

Committee on the Future Relationship with the European Union

Oral evidence: Progress of the negotiations on the UK's future relationship with the EU, HC 203

Wednesday, 9 September 2020

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Members present: Hilary Benn (Chair); Joanna Cherry; Sally-Ann Hart; Antony Higginbotham; Dr Rupa Huq; Stephen Kinnock; Nicola Richards; Mr Barry Sheerman; Dr Philippa Whitford.

Questions 647 - 713

Witnesses

I: Richard Burnett, Chief Executive, Road Haulage Association; Robert Hardy, Operations Director, Customs Clearance Consortium; Dr Anna Jerzewska, Independent Customs and Trade Consultant.

Examination of witnesses

Witnesses: Richard Burnett, Robert Hardy and Dr Anna Jerzewska.

Q647 **Chair:** Good morning. Can I welcome our witnesses this morning to this meeting of the Select Committee on the Future Relationship with the European Union? Can I begin by asking our three witnesses to identify themselves and their organisations for the record, starting with Richard Burnett?

Richard Burnett: Good morning. I am Richard Burnett. I am the chief executive of the Road Haulage Association.

Robert Hardy: My name is Robert Hardy. I am a director of Oakland Invicta and the founder of the Customs Clearance Consortium.

Dr Jerzewska: Good morning. I am the founder and director of the newly established consultancy Trade and Borders.

Q648 **Chair:** Thank you very much for giving up your valuable time to give evidence to us this morning. As ever, we have a lot of ground to cover.



My colleagues will direct their questions towards one of you. If you want to add something, if you could put your hand up to attract my attention, that would be really helpful.

Can I begin with you, Mr Burnett? You were one of the signatories to the letter that was sent to the Chancellor expressing really deep concern about the state of preparedness for 1 January next year. At the moment, I want to concentrate on the changes that are coming, come what may, regardless of whether there is an agreement in the negotiations on the future relationship or not. Can you tell us why you and the other organisations who signed that letter are so worried that we are not currently ready for those changes?

Richard Burnett: Let me start by explaining that this actual letter came out of a roundtable discussion we had within DfT. This is a cross-section of both trade associations and businesses that is meeting on a regular basis with Government. We have met on a regular basis for the last three years. Over the last six weeks, after Covid and things, we have kicked off again.

We were sitting around the table, discussing and talking about the real challenges we are facing. There was a growing frustration from each of the attendees around the table that the Government is not listening and perhaps civil servants are not briefing them properly, correctly and clearly. There was a real sense that, in terms of preparedness for Brexit and the transition at the end of this year, we simply are not ready and there are too many hurdles to jump over.

What we wanted to say was, "Look, we want to meet with the Chancellor, with Grant Shapps at the Department for Transport, and with Michael Gove". Each of their areas of responsibility has crossover and impact. If one Department does not do its job properly, the impact falls on another Department. We felt they really needed to hear at first hand from the industry, "These are our concerns. These are the elements you need to focus on. These are the things you need to listen to in order to ensure we are prepared so there is little disruption". My fear and the fear of the industry at this stage is that there will be significant disruption potentially at year end.

Q649 **Chair:** Why do Ministers and/or civil servants not get it?

Richard Burnett: I do not know why they do not get it. They really should, because we have been talking about this for some time now. We have been providing warnings of what may happen. There is almost a self-belief in their own rhetoric at the moment that everything will be okay, but the devil is in the detail, and some of the fundamental things that need to change and some of the things that need to be invested in are simply not happening fast enough.

If we go back to the primary point, this is about customs intermediaries and having the number of customs intermediaries or agents available to deal with the increased number of declarations. There will be some 200 million additional declarations on top of the 50 million that are done for



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the rest of the world at the moment. We are a long way off being able to recruit those customs agents.

The other thing is, when we go back to the point about time, it takes a significant amount of time to train and prepare these individuals. It can take six to 12 months to familiarise yourself, and probably three years to understand how the process really works end to end. We have 81 working days between now and the end of the year to be able to recruit the number of agents that are required. The intelligence that is coming back from the industry is that there is denial, apathy and a real sense that Government are not getting the message that this is going to happen. The communications are not clear.

This financial issue around Covid-19 and the fact that global volume is suppressed means that many customs agents that are operating at the moment have staff on furlough because they have insufficient work to give to their staff. The likelihood of investment in growing their business is very much restrained. If we couple that with the constraints of the funds that have been put forward through Government's £50 million pot to recruit more, that is capped by state aid, which means you only have £180,000 or €200,000 per company. There are probably 500 or 600 companies in the UK that are experts in this field, so that will not give us anywhere near the number of customs agents to be able to cope with the scale of what is required. That is a primary problem.

Q650 Chair: To turn to some of the specifics, as we are all aware, the Government have bought one site and are preparing to buy another site to set up facilities for checking. In these discussions, have you been told what the sites will be used for? Will they be just for checking goods that have arrived in the UK but cannot be checked at the ports and so have to be moved somewhere else? Will they also be checking lorries on their way to, say, Dover to ensure they have the necessary paperwork so they do not cause a problem on the other side of the Channel when they arrived? Do you know what is going to happen on these sites?

Richard Burnett: No, we do not know.

Q651 Chair: There are 81 days to go and you do not know.

Richard Burnett: This was part of the letter. Part of the letter we wrote was to ask for transparency so that we could understand what these sites were going to be used for and who is going to operate from them. We want to understand whether these sites are for checking paperwork, whether they are physical infrastructure for phytosanitary checks or, to your last point, indeed, whether this is about ensuring that vehicles are ready prior to heading to Kent, so that we do not have a bottleneck in Kent, in terms of an office of departure.

That clarity has not been provided yet. It is something that we keep asking for and we would like more information on. As an industry, we need to be able to prepare. We are not able to do that unless we know exactly what is going on, and we do not.



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Q652 **Chair:** Can I ask you about the Goods Vehicle Movement Service? As I understand it, this is an IT system that is intended to be developed. Does it exist yet?

Richard Burnett: No, it is being built as we speak. We have not been given sight of its full functionality. We do not know when we are going to have sight of its full functionality. That is very much in line with many of the other systems that are under build at this point in time as well.

Q653 **Chair:** Can I ask you about one other thing that was raised by us previously, on our predecessor Committee? That is heat-treated pallets. As I understand it, the position from 1 January is that goods moving to the EU will need to be on pallets that have been heat-treated. That does not have to be the case at the moment. Are there enough pallets around to do that? Do businesses know that they are going to have to change the kind of pallets they use, if those rules are applied by the EU?

Richard Burnett: The answer to both of those questions is no. It was raised yesterday at a roundtable discussion to say that this is still an issue. There is insufficient supply of heat-treated pallets to be able to support trade into the EU from 1 January.

Q654 **Chair:** It does not sound very encouraging, to put it mildly, does it?

Richard Burnett: No.

Q655 **Chair:** What degree of disruption do you fear might happen if those things do not change?

Richard Burnett: You have to look at the detail again. That brings you back to this position: if there are insufficient customs agents to be able to process paperwork and the Government are saying, "You cannot go to a point of exit if you do not have the correct paperwork", that means that businesses are going to stop trading. How can they go if they do not have that? That is the consequence.

Businesses might say, "We will try", and hauliers that end up putting products on without the appropriate paperwork will be fined. They will try to get through, in which case what we are going to see is chaos in Kent, unless, going back to your primary question again, these buildings that are going to pop up around the country are going to be offices of departure that can help support that process come the end of the year. That clarity still needs to be provided.

Q656 **Chair:** That is very clear. Mr Hardy, do you think we are ready?

Robert Hardy: I have always been Mr Positive in this process, I have to say. I used to run the customs terminal at the Port of Dover, so I have some experience of the flows.

In terms of the shortage of intermediaries, for imports into the UK I am not so concerned. This is a simplified and consolidated declaration at frontier, and there is up to six months to prepare the declaration after that. These are our rules. It is our club and our rules, if it is imports into the UK, so I am pretty comfortable with the UK-inbound flows. There are



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relaxations on phytosanitary and health certification until April, and then the safety and security declarations and physical checks of SPS goods are not required, if at all, until July. The actual process is not so far off the previous iteration, which was the Transitional Simplified Procedures. It is not so far away from that. For imports it is okay. There are not so many problems with imports.

On the GVMS system, I love it. It is really necessary, because it almost takes the driver and this wad of paperwork, with movement reference numbers, out of the frame. If he has a GMR, a Goods Movement Reference, created by the GVMS system, then he is good to go, basically, or at least he is good to go on one side of the border.

My biggest fear—Richard homed in on this—and the fear of the Border and Protocol Delivery Group since day one is exports. Operation Brock is only about exports; it is not about imports. If there is a snarl-up in Kent—it looks like there will be—is all about exports from the UK or from GB. I do not know whether you can still say “UK” anymore.

The biggest absolute fear is that a truck is sent to Calais and they send it back. That is a genuine fear. If the paperwork is validated whilst the vehicle is crossing the Channel, and that validation fails because the transit document is not correctly authenticated, there are no documents or the entry is not lodged in France, it is coming back. The fear is that the *Daily Mail* headline, “We sent our goods to Europe and they sent them back”, is looming. It is a matter of time.

The absolute fear is transit and, to a degree, anticipated entry in France. There are not enough intermediaries for the transit, which again is a consolidated document. There is less keyboard-bashing, if you like, but there is an awful lot of financial security required for a transit, because you have to guarantee that the duty and VAT will be paid at destination and, if they are not, the bondholder will become liable for the duty and VAT. Your guarantee has to be able to cover the cumulative total of any outstanding transit at any one time. It would not be unusual for an intermediary to require a transit guarantee in excess of £20 million. This is at a time when they do not really have £20 million.

There are waivers involved. If you are an AEO-authorized trader, you can have a 100% waiver on your transit guarantee, but there are not enough AEOs to have those. HMRC have been very supportive on this, to be fair. As a company, we are new capacity in the market, so we do not have AEO today but we have a 100% waiver on our transit guarantee because of the relaxations put in place.

The tools are there to get it right. The car park in Kent is because we have not got it right. It is of our making. If something arrives in Kent and it is not prepared, it is because we have not prepared it. It is nothing to do with the EU. This is our problem to solve and it has always been our problem to solve.

Q657 **Chair:** Why have the arrangements not been put in place to prepare for that?



