

Preparations for the end of the Transition Period

Thank you very much, Madam Deputy Speaker. With your permission, I would like to make a statement on preparations for the end of the transition period.

There are now just 100 days to go until the United Kingdom leaves the Single Market and the Customs Union.

This will be a moment of great opportunity – but also of significant change and challenge. It's vital that we all take the steps required to grasp those opportunities and to meet and master those challenges.

The Government is of course committed to negotiating a new Free Trade Agreement with the EU before the end of the transition period. And those talks are progressing.

But, whatever the outcome of those negotiations, things will change for businesses and individuals as they trade with and travel to the EU. It is important that we as Parliamentarians all understand that and that we all take action to prepare.

Whether we secure a good FTA before January or not, whether we get a Canada-style deal or exit on Australian terms, we will have left the Single Market and the Customs Union. That fact means adjustments for businesses trading with the EU, changes for citizens travelling to the EU and of course new responsibilities for Government in both scenarios.

The superb civil servants at Her Majesty's Revenue and Customs and their colleagues across government are working with business to ensure that exporters and importers are ready for new rules. Every business trading with Europe will need to thoroughly familiarise itself with new customs procedures: and whether they develop capacity in-house, or work with a customs intermediary, enhanced preparation is vital. The Government has invested in increasing customs agent capacity, supported growth in the sector and of course it stands ready to do more. And HMRC are also able to support businesses to secure the AEO or consignor and consignee status which eases the flow of goods.

Businesses which are fully ready for life outside the Customs Union will also of course be better prepared for the growing number of export opportunities outside Europe as the UK establishes new trade relationships with partners across the globe, following the highly successful conclusion of our new trade deal with Japan. And, because preparing for customs procedures will be required with or without a Free Trade Agreement, these adjustments can't of course be left until the last minute. More and more businesses are becoming fully prepared but there are still many who have not quite taken the steps they need to. Our survey evidence indicates that while 78% of businesses have taken steps, just 24% believe that they are fully ready. Indeed, 43% of

businesses actually believe the transition period will be extended, even though the deadline for any extension has now long passed and the date that we leave the Single Market and the Customs Union is fixed in law and supported across this House.

This Government is taking action to prepare for that date with the X0 Committee; the Cabinet Committee charged with preparations for the end of the transition period, now meeting almost daily, taking decisions on trader and haulier readiness, border infrastructure and fisheries protection. The Committee has now met 136 times since it was established and it will continue to meet to make sure that we have taken all the necessary steps to prepare.

But we also need businesses to prepare. The consequences of a lack of business preparedness will be not just economic opportunities missed for those companies who don't prepare but, potentially, much wider disruption.

That is why today we're publishing our Reasonable Worst Case Scenario planning assumptions, indicating what could happen if we don't all secure improved preparedness.

I should stress this is not a prediction or a forecast. It's just a prudent exercise in setting out what could, in the worst circumstances, occur if we don't improve preparedness. And, of course, if our neighbours decline to be pragmatic.

The scenario builds on an estimate that only 50-70% of large businesses, and just 20-40% of small- and medium-sized enterprises, would be ready for the strict application of new EU requirements.

In those circumstances, that could mean that only between 30 and 60% of laden HGVs would arrive at the border with the necessary formalities completed for the goods on board. They would therefore be turned back by the French border authorities, clogging the Dover to Calais crossing.

In that scenario, flows across the critical Short Strait crossings could be reduced by up to 60-80% compared to the normal rate, and in such circumstance, that could lead to queues of up to 7,000 HGVs in Kent.

These queues, and the associated disruption and delay, would, of course, subside as unready businesses who had their goods turned back at the French border would not want to repeat the experience. But it is clearly far better that everyone is aware now of what is needed to prepare rather than to face additional disruption next year.

And that is why we are publishing our Reasonable Worst Case Scenario today. Not just because any prudent government always prepares contingency plans for the worst. But also to illustrate the costs of a lack of preparedness while there is still plenty of time to prepare.

This Government is committed to doing whatever it takes to help business and we have brought in a comprehensive series of measures to help businesses and individuals adapt to the changes ahead.

We are helping businesses which import by introducing new border controls on imports in stages, and full controls will only be imposed from July of next year.

We have produced a comprehensive 'Border Operating Model', which provides a simplified guide, complemented by the work of GOV.UK for business and will be publishing an updated version with more granular detail in coming weeks.

We have invested £705 million in new technology, infrastructure and jobs at the border. And we are ensuring extra personnel: Border Force have recruited more than 1000 additional staff, with hundreds more being recruited now.

And we have also made available more than £80 million in grants for organisations to recruit and train new customs agents, to support an expanded customs intermediary sector.

And, of course, a new network of information and advice sites will help ensure that hauliers are up to speed with their new requirements and the correct paperwork, and of course they will be able to check their documentation is export-ready using the new Smart Freight web portal.

And of course, we've complemented all this activity with a public information campaign to help businesses prepare. The campaign communicates the actions that all businesses need to take before the end of the transition period. There is a user-friendly checker tool on the gov.uk/transition page which details exactly what businesses need to do.

Now the Government is taking all these steps to help business prepare because change requires preparation – but change is what the British people voted for.

Because, Madam Deputy Speaker, outside the Single Market and the Customs Union, the UK can exercise all the freedoms and flexibilities of a truly sovereign state.

Outside the Common Agricultural Policy we can support our farmers better and enhance our natural environment.

Outside the Common Fisheries Policy we can revive our coastal communities and improve our marine environment.

We can strike new trade deals, which help developing nations grow faster and lower prices for consumers. We can develop tailored policies to better support new technologies and to level up our economy. We can invest the money that we currently send to Brussels in the NHS, in our science base and in improving productivity in all the nations of the United Kingdom. We can develop freeports which bring investment to overlooked communities. We can regulate more smartly, legislate more accountably and strengthen our democracy.

These are great prizes – and the British people voted in the 2016 referendum and the 2019 general election to make sure they were delivered.

This Government is committed to honouring those democratic choices and I commend this statement to the House.