



Select Committee on the European Union

Internal Market Sub-Committee

Corrected oral evidence: Future UK-EU transport arrangements

Wednesday 13 March 2019

2.55 pm

Watch the meeting

Members present: Lord Whitty (Chairman); Lord Aberdare; Baroness Donaghy; Lord German; Lord Lansley; Lord Liddle; Baroness McGregor-Smith; Baroness Noakes; Baroness Randerson; Lord Robathan; Lord Russell of Liverpool; Lord Wigley.

Evidence Session No. 8

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Questions 69 - 84

Witnesses

I: Dr Jesse Norman MP, Minister of State for Transport, Department for Transport; Mr Ben Rimmington, Director, Road Safety, Standards and Services, Department for Transport; Mr Martin Jones, Deputy Director, EU Division, Department for Transport.

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Examination of witnesses

Dr Jesse Norman MP, Mr Ben Rimmington and Mr Martin Jones.

Q69 **The Chairman:** Welcome, everyone. It is very good of you to come along in these turbulent times.

Dr Jesse Norman MP: It is a blessed relief.

The Chairman: We will try to take that away from you. You will know from the fact that your Secretary of State attended an earlier meeting of this Committee that we originally intended to produce a report on future transport arrangements under a future trade agreement. We still hope to return to that issue and may well do so.

But in view of recent events, the likelihood of a no-deal situation seems to us to have increased, so most of the questioning today, as you will see, will be about the possibility of a no-deal situation arising and therefore what needs to be done if there is no transition period and we are in effect out of the EU in a fortnight.

Our inquiry is therefore focused on much more immediate matters. While we have received some assurances from the Secretary of State, he also said that a lot of these things are still under discussion interdepartmentally. Meanwhile, the concern of large chunks of industry about what will happen for example at Dover on 30 March and beyond has increased.

Could you perhaps update us as to where we are, in terms of the European Commission's view of the short-term position and UK government preparations for a no-deal scenario, and how that will impact at our ports in particular?

Dr Jesse Norman MP: Of course. I thank you and your Committee for having us in. I am sorry to be such a junior understudy for the Secretary of State, given the rich diet that you have enjoyed already, but we will try to give you satisfaction in the ways you seek. When I was a Select Committee Chair I never used to allow statements from my witnesses, but would you allow me to say a couple of words?

The Chairman: I am much more generous than you, as long as your statement is reasonably short.

Dr Jesse Norman MP: It will be, and I am very grateful to you. Obviously the Secretary of State appeared before this Committee on 14 November. I am sure we will cover a whole range of developments that have taken place since then across a whole range of different modes—road, aviation, rail and the like—in the course of the questioning.

I will make a couple of prefatory comments. First, in my particular brief we have made a lot of progress on the issue of roads, focusing on the reliance of the south-east. You will be aware from one or two things in the press that we have also made some progress on the ferry side in letting contracts for the supply of essential goods, notably medicines. I

think you will be aware that the EU is passing four major contingency measures, and I am delighted to tell the Committee that they are passing this afternoon. Or have they passed?

Mr Ben Rimmington: Three out of four have passed.

Dr Jesse Norman MP: So we are three-quarters of the way further ahead, from the EU perspective, than we were a few hours ago. I think they will be formally adopted over the next few days or next week.

The roads measure in particular will mean that there will be no need for ECMT permits in 2019. That does not mean that it is not an important issue, and we will talk about that in detail, but that there is enough liberalisation in the system already not to have to go to that additional contingency. As you will be aware, we have secured more ECMT permits, which gives us a small degree of additional flexibility. Post offices are issuing international driving permits, and we are making progress on the rail side.

There are two small things that I will drop into the picture, if I may. I am sure you will have been briefed by clerks already, but Operation Stack, which was the antecedent set of arrangements for the south-east to Operation Brock, has in fact been triggered today—for reasons that were unexpected to all but the weather forecasters—because of very high winds in the channel that have diminished the number of sailings.

It has not come as a surprise to Kent MPs or to local media, but I thought it was important for you to know. It reinforces something that I think is quite important: the point of what we are trying to do is not at all related merely to Brexit; it is to do with resilience in the system overall, and we see it in play now. That role would have been played by Brock but it is not quite finished yet, otherwise it would have been in place.

The other thing that you should be aware of is that there is some continued disruption due to French industrial action in the tunnel. Again, we have seen that problem regularly before and we have been trying to mitigate it through this work.

Should we focus in the first instance on Brock specifically and on the south-east?

The Chairman: That and related matters would be useful, yes.

Dr Jesse Norman MP: You will be aware that this is a long-standing problem. There was a severe set of delays in 2015 and very severe impacts on the local road network as a result of blockages on the M20. I think it is fair to say that there was a reasonably severe issue with the welfare of drivers and passengers caught in the blockages, as well as the impact on other villages and towns around.

So we have been working pretty hard alongside Highways England on contingency plans. They have taken the form of what we call Operation Brock. It is in different phases, but the key to it is to keep the M20

flowing. You will appreciate that the M20 is the principal artery in western Kent and is therefore very important. The coast-bound carriageway—that is, the north side as you look at it—will very shortly, in a matter of a few days, be ready for putting lorries in in a phased deployment, and then there will be dual-carriageway traffic on the other side in both directions. The idea is to increase resilience, avoid the need to close the motorway and increase flow in both directions at times of disruption.

It is important to note that there are two other phases. One concerns Manston Airport. We have seen quite a lot of press about this recently and it is worth just touching on it. Ben can update us on the detail if necessary and give you specific numbers in each case. Manston Airport creates quite a lot of space. We have put a special development order in place and done a lot of work on that. That involves putting services in place so that if trucks are paused there they can be properly supported with electricity, water and access to food and drink. We do not want people wandering off the airport site, as you might imagine.

Then there is a final contingency, the M26, the road that links across. Again, we are extremely reluctant to intervene there if we can avoid it, but we have just tried to build in a lot of additional contingency. The total space is of the order of 12,500 trucks. We have had an increase in Manston. It can fill up pretty quickly, but it gives us a degree of contingency that has certainly been unknown in the south-east hitherto.

The Chairman: If the objective is to maintain the present flow of lorries on and off by use of these measures, does it have no time cost if it is working properly?

Dr Jesse Norman MP: It has a time cost in that it is not as fast as driving directly to Dover, but it allows for a phased deployment and a much safer deployment than if roads and byways are choked with traffic. We are trying to avoid that through other signage.

As you can imagine, a great deal of close co-ordination work is required between members of the Kent Resilience Forum, which is the lead agency locally on this, Highways England and the police. They do not always have the same powers; they have to work closely with one another to be able to direct traffic in the ways that we want.

Q70 **The Chairman:** We note that, and clearly a lot of effort has been put in to ensuring that we maintain reasonably rapid movement. I infer from that that it may take longer for a lorry to get from the depot into Dover, but the aim is not to diminish the speed and flow with which they move on and off ships.

Dr Jesse Norman MP: That is right. There is a period when the sump fills up, after which the flow continues. Ben, do you want to pick up on that?

Mr Ben Rimmington: Thank you, Minister. The objective is to provide holding capacity for lorries that require to be held because the overall rate of flow across the short straits has been diminished. The objective is

to have a holding capacity from which we can supply as many HGVs as either Eurotunnel or Dover can take to meet the available flow capacity across the short straits, so as to have maximum efficiency in the system. The overall holding capacity matches our assessment of the worst reasonable case scenario on the basis of the modelling that we have done. That is the overall objective.

The Chairman: You have talked about that flow and what the EU is doing to allow traffic, at least for a few months, to operate with the existing licence and permit system. I am not sure what the implication of today's announcements about tariffs is, because I presume that for traffic coming the other way there will be a customs check that does not currently exist at least for some goods, and the same in Calais on the EU side.

So while the direct responsibilities of the Department for Transport may be addressed by having these holding areas and keeping the flow going, there are actually more barriers once customs start intervening.

Dr Jesse Norman MP: Yes. On these rather fiddly questions of departmental interaction, I am going to allow Ben or Martin to come in, because with the news that we have had today it is a fast-moving question.

