Written evidence submitted by the Confederation British Industry (FRE0029)

Summary

The CBI welcomes the opportunity to contribute to the Committee's inquiry into the progress of the negotiations between the UK and the EU. Firms are committed to seizing the opportunities and helping to minimise the disadvantages of the future trading relationship between the UK and the EU. But with only 7 months until the end of the transition period it is clear that -deal or no deal - business will face a substantive reduction in their market access at the end of 2020. Businesses in Britain and the EU are focused on responding to the Coronavirus crisis, leaving them unable to focus on their post-Brexit preparations. A mechanism to manage divergence is now essential to allow the UK to leave the EU on time at the end of the year, providing the UK with its right to change while ensuring unnecessary costs and barriers to trade are avoided.

The CBI is the UK's leading business organisation, speaking on behalf of 190,000 businesses that together employ around a third of the UK's private sector workforce. With offices in the UK as well as representation in Brussels, Washington, Beijing and Delhi, the CBI communicates the British business voice around the world. Its mission is to help businesses create a more prosperous society.

The CBI's mandate comes from its members who have a direct say in what it does and how it does it. The CBI Council is the main governance body of the CBI and is made up of all the CBI Councils and Standing Committees comprised of over 1,000 council and committee representatives from over 700 CBI member companies. 80% of CBI Council members are from non-FTSE 300 businesses. The chair of each Standing Committee and Regional and National Council sit on the CBI's Chairs' Committee which is ultimately responsible for setting and steering CBI policy positions.

The evidence compiled in this paper has been gathered over the past few months from deep consultation across CBI members through these councils and committees, as well as conversations with hundreds of firms of all sizes across the business community.

Covid-19 has severely inhibited businesses' ability to prepare for the end of transition

The UK's prosperity will be significantly impacted by the coronavirus pandemic. Forecasts are predicting between a -7.2-12.8% fall in GDP in 2020 with recovery to pre-crisis level likely to take four to five years. EY and NIESR forecast that UK GDP is unlikely to return to 2019 levels until late 2021 or 2022[1].

Table 1: Medium-long term impacts of coronavirus on GDP by organisation and date of forecast

UK GDP percentage (%) change on previous annual period					
	2020	**2021**	**2022**	**2023**	**2024**
IMF (14th April)	-6.5	4	-	-	-

[1] ITEM Club Spring Forecast April 2020, EY, 2020; and Prospects for the UK economy, NIESR, 2020; as referenced in Assessing the economic implications of coronavirus and Brexit, Social Market Foundation, 2020

OBR (14th April)	-12.8	17.9	1.5	1.3	1.4
NIESR (28th April)	-7.1	6.8	2.2	2.1	1.8
EY ITEM Club (May)	-8.0	5.6	2.0	1.9	1.6
HMT consensus (20th May)	-8.3	5.8	2.7	2.1	1.8

Source: Social Market Foundation (2020)

The CBI's own surveys have found that manufacturing output volumes in the three months to May dropped at the fastest rate on record[2], retail sales fell to near-record lows[3], and professional services business volumes fell to the second most negative balance on record (-62% from -6% in February)[4]. These drops in growth, output and sales will have profound impacts on the UK's working-age population: the latest ONS data records sharp falls in both vacancies and hours worked (the latter in the last week of March), and a record increase in claims for jobless benefits[5]. As a result, unemployment is expected to increase by 1 million workers (7%) in 2020 and is forecast to stay above pre-virus forecasts until 2023[6].

At a macro-level, this disruption will lead to a very different economy to the one that started negotiations with the EU in 2017. The UK is weaker, less resilient to additional shocks and lacking in a strong consumer population that can buoy the country through further stress. At the practical level, for individual firms, preparing for the end of transition has become much more difficult. The medium-term economic effects of coronavirus mean businesses will be dealing with the consequences of the pandemic into the end of the year, coinciding with the crucial period in which they will need to begin implementing for the UK's new trading relationship with the EU in 2021.

