

## Adam Marshall



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18 June 2021

## The EU referendum

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**UK in a Changing Europe (UKICE):** Could you start by telling us exactly what the British Chambers of Commerce is?

**Adam Marshall (AM):** The British Chambers of Commerce is one of the UK's biggest and deepest business organisations and has been around in some way or another for over 150 years. Some of the first chambers of commerce founded in UK cities are celebrating their 200th anniversary, or even more.

The Association of British Chambers was founded in 1860. So, all of the local chambers got together to create an association that would lobby for their interests at the heart of government. That is what morphed over the years into today's British Chambers of Commerce.

Now the BCC is a network with 53 chambers covering every region and nation of the UK, and it's also built over recent years a British Chambers network around the world, where I believe 75 markets and counting now have a British chamber that is part of that family too. The two things that chambers have always been involved in are international trade – helping businesses trade around the world – and economic development, trying to make sure that the places where they do business can thrive and succeed.

If you look at the British Chambers family today, you've got over 80,000 businesses who are involved and engaged as members, and another couple hundred thousand businesses who do some sort of work with a chamber each and every year. Between them, those businesses employ over six million people. So, it's a really significant chunk of the UK private sector with that bias, as I was saying, towards international trade and export. For me, it was a privilege to be involved with that organization for nearly 12 years. I spent 7 years in the 'Number 2' role in the business as the executive director for policy and external affairs and then 5 years as Director General. My tenure finished this year, on 31 March 2021.

**UKICE:** Before the referendum, was Europe a big issue amongst British Chambers of Commerce members? Was there irritation at European regulation or concern about the speed of Single Market completion? What was the mood, say, at the time David Cameron made his Bloomberg speech?

**AM:** In the early noughties, there was significant business concern about the European Union, specifically on the regulation agenda. There were quite a number of new EU directives and regulations that were coming down the track, and many of them came with very significant business costs. That would be things like the Agency Workers Directive, for example, and others.

In some cases, I think that concern was justified, because the European directive or regulation itself was a problem. It was inflexible, it was expensive. In other cases, it was the transposition of those directives or regulations into UK law, and the way that UK government departments chose to put them into force in the UK, that actually riled the businesses.

What I always said through those years was it was important for businesses not just to say, 'It's European regulation', but to try to get under the skin a little bit and figure out if this is a problem that's come from Brussels or if it's a problem that we've created for ourselves through gold plating or something else thereafter. Both types were to be found over the years. There was definitely some business frustration, I think, building around the issue –and in particular amongst small and medium sized businesses who felt that the cost and the difficulty of implementing some of this stuff was disproportionate to their scale.

**UKICE:** Then when we move towards the referendum campaign, you did a survey of members in the run-up to the referendum which found that they split roughly 60/30 in favour of Remain. Did that surprise you? In light of that, how hard was the decision you took to officially remain neutral in the campaign, rather than support one side or the other?

**AM:** We did a number of surveys through the years of members on their views around EU membership. There were one or two surveys that returned a fairly significant majority of 60/30, as you said. There were others that returned far closer numbers, around 55 to 45, for example, which was extremely interesting. Because of the strength of feeling that we saw and because of the closeness of some of those numbers and the potential for this issue to really seriously divide business communities around the country, we did what we had done in the Scottish referendum campaign. That was to go out and say, 'We need all the facts on the table, and we want to present all of those facts to business people, so they have the maximum amount of information as individuals on which to take that decision. But we are not going to get involved and campaign on one side or the other.'

It was a similar strategy to the Scottish referendum period, and it was on the basis of the fact that there was a closeness in Chamber membership between those who were in favour and those who are against remaining in the European Union, and on the importance of providing businesses with that impartial and non-biased information. After all, it's not the businesses that voted in that referendum, it was individuals themselves.

**UKICE:** One casualty of that neutrality stance, if you like, was your former Director General, John Longworth, who made some high-profile interventions in favour of Brexit while you were officially remaining neutral. How difficult was it for you to take over in those circumstances? Was that a big existential moment for the Chambers of Commerce?

**AM:** We had a settled policy of neutrality through that campaign period, and John (Longworth) was part of that policy. Until the day at our annual conference when he decided to speak out in favour of Brexit, we had carried on with that policy. About 48 hours later, I found myself running the organisation on an acting basis after John resigned over the course of a weekend.

It was, I can't lie, a difficult moment. It was difficult because we had built up our reputation and our brand around this impartiality and around the provision of good information to businesses. It was difficult as well because, as a federated organisation, many of our local chambers of commerce had leaders, both executive and non-executive alike, who had very strong views on the subject themselves. I had to spend a significant period of time, in the aftermath of that, rebuilding some relationships and ensuring that our neutrality in the referendum campaign shone through.

What certain individuals chose to do thereafter is of their own choice and probably their story to tell rather than mine. But I was pleased that, as we came into the referendum itself, we were again demonstrating our impartiality as an organisation. I went into the referendum day itself knowing that we had done everything we could to provide businesses, and indeed onward to their employees, with as much information as we could so that people could take an informed choice.

**UKICE:** As somebody who wanted the referendum decision made, as you said, based on an informed choice and with the facts out there, I wondered if you had any thoughts about how the issues of the economy and potential business impact played out during the campaign, and some of the claims and counterclaims that there were? Did you find any of the messages particularly resonating with your businesses? Were you concerned about some of the ways in which the possibilities post-Brexit were presented?

**AM:** I was incredibly frustrated with both sides in the referendum campaign. I was incredibly frustrated at the way they tried to sometimes pass off their position or their view as fact or truth rather than an opinion. I was frustrated that each tried to scare the population in different ways rather than inform it, which is why I saw it as our mission to try to be level-headed, practical and informative.

When it came to the economy, some of the claims made by both sides were wildly out of kilter. Some of the Leave campaign posters about Turkey joining the European Union and the consequences that might have for the labour market, for example. Some of the forecasts made by the Treasury and indeed by the Remain campaign about the scale of economic damage also felt very much out of kilter. I think the numbers that we've seen so far also demonstrate

that.

