

A response from Sajid Javid to Sir David Norgrove on UKSA's proposed reform of the Retail Prices Index, and the Government's response to the House of Lords Economic Affairs Committee report, "Measuring Inflation".

This morning, the Chancellor has responded to a 4 March letter from Sir David Norgrove, Chair of the UK Statistics Authority (UKSA), which set out proposals from UKSA to reform the Retail Prices Index (RPI). Until 2030, the Chancellor's consent is required for UKSA's proposal to align RPI with the Consumer Prices Index including owner occupiers' housing costs (CPIH).

Today, the Chancellor has announced that given that some or all users of RPI will need substantial time to prepare, he is unable to consent to the introduction of UKSA's propose change to RPI before February 2025. The Government will consult publicly on whether this change should be made at a date other than 2030, and if so, when between 2025 and 2030. As part of this consultation, UKSA will consult on technical matters concerning how to implement the alignment of RPI with CPIH. The consultation will begin in January 2020, and the Government and UKSA will publish a response before the Spring Statement and the end of the financial year.

The Chancellor has also written to Lord Forsyth, Chair of the House of Lords Economic Affairs Committee, with the Government's response to the Committee's report "Measuring Inflation".

Money sender fined record £7.8 million in money laundering crackdown

A business that breached money laundering regulations has been hit with a record fine by HMRC.

Money sender fined record £7.8 million in money laundering crackdown

The fight against money laundering has taken a significant step forward today (4 September 2019), as HM Revenue and Customs announces a record fine against a London business for breaching strict regulations, which could have left them at the mercy of criminals looking to wash dirty cash.

West London money transmitter Touma Foreign Exchange Ltd ignored anti-money laundering regulations and received a £7.8 million penalty. Details of the fine were published on GOV.UK today, as HMRC continues to use its powers to crack down on those that break the rules.

The company was fined by HMRC for a wide range of serious failures under the Money Laundering Regulations. Between June 2017 and September 2018, the business breached rules on:

- risk assessments and associated record-keeping
- policies, controls and procedures
- fundamental customer due diligence measures
- adequate staff training

Mr Hassanien Touma was banned on 20 May 2019 from any management roles at a business governed by anti-money laundering regulations after he acted as an officer for the Money Services Business (MSB). Individuals are required to pass a vetting test to ensure they are fit and proper to carry out the role, and Mr Touma failed to do this.

The fine was announced following a separate HMRC, Metropolitan Police (MPS) and Financial Conduct Authority month-long crackdown on MSBs at risk of being used for money laundering to fund organised crime, such as drug trafficking, violent crime and terrorism.

During the July crackdown, MPS and HMRC officers executed warrants at 12 addresses in West London and seized evidence of money laundering. On 3 July 2019, Metropolitan Police officers arrested 2 men in central London and seized £100,000 cash intended for an MSB.

On 12 July 2019, after an investigation by HMRC assisted by the MPS, Shunjian Jiang, a London man, was given a suspended jail sentence for trading as an MSB without being registered for anti-money laundering supervision.

The judge ruled that Jiang's home in Colindale, London, was bought using the proceeds of crime because he was illegally trading as an MSB without being registered with HMRC, and would be subject to confiscation proceedings.

As part of the commitment to educate businesses, HMRC and MPS officers visited 40 MSBs in the Queensway area of London and reminded them of their obligations under the Money Laundering Regulations. Specially designed leaflets were hand-delivered to all 9,000 MSBs across London during July and

August to highlight the money laundering risks and need to properly manage these.

HMRC officers also visited 5 MSBs assessed to be at a higher risk of being used for money laundering and is taking civil action against 4 of them for failing to take adequate measures to protect themselves from criminal abuse.

Simon York, Director of HMRC's Fraud Investigation Service, said:

Money laundering is the lifeblood of the illicit drugs trade, human trafficking and other serious crimes which bring harm and misery to communities across our country. It also supports economic crime which costs the UK billions of pounds every year.

We know that criminals use MSBs to disguise and move dirty money, and we're determined to thwart them by helping businesses avoid being exploited in this way.