Mr Ben Rimmington: We obviously do not have responsibility for questions of tariffs or border controls generally; our responsibility is to design arrangements to cope with disruption at the border whatever the cause of that may be. Colleagues in the Border Delivery Group, HMRC and other places have been designing various processes as regards incoming traffic from the continent, with certain easements for ro-ro traffic in particular that have been announced in a series of announcements over recent months.

The question of outgoing flow of traffic at the short straits is within the control primarily of the French authorities. There have been various statements from different members of the French Administration regarding their desire to see smooth flow, particularly at Calais, and they have made various infrastructure improvements to make it possible to have smooth flow there.

It is still dependent, they say, on the necessary pre-notification of customs requirements having been met, so there is a challenge for exporters to be trader-ready in time for those new arrangements. It is still within the gift of the French authorities to maintain flow at the level they choose, but we are designing a set of arrangements that can cope with any disruption to that rate of flow.

Dr Jesse Norman MP: Yes, it is the level that the unions decide they can maintain it at.

On the tariffs, we are still trying to get our head around the implications of this, and I had no sight of the decision which the Government

announced today, but the tariffs will be zero for a large number of goods. As you will appreciate, our approach has been focused on outflow from this country. We have been extremely welcoming towards inflow. We are working closely with customs on smoothing that passage out of the country to make it as easy and rapid as possible. We have set up joint arrangements with customs, for example at Manston and elsewhere—I think in due course on the M20—so that we will be able to do some of that pre-clearance as efficiently as possible in a very joined-up way.

The Chairman: We have focused on Dover, but clearly other ports are available on the east coast and in particular on the other side of the country.

Q71 **Lord Wigley:** I appreciate why the primary focus has to be on Dover, but quite clearly other major ports such as Holyhead will be implicated. What engagement have you had with the devolved Administrations on preparations around ports such as Holyhead? With the temporary tariff announcement today, we are seeing a lot of the things that will be liable—quotas on beef, lamb, pork et cetera. That could have quite a serious effect on Holyhead.

There will not be a similar impact between the south and north of Ireland, where apparently there will be a period of no checks. Does this not also distort the likely direction in which the traffic goes?

Dr Jesse Norman MP: I do not know the answer to that question. Let me comment more generally. As you might imagine, we work closely with the devolved Administrations on this. In Wales's case, the Welsh Administration are in charge of that facility. We have done a lot of traffic modelling on the impacts of that. I am not sure what effect today's announcement will have.

Mr Ben Rimmington: We hope that today's announcement is still consistent with the modelling assumptions that we have been making, because the assumptions on traffic flow have been about how long an HGV in particular might be delayed at a checking point. We made worst-case scenario assumptions of up to 10 minutes, which we think is consistent with compliance with customs procedures regardless of the tariff rate. Regardless of tariff questions, the procedure still needs to be completed. That is the broader question.

Lord Wigley: If tariffs are to be put on—we hope there would be no tariff barrier there—given the need for checks in particular and the volume of agricultural produce coming from Ireland to the UK via Holyhead, is it not bound to have a negative effect?

Dr Jesse Norman MP: Is this on inflow?

Lord Wigley: Yes.

Dr Jesse Norman MP: Just to be clear, your worry is that if we impose, for example, a 55% or 60% tariff on imported lamb, there would be a block on that at Holyhead?

Lord Wigley: Or on beef, pork or dairy milk.

Dr Jesse Norman MP: Obviously, by parity of reasoning, it could apply to any other product.

Mr Ben Rimmington: I think my previous answer applies—I should underline that this is not my particular area of expertise. The easements that HMRC and the Border Delivery Group have announced are related to the customs processes. There is one in particular for ro-ro traffic that would apply between the Republic of Ireland and Holyhead, just as it would between Calais and Dover, which enables the completion of the customs procedure, including the payment of any tariff, to take place up to three days after the movement has completed, so the full customs declaration and payment is done. The delay at the border is reduced because the process can be done in due course.

Dr Jesse Norman MP: The easement for incoming is that you do not have to get stuck at the border having an argument about things; you can fill in the customs form afterwards. That carries its own items of interest, but it is the position that the Government has taken.

Q72 **Lord Lansley:** Capacity across the short straits—that is, Dover to Calais, Folkestone to Calais and Dunkirk—can be eased to some extent by additional capacity elsewhere. Can you update us? When Chris was here, he talked briefly about Ramsgate having ambitions in this respect. You have the contracts for additional shipping freight capacity for the Government's purposes, but what is the update on the overall capacity from other ports, both on the continent and here?

Dr Jesse Norman MP: I know you have been doing a lot of work on that issue. I have been working on the impacts the other way regarding not just Holyhead but the Humber ports and Portsmouth.

Mr Ben Rimmington: The additional capacity which the Government have procured is essentially consistent with around 6% of the flow across the Dover Straits.

Dr Jesse Norman MP: That is the ferry capacity?

Mr Ben Rimmington: Yes, on a number of routes away from the short straits—to be operated by Brittany Ferries and DFDS. That is consistent with our assessment of the volume of produce that, for imports, would count as a category 1 priority good, which relates particularly to the health service. That is the balance that has been struck there.

In places, that will pose additional burdens of traffic on other ports, which is what some of the discussions with other local resilience fora have focused on. With regard to Portsmouth in particular, there have been questions about the overall amount of flow, which would be much higher than it has been recently.

So close work has been going on, particularly with Portsmouth and with Humber, because a fair bit of additional unaccompanied trailer traffic

from places such as Immingham would be provided under the Government's additional capacity.

Lord Lansley: And the capacity which the Government has contracted for will be available, if necessary, literally from the end of this month.

Dr Jesse Norman MP: Very much so. As you know, it is dedicated to particularly needed and important items. That is the point; it is essentially a dedicated channel.

Lord Lansley: What can you tell us about ports on the continent and their ability to process additional capacity—not just what the Government have contracted for but in effect as a potentially medium-term diversion? If we were in the worst-case scenario and there were 10-minute delays, that would build up and people would look for alternative routes. How many of those routes would actually have capacity on them?

Dr Jesse Norman MP: What has been quite striking—I do not see the full detail of it, but this is my impression—is that there has been a distinct rise in the level of activity from the other side, depending on different ports. In Rotterdam, for example, there has been a significant increase in the recruitment of customs officials and checkers of various kinds. I think Ben has already mentioned the short straits, where there has been significant improvement on the French side.

If I may offer a slightly political comment, hitherto—one can judge the politics of this in the future—the concern about no deal has encouraged people potentially to move forward more quickly with some of their plans, not just at the macro level but in some cases at particular ports.

Lord Lansley: Encouragingly, on the face of it, some of the response from the Port of Calais about what its ambitions might be appears to be motivated by precisely that risk of diversion, not just medium-term but long-term, to other ports.

Dr Jesse Norman MP: I think that is right. There has been a lot of constructive support, not just centrally but locally.

Mr Ben Rimmington: The Port of Calais has been doing a lot of work. As we understand it, it has been expanding its border inspection posts and establishing new ones for certain sanitary and phytosanitary checks. It has additional lorry-holding capacity, to the extent that it needs it, both in Calais and in Coquelles for Eurotunnel. It has a new system that it has put in place with green and orange lanes, depending on the readiness of the trucks that come through. So it has given this a lot of thought. The port has been very keen to emphasise its Brexit-readiness throughout.

Dr Jesse Norman MP: I do not want to cut you out, Martin, if you want to say anything. Martin is our EU legal expert and Ben is our transport guru.

Mr Martin Jones: I have not been described as a legal expert before.

Dr Jesse Norman MP: I am a small wafer of ignorance wedged between these two ample wedges of knowledge.

Mr Martin Jones: There are different issues at various ports and various angles to this. The first is that there is a government approach to this and a ports approach. It is up to the Governments to ensure that they are providing the capacity in the form of customs officers to be able to process goods, while it is up to the ports to ensure that they are providing the necessary infrastructure, and the infrastructure needs vary by port.