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Robert Hardy: There is a difficulty even if you are an intermediary and you are given a 100% waiver. A friend of mine has a waiver on £15 million; he has no financial support or backing for that, as allowed by the system. That is fabulous. As he will quickly point out to me, that is the guarantee sorted, but what about the liability? He is sending a truck into Europe on a transit document where the customs clearance infrastructure in Europe is nowhere near what it was 30 years ago, and he is not sure that transit document will actually be closed. Therefore, he needs a deposit from the exporter.

Suddenly you have a situation where a GB exporter whose goods are now potentially dutiable in the EU is also being asked to pay 0.5% or 1% of the value of the goods prior to departure, which will only be repaid once the goods have been cleared at their destination. There is a kind of double whammy here. If you do it right, there is no double whammy, but, from a cash-flow point of view, it is a double whammy.

Q658 **Chair:** If the margin on what they are exporting is not fabulous, might that lead some exporters to think, "I am not sure whether I can afford this financially"?

Robert Hardy: Yes, that has always been a risk, but there is almost more than that. Incoterms come into play in a major way, and Incoterms are not very well understood in European trade. They are very well understood in worldwide trade, because that is what you negotiate: who is responsible for the container getting on the ship and getting it off the ship. You negotiate who is responsible for every element of the process.

The problem with Incoterms in European trade is that they are trying to be retrospectively applied to what was otherwise a very mature system. Now you have a situation where an export into the EU from a GB cheese manufacturer, say a cheddar producer, is now sending goods into France—sending cheddar into France is not a great example, though actually they like our cheddar—and it is on something called delivered duty paid terms. Delivered duty paid conditions mean that the exporter is responsible for everything, including the import clearance in France and the VAT in France. It is only the UK and Ireland that are zero-rated for food. That requires them to have a French VAT registration, and that is not a quick fix. If they have not done that already, the market is going to be locking itself out.

Q659 **Chair:** That is a very clear explanation. Before I move on to colleagues, I wanted to give Anna Jerzewska a chance to comment on the state of preparedness.

Dr Jerzewska: I agree broadly with everything that has been said. I would definitely echo everything Richard said. I am not so optimistic even when it comes to our imports. The main issue for me here in that respect is just how little time we have left. Yes, these are our rules and our decisions to make. We obviously have the border operating model; we have a broad understanding of how things are going to work and what needs to happen, but we are still waiting for a number of details.



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To give two very quick examples, as Robert mentioned we will have simplified procedures and simplifications for the first six months. We still do not have enough information as to who can be authorised for these simplified procedures. In the past, when we were still within the European Union's customs legislation and we were still subject to that legislation, there were very strict conditions as to who can provide only a limited amount of information at the border and then complete the supplementary declaration at a later point in time. That might change and these restrictions might not be so strict, but we still do not have enough information for companies to know whether they will be eligible or not.

It is the same for the duty deferment account that Robert just mentioned. We know from the border operating model that HMRC is working on new rules as to who can apply for a duty deferment account and the more detailed customs comprehensive guarantee that is behind that. We are still waiting for these details. That is one point to make.

As to whether we are ready in terms of the number of agents, I would completely agree: it takes years to train them properly. Even for something as simple as determining a commodity code, if it is a simple product someone who has just had a crash course in customs and a couple of weeks of experience can potentially figure it out, but it might involve new technology. Customs classification is such a complex issue. How do you prevent errors from taking place even on this very initial level within the first six months?

I have one other quick point to make. When we talk about readiness, at the moment we are just talking about customs agents and freight borders and so on. In order for borders to be ready, all the actors need to be ready. We are obviously talking about the Government; we are talking about their IT system. One thing that does not cease to surprise me is that we are having backup IT systems for the IT system that we will not have enough time to develop for 1 January. The backup IT system for GVMS is the Smart Freight Service. We have not even delivered the CDS system, the system that was supposed to replace CHIEF. The number of IT systems that need to be ready by 1 January in one way or another is quite concerning.

The final point to make—it is important to make this point—is that when we talk about customs agents being ready or there being enough customs agents and so on, it is obviously a crucial point, but, at the end of the day, the role of a customs agent at a freight border is to submit information on behalf of the company. One of the points where we are completely not ready is making sure that companies know what they need to do, other than get an EORI number and get themselves a customs agent.

From 1 January, if they are authorised, companies might not need to submit the customs declaration at the frontier at the time of import, but they are still, depending on Incoterms, an importer. That brings with it a significant legal liability. There are some responsibilities. There is not



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enough information in the border operating model, the customs guidance and what is available out there for companies to understand what that actually means and what they have to do.

Chair: That is a very helpful start from everyone.

Q660 **Antony Higginbotham:** I wanted to talk a little bit about the border operating model first. Richard, this is probably for you first, and then I will come to Robert and Anna. That paper was published in July. It is quite significant in length, but what I have heard so far is that there has not been a huge positive to it. There is something I just want to get a sense of here. Does it answer questions or is it the case that no gaps have been closed by this 200-page document that haulage firms across the country are now expected to read?

Richard Burnett: The border operating model provides a basis to work from. There are gaps in the border operating model. We have been asking for this for some time, and what we received in July was the first iteration. There is going to be a second iteration published during October, which is version 2. That will try to plug the gaps that currently sit within it.

As a starting point at the moment, if you have read the border operating model, if you are a business that needs to understand what they need to do, it is incredibly complex. It demonstrates the complexity and the need for intermediaries to try to cut through the processes, because the processes are incredibly complicated if you have never done this before. It is a starting position. It is probably the best of what we have had so far, but it is certainly not the final version. It does not plug all the gaps.

Q661 **Antony Higginbotham:** Is it more aimed at the intermediaries who will then work with the suppliers of products more than the companies themselves?

Richard Burnett: The intermediaries will definitely understand the jargon; they will understand the detail, because it will be very similar to what they have been used to doing for the rest of the world. It provides a very good basis to work on, but it just points in the same direction again: businesses will struggle to understand this unless they have an intermediary to help them.

Q662 **Antony Higginbotham:** What is the biggest gap? If you had to highlight one or two big gaps where you thought, "We could manage through quite a lot of it on 1 January or later on in the year, but there are two big things that we need clarifying in the October release", what would they be?

Richard Burnett: Robert and Anna are probably better placed to describe that, but, from where I sit within the logistics industry, it comes back to traders and hauliers having those intermediaries to support the process and provide the detail.

Going back to what Anna was saying, the onboarding process for many traders is probably one of the biggest gaps for me at the moment. One of



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the biggest issues that Government do not understand is that, if you have a customer who wants to ship to the EU, cleansing their master data and understanding how they match that against customs codes and tariffs and building that back up can take a significant amount of time.

One manufacturer I am aware of has taken the last two years to cleanse their data. That is a large manufacturer with fairly complicated products, but you will have the other side of that, which will be simple. On average, though, if you took the average shipper, which maybe has 30 to 40 commodities, you have to be able to upload that into the intermediary system to be able to ensure the information is correct. That takes time. It can take days, weeks or months, depending on the scale of your business. We are getting back from the market at the moment that that has not started, because the border operating model has only just been provided. The clarity has only just been given, and therefore we are up against it time-wise both with intermediaries and also the amount of work that needs to be done by them with the traders to ensure we have the correct information in the system.

Robert Hardy: The border operating model was a 206-page edition. It was a struggle. It was a beer in the garden for me, if I am honest. There has been a second release of about 100 pages, which is a lot prettier and a lot more graphic. In amongst that pack were two documents called "How to Export" and "How to Import", which both had fewer than about 10 pages.

They were very good; I thought they were very good. They have swept over transit too much. They say, "You might need a transit document", not realising that is like saying, "You might need to go to the moon". Transit is the answer to a lot of problems, but it is a problem in itself.

Other than that, I would go along with what Anna was saying. For example, there is talk of, "Do not worry, guys. There will be a deferment account without a CCG or a bank guarantee sitting behind it". When is that? In fairness to customs, I emailed them the other day and they said, "That is coming out at the end of September". We are expecting this non-guarantee deferment account pretty soon.

There is also talk of a deferred entry scheme. Nobody quite knows what that is, because it talks about Customs Freight Simplified Procedures—CFSP—and Entry in Declarant's Records under the deferred entry scheme. That does not exist. We are thinking, "Hang on. Are we auto-enrolled for the deferred entry scheme?"

The biggest problem for me is that the intermediary has to take the CFSP on the chin and they handle it or the freight-forwarder handles it. In terms of relying on the trader, Richard is absolutely right: the trader is just not engaging at the moment. We have teams of people here who are validating master data, and they have nothing to do. We have dried up again, and we are dealing with 20,000 traders potentially. I would say we have validated 1,000 of them. They are just not providing the



information. It is free and without obligation, but we do not get the data. At the moment, the guys are inventing commodity codes and testing those. That is a real problem at the moment.

The trader should have CFSP and Entry in Declarant's Records approval. They did not apply for TSP; they had to be auto-enrolled for Transitional Simplified Procedures, which was a simple application. The CFSP and Entry in Declarant's Records application is a 40-page application. CFSP Notice 760 is the notice it refers to; you would do really well to get past page 3. It requires a very high degree of skill. It is the right solution, but the application process is horrendous.

I mentioned it to the Border and Protocol Delivery Group. I said, "Are we going to go down the route of a 'try before you buy' CFSP?" I quite like the approach that everyone should have CFSP and it is theirs to lose rather than theirs to get, so there is an argument for auto-enrolment like there was for TSP. Within six months you either lose it and you are back to frontier declarations or you have applied and it has been maintained.

The border operating model went a long way. The shorter documents were better; they were more punchy. Transit was still brushed over, and Incoterms barely get a look in. In the 200-page document, it was page 95 before anybody mentioned Incoterms. It needs to be on page 1, really. It is the biggest thing.

Q663 Antony Higginbotham: Anna, would you agree with that, in terms of the biggest gap being transit?

Dr Jerzewska: The biggest gap is not necessarily transit, but, yes, I would agree with everything that has been said. The border operating model would be absolutely fine had it been published in January. That would be perfect. It shows us the direction of travel; it is what we expected. There are no issues there. However, for every question it answers, it raises new questions. Given that we are where we are in terms of time, that is concerning.

