne here from the British Ports Association.

**Chair:** Thank you very much for joining us this afternoon. Like I said at the start of the meeting, we are here to drill down on what the teething problems are and what the major solutions will be in the end. Shane and Eddie, would you like to introduce yourselves, please?

**Eddie Green:** I am Eddie Green. I work for DFDS. I am head of the cold chain for DFDS, which covers continental Europe and the UK. One of our biggest activities is transportation of fish around, into and out of the UK.

**Chair:** DFDS has a link to the old Norfolkline ferry.

**Eddie Green:** Yes, DFDS acquired Norfolkline back in 2010. Other activities of DFDS include ferry services across the channel and from various ports, Felixstowe and up the coast, to continental Europe and Scandinavia.

**Chair:** Thank you very much. We look forward to your evidence.

**Shane Brennan:** I am Shane Brennan, chief executive of the UK Cold Chain Federation. DFDS is one of our members. We have about 150 companies in our membership, 450 facilities and 30,000 vehicles moving frozen and chilled goods into and out of the UK and around the UK.

**Chair:** You must have quite a job keeping all those companies happy so we will be interested to hear from you.

Q105 **Derek Thomas:** Good afternoon, witnesses. I represent Newlyn fish markets so I am kind of aware of some of the challenges we have been seeing in the last couple of months, but it does seem to be a very fluid situation. I wanted to hear from you this afternoon about the problems that are faced by logistics companies exporting into the EU. Are we seeing teething problems that are going to be ironed out, so that we will all forget this in a few months, or are there longer-term structural issues that really need some proper intervention to resolve?

**Eddie Green:** To put it in perspective, at the start of the year, one of my colleagues said, "These are the worst two weeks of my career I can ever remember", and the second two weeks in January got worse. If you compare that with today, it is just night and day. A lot of the teething problems have gone away. Things just were not joined up in those early days. Different authorities and different companies did not know what to do and what was expected. There were lots and lots of problems. That was well documented and publicised.



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We primarily take fish out of the UK. The entry point for continental Europe is primarily Boulogne. It is dedicated to fish and always has been. We are delivering large truckloads there, similar numbers to last year, and most of the goods that are cleared today will have been cleared within an hour, some within 15 or 20 minutes. If there is an inspection or there is some problem, it is a couple of hours. Back in the early days of January, it could take all day. At the start of the day, you did not know how the day would turn out. A lot of the teething problems have gone away.

The structural issue that does not go away is, of course, the cost of doing this now to the producer. It is costing us more money so we need to increase our rates. It takes longer to do all these things. The biggest impact is on the exporter and the sheer cost of the health certificates that you have been talking about already—export declarations, import declarations and the like.

**Shane Brennan:** DFDS is a great example of a business that thought about this two years out, put in place structures, had a plan, executed that plan, had problems in the first couple of weeks getting the plan operationalised but basically operationalised it and is now delivering the results of that. It is a testament to them, their hard work and what they have done.

The experience is not the same for everybody else. There are still businesses that are not on the same curve as the specific issues around DFDS moving the fish products into Boulogne. There is more of a patchy level of ability to cope with this across other cold chain exporting operations. There is less volume, less vehicles and less companies available that are willing to do the work. Hauliers are having to enforce the rules much more on their customers. You might not see it at the border but you are seeing hauliers having to say to the customers, “We cannot take your goods because you are not ready”.

We are not seeing the level of turn-backs that we saw in January. We are seeing stuff get through the border, but the risk that it might get turned back is a constant, so that is reducing confidence and willingness to trade. We have seen a collapse in groupage, particularly in some of the other markets apart from fish, like meat, where businesses have been unable to get their products out of the country and to find a way to move products in small volumes out of the country through groupage.

The thing I find most frustrating of all is the stories I hear of the now pretty regular practice of having to put the product in the vehicle, shut the vehicle and sit for 24 to 48 hours while they wait for paperwork to clear in order to meet the compliance requirements before it then leaves to go where it needs to go. Some of those supply chain designs are so far from the efficiencies that you would normally pride yourselves on being able to operate in a slick, well-integrated cold chain operation.



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It is not overly negative, but it is incredibly tough and it is really hard work for a business trying to keep the show on the road. DFDS is one of the best examples of one that is working really well, but there are lots that are not quite as far advanced as that.

Q106 **Derek Thomas:** I have examples in my neck of the woods where people have waited 12 hours, as you say, just for things to get checked, and in that case they have fresh fish on board.

**Richard Ballantyne:** I am good friends with Shane but, just to trump him, DFDS is also a member of the British Ports Association because it is a terminal operator in Immingham. Mr Thomas, your port, Newlyn, is also a member of the British Ports Association, so I have two, Shane, over your one. It is not a competition, of course.

In all seriousness, what Eddie and Shane have been saying is very sensible and plausible, although I would add further caution to what Eddie was saying about additional and ongoing costs. Do not forget those inspection costs, because that is what we are very worried about moving forward when we have import controls. That is something that we are not having to enforce at the moment.

Last week's extension out to January is very helpful but, once we have new processes in place in the UK, as well as those documentary requirements, the paperwork, export health certificates and all the other things, those inspections will be charged to the cargo owner. That is something we have not had to do before, certainly not within the last generation. The logistics sector, in particular, works on very low margins. The supermarkets have good deals and contracts with them where, effectively, most of the costs are borne by the shippers, et cetera. We will wait and see how that sector deals with it, but it is something that we are very mindful of because it makes our sector less competitive.

On exports, particularly, we saw a complete collapse in the price of fish, which was wider than just the impacts on the export sector. It also affected the catching and landing sector, and, in my case, the ports in the south-west, Newlyn and others, in north-east Scotland, et cetera. That is because the market price they could get at places like Boulogne, Zeebrugge, et cetera, was way down. That was partly due to all these checks, requirements, delays, et cetera, but it trickled down. That meant that a lot of those communities that survive on fishing and other activities were really hammered. We have been pressing Government for various support packages, and indeed some were announced in Scotland last week, which is very welcome, for the ports side.

