

Public Accounts Committee

Oral evidence: EU Exit: UK Border, HC 746

Monday 22 November 2021

Ordered by the House of Commons to be published on 22 November 2021.

[Watch the meeting](#)

Members present: Dame Meg Hillier (Chair); Sir Geoffrey Clifton-Brown; Peter Grant; Antony Higginbotham; Sarah Olney.

Gareth Davies, Comptroller and Auditor General; Adrian Jenner, Director of Parliamentary Relations, National Audit Office; and David Fairbrother, Treasury Officer of Accounts, were in attendance.

Questions 1-72

Witnesses

I: Richard Ballantyne, Chief Executive, British Ports Association; Dr Anna Jerzewska, Founder, Trade & Borders consultancy; and Alex Veitch, General Manager—Public Policy, Logistics UK.

Report by the Comptroller and Auditor General
The UK border: Post UK-EU transition period (HC 736)

Examination of witnesses

Witnesses: Richard Ballantyne, Dr Anna Jerzewska and Alex Veitch.

Chair: Welcome to the Public Accounts Committee on Monday 22 November 2021. We are here today to look at progress at the UK border since the UK's exit from the European Union in January this year. This is an issue that the Committee has looked at on a number of occasions—all the issues about which goods can travel where—and of course we have had the knotty challenge of dealing with the Northern Ireland protocol. Therefore, we particularly want to ask questions about exports from GB to Northern Ireland and vice versa.

I am very pleased to welcome our witnesses to a pre-panel today. We are keen to hear today from the frontline and from people who are representing those who have to deal with these issues, in preparation for a session with Government officials on Wednesday afternoon. I am pleased to welcome virtually—on screen—Dr Anna Jerzewska, who is the director of Trade & Borders, which is a London and Geneva-based customs and international trade consultancy. A very warm welcome to you.

We also have Alex Veitch, who is the general manager for public policy at Logistics UK and who is here with us in the room. Welcome to you, Mr Veitch.

We also have Richard Ballantyne, chief executive of the British Ports Association, in the room with us. A warm welcome to you. I don't think we need to describe your job in detail, but obviously there is a huge issue for people running ports at the moment. Mr Peter Grant will kick off with questions.

Q1 **Peter Grant:** Thank you, Chair, and good afternoon to our witnesses here and online. May I begin by asking each of you to give us your impression of how trade between the United Kingdom and Europe has been



HOUSE OF COMMONS

functioning since the end of the transition period? What has happened to the volumes of trade and how smoothly has trade operated? Dr Jerzewska, may I come to you virtually first, and then we will come back to the witnesses in the room?

Dr Jerzewska: It is no secret that it is now more expensive and more complicated to trade between the UK—or GB—and the EU. There are additional formalities and costs, even though full border controls have not yet been introduced in the UK, so that is still ahead of us. We have already seen quite a significant impact on private sector companies. Obviously, it is difficult to make general comments on what that impact was like because every company is somewhat different. However, these two issues—the additional formalities and the costs—are very much the case for any company trading between these two territories, and have been from the beginning of 2021. This will obviously continue to be an issue once the UK introduces full border controls for exporters. For UK exporters, that has already been in place from January last year. For UK importers, it will fully take effect at some point in 2022. The impact, as I mentioned, has been varied, depending on the company and its supply chain and its industry.

We have some industries that are regulated to a completely different degree, so anyone who has to deal with SPS requirements will have a different experience from people and industries that have to deal only with customs. Other industries require licences and permits and so on. That varies between industries, but even within the same industry it really depends on what the company supply chains are. I have spoken to companies that have not been affected by Brexit simply because they do not trade with the EU. I have also spoken to companies that were not able to continue with the business model that they were using before. It is really difficult to make a general statement, but the additional costs and formalities, if you are trading with the EU, are an issue now, as of last January.

Alex Veitch: Good afternoon, everybody. I will be fairly brief and talk first about flow and then about trade. There was a good summary from the Government from spring this year—I can provide the Clerk with the source for this—that talked about the flow. There were clearly problems in January. From 30 January to 5 February, the short straits were running at 82% of normal flow. That had recovered by the end of February to just over 100%. So, flow has been okay, apart from difficulties in January—GB to EU. Looking at trade figures—this is from UK Trade Info accessed yesterday—EU exports were up by 5% compared with September 2020. These are the figures for September. Imports were actually down 5% compared with September 2020. I think the commentary around that is that border flow does not tell the whole story. We deal a lot with the food industry. If they were sitting here, they would say their exports have been significantly hit by the administrative requirements that Anna has summarised. However, as Anna also said, many industries have coped admirably and have kept trading.



The trade figures I mentioned require commentary also because these are year on year, and of course last year was the black swan year. It was as different as you are ever going to find in trade statistics. What I would like to see is the Government, in their official information that stakeholders can access, comparing with 2019 figures, and perhaps 2018 figures, to give us the trend and enable us to isolate what is a function of EU exit and what is a function of covid. I will leave it there, but I hope that sets the scene.

Q2 Peter Grant: Thank you. Before I move on to Mr Ballantyne, may I ask you to clarify something? You quoted some percentages for trade flows. Is that a percentage of the previous year? If not, what is it a percentage of? That is obviously quite important.

Alex Veitch: It is. If we take UK to EU exports, they were up by £0.6 billion in September, compared with September 2020. The other figure was that EU imports were down by £1.2 billion, or just over 5%, year on year. That is UK Trade Info—the September 2021 figures.

Peter Grant: Thank you. Mr Ballantyne?

Richard Ballantyne: Thank you very much, and good afternoon to the Committee. Thank you for the opportunity to appear before you.

At risk of saying something you have heard many times before, what they said. I think they have articulated very well the two points that I was going to make. If you screw down a little further into the figures that Alex quoted, I think you will find—I could be wrong—there is an 11% decline, because we import more from the EU. That was the indication that I think Alex gave—that imports were down. That said, it probably deserves someone more qualified to speculate on trade figures. We are happy to send a follow-up written piece if that is helpful.

As Anna articulated very well, I think it is fair to say that we have not yet seen the full impacts of the UK's departure from the European Union on the UK side, because we are not enforcing border controls at our ports of entry yet. That will come in several phases next year, which will probably be a better point to assess the impacts on the borders.

Finally, I would say that, as well as the stats that Alex very well described, we have also seen a number of slight deviations in trade. We have seen an increase in shipping activity related to transporting goods between continental Europe and the Republic of Ireland directly, avoiding that land bridge. Again, I do not have full statistics on that, but I would expect that we will be able to see more of those findings as we reach the end of this year.

Q3 Peter Grant: Thank you. Mr Veitch mentioned the fact that covid has obviously had a big impact over the last couple of years. Have you done any sort of analysis that would allow us to see how much of the change in trade over the last two years is down to covid and how much is down to Brexit, or is it still just so complicated that we cannot tell yet? I will let Mr Ballantyne go first, since he was at the end last time.



HOUSE OF COMMONS

Richard Ballantyne: In short, we have done a fairly basic analysis ourselves, and I think there are other more informative documents and research pieces out there. But typically, we work on an annual basis, so we are waiting for the full results of this year before we will be able to assess that.

Alex rightly mentioned the black swan moment of last year. But equally, there were some things to that anomaly that, in the maritime sector, we would focus on predominantly. We needed to be supplied with goods, food and all the things we import. Yes, there were lockdowns of shops and non-essential activities, which will definitely have had an impact. But equally, the ports and the maritime and freight industry kept the country supplied, so although there will be other sectors, such as aviation and so on, that will have seen a real fall off in numbers, I would say the maritime and freight industry was not as badly hit as other sectors.

Q4 **Peter Grant:** Thank you. Mr Veitch, anything to add?

Alex Veitch: If we look globally at the supply chain and how it impacts on the UK, covid has been far more significant than Brexit. We have had lockdowns in producer countries, followed sequentially by lockdowns in importer countries. China and India were locking down, and the UK was locking down, at different times, so global trade is out of sync. Container shipping boxes are in the wrong place. This will probably carry on all year next year, I'm afraid to say. Covid is really the bigger issue globally, in our view. That's not to say Brexit has not posed a number of challenges, but of course, the biggest single event was the French authorities closing the border, the short straits, for a few days, which I am sure everybody remembers, and that was due to covid.

One thing I would like to land with the Committee today is how well planned, prepared for and implemented the changes have been by the logistics sector, by Richard's members and our members working in partnership with Government, because we feel that sometimes that does not get the attention it deserves. However, as Richard and Anna said, we must not rest on our laurels. We are about halfway through, so we need to replicate that energy, enthusiasm and activity right through until towards the end of next year when everything is fully implemented.

Q5 **Peter Grant:** Thank you. Dr Jerzewska, I saw you nodding in agreement with part of that answer. Is there anything you want to add to the two answers we have just heard?

Dr Jerzewska: Yes, I am nodding in agreement. What I could add is that from a micro-economic level it might be difficult to distinguish, but when you speak to individual companies, they have absolutely no doubts where the difficulties and the new costs are coming from. So, yes, the impact of covid has been significant, especially, as Alex mentioned, on the logistics industry. We have a much bigger global issue, but, from a company perspective, you do see these changes and you know where the extra costs are coming from.



HOUSE OF COMMONS

The one element where it is sometimes difficult to tell is when UK companies are losing sales in the EU. This has gradually been happening perhaps not since the referendum, but since 2017, 2018 and onwards, and some of the UK exporters did not get their contracts extended and were losing sales and so on. That was happening gradually, and right now it is not always clearly stated whether this is due to covid and there is just no demand for this product, or is it because that client in the EU now purchases from someone else? In some cases, this is clearly stated; in others we just don't know. On a company level, this is one case where we are not necessarily sure whether that was Brexit-related or covid-related. Again, time will tell, I guess, as we recover from the pandemic.