In terms of engagement with traders, it was to be expected. We can say, "Yes, traders are not engaging; the traders are not providing information; the traders are not ready". That is all true, but there is equally no reason for this work. We knew in 2016 that we were going to have some sort of a border. We did not know what the border would have to do, but we knew there would be some sort of a border. Why we are getting the border operating model at this stage is also another question. Both sides are late within this process.

The biggest gap for me is the fact that we have this number of IT systems that are not ready. That is one issue, but it is almost like we are designing systems before we are designing processes to go behind them. As Robert pointed out, there are some systems that do not exist yet that might come between now and December. Relying on existing systems is always easier than inventing new processes and simplifications.



The biggest gap will be the IT systems and the reliance on the traders. As Robert very correctly mentioned, I challenge any business to go through the simplified procedures application and be able to get it on the first reading. It is a struggle for customs specialists. There are a lot of technical details there, and businesses will definitely have a problem completing this application between now and December. Again, that needs to be ready for 1 January.

The border operating model and the transition in the first six months were very welcome; that was something we expected. Now we are in the position where the Government think, "We have six months to put everything in place". A lot of the responsibilities and a lot of the obligations start on 1 January nonetheless. That is not getting enough attention.

Q664 **Antony Higginbotham:** Robert, coming back to one of the things you said in relation to one of the Chair's questions, you talked about the fear that we get a build-up on this side that is actually because of goods going into the EU. How do we address that fear? Is that something the UK Government can try to help to address through the next iteration of the border operating model and provide some more certainty on what might be needed going in? Are there things the EU can do, either at member-state level or at a whole-EU level, to provide that certainty?

Robert Hardy: That is a very good question. Strangely, one of the simplifications put in place by the French authorities has actually created a problem for the UK authorities. If you did not have the French simplification of the anticipated import entry that does not require transit and clears whilst it crosses the Channel, then everything would be transit, and then you would know that you require a transit document and you could check the reference number. It is a fairly open database, so you can see the validity of any transit document by checking the Movement Reference Number in the corner. You would have pretty good visibility.

However, there is a possibility that you are clearing in France and you have a French import entry. That is on the French DELTA system; we do not have any visibility on the French DELTA system. We are checking that the driver looks to be okay, but it is an absolute struggle to wave a vehicle goodbye in Dover and, hand on heart, say that it is good to go. I would struggle to do that in any case.

We raised this point a year ago when we were originally talking about pop-ups. We were going to have 150 pop-ups around the UK in truck parks where we would check that a driver is border-ready. I asked the question, "What is 'border-ready'?" and I did not get an answer. We need visibility on the systems to see whether someone is ready to go. We do not have access to DELTA. I do not know if he has got a—*[Inaudible.]* If it is not, that vehicle might be coming back. That is a big fear.



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Again, the transit solutions are a lot of the problems. It is a consolidated process. For every truck, there are a number of consignments. It is only one transit document—*[Inaudible.]*

Antony Higginbotham: Robert's very wise words are intermittent at the moment.

Robert Hardy: I am sorry.

Chair: Robert, it is not to do with how close you are to the microphone.

Robert Hardy: We have a dodgy connection on this end and I cannot do anything about it.

Chair: The connection is not brilliant and we are missing key words in the middle of your answer. Perhaps we could pause there and hope the connection gets better.

Q665 **Stephen Kinnock:** Many thanks to the panel for joining us today. I wanted to focus on the export side of this, so from GB to EU. There was one thing I wanted specifically to ask about. I read that a part of the process here would be to create a Kent access permit, whereby lorries in GB would only be allowed into Kent once they were border-ready. If they get into Kent and it is discovered that they are not border-ready, they could be subject to a £300 fine and potentially have their lorries impounded. Richard, could you confirm that is the case? Is that what the Government will be doing?

Richard Burnett: We do not yet have clarity on exactly how this is going to work. Again, it was a question that was raised on a ministerial roundtable yesterday to get further understanding about how this would work.

The industry as a whole is questioning how you would identify whether or not this is a vehicle going to Europe, because you will have vehicles going into Kent to deliver goods domestically anyway. How you come up with some sort of passport or permit and how that is going to be policed still have not been answered. What they are saying at this point in time is that the intention is to have a fine in place. That fine is likely to be an on-the-spot fine.

Let us come back to the detail again: 85% of the volume that comes in from Europe is on European vehicles. Therefore, the lion's share going back are effectively European operators. You are going to be stopping European operators. You are going to have to fine them on the spot somehow and decide whether or not you are going to impound at that point in time. Some of these processes are ill thought-through, I would suggest, at this stage. What is the root cause of this happening? It comes back to customs intermediaries; it comes back to getting the paperwork ready. If you get the paperwork ready, we will not have this problem. That is where the problem lies.

Q666 **Stephen Kinnock:** Is it fair that hauliers should be paying the price for



the lack of detail and information that is the foundation of the problem here? Why should hauliers potentially be having their lorries impounded when they do not have clarity in terms of the basic information? Is that fair?

Richard Burnett: It is not fair, by the way, but what Government are trying to do is to stop people going to Kent and creating chaos. I understand that principle, but we have to put processes in place that actually solve the problem. We have been saying over the last three years, and certainly at the beginning of this year when we were meeting, that we need to increase the number of customs intermediaries to be able to solve that problem.

Stephen, it is not the right approach. It will not necessarily solve the problem. The offices of departure may well have to be a solution to taking that problem away from Kent. Again, we need to understand how those are going to operate and we need to understand Government's thinking, and we still do not.

Q667 **Stephen Kinnock:** Robert, on the training issue, are we talking about customs agents and facilitators who need training, or are there other key players that are going to need training here, such as the drivers of lorries? It would just be useful to get a sense of the overall training requirements and what the gap is in terms of both the number of people who need training, the types of people who need training and, if you like, the years we may need in terms of getting people up to full capacity.

Robert Hardy: Training worries me. There is some very good customs training through the UK Customs Academy. There are also people going out and buying the software and saying, "I now have the customs software", but buying a cookbook does not make you a Michelin-starred chef. It just means you have a cookbook.

One of the biggest areas we spent a lot of time training with hauliers, ferry operators and ports is the sequencing of events. The sequencing of events is just as important as the knowledge of what those processes are. This is the "the hip bone is connected to the thigh bone" stuff. You must have a GVMS; you must have a GMR; you must have it in this place at this time or it is not happening. We spend a lot of time doing that.

I take the point about how it is not the poor driver's responsibility to have the correct documentation, and the driver does not know whether it is correct or not. They are given a packet of stuff and they just hope it is good. The issue is that we do not want the vehicle to be sent back. The only way they can do that is to force a process in there that makes sure that does not happen. My argument is that the GMR is that process. We already have a process; we do not need smart freight as well, which is a bit of an oxymoron, really. It is not a process that particularly solves anything.



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Option one on smart freight is, "Are you empty?" If you say, "Yes", it says, "Okay, you are good to go". "That will do me". We originally said, "Everyone will be empty", and they said, "They will not do that". They will do. With the greatest respect to trucking companies, they will go for the path of least resistance. That is how they operate. If you can press a button that gets you a Kent access permit, that is what you will do. There is an awful lot of training required at all levels, but it is not the same training. The sequencing of events is more important.

Q668 **Stephen Kinnock:** Anna, I see you would like to come in there. You have mentioned the IT issue a number of times. My understanding is that hauliers are going to need to navigate 10 different IT systems. Is that right? Is it feasible to get people trained up and understanding 10 different IT systems? Please do also come in on the point you wanted to make separately.

Dr Jerzewska: I obviously agree with Robert, but I just wanted to make a distinction here, because I do not think this is necessarily understood. What Robert said about training people in sequencing, what happens at the border and what the processes are is one area where we need training. Robert and Richard mentioned customs data earlier, the data that needs to go into all these forms and so on. That is another area where we need training. Every element of this dataset is something that is governed by international rules and customs rules. That also requires training. That is also a type of training where you need experience, not only classroom training. You actually need experience. These are two separate areas that both require some experience and a lot of training.

On the IT systems, yes, that is one of my main concerns at the moment. We have heard about these 10 IT systems. I am not necessarily sure what the 10 are. I know there are two systems, the GVMS and the Smart Freight Service. There is a new system for SPS requirements. There is a new system for Northern Ireland. There are supposedly a couple more in addition to all the systems that are already used, such as port management systems and so on.

The problem is that a lot of them do not exist. As Richard said, we have not seen them; we do not know what their functionality will be. Training people to use systems is one issue. Yes, as you pointed out, that is going to be a problem. There might not be enough time to get everyone on board, depending on who the users need to be. The other thing is that we all know how systems work. We all know how long systems take to develop. We have all heard of large Government IT projects. There are going to be delays. That is not being negative about the whole process; it is just that there are going to be delays. That is how large projects work.

Q669 **Stephen Kinnock:** That is the reality, yes.

Dr Jerzewska: That is the reality of it. They have a backup for an IT system being another IT system that is possibly simpler, because the Smart Freight Service is supposed to be a web portal, but it is



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nonetheless something that needs to be designed, someone needs to scope it, someone needs to test it and so on. That is definitely an issue. There is no backup system that would allow this process to function if there is no readiness on 1 January. Yes, the IT systems are definitely an issue.

Q670 Stephen Kinnock: I just had one question to all of you, as my final question. It is a little bit of an unfair one, but these three words, "chaos in Kent", have been mentioned by you here on the panel today. I know it is very unfair to do this, but if you were to go from a 0% chance of chaos in Kent on 1 January, being, "It is going to be fine", through to 100% chance that there is going to be chaos in Kent on 1 January, what ranking would you give from zero to 100 in terms of the percentage chance we are going to have chaos in Kent from 1 January 2021? Richard, I saw you wanted to come in and say something else. Do that, but if you could give your percentage that would be very helpful as well.

Richard Burnett: Of course, yes. I just wanted to talk about training very quickly. In my career, I have run lots of logistics operations and I have had to implement systems. When I implemented SAP, for instance, as a system, it has been two years in the making. That is about a business change process. What we are going through here is a business change process but on a scale like we have never seen before.

You go through those different handshakes. You train the individuals; you understand the system functionality; you have super-users who will go and train people: they will train the trainers and then train other people. We do not have that infrastructure here to be able to naturally train out what we need to do. The scale of the training and the time we have is a challenge.

In terms of my gut feeling as we stand here today with 81 days, given the amount of work we have to undertake, I would say I am 80-20 for the potential for chaos in Kent.