Yes, it is quite a complicated picture. To your original question of whether these are teething problems or long-lasting, it is a bit of both really. We are all going to, as a sector, hopefully get better at the documentary requirements and all these things we have to do, but we cannot avoid those checks. Unless we get a fundamental change in policy from the UK Government and the EU Governments, so that we have some longer-



lasting new agreement where we do not need so many of these checks, we have them in for the time being and will have to deal with that on an ongoing basis.

**Q107 Derek Thomas:** Can I come back to you in terms of the collapsed demand? How easy is it to compare where we are today with maybe 12 months ago? Obviously, we were not in the middle of a Covid pandemic. Hospitality, both in the UK and across Europe, was not closed down. Is this, in a way, a bizarre and very difficult period, but actually not as difficult as it might have been simply because of the cut in the levels of export? I do not think we have seen large queues of lorries on the M20 or other roads out to ports. Is this good news? Does it show that we are doing everything fine or is it just that we are not seeing the true picture that we would see in a normal year without Covid?

**Richard Ballantyne:** That is a good question and a good point. Yes, absolutely, with the lockdown we have seen some of those supermarkets and restaurants, particularly on the continent, not buying as much of the UK fish as they normally do. Equally, we were managing to export good quantities of fish up until January this year. It is a bit of a perfect storm.

**Shane Brennan:** I agree. You cannot separate the situation in January from Covid and everything else. The problem is the habit that gets formed of not buying from the UK. It is quite well entrenched after three months. The emergence of the uncertainties that there are now about getting stuff through the border and the speed at which you can get it, notwithstanding what DFDS can do in its particular operations, creates a barrier.

My worry is that, while we will probably rebound, because there is a lot of Covid effect in there, if we rebound to 10% or 15% short of where we were, that is still a disaster for loads of manufacturing businesses. That would be a terrible year in most circumstances. We have been pre-conditioned to this idea that 40% or 50% collapses is what we expect. That is what we have been talking about up until now, and that is a catastrophe, but a 10% decline is a disaster.

**Q108 Derek Thomas:** Eddie, if there is this collapse in demand from the UK but there are people still buying it, where are they buying it from? I include myself in this, but there is a bit of an arrogance about how we catch great fish and there is demand for it, so we will find a way through. Is there real competition out there that can provide the great-quality fish that we already provide where we might lose that market?

**Eddie Green:** Specifically on your question there on the fish, we take a lot of salmon. That is one of the biggest exports from the UK. It will come from Norway instead of from the UK. It can get there almost as quickly and it is much the same. That is the first part. Our British trawlers would land in Denmark or Holland, as opposed to landing in the UK. That would be the answer there.



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In terms of goods flowing, as I think Shane said, you cannot separate Covid from all this. If we compare year on year, it is very difficult, because for things like fish, which we can talk a lot about, the weather, the price of the fish, Covid and so many other factors influence the demand and the weekly volumes. We are still seeing it fairly high. We deal with a lot of other export products. We have definitely seen an increase in the last couple of weeks of exports of things like cheese and meat, where there is more confidence. As I said before, the cost does not go away.

The incidents of cargo being turned back or held for excessive periods are really in the minority. They should not be overstated, because cargo gets through. We can tell all the horror stories of the early days, of two trucks of meatballs or something stuck for 35 days. Some of them actually came back to the UK. We cannot live on that. The point is where we are today and what is going forward. That is the truth of it, that cargo is moving and there is more confidence.

Working in the transport sector, a lot of transport companies, particularly continental-based ones that come into the UK, just for argument's sake, if they get paid €1,600 to bring a load into the UK, typically get paid €700 or €800 to take one back. At a certain point, they will look and say, "It is not worth taking a load back so we are not interested in taking exports out of the UK. It takes too long at the border". That would have an influence on the level of availability or the ability to ship of UK exporters. Again, confidence gets up and the speed through the border inspection points is better. The confidence of the haulier is growing and then the route to market becomes freer and easier.

**Derek Thomas:** That is great. Thank you. Chair, you will remember we deliberately delayed this inquiry to see how the situation would evolve. When we first discussed it, it was an absolute disaster. Sheryll and I, and others, were inundated with people absolutely at their wit's end. I really appreciate your frankness and honesty about how things have moved on, and your part in helping that happen.

Q109 **Mrs Murray:** If you have extra costs, you expect to add those costs to the price of your commodity that you have for sale. How much warning was there that the exporters were going to have to add the costs of export health certificates and other things to their commodity? Did they do that and plan for it?

I understand completely where you are coming from, Eddie, with regard to salmon, but there are other species of fish that are exported and not bought in this country in great quantities. I am thinking of things like cuttlefish and squid that there is a real market for in the Iberian states in particular. Do you think that they would be able to source that? They will not be able to source that from Norway. Is there an alternative market that they could source that from, rather than from boats in the south-west, particularly when their ability to catch with their own vessels is reduced and possibly, after 2026, could disappear completely?



**Eddie Green:** I will take the first part of the question first. Was everybody aware of the costs of this? I would say yes. Were they able to add it on to the sales price of their product? I do not know. That is something for them to take care of. Fish and meat are governed by other market forces as well. We had tariffs, export documentation, import documentation, health certificates and so on, all published well in advance of the day.

I am afraid I cannot answer the second part of your question. I do not know enough about the fishing industry to comment. I know how to transport fish, but I do not know about the sourcing and all those other things. From the south-west of England, we are carrying as much fish now, this year, as we were last year, or similar volumes at least. There may be a small decline, but so many other factors come into play that it is difficult to measure year on year all the time.