So, the alarmism in the campaign really bothered me a lot. It wasn't level-headed. It was led entirely by emotion rather than by facts. I suppose it just demonstrates the old adage, doesn't it, that people buy emotionally and justify intellectually. In this case, they bought emotionally, and many have been trying to retrofit some intellectual arguments to what they bought on an emotional basis.

**UKICE:** Given that the BCC is a body to help businesses, and raise business issues with government, did the Government consult you before or after the campaign? Did they pressurise you to take a more active stance, given that the Government was campaigning to Remain? Was there anything at all in the suggestions that I think came from the Vote Leave side, that it was government pressure that led to John Longworth's suspension?

**AM:** John chose to leave our organisation of his own choice after making his intervention, and I have nothing more to say on that subject.

Of course, there were people in government who would have liked organisations that took an impartial stance to come down on one side of the fence or the other as the process progressed. Organisations like ours were being lobbied by both sides to say, 'Come on, support us', and that's normal in any kind of situation like this. I didn't see that as abnormal in any way, shape or form.

Interestingly though, the level of consultation on the issues and the practicalities happened after, rather than before. Because, as I said, people buy emotionally and justify intellectually. They found themselves having to go back in and look at the detail after the decision was taken. I think, to my own great regret, that neither of the campaigns entered into that detail beforehand, which led to a lot of the politics, the drama and the difficulty that we then all faced during the ensuing three and a half years.

**UKICE:** If we come then to the night of the 23 June, going into early morning of 24 June, were you surprised at the result? Where were you when you found out?

**AM:** I was sitting at home in London, having stayed up to watch some of the developments. When I saw the first results coming in from places like Sunderland and then I saw results from places like Birmingham, I knew which direction it was likely to be heading in. I was completely and utterly unsurprised by the result.

The reason for it is because, when you work with an organisation like the British Chambers of Commerce, your roots are not inside the M25 or the South East. Your roots are literally all across the UK. We could go and see in our business communities some bitter divisions; the business community in Birmingham, I would say, was very divided, right down the middle. Then, in some other areas which voted Leave but where the business community was very pro-Remain, such as the northeast of England, we could see these divides emerging. We could see the strength of the different campaigns in different parts of the country. So, it didn't come as a huge surprise to me on the morning of the 24 June.

What dawned on me at that moment was the incredible complexity and difficulty that we had ahead of ourselves.

## Early engagement with the May Government

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**UK in a Changing Europe (UKICE):** Faced with the incredible difficulty and complexity of Brexit, how did you go about thinking, 'Well, this is going to be a very big issue for us and for all members over the next two, three, five years'? What do you do as a business organization, suddenly faced with this massive issue landing on your plate, with the government in a degree of disarray and with David Cameron resigning?

**Adam Marshall (AM):** The very first thing that we did was gathered as a team and said, 'What are we going to be about in the phase after this?' The words that we alighted on was that we were going to be resolutely practical and pragmatic. 'Practical and pragmatic.' The number of times I heard and repeated that phrase over the ensuing 5 years – it's probably the only thing I said some days of the week.

Why practical? Well, businesses, once political decisions are taken, basically just say, 'Okay, whether I like this or not, this is reality. I have got to get on and

do stuff, and I need to know how I can do it'. And pragmatic because we knew that there was going to be a lot of negotiation ahead, and we needed to be ready to roll with the punches a little bit, but also to say, 'These are the priorities that businesses need addressed'.

Pretty soon thereafter, we put together what we called our Business Brexit Priorities list. Many Brexit watchers will be familiar with it, and indeed many Cabinet ministers were carrying it around inside their red folders. It was a single sheet of A4 paper with the 30 or so top areas where businesses required clarity in order to be able to continue to trade successfully. That was everything from, 'What does British migration policy look like?', through to, 'Who's my regulator?', through to, 'Will I have to pay for mobile phone roaming when I go abroad?'. All incredibly practical questions that companies were facing.

I would not be exaggerating if I said that it then turned into our Bible for the next three and a half years. It had red, amber and green ratings for the different areas, and we pummelled away at it relentlessly until we got the level of detail and the level of clarity that we required in the different areas.

I bet if you pulled it out right now, even today in the aftermath of the deal and the pandemic and everything else, there probably still be a couple of flashing ambers and reds on that list. Because, of course, this is a process that doesn't end with an agreement. It's a process that lives on, and we see it not just in the headlines of our newspapers, but in our businesses day after day.

**UKICE:** Did you actually have any more active discussion with ministers, particularly in the early stages in the run up to the Theresa May party conference speech or indeed Lancaster House, about what sort of Brexit they were envisaging? Some of the choices, like leaving the Single Market and customs union, had huge implications for your membership. How did government run its relationships with business during this period?

**AM:** We were in and out all the time. The conversations were continuous. I think in that interregnum period between the end of the Cameron administration and the beginning of the May administration, there were a lot of people talking about the different options, but there was certainly no grip on which one we might go for. You had different ministers or different individuals

who had different personal priorities, given their own ideological bent or their own interest through the period of the referendum campaign itself.

So that was a very worrying and unsettling time in a lot of respects, because businesses were saying, 'Well, okay, it's Brexit, but what does that mean? What is Brexit? How is it going to affect me?' We couldn't answer those questions, of course. We were just as much in the dark as many of them were.

When Theresa May became Prime Minister, the drumbeat of that engagement did go up very significantly. There were a number of individuals in the Government, and indeed a number of individuals in the Civil Service, that pushed very hard to build an engagement machinery to say, 'We know we need to talk to business a lot more and a lot more clearly. Let's figure out how to do it'. So, there were an enormous number of conversations. That said, the Prime Minister then gave the Lancaster House speech. I remember sitting in the audience and going, 'Okay, we may have all this engagement apparatus and things like that, but she has just set out a very clear set of red lines that I'm sure will get an interesting reaction in the business community'.

It felt like we had that engagement, we had those conversations going. But then, of course, the Government decided on a particular course of action which limited how much those structures of engagement might actually be able to add.

**UKICE:** Do you think ministers and officials, and maybe the Opposition as well, fully understood the implications for business of the Lancaster House decision? A lot of people interpreted it as saying, 'That definitely means we're leaving the Single Market and the customs union, with those red lines. That's now clearly off the table if you're talking about a bespoke future deal'. But some weren't sure that ministers quite internalised what that really meant.

