



Rt Hon Michael Gove MP
Chancellor of the Duchy of Lancaster
Cabinet Office 70 Whitehall London
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22 September 2020

Dear Colleagues,

I write to provide further information about our reasonable worst case scenario (RWCS) planning assumptions for potential disruption to freight travelling between Great Britain (GB) and the European Union (EU) at the end of the transition period. The RWCS and rationale underpinning this assessment are attached to this letter. I hope this will assist you to put in place proportionate plans to mitigate potential disruption.

As a responsible government we continue to make extensive preparations for a wide range of scenarios. Officials have been working closely with key stakeholders on a range of plans to minimise and manage the risk of disruption to the flow of goods. This includes the procurement of freight capacity to ensure Category 1 goods including critical medicines can continue to be imported.

The biggest potential cause of disruption are traders not being ready for controls implemented by EU Member States on 1 January 2021. Irrespective of the outcome of negotiations between the UK and EU, traders will face new customs controls and processes. Simply put, if traders, both in the UK and EU, have not completed the right paperwork, their goods will be stopped when entering the EU and disruption will occur. **It is essential that traders act now and get ready for new formalities.** We are supporting traders to take the necessary steps for the end of the year and have launched a communications campaign in the UK and the EU to help traders to get ready. Updated information can be accessed via [gov.uk/transition](https://www.gov.uk/transition).

Hauliers are also key to minimising the risk of disruption as they can ensure that the goods they carry have completed the necessary EU Member State processes. The UK Government will be contacting haulage companies in the UK and the EU directly, running targeted advertising, publishing an updated haulier handbook (translated into relevant EU languages) and will launch advice stands across the UK at service stations. We are also delivering a 'Smart Freight' IT service to enable drivers and hauliers to complete a border readiness check. Information submitted to this web portal will be shared with traffic officers in Kent to ensure only compliant vehicles travel to the Port of Dover and Eurotunnel. For other routes it will be available on an advisory basis. We will be commencing public testing of this web portal from October ahead of ensuring the Smart Freight portal is fully operational by year end.

We are also implementing a Border Impact Centre (BIC) for the end of the year to bring together government and key stakeholders. The Centre will provide situational awareness of flow through crossings while working with key stakeholders and Local Resilience Forums to manage any disruption to flow.

We are committed to supporting traders and hauliers to take steps to prepare for the end of the transition period. We would welcome any support you can give to speak to your stakeholders

and business partners to help them to prepare. Please emphasise the importance of getting ready. We are confident that if everyone takes action now this will reduce the likelihood of disruption occurring at the border in the future. We look forward to working closely with you over the coming months to ensure businesses are prepared for the changes and opportunities ahead.

With every good wish,

A handwritten signature in black ink, reading "Michael Gove". The signature is written in a cursive style with a large initial 'M' and a long, sweeping tail.

**Rt Hon Michael Gove MP
Chancellor of the Duchy of Lancaster
and Minister for the Cabinet Office**

Reasonable Worst Case Scenario (RWCS)

The planning assumption is that EU Member States will impose EU third country controls on UK goods at the end of the transition period. This will mean that all freight that travels to the border without the correct documentation will be stopped before boarding services in the UK or on arrival at Member State ports. On 1 January 2021, the RWCS is that 40-70% of trucks travelling to the EU might not be ready for new border controls.

For the short Channel crossings via Dover and Eurotunnel, 30-50% of trucks might not be border ready when taking into account empty trucks that will not have the same border requirements. The lack of capacity to hold unready trucks at the French ports, or to turn away freight prior to boarding in the UK, could reduce the flow rate to 60-80% of normal levels at the bottom end of the readiness range. This could lead to maximum queues of ~7,000 port bound trucks in Kent and associated maximum delays of up to two days. Heavy Goods Vehicles (HGVs) that are caught up in congestion in the UK will be unable to travel to the EU to export products and/or collect another consignment, therefore we assume both imports and exports could be disrupted to a similar extent.

Disruption could be lower in the initial days of January but we would expect sustained disruption to worsen over the first two weeks as freight demand builds. There could be a significant drop in disruption and improvement in flow capacity within the first three months as fewer unready HGVs arrive at the border, although Schengen passport controls at the juxtaposed controls could continue to cause disruption until the French relax checks or add more capacity to undertake checks.

A winter spike in COVID-19 could suppress freight demand. This could limit the extent of traffic disruption caused by a lack of border readiness, however other risks such as absenteeism among port or border staff and social distancing measures could adversely impact fluidity.

At a number of other ports away from the short Channel crossings, operators have indicated their intention to deny boarding in the UK to freight vehicles that do not have appropriate documentation to enter the EU. There is a risk that this could cause queues and delays and there will need to be proportionate plans to manage this congestion, although there is unlikely to be significant, sustained disruption.

RWCS Explanatory Note

A RWCS is a generic representation of a challenging yet plausible manifestation of a risk. The RWCS is the worst case once the high-impact low-likelihood manifestations of a risk have been discounted. It is not a prediction of what will happen, rather an illustration of what we could reasonably expect to arise which is proportionate to use for preparation and planning purposes as a responsible government.