Q110 **Mrs Murray:** Shane, you may be able to answer that. Richard, you may like to come in as well, particularly as you cover ports like Newlyn, where they export a lot of squid, cuttlefish and other fish that is not sold in the domestic market in the UK at the moment. I hope to change that, by the way, because it is absolutely delicious. Do you have any comments?

**Richard Ballantyne:** Hi, Sheryll. It is nice to see you again. It is always a pleasure. Going back to your first question, did industry know? Eddie is absolutely right that industry knew. We, as the sector—I am talking about the wider freight, logistics and trade sector—were given lots of sessions with Michael Gove and others about high-level messaging: “We are leaving the customs union. We are leaving the single market. This is what is going to happen at borders”. We did not have the actual detail: “This is what you need to exactly prepare for, these sorts of processes”. You will have seen and noted the fact that we did not get the final details of the deal until Christmas Eve. DFDS was one of the better shipping companies for getting prices and other information out there, absolutely, and fair play to it.

It was such a big culture change for everyone to get used to. It is probably fair to say they could have expected these things, but, with the mammoth change that has taken place, it is understandable that some people struggled in the first few weeks and months. As I said earlier, some of these processes are just so different to what we had previously, where we had quick and free-flowing trade. Now we have these things potentially being held up, adding extra costs.

I follow what Eddie was saying. I am not an expert in the fishing industry per se, but Eddie mentioned earlier direct landing into Denmark. You have that north-west part of France and the north coast of Spain. The port of Vigo is, I think, still just about the biggest fishing port in Europe, if not one of them. It has a huge catchment area. Unfortunately, fishing is a competitive market. I do not want to upset the fishermen and women now; Sheryll, I know you have a family connection to the fishing industry,



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but they will go where the price is best. If there are better prices in Europe, they will land direct.

That is a problem for the ports industry, because they will not be able to attract anyone else back to their ports. We are very nervous about direct landings being seen as a solution, and European supermarkets and restaurants, when they reopen, getting sufficient supplies. That is no real good to our ports or those communities that thrive around them. They will find a way; it is just how much of an impact it will have on the south-west, the north-east of Scotland, et cetera—those fishing areas.

Q111 **Mrs Murray:** If there were a requirement to land a certain proportion of your catch from the UK EEZ, would that help the ports, in your opinion?

**Richard Ballantyne:** Absolutely, yes. You have done my job for me. Thank you very much. We looked at this when we had fishing legislation going through Parliament last year. Those requirements for a percentage amount of landing, about 65% from memory, was what we were pitching. That would still give the fishing industry a bit of flexibility to go elsewhere. It maintains those local communities and the processing sector. There are others who would say that is too restrictive. If we want to protect UK fishing communities, that is certainly a very useful way to do it.

**Chair:** Richard, thank you for that evidence. That will go straight in our report, I suspect.

Q112 **Rosie Duffield:** This is open to anyone who wants to jump in. In your opinion, are there signs that that huge fall we saw of 64% in exports in January is the lowest level we are going to see? You have to factor in Covid. You have mentioned that already. Could it get worse? Is it necessarily going to get better?

**Shane Brennan:** My first reaction to that is that I really hope so. The indications are that it already is better than it was in January. Eddie has already testified to that and so has Richard. Talking about just the number does not talk about what is happening behind that, in terms of restructuring of things. Supply chains are agile. They adapt. They see a roadblock and try to find a way around that roadblock.

One of the key ways of doing that is moving from what we call groupage, so assembling lots of different smaller consignments of goods into one lorry and sending them across the border, into full loads, sending one load for one customer, so doing more less often. That sounds like a relatively straightforward thing to do. If you are a very big business, it might be relatively easy to do, but if you are a small business it is really difficult, because you do not necessarily ever get to the sorts of volumes you need in order to do a full-load operation.

To solve the groupage problem, you need to start thinking about innovative business models. That might involve bringing in new consolidators to bring those goods together and buy the goods on the UK



side before they are then set to the EU, effectively trying to replicate what happens when you are sending stuff on a slow boat to China instead of in a lorry. That will create a new profit centre and new cost in the supply chain, potentially, for that. That will create a barrier for SMEs.

One message I would like the Committee to hear is that the bigger businesses are easier to help and have been able to cope better than the smaller businesses, because of those sort of scale issues as much as anything else, as well as awareness and other things. There are dichotomies between those two things. The overall number might well go back up to something nearer that 10% decline or whatever, but there will be big winners and losers within that, inevitably.

Q113 **Rosie Duffield:** That was a really interesting answer. I did not expect you to be quite so detailed, so that was really helpful. Does anyone else want to jump in?

**Eddie Green:** My connection broke up there and I missed most of the question. I guess it was about whether the market will recover. Was that what you were saying?

**Rosie Duffield:** Pretty much, yes.

**Eddie Green:** Shane answered it very well. All things are possible, but there is an impact on the costs. That is the sad part, that it will be the smaller exporters that lose out. We estimate that exporting to continental Europe, irrespective of the internal costs of the exporting company, is overall costing around 15% to 20% more on average. The burden of that will fall disproportionately on the smaller operator. The cost per kilo or per tonne will be much higher for the smaller operator. That could lead to driving them out of the market altogether, which is a very great shame.

Q114 **Rosie Duffield:** Thanks for being so honest. It does not offer a lot of help to my smaller fishing community in Whitstable. I was hoping you would say something else, but thank you for your honesty.

**Richard Ballantyne:** Whitstable is another harbour in the BPA membership. I will give it a bit of a shout-out. It has done very well and is a very nice place to go at the weekend for a stroll. To add to what Eddie is saying, I know this Committee is particularly focused on exports, but it will always have one eye on imports. We are an import-driven economy. We will have these changes in January next year. As Eddie very well articulated and Shane very well described, there are those costs, which I think Eddie was saying were 15% to 20% higher. If we are going to have more cost increases on imports, you will find that a lot of the haulage is back and forth, back and forth, as we explained before. Those additional costs could be somewhat of a problem.