**AM:** We have a problem in the United Kingdom, and that problem is that our politicians love to make the announcement about a policy first and then fill in the detail later, rather than bringing something carefully crafted and constructed to the table for people to consider. That is exactly what happened across many of the big decision points around Brexit: an announcement was made about the direction that we were going in, and then my business communities looked up and said, 'But have they considered any of the



detail?'. The carmakers of the West Midlands and the North East were saying, 'Have they considered what this means for integrated supply chains across the continent?'.

The service providers, the financial services sector in the city or professional services all around the country, were going, 'What does this mean for passporting arrangements?'. The questions just came in thicker and faster after that, because, no, I don't think enough thought was given to the implications of some of these announcements and decisions before they were taken.

**UKICE:** Do you think there was a greater understanding in, say, the business department under Greg Clark? We had David Davis, I think at around the time of Lancaster House, saying that they would do a deal with the 'exact same benefits' as businesses had as part of the Single Market and customs union. Were there different levels of understanding and engagement, and was that affected by the stance that ministers had taken in the referendum?

**AM:** There were some ministers who both understood and engaged actively in the importance of the detail, and I would single out Greg Clark here for his attention to that detail. We would speak with Greg sometimes daily, sometimes on a weekly basis, and with his entire ministerial team over a long period of time, trying to ensure that that detail and the questions around it were fed into the system and part of what was being considered at political level and amongst the top civil servants.

There were some who are very seized of the detail like that, and there were others who were very much of the, 'Don't worry, it'll be alright on the night' variety. Our business communities didn't have much faith in the latter because, of course, they're sitting there saying, 'I need to take an investment decision', or, 'I need to decide whether I'm going to focus my energy on sending my stuff to Argentina, or whether I want to send it to Belgium'. They didn't have much truck for that. They wanted engagement on the detail. So, their preference was very much for those who were willing to talk about the crunchy stuff.

**UKICE:** 2017 was a time of big events. We had the general election, Theresa May lost the majority, we saw the starting of the withdrawal negotiations, and

all that period leading up to the joint report. But this was very much not focusing on the future relationship. Was that a difficult time for business? Was it a bit of stasis and frustration?

**AM:** It was a difficult time for business, and it was a challenging time for those of us who were charged with representing business and trying to get results and outcomes from government. The general election was seen by most of our business communities as a distraction and as something that was taking precious time and attention away from the more pressing issue of what our future relationship with the European Union would look like. Many of them were very scathing at the time about why this was what was taking place, and saw it as a problem.

Then, of course, the triggering of Article 50 itself before a clear view was formed in government, and around the nation, as to what sort of future relationship we wanted was also viewed with real concern too. There was quite a lot of frustration during that period.

Interestingly, I think the two points of most frustration were during that year, in 2017, and then during the repeated peaks and troughs in the negotiations, coming to a crisis point and then an extension that we saw in late 2018 and 2019. It was one of the hardest times, I think, for our business communities.

**UK in a Changing Europe (UKICE):** Were these fluctuations in business frustration reflected in the course of engagement you had with government ministers? One of the things we were repeatedly told by businesses was that government was very much in sponge mode: you could send your messages in, but there was very little positive engagement coming out of actual discussions. So, open to listen, but not to engage and discuss.

**Adam Marshall (AM):** You could make the argument that many businesses would still today say government is often like that. It's very happy to take the inputs, but then fails to take those inputs and drive through to a clear outcome. One has to wonder whether that's a single failing of the British system of government, or whether it is a neuralgic issue around Brexit, whereby they're willing to listen, but then they take their own decisions and do what they want. That's been seen in some of the conversations about implementing the deal even.

It was difficult and sometimes frustrating. The door was always open there. We were literally in and out of Number 10 all the time, in and out of key departments all the time, having weekly meetings in some cases with senior Cabinet Ministers across a range of portfolios on some of the issues arising. There were not that many cross words exchanged.

These were usually civil engagements and conversations about the issues and there was a reasonable amount of listening being done, and active listening at that. But then, when it came to translating that into a decision or an outcome, the system sometimes failed. Very often we'd have to report back, 'We know they heard us, yes, but we don't know what's going to happen next.' There's truth in that.

**UKICE:** Did you invest much time and effort in the devolved governments, or indeed in thinking, 'How on earth are we going to operate in GB and on Northern Ireland trade?'

**AM:** By nature as a federated business organisation, there is great proximity to governments at sub-national level. The Chambers of Commerce in Scotland did huge amounts of work with the Scottish Government during that period. The two chambers we have in Wales did similar work with the Welsh Senedd and the Welsh Government.

In Northern Ireland, it was a little bit different because I think in the first phase, when we were talking about the Chequers arrangements, for example, and the notion of some sort of bespoke deal, the Northern Ireland aspect of this didn't quite have the salience that it then took on later, when it became clear we weren't going to go for that arrangement and the possibility of the hard border emerged. Then, all of a sudden, the Northern Ireland Chamber and the business interests in Northern Ireland more generally had to become more actively engaged, because it became an existential question for them.

I think there was a time difference as to when each of the devolved administrations was front and centre for their business communities, as they as they realised which way the political wind was blowing in certain cases.

I don't think, though, that businesses much appreciated either Westminster or individual devolved administrations using this incredibly complex issue for

domestic political purposes. We saw a huge amount of that, of course, over the whole of this period. Businesses in each of the devolved nations where there was a different colour of governments to what there was at Westminster said, 'We're really tired of this becoming part of UK political ping pong. We actually want to focus on the substantive issues around Brexit'.

I think history will be rather unkind to those politicians, whether UK politicians or indeed individual devolved administration politicians, who basically used this as a wedge issue rather than focusing on the ground-level impact. We will have to see what that verdict actually is over time.

**UKICE:** Throughout this period, the UK Government seemed to harbour the belief that, at some point, economic interests in Europe, all those references to German car manufacturers and things like that, would come to make the EU see that it needed a very favourable trading arrangement with the UK, because we were such a significant market.

Did your contacts in European business organisations bear that out? Were they focusing on lobbying from an economic point of view with their governments?

