

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.