Q671 Stephen Kinnock: That is an 80% chance of chaos.

Richard Burnett: Yes, because if businesses try to dispatch because they do not have customs agents to do the paperwork, the chances are that they are still going to want to trade. They are still going to want to drive volume there. If we are not ready, then the likelihood is that we will have chaos.

Robert Hardy: This is the chaos register. It is really unfair, Stephen. I am a Kent guy. The people in Kent are worried. It has huge potential for delays. It is more than 50-50. There is more than a 50% chance that there will be delays in Kent. I know the alliteration of "chaos in Kent" is nicer. I am not sure it will be chaotic, but it will not be good. The fear is that it will snarl up domestic traffic that is delivering or collecting in Kent. It also snarls up the empty trucks going back, and it also snarls up the prepared trucks. I kind of agree that there has to be some penalty or cost



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of not being prepared, because that is the only way people will come back next time prepared. If somebody is not prepared, we can probably live with that, but snarling up the prepared ones is a really sad outcome.

Q672 **Stephen Kinnock:** Finally, to Anna, what would your estimate be?

Dr Jerzewska: Yes, I would agree it is probably 70% to 80%, at least in the short term. As Robert said, businesses will find a way to trade. They will find the path of least resistance. Once penalised, they will probably come back ready the second time, but in the short term, in the first couple of weeks, that is definitely very likely.

Q673 **Mr Sheerman:** I have a question; it is almost a point of order. I have just googled the major ports in England: Felixstowe, Southampton, London, Immingham and Liverpool. We seem, in this whole process, to be fixated on Kent. The fact is that I am a Member of Parliament for Huddersfield in Yorkshire, and this is a national challenge. There is this fixation on one area. Yes, I believe there is going to be chaos in Kent. I use those roads myself and I have a daughter who lives in Kent. I understand that, but I would ask the panel whether we could see this in the context of preparedness not just for one little bit of the south of England but the rest of England as well. I know that Richard, as part of the Road Haulage Association, will know very well that these other ports are very much more important than Dover. Could I have some comment from a wider perspective, not just flipping Kent?

Chair: Thank you, Barry, for that. Robert, you have your hand up. Could you answer that very quickly? It would be helpful to know what proportion of our trade with the EU comes through Kent as opposed to the other ports Barry has just mentioned.

Robert Hardy: I do not have the live figure but it would be about 85%. It is enormous. The metronomic tick-tock, one every 45 minutes, is the ferries. It is one every 10 minutes on the shuttle. It cannot be matched by longer sea crossings. It is just a fact of life.

Chair: That is really helpful.

Q674 **Joanna Cherry:** Good morning, panel. Thank you for being with us this morning. I want to continue the theme started by Stephen, very much focusing on exports from Great Britain to the European Union. I want to ask you about Operation Brock in a minute, but can I just go back to this point about Kent access permits that Stephen asked about? I see that Chris Yarsley, the policy manager for road infrastructure at Logistics UK, said the Kent permit plan was "tantamount to creating an internal UK border". Presumably he means around the county of Kent. Could I ask you to comment on that, starting with Richard, please?

Richard Burnett: I would reiterate the comment I made before to Stephen, which is that this is not the right approach. The point I was trying to make was that you have domestic traffic going into Kent as well. How are you going to be able to police both domestic and international traffic going through that corridor? They are talking about this permit or



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passport system. We do not even understand how it is going to work yet in detail. The principle of it is being discussed but it feels like the wrong approach. It feels like we have to be able to get to the root cause and the source of the problem, first and foremost, which is how we can get more intermediaries in to be able to cope with the paperwork and get that done quickly. That is the biggest challenge that we face. The elements that the Government are coming up with are sticking plasters to solve the problem in the short term.

Robert Hardy: If we do not get this right, then Kent becomes an extension of the Port of Dover and the Eurotunnel terminal. That is the motivation here. The solution they have currently come up with is not the right one.

Let me come back to the pop-ups for a minute, because that was not a bad idea. The pop-ups were originally there so you could go to a truck park if you were not border-ready. We actually turned this around, with some colleagues from the logistics industry, and said, "No, there should be somewhere to go to prove you are ready". The default is that you are going to go into a queue. Let us accept that. Let us say that out loud. When you get into Kent, you are going to join a queue of 10,000 trucks unless you do something first.

That "do something first" is to call into the truck park on the M11 and prove you are border-ready. Then you will get a permit that means you do not go into the default position. Let us reward the people who are prepared. That is the process. It only takes a trucking company to see one guy go down the outside lane and he thinks, "I want what he has got; how do I get that?"

The pop-ups were wrongly pitched, and smart freight is wrongly pitched. There should be a process: "If you are ready, prove it and you will get fast-tracked. If you are not, the default is the queue".

Dr Jerzewska: I have a couple of very quick comments. It is definitely the carrot versus the beating-stick approach. Yes, we need to support and incentivise businesses to be ready. We need something to manage traffic going into Kent, not only because of the volume but also because of the type—ro-ro ports versus other types of ports and so on. We do need something to manage traffic; otherwise it is indeed going to be chaotic.

However, the way this is designed now in the border operating model with the Smart Freight Service and the passport is, in my view, a way to make up for how late we are in the process and the fact that hauliers are unlikely to be ready, because there was not enough time to make sure everyone knew what they needed to do. That is also a reflection on what the readiness campaign has been focusing on, or what it has not been focusing on, which is ensuring that everyone knows that they need to do. If that was the case we would not need a Kent passport, because there would be a minority of companies or trucks that would show up at the



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port without the correct paperwork. The reason we are putting this in place is because the Government are, in a way, anticipating that this will be a large number, a number that will be unmanageable.

Again, this is where we are now, but it did not have to be the case. It is possibly not the right approach now, but the way it is designed means it is catching up for something we should have done earlier, which is preparing everyone.

Q675 Joanna Cherry: Looking to the issue of how the Government propose to manage chaos in Kent or, to use a less pejorative term, any traffic disruption in Kent, we saw the consultation last month on Operation Brock. Again starting with Richard, can you tell us how confident you are that the Government's proposals in Operation Brock are going to work to deal with any traffic disruption?

Richard Burnett: If Operation Brock is rolled out, we have fundamentally failed. That is the point. In terms of Brock, if you go back to Operation Stack before, or Brock in its new guise, those plans are well versed. Highways England and DfT are well versed in terms of how they are going to roll those plans out. On the M20, between junctions 8 and 9, the concrete barriers that can be put out pretty quickly to create a lorry park for some 2,000 trucks in that area is the first part of the plan. The second part is very much about using Ashford MOJO, which is also potentially going to be an infrastructure site for another 2,000, and they potentially have access to another 8,000 trucks in Manston. That is not clarified yet, but that is also potentially part of the solution. These plans are well versed, but everything that Robert, Anna and I have talked about is the process back upstream, where there needs to be a clear process for hauliers and traders to be able to make sure they are border-ready before they even get into the south of England.

The other point to make is that 85% of those are European hauliers. That communication process needs to go back into Europe to say, "When you are coming over to the UK, this is what you need to expect; this is what you need to do and how you need to go about doing it". Think about the challenge of how you are going to get that back into European traders and the hauliers that are bringing that volume into the UK and that then bring loads back into Europe. That is an enormous challenge, again within the timeframe we have, to get these processes understood in terms of how this is going to roll out and how this is going to work.

Q676 Joanna Cherry: Robert, what do you make of the Operation Brock proposals?

Robert Hardy: They treat the symptoms, not the disease. It is our problem to solve, we have not solved it and therefore we are building a car park. It is a UK issue; it is not a European issue. The paperwork that allows you to be Europe-ready is issued in the UK. As Richard rightly said, we are now talking about holding 20,000 or 30,000 trucks because we



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have not been able to crack the nut. Our time is better spent trying to crack the nut.

In terms of Brock, Richard is right. When I was down at Dover once, I tried to get my hair cut for three days. I could not get out, because of Stack. Brock is the Brexit iteration of Stack. I have got it cut now, but it is that kind of issue. It is horrendous for the people who live in Kent. It is horrendous. You cannot go about your normal daily life. The M20 is not robust enough. If there is one accident, the whole place comes to a halt.

A while ago I drove northbound along the M20. Brock pinches in the northbound lanes. I was in a very narrow lane that was limited to 50 miles an hour with a foreign truck behind me who thought that 56 was his limit. If that was my mother, she would have been terrified; it was scary for me. One false move and I was in a barrier, basically. I do not like that.

Q677 Joanna Cherry: Anna, what do you make of the Government's proposals for Operation Brock?

Dr Jerzewska: I do not necessarily have that much to add. I would completely agree. I just have one point to add to what Richard was saying about the EU operators. The Government recently started, or restarted, publishing guidance and notices and is planning events for EU traders. There is nothing about that in these notices yet. I hope that is something that will come.

For this movement, as Richard pointed out, we also have to make sure that the EU operators are ready for it as well. Otherwise, it will not even fix the problem, because we will have a number of operators that will show up anyway without having any idea that this is required in the first place.

Q678 Sally-Ann Hart: Good morning to everyone on the panel. Thank you for joining us this morning. I just want to look at the deal and the flow of traffic. We know that both the UK and the EU need to keep ports flowing. Tim Reardon told the Committee in June that the administrative process for getting lorries into and out of the UK and the EU will be "pretty much the same" whether or not there is a free trade agreement between the UK and the EU. Then in August Sam Lowe wrote that "for businesses there is little difference between preparing to exit the transition period with an EU-UK free trade agreement in place and preparing to exit without one". I wondered what difference the panel thought a deal with the EU would make to the operation of the UK-EU border. Perhaps Anna can answer that question first.

Dr Jerzewska: I will correct the statement by Sam. A deal makes a massive difference in many areas. As it happens, logistics and customs might not be the area where it makes the biggest difference. For many businesses, depending on the industry, it will make or break a business.



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In terms of what we are talking about today—logistics, having a border and customs processes—as I mentioned earlier, we knew this was coming in 2016. There was always going to be some sort of border. Even if we assumed that we would only find out what the proposed future relationship was going to be last year, from the moment the withdrawal agreement was agreed we knew there was going to be a regulatory and a customs border. These processes could have been in place much sooner than they are going to be.