- Q6 **Peter Grant:** Thank you. A final one from me for now. Mr Veitch, how much of an impact has the shortage of HGV drivers had? Related to that, what is your assessment of where we are now? Is there more that either the Government or somebody else should be doing to alleviate the position there?

Alex Veitch: That issue has kept me and everybody else rather busy this year. The impact of Brexit has had an impact on the number of people working in logistics. We had a large proportion of people in operational roles—HGV driving and working in warehouses—who were EU nationals. In our annual skills report last year, we talked a lot about this quite extraordinary emigration of people that happened, and it is really difficult to untangle how much of that was purely about Brexit and how much was about covid. Without doing the world's biggest QoWL survey, our information is really people who were considering where to stay and decided to ride out the lockdowns in their home countries, and we did see a large number of people leaving the sector.

However, the sector also has an older demographic of workers, particularly in HGV driving, and that is a challenge for us. We accept the challenge, and we are building a more stable and resilient workforce through predominantly UK nationals through a combination of training and improvement of wages and facilities, which we are doing in partnership with Government. We see that HGV driver shortage clearing in the spring, if not earlier. We think the Government have done almost everything we would like them to do. They have done a few things we are little bit less happy about, but if you look particularly at the extra capacity for driver tests, that is the single biggest thing, because we are not short of candidates. We are short of testing, and that is because the whole testing system shut down during covid.

- Q7 **Chair:** How long does it take to train an HGV driver? If one of us wanted to start now, how long would it take?

Alex Veitch: It is at least three months. To be fully operational, it can be a few months more than that, depending on the type of work. Yes, it has been a challenging year. We don't shy away from the challenge to the sector, but we will clear it. Again, it would not be fair to say this is mainly a Brexit issue; it is a covid issue. It is even about the role of, dare I say it,



HOUSE OF COMMONS

level 2 skills and how well they are valued in our economy as well. I hope that is a reasonable answer for you.

Q8 Chair: On that, Mr Ballantyne, have you had any other issues around recruitment or retention of staff in ports?

Richard Ballantyne: Thank you, Chair. I was just going to come back on the first point, which was about the operational impact of the driver shortages. There is an interesting dynamic. I would absolutely echo what Alex was saying, because they and others are leading on this with Government. To give credit where credit is due, I think the Government have responded pretty well. Yes, they were perhaps not as quick and rapid as the industry would have liked, but fundamentally it is an industry problem, and looking for the Government to act where they can is all we can ask for.

An interesting dynamic about trade is that a lot of people think of Brexit as having an impact on driver-accompanied goods coming through the short straits and other locations, whereby the driver, who might be a European national, drives their truck through the port or the Eurotunnel to a destination. But we do have a lot of unaccompanied roll-on, roll-off freight, whereby the trailer is dropped at a port, the shipping line takes that trailer to a UK port, and then it is collected by a different driver. That is the sector that the ports industry has seen being particularly impacted on, which has meant that the dwell time of those trailers, and sometimes containers, has taken a lot longer. We are seeing things taking longer to be collected and then delivered, which, as Anna articulated very well, means that there are not only bureaucratic-type paperwork costs, but operating costs that add to the whole process.

Q9 Chair: On the general point, we have obviously seen this issue around freight drivers. Have there been any other issues around port staff more generally, other than drivers, because of Brexit? Do you have any evidence that European nationals no longer want to work in the UK?

Richard Ballantyne: Not particularly. One or two segments of the ports industry have pinch points where there are probably a limited number of people, such as maritime pilots who navigate vessels into harbours and ports with their own local and specialised knowledge, and where we would be nervous if we had an uptick in the number of covid cases, or if we saw recruitment issues. But for the most part, ports are reporting that labour is getting more expensive and jobs are a little bit more difficult to fill. We are very mindful of this, but it is probably not the same situation as the driver haulage situation.

Q10 Chair: I should probably declare that I used to be a petty officer in the merchant navy—I did Portsmouth to Le Havre, and Portsmouth to Calais. In those days, there were not many Europeans working onboard. Now, when you travel on either the Irish sea or the channel, there are many more Europeans. You are saying that, even from the ferry companies' point of view, there has not been a particular issue.



HOUSE OF COMMONS

Richard Ballantyne: I can't speak on behalf of the shipping industry and the ferry companies, but I think there have been some issues with getting them in, because of covid. If European nationals are based in Europe, they are subject to various restrictions when travelling, although there may be—

Q11 **Chair:** So, it is more about covid than Brexit?

Richard Ballantyne: Yes. With Brexit, I think we are okay at the moment, although I suggest you consult organisations such as the UK Chamber of Shipping on that question.

Q12 **Chair:** But from your point of view as a port operator, that has not had a particular impact on your ability to operate.

Richard Ballantyne: No.

Q13 **Sir Geoffrey Clifton-Brown:** Good afternoon, Mr Veitch. I don't want to trade statistics with you, but it is very important that we get a proper idea of how much our trade has been affected not only by covid, but by Brexit. I am not trying to catch you out, and I do not know whether you have had a chance to look at the NAO Report. Paragraph 2.9 on page 37 clearly states: "The ONS has also compared figures for 2021 against 2018. Total trade in goods between the UK and the EU was 25%...less in Q1 and 15%...less in Q2." I know they are different periods but, in a sense, they are more independent than the September to September that you quoted, because you might have covid mixed up with that. Do you accept that the drop in trade with the EU, both imports and exports, has been fairly large as a result of covid or Brexit, or both?

Alex Veitch: Yes, that is a very good point. As I said in my opening remarks, those were year-on-year comparisons, and they do mix up covid and Brexit. You are absolutely right. I believe I am right to say that we have seen the graphs cross. Non-EU trade has gone up and EU trade has gone down, and they have crossed. I think that is substantiated by the evidence.

Sir Geoffrey Clifton-Brown: Yes, the NAO has some useful graphs on that. For example, figure 8 on page 41 shows exactly that.

Alex Veitch: So yes, absolutely, I accept your point entirely. My point would be that it is important to track it to the right baseline to get a sense of what is happening.

Q14 **Sir Geoffrey Clifton-Brown:** If I may, I will turn to all three of you and examine the consequences of the UK's decision to impose full import duties by July 2022. I will ask all three of you to comment very briefly on what you see as the main problems that that is going to cause. Perhaps we could start with you, Dr Jerzewska. I hope that I have pronounced your name correctly. My Polish, like the Chair's, is not very good.

Dr Jerzewska: It is not an easy surname to pronounce; I completely acknowledge that.



Sir Geoffrey Clifton-Brown: I do apologise.

Dr Jerzewska: If I understand your question correctly, you are asking about the impact that the delayed border controls have had on businesses in the UK. Is that correct?

Q15 **Sir Geoffrey Clifton-Brown:** Yes, but obviously the imposition of full import controls in July next year is going to bring a whole new set of problems, albeit that the Government have been preparing for it. What problems do you foresee that that will bring?

Dr Jerzewska: We have the first significant deadline in January, when it is no longer going to be possible to postpone import declarations. That will be quite significant. This year, companies were given the option to either submit full customs declarations at the time of import or to defer those declarations for six months. We do not fully know what the impact of the January 2022 deadline will be, because we do not necessarily have clear figures for how many companies used that simplification. We have seen the Report state that about 48 million declarations were submitted. That is for the rest of the world as well as the EU, and it says that it is also simplified declarations—the ones that you submit initially at the border before you submit the full declaration six months later. That does not really give us clarity. That seems incredibly low, given that the estimate post Brexit was around 250 million. That was HMRC's estimate, so we are not necessarily sure what the figures are.

Have companies been taking out these simplifications? We understand that a lot of them have been. The companies that have been submitting customs declarations in 2021 will not necessarily see the impact of this next deadline in January, because if they have been submitting full customs declarations they will just continue doing so. The ones that used the simplification and deferred will see the impact.

Then in July we have further controls, more around the SPS requirements and so on. Again, that will have a significant impact for the companies affected, and there will be a cost because with the SPS requirements there is an additional cost for the testing for all the requirements for the paperwork that needs to be done. Any border control post visit will likely end up having a fee attached to it, so for UK importers of these products that is going to make things more difficult and more costly again. Gradually, we have January first and then the rest of the SPS controls.

Q16 **Sir Geoffrey Clifton-Brown:** May I come back with a supplementary question? These new requirements, whether they are in January or July, have to be complied with by 27 countries in the EU. How well do you think the British Government are disseminating our requirements to those 27 countries?

Dr Jerzewska: These will be requirements for our importers, whoever will be listed as the importer, whether it is a UK importer or not. There are cases where foreign, EU companies are importing into the UK. We have seen not only HMRC but the Department organising roadshows, presentations in local languages, and information provided to the traders

locally. The question is, it is always a two-way street: especially when it comes to foreign traders, there is only so much HMRC or other UK Departments can do in terms of passing the information. There also needs to be some interest from the other side.

As I mentioned, we have seen presentations and roadshows, and I think there have been some leaflets translated as well, and obviously the local Governments and local customs authorities are also doing their part in preparing local traders. However, again—unfortunately, this is always the case—most of this responsibility will fall on the importer, even though it is the exporter who, under SPS requirements, needs to submit some of the paperwork.