However, a word to the wise for those firms who, either by ignorance or design, continue to flaunt the rules – this record fine shows we mean business, so get your house in order before we come knocking.

An MSB is an organisation that transfers money, cashes cheques or converts currencies.

Touma Foreign Exchange is based in Greenford Road, London, UB6; The Broadway, London, UB6; and Edgware Road, London, W2.

You can read the list of [businesses not complying with money laundering regulations](#).

In 2018 to 2019, HMRC recovered more than £41 million using the confiscation, civil recovery and cash forfeiture regimes in the Proceeds of Crime Act and successfully prosecuted 32 individuals for money laundering offences and failing to follow regulations. Criminals are serving combined jail sentences of nearly 65 years as a result of the action HMRC has taken.

[You can read details](#) of the arrests made by Metropolitan Police on 3 July 2019.

Guidance for MSBs on Money Laundering Regulations can be found [on GOV.UK](#).

[A Commonwealth of Common Values](#)

E ngā mana, e ngā iwi, e ngā reo. Tēnā koutou, tēnā koutou, tēnā koutou

katoa.

It is a pleasure to be here tonight, addressing the Royal Commonwealth Society – so kia ora and thank you for the invitation. There is a strong and long-standing relationship between the British High Commission and the RCS, and I know that I follow in the footsteps of many of my predecessors in addressing you today.

The title of this lecture is 'A Commonwealth of Common Values'. This has given me a fairly wide remit, which I aim to exploit to the full extent possible!

But before getting into specifics, I would like to set the scene a little.

Members of the Royal Commonwealth Society will be well versed in most of this but I think it well worth revisiting the fundamentals of the Commonwealth, and some key facts and statistics – because they really are quite remarkable.

From an original family of 8 states (including New Zealand) who signed the London Declaration in 1949, the Commonwealth has grown to 53 member states.

Mozambique and Rwanda were the first countries to be admitted to the Commonwealth that were not previously part of the British Empire (you'll note by my use of the word *first* that we hope there will be more!). We also welcomed Gambia back into the family in February last year, and the Republic of Maldives has requested to re-join. The fact that a growing number of nations are keen to join or re-join the Commonwealth demonstrates the value that countries place on the benefits of being part of our diverse family.

These 53 member states are home to 2.4 billion people – a third of the world's population, across a quarter of the UN member states. In terms of prosperity, the Commonwealth makes up one-fifth of global trade, with the combined GDP of Commonwealth nations set to reach US\$13 trillion in 2020. Commonwealth States make up a quarter of the G20 group of countries.

The potential of the Commonwealth is therefore vast.

As the current Chair-in-Office, the United Kingdom is working with all member states to ensure the Commonwealth realises that potential. We are focused on promoting democratic values and development, increasing trade, amplifying the voices of small states, and tackling global challenges such as extremism and climate change.

Of course, all of this is easier said than done, and I don't want to gloss over the challenges that exist with this diverse set of nations. As with any multilateral organisation or any family, different personalities, priorities and inter-family relationships mean that there are tensions and difficulties. I will get into some more detail on these challenges later on. But I think it's important to acknowledge the role of a common set of values and principles can play in resolving differences – or at the very least provide a basis for a constructive dialogue.

So, with that scene set, I'd like to talk to you about three topics that I

think are important to consider when thinking about the Commonwealth and its values:

1. What the common values that bind together this family of diverse nations?
2. What are the challenges that we face?
3. And what does the Commonwealth mean here in New Zealand, in the Pacific and for the UK?

Common Values

The 16 shared values of the nations of the Commonwealth are set out clearly in our Charter. You will be relieved to hear that I will not be going through in detail how each of the 53 nations implement all 16 of those values – we don't have all night, and I am a diplomat, not an anti-insomnia app.

But broadly speaking those Commonwealth values can be summed up as a belief in democracy and the rule of law, good governance and human rights.

The Charter also expresses the commitment of member states to the development of free and democratic societies and the promotion of peace and prosperity to improve the lives of all peoples of the Commonwealth. Our common values, read together, represent our vision of common solutions to common problems, and working within the rules-based international order.

