

British Irish Chamber of Commerce – South Wales Chamber of Commerce

This Paper has been divided into three short segments. Segment 1 outlines the background and context to UK and Irish trade with a specific focus on the level of trade between Irish and British ports and the potential disruption Brexit may cause. Segment 2 of this Paper has been derived from the inputs of attendees of the British Irish Chamber of Commerce (the Chamber) and South Wales Chamber of Commerce, Discussion Forum; 'UK- Ireland Ports and Transit Forum', which took place on Friday July 6 2018, at the offices of the Association of British Ports, Cardiff. The final Segment is a list of recommendations as suggested at the Forum¹.

Segment 1: Background and Context:

i. UK – Ireland Trade:



Source: CSO

¹ The views expressed in this submission are not necessarily shared by individual members of the Forum.

The UK remains Ireland's largest two-way trading partner with trade between the two countries now exceeding €65bn annually. Last year, Ireland exported €16.5bn worth of goods to the UK representing 12% of all goods exports while Ireland imported €18.8bn worth of goods from the UK representing 24% of all goods imports. In 2017, Ireland was the UK's fifth largest export market and 9th largest source of imports. According to HM Revenue and Customs (HMRC), Wales exports €1.2bn worth of goods to Ireland while it imports €335m worth of goods from Ireland. As illustrated in Figure 1.1 trade between the UK and Ireland has so far been largely unaffected by Brexit with both exports and imports remaining steady.

ii. UK -Ireland Port to Port Traffic:

Just over 40% of the total tonnage of goods handled by Irish ports was accounted for by trade with Great Britain & Northern Ireland, with roll-on/roll-off (ro-ro) traffic accounting for 60% of trade. In 2017, Irish ports received just under 13 million tonnes from UK ports, while Irish ports forwarded just over 9 million tonnes to UK ports.

Table 1 breaks down the port of origin in the UK to the port of destination in Ireland, while Table 2 breaks down the port of origin in Ireland to the port of destination in the UK.

Table 1: Tonnage of goods received classified by port and detailed region of trade for key ports, 2017

Detailed region of trade	Port								Total
	BantryBay	Cork	Drogheda	Dublin	Galway	Rosslare	Shannon Foynes	Waterford	
Great Britain & Northern Ireland									
Clydeport	-	-	3	524	-	45	-	2	574
Fishguard	-	-	-	-	-	692	-	-	692
Holyhead	-	-	-	3,434	-	-	-	-	3,434
Liverpool	-	10	1	2,787	-	-	3	-	2,802
Milford Haven (inc. Pembroke)	76	156	31	2,467	-	3	220	-	2,948
Sullom Voe	-	631	-	-	-	-	-	-	631
Other ports	-	400	56	1,135	-	-	270	26	1,887
Total	76	1,197	91	10,347	0	737	492	28	12,967

Source: CSO

Table 2: Tonnage of goods forwarded classified by port and detailed region of trade for key ports, 2017

Detailed region of trade	Port								Total
	Bantry			Shannon					
	Bay	Cork	Drogheda	Dublin	Galway	Rosslare	Foynes	Waterford	
Great Britain & Northern Ireland									
Belfast	-	38	-	104	-	-	118	-	261
Fishguard	-	-	-	-	-	988	-	-	988
Heysham	-	-	-	271	-	-	-	-	271
Holyhead	-	-	-	2,864	-	-	-	-	2,864
Immingham	-	241	-	-	-	-	11	-	252
Liverpool	-	6	-	2,461	-	-	72	-	2,539
Southampton		113		175			12		299
Other ports	94	314	214	218	33	-	741	3	1,616
Total	94	712	214	6,093	33	988	953	3	9,089

Source: CSO

The routes Dublin to Holyhead, to Liverpool and to Milford Haven in Britain were the busiest routes for inward movement of goods, while Dublin-Holyhead and Dublin-Liverpool routes were also the busiest routes in terms of goods forwarded.

iii. Imposition of Customs Procedures for UK and Irish Ports:

Once the UK leaves the European Union it will be classified as ‘a third country’ from an EU perspective. This will inevitably lead to additional administrative costs and potential drawn out delays at Irish and UK ports. Goods imported from the UK will require a customs declaration and be subject to controls and licence requirements, in addition to the payment of VAT and other duties. Further inspections will also be required by other government agencies, such as the Department of Agriculture, Food and the Marine which will inspect all food and agricultural supply at the point of entry into the country. The UK Government has already stated that in the event of a ‘no deal’ scenario, businesses importing goods from the EU will be required to follow customs procedures in the same way that they currently do when importing goods from a country outside the EU.