What you find with the short-strait crossings is that the lorries come through more or less in a constant stream, so unless you can clear them you get a build-up coming off the boats at Calais and trying to get out of the ports. That is very different from what you get at the North Sea ports, where typically you may have a couple of ferries operating one return trip a day. If you get a load of lorries disembarking from a vessel, you need to be able to hold them, but that does not stop the vessel from turning round, and the next lot of lorries will not arrive for another 12 hours.

So the requirements will vary by port, but if you go on to the websites of these ports you will see that they are clearly making preparations. I was on Zeebrugge's website yesterday and it has a number of pieces of guidance for operators using its ports, so clearly it is planning to ensure that it can process people as well as possible.

The Governments are staffing up: we know the French and the Dutch are staffing up their numbers of customs officers, and we think the Belgians are too. So preparations are being made. As for precisely what those preparations are, the Border Delivery Group is closer to that and is handling the interaction with the ports itself.

The Chairman: I was told by the Dutch earlier in the week that they have 900 additional customs staff at Rotterdam and 90 additional vets. So they are clearly expecting numbers to rise.

Lord Lansley: As I understand it, there has in any case been a significant difference between the roll-on, roll-off capacity and the container-freight capacity, and the roll-on, roll-off has tended to be focused on the short straits.

Is anyone developing that kind of roll-on, roll-off on the basis that people will be willing to divert from some parts of the continent to ports that, although there might be a much longer sea crossing, will mean that they do not run the risk of being caught in jams?

Mr Martin Jones: There are three categories to this. There is accompanied roll-on, roll-off, where the driver travels with the load and the cab of the vehicle; there is unaccompanied, where the driver turns up at the port and the trailer gets shunted on to the vessel and shunted off

at the other end where it is picked up by another cab; and there is containerised traffic.

There is a bit of an option to switch between accompanied and unaccompanied, but remember that if you have a vessel that is geared up for unaccompanied traffic, you cannot put drivers on there unless you have cabins, canteens and that kind of thing, so there is a limit to what you can do there. Given time, the supply chains will adjust and people will shift.

As for shifting to container traffic, there is plenty of container capacity in both containers and the vessels that can take them, but again it will take businesses time to adjust their supply chains. We would expect some of that to happen, but it is quite difficult to model and anticipate exactly how. We would certainly expect that to be the case if it were to turn out that there was significant disruption. Do not forget that we are planning for a reasonable worst case; it may turn out that the French customs arrangements can process things and we do not need a lot of this.

Lord Lansley: But there is likely to be a short-term constraint, presumably on the unaccompanied roll-on, roll-off. To your knowledge, are the other ports actually developing that capacity as well?

Mr Ben Rimmington: This is not my area of expertise—roads are my specialised subject—but yes, there is some element of market response going on across UK ports, and indeed continental ports, as you would expect. The investment required to provide additional roll-on, roll-off capacity and the planning period required are often quite substantial in both cases.

Lord Robathan: Jesse, are you or your team—or is it the border delivery people?—in proper face-to-face discussions with the French? You said that you have looked at the website for Zeebrugge or whatever, but are we actually communicating with our friends and allies across the channel? Perhaps it is the border delivery people.

Dr Jesse Norman MP: Very much so. Martin has the detail, but yes. It is also important to realise that it is not just about face to face at local level but about face to face through diplomatic and other engagements with the French authorities nationally to ensure that they are adequately responsive to those kinds of changes. Do you want to add anything, Martin? No?

I have one other point. Dublin is an important port from our point of view, and it has made investments in infrastructure and in veterinary and other customs checks. That is a grace note, but an important one.

Q73 **Baroness Randerson:** I want to divert you on to airports. Half the value of our exports goes via airports, and East Midlands is the major freight airport. It has been raised with me by people from the aviation industry that there are likely impacts on the M1 of any backing-up of a similar nature in airports. The point that was made to me is that the capacity is

not there for any sizeable delays.

Also, of course, delays are particularly important, because much of the freight going by plane is just-in-time—it has a sell-by date, a freshness date and so on. What work have you done on ensuring that there are no delays at airports? Have you worked with local authorities, Highways England et cetera?

Dr Jesse Norman MP: Thanks for raising the question. The overall picture, as you will be aware, is that with this new Commission decision and approval process we are not expecting serious delays at airports. We do not think that at this point that is a major contingency to plan for. We recognise the possibility, but it is important to be aware that, at least in my reading, it is not in the same bracket as the concerns that you might have for any number of different reasons about the potential impact on the short straits. In many ways, of course, there are more substitutes. Ben or Martin, do you want to come in on this?

Mr Martin Jones: It is a while since I have been close to this, but when I was a bit closer to it we asked all the major airports that handled freight whether there was any likelihood of tailbacks on to major roads. The answer was no at the time, partly because of the way in which airports handle their cargo. East Midlands is a little different, because it generally handles dedicated freighter aircraft—it is the hub for most of the fast-parcels carriers—but it has plenty of space, as far as I understand, to the extent that it will have customs clearance arrangements within the facilities there, so there are not quite the same issues as at Calais. I cannot tell you absolutely the latest on that—we can go back and check—but I was not aware of a problem.

Dr Jesse Norman MP: I think I am right in saying that we have not received a specific request for traffic-modelling advice, which we would get with a port. That rather reinforces the position that you are describing.

Mr Martin Jones: We asked the same question about Heathrow. Most of the freight that goes through Heathrow goes in the bellyhold of passenger aircrafts and most of it is travelling to the rest of the world rather than the EU and so is already going through customs facilities.

In fact, there is relatively little air freight within the EU. Freight tends to be trucked. In fact, some of the air freight that goes out of Heathrow that has points of origin within the EU is trucked into the UK. We are not aware of any issues. We have asked the question, but I will go back and check on that one.

Dr Jesse Norman MP: We will certainly write to you if we see anything on that. Thank you very much for the question.

The Chairman: Since you are the Roads Minister, we have a question on behalf of motorists.

Lord Aberdare: Sorry, Chairman, I have one question relating to the

previous one. Presumably some of the additional freight capacity that you were planning for has gone because of the cancellation of the Seaborne Freight contract. I wonder whether you saw any need to replace that capacity. What consideration have you given to using the Channel Tunnel as a freight route to meet that need?

Dr Jesse Norman MP: As you will be aware, the Seaborne thing was in some respects a great brouhaha for no purpose. If it had been described as an option rather than a contract—legally, in fact, it was an option by contract—there would not have been an issue. It was the fact that people had the thought that somehow we were contracting for something that was not delivered that created the political brouhaha, but in fact it was an option to be able to bring it in.

One interesting thing—again, Ben or Martin may want to comment—is that there is more capacity elsewhere in the system than I had originally understood. The question was, “What happens if we turn the dial up a little more?” You then say, “Hold on a second. Why was that not available?” It turns out to be something that was always there. That has given me at least some comfort that the capacity exists if we need it as an additional contingency. Ben, do you want to add something to that?

Mr Ben Rimmington: The figures that I gave you did not consider any capacity for Ramsgate—they were without Ramsgate capacity.

Dr Jesse Norman MP: Yes, the 6% does not include any Ramsgate capacity at all.

Q74 **Lord Aberdare:** Let me move on to the question that the Chairman wanted me to ask, which focuses on the impact on individual motorists.

We understand that there will be a need for individual motorists to have international driving permits. There is the issue of green cards and whether we can be part of the green-card-free circulation area. Can you say something about what action the Government are taking in that area? Specifically, what action is being taken to make sure that the public are aware of these requirements? It seems to me that there is a limited understanding of what the impact might be.

Dr Jesse Norman MP: As you aware, we have signed the Vienna Convention, which means that we are now subject to the rules on international driving permits. Three conventions potentially apply, so it is a slightly complex situation. We have taken very seriously the need to get up front early with people about the need to carry international driving permits. It is by no means clear that European nations will require to see them, but it is a contingency. Something like 113,000 people have already signed up.

We put a lot of energy behind not just an extremely simple process on GOV.UK so that people can go and do it, but posters and radio adverts. You may have seen some adverts on the Tube saying, “Make sure you get signed up”. We have also advertised this through the AA and the RAC, which were the previous providers of international driving permits.