**AM:** It was extremely interesting because some of the things that Westminster politicians were saying about German carmakers or Italian and French agricultural producers didn't turn out to be where we found the most support for a pragmatic approach. In fact, the support for pragmatism came primarily from smaller, more small 'L' liberal-minded countries, in particular around the North Sea, where we did have support for some sort of bespoke, pragmatic arrangement.

We were working very closely with our counterparts in the Republic of Ireland, in Belgium, in the Netherlands, in Denmark, all of whom were extraordinarily receptive to trying to support some sort of practical and pragmatic arrangements for the future. It did become harder, though, with others who would occasionally take a very purist view of what the European Single Market was. You would hear lines around 'no cherry-picking' or 'no undermining of the four freedoms in any way', even from people in some business lobbies.

The kinds of coalitions that we were able to form to try to influence not just our

side, but the other side of the negotiating table, weren't what I originally expected in certain cases. That said, we did work pragmatically with opposite numbers in all the European countries on trying to get to a practical and pragmatic conclusion, because in business we wanted to keep on trading. That was the ultimate objective, 'How do we keep businesses trading between the UK and the 27 in future?'. At both national level and at European level, we worked closely with our colleagues to try to say, 'Look, we've got to come up with some sort of arrangements that enables this to happen'.

## No deal preparations

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**UK in a Changing Europe (UKICE):** In 2018, it started to become clear that there might not be a finalised Withdrawal Agreement, even before it got bogged down in Parliament. The Government started focusing a bit more on preparing for a no deal Brexit. How do you think that went? Do you think preparations started too late? Did the Government do a reasonably good job? And, how did they involve business in those no deal preparations – particularly on how the border might function after no deal Brexit?

**Adam Marshall (AM):** First of all, those preparations did start way too late. There's no question about that. I remember that a significant slug of money was pumped into it with great fanfare, and you saw billboards all over every station in the country and every road junction in the country saying, 'Get ready for Brexit', and things like that, ahead of that first crisis point.

Those preparations started late, and Whitehall seemed congenitally incapable of coming up with the sort of practical information that businesses needed in order to actually prepare. They would start up a website and say, 'Here's where we're going to answer all of your questions so that you can prepare in the event of a no deal Brexit', and it would include ridiculous statements like, 'On intellectual property, take legal advice', or, 'On a judicial conflict between yourself and a business in another EU member state, take legal advice'.

You'd get these circular answers to questions that didn't satisfy businesses at all and that was incredibly frustrating. I remember saying to several senior ministers, 'Listen, if you don't have decent information to put up there, don't attempt to answer the question at all. Just be honest and say we don't know because it's all up in the air with negotiation but come back here repeatedly

and we will put up as much practical information as we can as and when we do'. It felt like they were trying to paper over it a little bit, and that really raised hackles with lots of businesses at that time.

**UKICE:** The Government did try and bring some in some businesses, particularly on the border, and made them sign non-disclosure agreements to share confidential information. Did you think that sort of process worked well? Did you have reservations about dealing with government on that basis?

**AM:** No, I was not one of the organisations that signed a non-disclosure confidentiality agreement around this, because I thought as a business organisation, we needed to be free to put our point of view, not just to government, which we did repeatedly on border functioning and border issues, but indeed be able to explain it more widely out in public as well. So, we were not part of that group.

I did think, though, that secrecy around some of this stuff could have possibly hampered wider contributions that could have helped deal with some of the practical and pragmatic questions emerging. I also felt that, at the time, there were some very loud voices out there that government was listening to on some of this stuff just because they were the loudest voices, not necessarily the ones that knew how best you could prepare for business to be able to operate successfully, and that was that was a concern. That's why in the lead up to the end of the transition period later, and in conversations with Michael Gove as the minister in charge at that time, repeated conversations about aspects of border design and operation remained important, literally right up to the end of the transition period.

**UKICE:** Do you think government basically understood the needs of big business better than smaller businesses?

**AM:** Well, I don't know. I mean, as a business organisation that has all of the top companies in its membership and some very small start-ups in its membership, we had both ends of that particular spectrum. It's true that bigger businesses can often fend for themselves in these conversations, and yet some of them were just as frustrated by the lack of clarity and lack of information as some of their smaller business counterparts. The one thing that they could do more, however, was throw money at a potential no-deal scenario

and supply chain resilience; for example, what they would need, what sorts of hiring changes they might need to make. They were able to throw money at the problem.

You look at the City, for example, who threw money at the problem and was in a relatively good position at the end of the transition period regardless of what happened. It's hard to believe I'm saying this after a year and a half where the pandemic has decimated that industry, but aviation was also prepared very well for a no-deal outcome and would have been fine, I think, if that were to happen, even to the point of having some bridging agreements in place between the two sides so the planes could keep flying.

Some industries were able to do that on the basis of spending and having enough information in order to plan accordingly. Others weren't. Manufacturers and continental supply chains wondering about customs issues were not able to do that particularly well. Indeed, if you're a big multinational OEM with a significant presence in the United Kingdom, quite a lot of variables were up in the air right up until the last moment.

**UKICE:** Did quite a lot of your members think that a no deal was not going to happen? There were stories that Philip Hammond and Greg Clark were giving that message, with the May government saying, 'This isn't going to happen' in meetings with businesses, that it's a bit of a mug's game to spend money preparing for no-deal because government wasn't going to pursue it anyway.

**AM:** We had three groups in business – I remember talking about this quite a lot with senior ministers and with the media at the time. We had those that were as prepared as they possibly could be, and many of those will have been those big multinationals I was talking about a moment ago. The second group was those who were very seized of the issues, but putting it off until such point in time as they had a little bit more information and a little bit more clarity to ensure that their spend went in the right direction, or their resource in terms of people went in the right direction.

Then we had the ostriches with their heads in the sand, who literally said, 'Right now all I'm going to do is fill my boots. I'm going to keep on doing business, do as much as I can, and then I'll deal with whatever comes out the wash, when that happens and make adjustments accordingly'. That threefold

typology continued right through the process and indeed, in the aftermath, it was very easy to see who was prepared, who was partially prepared and who had to do it all from scratch.