At the moment, we are seeing an increase in direct Republic of Ireland to continental Europe sailings, where ferries are sailing from places like Zeebrugge or France into southern Ireland, which is bypassing the land bridge. We are not sure if that is going to last. You would probably have



to speak to some of the haulage companies and others to find out if it is. Those kinds of things show that the freight sector is fairly flexible, movable and able to adapt to changes. We hope that once the dust settles, so to speak, people will get back to relatively normal, although it may be a new norm, with extra costs.

**Q115 Rosie Duffield:** There is another part to that question, which we have sort of nearly covered, but not quite. Do the high lorry flows across the border necessarily translate into a healthier trade in seafood and meat? We might assume that, but is that actually how it works?

**Shane Brennan:** It has been quite an unnecessary row between industry and Government over this sort of issue about the difference between the number of vehicles moving and the actual volume of goods moving in those vehicles. Unfortunately, a reality of Brexit is that we are moving a lot more fresh air than we were before. That impacts on cost as well. Something that is depressing, thinking about my day job, which is trying to help the industry be more efficient, reduce the amount of carbon it uses and whatever else, is this massive move towards inefficiency that you see with some of the requirements to make it work. It is a shame and you have to work hard to get back to somewhere.

I guess we are talking about solutions. The Committee is looking for solutions. There needs to be something that helps the SMEs to consolidate, and not just consolidate logistics but consolidate in how they buy and sell. We have to have a model whereby there is a UK-side business selling to one EU-side business in order to create that. Finding a way to support them to do that will be key to avoiding a bias towards the big businesses being the winners of the Brexit recovery.

**Rosie Duffield:** That is exactly what I needed to hear.

**Richard Ballantyne:** Sheryll will know I am a little cheeky sometimes. We had a lot of the messaging from Government Ministers that we are taking back control. We now have influence and control over certain things. You have three industry speakers here. I would not say we are moaning, but we are talking about challenges and problems. Unlike previous eras, we now have Government policy responsibility with Defra and Ministers. Why not look at the number of things that need to be checked for incoming goods? Let us have a discussion with our European partners about a future relationship that perhaps streamlines some of these things.

**Q116 Chair:** We will get on to that question of imports in a minute. Before we leave this question, when the lorries take exports, very often they like to fill up on the continent and try to bring something back. Naturally, that makes haulage much cheaper and more effective. At the moment, it is proving very difficult. Do you think we are ever going to be able to get that back in the same way as we were before?



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**Eddie Green:** Most of the trucks driving into the UK are foreign-based anyway. They are actually coming to the UK in many cases and it is a backload for them, so it is lower-rated. There has always been a big imbalance and it has increased over time, unfortunately. A lot of trucks go out of the UK empty. As Shane rightly says, that number has increased recently. Hopefully it will go back up again. The trade is structured in such a way that there are a lot of empty trucks going back all the time.

**Shane Brennan:** We do not have an importing problem. With their delay to the 1 April and 1 July deadlines, the Government have signalled that they are going to do all they can to maintain continuity of supply on the inbound leg. That is very welcome and important. However, the more the time goes on, the more imbalance there is and the more reinforcing of the balance of trade differences there is on inbound versus outbound. That will create an erosion of the value of the circular nature of the logistics trade, but also some of the manufacturing and food supply chains. We are going to see a fundamental restructuring. Businesses are going to make strategic decisions about where they locate, how they locate and what they move where. That will be the dividend of Brexit, effectively. It will be what it will be. We have to wait and see how that will play out over a few years.

Q117 **Chair:** Surely, in simplistic terms, if one wanted more business, one would expect to do more with our own hauliers, both exporting and importing again. Do you think that is going to be very difficult to achieve?

**Shane Brennan:** Not a lot of what the UK Government are going to do will make it harder for European hauliers to come here, but they may well be deterred by the potential barriers to getting back into the EU, carrying loads, as Eddie said. There are probably quite a lot of hauliers that voted for Brexit in the hope that there would be a reinvestment in UK-based haulage, whether it is the drivers, the vehicles or the UK-based operations, to go and get product from the EU more and bring more value into that for them. The jury is out on whether that will happen. There will be that desire to see more UK-based haulage and more value in that as the costs go up, so that it becomes more viable for UK-based operations.

**Chair:** It would be poetic justice if the European hauliers were having trouble going back through into France with a load from this country. There would be a certain amount of poetic justice, but I would not possibly comment on that in this politically correct world.

Q118 **Robbie Moore:** Eddie, this question is to do with groupage. It is basically asking why DFDS suspended its groupage export service at Larkhall on 8 January. Did you foresee this happening?

**Eddie Green:** On the second part of the question, no, we did not foresee it happening. It was not part of our plan at all. As has already been alluded to, it was about most exporters being unprepared. The short



timeframe pre-Christmas, or the Christmas holiday, interfered with the preparation. People just were not ready. At the same time, as we tried to get across to Europe, it was incredibly difficult. There were breakdowns in Government-based systems in this country and France. Trying to get documentation uploaded was a nightmare. Things just did not gel together and we could not get the cargo through.

Given that it is perishable—it is fish—we could not rely on the fact that we could deliver it on time and the cargo would deteriorate. It was a question of looking and saying, “We will take the simple stuff first”, the big loads, the full loads, salmon or anything else that was in large quantities and would be simple to process. We took that. The service was suspended for, what, 10 days. We could load out of Scotland in the afternoon, deliver in Boulogne the next morning. When we reintroduced it, all we could offer at that time was to say that we would deliver it in 48 hours. Instead of next morning, it would be the morning after. As it turns out, that lasted for about 10 days. We are back now to loading in the afternoon and delivering in Boulogne the next morning.