I would like this evening to highlight some of those values that have particular resonance for me, and which I think will have a critical role in how the Commonwealth evolves.

Firstly, human rights and equality

The starting point is that, only if human rights are protected – at an individual and collective level – can a country and its citizens fulfil its true potential. If some people are discriminated against or denied a role in decision making, or if the rule of law is not consistently and predictably applied, then both the people and the nation (and the economy) will suffer.

So it's a no-brainer (to use the technical term) that the Commonwealth is active on human rights. The Commonwealth Heads of Government Meeting in the UK last year recognised the importance of sharing human rights best practice and expertise; and agreed to support National Human Rights Institutions in each country, and enable effective participation by Commonwealth states in the Universal Periodic Review process at the Human Rights Council. The UK is – to that end – funding two new Geneva-based advisors, to support Commonwealth member states' engagement with the Universal Periodic Review and the Human Rights Council.

Closer to home, here in the Pacific, the UK and the Secretariat for Pacific Communities launched the Pacific Commonwealth Equality Project in Kiribati just last month. With £1.8 million of UK funding, this joint initiative will improve the capacity of Pacific Commonwealth countries to deliver on their international human rights commitments. There have been smaller-scale

projects, too: in Samoa, for example, the other Commonwealth state to which I am accredited, the Commonwealth Secretariat has supported the critical work of the National Ombudsman in documenting and communicating the problem of domestic violence.

The Commonwealth, in all its diversity, also champions religious freedom. But this year's heinous attacks on mosques in New Zealand and churches in Sri Lanka, and the ongoing persecution of or discrimination against religious minorities in many countries, including Commonwealth countries, remind us – afresh – of our shared responsibility to uphold and protect this fundamental human right to freedom of religion or belief.

Protection of the Environment

As members of the Commonwealth, we share a recognition that we live on a shared planet with finite, common resources that must be managed for the benefit of all. And that we have a duty of kaitiakitanga, or guardianship, for our land and oceans. Here in the Pacific, I don't need to set out the imminent, existential threat that climate change poses to many, eventually all, of our members. I don't need to remind you of the Prime Minister of Tuvalu's rallying cry: that if you save Tuvalu, you save the world. And I don't need – I think – to set out the plight of our oceans and marine life, faced with temperature rises, over-fishing, and pollution.

But it's worth setting out what we are doing to tackle the problem.

At the Commonwealth Heads of Government Meeting last year, we celebrated the ratification of the Paris Agreement by all members. We re-iterated our commitment to pursue efforts to limit the increase in global average temperature to 1.5 degrees Celsius above pre-industrial levels. And we launched the Commonwealth Blue Charter to sustainably develop and protect the ocean, along with initiatives such as the Commonwealth Marine Economy Programme, and the Commonwealth Clean Oceans Alliance.

Our task now is to focus on delivery.

Here in the Pacific region, the UK is supporting the establishment of a Regional Pacific Nationally Determined Contribution (NDC) Hub in Fiji to help the Pacific Island Countries implement the Paris Agreement. New Zealand announced similar support in the margins of COP 24 in Poland.

In June the UK launched the first ever Pacific Climate Change Report Card on World Oceans Day. In collaboration with UK marine scientists, 60 Pacific Climate Change experts worked to assess the impact of climate change in the region and identify how Pacific islands can respond to this global challenge.

Since its launch with 7 countries in April last year, 25 countries have now signed up to the UK and Vanuatu led "Commonwealth Clean Oceans Alliance" to tackle marine plastic pollution. I was at the meeting of the Pacific Community in Noumea in June of this year, and Pacific country after Pacific country set out what they are doing to reduce the use of plastics and tackle plastic pollution. And – as the proud Governor of the Pitcairn Islands, I am

pleased to say that they, too, are playing their part, with an expedition to Henderson Island to clear up plastic pollution, study its impact, and communicate the plight of plastic pollution to the world.