From a customs perspective, a deal would add an additional process, which is rules of origin. Other than that, everything we need to do under no deal we will have to do under a deal. A deal could potentially introduce some additional simplifications. In that respect, a free-trade agreement can include a customs co-operation element to it. If we look at the UK draft proposal for a trade deal with the EU, there was a substantial part of that—a chapter—on customs co-operation that was quite advanced. There were some interesting proposals and ideas there. A deal could go further, but there is a baseline. Especially if we are talking about a bare-bones FTA, customs declarations and all of the processes will be required.

Something that I do not necessarily understand—I have never really understood it—is why we have not agreed to do with the EU what Switzerland and Norway have done, which is not to have safety and security declarations, the pre-notifications. They have nothing to do with customs processes; they are all about managing risk, smuggling and anti-terrorist procedures and so on. These documents really should not be required. Perhaps Richard or Robert could say whether they see a reason why this is not happening. Having these additional supplementary declarations or pre-notifications is a negotiating chip, but I always thought that, if we have a deal, that might be one of the elements in it, which would remove the need for pre-notifications.

Again, just to summarise, there would not necessarily be a difference in terms of processes, but an FTA, if done well, could introduce some simplification. It could also introduce rules of origin, which is an additional document or requirement. 90% of what we are preparing for, we would be preparing for anyway.

Richard Burnett: Shall I just make some comments from the logistics perspective? We have been saying that it does not really change the outcome from where we sit at this point in time. We still have to put those processes in place in order to be able to move product. Again, the point is that it has taken us up until July this year to get the border operating model, which is something we have been talking to the Government about for the last three years.

In terms of preparing industry and getting businesses ready, we have been asking for that clarity in terms of what the end-to-end process is going to look like, both for EU-to-UK and UK-to-EU trade, so we can



actually pull the whole thing together. We have not had that clarity until now. It is not going to make any difference in terms of what we need to do between now and the end of the year.

That is a point I made on Friday. There were remarks made by the Government on the back of the press that we did on Friday that suggested that a deal would help. I do not believe it will help at all in terms of the end-to-end process we are talking about here.

Robert Hardy: I completely agree with that. We have always said that the difference between a hard Brexit and a soft Brexit is the start date. The process is the process.

I completely agree with Anna. If there were two things I really hope somebody could achieve, it would be to remove safety and security declarations and get relaxation on SPS controls. They are the blockers. Customs processes are actually the easy bit in this whole thing. Do not tell anybody because I charge for this, but the actual customs declaration is not the hardest part. It is not the bit that takes the most time. It is the export health certificate, the phytosanitary certificate, the border control posts and the safety and security declaration. Again, for Dover-Calais, I cannot do that. Right now I need access to the French system to do safety and security declaration in France, and that is a challenge.

Richard Burnett: Can I just add to that? The safety and security declaration from the EU into GB, come July next year, is incredibly detailed. We are talking about by consignment, not by load. The administrative burden to bring products in from Europe is colossal, and that is going to sit with the haulier. That is not a practical solution to this problem either.

Robert Hardy: Can I just jump in again? Richard has raised a very good point there. It is the carrier's responsibility to do the safety and security declaration. The carrier might be a trucking company from Hungary, and they suddenly now have to do a safety and security declaration in Dover. It is not the trader's responsibility at Dover-Calais or the Eurotunnel. It is not the ferry or the shuttle's responsibility. It is the carrier, the trucking company. They are not ready for that, for sure.

Q679 **Sally-Ann Hart:** How could they be ready for that?

Robert Hardy: In terms of the UK, we have relaxed it because we know they are not ready. We do not have it until July. That is just an awareness campaign. How can they be ready? They need an intermediary.

There are three elements in the movement of goods: the transporter; the freight-forwarder, who negotiates all the tricky bits; and the trader. What has happened in Europe is the freight-forwarder has disappeared. Transport is now pretty much domestic, so you have a transporter and a trader. Now we need to reintroduce the freight-forwarder, the complex



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bit. Within any movement from A to B, somebody must assume the role of the freight-forwarder. That is the trucking company, the trader or an intermediary, but somebody has to do it. Once you accept that it is a required element, that is how you build around it.

Q680 Sally-Ann Hart: It has been suggested that a UK-EU deal could include an implementation period. If this was the case, would that help with what you are saying? What border management elements would you advise the UK and EU to include? Is that the sort of thing you would ask them to include?

Robert Hardy: Yes, please. Theresa May's team had "implementation period" rather than "transition period" as the tagline. We flagged about a year ago that the word has been parked somewhere, but hopefully it will raise its head again somewhere. An implementation period would be more than welcome, just because we know what the rules are then. There is some realisation of what the rules of the game are. Right now, the only rules that we know exist are the worst rules, but still we have people who are in denial. If we cross that line and we have an absolute start date that is enshrined, we might get more engagement from the traders.

Richard Burnett: I would absolutely agree. For a long time we have been calling for an implementation period, a time we would have to implement those new systems and processes and work within them. The one thing we do not have at this stage is time, and that is the one thing we need. We need to be able to prepare businesses properly in both Europe and the UK for this change in process or change in systems. Otherwise, trade is going to be affected.

Dr Jerzewska: I just wanted to restate something I have said previously. No FTA has ever been implemented overnight. Given where we are, provided that we still have talks going on once we leave this meeting, if the process continues in the next few days, if an agreement is reached, it will likely be by October. By the time the text is drafted, the legal scrubbing has taken place, all of the other processes happen and then ratification if there is a deal, it is likely that it will be published in early December. In the middle of December, there is no one around. Then 1 January comes. If there is a deal, we absolutely need an implementation period. I would mirror that.

Q681 Sally-Ann Hart: If we do not have a deal, there might not be but there probably will be additional disruption. If there is, what would that be?

Dr Jerzewska: When you say, "disruption", do you mean in addition to what we have mentioned about chaos in Kent?

Sally-Ann Hart: Yes, I mean in Kent, on the roads, at the ports, across the border.

Dr Jerzewska: In addition to what we have already discussed, I do not want to be the one to mention the elephant in the room, but we do have



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another border to discuss. Until Sunday, we knew that this border would be fully operational on 1 January. We do not know what is going to happen then. There are a lot of unanswered questions in general.

An example I hear quite a lot from different sources is about goods coming into GB that are meant for Ireland. If they arrive in a port in GB and you want to send them to Ireland, do you do it under transit? Do you clear them in GB and then send them to Ireland? How does that work? How does that process sit with the wider legislation?

The disruption you are going to see in Kent is going to happen everywhere on a different scale and in different proportions. Another issue that has not been mentioned comes back to trader readiness. If the trader does not have the right documents, the truck does not move and so on. If the trader does not know what their responsibility is, that problem or that liability continues for years to come. It is not an issue of the first six months. Any mistake the traders make in the first six months or year they are liable for in the next several years.

One of the disruptions we have to take into account is the long-term effect of companies getting stuck with customs, companies having discussions with HMRC and HMRC not having the capacity to go back, check everyone's commodity code and go back and deal with all the complaints: "I have been fined", "That was not supposed to be happen", "My commodity code was correct", "Can you please look at that?", "Can you please give me a ruling for my product because I am getting fined at the border?" and so on.

There are going to be several levels of issues and consequences for years to come. Even once we have figured out what happens at the border, the trader readiness part is likely to continue for many years.

Robert Hardy: Can I just jump in again? I am really reiterating Richard's point here, in fairness. I am stealing his thunder on this one. Some 85% of the trucks servicing the cross-Channel market are foreign; they are not UK trucks. The initial leg is the import leg into the UK. If that is super-fast and super-slick and the export leg is like walking through treacle, there is a perpetual queue. There are no two ways about it. You either solve that by making the export leg as slick as the import leg, which is really hard to do, or you somehow slow down the imports so you have some sort of balance within that circular flow. If the in-valve is faster than the out-valve, it fills up, or they stop coming, because it costs £600 a day to park a truck up; they just stop coming. There is easier money to make. Remember that point of least resistance. Why bother going to the UK when you are not sure when you are going to get the truck back?

Richard Burnett: I can perhaps add to that and just pick up on something that we have not talked about, which is market access. That is the ability for UK hauliers to access the European market. Clearly, in terms of the deal at the moment, it is not clear where we are going to get



to. We might be able to transit through Europe, we may well be able to do point-to-point, but the EU negotiating team have said, "You cannot have grand cabotage", which is movement from one country to another, "or internal cabotage".

What the UK Government are trying to do is to negotiate some symmetry. The European hauliers that come into the UK do a lot of cabotage to get them back to the port of exit. If that is lost, it would mean a significant increase in terms of rates. If those European hauliers cannot get those rate increases, they may well say, "We are not going to come to the UK". We could start to see a rebalancing. The issue we then have is we do not have European hauliers potentially with the access rights to go and pick that volume up if we do not have a deal.

I sat on the Food Resilience Industry Forum right the way through the Covid pandemic. Every single day, we were assessing the flow of food products from Europe, because 30% of our food comes from Europe. If they are not going to deliver it because we have removed cabotage and there is this rebalancing going on in the market, then the issue is that we may not be able to go and get it. Through Covid we had to do that, because in Italy and Spain they had a significant shortage of drivers who were ill. As we go through this transition, who knows when we are going to hit the second spike? We have already made that point in terms of what Covid looks like.

We also have Christmas to get through as a nation. We are doing this preparation at the logistics industry's busiest time. The preparation for Christmas usually starts in August or September in terms of build-up. What we are now trying to do is manage all of these different things at the same time. That is also a recipe for disaster, if we do not get these things right.

Q682 Dr Whitford: Being Irish, this whole discussion reminds me of a saying. When you are asked for directions, you start with, "You do not want to start from here". That applies particularly to Anna's comments.

I would like to focus on exports. I totally get that it is a balance, but that seems to be the very critical part. Anna, you and Richard were concerned about the number and experience of customs agents and intermediaries, but it is not just customs agents. We are also going to require more vets, particularly for producing the export health certificates. Are you concerned about the number and training of these other groups of staff, particularly as over 90% of such vets are EU citizens? We do not know if they will stay; we do not know if we will be able to recruit more in the future. Is it a broader concern than just talking about customs agents?

Dr Jerzewska: Yes, there is definitely a much broader concern. I talk a lot about customs training because that is what I am familiar with. I would imagine that training as a vet requires even more time than training as a customs agent. That is definitely an issue. We probably do not hear as much about this because of this 50,000 number that is



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floating around. We do not hear as much about how the training of vets is progressing.