It was really just the circumstances. Everything was in the air. It was extremely difficult. We had trucks at the weekend. We had fantastic support from Defra. We had help from HMRC on Saturday afternoon and Sunday afternoon to try to break down some of the barriers where we could not move because our trucks were blocked by IT systems, quite simply, that prevented us from crossing borders. When we got into France, we would be stuck in France. We had trucks stuck for 24 hours or more at times. As I said earlier, you have to think that that was January. It was an awful period, but it is much better now.

Q119 **Robbie Moore:** What is the outlook for your Larkhall site?

**Eddie Green:** It is good. One-third of our business is international and the rest of it is domestic. It is busy. We probably do 100 loads a week out of Scotland. It varies according to the weather, the price of fish and various other things, but we are busy right now. As the cargo hits France, it is flowing through.

Q120 **Robbie Moore:** Do you anticipate growth there for you at Larkhall as well, going forward? I know you just mentioned the number of loads.

**Eddie Green:** We have been there for 20 years and every four years or so we have expanded the platform. That is because the Scottish salmon industry has grown, because the fishing industry has grown. We have invested heavily and acquired other companies. We spent a lot of time preparing for Brexit. We have this hub facility where it is a natural funnel, I guess, just south of Glasgow. All the fish coming out of Scotland passes down on the road. It was always a consolidation centre.

We now have the Food Standards Scotland people based in the hub, which gives a lot of benefit in terms of processing the health certificates. We get a standardisation. You have probably heard it before. Different



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vets from different parts of the country were not familiar with the forms. We had our share of problems with Food Standards Scotland. We have all worked together. It was not a pleasant time, but the level of co-operation between us all was good then and it is even better now. It simplified it. The outlook is generally good. As long as people buy the fish in continental Europe, it should be good.

Q121 **Chair:** Eddie, you make an interesting point that, if we are doing other hubs in England, it would be a good idea to have Food Standards Agency there. Is that your view?

**Eddie Green:** Yes. An important part of our hub in Scotland was that it was always there. We always handled the fish because there was a lot of groupage and it was a natural point to be south of Glasgow, in a good location and everything else. I am doing my sales pitch here. Of course, there is a critical mass, because you have a lot of salmon, a lot of fish, coming from all around Scotland. You need to avoid adding additional cost due to suppliers having to bring their cargo to the hub and creating additional handling that does not exist today. That was a benefit here in Scotland. We already handled the cargo. It already came through those doors. We added a new process on in Larkhall, with the health certs and customs documentation, but we did not increase the level of handling, just the administration.

Q122 **Chair:** I suppose there are things that could be added to Larkhall to make it even better. On the whole, you would say that it is working pretty well now. If we were to set up other hubs, looking at Larkhall would not be a bad idea. Would you be clear on that?

**Eddie Green:** Absolutely, it works well. There are no two ways about it. The transit time to France is the same as it always was. The reality is that our customers used to be able to place orders up until 5 pm and we still delivered in France the next day. Now, the cut-off time is 10 am or 11 am in the morning. It has squeezed everything back.

There is that whole question about the time to market. The key thing is that, when we enter France, it is against a fairly strict deadline to meet the fish market, and traditionally all the markets are open early in the morning, as you will be aware. In addition to that, we are meeting connections that go off all through France and other parts of Europe. You have to be there at a certain time of day. It was not as though we could arrive later in the day. We have to arrive at the time we always did, so the pressure goes back up the way. The pressure is on the shipper to get everything ready.

**Chair:** That is good stuff.

**Shane Brennan:** The hub model that DFDS has developed, in partnership with the Scottish authorities, is fantastic. It benefits from geography. Most coastal communities would, in that regard. Hubs are harder to work out when you are talking about other types of products of



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animal origin than fish because of that proximity. We have to be clear about that element.

Chair, you asked the previous panel about veterinary capacity. We are pretty unique in England, having an entirely privatised veterinary support for this. It was devised at a time when we did not have Brexit and exporting values were so much lower than they are now. I wonder whether we need to think more structurally and strategically about the UK, in its supporting global Britain strategy, taking more ownership over its veterinary capacity, providing more certainty for the vets that operate in that situation and creating more consistency, through having a more direct Government role in how the vets are supervised and run.

I do not know how dramatic that needs to be. It is an area where it has not even been properly challenged from first principles. It probably needs to be if we are going to think about how we streamline these things into the future.

**Q123 Mrs Murray:** Richard, we were talking about the land bridge and how exports are going directly from Southern Ireland to the continent of Europe now as an alternative. Do you think freeport status might have some implications for that?

**Richard Ballantyne:** Freeports might have an implication on certain things but possibly not on that area. I know freeports have several instruments to help drive regional growth, but their customs easements are not necessarily useful to gateway ports. By gateway, I mean where goods just come in, pass the key and go straight out. In the customs piece, freeports are predominantly about added value, services manufacturing onsite, et cetera.

If we are going to see in the future the eight freeports in England that were specified in the Chancellor's Budget statement earlier this month, if we are going to see a funding channel towards those ports, and airports of course, from Government, and if investors and others are going to shift and start looking at those locations, it might have an effect long term on our trading relationships.

For the most part, I think our ro-ro links, which are much of the conversation we are covering today, will stay as is, with the nature of geography being very important. Lorry drivers do not typically want to sit on ferries or ships and it is usually cheaper to drive. Fuel will have to go up a huge amount before you start being able to beat road haulage for hauls across a country like the UK. The industry is definitely watching and keeping an eye on freeports. It could be anything—food or fish processing. It could be cheaper to establish a factory and to build them using the incentives to come in with tax priorities.

It is something the food industry might be looking at, just as, when the dust has settled, some of the food industry is probably going to start to look at places like Northern Ireland, to see whether it is useful to



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establish there and other things. It is probably too early to say exactly what impact they will have. Of course, we do not have the likely designations in Scotland, Wales and Northern Ireland yet either. It is something that the wider sector is very alive to.