None of these problems can be tackled by countries acting alone: we need to co-operate and draw on the contribution and expertise of all our members. And none of them can be tackled by government alone: we need leadership at every level – large states and small, governments and individuals – to deliver the culture change and action necessary.

So, in line with the Charter's principle to recognise the needs of small states, the UK at CHOGM announced a £19m package of support for Small Island Developing States to strengthen pre and post-disaster financing plans, as part of our efforts to support the resilience and prosperity of Small Island Developing States. In November last year, the UK helped to fund Small Island Developing States from across the Commonwealth to attend Kenya's Sustainable Blue Economy Conference, to compare notes on how best to manage oceans sustainably.

And in September, the Prime Minister announced a Young Leaders' Plastic Challenge Badge to help an estimated 100,000 young people in the Commonwealth become leaders in raising awareness about reducing plastic consumption.

Which brings me to the third value I would like to highlight:

The Importance of Young People in the Commonwealth

One in three of all young people aged between 15 and 29 live Commonwealth countries. That's about 640 million young people.

We have all seen the power of young voices leading change – Greta Thunberg is but one example – and I am sure you will agree that our youth are a vital and valuable investment for now and the future.

60% of the population of our member countries are under the age of 30. One of the roles of the Commonwealth is to amplify the voice of young people and for 40 years the Commonwealth Youth Programme has supported member countries to do just that. It places special emphasis on supporting young people to design and drive youth-led initiatives across a range of issues that directly affect them.

A great example of this is the Commonwealth Youth Climate Change Network (CYCN) which was established in 2009 to build the capacity of young people in their endeavours to address climate change and other environmental issues, and advocate on climate change from a youth perspective. The Commonwealth Youth Climate Change Network supports actions that empower young people to translate climate change programmes into effective policies that will have a measurable impact on youth well-being. It also links projects implemented by its members across the Commonwealth in order to develop common actions and campaigns. For the UK to reach its legally binding target to reduce greenhouse gas emissions to Net Zero by 2050, and for all countries committed to meeting – or exceeding – their Paris commitments, it is key that we engage

the drive & ambition of our youth. The Commonwealth provides a great platform for doing so.

A further example is the Commonwealth Children and Youth Disability Network. Launched this year, the network aims to enable young disabled people to effect change on issues that matter to them. This is a practical response to the Commonwealth Heads of Government mandate to 'address the stigmas around disability in all its forms and manifestations, ensuring that no one is left behind'. This network gives a voice and space to children and young people with disabilities to lead their own agenda in the Commonwealth.

It is also essential to recognise and celebrate the achievements of these young people whose initiatives range from poverty alleviation to peace building. In 2018, Josevata Rotidara (Jo-say-fa-ta Row-ti-fara) from Fiji was a finalist in the Commonwealth Youth Awards in recognition of his inspiring work as an advocate for 'Campaign for Mental Health', and his efforts to promote well-being and overcome the stigma that surrounds mental health. The award was won by Usman Iftikhar from Australia, who founded a start up incubator that enables migrants and refugees in Australia to start their own businesses. By showcasing and celebrating the achievements of young people in driving democracy and development, the Youth Awards inspire a whole new generation of Commonwealth leaders.

Challenges

Of course, it's not all a bed of roses – and it's worth reflecting on (rather than glossing over) the challenges facing the Commonwealth.

Some of these are about our internal governance – how the large programme budget is spent, or the multiplicity of issues we discuss, and the risk of duplicating discussions in other fora. Over time, the Commonwealth has gained a reputation for being a talking shop. The donor-recipient / north-south dynamic pervades, as can talk of the Old Commonwealth and the New. Controversial decisions, such as allowing Sri Lanka to host CHOGM in 2013 despite concerns about human rights abuses, have fuelled criticism of the organisation and its ability to take decisive action on pressing issues.