Preparations for the end of transition haven't just stalled, they've gone backwards

Coronavirus has consumed all of business' attention. Whether companies are in hibernation, repurposing to contribute to the national effort or simply trying to stay afloat, they have not had the capacity to pay attention to the negotiations between the UK and EU. That is not just the case at the executive level: anecdotally, firms report that Brexit project teams have been reallocated to coronavirus management teams while others have been furloughed as a result on financial pressures such as in hospitality, leisure, transport and tourism.

Many companies felt the first impact of the pandemic when factories in East Asia failed to restart production after Chinese New Year. 44% of both the UK's manufacturers and retailers respectively have since faced difficulties getting hold of the components they need[7]. But many of the CBI's manufacturing members have reported that they have used stockpiles leftover from their 2019 no deal preparations. This has enabled firms to continue to operate throughout the significant supply chain disruption caused by the pandemic. But those stockpiles have now been used, leaving little insurance for the end of transition.

Retail and services businesses have reported having to repurpose cash reserves built up to prepare for no deal to survive the more immediate crisis. But these reserves are now beginning to

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[2] Industrial Trends Survey: May 2020, CBI, 2020
[3] Distributive Trends Survey: Retail – economic impact of Coronavirus: May 2020, CBI, 2020
[4] Service Sector Survey: May 2020 CBI, 2020
[5] Labour market overview, UK: May 2020, ONS, 2020
[6] Coronavirus reference scenario, Office for budget Responsibility, 2020
[7] Industrial Trends Survey, CBI, May 2020; Distributive Trends Survey: Retail – economic impact of Coronavirus, CBI, May 2020;

run out with 80% of retailers and 62% of services firms reporting cash flow issues[8]. Not only have firms lost these reserves, but they now have next to no capacity to rebuild them whilst directing their resource and attention to recovering from the impact of Covid-19. The level of debt carried by UK companies has spiralled, making cash reserves harder to build up into the future.

Staff resource has also been significantly impacted by the pandemic. 59% of manufacturers have temporarily laid off staff, while 9% reported permanent layoffs. Almost half (49%) of services firms reported making temporary staff layoffs, while 20% had made permanent layoffs. And over half of retailers (53%) now report temporarily laying off staff, whilst 8% report making permanent layoffs[9]. While undertaking these substantive restructures, plans to recruit extra resource to help with processing licenses and customs paperwork arising from the UK's new relationship with the EU have been cancelled. This is true even in the sectors most essential to managing the flow of goods in the new relationship. A recent survey from the British International Freight Association (BIFA) found that 50% of respondents felt they would not have sufficient staff to undertake the additional customs-related work that will be required from January 1st 2021, whilst 60% felt they would not have time for comprehensive training of new recruits[10].

Deal or no deal, business will face disruption at the end of 2020 if nothing changes in the negotiations

With negotiations appearing to be fractious, a no trade deal scenario at the end of the year remains a possibility. At the same time, it is clear that if a deal is agreed it will be an FTA offering a markedly different basis for market access between the UK and the EU. This means that, whether there is a deal or not, there will be extra costs and barriers to trade in the UK-EU relationship at the end of 2020 which will have implications for UK businesses.

Certain industries and sectors will be more exposed to the changing nature of the relationship between the UK and the EU, with industries heavily reliant on trade or the provision of services to the EU being most at risk. UK Government analysis reveals that the manufactured goods trade would see the greatest hit in the event of a no deal, with additional trade costs on UK-EU trade estimated to be equivalent to 9%-17% of the value of trade compared with today's arrangements. Chemicals, pharmaceuticals, rubber & plastics, and motor vehicles are particularly vulnerable to a no deal Brexit or an FTA, which could reduce GVA in each sector by 18-23%[11]. This is a result of the high tariffs that would be placed on a range of goods exported under WTO rules – around 10% on cars, 12% on clothing and an average 22% on food, but also non-tariff barriers in the form of regulatory barriers which are more impactful than tariff barriers. Trade in goods would also require customs procedures, including declarations estimated to cost £20billion a year when fully in place. Checks would also be required to ensure goods exports meet safety standards. These would particularly focus on the 29% of food products the UK eats, which are imported from the EU[12].