Q17 **Sir Geoffrey Clifton-Brown:** Thank you very much. Mr Veitch, can I come to you? What do you think are the real challenges of these import controls among your members?

Alex Veitch: It is a complicated picture, actually.

Sir Geoffrey Clifton-Brown: I know; that is why I asked you the question.

Alex Veitch: I printed out the page from the border operating model with all the different deadlines for all the different things.

Sir Geoffrey Clifton-Brown: We have it, if you would like us to have that.

Chair: Figure 1 in the Report gives us some of those deadlines.

Alex Veitch: It is one of the earliest pages, and I think the Government have been trying to be helpful here by staging it, although I think, as the NAO Report makes clear, we cannot go on like this. It is not sustainable, because one thing they do not say is that it is not fair on British business. In January, we are going to have the full customs declarations, as Anna said, and that could be challenging for British importers if they are not used to doing it. If they have done a lot of supplementary declarations that have been easy, it is now going to be full “rest of world”. It is not the end of the world. It is perfectly doable, but you might need advice.

The bit that we are worried about, and that I want to highlight in some detail, is that they are bringing in this requirement for pre-notification for food and agricultural products. You have to make sure that the EU exporters to our country of that type of products pre-notify through a system that DEFRA runs called IPAFFS—please don’t ask me to spell out the acronym. That is the challenge No. 1. The bit that we are worried about is: how is the person driving the truck, who is almost always an EU national in an EU truck, going to know that the pre-notifications have been made? If you are following me so far, you have got a driver of a truck and a truck full of stuff. How is the driver going to know that all the declarations have been done for these food products?



HOUSE OF COMMONS

In the UK, the Government introduced the fantastically named “Check an HGV is ready to cross the border” system. It literally did what it said on the tin: the driver had to go through a checklist—“Am I ready: yes or no?” It worked pretty well; they turned it off quite soon, and that is fine. As far as we know, there is not an EU-wide “Check an HGV is ready to cross the border”, so how are they going to know? There may be a plan, but we do not know that there is. That is a worry, because what could cause a bit of difficulty is trucks turning up at the short straits and only then finding out that they do not have everything.

These are the little nooks and crannies we are trying to explore with Government to tick things off on where things might come in. I will leave it there, because then you go later into the year when everything else comes in and you have more time to prepare, but those are two things for January.

- Q18 **Sir Geoffrey Clifton-Brown:** Sticking with you for a minute, how will these importers into this country know exactly what SPS checks they are going to have to do? How is this going to be disseminated to them? They are presumably done in their own countries; they hopefully will have the right piece of paper with them, or the right email or however it is going to be done—hopefully, as you say, digitally with IPAFFS. Are you anticipating any problems with that system?

Alex Veitch: Actually, that is another question that we have. If you are a driver, how are you going to be notified that you have been selected for a check? Will there be a traffic management system that pulls you out? Will you be told ahead of time where to go? When you speak to DEFRA, this may be something you wish to ask them about. The different border control facilities will look at different types of agricultural produce—they will specialise—and that is good, because you have to have the specialist vets and other inspectors in place, but how will the drivers be told where to go? Are there going to be road marshals, will they be sent a message, how will the message work? So yes, we are a little worried about the complexity that sits behind the imposition of the checks, because there has to be a certain amount of spot-checks on the produce, for food. It is very different from customs—

- Q19 **Chair:** When we have looked at this before, one of the challenges has been about the infrastructure, with talk of lorry parks in different places. The Government have obviously bought space. What level of conversation have you had with Government about, as you say, physically where these things will take place and whether a lorry will have to divert? Some ports are very small and without much hinterland for this to happen.

Alex Veitch: My understanding is that drivers will be directed to a control facility away from the port, to have the inspection done—

- Q20 **Chair:** But you don't know where yet?

Alex Veitch: I think in the broader operating model there is a bit more clarity on that.



Chair: We have seen some of it. I was just wondering how much you or your members know.

Alex Veitch: Just what is in the BOM.

Q21 **Sir Geoffrey Clifton-Brown:** What do you, Mr Ballantyne, and your members see as the key challenges in January and July?

Richard Ballantyne: Anna and Alex come from a slightly different area of the freight industry from me. My members—port operators and authorities—are not dealing with the actual paperwork per se; they are dealing with the physical process and preparing a lot of this infrastructure, or at least preparing themselves to understand where the infrastructure will be and, in this case, how the lorries will get from the port to the inland border facility or how they will do the on-site facility.

To go back to the previous points you asked Alex about, we understand that, depending on the type of customs model of operation in the role, there will be a digital alert, a message sent to the importer, who would presumably have a link through to the driver—they might be one and the same person. That message will go through, and then they will be told electronically where to go. If they are using a site such as Dover or Eurotunnel, they will head for an inland facility, where they may be subject to controls. If they are using one of our many other facilities, their goods will either be directed or taken—depending on the mode of transport—to an on-site border control post or facility where those checks can be made.

Coming back to your original question about how the ports are preparing, they have to provide in most cases the physical infrastructure to enable the Crown officials to undertake their activities at the borders. The Government have very generously provided funding for those facilities. There has been some frustration with how that has been handled, but broadly it is welcomed across the sector. Those facilities are being finalised as we speak, signed off by various parts of Government that will use them. Hopefully, they will be fully operational by the time we reach the points that Alex mentioned in the border operating model, the various deadlines for next year, including sanitary and phytosanitary controls. They will be ready in time.

Q22 **Sir Geoffrey Clifton-Brown:** May I ask you about that sign-off? Somewhere in the Report—I cannot find where right now—it states that only about 39 have been signed off, but that several hundred facilities have more or less been completed. Is that a formality, or is there a problem here with the sign-off authority?

Richard Ballantyne: I think it is both. It is a formality, but the formality is quite problematic and complicated. That is a very good point, actually, because it has been an unprecedented time for people like the Border and Protocol Delivery Group, HMRC, DEFRA, the DEFRA agencies and so on, as well as the ports and the local authorities, which have to resource a lot of the activities at the border control posts. Getting that all done at very short notice, in a rapid period of time—using some usual or normal



resourcing for things like the National Frontiers Approval Unit, which is the part of Border Force that allocates such approvals—has been wanting somewhat. Equally, given the short timescales, it is almost unavoidable to expect that we can get these facilities ready. That is why one of the—

- Q23 **Sir Geoffrey Clifton-Brown:** Behind that question, are you relatively satisfied that your members have got these physical facilities ready in a form so that they will be able to comply with whatever regulations come along in January and July?

Richard Ballantyne: Yes. The physical facilities will be ready. There is still a question about whether they will be manned and staffed in time by the various agencies, but we are in a better position than we were, say, six months ago.

- Q24 **Sir Geoffrey Clifton-Brown:** Thank you very much. Can I again go to you, Mr Veitch, and ask about rules of origin? This seems to be a fairly vexed subject. Can you tell us what sorts of difficulties traders will have in complying with those? We don't know what they are yet really, do we?

Alex Veitch: This was something that we noticed people getting caught out with. Of course, we see it more on the logistics end, so we had people complaining to their logistics provider, saying "Hang on, why am I getting the customs bill for this product that I bought from an Italian provider?" The reason is that it wasn't made in Italy or, perhaps more complicatedly, it was made partially in Italy and partially somewhere else. Then you have to try to explain to your customer that rules of origin mean it has to be made in the EU or the UK to have zero tariffs.

There is a paperwork change coming in, where there has to be rules of origin paperwork made and something called a supplier's declaration. I don't know how well that has landed in the trading community, but once you get into the detail on this stuff, there are ways to simplify it. If you are doing a lot of supply between the EU and the UK, you can have a simplified approach to doing it and you can do them in bulk. Again, it is an administrative burden but, comparatively, not terribly complicated.

I know that for some of our members that are bigger retail or manufacturing companies, figuring out where the stuff comes from can be immensely complicated, but that is a job you do once. Then you are okay, and you just churn out the paperwork. I think we are probably going to see a bit of a kerfuffle when these rules come in and people realise that they have to do it. Then they figure it out, it is okay, and it just becomes added to the list of business processes.

- Q25 **Sir Geoffrey Clifton-Brown:** Do you want to add to that, Dr Jerzewska?

Dr Jerzewska: Yes, I am happy to comment on this because a lot of my work with clients is on the rules of origin. As Alex said, it is an area that is not impossible—it's not rocket science—but equally it is incredibly complex. Unfortunately, for this product or that product it can change. In most cases, yes, once you have determined the rules of origin, that is said



and done, but in some cases you also need to monitor and check every month if there is something affecting the rules of origin.

The issue that many companies have had with rules of origin—the ones that have not used rules of origin or trade agreements in the past—is that they understood that all they needed to do was to put that statement on an invoice. After all, this was advertised as a tariff-free trade agreement, so they understood that all they needed to do was to put that statement on the invoice.

Unfortunately, I don't have numbers because this is based on my work with clients, but I have spoken to a number of companies that have said, "Look, this is what we understood. We have put the statement 'Goods were sent tariff free.'" Then, when I ask, "Okay, so have you done the work behind that? Have you checked whether your products actually comply with these rules?" they say, "No, because we weren't aware that that was needed."

As I mentioned, this is an incredibly complex area of customs. There is a lot of guidance out there, but it is difficult to make that guidance simple because the topic itself isn't very simple. There is a lot on HMRC's website and a lot of help available out there, but in many cases it is also about making sure that companies are engaging and reminding them that it is not just about this statement. They actually need to do the verification and quite often they need to speak with their suppliers. It is not something a company can always do itself. It needs to go through the entire supply chain, speak to its suppliers and so on.