More generally, there is a gap between the Commonwealth's emphasis on human rights, and the reality on the ground in many member states: whether that's the rights of women or members of the LGBTI community, religious and ethnic minorities, or ensuring a level playing field for political parties. And the Commonwealth's tools for holding members to account are limited. I was working on South Asia in 2016, when the Republic of the Maldives, tired of being scrutinised and criticised by the Commonwealth Ministerial Action Group for its failings on human rights, decided to leave the Commonwealth. There are also tensions between members: for example between India and Pakistan, which can complicate the dynamic within the organisation. And the UK is not immune: we are engaged in a long-running dialogue with Mauritius about the sovereignty of the British Indian Ocean Territory.

But our shared values that we all signed up to in the Commonwealth Charter, and reaffirmed last year, mean that even as we may disagree on specific

issues, we are able to continue civil and productive relationships with fellow members. We can also agree – as we did in Malta, and in London – on the need for reform, and work together on that reform. That's how a family of nations works.

And it is a testament to the success of this imperfect family that the Republic of the Maldives, under its new Government, has submitted a request to re-join the Commonwealth.

What does the Commonwealth mean here in New Zealand, in the Pacific and for the UK

I've talked a lot about climate change, oceans and human rights, here in the Pacific region. But I would expect that most Kiwis (current audience probably excepted) would have trouble identifying what benefits New Zealand derives from being a member of the Commonwealth. Explaining what the Commonwealth is and how it benefits its members is an ongoing challenge. There is a low level of understanding of the Commonwealth in all our countries – as any High Commissioner will testify. As the outgoing Indian High Commissioner put it: my Mother wants to know when I'll be promoted to Ambassador...

And yet the tangible benefits of membership are considerable. You may have heard of the 'Commonwealth Advantage'. This is used to describe the fact that trade between Commonwealth members costs on average 19% less than trade with non-members. This is largely thanks to the close relationships and common factors between our countries, such as use of the English language and similar legal and financial systems.

With intra-Commonwealth trade expected to rise to \$700 billion in 2020 and a commitment made by leaders at CHOGM 2018 to raise that to \$2 trillion by 2030 through the Commonwealth Connectivity Agenda for Trade and Investment, there is enormous advantage for a trading nation like New Zealand to be part of the family. Indeed, DPM/FM Peters has established a Commonwealth Trade Envoy, Jeremy Clarke-Watson to ensure that New Zealand is taking maximum advantage of its membership, and to look at how that advantage might be enhanced. Given our similarities of language and legal systems, the Commonwealth is a perfect test-bed to try out exciting, innovative new measures on trade, such as enabling digital trade, finding new ways of addressing regulatory barriers or using trade for development purposes.

But wider than trading links, the Commonwealth is an amazing network of people for New Zealand and the other members to engage with. With 2.4 billion people spread across 53 countries, the Commonwealth encompasses an extraordinarily wide geographic, cultural, ethnic and economic diversity. Normally multilateral fora are focussed on one region or theme, for example, ASEAN and APEC. But the Commonwealth is spread across the globe with the Pacific, African, European, and Caribbean nations meeting to address a diverse set of issues, but all underpinned by this common set of values and principles.

In no other forum would the Prime Minister of Samoa sit next to the Prime Minister of India, or – I suspect – the Prime Minister of New Zealand next to

the Prime Minister of Nigeria.

If you haven't seen the video message that Prime Minister Ardern recorded for Facebook from the tarmac at Heathrow on her way home from the Commonwealth Heads of Government Meeting in London last year (22 April 2018), it's well worth a watch. You'll see for yourself how enthusiastic she was about the range of leaders she was able to interact with. Leaders that she wouldn't normally have had the chance to speak to. She mentioned conversations with the leaders of Botswana, South Africa, Malta and Sri Lanka.

She spoke about small islands interacting with large states, and in turn persuading them of the scale of the challenge that climate change poses to Island nations. But she also repeatedly used the word potential: and that's right. we have work to do to realise fully the potential of the Commonwealth.

The Pacific

Looking now to the vast Pacific region, here too the connections are close. The Commonwealth and the shared values that I have just described bring us together. Nine Pacific islands are fellow members of the Commonwealth, and our connections – for good or ill – stem from Captain Cook's first voyage through the Pacific 250 years ago this year.

