

Welsh Affairs Committee

Oral evidence: [Brexit: Agriculture, Trade and the Repatriation of Powers](#), HC 402

Tuesday 30 January 2018

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Members present: David T. C. Davies (Chair); Tonia Antoniazzi; Glyn Davies; Paul Flynn; Ben Lake; Liz Saville Roberts.

Questions 246 - 312

Witnesses

[I](#): Chris Yarsley, Policy Manager, Freight Transport Association, Mark Simmonds, Policy Manager, British Ports Association, Hans Noren, Chairman, Stena Line UK and Captain Wyn Parry, Operations Manager Irish Sea South, Stena Line UK.



Examination of witnesses

Witnesses: Chris Yarsley, Mark Simmonds, Hans Noren, and Captain Wyn Parry.

Chair: Good afternoon, Mr Yarsley, Captain Parry, Mr Noren and Mr Simmonds. Thank you very much for coming along to give evidence. We are not looking to catch anyone out here, so do feel free to share any points that you may want to raise with us about the impact of Brexit on your industry. I am going to ask Ben Lake to start off.

Q246 **Ben Lake:** To begin with then, what would be the ideal outcome of the Brexit negotiations from the point of view of maintaining the commercial health of the ports in Wales? That is open to anybody.

Captain Parry: Our ideal solution is a frictionless border. I think you have heard it a few times. That is basically our ideal scenario.

Hans Noren: I agree.

Chris Yarsley: I think we all agree on that. We have pretty much supported what the Prime Minister has said in her declarations about having as frictionless trade as possible that mirrors what we currently have at the moment, which allows the trade to flow seamlessly across borders. That is what we hope the situation will be in the future.

Q247 **Ben Lake:** It is something that a colleague of mine, Hywel Williams, has raised on the Brexit Committee, and I think the Secretary of State mentioned that he had considered things from the Irish perspective but had not really given much thought when it came to the Port of Holyhead and the Welsh perspective. Another thing that might be helpful for us to know is in the worst case scenario, in a no-deal scenario, what would the impact be then on Holyhead?

Captain Parry: It is probably best for me to answer that by telling you what happens today. On a busy sailing, which are the midnight sailings and midday sailings—actually, to be honest, they are all busy nowadays—we will have something like 450 lorries coming off the ships and we will have 450 lorries waiting to go on the ships. The turnaround for the ships is, roughly speaking, about two hours and 20 minutes. Any delay to those lorries on the way out of the port basically does not allow us to start loading the ships. Therefore, first, there will be delays to the freight, but secondly, there will be delays to the ships.

Mark Simmonds: Can I just add to that my agreement on your original question of what a good deal looks like for us? What we have said consistently from the beginning is that British ports, Holyhead included, are looking for all of the benefits from a customs union and single market membership that we have now, so as close to all of the benefits that we can get from that. In any other scenario or worst case scenario, we need any checks or any additional checks that are going to be introduced to be done as far away from the port or the border as possible to avoid the kinds of delays that Wyn just mentioned.



Q248 **Ben Lake:** If we were, then, to maintain a customs union with the EU, in terms of the practical consequences that would have on things like the checks and the border, could you clarify whether we are still talking about potential delays?

Mark Simmonds: If we remained inside the customs union?

Ben Lake: Yes. What is the effect?

Mark Simmonds: Possibly. There are two things. It is the customs union and it is the single market as well. Customs is obviously one set of checks, but there are something like 36 agencies that can intervene at the border. HMRC is one of those.

The main thing we would like to avoid, and it is particularly relevant for Welsh ports, is port health checks on food and agricultural products. Non-customs checks on those can take much longer. They are in the form of documentary checks and then something like 20% of food coming into the single market requires a physical check as well. They will need to be inspected by a Government officer there and then a further percentage of that, depending on what it is, will need lab checks as well. That is the main thing that we really need to avoid.

Chris Yarsley: If we widen that out, then, to more the impact on UK plc, for example, if checks were introduced and friction was brought into the border, then impacts on the supply chains would be quite severe. In a just-in-time economy, for example, one of the committees heard about Honda bringing in 200 trucks a day to feed their plants because they do not want any warehousing. Companies will have to then rethink how they operate in terms of whether they need to hold extra stock and in terms of warehousing where they get this warehousing that does not exist at the moment. Then the price of warehousing will increase as well. Any friction that is brought in will have a much wider impact on the UK supply chain and the Irish supply chain passing through the UK or UK-Ireland traffic.

Captain Parry: Just to add to Chris's comments there, it is interesting at Holyhead port: 75% of the freight that arrives at the port for any particular sailing arrives within two hours of that sailing. That really demonstrates the just-in-time scenario to you. It is to the wire. These guys are operating to the wire.

Q249 **Ben Lake:** Just to finish, so it is almost better, if there had to be a choice, the non-tariff—the time barrier—is more of a problem than perhaps necessarily the financial cost?