There are some changes coming in January that will affect some traders, although not all. Again, we still do not necessarily have enforcement. There is a lot that goes back and forth, to the EU and into the UK from the EU, that is traded under this preference and has this origin certificate, but it really shouldn't. We have heard of cases where companies were questioned about this, but it is not fully enforced yet, not because there is any special simplification, but just because compliance is not at the top of anyone's priority list. It is more about prioritising flow over compliance at the moment. At some point, that will need to change.

Q26 Sir Geoffrey Clifton-Brown: So, whatever happens—I will perhaps finish with you on this—these extra requirements are going to be extra requirements on the supply chain, one way or another, but many of these companies, particularly the small ones, are going to need intermediaries to help them with these extra declarations. Is there sufficient intermediary capacity out there to be able to help all these companies with the extra declarations they will be required to make next year?

Dr Jerzewska: That is a very difficult question. We heard there will be additional declarations, and I mentioned the estimate of 250 million on the UK side as of 1 January 2021 with the additional simplifications. Again, the report mentions 38 million for half of the year, which is much lower than we expected. A lot of freight forwarders, customs agents and so on increased their capacity. Whether that will be enough and what the actual



HOUSE OF COMMONS

number will be is very difficult to say. I would not be comfortable assessing that at this point.

Q27 Sir Geoffrey Clifton-Brown: Mr Veitch, do you have any information on intermediary capacity?

Alex Veitch: It is mainly anecdotal. We had views from our shipping members, our trader members, at the start of the year that it was quite difficult to access capacity. At our first meeting in January, it was raised by most companies, but it dissipated as an issue quite quickly. Our assumption is that there is enough capacity in the market. I have not heard anything about a problem here for many months. I am not surprised when, as the NAO says, you look at the £84 million of Government support to boost capacity in the sector through training grants alone, which is eight times the amount that has been put into HGV driver training—just for the record.

Chair: You've earned your money for that.

Alex Veitch: And I'm not criticising it. It is tremendously helpful.

Chair: It is very helpful to have clear facts, Mr Veitch.

Alex Veitch: We put three of our six full-time transport advisers through level 2 training at the UK Customs Academy, and it has been brilliant. They have answered most member questions. I think it has been resolved, although Anna is right to be cautious because, again, we have a second flow of requirements coming in, and it may be that more need to be trained than we have now.

Q28 Sarah Olney: I have a quick question for Dr Jerzewska. I have been speaking to a local restaurant owner in my constituency. He owns a waffle restaurant, and he imports all of his waffle mix from Belgium. My understanding is that, as of January, he will need to get a vet to check every consignment of waffle mix that he imports. The costs and the administration associated with that are going to make his business here in the UK unviable, he thinks. Have I got that correct? Is that your understanding of what will probably be required from January of businesses that import food products?

Dr Jerzewska: I am just checking the border operating model. I think this is not January but later in the year, so the second stage. It is also not the area I work in—it is SPS, not customs—but, in some cases, yes. We have already seen it the other way around, from the UK to the EU, where very small but still significant numbers of businesses have not only had additional costs of transit but, in some cases, the equation means it is no longer profitable for them to operate in the way they have previously operated.

In that situation you will have, first, an obligation to submit customs paperwork and the costs related to that. Secondly, you will have SPS requirements and the costs related to that. All these costs, added together, might mean a company will either need to find someone locally



to purchase from, or they will need to figure out a different way to operate or to pass on the costs, such as to consumers in the restaurant.

- Q29 **Sarah Olney:** It is plant and animal products, is that right? I am thinking of our German bakery and the flour it imports. Is it plant and animal, or is plant later?

Dr Jerzewska: That is all part of the stage control. There is a page in the report that has all the stage controls, and it will be July 2022.

- Q30 **Sarah Olney:** I am thinking more about the impact on businesses than the dates. When I speak to businesses, I try to get my head around the actual impact of these changes. It is quite substantial, I think.

Dr Jerzewska: Yes, especially for businesses in the food and plant sector. For any business that imports animal and plant products, food and drink and all that, the impact is substantial. There are other industries where there are other requirements. I mentioned pharma and medicine, for which licences are required. Others require permits, licences, paperwork, checks and so on. For every company that is not in one of these industries, there are still requirements related to customs and border paperwork and potential border checks. Every company is impacted, although some industries are impacted more than others because of how regulated they are.

Richard Ballantyne: Can I come back on the previous point? Anna is absolutely right. To clear this up, we think 1 July is when animal and plant-based products will face those controls and potential checks, which will be calculated on a percentage basis. You are absolutely right: your constituent's business goods would go through those controls. The costs associated with that typically include statutory charges from the Government's border staff, veterinary officers and so on, who will have a set charging regime for the number of inspections that milk products, or meat or other products, may have to undergo. There are also operating costs for those facilities. In my case, my members will be levying to resource the maintenance and day-to-day running of those controls.

If you are bringing goods into an existing border control post from the far east via a container, for example, the percentage of your inspection and borders cost will be disproportionately less than the shipping costs, which will be a lot more because you have to pay for the ship's fuel and so on. This is a disproportionately larger cost, which may be very similar to deep sea controls, but it will have a bigger impact on those businesses. With our members, we are moving towards talking about preparedness and readiness. It is not only about the documentary requirements, which Anna and Alex and everyone are helping people to get to grips with. It is also an understanding that there will be extra physical costs in relation not only to those documents and extra delays but to paying for that regime at the border.

- Q31 **Chair:** One of the challenges with both driver-accompanied and unaccompanied freight, where you have a container or a lorry containing products from different businesses—that was something that was well



HOUSE OF COMMONS

used—will be if there are different checks to be done.

Richard Ballantyne: Sorry, I did not quite hear you. Could you repeat the question?

Chair: It is quite common to have a container or a lorry with products from different suppliers or that are on their way to different outlets, which might mean products in one lorry or container need different checks. You will have to deal with that logistically now with every EU import. Can you talk us through how that might practically work?

Richard Ballantyne: Absolutely; that is a very good point to make. I bow to Anna and Alex's expertise on this. I assume this is the groupage question, particularly. We saw at the beginning of the year a bit of caution from traders—again, Anna and Alex will probably know more than I do on this—where they actually hedged and decided not to risk putting multiple things in a unit that could be caught because the batter mix needs to be inspected, whereas something that is not an animal product, for example, would not need to be stopped when going into Europe at the moment, or when coming here in July next year. That has distorted trade numbers slightly, because you are still seeing quite a healthy number of units; it is just that goods are being divided up into more appropriate loads and so on.

Q32 **Chair:** That does rather play to you, Mr Veitch. How many of these lorries are actually full? We talk about flow a lot, and volume of goods. Can you enlighten us about how that is working, and about the cost-effectiveness for your members of carrying half-empty loads?

Alex Veitch: I will need to submit the figures I quoted at the start and the briefing document produced by the Government to the Committee separately, because they go into the data about empty running. This is from in the spring, when there was an active debate about the percentage of empty lorries—

Chair: We were asking questions about this in January, for sure.

Alex Veitch: That really is a question for Government, because as a trade body we have no way—

Q33 **Chair:** Does it impact on your members if they are carrying half-empty loads? Surely there must be cost impacts for your members in cost-effectiveness and whether it is worth their while.

Alex Veitch: We have members who do international haulage. Something worth bearing in mind is that around 85%, or maybe even more, of the goods you see doing the short straits journey by road, ro-ro—roll-on roll-off—are EU companies. Does it matter if they are empty going back? Yes, because it means that they are making less money, and that is a disincentive to coming to the UK. So yes, it does matter. Does it matter enough for them not to come here? We have not seen the evidence of that, because, as I said at the start, flow is back to normal, but it is a worry. We do want them to be full of British goods being exported—who wouldn't?



HOUSE OF COMMONS

We also had limitations put on something called cabotage—I see people nodding. That was a worry, because if you—

Q34 **Chair:** Actually, do you want to explain cabotage in a sentence for those who might not know what it is?

Alex Veitch: Yes, it is simply the allowance of an EU truck to come to the UK and do a certain number of domestic journeys within a certain time period. That got a bit less after Brexit with the TCA but still enough to make it economically viable, so we were okay with the outcome of that. But limitations to that do reduce the economic incentives to come here. So far, it has not been a big issue. I think the empty loads thing is much more of a macro piece about how our exports are looking.

Can I just say a word about groupage? Just to try to put this into a bit of perspective, I do not have the numbers with me, but this came up as an issue in early 2021 that industry and Government needed to resolve. It is really a guidance issue about what is the best way to certify and load goods into a vehicle. It was particularly about how it would work with different consignors and different types of food products. It was resolved. We worked very closely behind the scenes with DEFRA on the guidance for hauliers. But the thing you have to remember is that not every load moves like that.

Actually, it has been quite okay for consolidation centre companies and companies that consolidate loads into their own vehicles and take it across the border, because you do it at the centre: you get everything signed, sealed, delivered into the truck, and off it goes. That is why the Government set up its own consolidation centre in Scotland to help the seafood export industry to do it at source. So, there is a way still to do it where one haulier goes to different sites picking things up, certifying it. But there is also a trend towards consolidation centres being used. Apologies; I do not have numbers on which of those is biggest, but it is a guidance and understanding thing. I do not think it is a fundamental trade barrier. It is the same administrative burden; it is just working out how to do it in the most efficient way—

Chair: So it is more logistics—you earn the name Logistics UK, don't you?