**UKICE:** One of the things that made it more difficult for businesses in deciding whether to invest in no deal preparations was that the May vision of the future relationship morphed during 2018, to look like something that would render a lot of that no-deal prep nugatory spend. If Chequers and possible future customs arrangements to supersede the Irish backstop became policy.

What did you think when you saw the Chequers proposals emerging, with a common rulebook designed at least to try to preserve frictionless trade in goods? It was seen by quite a lot of people as a success for the business lobby in moving the government from its initial positions.

**AM:** All of the proposals that came up were of great interest, because indeed each of them represented a possible set of answers to the questions businesses have been asking for two or three years at that stage of the game. Regardless of whether they were perfect or imperfect, a lot of businesses seized on those because they said, 'Okay, this gives us a route map. It would give us something to plan on'. I always remember saying to our colleagues and our business community, 'Let's just remember one thing, this stuff has got to get past Parliament and it's got to get past the European Council. Both of those are very, very high barriers here. So I wouldn't get too excited at this stage of the game. It's still early days.'

I remember having to say that a few times to people saying, 'Don't get too excited, this isn't over yet'. Indeed, that proved to be the case. I thought things got a little bit easier, actually, when the Johnson Government set out its belief as to what sort of arrangement it was looking for, because then most of the no deal spend and preparation was needed anyway. A lot of businesses at that point in time were able to say, 'Okay, I need to do this anyway. It might be that 5 or 10% or 20% of it is rendered unnecessary by provisions in a potential deal but I'm going to need customs capacity. I'm going to need changes in my supply chains'. Whether they liked it or not, at least it represented a form of greater clarity.

## The May and Johnson Withdrawal Agreements

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**UK in a Changing Europe (UKICE):** Theresa May finally managed to land her Withdrawal Agreement, albeit not a future relationship, that at least would guarantee some sort of transition period and guarantee avoiding the immediate risks of a no deal Brexit and very rapid change.

What was the BCC's attitude then? What were your interactions with parliamentarians on business's view of the Withdrawal Agreement and whether they passed it?

**Adam Marshall (AM):** I think in the in the first instance we had to spend a lot of time ensuring that businesses understood some of the implications of that Withdrawal Agreement because, of course, that set of arrangements was incredibly complex, wasn't it? The backstop provisions and various other things are extraordinarily complex for a lot of people to understand. As we said, that was one of the times when it became apparent in Northern Ireland, for example, that they needed to be paying very close attention to what was going on.

I think we then had individual chambers who were talking to their Members of Parliament and trying to understand and gauge where their MPs were. I think what fascinated and frustrated many of them was that most of the politicians hadn't departed much from their pre-referendum position, whatever that was, in taking a view on the proposed Withdrawal Agreements. That was what let us know that this was in for a rollercoaster ride in Parliament, really. We knew it would be difficult to get through because so many people were very hard and fast in their views. Generally speaking, those that had pursued a hard Leave position really didn't like it and those that had pursued a hard Remain position thought that it was vaguely palatable.

We knew that the divisions were going to be severe. I don't think what we anticipated was how many times votes would come back and forth, the various types of parliamentary procedure that were employed, and just how fast the rollercoaster was going to run and how many times it was going to run.

**UKICE:** Did you actually find during that period that any MPs, or indeed members of the Government, were at all interested in talking to you about anything you might do to try to help break that impasse by lobbying, or were you basically just complete bystanders in that?

**AM:** Of course, we were encouraged, just as we had been during the referendum campaign by both sides of the argument, to take a position and take a view on it. It's a political vote at the end of the day and businesspeople, generally speaking, want the political vote to be clear and dry so that they can then get on and do what they have to do in their business. So, a lot of them were concerned about taking a position one way or another. There was a very strong desire, of course, in our business communities to have a Withdrawal Agreement, because the biggest fear that we had throughout the process was that business does not want a messy and disorderly exit. That was the fear.

So, if you had if you had, I don't know, bought a wheel of cheese and written 'withdrawal agreement' on it and said to businesses, 'This is this is now the withdrawal agreement, would you accept it over a messy and disorderly exit?', the answer would have been yes. Almost regardless of the provisions that it contained, they would have gone for it because the no deal alternative was too difficult and too disruptive for many to contemplate. That was the majority point of view, certainly.

**UKICE:** Were you worried that so many MPs were flirting with a no deal exit at that stage?

**AM:** Yes, of course we were concerned about it, because we had spent so much time impressing upon them the costs of that to businesses, to livelihoods, to their constituencies and the difficulty that was sure to cause. I persist in the belief that if there had been a messy exit like that, we would have seen both short term economic effects and some scarring effects that would have persisted for a very long time.

**UKICE:** Theresa May deal's doesn't get through, and she announces she's standing down. We then have the change of government and the arrival of Boris Johnson as Prime Minister, and a really big change of personnel in charge of different government departments. What difference does that make for business engagement with government?

**AM:** Yes, it was it was very different. One of the things that I have always hated, after working in this area for a very long time, is that every new government comes in and decides, 'let's junk the mechanisms we had previously and do it all differently', regardless of whether we were in the midst

of a national crisis or not. That happened on this occasion as well. The May years had seen a number of Prime Minister's Business Councils set up that actually were working through a few of the Brexit issues, but more importantly, also on what the UK's economic future could look like beyond the EU.

Those points of engagement disappeared with changes of minister in a number of departments. There was a review of arrangements and the frequency of conversations, the depth of conversations, the number of times we got together also changed quite a bit. It was an unsettling time for that to happen because, of course, we were up against a deadline yet again, and that was that was concerning.

To their credit, a number of the incoming ministers realised that they needed to have those deep and continuous conversations, and belatedly invested in them once they put their own stamp on them. I thought that was helpful. But, yes, there was a big change with the change in personnel at the top of government, in the way businesses and business groups engaged.

**UKICE:** The Johnson government seemed to be much more willing to contemplate no deal than the May Government had been, and was obviously a Cabinet that was prepared to go for no deal as far as we understood it. Michael Gove took control of those no deal preparations.

We also had the leak of the Operation Kingfisher paper, making clear that the Government had no proper plan for Northern Ireland, and a big ratcheting up of the public information campaign on getting ready for Brexit. What was it like doing business in that period? Was this a period of very intense preparation that become better focused and a more effective?