Q124 **Mrs Murray:** I will go back to groupage and ask all three whether groupage of seafood and meat exports to the EU is viable in the short and medium term. I know that there have been problems with perhaps one consignment having the wrong paperwork, so the whole consignment is closed down. Is it going to be viable in the short to medium term? Might you see your operation expanded to places like Whitstable and our small merchants in the south-west, as an alternative to overcome the problems they see with their exports at the moment?

**Eddie Green:** In answer to the question, it is viable. We do groupage every day, so I do not see that changing. I would assume there is somebody else already covering areas like Whitstable and that they are exporting to France. It is not an area that DFDS covers. From the south-west, we do groupage trucks four or five times a week, I guess, on different days. From the start of the year, there was nothing moving but I think on Saturday we took two truckloads out, so it is moving. There are other trucks. We are not the only operator there, by any stretch. It is viable, both now and in the future, for sure. Some of the product has quite high value. There is an increased cost, but it could still be competitive.

**Shane Brennan:** I agree with Eddie that it is viable. It has to be viable. We are too close to the EU to not have some way of moving goods between neighbours around it. Businesses are making it work. It is a lot more expensive than it is now. There is some very innovative and hard work going on to deliver groupage trials, particularly into Northern Ireland and Ireland, but hopefully that will also be coming across into the EU to allow for non-hub groupage, so basically to group on to a lorry as it moves round, rather than just grouping in a specific location. We are hopeful that that will help, but it is still significantly slower, more costly and less flexible than what went before it.

I guess this is the sort of thing that is probably more political than it needs to be. Some form of better collaboration and better dialogue between the UK and the EU at the technical level, to create the case for better understanding on groupage, is really important and, dare I say it, some kind of veterinary agreement that allows the framework for that to be discussed. That is one reason why I think something like that, as things temper down on all sides, should hopefully get back into serious consideration. It would help to make groupage more viable and less costly than it currently is.

**Richard Ballantyne:** I am probably the least qualified of the three witnesses to comment on this, but I follow suit. It does not sound as though it is going to be as easy, but the freight and logistics industry is very flexible and agile, and will hopefully make that work. As Shane



mentioned, there is opportunity for some policy changes here and perhaps negotiations moving forward. There is an example in your part of the world, Sheryll. In the fishing industry, a lot of the smaller ports have used a very similar hub-type model. They go to the bigger markets like Newlyn, Plymouth and Brixham, and it is grouped together for export, either across on ferries through places like Plymouth or up to big markets like London and Bristol. There is a bit of history in doing this, but Eddie and co are probably better placed to facilitate it.

**Eddie Green:** We have talked about fish and meat, but we should not underestimate the dairy sector. We carry an awful lot of cheese. That was very difficult as well. There is quite a big market for specialised yoghurts, milk products and so on. They lend themselves to hubs because the shelf life is much longer. Certainly for the cheese it is. That is worthy of consideration as well. It is quite a big export sector for the UK.

Q125 **Mrs Murray:** Shane, I think I heard you mention non-hub groupage; I may be mistaken. Defra advocates a hub model for the groupage exports. Is this a realistic option, or do you think it would probably be more advantageous, where there is not a hub already, to look at the non-hub model?

**Shane Brennan:** Absolutely, we should look at the non-hub model. Hubs require things to go to a place and that helps if things are grouped together. If they are not grouped together and are disparate, you do not want to be taking it to a hub, for fast-moving goods in particular. Having a model where the vehicle can be the hub is absolutely key. That is what we were relying on for lots of our exports to the EU and into Ireland before 1 January. We want to find a way back to that. There is a lot of work going on to try to achieve that.

It is a bit like a trusted trader scheme. Effectively, you trust the haulier and vehicle to be the sort of consolidation point through the chain. It requires a lot of co-ordination and it requires the haulier to be that co-ordinator. That is a skillset, a cost and a load of operational risk that is not within the usual business model of the haulage groupage providers, apart from maybe DFDS. We are the example that has been doing this pretty well for a long time. Yes, there is a model for it, but it is fraught with complexity and risk. It requires trust between the customer and the haulier, and between the regulatory agencies. We need the French and Irish border authorities to trust the hauliers that are doing these groupage models. We are a long way from having trust at the moment, in terms of that kind of dialogue on innovation in these sorts of areas.

Q126 **Mrs Murray:** You are saying that, because it is the European Commission that would be taking the decisions on behalf of the member states, there has to be a lot of trust between the UK Government and the European Commission to ensure that that flexibility is in place.

**Shane Brennan:** Certainly, that is one area where we need a lot of trust. A reality that needs to be understood is that everyone is learning as they



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go. The people who sit on the border, doing the decisions on the paperwork day in, day out, require a lot of trust. They need to trust and understand the process. If they are familiar with the sorts of businesses that are coming through the border and have a level of trust in their operations, they can allow them to move more quickly through the border than if they do not. It is not just about the European Commission and the UK. It is about everyone starting to have a bit more familiarly—that is probably a better word than “trust”—with each other’s processes, in order to do our job of making sure things are safe and customs controlled, but also move as quickly and cost effectively as they can.

Q127 **Chair:** I am going to move on now to when imports are coming in from the EU to the UK. We have said that our SPS checks on EU imports are not going to be put in place now until 1 January 2022. We have had checks on our exports to the EU since January 2021. Naturally, you guys like to export and import, so you probably do not want any rules and regulations. What is the issue? Why is it taking us so long to get these checks in place? Why is it so much more difficult for us to cope with Covid on this side of the channel, not getting our checks in place when they have done it on their side? What is your view of life on this one, please?

**Richard Ballantyne:** There is a fundamental point that the infrastructure you need to facilitate a lot of these inspections and checks was not ready. There is a number of reasons for that, which we went over earlier. There was the messaging about what Government needed to be done at the border. Various agencies, like the Animal and Plant Health Agency, were advising, in my case, port operators, but also airport operators, what facilities they would need, the number of things that would need to be stopped, opened and inspected, et cetera.