On the green-card side—the insurance side—our goal has always been that the UK should remain part of the green-card-free zone. It is not exactly an EU thing—it sits slightly separately outside it—but that goal remains in place for us. I think I am right in saying that we are waiting for the Commission to issue an implementing decision on that. It has not done so yet, but that is what we will need to be able to preserve that.

Mr Ben Rimmington: There is a very peculiar interaction between EU law and the wider green-card arrangements. When a third state wishes to join the green-card-free area, if that state meets a set of requirements, as we clearly do—

Dr Jesse Norman MP: We are perfectly aligned at the moment. The SIs that we have passed have made sure of that.

Mr Ben Rimmington: Community law states that the Commission should issue an administrative decision—an implementing decision—which would then give effect to accession to the green-card-free area. We have written to the Commission telling it this and other people have informed it of it, but as of yet it has declined to make any such decision.

Lord Aberdare: On the IDPs, it seems a little clunky these days that you have to go into one of 2,500 post offices to get one. Could there not have been some sort of online way of sorting this out?

Dr Jesse Norman MP: I could not agree with you more. It was the first question that I asked. I was told that it was not possible for technical reasons. It is even worse, because there are three conventions. If you want to take a complex journey, you theoretically have to pay £5.50 three times in order to get an exemption under each of the conventions. Believe me, it is something that I would like to move to.

The Chairman: Since you mentioned statutory instruments, Baroness Donaghy has a question.

Q75 **Baroness Donaghy:** I am one of the foolish people who volunteered to sit on the two statutory instrument sub-committees.

Dr Jesse Norman MP: I salute your courage and your indefatigability.

Baroness Donaghy: I will expect my medal later. How many of the department's Brexit-related statutory instruments have been laid? Does the pressure on parliamentary time warrant any contingency arrangements, from your point of view?

Dr Jesse Norman MP: Thank you. As you might imagine, we are one of the most heavily affected departments in terms of the alignment of regulation. As you will be aware, our procedure has been to try to effect as much alignment as possible with the absolute minimum of change. In some cases, it is as simple as removing the words "Commission" and "member state" and inserting "Secretary of State" and "UK".

We are particularly careful to make sure that powers are properly respected and that Parliament's need for proper scrutiny is respected. On a few occasions, the process of going through your Committees has ended with the instruments being bumped up, but in the overall majority of cases they have not. We have laid 61 statutory instruments so far, of which 41 have been made. The 61 does not include the five that we have laid for Northern Ireland, which we have done using UK legislation, because of concerns about the Northern Ireland Executive.

To be perfectly clear, we are running out of time and the programme remains challenging. We have essentially quality-assessed or impact-assessed the remaining SIs in order to minimise any impact. We have therefore tried to work out what the impact would be and to establish mitigations where necessary.

We think it is pretty minimal. There may be some need after the event to try to pass some of these statutory instruments, if parliamentary time does not permit, very soon after exit day, if it came to that. At the moment, we think the matter is relatively well in hand.

Baroness Donaghy: We have had correspondence with the Leader of the House, who assessed that there might be about 20 SIs in total that would not make the 21-day time requirement and that other plans might be required. How many do you think your department might have of that 20?

Dr Jesse Norman MP: It is not absolutely clear, because sometimes they get merged, but I think it is fair to say that it would be a small handful—nothing like the preponderance of the 20.

Baroness Donaghy: The only other point I want to check came up yesterday: the two-day gap between the agreement that is coming into force on 1 April and Brexit day.

Dr Jesse Norman MP: On buses?

Baroness Donaghy: Yes, on the border. The information that we were given was that negotiations were taking place to try to arrange some contingency plan to overcome that. Have we any news about this?

Dr Jesse Norman MP: It is what I think the Bank of England gently refers to as an underlap. Luckily, we have just the man here.

Mr Ben Rimmington: Thank you, Minister. Our accession as an independent nation to the Interbus agreement can only take effect on the first of a month, which is what gives rise to this two-day gap.

The Commission's roads contingency measure, which has now passed through the European Parliament, has had its scope expanded so it also covers regular services—scheduled bus services. That would have effect from the 29th, were we to depart with no deal on that date. The remaining gap is a two-day gap for occasional services—sporting visits, school trips and so forth. We are aware that those two days are

particularly significant, particularly on the island of Ireland because of certain rugby fixtures and so forth, so it is very important that we address this question.

There are different ways of doing it. We are pursuing a number of different channels at once. The secretariat to the Interbus agreement is provided by the European Commission itself, so there may be administrative means that we can use via its good offices. There may also be bilateral arrangements that one could come to, in particular with the Republic of Ireland, France and Spain, the countries of most concern in relation to that short gap. We have not solved that yet, but we have a number of options in play and we ought to be able to get there.

The Chairman: A number of things have not been resolved yet, but are there any that you are particularly worried about that would present real difficulty if we did not get them through the process?

Dr Jesse Norman MP: In general I would say that there are points of pressure across the board.

The Chairman: Indeed.

Dr Jesse Norman MP: It would be wrong not to say that. The impression I come to, having spent a lot of time on this—and I would say this, wouldn't I—is that an enormous amount of highly effective work has been done, and the vast majority of any serious risks that we have had have been at least partially mitigated.

What happens if things are outside our estimation, or inevitably when our best-laid plans make contact with reality, is another question.

The Chairman: We also need to face the other side: what the Commission is preparing.

Q76 **Baroness Randerson:** The Commission has published no-deal contingency measures for aviation, road and rail transport, and it has updated them in some cases. Could you update us with your latest knowledge and information on this, because it seems that things have moved quite recently in this respect?

Dr Jesse Norman MP: Yes. In the tradition of the finest fly-halves, I will pass this squarely to my left, because Martin is completely up to speed on the latest on this.

Mr Martin Jones: We have just written to the Committee. It may not have got through the system quite yet, but there is a letter in the system that sets it out in writing.

You are right—the Commission made three proposals, on 19 December: one was on basic air connectivity, one was on basic road connectivity, and one was to deal with some technical aviation safety issues. Subsequently, last month, the Commission came forward with a proposed measure on rail transport to deal with a technical issue to do with safety

regulation under the Treaty of Canterbury and the Channel Tunnel Safety Authority and the way that interacts with EU law.

I said at the beginning that three out of the four had got through the European Parliament today. That one is late not because it is contentious—in fact, it is not—but because it was put into the system so late that I think they are trying to wrap up all the processes and get it through plenary later this week.

Dr Jesse Norman MP: The regime is working. It just has not popped out at the other end.

Mr Martin Jones: It went in much later, so they need to sort out the processes, but we fully expect it to be agreed and it has proved uncontentious.

The two that we have been focusing on in particular—the basic air connectivity and basic road connectivity measures—were discussed in the Article 50 machinery of the Council for about a month, because they raised questions about the EU's future relationship with the UK, so it was appropriate for the 27 to consider that without us in the room.

In the process of doing that, the member states asked for a number of additions to both those measures. The Commission had put forward a very constrained, very limited, proposal that would give us the bare minimum of connectivity, and the member states persuaded the Commission to agree to expand the scope of those in a way that has turned out to be quite helpful to us.

On the aviation measure, the original proposal was that there would be a capacity cap: in other words, airlines would not be allowed to operate additional services compared to what they were operating last year. That has now gone.

Dr Jesse Norman MP: It was to be held at the 2018 level.

Mr Martin Jones: That is right. That proposal has now been removed. There were restrictions on the ability of UK carriers to operate codeshare flights. That has now been relaxed.

Also relevant is member states' ability to talk to us about future bilateral arrangements. Basically they are forbidden to talk to us in relation to the period to which these measures apply, but they are allowed to talk to us about arrangements thereafter. However, the Commission has said that it will bring forward a negotiating mandate, which is interesting; even in a no-deal scenario the Commission plans to agree an air transport agreement with the UK, so it will present a mandate to the Council of 27, as it will be after we have left, to negotiate that.

On the road transport agreement, there are slightly different changes, but again all in the same sort of direction. The original Commission proposal said that UK hauliers would have the right to carry goods between the UK and the EU, but UK hauliers would not have rights to

carry goods between two points within the EU. There has been some relaxation of that, so it will be possible to do that until a point in September, I think, after which that will fall away. Again, that is to give industry and businesses, the customers of hauliers, the chance to find alternative arrangements.