Q35 **Peter Grant:** Mr Veitch, I want to come back briefly to some of the answers that you gave to Sir Geoffrey about the checks and documentation needed before a lorry sets off. When it was import controls that the EU was putting in place, we needed one Government to ensure that all its people knew what they were doing, and the UK Government had to get it right.

From January—from July in some cases—is it the case that we are effectively relying on 27 other Governments to ensure that hauliers, suppliers and producers in 27 different countries understand what our rules are? Is it also the case that it is much more important to us than to them, because collectively what we want to take in from the European Union is significant to our economy, while what each of those 27 countries wants to export to us is not that significant to them? Have you



HOUSE OF COMMONS

had discussions with your counterpart organisations in some of our major trading partners in Europe to get a feel about whether, first, they see that they must get it right and on time and, secondly, they will be ready to comply with the new rules when they come in?

Alex Veitch: On the first bit, yes, we are speaking to our sister trade bodies across the EU. We have a Brussels office, and we are in constant communication with our equivalent organisations. We are also working, as are many other trade bodies, with the BPDG, which has a very good EU-facing team that we have been working with for years now to engage.

There is no question, though, that this is a significantly more challenging position. As you said, you are dealing with 27 member states versus one. We are nervous about the state of EU trader readiness because it is okay if haulage, logistics, intermediaries, ports and professionals are ready, but it is not okay if traders are unprepared, because goods only move if the documentation is correct. What is making us nervous is that we do not have visibility and metrics about EU readiness. I wish I could say that we are 70% there, as we were able to last year, because we had some metrics that the Government shared with us. Again, that is a question that we are asking Government: "How are you measuring it? How is it looking? What else can be done?" That may be a question that you wish to raise directly.

Q36 **Peter Grant:** Have you seen any indication that the UK Government are reaching out directly to trade organisations to make sure that they are up to speed?

Alex Veitch: Oh yes, they are—without a doubt. I don't know if it is everything that they can do, but they are making strong efforts through the various diplomatic systems. We see it through the business-facing engagement teams. How it is going, how it is landing and how it is cascading is very hard for us to call.

Q37 **Chair:** I want to ask you, Mr Ballantyne, about the impact on GB ports of the challenges with the Northern Ireland protocol. These are rather raw statistics that I have not been able to properly analyse, but the chief exec of Seatruck Ferries indicates that there have been some increases in Cairnryan and Liverpool. In Liverpool it is quite small—about 4% in terms of freight. Liverpool is mostly freight for the Irish sea crossings. Then there are big drops—a 66% drop at Fishguard and a 33% drop in traffic at Holyhead. Larne and Belfast seem to be doing quite well, whereas Dublin and Rosslare seem to be dropping. Can you talk through what your members are seeing at the ports, particularly those facing Northern Ireland and the Republic?

Richard Ballantyne: The stats really underline the issue there. Hauliers, the logistics industry and the freight industry will look for the path of least resistance in terms of border processes, requirements and so on. Rightly or wrongly, it is perceived that it is easier to get things through from GB to Northern Irish ports, which would explain why we have seen quite an increase in activities there, and the numbers from Welsh ports particularly



HOUSE OF COMMONS

to the Republic of Ireland have fallen through the floor somewhat. That exactly underlines the figures that you have.

Q38 Chair: But even with the Northern Ireland protocol—we have the much-vaunted border down the Irish sea—these figures surprised me when I first saw them, because I thought, “Hang on a minute. We are having problems that we read about all the time and we know from colleagues in the House and others—we were going to have a witness from Northern Ireland today—that there are big challenges for Northern Irish businesses and those receiving, but it seems that is a route through.” Is that a route through, therefore, for GB goods to get to the Republic—to get through to that part of Europe?

Richard Ballantyne: Absolutely—partly because not all the controls and requirements have been introduced, as I understand it, from GB to NI. Equally, goods coming back, from NI to GB, are not subject to the same controls.

Q39 Chair: So, it is partly because of the easements that have been put in place.

Richard Ballantyne: Yes. I think it is fair to say that the Republic of Ireland has enforced controls in the way that our European counterparts on the continent have, whereas we are still finding our feet in Northern Ireland and finding our way somewhat. A lot of it now is very political, of course. We will wait and see what the next stage entails.

Q40 Chair: I have been to Larne and to Cairnryan. Some of these ports do not have much hinterland. They are quite challenging space-wise, so increases there are quite challenging to deal with. What sort of feedback have you had from your members about these really big swings in traffic?

Richard Ballantyne: I don’t think any self-respecting port operator—a commercial beast—would turn any business away, so I think they have been managing. There’s some—

Q41 Chair: But didn’t we hear that—where was it that was closed on the east coast of the UK? Forgive me, my mind has gone blank.

Sir Geoffrey Clifton-Brown: Felixstowe.

Chair: Yes. Felixstowe closed because it was so busy, so there can be a problem dealing with more trade. That is the point.

Richard Ballantyne: Felixstowe wasn’t closed. It had—

Chair: Unable to receive new—

Richard Ballantyne: It had particular logistical challenges, but it has worked through that very well, I have to say—pretty resiliently.

Yes, there are one or two operational challenges, but as we said at the top of this session, we haven’t got all the controls introduced yet. What exactly is the number of goods or lorries that need to be pulled over and taken to a specialist facility—those kinds of things are not in formally yet.



Q42 Chair: There are an awful lot of moving parts still. In your view, are there any ports with particular challenges because of their size, their geography or the fact that they haven't got some of these physical facilities away from the port to do checks? Which are the ones that have worries—the biggest worries?

Richard Ballantyne: I think they are all—are we talking about the UK in general?

Chair: Yes, the UK generally.

Richard Ballantyne: I think there is a fair amount of confidence that the facilities will be ready. What they would be nervous about is if Government officials, Departments and agencies started wanting to pull over 90% of goods for various things. Then you would run into a capacity issue. But subject to there being a pragmatic approach, which is being discussed between officials, port operators and the freight industry at the moment, we should have sufficient capacity in terms of the physical space. As I said earlier, there will still be some reservations about the manpower and the number of veterinary health officers and other specialist people to facilitate those checks, but we're in a better place than we were, say, two or three months ago.

Q43 Chair: To go back to the Scottish and Northern Irish routes, it was known over a decade ago—I was quite surprised—that there was a little route through. If you were going on a coach from Victoria station in London, you would go to Cairnryan or Stranraer, and you would be instructed while on the coach which one to get off at because there would be fewer police or fewer immigration officers doing checks. You would go through and you would be advised on a mobile phone, by text, which way to go, because people were doing everything from benefit shopping to actual smuggling and so on. That was a problem then.

I was contacted by a journalist, about six years after I had realised that I was dealing with that problem as a Minister, who said that that problem was still ongoing. There were issues about support and resources at those ports in particular because they are quite isolated in many respects. Do you have confidence that you will have the right number of people? Have you had any conversations with Government about the right number of officials, whether it's for immigration enforcement, phytosanitary checks, police checks or whatever, at ports, and if there is a problem, what the ports are supposed to do about it?

Richard Ballantyne: Fortunately, between Northern Ireland and Great Britain, there are no immigration controls, at least.

Chair: But they still had immigration officers catching people on an intelligence basis.

Richard Ballantyne: That would be criminality-type checks—non-routine things.

We have a high degree of confidence that processes will be in place. Part of the problem now, in the discussions between the European Union and



HOUSE OF COMMONS

the UK Government and Lord Frost, is that—I think—there is a high degree of nervousness that if you go overboard on the physical interventions, you will create problems. I think the Government are taking quite a sensible and sensitive approach to this. Equally, we as the freight industry did warn the Government, back when the agreement was drafted in October 2019 originally, that this could lead to challenges; and we are seeing that now. I think we are more confident than we were 18 months ago.

Q44 Chair: That's interesting, because we certainly were replaying to Government the concerns that you or other parts of the system gave us in evidence at various times. We will be replaying some of these issues to our Northern Ireland witness, who is unable to be with us today because of ill health, but who we hope will respond to some of these questions.

I want to go on to the costs to business and I want to go to Dr Jerzewska first. In this Committee, we have talked a lot to Government about who is out there to support businesses to get their paperwork in place. You are obviously doing a lot of that. You have talked a bit about this already. With the new checks coming in, is there likely to be a ramping up of work for you, which is therefore a cost to businesses? How well do you think the Government are supporting businesses and helping them to do this for themselves? I am sure it is great for your business if they come to you for help, but not everybody will have the capacity to buy in professional consultancy support to help them through a system that they were managing perfectly okay on their own beforehand.

Dr Jerzewska: Absolutely, and not everyone should have to. That should not be a requirement. It's a big question. In terms of costs, we have a range of costs. We have, and we will continue to have, costs for submitting a customs declaration if you want someone to help you do it on your behalf. A customs broker or a logistics provider also submits customs declarations. Those costs will continue. Then you have, as we mentioned, other additional costs related to SPS or the other licences, and so on and so forth. Then you have the internal costs that any business needs to handle. Before I get to that, I will also mention tariffs. If you don't need support, you still have to pay tariffs. These are the kinds of external costs.

Then you have internal costs. At the end of the day, even if you have a customs broker, you still as a business are obliged to provide customs data—something like a commodity code or where your product originates or does not originate. As a company, if you are an importer you are liable for this. You are legally responsible for the correctness of this information. Even if you use a customs agent, you need to provide that information to your customs agent to submit on your behalf. This is where companies occasionally use customs consultants versus customs brokers. This is the element where we need to make sure that the guidance that is out there is written in a way that is sufficient for businesses to be able to understand and know how to find and provide this information.

