BY E-MAIL

24 February 2021

EU-UK TRADE AND CO-OPERATION AGREEMENT

Dear Michael,

As I noted in earlier correspondence, on 9 February 2021, the Committee intended to continue to correspond with you regularly as we continue to scrutinise the initial impacts of the EU-UK Trade and Co-operation Agreement (TCA) upon key sectors in the Scottish economy. Most recently, we took evidence from manufacturing and logistics sector representatives on 18 February. The evidence we heard strongly indicates that there are issues affecting all aspects of the supply-chain in Scotland following the end of the transition period and the initial stages of implementation of the TCA. For example, Scottish Engineering commented on the impact on their member companies, based on recent survey results, in the following terms—

“45 per cent of companies are experiencing detriment due to the unavailability of logistics, which has had a major impact on inbound and outbound shipments; 50 per cent are experiencing detriment due to the increased administrative costs of logistics and delays that have taken capacity out of the system; and 56 per cent are experiencing detriment due to the additional administrative costs relating to customs and logistics processes. Even companies that are not exporting are experiencing detriment through their import processes.”

A lack of customs agents and veterinarians to conduct Sanitary and Phyto-Sanitary checks has been a consistent concern in evidence we have heard. In addition, the Committee understands that many companies are not moving goods to port, both in the EU and UK, due to the problems being experienced at the UK border and the Great Britain Border with Northern Ireland. In particular, the Committee has heard evidence that where there are mixed consignments of goods being exported to the EU that significant difficulties are being experienced particularly for small and medium sized enterprises. As you will be aware, SME’s account for a large proportion of companies exporting from Scotland to the EU. Clearly the issues being experienced by Scottish industry are significant and require urgent action from the UK Government. The Committee highlights evidence from Logistics UK which suggested the following actions by the UK Government, in order to ease the current trade problems being experienced, as follows—

• Relaunching a business communications campaign in advance of the introduction of full border checks on imports from the EU from 1 July.

• Working closely with industry to produce clearer ‘operational user guides’ for the most vital processes such as Transit Procedures, safety and security declarations and sanitary and phytosanitary requirements.

• Boosting uptake of existing ‘trusted trader’ schemes such as Authorised Consignee and Consignor by simplifying forms and procedures and providing advice to applicants.

• Bringing forward delivery of the 2025 Border Strategy, to provide a step-change in the simplification of processes for traders.

• Extending grace periods and agreeing new ‘trusted trader’ schemes to enable low-friction movement of food and parcels from GB to NI.

• Agreeing with the EU to grant touring companies (serving F1, music concerts, exhibitions) an exemption from Cabotage rules, to enable their business to continue.

The Committee notes that additional checks on agri-food products will begin in April and then checks on all goods from July. The Committee considers that dialogue is needed urgently with the European Union in advance of further border controls being implemented.

I look forward to hearing from you with regard to what actions the UK Government will take to address this situation and to you giving evidence to the Committee on the initial impact of the TCA in the very near future.

Yours Sincerely,
Joan McAlpine MSP
Convener, Culture, Tourism, Europe and External Affairs Committee