**AM:** It certainly became more focused, because the Government was negotiating in a way that was probably more understandable to the way a business would negotiate: you either get a conclusion or you walk away from the table. I think a lot of them understood that. They were scared about it. They didn't like it, of course, but there was a level of understanding.

I think Michael Gove taking control of those no deal preparations was of importance to business because, again, he was seen as one of those individuals who was capable of engaging with the detail. It took time, but

eventually he built an infrastructure in the Cabinet Office that was actually doing something about some of those matters of detail that we brought forward. When we had the conversations about customs arrangements and the need for deferments because, of course, we had no infrastructure at the border, you started to be able to have sensible discussions about some of those things. When there were cross departmental issues that required another government department to do something, you could see the Cabinet Office making the wheels turning a bit faster than perhaps they might have done previously.

I think that was an important piece of the of the puzzle, and it also created the vehicle to put all of those points of detail and unresolved issues into the system. Not all of them came out with an answer, but more did than perhaps had done previously.

**UKICE:** Were there any particular blind spots, any areas that that you were deeply, deeply concerned about lack of readiness for?

**AM:** I mean, we were deeply, deeply concerned about many areas and a lack of readiness across the board. Because the British Chambers of Commerce and Chamber Network are so involved in international trade, we spent quite a lot of our time on customs and related issues and the lack of readiness at the border to deal with inevitable customs procedures, either in the event of a deal or in the event of a no-deal scenario. Everything from whether Trusted Trader status would be recognised when you were taking loads back and forth, through to who's going to do UK SPS checks and then customs documentary checks, if we don't have enough customs officers? Those were the sorts of conversations that really worried us.

I remember there was a point in time when a senior minister said, 'Well, if it's no deal, it's full import customs controls from day one'. I just remember thinking to myself, 'Who's going to run this, how is this going to work? How is it going to happen? It's not actually possible'. Of course, we were proven right because the implementation of the UK controls for imports into the UK were delayed, and some of them are still in periods of delay now.

**UKICE:** With all this renewed impetus and focus behind no deal preparations in Autumn 2019, along with the political backdrop of the Benn-Burt Act,

prorogation, the Supreme Court decision, were you surprised that the Prime Minister finally signed up to his Withdrawal Agreement? Did you look at what he signed up to on Northern Ireland and think, 'Well, this is going to be difficult', or, 'This is a brilliant solution to a problem'?

**AM:** Once again, the announcements of, 'Look, I got Brexit done', came before consideration of the detail, as had happened under previous administrations. The Johnson Withdrawal Agreement was like an onion – the more you cut, the more you cry – particularly in terms of the implications for GB-NI trade and for business in Northern Ireland. I would have expected some deeper understanding and preparation prior to entering into that sort of arrangement.

I remember having conversations with Ann McGregor, who ran and still runs the Chamber of Commerce in Northern Ireland today, and making the distinction between the volume of trade, which is often very high across the land border from north to south, and the high value of trade going east-west, across the Irish Sea. We discussed how the economic impact of that trade being disrupted, was so extremely significant. For my colleagues in Northern Ireland, it felt like they'd gone overnight from being the favourite child under a certain set of arrangements to being the outcast under the new ones. That hurt in the Northern Irish business community, and amongst those companies that had intensive trade links across the Irish Sea.

So real concerns that emerged over the deal that was ultimately done in the Withdrawal Agreement.

**UKICE:** What did you and your members make of things like hearing the Prime Minister say, 'There won't be checks or if they make you fill in forms, just bin them'. Did that make you worry about the extent of government commitment to this agreement, or the uncertainty that they really grasped what they'd signed up to?

**AM:** Well, it did seem incongruous, because we understood what the legal implications were of an international agreement signed under international law. We also understood that under WTO rules, with the interaction of two customs systems, there is paperwork to be done. It didn't give out the right message, did it?

I think we as a business community would have preferred a little bit more levelling and a little bit more honesty at that stage of the game that, 'Look, this is going to involve some changes to the way we trade. It could involve some additional paperwork. We will do everything in our power to minimise that. But this is one of the consequences of the compromise that we've had to strike'. That level of honesty, I think, would have been welcome not just in Northern Ireland, but in GB as well.

## The Trade and Co-operation Agreement (TCA)

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**UK in a Changing Europe (UKICE):** Clearly the Prime Minister got the Withdrawal Agreement, had an election, passed the Withdrawal Agreement Implementation Bill, and then moved on to starting up the negotiations of the Trade and Cooperation Agreement. Covid came in relatively soon, almost in parallel with the launch of those initial negotiations, and clearly made those even more difficult.

Did the new team under David Frost have any engagement with business about what your priorities for the TCA might be? It's a much more conventional free trade agreement. We know that the Government does not want to sign up to a relationship which involves a dynamic alignment, or any role for the European Court of Justice, but businesses usually are quite engaged in negotiating free trade agreements. Were you asked what you wanted the government to prioritise?

**Adam Marshall (AM):** Of course, we were asked, we were involved. We had conversations both with the existing architecture of departments and with Taskforce Europe and others. I think, though, that there was an issue arising at the time about the secrecy of negotiations and how open they were to business input. We always argued that it was very important to have businesspeople in the next room to the negotiations, so that government could come out and say, 'Look, this is the compromise position that seems to be emerging. What does this mean practically for you?'

I don't think we ever felt like that was achieved to the extent that we would have liked, in the infrastructure that was set up around this. It's relevant to negotiations around new free trade agreements that are now being done. I think the Department for International Trade has done a good job at putting in

place a number of different forums and structures to take business input, but we don't have that seat in the next room, as it were, during a live negotiation.

I think that was an issue during that period. I also think that, by that point in time, business expectations weren't necessarily as lofty as they might have been in previous phases. Remember, we'd been beaten down by four years of this by this point in time, three or four years of this by this point in time. People were just saying, 'Look, we want at least a basic agreement with the EU so that we have some clear terms of trade for the future, and so that we can avoid some of the worst of tariffs and quotas and various other things. But beyond that, we're not going to set lofty ambitions for this'.