So the UK has long been in and of the Pacific. But in the 2000s we scaled down our presence. We remained present and engaged in Fiji, PNG, and the Solomon Islands. But we closed our High Commissions in Vanuatu and Tonga, and quite frankly we stepped back too much from our Pacific friends and Commonwealth partners in this region.

We are now putting that right. At the Commonwealth Heads of Government meeting last year, the then Foreign Secretary, now our Prime Minister Boris Johnson, announced that the UK would be opening 9 new diplomatic missions in Commonwealth countries, thereby increasing the number of British High Commissions around the world from 38 to 47.

Three of those new missions are in the Pacific: we are opening High Commissions in Tonga, Vanuatu and Samoa, thereby doubling our diplomatic presence in the Pacific. And while – on a personal note – I'll be sad to give up my non-resident High Commissioner position to Samoa, it's something that I advocated strongly for, and it's brilliant that we will have a new resident High Commissioner arriving in December.

Because there is so much more we can do together: in the region, and in the Commonwealth as a whole. And we very much hope that the Commonwealth may be coming to the Pacific: at CHOGM 2018, Heads welcomed the offer of Samoa to host CHOGM 2022. A final decision will be made at CHOGM 2020 in Rwanda, but we are excited at the prospect of working with Samoa in this vein, and of course with other countries in the region – New Zealand included.

The UK

And what about the UK? Having got this far without mentioning the B word – I

should now talk about what Brexit means – and doesn't mean – in this context.

It's important to stress that, while we are indeed leaving a multinational organisation, the UK is neither nationalist, nor isolationist. We remain proudly multicultural, and proudly internationalist. Some saw Brexit as a sign that the UK would turn in on itself, putting up barriers to international co-operation. But the UK has been clear throughout that it will remain as active and engaged internationally as ever.

We are clear that though we are leaving the EU, we are not leaving Europe: we aim to maintain the closest possible relationships with our European partners, friends and neighbours. We are clear that we believe strongly in global responses to global problems: championing free trade, taking urgent action to protect our climate and oceans, tackling the scourges of terrorism, cyber attacks and hostile states. We are bidding – in partnership with Italy – to host COP 26, the UN Climate Change Conference, in 2020.

We remain focused on human rights and good governance. And we continue to put our money where our mouth is: we are the only NATO member to spend both 2% of GDP on collective defence, and 0.7% on ODA.

We are – in short – re-invigorating our ties with old friends and partners across the globe – and investing time, energy and money, as I have set out, in making the Commonwealth as effective as possible. That's why we were particularly proud to host last year's Commonwealth Heads of Government Meeting in London last year on the 70th anniversary of our network, and we remain a committed champion of the organisation as Chair-in-Office for this year of 'A Connected Commonwealth'.

Conclusion

To conclude. The UK shaped the world dramatically through colonialism and the British Empire. And our history of Empire – with all the baggage that brings – is also the story of our modern diversity, and British citizens who whakapapa to Commonwealth countries around the world.

Whatever we may think of the Empire and its legacy, and that surely is a topic for another speech on another occasion – the ties that are left are strong. A shared language, shared legal system, shared values. The connections between our peoples – what Prime Minister Modi calls the "living bridge". A feeling of being at home in each others' countries.

That, Ladies in Gentlemen, is now the Commonwealth: a diverse family of nations who, by virtue of those historical, cultural and people to people connections, by virtue of shared values, and by virtue of a shared commitment to finding global solutions to global problems, choose – actively choose – to be part of the Commonwealth.

In May 1949, 70 years ago, Prime Minister Nehru set out why, as it became a Republic India was committed to being a part of the Commonwealth:

"We join the Commonwealth because we think it is beneficial to us and to

certain causes in the world that we wish to advance. It is mutually understood that it is to the advantage of the nations in the Commonwealth and therefore they join. At the same time, it is made perfectly clear that each country is completely free to go its own way... but it is better to keep a co-operative association going which may do good in this world rather than break it."

And that, Ladies and Gentlemen, remains as true today as it was then: the Commonwealth, in all its imperfection, is beneficial to its members, and it is a force for doing good in the world.