Captain Parry: Yes. When you look at Holyhead on a typical sailing, over 300 lorries will be arriving within two hours. You add a minute on to that, it is—

Chris Yarsley: We look at Dover-Calais as one of the key trading links between the UK, and Kent suffers massively when Operation Stack goes in. You have a local impact on the economy but also a national impact.



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That is a well-rehearsed operation, so to speak. Apparently, there is a plan in place but it has not been activated that many times. Can they cope? Can the road network cope? Then you have all the other knock-on effects; local traffic is then blocked.

Q250 **Chair:** I am going to have my few minutes of fun because we were reminiscing outside about my days in the haulage industry, which started before the 1993 single market Act. Let me go back a little bit. What did you say the average waiting time was for a lorry that comes into Holyhead?

Captain Parry: Nowadays?

Chair: Yes.

Captain Parry: The lorry arrives, it is checked in—a minute and a half to check in—then it goes into a parking bay ready to load on the ship. Obviously, some lorries arrive sooner than the others, but as I mentioned—

Q251 **Chair:** How often do the ships sail, Captain Parry?

Captain Parry: It is four sailings a day.

Q252 **Chair:** So, on average, one every six hours?

Captain Parry: We have 20 sailings in and out per day out of Holyhead.

Q253 **Chair:** Depending on when that driver arrives, they could be waiting for up to six hours? If they have just missed a ship, they will be waiting for the next one?

Captain Parry: Very few will be waiting that long, very, very few.

Q254 **Chair:** How long on average? They do not just turn up and go on?

Captain Parry: I would say six hours, one or two.

Q255 **Chair:** But they do not normally just turn up and drive straight on to a ship, they will be waiting?

Captain Parry: Yes, they do, yes.

Q256 **Chair:** But if there are only four sailings a day, they do not all suddenly arrive in the port a minute before the ship sails?

Captain Parry: No, anywhere between zero and two hours before the ship sails.

Chris Yarsley: That is also just Stena. For 2016 there were six with Irish Ferries crossing.

Captain Parry: Yes, altogether there are 20 sailings out of Holyhead.

Q257 **Chair:** When I took a lorry every week over to Italy in the early 1990s, we used to get a company called Grange Shipping to do the paperwork



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for us. They used to do it while I was parked up, and it took about 15 minutes. If I remember correctly, it cost I think about £10 a time. Is my memory failing me? Do you remember Grange?

Captain Parry: That is probably about right, yes.

Q258 **Chair:** Is there any reason why, if we went to the no-deal scenario, there will not be another Grange Shipping somewhere turning documents around within 15 minutes or so, perhaps even faster given the IT improvements these days?

Captain Parry: I think we are slightly going into infrastructure issues here now where—

Chair: I think they operated out of a Portakabin or something.

Captain Parry: We just do not have the space in Holyhead Port in particular to park lorries up. We just have not.

Q259 **Chair:** But they are already parked up, aren't they, because they will be waiting, on average, for—

Captain Parry: Where are they waiting, though?

Chair: You have just said yourself if they arrive they will be waiting for up to two hours.

Captain Parry: Yes. The way the port operates at the moment is 450 lorries will discharge from the ship. That is about four miles-worth of freight. Waiting in the port will be four miles of freight, so any checks, we just do not know where we can do the checks. We just do not have the land and space to do them.

Q260 **Chair:** You have a good service, I see, looking at the Stena Sealink; an excellent line by the way, which I think we used. You have one from Oslo to Frederikshavn. What kind of difficulties do you have, Mr Noren, coming out of Norway from a non-EU country into Denmark?

Hans Noren: On that route, first of all I have to say I have no details on the freight volumes and so forth. We only know that Oslo-Frederikshavn is mostly passengers and travelling between the Nordic countries is a piece of cake for passengers. I know that there have been comparisons. People have talked to freight forwarders involved in the trade or the transportation between Norway and Sweden by road, and even though it has been in place for many years they tend to feel that there is an interruption even going by road.

Chris Yarsley: You said when you used to do it there was a guy in a Portakabin. The trouble is there is not now.

Q261 **Chair:** A Portakabin?

Chris Yarsley: There isn't a Portakabin. There isn't a person there. If we are talking about the possibility of a no-deal exit, this person needs to be trained up, the systems need to be put in place, the IT infrastructure



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needs to be put in place, by 30 March next year. We think that that is also a challenge that needs to be addressed because there is a generation of people who have never had to use these.

Q262 Chair: Let me come back to something, then, that I was going to talk about later on, and I will try to hand over to everyone else after this.

You are all absolutely united as, in fact, are most of us, I suspect, in thinking that we should have an access to the single market deal. We have all been in negotiations so we all know that in order to conduct a successful negotiation you have to know what the other side want. That is a fair comment, isn't it? What we want is access to the single market, and what they want is for Britain to not leave the EU. Is that a fair summary of the situation? Therefore, would you not agree with me that in conducting a negotiating strategy we should not be giving the message that we must have access to the single market or we are not going to leave because otherwise the other side are going to say, "That is precisely what we want, so we are not going to give you a single market access deal"? Would you agree with me that what we should all be doing now, the BPA, the FTA, Stena and everyone else, if we want that single market access deal, we should be preparing for the alternative and making it very clear that we can make the alternative work? Is that a fair summary of how one should conduct a negotiation, do you think? Mr Noren, you must have conducted many in your lifetime.