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[8] Distributive Trends Survey: Retail – economic impact of Coronavirus, CBI, May 2020; Service Sector Survey, CBI, May 2020
[9] Industrial Trends Survey, CBI, May 2020; Distributive Trends Survey: Retail – economic impact of Coronavirus, CBI, May 2020; Service Sector Survey, CBI, May 2020
[10] Freight forwarders call for extension to Brexit transition period, BIFA, May 2020
[11] EU Exit: Long-Term Economic Analysis, HM Government, 2018
[12] Business view of the Brexit options, CBI, 2019

Table 2: Sector-by-sector trade costs of no deal

Sector	Average MFN import tariff	Average MFN export tariff	Indicative NTB facing exporters to the EU (tariff equivalent, %)
Aerospace and defence	2.6%	2.7%	11.1%
Agriculture, forestry and fishing	17.7%	16.4%	N/A
Chemicals	3.8%	3.5%	15.1%
Electrical machinery	2.6%	2.0%	2.7%
Financial services	N/A	N/A	5.5%
Food, drink and tobacco	13.4%	10.3%	30.1%
Insurance	N/A	N/A	5.6%
Machinery and equipment	2.7%	1.8%	N/A
Metals and metal products	2.0%	2.3%	7.4%
Motor vehicles	9.0%	8.5%	11.7%
Non-motor vehicle transport	1.8%	1.3%	11.7%
Pharmaceuticals	0%	0%	6.4%
Post and telecoms	N/A	N/A	8.2%
Scientific or consumer goods	1.3%	1.6%	N/A
Textiles, clothing & footwear	10.4%	10.5%	9.6%

Note: Estimates of tariff equivalents for non-tariff barriers were derived from a study of the barriers facing US firms in exporting to the EU, which also included estimates of the share of such costs that could theoretically be reduced by negotiation. Weighting these reducible tariff equivalents by UK export share for each sector, we calculated that the average non-tariff cost could be as high as 13%. If the UK faced even half these costs, it would be equivalent to an* *additional tariff on goods exports of 6.5%, with the sector impact on different sectors under this latter assumption illustrated in the third column.*

** "Non-Tariff Measures in EU-US Trade and Investment – An Economic Analysis", Berden et al, European Commission (2009).*

A mechanism to manage divergence is essential to smooth EU disruption occurring just as the UK is starting to recover from coronavirus

The coinciding of the coronavirus pandemic with the end of the transition period means that considering the impact of either a deal or a no deal scenario is no longer taking place in isolation. Companies are having to assume extra barriers and costs when planning for the medium to long-term. Recent research from the Social Markets Foundation found that industries which are likely to experience a medium to severe impact in 2021 / 2022 from coronavirus are also likely to face pressures when the UK leaves the EU, whether that's with or without a deal. Moreover, under a no deal scenario, some industries that may not have needed much government support as a result of the pandemic will be in need of more assistance in 2021[13].

The CBI has two particular concerns about this affecting the UK's prospects:

- Firstly, when multinationals in trouble are considering which operations to cut, they are anticipating the cost of doing business in the UK increasing which will count against keeping jobs here.
- Secondly, when European supply chains are being adjusted (e.g. if a business in the chain has collapsed), it is going to affect the likelihood of UK companies being chosen to be incorporated.

