

FTA Ireland,
Unit 1,
Airport Business Park,
Cloghran,
Co Dublin.
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Good afternoon my name is Aidan Flynn General Manager with the Freight Transport Association Ireland (FTA Ireland). We are delighted to be invited to present to the Seanad Special Brexit Select Committee on the UK's Withdrawal from the European Union regarding issues that are of major importance to our members. FTA Ireland (FTAI) is a not for-profit membership trade association for the Irish freight, passenger and logistics industries. Established in Ireland in 2010, we are wholly owned and governed by our members and act solely in advancing their best interests. FTA Ireland covers all aspects of private and public freight transport, passenger transport and logistics supply chain, including road, rail, sea and air. FTAI represents some of the largest freight distribution logistics and passenger operators in Ireland, with more than 25,000 employees and over 12,000 commercial vehicles operating between them.

From our establishment, our Members have demanded that FTA Ireland develop and implement an industry wide standard called TruckSafe™ that facilitates a path to continuous operational compliance but also provides recognition for commercial fleet operators in the 'Own Account and 'Haulage' sector that meet their minimum legal operational obligations. Brexit has mandated that we define and appreciate the supply chain in all its efficiencies and complex distribution channels and relationships. Key to the challenge to deal with change such as will be caused by Brexit is to stay competitive, develop strategic plans and implement these plans with confidence to pre-empt and manage the change. A core objective of FTA Ireland is to provide our members with UpToDate guidance and information on operational compliance and standards that makes this process easier. Promoting the highest standards of compliance and professionalism through our TruckSafe™ & VanSafe™ standards helps drive this culture within our membership.

In 2017 FTA Ireland published our Brexit position paper with key recommendations then that are as relevant today such as; ***Avoid checks at the border; preserve the common travel area; ensure seamless transport links between Ireland and the UK; preserve mutual recognition of documents, qualifications***

and licences to limit disruptions to road transport and logistics operations; most importantly ensure a seamless transition to the post Brexit era. We commend and support the Irish Government for the work done to date on ensuring Irish interests are heard and understood at both a UK and EU level.

Uncertainty remains the main cause of concern for the freight, distribution and logistics sector as Brexit Day 31st of October gets ever closer. As an Association FTA Ireland has continuously and consistently engaging our members through briefings, seminars, meetings, publications and guidance notes to raise awareness of the implications of Brexit with emphasis on encouraging the development of contingency plans. Due to the uncertainty and the protracted political situation in the UK, the costs in both resources and monetary terms to develop contingency plans creates a challenge to keep industry focused on preparing for the post Brexit trading environment. According to the recently published 'Managers Guide to Distribution Costs 2019'¹ respondents estimated that they allocated 606 hours per company to preparing for Brexit in 2018, equating to taking one person 'out' of their business for over 75 days or 15 working weeks. Companies anticipate the number of hours allocated will increase to 720 in 2019 or the equivalent of 18 working weeks. This however is more complicated for the SME sector where the majority of Haulage business sit. There are approx. 13500 trucks on an international haulage licence out of a haulage fleet of 18,000 heavy goods vehicles. The average size fleet is just over 5 trucks. This sector is driven by high volume low margin business and is struggling to allocate time and resources (that they don't have) to prepare for Brexit.

Whilst a focus has been to look to new markets, we must not negate the importance of the UK as a market for Ireland. Exports to Great Britain accounted for 11% of total exports in December 2018 (€16billion, include €2billion to NI). Imports from Great Britain comprised 20% of total imports in December 2018 (€19billion). The EU accounted for €70,984 million (50%) of total exports in 2018. There were €54,083 million of imports from the EU in 2018, representing 60% of total imports²

The complexity of the issues faced by traders in the post Brexit world in getting goods to market cannot be undervalued. Understanding the Customs Union Issues and the Single Market issues is critical in developing effective contingency plans. The supply chain as it currently stands, has incrementally adapted to the efficiencies that the single market has afforded, however a sharp shock like Brexit will have the consequence of creating significant friction in the supply chain that will result in increased costs reduced

¹ http://www.ftai.ie/export/sites/ireland/.content/downloads/FTAI_MGDC_2019_Report_x1finalx.pdf

² <https://www.cso.ie/en/releasesandpublications/er/gei/goodsexportsandimportsdecember2018/>

product choice and loss of jobs. Being prepared and having flexible contingency plans will be very important in dealing and mitigating risk with the changing trading environment. Time is also vitally important for business to prepare and adopt to the future trading environment. The EU and Ireland have publicly highlighted that protecting the integrity of the Single Market and competition within the single market is of vital importance in any deal.