So, they weren't quite as emotionally invested and engaged, perhaps, as they had been previously.

**UKICE:** Just before Covid really preoccupied a lot of the business community, as well as government, David Frost made his big speech in Brussels where he said that he thought that the worry about non-tariff barriers was massively exaggerated, and people didn't have to worry nearly as much, and that getting rid of those parts of a trade agreement that would constrain UK sovereignty was really what mattered. Did you push back at all on that approach, or did you think that's what we expected from the Johnson Government?

**AM:** I think we expected a 'sovereignty-first' argument from the Government, but that doesn't mean we would simply accept the notion that non-tariff barriers didn't matter because, non-tariff barriers for most of our businesses are much, much, more important and much more salient than tariff barriers are. If you look at what tariff levels are in many, many sectors these days, they're pretty much at a de minimis level. Of course, there are some high tariffs in sensitive areas, and there were also questions around tariff rate quotas and things like that. But the layers and layers of bureaucracy and complexity that come with non-tariff barriers were preoccupying lots of businesses. Politicians weren't straight with people on this.

Again, that was a point where a little bit more pragmatism, I think, would have been helpful. If someone had said, 'Look, we are not trading the right to make up our own decisions on what future regulation looks like in return for easier passage of goods and services through borders', that would have at least

been honest. You could then have had an argument about whether there's a spectrum from a purist position through to something much more dovish, as it were. We could have argued, 'What is the appropriate amount of sovereignty that one gives up in any international negotiation in order to have the best terms of trade?'. That would have, I think, been a probably a better argument for us to be having in that negotiation.

**UKICE:** Did you expect the Government to ask for an extension, given that it couldn't have forecast when it first said it wanted to get the negotiations completed by the end of December 2020 that it would suddenly be hit by a pandemic, which delayed some negotiating runs? Clearly it had preoccupied the Prime Minister and various critical cabinet ministers.

**AM:** We didn't lobby for an extension. We didn't expect one either at that stage of the game, I think because we'd seen several already. We've also got to remember another dynamic, which was that for businesspeople, the first extension made a heck of a lot of sense. The second extension still made a lot of sense. By the time you're looking at the third or the fourth, the value of that to businesses set against clarity and certainty was diminished. We started to see more coming through in our surveys and our comments, 'No more extensions, just get it done, whatever it is. Please let it be over'.

**UKICE:** Did you think it was realistic to do a full scale, full blown free trade agreement at that time, that was unprecedented in any other EU trade negotiation?

**AM:** I think it was a significant achievement to do it in that period of time. Regardless of what one thinks about the content or the conclusion of that agreement, simply concluding one in a hostile political environment that quickly is impressive. Now, granted, there was a starting point where there was broad alignment in terms of rules and various other things and you're actually negotiating how you decouple from something rather than get closer to it. It was a different dynamic to what we'd seen previously.

We were, of course, very pleased to see the Christmas Eve conclusion and the deal emerging. But then, of course, another horror dawned on many of our businesses: 'this thing comes into force provisionally in 7 days, and we don't know what the hell that means for us'. A mad scramble set off in the middle of



the Christmas holidays and people were not best pleased about that. Some had, of course, taken the decision to avoid the period in December 2020 and January and February 2021 entirely by pausing exports and imports, not moving things around. Indeed, some even closed manufacturing sites in certain cases. But for others, it was a mad scramble.

We in the British Chambers network had a mad scramble as well, because we had been working to build up the capacity to support businesses with customs declarations and we had to bring that system live. We were ready to go to help businesses with customs declarations on the 1st of January, and we had to be sure that that system worked too.

Both in terms of my own business and in terms of the scramble in the business community, I will always remember that as having been a mad dash to the finish line.

**UKICE:** I think at various points you were critical of some of the gaps in the Government's border operating model, with teams taking forever to produce a border operating model for the GBNI border for various reasons. Did you think government got how important actually knowing how this would work in granular detail was for business?

**AM:** I think they understood it belatedly, and were playing catch up for the remainder of the period. I remember posing some very simple questions about personnel at the border and the chain of command at the border, for example, which were hugely important to businesses. What if one person at the Port of Larne decides to shut the gates to the port and not let something through because they're not convinced that it can roll onto the streets of Northern Ireland because it's at-risk of continuing into the Republic? What was the chain of command to get that released? Because, of course, that's going to create a domino effect and a backlog, that will be felt back to Stranraer. Who's in charge and who do you ring to get your shipment released, for example? There were no answers to questions like that for a very long time. And that's where the frustration really lay for us.

Being able to point to what you do in a live operating business scenario at borders was a problem and a lot of that came on stream extremely late in the day. They knew it was a problem; the senior civil servants who are working on

that sort of stuff were very, very seized of the issue and were trying to sort it. But they were working against the clock. In some cases, the derogations that we saw thereafter, and the decisions to delay enforcement or delay collection of customs declarations were an acknowledgement of the fact that more time was needed to get it right.

**UKICE:** Did you get the impression member state governments and the Commission were doing a better job of preparing their businesses, particularly those exposed Northern European businesses, for Brexit than the UK government was?

**AM:** I would make the distinction between those European governments preparing their borders and preparing the way that they operated, versus preparing their businesses themselves. I think a number of countries, and both France and the Netherlands come to mind here, did a good job of preparing a clear border operating procedure and actually sharing that. You knew if you were coming into the port of Rotterdam what it was that you had to do, you knew if you're coming into Calais what it was that you would have to do. I thought that was good.

Now, does that extend to them having prepared their domestic business populations well for trading in this new era? Not necessarily. Some businesses got to grips with it very quickly. Others have had some difficulties. I think both on the UK side and on the EU27 side, helping businesses grapple with the new reality has been a challenge. I don't think that's unique just to the UK.

**UKICE:** We talked a lot about borders, which obviously matter enormously for goods, but if we look at the TCA, one of the criticisms of it is that there's not much in it for the UK services sector. There was quite a restrictive mobility agreement, that might affect the ability of some service businesses to function once border restrictions go, and a lot of small businesses are having to grapple with being sponsors if they want to bring in labour from overseas, as opposed to just asking people to show a European passport.