Hans Noren: Yes. Well, I guess this is a slightly different animal than any negotiations I have been exposed to.

Q263 Chair: The principles are the same, though, aren't they? You have to have a strategy and you have to think about what the other side want and you have to make sure you do not deliver it to them.

Chris Yarsley: There is a difficulty in that businesses run multiannual contracts and we now have large members, massive UK retailers, who are tendering for their EU road transport. They are being asked to try to second guess what the politicians are going to decide, which is almost an impossibility, but they need to have those contracts in place for the trade to continue on 30 March.

Q264 Chair: Let me see if I can get Mr Noren to answer that. Do you think that if we all agree that we want to have access to the single market, surely the sensible thing to do is to make it very clear to the other side that we are prepared for the alternative? Would you agree with that?

Hans Noren: I am a little bit reluctant to give a comment on that, but if we talk in general terms, negotiation tactics in a business deal, it is about showing the other side that you are strong and that you can live without them, so to speak.

Chair: Absolutely.

Hans Noren: But that is a general comment on business negotiations. I refrain from commenting on this.



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Q265 **Chair:** I have worked a few out here. They all tie in nicely. There has been a report that has come out from the Institute for Government, and they are absolutely seen as impartial and independent. I will say that in front of the Committee here: they are not some sort of pro-Brexit group; quite the opposite, actually, I would think. What they have said is that although Norway is outside the customs union, the reality is that they have put in place rules of origin requirements—I thought I had underlined the correct statement here—and typically there is very, very little delay in exporting goods. This is on page 12 of their report. That is because everything is done previously with waivers and things and shared IT systems, providing they can prove that 60% of the goods originated in Norway. Is it not fair for me to say to you that given that we already have this example here of a successfully integrated system with a country that is outside of the customs union with the EU, there is no reason why we cannot make it work even if we come out of the EU without a deal? We can still make this work, can we not?

Hans Noren: Absolutely.

Chair: Okay. Sorry, I have probably exercised my right too much.

Q266 **Liz Saville Roberts:** If I can pass a comment, I think the Government may see fit to be effectively gaming when it comes to negotiations, but there are a number of us who appreciate that there is collateral with that in terms of business clarity and the lack of clarity and your need to plan ahead, and that the snapshot of negotiations is creating an extremely difficult environment in which you operate.

What I would like to ask you, though, is about the fact that we are, of course, still in the EU, and we look likely to be going into a transition or implementation period of a certain period of time, and it is understood that we are effectively in that case to remain in the single market and customs union. We are only speculating, but that seems to be in the air. Nonetheless, we are where we are now. I have been talking this morning to businesses. InterDigital European, involved with 5G and wi-fi, bought an office in Berlin last summer. They are now anticipating that because of Horizon 2020 that they will be moving out. Are you seeing customers who are changing their behaviour now or who are letting you know that they are planning to change their behaviour?

Captain Parry: No, we are not seeing that as yet. I think everybody is waiting for more information, really. We are certainly not seeing any disruption in traffic flows; actually the complete reverse of that. That is probably good news for UK plc, but they are still waiting for clarity.

Chris Yarsley: We have heard from large logistics companies. I do not know the details, but there are plans at board level within these companies in case of no deal. There are also other issues within the island of Ireland in terms of food production there, where there might have to be business changes to allow for grain to be milled, for example, on the island of Ireland, and certainly in the Republic of Ireland as well.



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There are definitely businesses putting in place plans that they do not wish to activate, let's just say.

Q267 Liz Saville Roberts: We are talking about 13 months away potentially from one change, although I mentioned that we think that that will not be the immediate change. You mentioned the man in the unit waiting for customers. What other changes would you implement that might then affect businesses, which businesses are telling you they are concerned about—for instance, with agricultural and animal produce, the need for certification on all animal produce?

Chris Yarsley: We would reiterate that point. We also have a Government IT system that needs to be ready that companies can then input into. It is called Chief at the moment but it is CDS in the future. That needs to be ready and the information needs to be given to the companies so that they can plan and train their staff, much like Governments will have to train staff to be in the customs booths or at the other end of a computer. We need to have time to prepare as well, and that will have as much of an impact as physical checks of goods as well.

Liz Saville Roberts: Forgive me, Chair, I should have declared an interest at the beginning that my daughter works for Svitzer in Milford Haven, so I have done it now.