Future arrangements must deal not just with customs issues but with regulatory requirements such as mutual recognition of licencing for the movement of goods by road, driving licences, qualifications and insurance requirements. Indeed, UK nationals living and working in Ireland are encouraged to transfer their driving licence to an Irish one, swap their UK issued Driver CPC card for an Irish one prior to the 31st of October 2019 or face the prospect of driving illegally.

Ireland stands to be the most affected due to our geographic location and reliance on the UK not just as a trading partner but as a link to continental Europe. In 1973 almost 55% of the total value of exports from Ireland went to Great Britain by 2018 according to the CSO this reliance had reduced significantly to 11% of total exports worth approximately €14billion, the EU accounted for €50.5 billion of Ireland's exports in the same period. It is not all about exports, imports are vitally important to the Irish economy where 22% of imports come from the UK worth €18billion.

While road transport within the EU is harmonised and thus based on common EU rules, road transport between EU and non-EU countries (third countries) is still largely based on bilateral agreements between individual Member States and third countries. This harmonisation will expire once the UK leaves the EU, unless and until there is an agreement between the UK and the EU. Currently the movement of goods is taken for granted in that it happens seamlessly.

In the event of a 'No Deal', the EU Commission have agreed to extend access to the EU transport market for an additional seven months (road until end July 2020 and aviation until 24 October 2020). Cabotage will be phased out over this period.

Efficient logistics is derived from industry finding the path of least resistance to markets. The cheapest and the quickest route to the EU market that supports the 'just in time' model of logistics is known as the landbridge, (20hours versus 40Hours on Ireland EU direct routes) it is also 3 times quicker than container shipments. This is by no means the only route to market, but it relies on access to continental Europe via

Great Britain. The IMDO published a report in 2018 called 'The Implications Of Brexit On The Use Of The Landbridge', highlights that 150,000 trucks use the landbridge each year moving over 3million tonnes of product. Post Brexit the landbridge will be compromised because of multi-agency checks at ports and new administrative red tape which ultimately leads to increased costs and delays. In addition, Operation Brock a newly proposed traffic management plan to reduce congestion at southern UK ports will further complicate the viability and efficiency of the landbridge.

To use the landbridge hauliers will have to operate under the Common Transit Convention (CTC), this requires a guarantee/bond to cover VAT and excise duties and will ensure that import and export declarations do not have to be completed whilst entering and exiting a third country (UK) en route to continental Europe. The CTC is closely aligned with the simplification process encouraged by revenue for businesses to be AEO (Authorised Economic Operator) accredited. To date there are only 230 AEO registered companies³ that is up by 90 companies since the start of the Brexit process. It is taking over 9months to attain AEO status.

There are over 80 ferries per week between Dublin Port and Great Britain and an additional 28 per week from Rosslare to Great Britain. This compares to 17 ferries per week between Ireland and continental Europe (Ro/Ro & Lo/Lo). An issue for consideration post Brexit 'no deal' is the scheduling of ferries. Currently 'roll on roll off' ferries are arriving into Dublin Port with up on 9,500km lane of trucks starting at 5am⁴. The ferry company's in most instances are arriving in convoy with 30minutes separating 4 ferry arrivals. In the post Brexit world this will add strain on the system as all of these drivers and trucks (over 500) will have to be processed at the same time. This has implications for everyone including developing log jams in the system that perhaps could be avoided if the arrivals were staggered.

The importance of having contingency plans cannot be denied but this in itself will not result in 100% compliance at ports. The reality is that planning, training, upskilling, better procurement practices, consignor liability, shared responsibility and increased awareness of your supply chain is a start in determining the best way to get goods into and out of the Country as efficiently as possible.

FTA Ireland welcome the supports for industry such as 'clear customs' enterprise Ireland and intertrade Ireland supports. These solutions only cover some of the industry need. There needs to be a more all-

³ https://ec.europa.eu/taxation_customs/dds2/eos/aeo_consultation.jsp?Lang=en

⁴ <https://www.dublinport.ie/information-centre/next-100-arrivals/>

inclusive approach taken to support all in the supply chain and one sector that has been overlooked is the Haulage sector. The burden of compliance will be levelled at the haulage operator who are at the mercy of their clients and consignors. Help and assistance needs to be provided for hauliers as a matter of urgency to aid their Brexit preparations. Without hauliers' goods will not get moved, without compliant hauliers' goods will not get delivered on time. All must be working together to ensure the realities of a 'no deal' Brexit are understood.