Tēnā koutou, tēnā koutou, tēnā koutou katoa.

Chancellor of the Duchy of Lancaster statement in the House: 3 September 2019

Thank you very much Mr Speaker. This is the first time that I have appeared at the dispatch box since I moved on from the Department of Environment, Food and Rural Affairs and I would like to take this opportunity to thank the superb team of civil servants at that department who do so much to improve the lives of so many across this country, and with your permission, I will make a statement about preparations for our departure from the European Union.

More than three years ago, in the biggest exercise in democracy in our country's history, the British people voted to leave the EU.

But so far this Parliament has failed to honour that instruction. Now our Prime Minister has made clear that we must leave by October 31st. And so we must.

Trust in this House depends on it. Trust in our democracy depends on it.

Of course, this Government is determined to secure our departure with a good deal – one that paves the way for a bright future outside the single market and the customs union. And the response the Prime Minister has received from European leaders shows they are ready to move. They want a deal too.

And they are moving because the Prime Minister has been clear that matters must be resolved by October 31 – if we drift, then the incentive on them to deliver quickly will dissipate. So I hope my colleagues in the House of Commons will give the Prime Minister the time and space he needs to pursue the opening he has secured and get a deal we can all support.

But of course we must be prepared for every eventuality.

The European Union may not change its position sufficiently before October 31st, it may be that a deal is not secured.

So we must be ready to leave without a deal on October 31st.

Leaving without a deal does not mean talks with European partners end altogether. In those circumstances, after we depart without a deal in place, we will all want to discuss how we can reach new arrangements on trade and other issues.

But while those conversations go on, we must ensure we are ready for life outside the EU, as a third country, trading on WTO terms.

There has been extensive speculation about what leaving without a deal might mean for businesses and individuals. Moving to a new set of customs procedures, adjusting to new border checks and dealing with new tariffs all pose significant challenges. And nobody can be blive or blasé about the challenges we face or the scale of work required. But, provided the right preparations are undertaken, by Government, business and individuals, risks can be mitigated, significant challenges met and we can be ready.

Leaving without a deal is not an event whose consequences are unalterable. It is a change for which we can all prepare, and our preparations will determine the impact of the change and help us also to take advantage of the opportunities that exist outside of the EU.

We have, of course, to prepare for every eventuality. That is the function of Operation Yellowhammer. It is an exercise in anticipating what a reasonable worst case scenario might involve and how we can then mitigate any risks. Operation Yellowhammer assumptions are not a prediction of what is likely to happen, they are not a base case scenario or a list of probable outcomes. They are projections of what may happen in a worst case scenario and they are designed to help Government take the necessary steps to ensure that we can be ready in every situation.

And since the new Government was formed at the end of July, new structures have been put in place to ensure we can be ready in every situation and we can accelerate our preparations for exit.

Two new Cabinet committees have been set up – XS and X0 – to discuss negotiating strategy and make operational decisions about exit respectively. X0 meets every working day to expedite preparations for exit.

We are in regular contact with our colleagues in the devolved administrations, including the Northern Ireland civil service, and thousands of the best civil servants across the UK are working to ensure the smoothest possible exit.

We have been helped by the Chancellor's move to double Brexit funding for this year, announcing an additional £2.1 billion for 'No Deal' on top of expenditure already committed, so £6.3 billion in total has been allocated to

prepare for life outside of the European Union. That money is being deployed to provide practical help to businesses and individuals. Guaranteeing the effective flow of goods across our border with the EU is central to our preparations – and that will require action by businesses to adjust to new customs procedures and of course intervention by Government to ensure the freest flow of traffic to our ports.

That is why HMRC has announced an additional expenditure of £16 million to train thousands of customs staff, traders and hauliers, so that trade with the EU continues as smoothly as possible.

And it's also why today we're announcing £20million more to ensure traffic can flow freely in Kent and trucks arriving at Dover are ready to carry our exports into the EU.