Q268 Glyn Davies: On a similar theme, I am wondering about the impact on business decisions now of the uncertainty. Clearly, looking at the UK land bridge, I have read quite a bit about direct transfer bypassing Britain altogether, but I think an Assembly committee looked at this and concluded that probably was not a risk simply because of the time the ships would be at sea. It would be interesting to know exactly what your view was on the danger—because of difficulties, if you like, at Holyhead, time and all the rest of it—of missing the UK altogether and just going direct into Europe.

Captain Parry: There is always a danger there of that happening, but I think the danger is slightly exaggerated at the minute. The most recent service from Rotterdam to Dublin that started about a month ago, if I am right, is somewhere around a 36-hour passage by sea. When you compare that to the Holyhead crossing, three and a half hours, and the drive from Dover, let's say, of seven hours, it is a bit of a difference, really. We do not see that much dilution, especially the stuff that we are taking through Holyhead, the just-in-time cargo. I cannot see much change. Of course, it very much depends on how difficult the border becomes, I guess.

Q269 Glyn Davies: What you are saying is there would have to be some very serious delays?

Captain Parry: I would say so, yes. That is my opinion. If you look at that particular ship that goes from Rotterdam to Dublin, which was in the news a couple of weeks back, that is an extremely large ship, 8,500 lane



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metres. That does the trip I think twice a week or two and a half times a week. That is a big ship to keep utilising.

Q270 **Glyn Davies:** Clearly, if you can only make far, far fewer journeys, it reduces the profitability of the whole exercise?

Captain Parry: It does, yes.

Chris Yarsley: The FTA has a sister association in Ireland and their general manager is being interviewed by the House of Lords EU Committee this morning in Dublin. I was speaking to him and there is activity over in Dublin. The port of Zeebrugge has been launching road shows trying to attract direct links from Zeebrugge to Dublin. I think they deal with a lot of car manufacturers; Volvo is a big user, I think, of Zeebrugge Port. They want to try to establish a direct, which will have impact on—

Q271 **Glyn Davies:** Is that new, though? The issue for us, you see, is business is always looking for new contracts and I would imagine that has always happened.

Chris Yarsley: It is a consequence possibly—

Glyn Davies: Is this a result of the uncertainty arising out of the Brexit strategy?

Chris Yarsley: Or the added friction at the border, that is the question. How much will these extra documentation checks be, even if it is just traffic that is going through the UK—at Holyhead and at Dover there are going to be two new declaration points, so to speak. Is that traffic better just to bypass it entirely? Then the ports in Wales will start to lose out in terms of throughput traffic, and then the business model starts to stack up. It is a possibility.

Q272 **Glyn Davies:** I accept this, but what I think we need to know is this sort of business discussion, looking for new business, always happens and it always has. What we are maybe interested in is whether this is happening more now as a result of the decision to leave the European Union than it would have done otherwise or than it did before. That is the key issue for us, not the fact that it is happening now. Is it happening more than it did before and is it as a result of us leaving the European Union?

Hans Noren: Without knowing, I am just guessing now, with the cargo freight, new vessels were put in service one month ago. For a project like that—when was the referendum? The project for those vessels must have started earlier than the referendum, so in that case the answer to that question would be that is a business decision that would have been taken no matter what the result. So, I agree.

Q273 **Glyn Davies:** I do not know much about this. Until I was reading notes in preparation for our discussion today I had never really heard of the common transit convention. You are probably aware of the common



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transit convention. How important is securing membership of the common transit convention, particularly in relation to maintaining the United Kingdom as the land bridge? I do not really think it sounds as if it is under threat.

Chris Yarsley: FTA produced a document with a 10-point plan of how to keep Britain trading at the customs border level, and membership of the common transit convention is one of them. It basically allows the free flowing of goods that are sealed in the Republic of Ireland and then just being passed through Holyhead, through Dover, without any additional checks being put in place. The trouble is that when we leave the European Union we understand that we fall out of membership of this, but we need to be invited back in. That is one of our goals for the UK Government is to ensure that we do get signed back up to the common transit convention.

Q274 **Glyn Davies:** Is that under discussion now? Has anybody talked to you about that? Are you making that point?

Chris Yarsley: We are making that point to the politicians, yes.

Q275 **Glyn Davies:** Is there any obvious reason why that would not be agreed?

Chris Yarsley: No, but it needs to happen.

Q276 **Glyn Davies:** I quite agree. There are a lot of things that need to be asked and a lot of things that need to be answered. You are looking at some of these and you are thinking, "That could be a bit tough. There could be some pretty serious objections to it". Is there any kind of objection to this? Unless somebody was just being awkward for the sake of it, is there an obvious logistical objection?

Chris Yarsley: No, because sometimes, for example, if there is—not a lot these days—road transport going into Turkey, UK companies will use this convention as a way of customs facilitation to go to Turkey as well. The trouble is we need to continue to use it and continue to be a signatory to it. Our understanding is we need to be invited to join if we are no longer a member, and that is what the UK Government need to ensure in the future.

Glyn Davies: We will tell them.

Q277 **Chair:** Presumably, this is just another word for the TIR deal?

Chris Yarsley: It is a separate system.