The other major change to the roads proposal was that initially it covered only road haulage but it has now been extended to cover scheduled bus and coach transport as well until the end of that period. You will recall that the roads measure applies until the end of December 2019, and the aviation measure applies up to 30 March 2020. I think the reason, although it is not stated, is that it covers an entire IATA scheduling period—the entire winter period, which finishes in March. Those are the periods around which the aviation industry organises itself, so it made sense to work to that deadline rather than to the end of 2019, which was the deadline for the other measures.

Dr Jesse Norman MP: You will appreciate that each of these merge in different ways. There is a tacit potential conflict between the interests of the 27 and the interests of the European institutions. They have different interests and powers depending on the different mode we are talking about. That sometimes sits behind some of the differences and the way we get movement on some of these areas and not on others.

Q77 **Baroness Randerson:** Can I ask a very specific question first? We have had indications that Gibraltar might be excluded from the road haulage proposals, and I seem to recall that one of the SIs on aviation specifically excluded Gibraltar. What is the thought process behind this?

Dr Jesse Norman MP: It is hard for me, as you will imagine, to comment on thought processes from the other side, although it is not hard to guess what some of those thought processes might be. We have certainly registered very strong objections to that and have taken the view as a Government that we are going to support the Gibraltarians and Gibraltar in the same way that we would any other part of what is known as “the UK family”. In some cases, that has caused us not to support a measure that might be seen as discriminating against them. Martin, I do not know if you want to pick up the detail on them.

Mr Martin Jones: There were two Gibraltar issues, which we have covered in the letter to the Committee. For most of the contingency measures, the Commission published a package of about 14 measures back in December, a number of which had language in them that made clear that they did not apply to Gibraltar. The transport measures did not cover transport to and from Gibraltar or rights for Gibraltar operators. For aviation, that is largely academic, because there are no air services between Gibraltar and the EU 27, nor are there any Gibraltar-based airlines. None the less, the Spanish clearly persuaded the Commission to ensure that Gibraltar was excluded. We understand that the Spanish actually inserted some text specifically to make clear that Gibraltar was excluded.

On the aviation measure, if you remember, there is a long-standing dispute over sovereignty relating to the land on which the airport is built. Spain grudgingly accepts British sovereignty over the Rock, but it argues that that sovereignty does not extend to the isthmus. That is not a position with which the UK Government agree, but Spain has been insisting that the application of EU legislation that would be applicable to the airport of Gibraltar should be suspended.

Obviously the UK's departure from the EU gives rise to the question how Spain would deal with that. The Spanish have included in the aviation measure a recital that says that the measure is without prejudice to Spain's legal position. The UK said that if Spain was going to record its legal position, the UK would at least want to record its own legal position in the text. That was rejected so on that basis the UK has not supported the text, and it tabled a statement to make clear that the UK has its own legal position on that.

For the rest of the measures, what is at issue is that their benefits were not extended to Gibraltar. The Government wanted to make clear in their statement that when they negotiate they will be negotiating on behalf the whole of the UK family.

The Chairman: That raises a problem. At this point we know about this proposition because it will go through the normal scrutiny procedure when the Minister participates in the Council next week. We have been asked to give a waiver, which I am quite happy to do, but one of the implications is that if the Gibraltar issue is not resolved and we abstain, there are other countries that do not support the proposition either and we could be added to the blocking minority, in which case it would not go through.

We are a minor cog in giving the Secretary of State the waiver, but if that ends up with Gibraltar actually meaning that these more liberalised immediate positions do not go through, we are all in difficulty, are we not?

Dr Jesse Norman MP: There is no doubt that if the liberalising measures did not go through, we would have to fall back on our contingency arrangements. At the moment, though, I think I am right in saying that there is no danger of them not going through.

Mr Martin Jones: The measures will go through. The UK has already signalled that it will not support and will abstain—this is covered in the letter to the Committee—so I think that removes the need for a scrutiny waiver. We know that there is adequate support for these measures, because when the text was agreed in COREPER it ended up being the UK alone abstaining and everyone else supporting.

The Chairman: Okay. You have your waiver already; I have cleared that.

Dr Jesse Norman MP: We are very grateful for it.

The Chairman: The Committee will endorse my decision, I hope.

Dr Jesse Norman MP: How wise and foresighted.

Baroness Randerson: My follow-up question is this. Looking forward, what are the Government's priorities for future UK-EU negotiations, bearing in mind your experience so far? Could you address in your reply the fact that there appears to be a disparity between the approach to maritime, aviation and road, where we are seeking much more directly to replicate what we have now, and rail, where we are not seeking to do that; rather, we are seeking only bilateral agreements? We are not seeking to remain a member of the European rail agency in the way we are with EASA, for example. There seems to be a bit of a contrast there, and I would be interested to know what the Government's priorities are in future in respect of that.

Dr Jesse Norman MP: I will come in particularly on the road and aviation side, which are my specific briefs, and then I will invite my colleagues to comment in more detail on other aspects and to correct anything that I have said. On the roads side, it slightly depends on what specifically we are talking about. There are lots of different issues involved—freight, permitting, international driving permits, green cards and so on—but our general position is to have as liberalised a regime as we possibly can in order to maintain as much continuity with as little impact as possible. That applies to a liberalised transport agreement and an aviation services agreement, but it also applies to roads and freight. As you will see, we have made different levels of progress in each direction depending on the mode. When it comes to maritime and rail, I think it would be better if Martin commented in the first instance.

Mr Martin Jones: On maritime, it is worth remembering that shipping services were liberalised long before the EU was ever born or thought of. It is a very liberal industry. Although individual countries can forbid access to their ports by vessels from other countries, in practice that simply does not happen. So there is very little that we need to do to maintain continuity of maritime services between the UK and the EU. There are some things that we would like to do in terms of co-operation with the European Maritime Safety Agency, but that is the main issue there.

On rail, I think the Secretary of State covered this when he appeared before you in November. The point about rail is that, when it comes to the rail market, our relationship with the EU is very different from that of a country such as Belgium or Poland. You have a huge number of cross-border services where the liberalisation of international rail services actually makes some sense. The UK is essentially a very large domestic market with one connecting service to the continent and the cross-border service on the island of Ireland.

The conclusion was reached early on that actually all we needed to do was ensure that we had the arrangements in place for those services through the Channel Tunnel and the Enterprise service from Dublin to

Belfast to continue. We were going to do that anyway with a view to the future relationship, and you will see that the draft political declaration says that we will reach the necessary arrangements. Obviously in the event of a no-deal scenario we are looking at accelerating those to make sure that they are in place on a no-deal basis as well.

The point is that the case for staying in an internal rail market is very different from what it would be if we were part of continental Europe. Given the differences in the UK rail market, especially on technical standards—our loading gauge is different, for example—the EU may want to go in a different direction on loading gauge and harmonise around those standards. That is the logic in not wanting to be fully integrated in future.

The Chairman: One reason for retaining more or less equivalence of standards is not just for the service industries—rail or aviation—but for the manufacturing industry that lies behind them to produce components and so on to standard. There is a big rail manufacturing industry in Britain that could miss out if we were not part of the standard-setting operation across Europe.

Mr Martin Jones: Potentially. It does not mean that they have to miss out. Do not forget that on day one, through the statutory instruments, all the EU standards will be brought back into UK law anyway. Clearly, if you are selling into the EU market, you have to build things to those standards anyway, but it gives us the potential freedom, where it would make sense for us to have different standards, to do so.

That is not to say that there are lots of cases where that is true. Clearly, for rolling stock, standards for electronics, and that kind of thing it is going to make sense for everyone to build to common standards, because that is the most efficient thing to do. There is no anticipation that we are suddenly going to diverge. Indeed, the standards on the day we leave will be the same.

The Chairman: The industry may require some reassurances on that—it may be BEIS rather than you.

Q78 **Baroness Noakes:** On one aspect of road haulage—cross-trade—can you update us on where are at the moment with reciprocal rights: that is, us going outside the UK and road hauliers coming into the UK? What is important for UK trade, and are particular sectors reliant on cross-trade?