It is important to highlight the disparity in approach in informing businesses between the UK Government and the Irish Revenue Commissioners – the aforementioned advice which the UK Government is offering British businesses is based on a ‘no deal’ scenario whereas the advice the Irish Revenue Commissioners are offering is based on any Brexit scenario that sees the UK leaving the European Union.

iv. Great Britain as a 'land bridge' to Europe for Ireland

From an Irish perspective, Britain serves as a land bridge for Irish exports to continental Europe, with approximately 80% of Irish goods destined for continental Europe transitioning as road freight via the UK. In a post-Brexit context, goods transported across Britain as a 'land bridge' for Ireland will be classified as transit goods and require a customs transit declaration. Traders will have to interact with the 'Office of Departure' and the 'Office of Destination' in the EU and with the 'Office of Transit' in the UK. Transit goods may be subject to control, leaving and re-entering the EU. In addition, goods in transit are required to provide a financial guarantee to the authorities of the country through which they pass.

v. Potential Impact of additional Customs Processes

The most immediate impact of the impending customs procedures will be the increased bureaucratic burden associated with customs declarations – the current Single Administrative Document (SAD), which covers trade with non-EU countries has over 50 sections that must be completed.

Secondly, a pressing concern for the Port and Transit sectors across the UK and Ireland is the prospect of extensive tailbacks in UK and Irish ports. Taking Dover Port as an extreme example, it is estimated that an average additional two-minute delay would lead to a 17-mile queue of lorries on the M20.

Segment 2: 'UK- Ireland Ports and Transit Forum'

On July 6, 2018, the British Irish Chamber of Commerce and South Wales Chamber of Commerce held a Discussion Forum 'UK- Ireland Ports and Transit Forum', at the offices of the Association of British Ports, Cardiff. The purpose of this Forum was to bring together stakeholders from the UK and Irish ports and transit sectors to evaluate the potential implications of new customs procedures that may be introduced once the UK becomes a 'third country' from an EU perspective. Specifically, this Forum aimed to:

- Investigate the scale of the challenge to UK and Irish ports,
- Review the underlying consequences, and
- To propose potential solutions.

In addition, participants were asked to outline their current contingency plans and preparation, highlight their greatest concerns, and suggest possible remedies that can be unilaterally implemented by stakeholders.

The audience at the Forum included representatives from:

- UK and Irish ports,
- UK and Irish freights and haulage,
- Ferries and shipping, and
- Customs agencies and consultants.

The discussion was conducted under **two working assumptions**:

1. The EU and UK will agree a Free Trade Agreement, and
2. The UK will become a 'third country' from an EU customs perspective on the conclusion of the transitionary/implementation period.

The following output and recommendations are based on the deliberations of this Forum.

i. Brexit Contingency Planning

There was a different approach in contingency planning between the attendees from the UK and Irish Port and Transit sectors.

a) Irish Perspective

The Irish representatives, under guidance from their government, have moved from a risk analysis approach to the implementation phase of their contingency plans based on the assumption that Britain will become a 'third country' for customs purposes. It was outlined by some of the Irish participants that they have already begun developing the necessary infrastructure for border inspection posts and container terminals. In addition, Ireland has already begun developing new direct routes to continental Europe in order to bypass Britain as a land bridge. In April 2018, the 'MV Celine' commenced sailings from Dublin Port as the world's largest short-sea ro-ro ship, it will allow Irish cargo bypass British ports with direct routes to Europe. Furthermore, the Irish Government is currently recruiting an additional 700 customs officials and 300 extra staff to carry out veterinary inspections on goods and agricultural products moving between Britain and Ireland.

b) British Perspective

British participants outlined that they were evaluating various contingency plans based on potential post-Brexit scenarios. One contributor outlined that they had carried out detailed reviews of the infrastructural layout of their port in preparation for adjusting the terminal design of their premises on the basis that they may need to carry out physical checks on 2-3% of inbound inventory.