There will always be special cases and difficult cases where you do need someone to help you—a customs consultant—but you also need to learn how to do these things yourself: how to read the guidance, how to provide



HOUSE OF COMMONS

this information, how to find this information and so on. There is quite a lot of support out there. There is a lot of information on HMRC's website. There is a lot of guidance. It is pretty much all there, but the way it is written might not be the easiest to navigate for business.

Chair: We've certainly had evidence on that.

Dr Jerzewska: As a consultant—I have shared this in the past—I was a big fan of HMRC's guidance a couple of years ago. It used to have everything on a certain topic. Everything would be on one screen. You would have to scroll down and scroll down, but everything was in one place. Now we have this new version of gov.uk where you have to click through so many screens to get to the information you need because everything is marked, "If you want to know about this, go to this website", and so on. As someone who is very familiar with customs procedures, I get lost when clicking through the screens, so that in itself might show it is a bit difficult. Also, the way the guidance is written might not be business-centric.

It is constantly updated. Like the border operating model, the guidance is constantly being updated and constantly being improved, so the guidance that we have now is much better than the guidance that we had in January last year. I think this will continue to develop.

There is obviously external help available to businesses. There are a number of training providers. The chambers of commerce provide help. It is not just the Government. Ideally, you would not need to pay a customs consultant in order to trade. That should not be a prerequisite to be able to trade with the EU. It is a question of making sure that the guidance is improved and providing more support to traders.

We now have, as of a couple of weeks ago—I think it was in November; it might have been the end of October—an export support service, which is an HMRC-provided service where companies can call in and get some help with export requirements. This is obviously part of our new export strategy. I have heard nothing but great things about the service. It is very helpful for SMEs that are trying to export from the UK and want help to understand rules of origin or commodity codes and so on. So, there is some help available out there, but there is room for improvement.

Q45 **Chair:** Of your clients who were with you beforehand, have any decided it is not worth continuing to export to Europe? I have a lot of small businesses in my constituency who think that the hassle factor and the cost relative to the returns they were making make it not worth their while.

Dr Jerzewska: Yes. It is never a pleasant conversation to have but, unfortunately, I have had companies, especially at the beginning of 2021, with issues around rules of origin. If you used to import from the EU's trade agreement partners into the UK and you used to send that to another EU member state, that was fine. You imported something from South Africa duty-free and you sold it to France. Now, that is completely



HOUSE OF COMMONS

different. Certain elements of rules of origin—the fact that the products need to be substantially transformed in the UK before they can acquire UK origin—mean that if you are in a distribution business and all you ever did was bring something from the EU or elsewhere and move it, that is no longer possible.

A lot of these companies have to rethink the way they trade and operate. In some cases, we have seen companies needing to move parts or all their operations to the EU to be able to make money. That is not a great conversation. In most cases it is a question of tweaking the supply chain—perhaps ordering something from somewhere else, finding different suppliers, perhaps moving a couple of product lines and so on.

Alex Veitch: Briefly, Chair, I wanted to broaden it out a little to the whole sector of customs agents and customs intermediaries. Richard and I are both on the Joint Customs Consultative Committee. We had a fantastic presentation a few months ago on a project called self-service customs. The vision is that customs becomes similar to self-assessment tax. There was unanimous applause at that. “Please do it,” was the view from the sector.

Q46 **Chair:** This was from HMRC?

Alex Veitch: Yes. It would be fantastic to know how well that is going, because that would solve a lot of problems that Anna sees in her daily life. Maybe it would be a great thing.

Secondly, HMRC consulted fairly recently on the tax advice market, and they had suggestions for customs intermediaries around professional certification and professional indemnity insurance. We said, “Yes, please,” to both of those. We represent a number of customs intermediaries ourselves. It would be great to hear how far that has gone. If one looks around for advice on tax, you can see immediately who is an accredited tax adviser. If you look around for advice on customs, you do not see that because it is not treated in the same way by Government.

Chair: That is very helpful, thank you.

Q47 **Sir Geoffrey Clifton-Brown:** Just a few questions to mop up, as it were. First, Mr Veitch, paragraph 2.7 says, and you touched on this earlier: “Between January and June 2021 55% of HGVs leaving GB for the EU were loaded, compared with 66% over the same period in 2018.” Of course, this imposes an extra cost on hauliers. What could be done to improve the situation?

Alex Veitch: Thank you—Richard and I are trying to find the relevant paragraph. The way to improve the situation is to help British exporters to the EU. That is the problem. Anna mentioned the export support service that was launched on 1 October. I imagine that is the Government’s recognition that exports to the EU have fallen, as we discussed earlier. As hauliers, you see the effect; you don’t see the cause. I would be guessing too much if I said that it is because of this and that. The only thing that has changed is the significantly higher trade administration requirements



that came in at the end of the transition period. Clearly, that has had an impact on exports to the EU. We hope that the exporting community, with Government support, can bring the curve back up again.

Q48 Sir Geoffrey Clifton-Brown: While I am on the subject, the rules on passengers going into the EU are going to change, and no longer will identity documents be accepted. How will that affect your drivers?

Alex Veitch: We are worried about the EU entry and exit system, or EES, which is meant to come into force in May. It is the system used in airports, where passports have a biometric check. Ourselves, Eurotunnel and the port of Dover have made representations to the Government about this, because the worst-case scenario is that it may require the driver of a vehicle, whether it is a car, van or truck, to get out of the vehicle and go to get their passport checked. That is not an acceptable solution. At the moment, we do not have insight into how the Government will manage the arrangement to avoid that worst case scenario. This will be of great interest to logistics and passenger communities.

Q49 Chair: So, you are really after more portable readers?

Alex Veitch: That is a really good idea, actually.

Chair: This goes back to the whole identity cards thing, but I will not be tempted to go down that route.

Alex Veitch: In terms of topical issues, this is a significant one.

Richard Ballantyne: It is a very topical point. Alex and I were at a meeting earlier discussing these very challenges. The issue is exacerbated at two of our key routes—and it is not just the seaport routes. At Eurotunnel and the port of Dover, there is juxtaposed control, which means there are immigration controls prior to embarkation, which means there are French authorities here. As Alex articulated very well, if we are requiring people to get out of vehicles, probably adding minutes on to each journey, we will quickly see vehicles backing up on to highways. That could be not only operationally challenging, but very dangerous.

Q50 Sir Geoffrey Clifton-Brown: Thank you, Mr Ballantyne. I shall ask my questions in no particular order; I am just mopping up one or two things. We talked about the extra infrastructure that your members are building at ports. On the charging regime, do your members have clarity about how they might be able to recharge for having provided those facilities?

Richard Ballantyne: No, not fully. We are waiting for the Government to announce details of the charging regime at the inland facilities, after which you will find that a number of port operators who would be providing equivalent services on their routes will respond. A lot of the operators are worried about over-charging, or having charges that are out of sync, which may or may not create a competitive advantage for particular routes.

Q51 Chair: So, are you not expecting, or are you hoping for—I was not sure from your answer—a set fee that the Government would expect you to charge? Are you expecting to be regulated?



HOUSE OF COMMONS

Richard Ballantyne: There are two types of charge. There are the statutory charges in relation to the checks of veterinary officers and others, which will be set, but we are talking about operating charges here. The operating charges for those facilities will be slightly different, and will vary depending on the size of infrastructure, on whether business rates have to be paid, and so on.

Q52 **Chair:** So, it is not a customer-facing charge that you are talking about?

Richard Ballantyne: It will be a customer-facing charge—

Sir Geoffrey Clifton-Brown: To pay for the extra facilities?

Richard Ballantyne: It is two separate charges.

Q53 **Chair:** But it will be charged to the haulier?

Richard Ballantyne: The importer. We have not had sight of those charges, and a number of ports that have invested, and accessed the port infrastructure fund from the Government, are nervous that their facilities, which are either complete or nearing completion, will incur operating costs now, but we still have not had sight of what the inland Government-owned border facilities charges will be. We are continually asking for that, and the Government are still to provide it.

Q54 **Sir Geoffrey Clifton-Brown:** Just to be clear on the Chair's question, given that the Government have paid through the ports facilities fund for the capital costs, we are talking here about the running costs.

Richard Ballantyne: The operating costs.

Sir Geoffrey Clifton-Brown: Yes. And you are not clear yet how your members will be able to recoup that?

Richard Ballantyne: We have an idea. We just want to see the actual charges that will be installed at the inland facilities in Kent and elsewhere.

Q55 **Chair:** Do you have any idea, or maybe Mr Veitch does, of the tolerance level and what would make a difference? If there is a 50p extra charge, is that enough to make a haulier choose a different route or port? I do not know what the level of tolerance would be for a haulier with lots of traffic going through and lots of checks they might have to have.

Richard Ballantyne: You are absolutely right. Depending on the frequency, the amount of traffic they are sending through, it could be pence, but if they are less frequent users, you are talking tens and maybe hundreds of pounds, which make a difference. That is one for the industry.

Q56 **Chair:** Mr Veitch, can you give us anything on that?

Alex Veitch: That is completely commercial. It is not something I can comment on, I am afraid.

Q57 **Chair:** Okay, but from your point of view, the level of charge would make a difference, would it? People might then choose to use another port because of those commercial pressures.



HOUSE OF COMMONS

Alex Veitch: I accept that this is not a direct answer, but the freight decisions about route or mode choice are combinations, typically, of frequency, speed, time and cost. One might decide to dial up one aspect and dial down another, depending on the issues.