On top of that, we had a very welcome move from the Cabinet Office and the UK Government, where they are, as I am sure you will have seen, channelling almost £200 million of funding in the port infrastructure fund, as well as building, using separate money, inland facilities at 10 locations across the country.

Given the rush last year and other factors—the Government mentioned Covid, but particularly the about allocation of those funds—it was inevitable that the facilities would not be ready by July, even with a lot of rushed discussion with Government, and operators and builders moving in. It was too close. The Government have made a very welcome, pragmatic decision to extend that. You would have got to a position where one or two ports would have infrastructure ready, and gradually ports through the later summer would go online, but how would you have enforced that at various locations, with big locations potentially not being ready first? It was a very pragmatic view.

There will be consequences of that, of course, on trade balance. There will also be some benefits, in that people bringing goods in will have more time to get ready for these changes, hopefully looking at export processes. We think it is a rather good thing. There are certain people



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who might feel that they had prepared and they did not need to do this, but, quite frankly, a lot of the infrastructure was not going to be ready. In our view, it had to be done.

**Q128 Chair:** If we are not going to have this in place until 1 January next year, are we going to be able to have perhaps more of an electronic system available for the imports, rather than a paper-based system? Does that have to be negotiated with the EU? Is it an opportunity for us to put to the EU that we could have a more computer-based system? I feel we are missing an opportunity here to say to the EU, "Let us make our borders reasonably flexible and free flowing. Perhaps you could do the same". Is there room for negotiation?

**Richard Ballantyne:** In some respects, a lot of it is in our hands. We have customs IT systems already online. One or two new things will happen. We will have inventory linking of ports, so there will be a quicker flow between a port operator and the HMRC to clarify if goods have been cleared. We have this other mechanism, the goods vehicle movement service, which is likely to be introduced at some of our main ro-ro, roll-on, roll-off, gateways.

One thing we cannot avoid, at the moment anyway, and the Border Force will be looking at this in due course, is that a lot of the goods that come in from the EU are actually driven. It is not everything of course, but a lot of them are, by people. That is where Border Force will always have a particular interest. It will first want to know who the person driving the vehicle is. Secondly, there will be the usual suspicion and checks to undertake for security purposes on the goods they are moving.

We are in a better place in terms of modernising the border than we have been previously. A lot of these plans from the Border Force are moving out to 2025. It may not be in time for next year, but they are alive to it now.

**Eddie Green:** We cannot believe that in this day and age we have to send drivers with a piece of paper with a wet signature on it. We get things turned back because there is a page number missing or a box has not been filled in. It is just unbelievable, quite simply. I understand that, on continental Europe, for example with the health certificates, there is a system called TRACES, which everything is entered into. The British Government took the decision not to join up with that but to go their own way. We have made a bit of a rod for our own back, if I can say that.

It is an archaic situation. What is going on at the moment is just unbelievable, to be honest. You see everything being developed and everything is digital. We strive for that. Literally, unless that driver has that piece of paper in his hand, we cannot move out of Scotland. We have a 14 to 15-hour transit time into France. Ideally, we would use that time to process documentation, not have to wait beforehand until we can give the driver this piece of paper before he can leave.



Q129 **Chair:** Eddie, this is what I am trying to drill down on. Are we, the Brits, going to be in a position to offer something like this to the Europeans next January? I am trying to get to grips with how much we can use our system as a bargaining tool with the EU. Perhaps I am doing the negotiations far too much in open today in the Select Committee, but you see where I am coming from.

**Eddie Green:** It is the transfer of data, so the systems have to speak to each other. At the moment, they do not, so it is a manual exercise. If there were terminals for the continental-based system sitting in the UK ports and a deal was done where we would not need to reproduce the same data into another system, some solution could be found. I think it was Richard who just said it is looking at 2025 for that. We do not control the technology.

Q130 **Chair:** The snails move rather slowly, but when you press a button the information goes immediately. Whether it is both sides, or whether it is the EU, I do not know who is making such hard work of moving to a digital system. Surely that is in all our interests in the end, is it not?

**Shane Brennan:** You have a very gentlemanly view of how these negotiations will play out. It is very British. If we play cricket, they will play cricket back. I am not sure that is really how the dynamics are playing out. I hope the timeframe will allow for digitisation of the border between GB and Northern Ireland. By proof of concept on the GB-Northern Ireland flows, hopefully that will be demonstrative for what we could do in terms of UK-mainland EU flows too. I think it will be in that sequence, rather than us using the time we have to put a digital process in for EU into UK flows.

The reality is that we are completely supportive of the decision to push stuff back. We did not want the kind of situation we would have had on 1 April or 1 July for our import flows as we are trying to recover from Covid. We have basically given the EU no incentive, in terms of the potential pain to its exporters bringing stuff into the UK, to get round the table and look at facilitations and easements for the UK food going the other way. That is a reality. I think it is going to take a long time to get them to start thinking digitally about the flows between the UK and the EU mainland.

We can do better to help digitise some of the pre-border bits, like how vets talk to each other, how we assemble stuff and how we do groupage in more digital-friendly ways to create the outputs at the end before they go to the border. Fundamentally, we are going to be a long way off having the kinds of bilateral discussions or tied up discussions between the UK and the EU about digitising the border between each other. Maybe I am being pessimistic, but it does not feel that it is likely.

**Richard Ballantyne:** One thing you cannot find a solution for, a technological solution at least, is on those physical interventions. You might be able to fast track or improve certain processes there. As long as



you have those requirements to check a percentage of consignments for animal and plant health products, using environmental health officers and veterinary officers, that adds delays and costs. Alongside the digitalisation agenda, we have to have a conciliatory approach where we look at reciprocal arrangements and standards, if that is possible.