ii. Customs Checks

Numerous Irish and UK participants stated that they were actively considering the purchase of new land to facilitate additional customs checks – one participant noted that "it would be a necessity under the new customs relationship". There was uniformity of concern around the table that some ports, due to their location, would be unable to purchase the essential additional land to facilitate the required customs checks. Stakeholders noted that they were working with their respective customs officials (Irish Revenue and HM Revenue and Customs) to have as many as possible of the import checks and controls carried out on goods moved away from ports to allow for minimum disruption.

iii. AEO Applications and Status

It was pointed out that in both countries numerous exporters had sought Authorised Economic Operator (AEO) status as a mitigation of the customs implications of Brexit. An AEO designation is a certification that a business has met certain standards in relation to best practice at all levels in the international supply chain. Obtaining AEO status increases the possibility of goods being fast-tracked through ports, ensures that shipments are subjected to control checks less frequently and that the level of financial guarantees required are considerably lower and may be dispensed with entirely.. However, attendees were very clear that obtaining AEO status was not a ‘silver bullet’ for the customs implications as it is costly and would be prohibitive for small traders. It was also noted that food cargo will still be subject to agriculture checks at point of import due to specific regulations for “sanitary and phyto-sanitary” (SPS) goods.

iv. Workforce

Even outside the context of Brexit, the skills shortage and staff retention rate within the freight and haulage sector is a priority concern both in the UK and Ireland. From a UK perspective, it was felt that Brexit would exacerbate this situation. One participant remarked that they had already encountered numerous workers in the sector considering returning to their home country in the EU due to their uncertain future in the UK. Participants also spoke of the lack of institutional memory in the respective customs authorities of pre-single market arrangements and that this might lead to unforeseen difficulties for the authorities and traders. Irish participants articulated a view that the UK customs authorities were less prepared than their Irish counterparts. Furthermore, they felt that EU officials were unaware of the intricacies of the Irish – British - Northern Irish supply chains. There was also a pronounced concern for small traders who have limited or no experience in trading with third countries and the level bureaucratic processes associated with customs declarations.

v. Support and Communications from the Respective Governments

There was a clear difference of experience on communication from government amongst participants between the UK and Ireland. Irish participants outlined the various supports and communications they have received from the Irish Government since the UK referendum result. This included various forms of grants to assist Irish traders in preparing for customs implications. Participants gave the examples of Enterprise Ireland’s ‘Be Prepared’ grant which is a €5,000 grant to support a business in developing a Brexit strategy, while InterTrade Ireland’s ‘Start to Plan’ voucher was also highlighted. Furthermore, Irish participants spoke of the various stakeholder engagements they have had with various Irish Government Departments and Agencies. UK participants were unable to outline any grants for UK traders that they were aware of. However, it was pointed out

that the Welsh Government does offer certain supports to Welsh businesses. The UK ports and transit associations, as well as their overarching Departments, did offer informative support but not on the scale articulated by their Irish counterparts. Irish participants outlined that they had made individual requests to the Irish Government for specific designations and inspection facilities that were still being considered. All participants agreed that any costs incurred as a consequence of Brexit should be covered by the Irish and UK Governments and not out of the resources of the individual ports or the Welsh devolved government's budgets.

vi. The Transition Period

The EU and the United Kingdom have agreed to a transition process of 21 months — from 29 March 2019 until the end of 2020. During this time the UK will technically be a 'third country' from the EU's perspective but in practice it will operate as an EU member and nothing will change from a customs viewpoint until January 2021. If the UK and EU do not finalise a Withdrawal Agreement, then the UK will leave the bloc from 29 March 2019 with the immediate imposition of WTO rules on its trade with EU states. Participants from both the UK and Ireland outlined their respective concerns over this allocated time period noting the additional infrastructure and bureaucratic systems that would be needed to minimise potential custom delays. UK participants flagged that their concerns were not just Britain-Ireland related but were even more pressing between Britain and Continental Europe. Furthermore, UK participants noted their belief that French authorities were facing similar repercussions to their British counterparts.