Q58 **Chair:** So extra facilities for the drivers on a route, if they are driving, compared with the extra cost, might mean something? Ports will be making a lot of balanced judgments?

Richard Ballantyne: It is fair to say that if those routes are competing, if they are very close to each other, these costs could make a bit of a difference. If the routes are at other ends of the country, perhaps there will be other factors, as Alex said.

Chair: Which is quite important for local economies, so it is significant.

Q59 **Sir Geoffrey Clifton-Brown:** I have two or three questions for you, Dr Jerzewska. The Government having delayed this whole business of import controls, are you now pretty confident that they will be ready to introduce them in January and July, as planned?

Dr Jerzewska: As far as I know, this is planned to go ahead as scheduled. I think there is a bigger question there—it is not whether I am confident, but whether businesses are confident, and I have seen that it is becoming more and more difficult to speak to businesses about compliance and about the controls. There is a sense of, “It will be delayed again”, and, “If it is not delayed, there will be some other simplification—something will be introduced, we don’t have to worry about it.” It is a very delicate position, a fine balance between providing easements for traders, but also encouraging them to understand that this is actually eventually happening—that they have to be compliant.

There is a risk with all these delays. There is good reason to delay certain processes, and those decisions were probably necessary, but there is a real risk of companies getting this deadline Brexit fatigue, first because it has been postponed so many times and, secondly, because when it has not been postponed and other companies in the same industries have not been compliant, there were no real consequences, so, as a company, why should I care whether something is changing? There is that risk in the industry.

Q60 **Sir Geoffrey Clifton-Brown:** From the Government’s point of view, as Mr Veitch has already said, there are good reasons why they need to press ahead with this, not least of which is your own members—businesses need certainty. However, we need to have compliance on tax and duties, and we need to be wary of a possible WTO challenge, don’t we, so the Government need to press ahead with this, don’t they?

Dr Jerzewska: Yes, absolutely. There is also the question of compliance. Enforcing compliance is a process. Getting traders used to new requirements is a process. The sooner we start enforcing compliance, the better it will go. We are losing revenue, which again is something that HMRC planned ahead for and was aware of. It will take time to get



everyone up to speed with the new requirements, so yes, it would be helpful.

- Q61 Sir Geoffrey Clifton-Brown:** If any of you have anything to say on any of these questions, do chip in. I am just mopping up now. Sticking with you, Dr Jerzewska, how could the border operating model be improved? Are the Government doing enough to ensure that traders and hauliers in the EU are ready? We have asked about the readiness of traders, but how could the Government improve the model?

Dr Jerzewska: The border operating model has been revised several times. The version we have right now is not the same version as the one we had last year. It is constantly being updated, it is constantly being made a little more user-friendly, and the structure has improved—not only the detail, but the structure is being improved. The only thing is, I am not sure how many companies actually read the border operating model. It is something that I knew, and that I am sure Alex and Richard are very familiar with it, but I am not entirely sure whether this would be the best place for the company to turn to if they need help. It is a fairly long document. I found it incredibly useful, but you know.

In terms of trader readiness, we are coming back to the same issue: how do you get EU traders engaged? We have significant difficulties getting our own traders engaged. Some companies will care, will prepare and will pay attention. Others will not, so how do you do this in a foreign country, getting companies in EU member states ready? I am not entirely sure on that front. Yes, you can have more presentations and publish more literature in the local language, or perhaps work closer with customs administration in these member states, but some of it will also come once these controls are in place. In January, when the controls were introduced on the EU side, we had a number of small issues and small difficulties, with some customs officers, or some control points and so on, that HMRC was able to solve once they appeared. I think it is going to be the same in January. There will be some friction. It is about how quickly our customs authorities are able to work together to address that friction.

Richard Ballantyne: To follow on from Anna's points, as she said the border operating model is almost a semi-live document that is subject to several updates. It was updated early last week, which has probably stolen some of my thunder because we would have liked to have seen some of the things put in it that actually got put in.

- Q62 Sir Geoffrey Clifton-Brown:** That's good, isn't it?

Richard Ballantyne: Yes, it's very good. One thing I would like to request, though—it is a sensitive one; I have asked the Government, and there are a lot of sensitivities, but the Committee may take a view on it—is that there be a border operating model equivalent for Northern Ireland-GB traffic. We have the Northern Ireland protocol and Command Paper, which describe some of the processes, but a border operating model itself, to have something definitive for Northern Ireland, would be very helpful. Anna is absolutely right: whether or not everybody reads these things is



HOUSE OF COMMONS

questionable, but you have to have the clear guidance in existence first and foremost so that people like ourselves and others who will take an interest can have something to access.

Chair: We have been raising for some time whether businesses are able to access the information.

- Q63 **Sir Geoffrey Clifton-Brown:** This may be a rather daft question, but I am going to ask it all the same. Before we left the EU, we were quite happy to accept the EU SPS testing regime and they were quite happy to accept ours. There is a rather good little sentence in figure 17 of the Report, on page 84, on the Northern Ireland protocol: "Risk-based controls would still apply to goods requiring sanitary and phytosanitary (SPS) checks, with the need for checks being reduced by an SPS agreement acknowledging where the UK and EU have similarly high standards." Maybe I am simplifying the problem, but I cannot quite see why the EU and the UK have such a problem with these tests.

Richard Ballantyne: It comes back to the nature of our departure from the European Union. Sanitary and phytosanitary controls were not part of the agreement. We have left the single market, and that is one of the triggers for these controls to be in existence. There were separate, smaller arrangements—the island of Ireland, for example, is one ecological area. You will recall that when we had foot and mouth, et cetera, you had to have controls on the island of Ireland when GB cattle, for example, were being exported over to the island of Ireland.

I would not say that it is a problem per se; it is just a control regime that has been introduced. Of course, the UK could seek to negotiate closer standards with the European Union on this. It did not opt to do that the last time. We would probably have a view that it might be sensible to do that in the future, although whether it is going to happen—it is probably unlikely at this time.

- Q64 **Sir Geoffrey Clifton-Brown:** Thank you. Last question for Mr Veitch and Dr Jerzewska. If traders are not ready, what could the impact on our supply chains be? I will perhaps start with you, Dr Jerzewska.

Dr Jerzewska: I think if traders are not ready in January there will be a very steep learning curve. If you cannot postpone customs declarations, you need to get them right by the time the goods are cleared. I do not think that there will be chaos; I think there will be issues. I think companies will have to learn very quickly what they need to provide to their customs providers and third-party providers. One point is that companies will need to get ready. The other thing is that we still do not know what HMRC will do. We have discussed this several times—prioritising flows over compliance and enforcement. Will there be any additional programmes or easements? Will HMRC, just for the first month, look the other way? We are not sure what the response will be.

Sir Geoffrey Clifton-Brown: We will ask them on Wednesday.

Chair: They might not admit to looking the other way.



HOUSE OF COMMONS

Dr Jerzewska: This is something we discussed last year as well. It is something that HMRC mentioned last year, this prioritising of flow, as opposed to enforcing compliance. As I mentioned, it is a process, so you start kind of with enforcing the rules and mentioning to companies, "Okay, next time you have to have this and that." Then next time you go, "Okay, you need this and that."

You can do it in different ways. You can enforce it from day one or you can remind companies, rather than stopping their goods at the border and preventing the goods from entering the UK. One is perhaps more kind of compliant, but the other option—the softer option—might be better for promoting compliance. It might be better for teaching companies how to approach this, because often it is not a question of companies trying to ignore the rules or trying to smuggle anything. It is a lack of awareness. Sometimes, the best option is to introduce the rules, but treat things in a certain way, over whatever that period might be. I don't know whether there are any official plans to do anything like that, or for a small transition period. I am not sure. I have not heard anything like that.

Alex Veitch: I think we need to break this out a little bit into the size and the segments of the market. Just to rewind, the plan for the introduction of export controls was—the Government made no secret of this—the Government targeted what they call high-value traders. That is roughly 10,000 traders who have roughly 90% of the market, so you go for the big bucks. That is one of the reasons, along with loads of work by our members, that we didn't see the big delays, okay. The trouble is that that left a very long trail of a distribution of small companies. That is why SMEs have had disproportionate problems.

Inbound—I can only speak from my experience working on this for many years now, mainly with big companies—I am reasonably confident, actually, that they will be ready. If you are talking about a supermarket that has its own controlled supply chain of food from big producer companies in Europe with trucks just shuttling around and shuttling around, and all the consignments done in the consolidation centre, food checks fine, customs checks fine, ready to go, I am quite confident about that, actually, so I probably part company a little bit with Anna here. However, this does leave that trail of smaller companies, which may have problems because they are not ready.

Sir Geoffrey Clifton-Brown: There was a question from Anna earlier about these customs agents.

Alex Veitch: If past is prologue, what we will see is a bumpy January, and these are mistakes you only make once if you want to stay in the trade, and you get your paperwork done and you get it right. Also, it is worth saying that January will see full customs declarations and the pre-notification of food products, which I tried to explain earlier. We will not see something called safety and security declarations at that time. That is really important because it is another layer of about 35 data fields on an e-declaration over which we are being let off the hook until the summer. It won't see the full introduction of physical checks on food products either.

For those reasons, I am quietly confident. Again, it is likely to be the smaller-trade community that has more significant problems.

- Q65 **Sir Geoffrey Clifton-Brown:** Are there any particular sectors you can see a problem with, whether chemicals or medicines? Obviously, we have talked a lot about the food industry, and we know a lot about it, but are there other sectors that are going to have a problem?

