

PREPARATIONS FOR THE END OF THE TRANSITION PERIOD

With your permission, Mr Speaker, 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 UK 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 meet and master those challenges.

The Government is 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 understand that and 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 Customs Union. That fact means adjustments for businesses trading with the EU, changes for citizens travelling to the EU and 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 exporters and importers are ready for new rules. Every business trading with Europe will need to thoroughly familiarise itself with new customs procedures: 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 stands ready to do more. And HMRC are also able to support businesses 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 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 new customs procedures will be required with or without a Free Trade Agreement, these adjustments can't be left until the last minute. More and more businesses are becoming fully prepared but there are still many who have not taken the steps they need to. Our survey evidence indicates that while 78% of businesses have taken some steps, just 24% believe they are fully ready. Indeed, 43% of businesses believe the transition period will be extended, even though the deadline for any extension has now long passed and the date we leave the Single Market and Customs Union is fixed in law and supported across this House.

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

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 secure improved business preparedness.

I should stress this is neither a prediction nor a forecast but a prudent exercise in setting out what could, in the worst circumstances, occur if we don't improve preparedness. And 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, are ready for the strict application of new EU requirements.

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 at the French border, clogging the Dover to Calais crossing.

In that scenario, flows across the critical Short Strait crossings could be reduced to 60-80% compared to the normal rate, leading 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 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 time to prepare.

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

- We are helping businesses which import by introducing our new border controls on imports in stages, with full controls imposed only from July 2021.

- We have produced a comprehensive 'Border Operating Model' document, as well as simplified step by step guides on gov.uk, for business and will be publishing an updated version with more granular detail in the coming weeks.
- We have invested £705m in new technology, infrastructure and jobs at the border. This includes £470m for Infrastructure.
- We are ensuring extra personnel: Border Force have recruited more than 1000 additional staff, with hundreds more being recruited now.
- We have 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 a new network of information and advice sites will help ensure that hauliers are up to speed with the new requirements and the correct paperwork, and they will be able to check their documentation is export-ready using the new Smart Freight web portal.

We've complemented all this activity with a public information campaign to help businesses prepare. This campaign communicates the actions businesses need to take before the end of the transition period. The user-friendly checker tool on the [gov.uk/transition](https://www.gov.uk/transition) page details exactly what businesses need to do to prepare.

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

Mr 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 level up the economy. We can invest the money 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.