Chair: Okay, but it is a similar principle?

Chris Yarsley: Similar, yes. FTA is the TIR agent in the UK alongside the RHA. The benefits of this that I understand are it is electronic, it is a lot faster.

Q278 **Chair:** Okay, but it is what some of us would remember as a TIR. We reminisced outside and had a look at a documentary of international



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freight transport in the 1960s when there was a TIR in place, so there is no particular technological reason why this should not happen, is there?

Chris Yarsley: No, not really.

Q279 **Chair:** Can I ask you something else? I completely understand why the BPA and Mr Noren and Captain Parry will be very worried if Britain is not being used as a bridge to move stuff over to the continent. I think it would be a great worry to continental drivers and people in receipt of those goods on the continent or in Ireland. My question to the FTA is: would Britain, not the ports, really lose out? I have been looking at the FTA—I think I was a member at one time—and the FTA over the years has been quite scathing about the fact that foreign drivers and foreign hauliers come over and use our roads. They drive right through. They do not buy our diesel, even in the garages, quite often. They park up. They do not pay their bills. They do not pay anything towards maintenance of our roads. We have had this conversation before. Let me put it to you: what does it matter to us, not the ports, what does it matter to the rest of us if those drivers have to go and take a 15-hour ferry to Zeebrugge? Why should I care about that?

Chris Yarsley: That is why FTA supported the introduction of the road user levy for vehicles over 12 tonnes, which was meant to redress the balance of utilisation of the UK roads, because we pay it.

Q280 **Chair:** Yes, as things stand we move a whole load of foreign drivers off the road who are not doing anything for our economy, except for the ports, of course.

Chris Yarsley: They pay the road user levy as they enter. They have to pay that to enter and use the UK roads as much as the UK operators do, but there is an offset in the VED rates to compensate UK domestic transport. International traffic does actually pay over 12 tonnes to the UK.

Q281 **Chair:** Many times the FTA has complained about the unfair competition.

Chris Yarsley: Yes, because diesel prices are much higher in the UK and, therefore, you can arrive having purchased diesel in a cheaper area and then operate quite far into the UK with a tank and a belly tank full of fuel. That a very much is different subject.

Chair: Okay. I have done it again.

Q282 **Liz Saville Roberts:** Let's go back to UK ports, particularly Holyhead. If we work on the assumption that the UK will remain a land bridge quite considerably, is there a scenario then where Holyhead is vulnerable to the development of other ports such as, say, Liverpool, particularly with the possible shaping scenarios in the relationship between Northern Ireland and the Republic?



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Captain Parry: Obviously, Holyhead is in competition with Liverpool anyway today. Are you talking about the north-south border, Irish border?

Liz Saville Roberts: Anywhere where that competition could be magnified by this situation.

Captain Parry: Only if Holyhead becomes a tough border to cross. Roughly speaking, 20% to 25% of our traffic flowing from Dublin to Holyhead originates from Northern Ireland, so that is the risk there of that traffic going via Scotland or Liverpool.

Q283 **Liz Saville Roberts:** If the traffic between mainland Britain and the island of Ireland was to be facilitated through Northern Ireland, geographically Holyhead then loses its proximity to Dublin advantage?

Captain Parry: Yes, I guess it does, yes.

Q284 **Liz Saville Roberts:** What would that mean to Holyhead, do you think? Can you foresee a different direction? At present we have the foot passengers and we have, as you said, the four ro-ro freight sailings.

Captain Parry: We have 20 sailings altogether. All of them carry passengers and freight.

Q285 **Liz Saville Roberts:** Holyhead Port has cruise ships visiting, it has other uses as well?

Captain Parry: Yes.

Q286 **Liz Saville Roberts:** What I am trying to tease out here is a possible change in operations at Holyhead with Stena as the port authority, of course.

Captain Parry: I guess there is always a danger of change, yes. The advantage of Holyhead will always be its geographical distance to Dublin. That will always be an advantage for us, if you like, but you are right, there is always a danger of traffic diverting elsewhere if we make it harder to cross the border in Holyhead.

Q287 **Glyn Davies:** Clearly, the difficulty with Holyhead is storing vehicles if there is some sort of delay. Is it easier to store vehicles at Liverpool? That would make Liverpool more competitive, but is it easier for all these vehicles to drive to Liverpool and be able to stack them up?

Liz Saville Roberts: And the docking facilities.

Captain Parry: No, I do not think it is easier. Stena Line also operates out of Birkenhead, Liverpool, and there is not a huge amount of space in that terminal that we operate from either. Each port will have its different challenges from a space point of view. Liverpool certainly is not way ahead of Holyhead in having ample space.

Mark Simmonds: Very few ports have spare land or spare space for this sort of thing. It is not economical.