Revenue advise that only 2% (approx. only 22 trucks in Dublin port per day) will require a physical check. And only 6% (approx. 66 trucks in Dublin port per day) will only require documentary checks which will not take as long. This is predicated on their being 100% compliance with declarations and documents for the loads on the vehicles. Irish business will go from making 1.7million declarations per annum to making over 20million declarations per annum. Revenue will be available to work 24/7 but they will expect to have access to customs agents 24/7 in the event of errors with declarations. This will be problematic as there is a lack of agents available and working in Ireland with the necessary resources and competencies at the moment. The burden for agri-foods is much more pronounced with 100% documentary check and between 20% and 50% mandatory physical checks for meat poultry, eggs fish and even honey.

Conclusion

To assist industry preparation regulatory bodies must consider doing 'dry runs' in the ports to trial the new post Brexit requirements of customs checks, driver routing (drivers need smart phones to access revenue routing site 20 minutes from docking in Dublin Port), SPS checks. Publication of routing and traffic plans in and around ports are long overdue and engagement with all stakeholders including representative associations is of vital importance to ensure industry has all the necessary information. The recently announced 'operation purge'⁵ where in the event of congestion in Dublin Port trucks will be directed to park up at service stations and other areas off the motorway network that they normally use until congestion at the port eases has a sense of a half-baked plan. Given the fact that trucks travel from all over Ireland to Dublin port one would expect a more detailed and thought out plan to take account of the lack of facilities currently available for drivers. Consideration should be given to how to communicate to the haulage sector effectively to notify drivers that the port is closed and to park up in designated parking areas until further notice.

⁵ <https://www.irishtimes.com/news/ireland/irish-news/major-plan-aims-to-stop-traffic-jams-in-dublin-after-brexit-1.4016508>

Given the inevitability of delays upon arrival at Ports from Great Britain, welfare facilities and rest areas are needed for drivers. Drivers need to understand and be advised of the length of delays to expect from the outset and communication between regulatory authorities and drivers is very important to ensuring speedy processing and aid the efficiencies in getting products to market.

All Brexit preparation related training should benefit from increased support through the likes of Skillnets. FTA Ireland are calling for Government to categorise all Brexit Training to include Customs courses, Preparation for distribution of Agri-foods; Supply chain adaptation, preparation for the haulage sector to receive up to 80% funding through SkillNets. This can be done by designation this training under the 'Employment Activation Funding'. Given the critical nature of Brexit and the implications for the Irish Economy, designation through the Employment Activation Fund will enable the level of funding required that will act as a vital incentive to aid the Freight Distribution and Logistics sector to upskill as necessary in preparation for Brexit.

Infrastructure – over 90% of all trade with the UK transits via Dublin Port. There is an overreliance on Dublin for connectivity with the UK. FTA Ireland is calling on the Government to support investment and planning in our other strategic ports such as Waterford (Lo-Lo and Bulk); Rosslare (Ro-RO) in particular as this will result in reduced congestion in Dublin and facilitate rural economic development and new routes to market. It is Vital that the obvious future 'pinch points' are assessed now and that pre-emptive measures are taken that will facilitate dynamic growth and opportunity for both import and export activity in Ireland.

There will be many Government agencies charged with checking goods, paperwork and people. It is very important that there are inter-departmental synergies (such as shared intelligence, pragmatic approach to dealing with traders, helpful demeanour etc.) Fact sheets and information and guidance must be produced for industry to aid engagement with these bodies. This will raise levels of awareness and help with the flow of traffic.

Ports – The ports must reach out to all stakeholders to communicate more effectively their plans for preparedness and look for reasonable input in providing the best possible solutions. Space is an issue for most ports with a finite amount of space available for parking and checking trucks. However, the haulage sector must be engaged to fully understand the new checking facilities and traffic management so that:

- They are planned for efficiently

- Take account of tachograph rules
- Welfare facilities are provided for drivers in the event of delays.
- The ports are adequately staffed to manage traffic and traffic flow.

Finally, it is vital that there is Transition period to the new trading environment. Whilst we are working hard as an industry to prepare the reality is there will be significant learning once Brexit happens. We need to respect the fact that the transition to the new training environment will not be easy for industry, and conversely for regulatory bodies. Mutual Respect and clear communication and stakeholder engagement will be vital in adapting to the new post Brexit trading environment.

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