Dr Jesse Norman MP: It is a very good question. We know that the foreign content of the UK haulage trade, because of interlocking supply chains, is of the order of 30%. Every criss-crossing journey contains a lot of movement, particularly within the automotive supply chain but in other areas as well.

It is worth saying that, from an EU perspective, coming to this country at the moment is an entirely liberal market. We have reserved powers for the Secretary of State to limit cabotage. I think I am right in saying that there is no restriction on that in the event of no deal.

Ben has already described some of the lightened restrictions that had existed and how they have been improved from the point of view of cross-trade and cabotage.

Mr Ben Rimmington: Just to be clear, when we refer to cross-trade, that is our hauliers picking up something from, let us say, France to take to Germany. When we refer to cabotage, that is movements within a single member state.

The key thing about reciprocity from the EU's perspective is cabotage within the UK. What member states have agreed in the amended proposal has been referred to as "grand cabotage", so we have the right to do both cabotage within a member state and cross-trade between member states. The proposal provides for four months of being able to do two such movements each week and then, for the following three months, to do one such movement each week, compared to the current right to do three cabotage movements each week. Their position is that our rights to do those things should gradually decrease; there should be a tailing-off.

Baroness Noakes: Is that cabotage?

Mr Ben Rimmington: That is both cabotage and cross-trade. It is a right to move things within the single market as a haulier.

Baroness Noakes: What about cross-trade to outside the single market?

Mr Ben Rimmington: That is a different question. It is something we would come back to in our old bilateral arrangements with member states. We are back into a world where we are looking in detail at old bilateral agreements, many of which would revive and others of which we would need to discuss and update.

Baroness Noakes: The Road Haulage Association told us that this was a big issue. What sectors are dependent on cross-trade to have the free flow of goods that is currently enjoyed?

Mr Ben Rimmington: We work closely with the Road Haulage Association and the Freight Transport Association. Our statistics suggest that around 40% of UK international journeys also involve an element of cross-trade or cabotage. We do not have the detailed data on the extent to which that is one cabotage trip or one cross-trade trip, or more than one. On that basis, we think that the Commission's amended proposal will enable the significant majority of current journeys to continue.

A key gap in the Commission's proposal, which I think the Road Haulage Association would have been referring to, is transit to a third country: that is, transit across the EU as a whole to a third country.

Dr Jesse Norman MP: You mean without dropping off, or just crossing over.

Mr Ben Rimmington: Yes, without dropping off; for example, a UK haulier going from Kent to Switzerland. A lot of health service-related produce comes from Switzerland, of course. We are keen to find a way to address that. There are two obvious ways in which to do so. Despite the Commission's proposal, one is to make use of the ECMT permitting arrangements. Now we have the updated proposal, our ability to use those permits to address that issue is now significantly increased. The other would be to come to bilateral arrangements with the member states concerned to provide the route through. It would in principle be possible to do that because that transit-to-a-third country element is not within the scope of the Commission's proposal, so there is no bar on member states talking to us about that issue. As with Interbus, we will try to pursue both those channels at once.

The Chairman: That sounds fairly complicated for the average haulier.

Q79 **Lord Russell of Liverpool:** You have very kindly provided an updated list of the 26 different road transport agreements that exist. As we understand it, some of them still require renegotiation, particularly with Belgium, Denmark, Ireland, Italy and Spain. Where are you with that process and what are you doing to prioritise some over others?

Mr Ben Rimmington: We have been working hard on this for some time. Overall, our ability to engage in formal negotiations with other member states has varied from member state to member state because of the overarching dynamic of the negotiation with the Commission. A lot of our engagement has been informal at this stage, because member states have been keen to make it clear that they wanted to negotiate with the UK via the Commission and Michel Barnier.

We have made good informal progress, certainly with the majority of our priority countries. I would rather not be more specific than that, because some of those discussions have been quite informal. Obviously, our priorities are the priority access points for the UK into the continental market—France, Netherlands, Belgium and Germany—and our key overall trading partners such as Spain and Italy. We have been prioritising quite clearly according to geography and trade in how we have tried to engage.

To be clear, we do not have updated agreements that we have signed, but we have had clear discussions about the areas that we would want to update. Now that we have the Commission proposal, the target date for application for revived, updated or newly negotiated agreements is 1 January next year rather than the end of this month. We are in a reasonably good place to be ready for that world if it is the world that we have to enter.

Dr Jesse Norman MP: I think it is fair to say that we are expecting the desire to strike, or interest in striking, bilateral agreements to evolve over this year now that the Commission's overall position has become clear. One hopes that some of the delicatessen with which we have been dealing individually with nations will allow us to move more quickly to reviving or striking a new deal in each case.

Lord Russell of Liverpool: Do you anticipate more problems with some than with others?

Mr Ben Rimmington: If we depart without a deal and we then have the Commission proposal, member states will be clear about their constitutional position when it comes to how the Commission would regard their engaging with us. Once we are in that position, I think that all member states would have far fewer concerns about engaging in something regarding next year. It has been particularly delicate in the current circumstances.

Dr Jesse Norman MP: Different nations have different historical relationships and different ways of interacting with European institutions.

Lord Russell of Liverpool: Being married to an Italian, I plead the Fifth Amendment.

Q80 **Lord German:** You told us at the beginning that there will no longer be a need for the ECMT permits for this year, until December—I think you said that that decision had finally gone through the Parliament today. At our last session, we had a bit of a disagreement between the operators, the Freight Transport Association and the Road Haulage Association, and the Secretary of State, who said that he thought there was no concern about the availability of permits because they were only a relatively small part of the import/export market, whereas the trade associations said that they thought the shortfall for permits was around 95%.

You have an arrangement running for people to sign up for new permits. It is until the end of the week. You must have been running it now since the beginning of the month. Have you any indication of the number who have applied, whether it exceeds how many you thought might need permits and whether you have enough to satisfy the demand that you already know about. This situation will arrive again post January if nothing else happens in between.

Dr Jesse Norman MP: I am not sure I can give you facts on demand, but we can find those out; they will become available pretty soon. We have 1,610 annual permits and 4,824 short-term permits. As you have indicated, that is a 65% increase on where we were previously. Bear in mind that we see this, possibly naively, as still a relatively remote contingency. There is the top-level agreement with any transition that is in place at the moment, then there are potential bilateral arrangements, and then there is the ECMT as well. That may be what lay behind the Secretary of State's diagnostic.

It is also worth saying that, as was recognised, the majority of international journeys will not need a permit under the current dispensation. We have no intention of relying on ECMT permits, for all the reasons that we have described in relation to the bilaterals.

We have seen lots of demand, there is no doubt about it, and we work very closely with the RHA and the FTA. In another context, we have just written a letter co-signed with them because of our desire to punch

through and get people's attention directly, with sources that they respect and understand. Did you want to comment on that?

Mr Ben Rimmington: I can add a little, Minister. First, to pick up an earlier point, we entirely understand that this is a rather complex environment for hauliers. There have been a lot of fast-moving, importantly changing messages that we have been trying to communicate, hence the Minister's comment about joint action with the RHA and the FTA trying to cut through with our messaging to them.

We were always clear that we did not see the ECMT system as being able to meet anything like the current levels of trade between the UK and our major trading partners in Europe. We were always clear that we needed a separate arrangement with the EU and, failing that, bilateral arrangements. We have the Commission regulation now, and in future we will have future bilateral arrangements.

On the ECMT system and the figures that the Minister provides, we exceptionally managed to secure an additional 65% of permits to help us with the initial contingency. That is why we are now running an additional window, which you referred to in your question, to deal with those additional permits, even though we have the different context with the Commission proposal having now just about completed its passage.

On the question of demand specifically, in the different context that we were in when we opened the window the first time for the permits just before Christmas, yes, demand for those significantly exceeded supply. They were essentially 11 times oversubscribed. That did not surprise us, frankly, given the context that we were in and the certainty that hauliers were seeking to have. We have recently been able to provide a much more reassuring message to people in the event that they were not successful in that application for said permits, because of the wider background of the Commission measure.