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Q288 Liz Saville Roberts: I know Holyhead. I used to be a reporter for the *Holyhead and Anglesey Mail*. We had the lairage, which could hold X thousand number of cattle. It now has an Asda and a McDonald's standing on it. We had developed Holyhead with the intention of using old space. Holyhead is on a creek; it is not on a river. Forgive me, but I am quite surprised that this question did not elicit a fuller response from you. It seems to me that if much of what the direction of Brexit takes is dependent, as it seems to be, on the Good Friday Agreement and the relationship between Northern Ireland and the Republic and the customs union and the rest of the United Kingdom, for Holyhead this is a critical question.

Mark Simmonds: All ferry ports are, as Holyhead is, predicated on the idea of flow, so very few of them have much space to stack lorries out any more than they need to. There are plenty of other ports on the east coast. Birkenhead is another Stena port but there is Cairnryan and others as well in Scotland and the north-west of England with infrastructure for roll on-roll off ferries. It is very difficult to say. We do not know what is going to happen with Northern Ireland but, of course, any kind of beneficial arrangement there, if it is easier to go through Northern Ireland, then I would expect that to have some impact—obviously, people may choose to take those routes instead. Again, it is very difficult. We are not clear on what is going to happen with Northern Ireland. Yes, if it is easier, then I would obviously expect that to have an impact on Welsh ports.

Q289 Paul Flynn: There was an article by Professor Richard Wyn Jones. Holyhead has the distinction of not being just the poorest part of Wales but the poorest part of the United Kingdom. Can you understand what has happened to the friction on the border? There was great worry about friction between the north of Ireland and the south of Ireland, and suddenly by a decision taken at about 4.00 am in the morning that friction had been "magicked" away by the leprechauns who will now man the border and sprinkle it with legislative alignment.

If there is to be a border, and if this Brexit goes through there will be a border, instead of between the north and south of Ireland it will be between Wales, England, Scotland and the Island of Ireland, where the friction will be throbbing away at full rate. Isn't it certain that Holyhead is going to suffer from this and Wales is going to suffer? We are on the front line of the new border between the EU and an independent, off-into-the-sunshine—or not—United Kingdom.

Captain Parry: I absolutely agree. Just adding to Mark's comments, anything that makes it easier to take traffic elsewhere, Holyhead will suffer without a doubt.

Q290 Paul Flynn: Wales will suffer as well.

Captain Parry: And Wales, absolutely; 75% of the traffic that goes from Wales to Ireland comes through Holyhead, so it is a huge chunk of traffic.



Q291 Paul Flynn: How much was your confidence in Brexit strengthened in the last 24 hours when, having been told there were 56 documents in preparation, they have already been succeeded in excruciating detail with the Government's view of the preparation for what was likely to happen? One of those documents was released today and it came to two conclusions. There is one conclusion that it will be very bad for trade and another conclusion that it will be even worse. The Government in the House today defended this situation by saying all these forecasts are rubbish anyway; you must not believe them; we talked nonsense to persuade people to vote for this and you must not believe what is the Government's policy, the civil servants' forecast: it is either going to be bad or it is going to be worse. Isn't it time to rethink this whole nonsense and plan for a second referendum where the nation has then come to its senses?

Captain Parry: I think I will pass on that.

Q292 Paul Flynn: No, you have had leading questions from the Chairman and from some of the Members of the other side. We have had all the nonsense, the propaganda on the lorry drivers over the years. Isn't it time to say that a decision taken on one day on the basis of lies from both sides, a thoroughly uninformed referendum of the people, should be succeeded by one that is based on information when we know the full horrors instead of just charging along and driving over this precipice? This is one committee here, I sit on three, and every time I go to a meeting there are another half a dozen new certain horrors from Brexit and one or two maniacally optimistic hopes that things will get better.

Isn't it time to sober up and recognise that the Government have made a terrible mistake on this and the swivel-eyed lot should not be allowed to lead Government astray? I cannot believe, knowing the way that the feelings are—75% of parliamentarians are very strongly in favour of remaining—that that vote will go through. What happens then? If there is a vote goes through, if Parliament says when promised a vote that we are not going to go through with this and there must be a second referendum, then we can forget all these unnecessary complications and problems that we are creating for ourselves. Don't you agree?

Mark Simmonds: We try not to take overly political positions. We did not take a position on the first referendum and I do not think we would have an overt opinion. Our purpose is to represent the interests of ports to officials and parliamentarians and that is why all we can do is say what we think the impact of certain things will be. That is why we have said from the beginning that whatever happens we would need the benefits of the customs union and the single market. Beyond that, it is a bit above our station to start talking about things outside the ports.

Q293 Paul Flynn: Do you think your business is going to be more prosperous or less prosperous after, first, a soft Brexit and, secondly, a hard Brexit?

Mark Simmonds: Two things. On the Northern Ireland comment, the British Ports Association represents all the ports in Northern Ireland. The



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ferry ports there are against having a border around the island of Ireland as well. We represent most ferry ports and terminals in the UK who will be at the forefront of any challenges that Brexit brings, but we also represent a large number of other ports, bulk ports and other types of cargo ports, and fishing ports, who frankly are not as concerned as ferry ports. They do not anticipate the same level of challenge as our ferry ports, and that is where the challenges are. There are varied views on Brexit across the ports industry. It is really the roll on-roll off ferry ports where we need to solve a number of issues, but other ports do not all share that view.