A mechanism that assumes mutual recognition of rules of UK-EU goods trade until such a time as the UK or the EU chooses to diverge would allow the UK to leave the EU by the end of transition whilst ensuring unnecessary costs and barriers to trade are avoided. It would shorten the amount of time required for the negotiation of individual sectoral chapters in the Free Trade Agreement. It would reduce the need for significant adjustment at the end of 2020, lowering the necessity for or length of any period of implementation. It would lower costs for the UK government: instead of increasing the capacity of UK regulators and agencies to take on work currently done by EU bodies, the UK government would be able to commit this funding to goals that enhance growth directly across the country. And it would substantially reduce otherwise significant volumes of red tape on businesses in a single action.

As well as having benefits in terms of time and resource, a mechanism for managed divergence is important for three reasons: it would recognise the complexity of the rules the EU and UK currently share, would acknowledges the reality of global rules, and would engender trust between the UK and the EU. A good example of this is REACH – an EU regulation nominally for the chemicals industry but which matters to a whole range of manufacturing industries including firms making adhesives, artificial limbs, automotive parts, cosmetics, dialysis machines, food packaging, military helmets, inks, pesticides, sports equipment, solar panels, window frames and more. It is complicated: over 500 pagers long, REACH provides rules and systems that track chemicals though the supply chain, to ensure the risks posed by substances which are potentially dangerous is minimised. It is seen as the gold standard in the international chemicals industry: some multi-national companies have adopted REACH despite not exporting to the EU, to bring their own compliance to the strongest standard; and the Chemical Industries Association reports that Brazil,

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[13] Assessing the economic implications of coronavirus and Brexit, Social Market Foundation, 2020

Canada, China and Japan are increasingly influenced by REACH. And it is important to the EU that these chemicals, when entering its territory, are safely handled and tracked which is why this regulation is so stringent. As a result, the burden of red tape for UK businesses would be high if REACH was chosen as an area for the UK to diverge immediately, with no mutual recognition or a mechanism for it. A mechanism for managing any divergence and maintaining harmonisation in the meantime would allow the EU to trust the UK, providing for open challenge and discussion when and if divergence takes place.

In areas where the UK and/or the EU choose to diverge, the mechanism should **ensure the consequences of divergence for market access are discrete, unattached to other aspects of the FTA, and proportionate.** The business community has been able to identify a number of areas the UK could reduce red tape without lowering standards as it leaves the EU. Agricultural businesses believe there may be some opportunities in improving how water quality is protected from nitrates and how the process of authorising plant products is undertaken, while distilleries believe more innovative gins could be brought to market with some changes and environmental services believe the UK could improve how recycling targets are set. The UK would have the freedom to pursue these after December 2020 – but all of these changes should be managed carefully, with close consultation with businesses, to avoid unintended consequences and disproportionate reduction in market access. Where these could have consequences for the UK-EU relationship, that could be managed through the mechanism without the pressure of self-imposed deadlines, allowing the UK to build a more competitive regulatory system in a considered, economically beneficial way.

CASE STUDY
POULTRY AND EGG FARMING

"EU rules set out a surprising amount for our industry. For our egg handling facilities, there are provisions for how our facilities should be laid out to ensure that washing dirty eggs and breaking them open takes place in different locations, the 21 day sell by date, the 4ºC temperature eggs should be stored at, and how much shell and membrane residue can remain inside our products.

"Even if the UK removed all these rules, we would still have to follow them to export to the EU. If the UK or EU diverged and required higher standards, for example greater amounts of training for abattoir employees, we would meet the higher standard for all our goods. But the bigger worry is if the UK regulates in a way that contradicts the EU's rules substantially enough to require two separate production lines or chickens for different markets raised separately. That would reduce the flexibility we have to manage our flocks effectively. So if we are to diverge, it has to be done carefully so there are benefits and all consequences are thought through, and not in one big jump."

An injection of pace and political steer will instil confidence in the business community

Three rounds of negotiations have now concluded, with negotiators so far having found many differences and little compromise. The CBI has been speaking with negotiators on both sides over the past few months and it is clear that progress is being hampered by two key political sticking points. These remain matters of principles and structure - the UK's negotiating position is one of precedent, whilst the EU's is based on proximity to the Single Market.