Segment 3 Recommendations:

The following recommendations were suggested by the participants of the UK-Ireland Port and Transit Forum and supplemented by expert analysis. The recommendations have been broken down by the jurisdiction that they are specified for, notably:

- For the UK and Ireland,
- For the UK and EU,
- For UK, and
- For Ireland.

Specifically, for the UK and Ireland:

✓ **Establish a UK-Ireland Port and Transit Forum**

A UK– Ireland Port and Transit Forum should be immediately established. This Forum would be open to all major stakeholders from the UK and Ireland Port and Transit sector. It would allow for streamlined communication, sharing of best practice and information exchange as well as a platform to address issues of mutual concern. It was agreed that the British Irish Chamber of Commerce, as a neutral body, could act as a facilitator for such a Forum.

✓ **Additional Support for Exporters**

Both the UK and Irish Governments should offer specific supports to companies dealing with customs procedures for the first time. To alleviate this burden, a customs grant should be made available for companies to seek appropriate training for complying with their impending customs obligations. In addition, once a permanent future trade agreement has been reached between the UK and the EU, an intensive marketing and communications campaign should be initiated to inform all affected businesses of their new customs obligations.

✓ **Closing the Skills Gap**

In order to address the skills gap that is prevalent in the freight and haulage sector on both sides of the Irish sea, it is recommended that each Government should look to support additional training and continuous professional development for drivers in the freight and haulage sector. Incentives such as tax credits and grants should be considered.

✓ **Single Access Window for Customs**

To limit the bureaucratic burden facing traders, a one stop shop service should be developed where traders only have to deal with one entity for all administrative, customs and licencing requirements as opposed to separate segments of government i.e. agriculture and health.

✓ **Expedite the planning process**

Where the development of infrastructure is needed to facilitate new customs processes, special provisions should be made to expedite the planning process as a national priority.

✓ **Additional infrastructural requirements should be covered by the respective national exchequer**

The costs incurred by the need for additional infrastructure to facilitate customs should be covered by the respective national exchequer. In the case of the UK, these costs should be borne by the UK Government and not the devolved administrations.

✓ **Trade Facilitation Hours**

HM Revenue & Customs (HRMC) and the Irish Revenue Commissioners trade facilitation hours for customs should become 24/7 operations for the main routes between the UK and Ireland.

✓ **Border Inspection Posts (BIPs) in the vicinity of the Ports**

To ensure there are no undue delays at the ports, the relevant authorities should consider the feasibility of locating BIPs in the vicinity of the ports but away from the immediate docks.

Specifically, for the UK and EU

✓ **Agree mutual recognition of Authorised Economic Operators (AEOs)**

It is essential for the movement of cargo between the UK and Ireland (and indeed the UK and the EU generally), that the UK and EU agree a mutual recognition agreement for AEOs. By achieving this businesses accredited in one jurisdiction will benefit from the same fast tracked processing in the other.

✓ **Mutual Recognition of Custom Checks**

The UK and the EU should agree to recognise each other's customs authorities for custom clearances to reduce the burden of export and import custom declarations. Significant collaboration already exists between Sweden and Norway. Such an approach would minimise disruptions at ports of destination.

✓ **Mutual recognition of Transport Documentation**

The UK and the EU should agree to mutually recognise each other's qualifications and licences for drivers. Doing so will limit disruptions to road transport and logistics operations in a post-Brexit era.

✓ **Implementation Period**

The current planned transition period may prove inadequate for the successful implementation of customs protocols at various ports, and for key stakeholders in the freight and haulage sector. The UK and EU should look at the feasibility of an extended 'implementation' period beyond the currently agreed transition period.

Specifically, for the UK

✓ **Addressing the Skills Gap**

The UK Government should ensure its post-Brexit migration policy supports the transit sector in its need to recruit drivers from outside the UK.

✓ **The UK should not significantly diverge from the Union Customs Code**

The UK should align itself with the EU's Union Customs Code to ensure there are no unnecessary legislative changes for traders in a post-Brexit context.

Specifically, for Ireland

✓ **An Agricultural Post for Cork Port and Rosslare Harbour**

The Forum recommended that both Cork Port and Rosslare Port should be given a designated 'Agricultural Post' to facilitate agricultural checks post-Brexit.