Q294 Paul Flynn: We have listened to the view of the fishing industry. They are very alarmed at the moment that lots of their fishermen have gone back to Poland and other countries from which they were recruited. Like other EU workers, they are almost irreplaceable because of the jobs they are doing for low pay, and they are difficult jobs. That seems to be the crisis there.

Mark Simmonds: I was in here last month representing our fishing ports on the Environment Committee. You were there, I think. Yes, that is a separate issue.

Chris Yarsley: Speaking for the FTA, we have 16,000 members across the country and again, like the general population, they have different views. The best that we can do is represent them to you, the politicians, to ensure that they have the best business environment possible. That is as far as we will go in terms of entering this kind of political debate about a second referendum and so on and so forth.

Paul Flynn: Okay. Do you feel an obligation when you see these irrational politicians behaving in this English nationalistic or British nationalistic way in the face of a mountain of evidence that we are making a terrible mistake? Do you feel that you and your industries would help by shouting, "Stop now, let's get some sense into this situation"?

Chair: I did ask a lot of questions but I think we are about 50/50 now, Mr Flynn, so perhaps I could hand over to Liz Saville Roberts.

Q295 Liz Saville Roberts: We have had some discussion on the implications of reintroduction of the physical customs checks and the implications of the availability of space in Holyhead. We understand that the Assembly inquiry were told in theory that expanding the port could be achieved by reclaiming land. Stena is the port authority, so you have, planning wise, authority on a fair amount of land at Holyhead, I can remember, and this also goes out to sea. It would obviously involve environmental issues and the Crown estate. Interestingly, of course, the Welsh Government with the Wales Act 2017 will have the powers shortly to be able to legislate on all Welsh ports save Milford. What is the potential of developing the necessary space then in Holyhead?



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Captain Parry: Reclamation, yes, it can be done without a doubt. Reclamation has been done in the past. It could be done. The difficulty with reclamation is it is a long lead-in time to deliver the final product. Once you go down that road, you end up in the environmental work that you have to do—the surveys, harbour revision orders—but all of these things can be done. Then you obviously have the financial investment decision to do at the end. Yes, it can be done, it is just going to take many years to do it.

Q296 **Liz Saville Roberts:** Without prejudice, has anyone begun to cost this and to scope who might undertake that sort of infrastructure investment?

Captain Parry: We are always looking at the cost of doing that sort of work, but it is very difficult to give you a final cost because it would very much depend on how much land you need to reclaim. In other words, what do you need it for? That is the clarity that we need.

Q297 **Liz Saville Roberts:** You were talking about the numbers of lorries that arrive per sailing. How many lorries was that?

Captain Parry: Per sailing about 450 lorries on a busy day.

Q298 **Liz Saville Roberts:** How much extra land would you need for 450 lorries?

Captain Parry: It is very difficult to give you that answer because I need to know what checks you are going to put in place. How long are these vehicles going to be there? Is it minutes? Is it hours? How long? How many sailings will we have if we put so many checks in place? Will that impact on the number of vessels arriving? Will that impact on their timetables? It is quite a difficult thing to answer definitively, but you are certainly talking in the tens of millions to do any sort of reclamation, if that is what you are asking.

Q299 **Glyn Davies:** I am just trying to understand in my own mind. The answer is probably obvious. Reclaiming land is pretty expensive, so why can't you use land, for example, that is three miles away or some distance away? Obviously, there is a lot of flat land. I have played golf and overlooked it there. I can see flat land. Why don't you build it further away?

Captain Parry: The problem is we do not own it—

Glyn Davies: But it is cheaper than reclaiming it.

Captain Parry: Yes, that is quite plausible.

Mark Simmonds: I think they did that in Dublin, the Port of Dublin. I think the Port of Dublin has space.

Glyn Davies: I was only wondering whether that was a feasible possibility.

Q300 **Liz Saville Roberts:** The Port of Dublin has space, more than Holyhead?



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Mark Simmonds: I think they have extra land quite far outside the city that they use. The Port of Dublin is also having to change its road layouts and space inside the current port right now to accommodate—

Q301 **Liz Saville Roberts:** Has there been any discussion with Welsh Government or Cyngor Sir Ynys Môn, the local authority, about the possibility of land on the island?

Captain Parry: Not that I am aware of, but saying that, there have been a number of visits to the Port of Holyhead by a number of agencies, the last one being the Food Standards Agency, so I am not sure whether they have had discussions that have not involved us with the local authority. I would be surprised if they had, to be honest, though, because I think the council would approach us.

Q302 **Glyn Davies:** Dublin is not the same as Holyhead, is it? In Dublin, you have to be four or five miles out until you find any spare flat land or whatever. It is quite a big city.

Mark Simmonds: I think it is about three miles away.