With just one month to go until the stock-taking exercise at the end of June, UK firms need to see an injection of pace and political steer in the fourth round of negotiations. Business is concerned that this will be made all the more difficult in light of the Covid-19 break out, with negotiating resource at all levels on both sides of the table having been redirected towards tackling the pandemic.

A good deal is achievable if both sides work to find compromise

Comparisons of EU and UK negotiation positions and draft treaties show that a good deal is possible and business backs many of the areas in which they find convergence. Tariff-free trade would keep costs low for businesses on both sides, the mutual recognition of qualifications would enable UK and EU professionals to work across borders, and a data adequacy agreement would maintain cross-border data flows.

Business recognises the sense of purpose and direction of the UK Government, and fully respects the parameters that have been set down. But in order to instil confidence in business, the negotiations must now prioritise three objectives. Firstly, they must ensure comprehensive coverage of services trade to help maintain the UK's competitive edge. Secondly, exporters' hands should not be tied by costly red tape and finally, customs complexities should be kept as low as possible. Firms are future-facing and agree the UK must be well placed to grasp new opportunities, setting regulations for emerging technologies, whether in AI, distributed ledger technologies or quantum computing. But for the UK to truly be spearheading this new frontier, its world-leading industries must not be distracted by significant new burdens on their exports.

Regulated service provision

The UK services sector accounts for nearly 80% of the UK's GDP and employs 4 in 5 workers across the country. The UK is the world's second largest exporter of services and the EU is the largest recipient – equivalent to 40% of the UK's total services exports. Services trade between the UK and EU is underpinned by some harmonised rules, but under the Government's draft FTA market access to the EU will become restricted for many sectors.

In 2019, the ability to move UK workers across the EU was a key concern for UK firms, with nearly half (48%) citing it as a current threat to the UK's competitiveness, rising substantially from 27% in 2018.[14] For mobility and social coordination, the UK and EU have broadly similar positions but in some areas the UK is seeking to go beyond existing agreements. The draft FTA provides welcome clarifications, but business will need clear commitments to be certain they will not face barriers to carrying out services. Similarly, it is clear that continuity is a part of the UK's ambition, and on areas such as the mutual recognition of professional qualifications, the UK is seeking go beyond what the EU has agreed in other FTAs whereas the EU approach is similar to previous agreements. This higher level of ambition to professional qualifications is vital in ensuring there are no unnecessary barriers to trade in services.

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[14] Prioritising people – the 2019 CBI/Pertemps Employment Trends Survey results and what they mean for business, CBI, 2019

An adequacy decision on data is vital to enable goods and services trade. Cross border data flows underpin trade between the UK and the EU, with over 75% of UK data transfers made with EU countries.[15] Both the UK and the EU have committed to seek an adequacy decision but given the tight timeframe for such an agreement, businesses need to be reassured that this will be granted in time for the end of the transition period.

Regulatory cooperation

Regulatory cooperation will be key to ensure businesses can continue to trade, keep costs low, and free manufacturers, exporters and importers from additional and onerous red tape. Arrangements on labelling and testing are not yet agreed. A separate system for UK labelling will take time to be developed – including separate UK documentation, and the processing of this at customs points will add an additional process at the point of import/export. Testing for approvals would also still require all tests performed by UK Notified Bodies to be repeated by EU Notified Bodies.

For example, to sell products in both the EU and Canada, businesses on both sides must – in the main – comply with two sets of rules, get products cleared by two sets of regulators, pay for two

CASE STUDY
The benefits of cross-border mobility case study

CASE STUDY
AUTOMOTIVE TESTING

Securing mutual recognition of type approvals is a key priority for the automotive sector. Before a vehicle or part is put on the market to be sold it must go through rigorous testing to ensure it meets the necessary technical, safety and environmental standards. Currently, a range of EU rules must be adhered do, such as the Pedestrian Protection Regulation which requires all cars to have energy absorbing bonnets and front bumpers, and the General Safety Regulation which – among many other things – requires all new buses and trucks to have advanced emergency braking systems. International rules, set at the UNECE, must also be adhered to.