As far as I understand, there are massive shortages there as well. I do not necessarily know. Again, those are possibly not conversations I participate in. I do not necessarily know what the fallback position is. While I have some visibility on what the fallback position is when we do not have enough customs agents, I do not necessarily know what the Government's plan is for that particular area. We obviously have relaxations for the first three months and then some relaxations for the next three months after that in terms of SPS requirements, but they will not be on our side.

Q683 Dr Whitford: Exactly, yes. The issue is exports. What would you say is the fallback with the shortage of experienced customs agents? All three of you described that earlier.

Dr Jerzewska: I am not saying it is a good fallback, but one fallback is that it definitely becomes a seller's market, meaning that the companies that are available will be able to set their prices. It definitely becomes a fact that the companies that are available will have less time to process every single declaration. They work per declaration, meaning that there is a likelihood of errors for most customs agents or customs brokers. In general, we have errors. I am just trying to put it delicately, but errors happen, especially if the instructions provided by the trader are not sufficient and brokers find themselves doing something they are not paid for, which is providing the data on behalf of the customers and figuring out what the customer's answers or data should have been. If there is less time for declaration, there will be more errors, for which companies will be responsible.

There is a question about what happens if there is a shortage. In Ireland, we have this plan that the Government will step in and support. We are still awaiting an answer on whether the Government will step in and support if there is a shortage in that direction for GB-internal customs brokers or services. We will see about that.

Coming back to your point about the training of vets, I have no visibility. I have literally not heard anything about the fallback position here. I am not even entirely sure—perhaps Richard will have more information—whether we know which bodies will be authorised to provide certificates. I am not sure how far away we are from finding this out. We are still waiting for some information. There was quite a lot of guidance coming out two weeks ago, but this guidance is still quite high-level, so this is another area where we need additional information.

Richard Burnett: Your question just highlights that the devil is in the detail and the consequences of effectively not having these things in place. We have talked a lot about customs agents and brokers, but the knock-on effect here is into other areas. I know it has been discussed; I know it has been raised. I have not seen any solutions. I do not know



how it is going to be resolved. What it will do is delay trade again, if those certificates cannot be completed at the appropriate point in time.

Probably this conversation today again highlights, with Robert and Anna's experience, the level of complexity that we are dealing with here. You might be a business that does not understand it. We are not able to magic people up with this experience. That is something we stopped 30 or 40 years ago. How do we bring that knowledge and experience back at the pace we need it? There needs to be some sort of investment and support for business to do it.

My earlier point about the impact Covid has had on trade as a whole means that businesses are really struggling to invest in these people when there is no revenue stream that is going to kick in until next year. You cannot expect 50,000 people to be employed and just sit there waiting to be trained. It is going to take them a year to get them into the basics, but even in the three months at the back end of this year that is an enormous cost. We are expecting business to take that with such uncertainty.

The cap on state aid is still creating a big problem here in terms of businesses being able to draw down the amount of money and the numbers of people that would need to be recruited even as a starting point. It does not matter which way you look at it at this stage. There is no easy solution.

Q684 Dr Whitford: It is a worry about the focus on one group of staff or one bit of a process. Listening to all three of you, the complexity and the circular nature of this is very clear. The worry is that little bits will get picked out without looking at the rest. Robert, let me hand over to you.

Robert Hardy: We concentrate on the food business. We are part of a company that delivers into UK retail, so food is a big thing for us. A year ago, everyone was worrying about vets. It was a major concern; it was looking like it was going to take about a week to get anything out. That has calmed down quite a lot. There is now a process where you have veterinary assistants who do everything up to the wet stamp, but you still have the wet stamp. Genuinely, an export health certificate requires a wet stamp.

I do not quite see the solution to this one, but we are literally into a flying vet routine here, where an assistant or executive will get it up to a certain level and then the vet will roll in—it might be by helicopter; I do not know quite how—and stamp the documents that have been prepared so that the EU is happy with that. That is horrible, really, because that food that was fine yesterday suddenly is not fine any more.

There is a European tracking system called TRACES NT, "NT" stands for "new technology". That has gone up a notch over the past six months and it is now a much easier system to use. It is actually a very good system to use. It has full traceability on products of animal origin and



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controlled goods. I would rather see more use of that. If we can do anything, we should get into a situation where we only have exception reporting on veterinary issues rather than the reporting of absolutely everything. That is not the right terminology, but you know what I mean.

Q685 Dr Whitford: This is a real concern for me locally. I have a fishing constituency. Its main catch is langoustine, 85% of which goes to Europe. They gain nothing from leaving the common fisheries policy because it is a non-quota catch, but they suddenly now need four certificates. I cannot remember which one of you talked earlier about how this is per consignment. These are often quite small consignments of langoustine and other seafood, which are picked up by one lorry and carried as one load. Of course, their fear is that it will be turned back because someone else's consignment is not right.

Robert, you mentioned pop-ups. Barry Sheerman talked about how this problem is right across the UK. Is there not a concern that our fishermen's product could go all the way to Kent and end up turned back on this side of the border because something is not right, despite them having driven hundreds of miles to get there? That is a real fear in our industry here.

Robert Hardy: Yes, I agree with you: there is a fear that it could go that way. The good thing here is that the trader is engaging because of that fear. We are talking a lot already to Scottish salmon producers and what have you. This is slightly different, because a lot of the fish they are involved with are not marine, so there is not a requirement for a catch certificate. They know it is a complex area, so they are engaging early. Therefore, that truck is less likely to have problems. It has more process, but it is less likely to have more problems because everybody is a bit more professional about it.

Q686 Dr Whitford: What about the small individual fishing boats? These are literally a myriad of tiny businesses. Is the catching industry engaging, boat by boat, to be prepared? The salmon industry is a big industry.

Robert Hardy: Yes, quite. It is probably not engaging on that level, but it is all about the trader. There can be quite a bit of consolidation here. Again, if you are in that situation where you are exporting seafood to France, it is not okay to assume that the guy you are selling to in France is the importer. He might not have even thought that was the case at all.

Then you are into Incoterms and suddenly you are into a delivered duty paid environment, which can actually work in your favour. You suddenly have a French identity where you are selling all those goods to the French identity and then selling it on there. It is still per consignment, but now it is one big consignment. There has to be some fiscal consolidation as well as physical consolidation. That is the route to a lot of success. Otherwise, you are absolutely a truck with a box full of paperwork, with catch certificates, export declarations and import declarations. Then the truck has to go Boulogne when it arrives in France to go the seafood BCP.



Generally speaking, the transporters know this is a problem. It is a smaller, niche market, in terms of the trucking. The hauliers I know who are involved in that are very much aware of what is needed. We always say to every transport company, "Do not start a job unless you know you can finish it". Literally, do not pick up a load unless you know you can deliver it, because you are just picking up a problem.

Q687 Dr Whitford: The problem with that, of course, is that in the coastal areas and the island areas of Scotland, while inshore fishing or seafood fishing may be small overall in the UK economy, it is often quite a critical local employer. Just suddenly being told by transport companies, "It is too much hassle; we are not picking it up", would be equally devastating.

Robert Hardy: Yes, I take your point. To a large degree, the transport companies are the solution to the problem. They are not necessarily turning around and saying, "We cannot pick that up"; they are actually saying, "We have to make sure certain things are in place". We are getting more engagement in that sector than we are in any other sector. The widget producer has gone missing, but we are speaking a lot at the moment particularly to the salmon industry, because it is what it is, but seafood generally is now getting more attention.

Q688 Dr Whitford: It is seafood and agriculture products. That is the other one.

Robert Hardy: Yes. Because they know there are more controls, they are more aware of what is required. If it is just export and import, it is a bit harder.

Q689 Dr Whitford: Finally, to the point about widget producers, the Federation of Small Businesses has often described exporting to the EU as the nursery for exporting, because it was so easy. Are you concerned that companies will basically give up because of this complexity and that small companies may never start exporting in the future? Suddenly it is an enormous challenge, not a little step. This would be the last thing. What is one thing you would like the Government to do to make this easier?

Dr Jerzewska: Yes, it is absolutely a concern. It is like becoming a taxpayer in a new country. There is a massive amount of legislation and rules to become familiar with.

What could the Government do? It is all a result of the decision the Government made to focus the readiness campaign on the intermediary sector, brokers and hauliers. I am not saying that was not correct—it was definitely needed—but they have not focused as much, perhaps, on business readiness and trader readiness.

Once the change takes place, unfortunately the way it will become visible is by some headlines and some examples of cases where it has gone horribly wrong. Once it becomes obvious to companies why it is important, there will be more engagement. Hopefully, from the Government's perspective, the notices will start getting clearer, better



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and more transparent. There is help available out there, but it is just about getting the information out.

Dr Whitford: Yours is about communication.

Dr Jerzewska: Yes.

Richard Burnett: I believe it is going to be more challenging for those smaller businesses. It is going to be an uphill struggle. If you look at the document that was released in July this year by the EU, which was encouraging European businesses to go and buy their widgets from local businesses so that they were not having to deal with all of the infrastructure we are talking about now, with the challenges and the processes, that, equally, is going to put in some challenging blockages in the ability for some of the smaller UK businesses to continue to trade.

Robert Hardy: The nursery idea is a good idea. It is a good concept: you learn how to do it in a smaller market. The problem is they never left the smaller market because it was so easy that they just continued to grow their businesses in Europe and never looked outside of that. If you layer in some form of complexity, it could actually be a good thing, because it now applies everywhere. My first driving lesson was horrendous, but now I do not even look at the car. It is that.

Once you have done the first few extra declarations, if you are a widget producer, you suddenly think, "We could look at America now. We could look at China. We could do this; we could do that". The nursery is fine, but it actually was a bit too easy. It meant that they did not go anywhere else.

Q690 **Dr Whitford:** What is the one thing you would want Government to do now to start this?

Robert Hardy: It is back to education, really. There has to be support from people like us. You cannot do the conga on your own; you need people like us involved.

Chair: That is the first time the conga has been mentioned in the course of these deliberations.

Q691 **Dr Huq:** Thank you to our three witnesses. I want to ask about Government communications. We know there will be unparalleled red tape for businesses and extra hassle. Their cash flows have already come under pressure. It is going to touch driving licences, health insurance and passports. In the light of all that, what do you make of the Government's "Check, Change, Go" campaign? How has that been received? Is it adequate? Richard Burnett, you were hinting at this in your opening remarks.