The RWCS relating to the flow of freight has been produced by leveraging the best evidence available across government, from all departments with an interest in the border flow, and business sectors that may be required to take action to adapt to the changes that will manifest at the end of the transition period.

The RWCS overall assessment of flow constraint is built using a series of sub-assumptions:

The first sub-assumption relates to the **number of HGVs** using the short Strait routes or other Great Britain (GB) to Europe routes. This sub-assumption was made using information provided by terminal operators, haulage and logistics firms, and transport operators (e.g. carriers). The number of HGVs using the short Strait routes, for example, is estimated to be 40,000 per week, this represents a busy January week.

The second sub-assumption relates to the proportion of traders who will have taken the necessary steps to ensure that the right documentation is in place to meet EU requirements – in other words, the level of **trader readiness** for EU requirements. This sub-assumption was made using available survey data and other evidence derived from engagement with businesses and their representative bodies. It is estimated that, in a RWCS, 50-70% of large businesses will be ready and 20-40% of small and medium-sized enterprises (SMEs) will be ready.

The next step is to map the levels of trader readiness onto HGV volumes, to give an estimate for **the proportion of HGVs which would be arriving at the border unready**. This is difficult because there is a lack of reliable evidence to link HGV volumes to businesses. Therefore we have used the value of UK-EU trade that is linked to businesses with EU trade over £250k per year and estimates of SME density among UK and EU sectors that export from GB to the EU as proxies for the volume of HGVs. It is estimated that 40-60% of HGVs link to large businesses and the remaining to SMEs. Using the trader readiness estimates set out above, this calculates to an estimate of 30-60% of HGVs turning up at the border ready. The next step is to assume the proportion of HGVs travelling to the EU that will be empty, and we have used data from transport operators to support this assumption. For the short Strait routes we assume 50-70% of HGVs would be either empty or border ready.

The next critical step taken is understanding the UK port and Member State approaches to managing the new customs procedures and **how they may treat any freight movements that arrive at the border unready due to missing or erroneous documentation**. At the short Strait ports, France has developed a system to process pre-lodged customs declarations in order to segregate cleared trucks from trucks requiring further formalities upon disembarkation from the ferries or shuttles. Upon arrival, each HGV would be identified as either: cleared to proceed, if all documents are in place; or not yet cleared, if documents are missing or further checks required. Cleared vehicles would proceed to their destination without delay, exiting the port as they do today. HGVs not yet cleared would proceed to specific holding areas, which are constrained by physical limitations at each port. HGVs would be held until cleared to proceed or French customs officials could complete compliance activity. The model assumes a range of time for this activity depending on the arrangements at each port. The model also accounts for checks in the UK where commercial operators have plans to undertake pre-boarding checks on HGVs to ensure compliance with the customs authorities in Member States.

The **flow range for the short Strait routes** (60-80%) is calculated based on the expected volume of ready / unready HGVs arriving at the crossing points, the capacity for holding unready HGVs and the length of time HGVs might be held once within the specified holding areas in French ports. Once these holding areas become saturated, lower volumes of HGVs could be transported from the UK to France to avoid blockage across the relevant route. It also calculates the capacity at Eurotunnel to check border readiness and escort unready HGVs from the terminal in the UK.

It should be noted that the ranges provided for flow represent an average over the week. Natural variations per ferry or across the day mean that the flow rate could be below or above

this range at points in time. For example, at the short Strait routes, freight demand in the first few weeks of January tends to be much lower than average, but increases within two weeks. Therefore we expect that the worst disruption may not manifest immediately, but after two weeks as demand increases. Furthermore, there could be a variation in flow in the event of a winter spike in COVID-19. This would suppress overall freight demand and limit the extent of traffic disruption caused by a lack of border readiness, however other risks such as absenteeism among port or border staff could adversely impact flow.

The **length of queues noted within the RWCS border assumptions are based on the expected number of HGVs unable to travel due to the constrained flow rate**, i.e. those HGVs arriving at the UK ports and unable to cross forming a queue. As the queue builds up, hauliers become aware of the delays and some will choose to travel via alternative routes.

While the cause of constraint is expected to impact GB-France outbound movement initially, the assumption is that the constraint would quickly impact France-GB flow as HGVs that would have been used to return to the UK would be unable to do so as they would be stuck in queues in Kent. This would prevent HGVs returning to the UK with another load and we assume some logistics operators may stop sending lorries via these routes in the event of significant delays.

The **period of disruption for the RWCS is predicated** on assumptions for how traders and hauliers would respond to this scenario. It assumes the volume of unready HGVs travelling to the border following 1 January 2021 will decrease over time as traders and hauliers change their behaviour upon encountering new border controls, and having goods and HGVs stopped or seized as a result of being non-compliant. This is based on data showing repeat HGV journeys on the short Strait routes along with qualitative evidence from engagement across sectors, including the logistics industry and ferry operators. While the assumption is that the risk of long queues and a constraint to flow caused by unready HGVs would diminish in the first three months, the actual flow of goods would depend on the length of time it takes those exporting/importing businesses that were not ready on 1 January to get ready for new requirements. There also remains a risk of continuing disruption caused by Schengen controls being applied rigorously at the juxtaposed controls at the Port of Dover and Eurotunnel.