In the UK, the Vehicle Certification Agency (VCA) is responsible for issuing type approvals, while several technical services undertake testing. Whole vehicles require hundreds of tests before they can be approved to be placed on the market. These are complex, and costly. Were full duplicate testing to be required for vehicles that are to be sold in the UK and the EU, an additional £50,000 to £100,000 could be added to the cost of approving a volume model, and upwards of £500,000 in the case of a high performance model. Where approval is needed for a completely new vehicle type, the need for duplicate prototype vehicles and components could add a further £250,000 - £500,000 to the cost of approvals for a volume model. Given the fine margins that automotive manufacturers operate on, this level of additional costs seriously impact manufacturers' profitability, undermining future investment plans and technology implementation timetables. Securing mutual recognition of UK and EU automotive type approvals should be an objective for the UK government, to avoid these costs and unnecessary red tape.

sets of licenses and in some instances, even pay for the authorities on the other side to randomly inspect their product lines for Canadian goods and EU ones. This adds significant cost to business operations. For example, it is estimated that duplicate testing of vehicles could add up to £500,000[16] to the cost of securing type approval for a single new model car, the Office of Health Economics states it takes 2-3 months longer for European-licensed medicines to be cleared for trade in Canada[17], and one machinery manufacturer told the CBI that getting approvals to sell a single machine to Canada costs £5,600 more than to the EU.

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[15] Priorities for European Exit Negotiations, TechUK, 2017
[16] SMMT, Position Paper UK/EU Trade Negotiations, January 2020
[17] Office of Health Economics, Public Health and Economic Implications of the United Kingdom Exiting the EU and the Single Market, 2017

Customs

The UK and EU share a number of aims for the new customs arrangements. The UK and EU are both seeking to establish a free trade area that would ensure that businesses would not face tariffs, fees or charges when goods would cross the border. This is a positive step: the CBI calculates that if the UK's exports faced even half the non-tariff barriers through regulatory and customs red tape that US exports do, it would be the equivalent of a 6.5%[18] tariff on all its goods.

Nonetheless, it is certain that there will be a substantial change for customs in this new relationship that will significantly increase the administrative costs and burden for business and border authorities. Whether from customs and safety and security declarations, export health certificates or more, a new economic relationship with the EU outside of the Customs Union will inevitably introduce new paperwork and burdens on the customs and border process, for both businesses and customs officials. It is estimated that the reintroduction of import and export declarations alone will add an additional £7.5 billion of annual costs for industry[19], and hundreds of people will need to be diverted to unproductive administrative roles to manage these.

Case Study: Paperwork and estimated costs for an SME exporting fresh beef lasagne

The required paperwork and preparation to export the lasagne to the EU would include:

- Pre-notification on TRACES - usually 24hrs
- Export declaration for low volume, small traders and VAT registered - £56
- Import declaration for low volume, small traders and VAT registered - £46
- Rules of Origin preferential paperwork - breaking down the origin of the component ingredients to ensure that it would qualify for zero tariffs
- Export Health Certificate veterinary cost – est. £200-900

Additionally, if not negotiated otherwise, the lasagne would have to enter the EU via a Border Control Post to inspect the product and ensure that it is compliant with animal product regulations

The UK government's draft FTA does go some way to address these concerns: the mutual recognition of both parties' Authorised Economic Operators (AEO) programmes and the aim to simplify customs arrangements by simplified customs procedures. The simplifications go as far as including reducing data requirements and supporting documents and the self-assessment for the deferred payment of customs duties and taxes until after the release of those imported goods. Nonetheless, the documentation costs to goods moving between the UK and EU will still remain a significant addition to businesses on top of the investment made to hire and train new staff to administer these changes.