Richard Burnett: My sense at the moment is that that campaign is not driving people to urgently look at the processes they need to pick up. As I talk to a lot of the industry and also to many traders, that is not getting the focus or the support.



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The big thing we have also talked about on the call this morning is the EU and the communication with the EU. We need to ensure the EU are ready to be able to trade with us. That is slow in coming. In terms of the programmes of communication, I go back to the roundtable yesterday. We were saying that the first round of communication with traders and hauliers is going to be in October. The clock is ticking in terms of businesses really being able to prepare and understanding what is going on.

The customs brokers I am talking to are saying that there is certainly a sense of denial at the moment. They are certainly feeling this confusion in the market where people do not feel that things are really going to happen because of so many false starts. This may well lead to a significant rush later in the year in terms of businesses trying to find brokers and agents to be able to support their business. This communication campaign is really not working at this stage.

Q692 **Dr Huq:** Anna, Jerzewska, is "Check, Change, Go" doing it for you?

Dr Jerzewska: I have two points. The first is something I raised earlier: we are not explaining enough in terms of what the responsibility is. If you look at the border operating model or notices, it tells the client, the trader, "In the first six months, you just need to keep records". What records do you keep? How do you keep them? Do you only keep them for six months? That is what it sounds like right now. In reality, you need to keep them for several years. That is just an example of how it is not properly explained.

In terms of the campaign itself, I have been looking at HMRC's customs guidance for a number of years, way before the referendum. We used to have very good guidance available on HMRC's website. It was very complete; it was very helpful. There were some errors, but it was at a very high level. If you compare the guidance we have now with the guidance we had before the referendum in terms of what is in there for any procedure or any issue, you can see that the guidance is rushed and very high-level, even if you compare it to the guidance that is available on the same topic from the EU.

Obviously, the EU has also issued readiness notices to its businesses. The notices they have and the notices we have do not necessarily compare. It is a question of time. I am pretty sure it is a question of time. I know our guidance can be much better, and I hope it will get better very soon. If you look at the moment, all it says is, "Get yourself a broker; check the information". As I said, that is not enough for traders to know what they need to do.

Q693 **Dr Huq:** Robert, you are Mr Positive. Can you see something in this?

Robert Hardy: No. Until you said "Check, Change, Go", I did not realise what the campaign was, to be fair. I am not seeing enough fear in the



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market. We need a bit more fear, so that the traders start to engage a little bit more, going back to Richard's point.

A couple of years ago, I remember being asked on a Sky TV thing, "What does the Brexit plan look like?" and I said, "It is the seven stages of grief, and there are a lot of people still in the denial phase". There is quite a lot of that going on still. People are either denying that this is likely to happen or they feel that, if they do something about it, they are helping it happen and therefore they are doing nothing. I was expecting a kind of "shock and awe" campaign. I was expecting them to say, "This is what is going to happen", but I have not really seen that so far.

- Q694 **Dr Huq:** In part, we do not know. People have been told to get ready for no deal several times. There are a lot of question marks. It sounds a bit like "rock, paper, scissors" or "Ready Steady Go!", the 1960s pop music show. However, this one is meant to come with some online tools. There is a checker for every business to use, and there is one-off personal support that comes with it. Do any of the three of you know whether that is working or has been taken up? To me it looks like the worst Government slogan ever, but the other backup stuff might be going with it. Do we know what the response has been?

Robert Hardy: I have not got any response on it at all from anybody. Most people are calling us and asking for help. I go back to those two how-to documents. They were very good, but they did not get enough coverage. They slipped under the radar with the border operating model. They were attached to an email or something. It said, "You might also want to read these", when actually it should have been, "You only want to read these".

They were good documents, but again it is all down to, "This is complicated, guys; go and see an intermediary". The poor intermediaries in the background are going, "Thank you, but we are absolutely inundated with enquiries now". The stronger the campaign, the more enquiries we get. We like the enquiries, but we can only deal with so many of them. There are 145,000 traders or what-have-you. The latest assessment is that 60% of them are not ready, which I think is quite generous—generous in terms of 40% being ready.

- Q695 **Dr Huq:** Do we know whether the haulers or other customs and trade people are using those online tools and stuff that come with it?

Robert Hardy: I do not know that they are particularly, no.

- Q696 **Dr Huq:** Richard and Anna, have you had any soundings on this?

Dr Jerzewska: To say something positive for a change, there are these two tools, one for exporting and one for importing. They did not get enough press. I certainly did not know about them until I was checking for up-to-date guidance. They are supposed to be, and they are, a version of what we used to have with old tariffs, where we could find a



commodity code and check what rules apply when you import into the UK.

Going forward, unfortunately, the data for now is the current data, so this data will need to be updated on 1 January, and there will be a market access tool whereby an exporter from the UK can put in the country it wants to export to, the product it wants to export and will see a number of not only tariffs but also non-tariff barriers that they need to comply with.

These are very helpful. They are not ready yet; there are still some issues with them. They do not get enough press. I also do not know whether, without additional training, companies will be able to use them. They are a good starting point; they just did not get enough press.

Q697 Dr Huq: £46 million was spent on “Get Ready for Brexit” exactly a year ago for the 31 October deadline. The NAO rapped them on the knuckles, because it was seen as a political slogan to excite people. They found that a very high percentage of people did see it, because it was on every newspaper wrap-around and on billboards. From the three of you, it sounds like no one has ever heard of this new one, “Check, Change, Go”.

Robert Hardy: I have never heard of it.

Richard Burnett: It is not getting through to businesses. Going back to the point Robert made earlier, there are 145,000 businesses—possibly as many as 200,000—that trade with the EU at some point in time. Government are writing to 12,500 of those businesses, because they believe that they are the biggest volume within that number. There is still a very high proportion of businesses that are not being written to that need to get themselves prepared and ready. Even of those that are being written to, are they going to respond quickly enough to the guidance and support the Government are going to offer? That is going to happen in October. Again, the clock is ticking. We are running out of time.

Dr Huq: Not everything can be reduced to three words. As I say, this one is the worst one yet. At least “Take Back Control” had some kind of meaning behind it, but this is very mysterious to me.

Q698 Mr Sheerman: Every time we have this brilliant group of witnesses, I am the tail-end Charlie. Some of the best questions have been stolen, but I do have a couple. I have again been really impressed by the quality of information from the witnesses. I was a bit grumpy earlier, because I did check with Make UK and 22% of exports to Europe go through Dover. I was slightly worried about the spread of expertise around all the ports, so excuse me for being a little bit grumpy earlier.

I represent a part of the world that is the wealth-creating part of the world. We make things and we export them. That great wealth is created by small and medium-sized enterprises. A very large number of them, over the years, have exported all over the world, but of course Europe is a very important market. The impression I get again from the evidence



we have heard today is that it is going to be okay if you are a big company or a big trader. You are going to be able to pick up the phone and say to Anna or the top experts, "How do we do this? What is the fastest way and how do we prevent this happening?" Do our witnesses think that there are sufficient levels of information for those small and medium businesses that are the backbone of our exporting?

Richard Burnett: No, I do not think there are at this stage. This goes back to the primary things that we talked about at the beginning of the session today. Those are the businesses that will suffer here if they cannot get the expertise and support from intermediaries that can help that process. To be absolutely frank, some of the big businesses are also struggling. They may well have gone through a process of identifying and understanding the level of master data that they need to draw down to prepare themselves and get ready. I know of a lot of larger businesses that are looking for customs experts to employ within their own businesses. We have a very limited pool of expertise with which to support even those big businesses. There are equal challenges to both bigger and smaller businesses at this stage. The SMEs will struggle if we cannot find sufficient numbers of intermediaries to provide the level of detail that both Anna and Robert have talked about today.

Q699 **Barry Sheerman:** The last time you gave evidence, you were passionate about the need to expand the number of people and to train them up, with all the schemes to do that. Why has that not been sufficient?

Dr Jerzewska: I do not necessarily know this. If you are a business, you have two ways of dealing with customs. One is to have external help, such as a consultant, or to pay your intermediary, your customs broker, to advise you and help you with that. The other, which is not necessarily mutually exclusive—bigger companies especially prefer to do both—is to hire someone internally. The problem for smaller companies is the lack of these people. We have known this was going to happen since 2016. We never had enough customs people in the UK, even before the referendum. I have shared before that, when I started working in customs, before 2016, I was told that I would never have an issue finding a job in the UK because there are more jobs than there are people who can do them. The issue on both sides for a smaller-sized company, whether for internal or external help, is the investment required. For larger companies, the simplification here is that they have funds to make this investment.

I would also very much echo what Richard said: one thing that saves smaller companies—"saves" is perhaps too strong a word—is the lack of complexity. I once worked with a multinational company for nine months. During this nine months, we were trying to establish its trade lanes in and out of the UK. Because of the complexity of that company, its IT systems and the internal dynamics, it took over nine months. For smaller companies with fewer products and less complexity, that can potentially be easier to deal with, but they require help. Again, that is a question of communication and of putting them in touch with the right people. I do



not necessarily believe it is the case that there is no help out there. The Chambers of Commerce is available, which is a massive network with fantastic experience. I do not necessarily feel that all small businesses know where to go when they need help, other than to hire a very expensive consultant, which is not something that small businesses should be doing. More help for small businesses will need to come at some point. Again, at the moment we are focusing on the very immediate problem of how to get the customs declarations through and how to get enough people to do the paperwork. That does not mean that there are not further challenges ahead.

Q700 Barry Sheerman: Robert, you started by saying that you are a glass-half-full man and then proceeded through most of your evidence to convince me that disaster is imminent. What is your view in terms of what we can do at this stage to help these people? Please do not mention widgets because we are sensitive about widgets in Huddersfield. We make highly complex items that go on the Mars probe. We make gearboxes for all the ships of war. We do really clever stuff and export it all over the world. What can we do? A lot of small and medium-sized businesses make the components. Is there an emergency thing we can do before we are into all of this on 1 January?

Robert Hardy: I am not undervaluing widgets. I am very near Sheffield's advanced engineering centre here as well, so I get it, honestly. There is some very good training out there from a number of different providers. That can be funded by the HMRC intermediary grant, provided you are employed by an intermediary. We missed a trick there. A lot of people who are, for example, on furlough or essentially are now losing their jobs could have been trained to have at least some level of customs awareness. On one side, we are looking for 50,000 people. On the other side, we have 50,000 people sitting at home. You think, "Hang on a minute; there is a join here". We kept trying to push HMRC into allowing those grants on an individual basis so people could use that time. A good training course will cost around £1,500. That is one area.