Q303 **Glyn Davies:** Three miles, but Holyhead is quite small. It is a smaller town and you are on flat, developable land pretty quickly. Obviously, it has to be bought if it belongs to somebody else.

Mark Simmonds: I would reiterate Wyn's point. As we do not know what we need to plan for, the ports find it difficult. We would like out of Brexit an opportunity for ports to have expanded or fast-track development rights and look at how we can better use the space around ports.

Q304 **Liz Saville Roberts:** That is a very useful answer to the question the Chairman asked—well, it is a consideration to the question—at the beginning. The nature of negotiations, where one side holds back in order to have a degree of power, puts you into this position of limbo, of not being then able to plan in real, pragmatic terms what it will mean to be able to buy or acquire land and the infrastructure and the technology. We are just held, aren't we, on this?

Captain Parry: Yes, that is exactly right. We cannot make a contingency plan if we do not know what we are planning for.

Q305 **Glyn Davies:** Consultation on implementation sounds as if it is pretty important to you.

Captain Parry: Yes.

Q306 **Chair:** On the technological point, have you made any assessment of the IT costs to your respective industries or businesses of a no-deal scenario?

Mark Simmonds: We are in quite regular contact with HMRC about what might be involved and we do not know what the costs might be. We do know that it is likely that ports may bear a fair chunk of it.

Q307 **Chair:** I do not suppose there are any examples of IT systems that may



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be in place in the UK because I do not know if we have any ferry services operating from the UK to non-EU states.

Mark Simmonds: No.

Q308 **Chair:** Presumably, there is not anything we could go and have a look at in the UK on this?

Mark Simmonds: Not that I am aware of, no.

Chris Yarsley: No, but we would welcome any support, though, for operators. At the moment, if you do trade outside the EU, you do need what is called an EORI number, which is an economic operator registration and identification number. Currently, it takes a couple of days to process the application. This is only if you trade outside the EU. As we are then going to be outside the EU, therefore, anyone who trades outside the border of the UK will then have to have this registration. Again, we need the application process sped up. We need these numbers to be given as quickly as possible. Could you also use your company VAT number as that kind of declaration system? We cannot put any costing because there are so many questions, but we are trying to give you politicians possible solutions that can be built into the framework.

Chair: You have very helpfully answered another question on my list, so thanks for that. We do take note of that.

Q309 **Tonia Antoniazzi:** Have the UK Government provided any indication on the way the customs systems would operate should they be reintroduced once we have left the EU?

Mark Simmonds: As I just said, it is not me but a colleague of mine sits on a group that works very closely with HMRC, but they operate in confidence so I would not even know. They do speak to us and some of our ferry port members testing out ideas and talking about what might work, but I am afraid I cannot—

Chris Yarsley: We have seconded one of our members of staff who does international policy to HMRC four days a week on the issue of customs. Again, there are certain walls that have been put in. We do not have the information ourselves, but we are doing as much as we can to offer the UK Government the skills and the expertise needed to try to put in place whatever the required scheme will be in the future.

Captain Parry: Just to add to that, we have been assisting a Government Department, the Department for Transport, who I believe are building a model, some sort of mathematical model, to determine what the impacts of particular delays are to a particular port. I do not know how far they have got. We are still supplying information to them, so I guess that will be available at some point.

Chris Yarsley: We are all well aware that Chief, the current system, is having an upgrade that was preplanned, but we do need to see the



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pressure on Government that the investment continues so that that information system works on day one and it cannot break down.

Q310 **Liz Saville Roberts:** This is a seeking information question. We have been told in preparation for this something about free ports. Could you explain to us what the potential could be as a free port for Holyhead, how possible that is and what we would need to do to bring that about?

Mark Simmonds: It is not really something to say about Holyhead but more generally that is something that we are quite keen to explore. It is not something that will work for every port. Again, the views on free ports are quite varied in our association. Some are quite keen on it; for others it is just not a model that would work for them. It is something that you could do with space, land for manufacturing for whoever is going to be there, adding value to the goods and so on.

We very much welcome the focus on free ports. It is a good opportunity to see what activity can be focused around ports. We are keen to discuss that with anyone in Government. We have had a few initial discussions. My understanding was that it has been parked a little bit until after negotiations and the Government will maybe look at it then. Yes, it is an interesting idea. My understanding is also that it is not Brexit related in that we can have a free port right now if we wanted to. We are keen to examine that, what it might entail and the opportunities there, at the earliest opportunity.

Q311 **Liz Saville Roberts:** The Isle of Man is a free port?

Mark Simmonds: Yes.

Q312 **Liz Saville Roberts:** There were another six identified but they lapsed in 2012. Again, just to tease out, that would be a Westminster Government decision because it is to do with customs, although Holyhead as a port will now fall under the Assembly?

Mark Simmonds: I believe so, yes.

Chair: Thank you very much indeed for that. I think that has been a very enjoyable and useful session. We are very grateful to you all for coming along. Thank you.