What did you think of where businesses ended up by the end of the year, with a combination of the new services regime, albeit with outstanding decisions on data, the provisional agreement, and nothing much on financial services equivalence?

Did businesses have a good discussion with government about all those implications? Do you think government understood business' needs there?

**AM:** Our mantra was always that we need to know that businesses can trade goods across borders, that they can move their people across borders as it was required, and that they could move data and information across borders as was required. Those were the three key areas for us. For all of our services, businesses across all of the sectors, it was about people and data first and foremost.

There were plenty of vertical trade associations who would be focused on specific sectors, who would be worried about the detail of the interaction of complexity in financial services regulation, for example. That wasn't for us. For us, we were focused on the horizontal issues around people and data.

When I read the TCA, I was shocked at the level of restrictions and qualifications put by many EU member states around some of the mobility provisions. There may be 100 pages of those reservations in the TCA. I thought to myself, 'When business travel gets back to normal, that's going to be a real shock for people'. That's not something that people are going to have anticipated.

I was concerned that data would become a sword of Damocles hanging over our heads at some point in time, in terms of going from the provisional application through to a formal decision on data adequacy. It could come back to haunt us in some way, shape or form and become an issue, as our own data regime evolved. We were still having to talk to businesses about the possibility of using multiple contract clauses and standard contract clauses and things like that, to deal with some of the issues arising.

We were concerned about some of the provisions around services. I think we're now starting to see the consequences of some of the decisions taken on mobility, in both the way businesses move around for meetings, at conferences, specialised work servicing equipment, for example, and also in terms of the broader labour market, and shortages in many entry level positions in certain sectors. It's going to take some time to work that out.

My hope is that having a points-based immigration system means that we can

flex our immigration system as needed, in order to make sure that we can get the skills and the people that are required in this country. That system has yet to be tested properly because of the pandemic. It'll be very interesting to see post-pandemic whether it is supple enough to ensure that the UK can meet its needs. That will be seen not just in sectors like farming, but in retail, hospitality and many more besides.

**UKICE:** What's your verdict now that we're almost 6 months beyond the TCA being signed? How have the first 6 months gone?

**AM:** It's impossible to tell, isn't it, because we've been in the midst of a global pandemic at the same time and we've seen huge disruptions to global trade and UK-European trade that would have happened because of the pandemic, regardless of the Brexit scenario. So, we still don't have a good sense of how the new arrangements will operate in an equilibrium scenario, where things are operating relatively normally in other parts of the economy. That's still to be seen.

We're starting to get the first reports now of people being turned away at borders for not having the right paperwork or the right visas or the right justification for business visits. That will probably increase further as things normalise and travel starts to resume again. Obviously, there's a polemical debate at the moment about whether imports and exports are back to normal. There was a point in time when the Government was counting the number of lorries transiting rather than the value and volume of the goods that were actually in them. But now as we get more statistics through, what does the new normal look like?

I think this is the sort of thing that we will see over the space of years rather than months. It's too early to make a formal prediction as yet.

**UKICE:** You mentioned that the Government was very keen on a 'sovereignty first Brexit', and the TCA reflects that sovereignty-first demand. But the point of 'sovereignty first' was to be able to strike an independent trade policy, and to be able to take control of UK regulation.

We've just seen the publication of a report by the Taskforce that the Prime Minister set up, advertising for a new 'Director of the Brexit Opportunities Unit'

in the Cabinet Office, to work with Lord Frost to realise those opportunities.

Do you think the Government is actually doing what it should be doing- is it making the most of those new opportunities? Has it got a clear strategy for how to do that?

**AM:** I can't speak for the British Chambers of Commerce any more, no longer being their Director General.

What I would say is this: there is not a strategy for the future opportunity economy yet. We saw the phrase 'Industrial Strategy' being set aside after 5 years, which was deeply disappointing to many businesses, because I think businesses hear about something after a year, engage with it after 5, and really feel comfortable with it after 10. An industrial strategy was just getting to the point where people were engaging with it, and then it was scrapped.

I think we do need to see more of an overarching plan that brings together domestic economic policy, our global trade strategy, and our drive towards net zero and climate mitigation, under one roof. I am afraid that in my personal view, the Plan for Growth that was put out by the Government earlier this year is not that strategy. It is neither detailed enough, nor clear enough, as to the direction we are trying to move the country in, and it feels very tactical and very short term in nature. I am concerned about that.

In terms of opportunities for the future, I remain an optimist about this country and what it can achieve, no matter what its trading arrangements are around the world. In my mind, there is something in the new regulation report, which is hugely important, which is that the UK should seek to be the best destination globally for emerging sectors and have the best regulatory welcome for emerging sectors. Britain should be the place where tomorrow's industries want to put their testbed, the country that creates space to try new things out, that develops proportionate and light touch regulation as new sectors emerge. That's where we can be nimble and use the freedom of Brexit to best effect.

It is not about going back, looking back at the existing rulebook and creating some sort of bonfire of European regulation in existing sectors. I find that incredibly facile and boring in nature. There may be a few things that could be changed now that we have some distance from the EU, where it's very

obvious that the transposition of EU regulations is really hamstringing our businesses in some way, but not that many. For most of us, it's about how we regulate for the future and how we use nimbleness and flexibility to our advantage.

If we get that right, we can actually have a lot of success in future. Then it will be about the EU trying to copy the flexibility of our regulation rather than perhaps us copying out theirs, as we did as we decoupled. That's where I have some positivity.

So, whether it's fintech or health technology or many of the other sectors that have been identified as industries of the future, that's where we've got to put our attention, I think.

**UKICE:** If you look back over this entire period, your tenure in multiple capacities at the British Chamber of Commerce and now having left, do you have any final thoughts on what this episode has told us about government and the way governments deals with and understands business?

**AM:** I hope that when the history books are written that they will show that this episode helped politicians realise that details matter, and that you can't get away with skating over them when dealing with a systemic change that's this complex and this big.

I hope that governments will one day take pride in being across those details, attentive to them and reacting to them, knowing that they're doing so in the best interests of their business community, because where our governments failed throughout this process was when they skated over the detail. In doing so, they probably harmed the economic prospects of the country.