Alex Veitch: That is a really good question, and I will have to come back to the Committee on it.

- Q66 **Chair:** Do you have any members who might be involved? Mr Ballantyne on the same one?

Richard Ballantyne: On that, I would imagine that, at the various stages next year, those entities such as your constituents' businesses that specialise in plant and animal health-type products where there will be additional physical controls will need the most preparation.

To come back to your original point, there is quite a lot of contingency planning going on with HMRC. I will not comment on all of the operational feasibility and how developed it is. You no doubt have Government witnesses of whom you can ask that shortly. I would say, however, that there is a bit of reservation in the port sector that the Government have indicated previously that different types of traffic and routes will have different arrangements. I think there has to be a fair and consistent process up and down the country. We have the GVMS system—the goods vehicle movement service system—which is designed to facilitate certain trade. There are other customs models such as the temporary storage model. I think there is a general plea from the ports industry and the wider shipping industry for consistency, so that if there are issues with one particular route, a same and level-playing field is installed across the sector.

- Q67 **Peter Grant:** Dr Jerzewska, when you answered Sarah Olney's question about her constituent, you said that one possible outcome could be that if the supply chain does not work, the business has to try to find an alternative supplier somewhere in the United Kingdom. That works for some businesses on a small scale, but if a very large number of UK businesses all have to find new suppliers in the UK in a short time, that will have quite an impact on the economy, won't it?

Dr Jerzewska: Yes, although the way that is done would differ very much for different companies. Again, I am generalising because with customs, unfortunately, a lot is on a case-by-case basis. To meet rules of origin, very often it would not have to be a UK supplier; it could also be an EU supplier.

The example I was giving was for cases where you have a company that, until last year, was importing from South Africa, or Mexico, or another country with which the EU has a trade agreement. Those agreements have now been replicated, but because of provisions around cumulations, or how you add those originating components and determine the final origin



of the product, you can no longer substantially transport products from South Africa, for example, into the UK, and then send them to the EU and treat the South African imports as if they were originating. However, that company can substitute that input from South Africa with something that they purchase in the EU or the UK. Again, that all depends on how it is done—it is not necessarily only the UK; it can also be the EU—and this is all on a case-by-case basis. A lot of my work is around rules of origin, so when companies come to me to try to see whether we can meet rules of origin, that is the work that we do. We look at commodity codes, the rules of origin and the supply chain.

- Q68 **Peter Grant:** The example that Ms Olney gave, however, was a business importing raw materials directly from the EU. If the checks that need to be done—in this case, for animal and plant products—make it too expensive for that supply to continue, the business in the UK has only UK businesses to look to as alternative suppliers. If that happened on the continent, and a business in Austria lost a supplier in the UK, it has four other European countries within 200 miles of Vienna, never mind the rest of the EU. Is any disruption caused by businesses not being ready for the next stage of the exit likely to hit UK businesses harder than their counterparts on the continent because businesses on the continent still have the whole of the European Union to find alternative suppliers?

Dr Jerzewska: Yes. Those are obviously different checks and are not, ordinarily, related issues in a customs sense. In a way, it comes as no surprise. The whole rationale behind the European Union was the bigger market size and all that. This is not necessarily unexpected. Yes, it is true that if you are looking for an alternative supplier in the EU, you have the kind of choice that you do not necessarily have in the UK. Again, it will all depend on what it is you are trying to purchase and whether you can find someone that provides support. But, yes, it is generally the case that a company in the EU not only has more choice in terms of supplier, but also more choice in terms of potential clients. They have a bigger market if they want to stay locally, but potentially they also have a bigger market to serve.

- Q69 **Peter Grant:** A final question for Mr Veitch, and I don't know if Mr Ballantyne will want to come in on it as well. When you were talking about how the Government coped with the previous imposition of controls, which was controls on things going from the UK to the European Union, you pointed out that it was possible because the Government identified a relatively small number of very high-volume businesses. They realised that if they can get them doing it right, then in terms of the volume of trade, we have about 90% of it covered. Is it possible for that approach to be adopted when it is coming in the other direction? How many companies would you have to look at in the European Union to cover 90% of Britain's imports from the EU?

Alex Veitch: That is a really good question. If I could just comment on what the UK Government are doing for UK importers from the EU, they have listened to us and others who said, "Don't forget the SMEs this time." As we understand it, the communications outreach will be targeted at



HOUSE OF COMMONS

SMEs. What I do not know particularly well is if the top 10,000 account for 90% of import and export, and if it is the same companies or different ones.

In the end, this may come down to UK companies being ready and briefed, and speaking to their suppliers. This may be something that has to go wrong before it gets right. If the export paperwork has not been done, it may be the UK importer who has to get on the phone sharpish and say, "Next shipment, you have really got to do it right and here's the paperwork." If the comms to the EU do not land, that is what will have to happen, although I am much more confident about the bigger firms having those systems in place already.

Q70 Peter Grant: But is it not the case that it will have to go wrong far more often? You mentioned 10,000 firms in the UK. Suppose each of them got it wrong once, that is 10,000 get-wrongs. As long as none of them make the same mistake twice, that is 90% of exports that have been sorted. If one of the big 10,000 importers realise that one of their suppliers has got it wrong, they have still got quite a task to track down the other 50, 60 or 100. You could be talking about a million or two million suppliers in the EU between them. Should they expect to see a much longer period of uncertainty, delays, confusion and mistakes before it starts to settle down? Will it take longer to settle down than it did for the export controls?

Alex Veitch: Well, potentially. I remain quietly confident about the bigger businesses, in the sense that we are talking about multi-tiered supply chains. There is a significant amount of granular detail going down the tiers. My background is in environmental management, so I see it from the point of view of environmental reporting—big HQ reports right down the supply chain to some detail.

Where it does get very complicated is with rules of origin, which is Anna's special subject. Where your suppliers are sourcing from is a different layer within the layer cake, and you have to get declarations from all of them. I definitely anticipate some bumps in the road, but from my experience of working with lots of the larger firms—very big names—they have resource and people. They have been looking at this for some years now, so I think and hope—it may be more like last year than lots of gridlock.

Q71 Peter Grant: I think you mentioned that one of the lessons of last time was don't forget the small businesses this time. Although you mentioned that small businesses account for only 10% of our trade with the European Union, by some measures they account for half of the economy in the UK, so it is a fact that they are very important.

Alex Veitch: It is super-important.

Q72 Chair: I have some final questions. I have kept a running tab of the things that you think the Government should be doing, so I am going to run through what I think you said and then come to each of you in turn and ask what you think the Government need to do between now and January and July, to ensure that this goes as smoothly as possible.



HOUSE OF COMMONS

I think we heard from you, Mr Veitch, about the need for professional indemnity insurance for customs agents, and the starting of HMRC self-service customs got a big thumbs-up from you. I think it was also you who spoke about the entry and exit system, and how that is going to work so that people do not have to get out of lorries again at ports, and about the charging issues for those inland checks and portside checks.

Mr Ballantyne, you raised the issue of a border operating model-equivalent for Northern Ireland/GB traffic. Those are the ones that I captured, but let us go to Dr Jerzewska. Is there anything else you would like to see that we can put to the Government on Wednesday, on your behalf? I am sure they are listening avidly to everything we are saying, so say it now, and they will be listening.

Dr Jerzewska: We say the same thing every time. There should be clarification of what the changes coming in January are, and of what is going to happen and how that will impact businesses. There should be more guidance for businesses on how to deal with these changes. If we clarify the changes and improve the guidance, that will already be a massive step forward. Obviously there needs to be engagement from the private sector as well, but the Government can definitely take that step.

Chair: And you will have it all on one page of the website. This may sound simple, but sometimes the simple things are the easy ones. Your point about even you getting confused at times has hopefully hit home with Whitehall. We will make sure it does on Wednesday. I will come to Mr Ballantyne next and finish with Mr Leitch.

Richard Ballantyne: Thank you, Chair, for a good summary. I would just supplement it by adding to the point about charging, where we need clarity on what the actual arrangements should be, for constituents who need to understand what the percentage checks will be on tulips, for example, coming into the Humber region from the Netherlands. We need clarity on all those points on which we have asked for clarification. We sometimes get verbal agreements and commitments from the various agencies, including, for example, at DEFRA, but we do not always see a clear number published anywhere. We also need consistency between different routes and different types of customs processes to make sure that everything is fair and that trade is on a level playing field.

Chair: I am interested that you are getting verbal assurances that are not always put in writing, so we will certainly push that point. Finally, the last word goes to you, Mr Veitch.

Alex Veitch: Thank you, Chair, and thanks likewise for having me as a witness today. I have two final quick points to repeat. Let us not forget the SMEs and sole traders in advice. You mentioned my point about professional indemnity insurance. That was one point, but what it is really about is the fact that the provision of customs advice does not give the same level of certainty to customers as tax advice. Whether you are getting the right advice is really important. I hope that HMRC is taking steps to remedy the situation in future.



HOUSE OF COMMONS

Chair: Thank you very much. We have heard some really clear evidence, and it is very helpful for us to hear it ahead of our session with Government witnesses on Wednesday. The transcript of this session will be up on our website, uncorrected, in the next couple of days, thanks to our excellent colleagues at *Hansard*—no pressure on them there. We will be putting a lot of these points to our witnesses from the Government on Wednesday. Also, a big thank you is due to the National Audit Office for its consistently good work on this issue, and for its Report, which is very meaty and gives us a lot to get our teeth into. I think we all want this to work, so we will see what we can get out of the Government on Wednesday.