**Chair:** We will park that one there and it will be a negotiation for another day I suspect. Thank you for some good ideas there about streamlining our own side and then seeing if we can negotiate the other. We are missing a trick, if I may say so.

Q131 **Dave Doogan:** I apologise for coming in late. It sounds like a very interesting session, which I will watch back. To continue on from the Chair's theme, the timetable for the beginning of checks on EU seafood and meat imports has been revised twice now. What is your assessment of the confidence that industry has, across the different components of the supply chain, that it can rely on this latest schedule?

**Eddie Green:** It is reasonably high. It was a relief in lots of areas that it was postponed. If we think back to December, a lot of British people and industries were hoping, or wishing even, that it would be delayed, and then they were disappointed. That was not only in the UK but in continental Europe. It was not clear what our colleagues over there needed to do and what their customers were doing. There is a relief. The fact is that we have more time to prepare for what is a reality. We have seen what happens on the borders entering continental Europe. We take it as a given that it is definitely going to happen in reverse, but now there is more time to prepare. Our company view is very much, because there is additional time available, "Do not ease up". Keep that same momentum going so we are better prepared when we get there. The level of confidence in the new date and that it will not be moved is quite strong really.

**Shane Brennan:** The great strength of DFDS is its physical presence and locations across Europe, and its relationship with its customer base on the ground in pretty much every part of the European Union. I worry for those that do not have that, where their relationships are more remote. I completely concur that this additional time is vital to try to be prepared.

A signal was sent to the UK food industry by the two aborted no deals through—rack your brains—2018 and 2019, where we went to the deadline, did not go through it and then pushed it back. That did not lead to lots more preparation going into the final cliff edge. The worry is that the signal that has been sent to Latvia, Estonia and all these different places that are not necessarily talking Brexit as much as we are in the UK is, "It is all going to be pushed back". We are potentially postponing that lack of trader readiness problem to 1 January, or whenever the deadline is. At some point, we have to take the pain of going over that hurdle. We will have a disruption at that point. Hopefully, though, the UK infrastructure that is bringing the stuff in and buying it will be better



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prepared for that with the additional time. Nonetheless, I still think it is going to be disruptive, even with the delay.

**Eddie Green:** Yes, I agree.

**Richard Ballantyne:** I fully agree with what Shane is saying. In terms of whether we are going to have another extension and whether we take full advantage to prepare properly, the freight and logistics industry is flat out, trying to recover from Covid and deal with Brexit. I am sure it will do the best it can. The thing that is at the back of the port industry's mind is that this physical infrastructure should be ready by the end of the year. I would be terrified if the Chair summons me back to give evidence in January if it is not ready. The expectation is that most of the infrastructure at our main ro-ro gateways will be ready.

I guess that is one of the big focal, fundamental points. We will be able to enforce controls. At the moment, or in July, we probably could not enforce full controls at most of our ro-ro ports, but by then we will be able to. I guess the Government will take a firm view with the freight, logistics and cargo-owning industry, saying, "You have had time to get ready. We are going to do this now". No doubt there will be more messaging from the Government coming out towards the end of the year.

**Dave Doogan:** Chair, could I make an observation? From all three witnesses, we have had a cogent and evidenced explanation of why they have confidence in that. We, as a Committee, may wish to put a similar type of question to producers. We might find a different take on the delay.

Q132 **Chair:** Yes, absolutely, Dave. Naturally, with all of you wanting to move goods around, you are, dare I say it, not so concerned as to when our controls come in place. I think others will be. As I was saying before you asked your question, Dave, we are also missing an opportunity to do some negotiation with the EU.

Richard, you are pretty confident that it will not be pushed back beyond 1 January 2022. I wish I shared your confidence, because we have put it back several times already. Naturally, we will be putting that to the Secretary of State when George Eustice comes before us. There is a limit to how many times we can push these things back. You think the ports will be ready. I am going to nail you down and say, as you said, we will bring you back if it is not ready on 1 January 2022. Seriously, no, I will not. That is the worry for us. How are the rest of you? Are you all relatively confident that everything will be ready on 1 January 2022?

**Eddie Green:** I think so. There is one important thing. Shane's point is very true: people do not use the benefit of the period of delay. We can say that, at the moment, the importers are having to make import declarations with goods entering the UK, albeit there are no border controls. That exercise of making the import declarations is taking place, so that will not be new on 1 January. It is something they are exercised



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in. They will have the documentation ready and so on. The timeframes will get tighter of course. That will make it a lot easier than 1 January that has just gone. In terms of preparation, that is a big step. It is then about the health certification and those things that lead to more border inspections than general industrial cargo. That will still be the vulnerable part.

**Shane Brennan:** I hope the UK Government have the confidence to enforce their border by then.

**Richard Ballantyne:** You will laugh at this. Can I add a little footnote to my comments?

**Chair:** You may.

**Richard Ballantyne:** I am talking about the port infrastructure being ready. Remember that the Government are building their own inland infrastructure. I cannot speak on the Government's behalf for those facilities in Kent. There is still a big question mark over whether that will be ready, but we think it will. The Government say it will, so we have to take them at their word.

**Chair:** I see, Richard. You are qualifying your comments now. You are sounding more like a politician, dare I say it, all the time. Thank you. You have given us some excellent evidence and so have you all. We really appreciate it from Eddie and Shane as well. It has been a really good afternoon. The whole thing we have is to try to look at where we are, see what we can do to help the situation of flow of goods, both in and out, and then look to see, over time, where it can be simplified and whether we can do an element of negotiation with the EU with our own systems. That comes a little later, as you have all said. We appreciate it.

As I said to our other panel, if you have a blinding thought after you leave here and there is something else that you would have liked to have added, please send it to us in writing. We put all the evidence together, not only the oral evidence but the written evidence. I am looking forward to having a good report. In some places it will be critical of Government. In other places it will be hopefully strengthening what Government are doing. Your evidence this afternoon has been very useful in putting that together. Thank you all very much.