Dr Jesse Norman MP: I think I am right in saying that although we allocated the permits, we did not charge people for them. There was some pain for going through the process, and I will come on in a second to how that has been improved. We have worked very closely with the FTA and the RHA to try to make that as smooth an application process as possible. However, I do not think that people have paid for the permits.

Mr Ben Rimmington: With the first round we allocated permits, but we did not issue them and require payment. We have recently written to hauliers who were successful, saying, "We are now ready to issue your permit. Do you wish to complete the payment now that you have the additional information?" The majority—

Dr Jesse Norman MP: So the issue of the purchase of payments will hopefully be stripped out by that, and the impact will be as light as possible.

Lord German: Can I ask a supplementary question about the

information that you have just given us? You say that you were 11 times oversubscribed in the first window, but now you have new permits. I do not know, because I do not have the numbers, whether that 11-times figure—those who applied but were not successful—is covered by the number of new permits that you have available.

Dr Jesse Norman MP: No.

Mr Ben Rimmington: We have had a 65% increase, so we now have 1,600, but we had 11,000 applications.

Lord German: Sorry, did you say 1,600?

Mr Ben Rimmington: That is the overall annual number that the Minister gave earlier. The overall number of annual permits issued now is 1,600. Originally in the first round we had 984. We now have an additional 600-odd, but the number of applications for annual permits from the original window significantly exceeded that number.

Dr Jesse Norman MP: It is worth saying that, precisely as this exercise was designed to illustrate, some of those permits will have been bought by people thinking, "This is a desperate need. We don't know how the future's going to go, but we want to secure a position", without thinking that they would necessarily have to use them. We have given them the opportunity to do that. So there is no doubt that these are still not the full number that would be required if we had an ECMT-only system, but it is not quite at the level of 11 times that you might expect.

Mr Ben Rimmington: Other member states are also concerned about the prospect of having to align ECMT permits for their trade with the UK. That is another factor in the wider negotiation.

Lord German: On a separate issue regarding permits, you said at the beginning that this was a very complex environment for haulage operators to work in. One of the feedbacks that we have got from the RHA is about the manner in which you have dealt with it on your website, where several pages are spread over different parts of the site. I wonder whether you have also made it a bit more complex than it might have been, rather than a straightforward process.

Dr Jesse Norman MP: That is possible. If we have, we will absolutely take the Committee's lead on this and go back and have a look at it. I am grateful to you for pointing it out. If we have done so, though, it has been with a great deal of input from the RHA and the FDA, which have been extremely helpful. We have regular round tables with hauliers and them, as well as specific conversations about the design of the particular application scheme.

The Chairman: I think that while those associations appreciate that you have attempted to help them, they are actually very concerned about where this is going in the long run and whether sufficient permits are going to come through the system in the medium term.

One problem with all this is that the Commission's concessions, in both aviation and road haulage, relate in effect to the next nine or 12 months. That ends, for fear of a cliff edge, on 30 March, but at some point in the next year we will have to get a new system in place whose format the hauliers and the aviation sector do not yet know.

Dr Jesse Norman MP: The only comment that I would make on that, which you might expect of someone who has written a book on Adam Smith, is that there is a very solid basis of commercial self-interest sitting behind this decision to extend and the future basis on which our negotiations will be continued. Not just that—there is a framework of perfect harmony *ex ante* from which we ought to be able to work. In aviation, for example, there is very close working relationship between the CAA and EASA.

If I were an industry representative on behalf of any industry, I would be beating the drum very enthusiastically for my team, and rightly so, in part to show them that I was doing so. I do not think there is any doubt that not only is it significantly better than anyone was expecting three months ago but it provides a sensible basis on which to plan for the future.

The Chairman: I think it is a plan for the future that hauliers are looking for at the moment. I know of people who are postponing decisions whether to buy new lorries or not. Let us move to rail.

Q81 **Baroness McGregor-Smith:** Looking at the bilateral rail agreements that you have or are discussing with Ireland, France, Belgium and the Netherlands, could you give us an update on progress?

Dr Jesse Norman MP: My knowledge in this area is a delicate and rare fruit of ignorance, so I will pass this squarely to Martin, who knows all about this.

Martin Jones: The headline is that we are confident that all the relevant services will continue even in a no-deal Brexit. That means the three different types of services through the Channel Tunnel—Eurostar services, the shuttle and the freight trains—and the cross-border Enterprise service between Dublin and Belfast on the island of Ireland. There has been quite a bit to work through. We have had some good contacts with all the relevant players, member states, operators and so on.

There have been one or two tricky issues. With one, the Commission stepped in and recognised that an EU-level measure was going to help us, which is what lay behind the contingency proposal that it tabled at quite a late stage last month on the Channel Tunnel Safety Authority, which I mentioned earlier. Overall, though, we are confident that all those arrangements should be in place so that people do not notice any difference when it comes to exit day, and the services will continue.

Baroness McGregor-Smith: What implications does pursuing this bilateral methodology have for the wider rail industry? There will be other

things happening in the rail industry that will not just be related to these agreements. What are the risks in any other areas?

Mr Martin Jones: This comes back to a point that we were discussing earlier. These arrangements are there to ensure the continuation of the very few international services that we have.

When it comes to the future of UK railways and what difference it will make if we are outside the internal market, we are getting into areas such as standards, which I mentioned before, and the right to bid for franchises—either UK companies bidding for franchises in the EU or EU companies bidding for UK franchises. EU law provides some help and guarantees there, but there is nothing to stop the UK opening up its franchise markets to an EU country or any other country, and there is nothing to stop EU countries opening up their franchise markets to UK companies as well. Those are matters that we can deal with through the negotiations.

There are international agreements that are relevant in those areas too, such as the general procurement agreement, which is dealt with under the WTO framework. The number of direct implications is very small, as we said before. Essentially the UK rail network is an isolated domestic rail network, and the implications of leaving it out of the overall UK-EU trade agreement are very limited.

Baroness McGregor-Smith: Just take me through rail certifications.

Mr Martin Jones: The UK will take back the role of giving safety certifications, whether that is licences for train drivers or certifications for whole rail vehicles or individual components of those vehicles. That has only recently been handed over to the European rail agency anyway, so the capability is still there to do that.

Baroness McGregor-Smith: How is EU recognition being agreed for when we take it back?

Mr Martin Jones: A very small number of rail vehicles that are certified in the UK end up going on to the continent. There will need to be certification from an EU authority as well, in my understanding.

Baroness McGregor-Smith: So there will be two levels of certification, will there? How long will that take? Is it something we can do quite quickly?

Mr Martin Jones: It is a very small number. The vast majority of rolling stock in this country never leaves its shores, so it is only an issue for a few rail vehicles. It will be done.

The Chairman: The manufacturing industry is concerned about exactly what Baroness McGregor-Smith is asking about.

Baroness Donaghy: What about passports? What arrangements with other departments have been discussed in relation to the possibility of

having passports on these journeys?

Mr Martin Jones: You will have to ask Home Office Ministers about that.

Baroness Donaghy: So there has been no discussion between the Department for Transport and the Home Office about this.

Mr Martin Jones: It is being considered as part of the work of the Border Delivery Group. When you travel, showing your passport is part of the process. I think that is a bit of a movable feast and I am not up to speed entirely.

Mr Ben Rimmington: This links to my previous comment about our responsibilities to manage the transport system. Just as customs controls could be an impediment to smooth flow across a border, a new approach to checking passports could be the same, although just for the passengers rather than for goods.

Again, we have been working closely with BDG and others on the modelling, assumptions and scenarios for that for which we need to prepare regarding aviation, rail, roads and passenger cars.

Q82 **The Chairman:** I am old enough to remember when you had to show your passport at the purser's office on a ship. That is going back a bit, although it probably included some of our time in the EU before these things were harmonised.

Can I ask about Ireland? This question relates particularly to Translink, Interbus and so forth. It appears from the representations we have had that the arrangements for travel across the border into the Republic and back again are rather more limited than is currently the case. In particular, even under the more generous recommendations by the Commission, the cabotage, which in this context by and large means dropping off passengers, is limited to the three border counties.