At the same time, whilst business in Northern Ireland welcomed the UK Government's commitment to minimise red tape and protect trade with Great Britain, Government still has significant questions to clarify on the extent of checks and controls for the movement of goods between GB and NI, and how this will operate in practice. Firms in Northern Ireland are ready to offer their insight to Government about making the Protocol work, and help maximise the free-flow of goods.

[18] CBI calculation, Trade cost of a "no deal" scenario, 2017

[19] CBI estimate based on EU MFN WTO tariffs and 2018 HMRC trade data, not accounting for any tariff rate quotas

The CBI has laid out in further detail its specific asks to Government for each of these areas in its latest report The Red Tape Challenge: business priorities for the future UK-EU economic relationship[20].

Given the diminishing timelines and complexities involved, if negotiating teams can fulfil the promise of real progress on the above priorities, they could instil some of the confidence needed that a good deal can indeed be reached before the end of transition.

May 2020

[20] The Red Tape Challenge: business priorities for the future UK-EU economic relationship, CBI, 2020

Committee on the Future Relationship with the European Union

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14 May 2020

Dame Carolyn Fairburn
Director General
Confederation British Industry

Dear Dame Carolyn Fairburn,

The House of Commons Committee on the Future Relationship with the European Union is inquiring into the progress of the negotiations between the UK and the EU. Under normal circumstances, the Committee would hold regular oral evidence sessions in Westminster. However, measures to prevent the spread of the coronavirus make this difficult.

The Committee wishes to gather as much evidence as possible to inform its deliberations and I am writing to you to ask whether you would be willing to help us with our work by making a written submission. We welcome general responses to our call for evidence, which was published on 4 March. We also hope that you would be willing to answer the more specific questions set out below on issues that fall within your area of expertise. Such submissions need not address every bullet point and can include other matters that you think are relevant to the negotiations and should be drawn to the attention of the Committee.

- To what extent do the Government's negotiating aims meet the needs of your sector? What would you have preferred to be different? On which areas do you believe it should prioritise reaching an agreement?
- Given the UK and the EU's starting positions, are there any areas of reported disagreement that particularly concern you or your organisation? If so, what are they and why?
- The Government said it would "invite contributions about the economic implications of the future relationship from a wide range of stakeholders via a public consultation", and that this process would "begin later this spring". What are your views on this consultation? What was positive and negative about the Government's overall strategy to engage with business in advance of publishing its approach to the negotiations?
- Since the negotiations began, to what extent have you been kept abreast of developments? Have you found the updates from negotiation rounds helpful in assisting your sector to plan for the remainder of the Transition Period? If so, how?
- What steps are you taking to prepare for the end of the Transition Period? Do you have the necessary information and resources to prepare effectively? How long do you need once the final nature of any deal affecting your sector is known to prepare for new arrangements?
- How prepared is your business for the possibility of leaving the Transition Period without a trade deal in place on 1 January 2021? What discussions are you having with EU business partners in order to make contingency plans?
- How much progress would you need to see at the high-level summit in June to give confidence that a deal will be done? If it appears in June that a trade deal looks unlikely, how do you expect this to affect business behaviour? How important is an FTA to your sector versus trading on WTO terms?
- How, if at all, are you seeking to influence the EU in these negotiations? What engagement have you had with the Commission, European Parliament or any other EU organisation?
- How has the COVID-19 crisis affected your ability to prepare for the end of the Transition Period? Have you learned any lessons for contingency planning and supply-chain preparedness from your experiences with COVID-19 that could be applied to preparations for the end of the Transition Period?
- Considering the Coronavirus pandemic, is your business calling for an extension to the duration of the Transition Period? If so, why? If not, why not?

The Committee staff will be happy to discuss the inquiry, any issues raised, or the process for submitting written evidence. You can contact them at freucom@parliament.uk.

Yours sincerely,

Hilary Benn
Chair of the Committee