On business, we have automatically allocated an Economic Operator Registration Indicator (EORI) number to 88,000 companies across the UK and businesses can also register for Transitional Simplified Procedures (TSP) to delay the submission of customs declarations and postpone the payment of customs duties.

New transit sites have been built in Kent to smooth the flow of goods into the UK and we are also recruiting 1,000 new staff to help maintain security and support flows at the border. So government will do all it can to support businesses to get ready, but many of the steps required to ensure the smooth flow of trade fall to business. We will provide advice, finance and flexibility over how revenue payments may be settled but it is important that businesses familiarise themselves with the new requirements that exit will involve.

That is why we have launched a public information campaign, Get Ready for Brexit, to give everyone the clear actions they need to prepare.

As well as TV and radio advertising, there is now a straightforward, step-by-step, checker tool available on the Government's website – gov.uk/brexit – so all of us can identify quickly what we may need to do to get ready.

And Government has also acted to provide assurances that business and individuals can have the maximum level of confidence about the future.

We have signed continuity agreements with countries covering up to £90bn in annual trade. We have replacement civil nuclear energy trading agreements with Canada, the US, Australia and the IAEA.

We have secured aviation agreements with 14 countries, including the US and Canada. And we also have arrangements with the EU on aviation, on roads and on rail to ensure smooth travel between the UK and European nations.

We also have arrangements on education exchanges, social security, fisheries, climate change and a number of other areas.

On financial services, so that transactions can continue to take place and financial and markets stability underpinned.

We also need to make sure we have a robust legal framework in place.

6 Exit-related bills which cater for different scenarios have been passed by Parliament.

Government has laid over 580 EU exit secondary instruments.

And, of course, the government is also determined to ensure that we protect the rights of both UK nationals in the EU, and EU citizens in the UK.

I want to personally thank the over 3 million EU citizens living and working here for their positive contributions to our society. You are our friends, our family and neighbours. We want you to stay and we value your presence.

Under the EU Settlement Scheme, over one million EU citizens have already been granted status.

Let me be clear: EU citizens and their family members will continue to be able to work, study and access benefits and services in the UK on the same basis after we exit the EU. And of course, this Government will do everything in our power to make sure that UK nationals can for their part continue to live in the EU as they do now.

The UK Government cannot, however, protect the rights of UK nationals unilaterally. We welcome the fact that all Member States have drafted or enacted legislation to protect the rights of UK nationals. Today, we are calling on Member States to go further and fully reciprocate our commitment to EU citizens, providing UK nationals with the certainty they deserve.

There are other decisions that the EU and the member states have said they will take which will have an impact on us all if we leave without a deal. The EU's commitment that we will be subject to their common external tariff in a no deal scenario will impose new costs, particularly on those who export food to Europe.

And indeed, the EU's current approach to the rules of their single market will require as things stand the Republic of Ireland to impose new checks on goods coming from Northern Ireland. We for our part, will do everything we can to support the Belfast Agreement to ensure the free flow of goods into Northern Ireland and to mitigate those impacts, including providing targeted support for our agriculture sector and for Northern Ireland's economy – but we should be clear this support is required because of EU decisions not UK Government decisions.

While these are real risks we must deal with, there are also many opportunities for life outside the EU.

We can reform Government procurement rules, we can get a better deal for taxpayers, we can forge new trade relationships that help UK businesses grow, we can innovate more energetically in pharmaceuticals and life sciences, we can develop crops that yield more food and contribute to better environmental outcomes, we can manage our seas and fisheries in a way which revives coastal communities and we can restore our oceans to health, we can introduce an immigration policy that is fairer, more efficient and more humane, we can

improve our border security and deal better with human trafficking and we can deal better with organised crime, we can open new Freeports across this country to boost undervalued communities, and we can support business more flexibly than ever before.

There are undoubted risks and real challenges in leaving without a deal on October 31st but there are also huge opportunities and new possibilities for our country outside the EU. It is my job to mitigate those risks and overcome those challenges and enable this country to exploit those opportunities and extend to every citizen those new possibilities.

That is why I commend this statement to the house and why I am confident that, as a nation, our best days lie ahead.