For all-Ireland bus services, particularly Translink's all-Ireland bus service, this is a quite severe and immediate inhibition, especially since the reduction in tension in Ireland has proved rather profitable for them and they are important for the villages on both sides of the border. Do you have any knowledge of this?

Dr Jesse Norman MP: I do not, but luckily I know someone who does.

Mr Ben Rimmington: I am very aware of these issues. The Irish voice in the negotiation over the Commission's roads proposal was one of the stronger ones. As Martin said, there was initially no coverage of transport at all in the Commission's original proposal. There is both coverage of passenger transport and, now, some provision—limited, I accept—for cabotage on road passenger services. As I described before, there is some coverage for cabotage and cross-trade for haulage.

The facts are that those rights are more limited than the rights would be currently and there will need to be some adjustment from the market operators in response to that, unless and until there is a further

negotiation at EU level—or with the Republic of Ireland, in the context of this specific question—regarding the longer-term relationship. But it is a significant improvement on where we were in December.

Baroness Randerson: What do you imagine by the phrase, “there will need to be some adjustment”? How could they adjust?

Mr Ben Rimmington: If you are a haulage operator, and I am not, your business model will currently incorporate a certain number of cabotage journeys between making bilateral trips. To be compliant with the Commission proposal, you may need to look at your pattern of journeys between point-to-point trips and how many cabotage trips you do in the other country. You will have to look at how your operating model works. I am saying that we entirely appreciate that there is a reduction in the liberalisation of cabotage as it stands at the moment.

The Chairman: Presumably you are actually the transport department for Belfast. A lot of these border set-ups serve rural populations, which in recent years have been more integrated than in the past. It is quite an acute issue there, and one that I thought would be relatively simple to resolve, to be honest, and would not have implications for anywhere else.

Dr Jesse Norman MP: It is worth saying that it is not by any decision of the UK Government that many of these things are being created—indeed, the opposite.

The Chairman: I appreciate that, but without reverting to my Michel Barnier impression, we are the ones who are changing the situation. The Commission has at least been positive in providing something, but it is actually a problem that in this respect it has not provided enough. Some priority needs to be put on this.

We are reaching the end of our time. Are you all right for a few more minutes?

Dr Jesse Norman MP: Very much so, of course.

Q83 **Lord Aberdare:** We are moving into maritime transport. Could you update us on the progress on thinking about future co-operation with, or involvement in, EMSA, specifically on the question of ensuring that we continue to be involved in, and have relevant links with, programmes such as SafeSeaNet, CleanSeaNet and THETIS?

Dr Jesse Norman MP: At this stage of the proceedings, you are getting into points of sufficient intimacy, delicacy and, as it were, technology that my capacity to make interesting or intelligent statements is remarkably limited. I will leave that to Martin, if I may.

Mr Martin Jones: There are two aspects to this. The first is what we want from future relationship in the longer term. Yes, we want some co-operation with EMSA. It runs a number of databases that are helpful, essential even, in making sure that we can pick up on unsafe and polluting ships. In a no-deal scenario, we are working on the assumption

that we would not have access to those databases. You are probably aware that the Maritime and Coastguard Agency is making arrangements to create its own databases to be able to carry out the necessary enforcement activity.

That is all proceeding; the work is on track to be completed. Slightly different considerations apply to each database—I think the THETIS database covers port state control. We will continue to be part of the European arrangements on port state control because they are governed by the Paris memorandum of understanding, which pre-dates the EU's interest in them. We will continue to be a party to that arrangement and therefore to have access to it.

Some technical fixes need to be made to make sure that we can still interact with the database. In other cases, we are making sure that we are creating our own databases that will allow us the necessary capabilities. That is all on track and we expect it to be up and running by 29 March.

Lord Aberdare: I think you have answered this question. If you have to replicate those databases, I presume that for THETIS there would be a link with the European-level database. Would the other two be independent or would they also be linked in?

Mr Martin Jones: They would have to be freestanding, because we would have to assume that we would not be able to communicate with that database in due course. Obviously, we hope that in due course we would be able to put a co-operation arrangement in place to allow us to do that. If the withdrawal agreement is concluded and we enter a transition period, we would hope that we were not disconnecting and reconnecting but would have a managed arrangement for a future relationship.

Baroness Donaghy: On Baroness Noakes's question about supply chains and your description of "grand cabotage" and the reduction in the number of permitted movements from four months, is there anything in writing to clarify that area? I found it quite difficult to understand.

You also commented that we would have to fall back on old bilateral agreements. Is there any information about which bilateral agreements we might have to do some work on?

Dr Jesse Norman MP: I think I am right in saying that we have supplied some information to the Committee already on the different bilaterals—the countries at least. On le grand cabotage, over to you, mon vieux.

The Chairman: You have given a list of the ones I think Baroness Donaghy is asking for.

Mr Ben Rimmington: If there is any more information on the historical bilaterals, we would of course be very happy to provide it if the Committee requests.

I realise that I did not pick up the specific question on sectors and supply chains—I got lost in my detail of grand cabotage; I apologise. The sector for which cross-trade matters most is, simply, the haulage sector. The sector of industry receiving the goods does not care so much whether it is from a UK haulier doing cross-trade or anybody else moving them in any other way.

As it happens, pharmaceuticals is a sector in which about three quarters of goods are brought in on a journey involving cross-trade, because a lot of them come from Germany—that tends to be the way in which the sector operates. That does not mean that if cabotage rights for UK hauliers are insufficient, those goods cannot make it to the UK; there would be other ways of bringing them to the UK. The sectoral interest is very much that of the haulage sector.

Q84 Baroness McGregor-Smith: I have just a general question: what is the cost of all this—all the changes that we are having to put through?

Dr Jesse Norman MP: We have made a request to the Treasury for a specific sum. I forget how much that was.

Mr Ben Rimmington: I cannot remember either.

Dr Jesse Norman MP: We will write to you with the details. On Operation Brock, we have remitted some £20 million to Kent out of contingency funds made available by the Treasury for purposes of improvement of resilience. That is a chunk of that. You have also talked about ferry capacity. We can write to you with further detail.

Baroness McGregor-Smith: That would be really helpful, because every area involves so much change. It would be interesting to understand the cost of that.

Dr Jesse Norman MP: In many cases, the cost has been remarkably little as captured in SIs, but where you have operational change, then of course it is significant.

The Chairman: The press picked up some fairly dramatic figures in relation to Seaborne, which we will not go into, but the real figures on the ferries that are going to run would be useful.

Dr Jesse Norman MP: On Seaborne, as we know, the number spent on the ferry is nothing.

The Chairman: The press reported it as some £33 million. There must be a cost to finding the ferries that will run, so it would be useful if the department could provide us with a total estimate.

Dr Jesse Norman MP: Absolutely.

The Chairman: Obviously, we are doing this once now, but when the contingency plans by the Commission run out—I cannot use the word “transition” any more—there will be another change, so there will be another set of expenses. Certainly, the industry is worried about the

costs and logistics of that, and the Government will need to address that. I think a general view from the industry is that the department has listened to it, but it has not yet had clear enough answers about the medium term. I trust that it continues to engage positively with you and your officials.

Dr Jesse Norman MP: We take seriously the importance of engaging with industry sectors. It is a very operationally focused department. We deal a lot with the Rail Delivery Group, hauliers, aviation organisations, airlines and vehicle manufacturers.

You are absolutely right about the possibility of further costs at the back end of this contingency period. For something like Brock, many of these costs have already been incurred. It is also possible that some costs that we are planning for may not occur because liberalised arrangements become normalised in some way. We just have to see.

In due course—I say this with no joy for my colleagues—I look forward enormously to coming back and talking to the Committee about what progress has been made.

The Chairman: Likewise from our side, I am sure. Is there anything else you want to register with us at this difficult stage?

Dr Jesse Norman MP: No, it has been good. Thank you very much.

The Chairman: Clearly, we have been talking about the assumption that we will not get a deal in time for 29 March. We would like to talk to you at some point if we are in more positive times about what a long-term deal with Europe would mean for the various transport sectors. Thank you very much for your time.