The other area is the logistics industry. In the first run-up to the no-deal cliff edge, the trader was empowered to help themselves. They introduced Transitional Simplified Procedures. You could do your own exports on the Government Gateway. What I like about this approach is that we are empowering the logistics operator, who is absolutely key to this. However good the products are that are being made, however good the export contract is, nothing moves unless you move it. That is the absolute key to this. It is the truck that is going to the border, and it is the logistics industry that is very good at solving complex issues. Help it, empower it and the business will grow on the back of that. The logistics industry is the key to this.

Q701 Barry Sheerman: Have you, as witnesses, found this a useful process—giving evidence to a Select Committee and having an opportunity to express your concerns? Have all three of you found the process useful?



Robert Hardy: I have done only three or four of these, and, yes, absolutely, I have found it very useful. I have learnt some things.

Q702 **Barry Sheerman:** Ironically, this Committee will be wound up imminently as we get to the end of the year, just at a time when a great deal of the turmoil and challenges hit us. I mention that in passing. Have the other two witnesses found this a useful experience?

Richard Burnett: It has been incredibly useful to share our knowledge, impart our views and make the point that what we are talking about today is not sabre-rattling; it is about reality and sharing with you what we see as experts within our field. My hope for what comes out of this is that we try to get some traction on the back of this and focus from Government to understand the scale of the challenge and the detail that needs to be addressed. Equally, thank you for your questions that hopefully tease out that detail; it is invaluable.

Q703 **Barry Sheerman:** Anna, you are a seasoned performer on these things now.

Dr Jerzewska: That is probably one of the most unexpected questions so far on any Committee. I have found it an incredibly useful process from my perspective to think about these challenges. I am very glad that these Committees exist and that MPs take time to ask questions to try to find things out. That is really valuable. We would not be where we are in the debate without that. It is incredible that MPs spend time doing this.

Q704 **Barry Sheerman:** We have had a positive response from all three of you. What would you want us to say to Michael Gove and David Frost, now Lord Frost? What message would you give to those two powerful gentlemen at this moment? What succinct message can you give us to pass on to those two gentlemen?

Dr Jerzewska: That is an easy question with no pressure whatsoever. I have two quick points. First, there is knowledge and expertise within the Departments, Westminster and the wider ecosystem. I am not necessarily sure—someone mentioned this earlier—that the communication gets where it needs to go. The message would be to listen to people around you and then to listen to the industry, who are not trying to make things difficult. They want to make money, whatever their business is. If they raise concerns, it is because they are concerned, not because they are politically opposing your direction. Work with the industry.

Q705 **Barry Sheerman:** That is very useful. Could Richard and Robert give me what they would like us to say to those two gentlemen?

Richard Burnett: I echo what Anna said. The devil is in the detail. Government really need to understand the detail and to listen to the industry, which is trying to tell them that there are significant blockages here. We need to unblock the blockages in order to make progress, and we need to find solutions to these issues. Getting more customs agents on board is a critical part of solving this problem. The speed at which we



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address that problem is fundamental to ensuring that we transition in as smooth a way as possible. Unblocking state aid and making sure that there is direct support there will definitely go some way to resolving some of these problems.

Q706 Barry Sheerman: Richard, earlier you said something rather worrying. Do you really think that food supplies and agricultural imports are safe? You seemed to worry about that as a road haulier particularly. Will my constituents get the food they are used to?

Richard Burnett: It depends on the deal. When I say "the deal", I mean market access. The point I am making about food supply is more about European food hauliers still continuing to want to come to the UK and provide that support and service. Market access becomes a very important part, not just for the UK but for the EU. The balance in terms of cabotage that is done in the UK is way in favour of the EU. The EU need to wake up to that reality. If it does not, and hauliers cannot afford to come, we have a problem. We will not be able to go and get it if we do not have the right market access rights.

As I have said, every day through Covid we tracked the supply of food from Europe. There were times when we had to send British trucks to Europe to pick up volume to make sure that we did not run out. We did not, and that supply was good. We will see a change come January. If we have to deal with that in a different way, that is absolutely a challenge.

Q707 Barry Sheerman: Thank God for the RHA. Lastly, to Robert, what should we say to Michael Gove and Lord Frost?

Robert Hardy: In terms of these opportunities, these formats have to continue. It would be rare for me to be in an environment with Richard and Anna, simply because we are all off doing our own thing. We are all busy doing our own thing. It is only when you get the call from the House of Commons saying, "Would you like to give evidence to the House of Commons?" that you drop what you are doing and you do this. This is important. This gets a wider audience and a collection of experts, not just on this panel but all of the ones I have seen before, that you would struggle to get in a room otherwise, in terms of getting those people who have views on various aspects of the marketplace that are all very relevant. This type of thing has to carry on. The invoice is in the post. I am kidding.

Q708 Chair: I have a couple of quick questions, one specifically to Robert. You mentioned you do a lot of work with food companies. There was a story last week that food exporters are worried because they do not know what food labelling will be required in order to have their goods accepted in the rest of the EU. Is this something that you are aware of?

Robert Hardy: This one keeps going backwards and forwards. You need an EU address to sell food in the EU. Equally, you need a UK address to sell food in the UK. The difficulty is whose address it is. There is talk about it being the importer, the distributor or someone else. Basically,



you need an address of somebody who is responsible, a little like you would have with a fiscal representative for VAT, or something like that. You must have an address in the EU, and that must be of a responsible party who can handle any complaints related to that product.

Q709 **Chair:** Will they need new labels?

Robert Hardy: Yes and no. If you go to the supermarket now, they may already have those labels. If you pick up a jar of anything at the moment, you will often see a UK label and an EU label on the same thing, because they were aware of this. If the worst comes to the worst, they might need a sticker on it. That goes back to the logistics industry, which is good at that kind of thing. It does not necessarily need a completely new label; it might just need a sticker with an address on it.

Q710 **Chair:** Finally, I want to turn to the Northern Ireland protocol, which has been much debated over the last few days. Dealing first of all with goods moving from Great Britain to Northern Ireland, are you clear what kind of forms and declarations will be required from 1 January for those goods to move? I asked Brandon Lewis yesterday if they will include export declarations, entry summary declarations and import declarations. His answer was, "We are still trying to negotiate that in the Joint Committee". Does that mean that at the moment those who are moving stuff do not know what paperwork will need to be filled in?

Robert Hardy: My understanding of it is that there is not an export from GB to NI, because there is not an export, but because we are moving into the EU customs zone, or customs code zone, and will therefore have to work under the Union Customs Code, there is the requirement for an entry summary declaration and some form of import declaration. Again, that could be a monthly declaration if it is done on simplified procedures. If not, it is a frontier declaration. That is my understanding of it.

More worrying are the SPS controls. At the moment, a truck full of products going to Marks & Spencer in Northern Ireland, just to use a name with which you are all familiar, could have more than 150 health certificates on it. That is dangerous. Right now, we have a fairly good understanding. We are waiting to know what is at risk. That is to be defined by the Joint Committee, which I am not hearing much about, to be fair.

Q711 **Chair:** That is true. On that basis, Robert, would you say that goods moving from Northern Ireland to GB would require an export declaration, for example?

Robert Hardy: No. There will be no export declaration on that either. According to the EU they require an exit summary declaration, which is for an exit. The UK's position on that is that it does not think that is required. I think this will appear in the Bill later on. The Northern Ireland operating model that followed, which is a much thinner document than the border operating model, made it very clear that we have no intention of doing an EXS—an exit summary declaration—from NI to GB.



Q712 **Chair:** Is that something that is complex to do?

Robert Hardy: It is not particularly, but it is not unfettered. It produces a line of "fet", if there is such a thing. It produces a bit of friction that was not there before. The UK has said, "We think it is unnecessary". The Union Customs Code says it is required, so the EU is saying, "We need it". The UK is saying, "We do not want to provide it". What is the position? I think that will appear in the Bill. I do not know, but that is what I have heard.

Q713 **Chair:** Those are the indications that have been given. What would your message be to the Joint Committee? Under the withdrawal agreement, sorting all of these things out is a matter not for the future relationship negotiations; it is a matter for the Joint Committee under the terms of the treaty that had been signed. Presumably, it needs to get on with providing clarity so that everybody knows what will be required from 1 January and where checks will be done.

Robert Hardy: It has been a bit conspicuous by its absence. The first meetings took place and we thought, "This is good". Everyone shook hands. We saw the whites of everyone's eyes and off we went. Honestly, I have not heard anything since. A lot of traders who I speak to in Northern Ireland are saying the same thing. There is this "at risk" category of products that may go south of the border. We do not know whether it is 2%, 10% or 90% of the products that are deemed to be at risk, because this is yet to be defined by the Joint Committee. When is that happening? We do not honestly know.

Dr Jerzewska: I have been following this very closely, because the Irish Sea border is such a different border. Over the summer the Joint Committee got to the point where it realised, as we have known since the withdrawal agreement was published, that determining the "at risk" category and a couple of other technical bits will be quite challenging. It said it was going to postpone until autumn, which is now. Hopefully this will start very shortly. Perhaps it might be complicated by the newly arising political circumstances and situation around it. That obviously will again not give enough time.

When it comes to the issue that Robert mentioned of exit and entry summary declarations, this is what I was saying earlier: that one way to solve this requirement and to avoid us having to provide exit summary declarations required under the EU customs legislation from NI to GB, as well as the other way round, would be to agree not to have them altogether.

Again, I will just make the point that these pre-notification summary declarations have nothing to do with customs. They do not have anything to do with product regulation. It is a completely different category of documents. There is absolutely no reason that we cannot agree not to have them. Obviously, that requires some sort of political will and



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goodwill from both sides. We will see how that goes in the next few days. Technically there is no reason, so that would be easily avoidable.

Chair: That is really helpful. That brings this morning's proceedings to a close. On behalf of the Committee, can I say to our three witnesses that it has been a really good session? We found it useful. I am glad to hear from your consumer feedback that you have found appearing before the Select Committee helpful. We are very grateful to you for giving up your time. Good luck with the work that you are all engaged in.