

European Affairs Committee

Protocol on Ireland/Northern Ireland Sub-Committee

Corrected oral evidence: The Northern Ireland Protocol Bill

Friday 21 October 2022

3.15 pm

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Members present: Lord Jay of Ewelme (The Chair); Lord Empey; Baroness Goudie; Baroness O'Loan; Baroness Ritchie of Downpatrick.

Evidence Session No. 8

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Questions 60 - 67

Witnesses

I: John Martin, Policy Manager, Road Haulage Association; Paul Jackson, Director, McBurney Transport Group; Mark Tait, Director, Target Transport.

Examination of witnesses

John Martin, Paul Jackson and Mark Tait.

Q60 The Chair: Welcome to you all. It is very good to see you here, at this meeting of the House of Lords Protocol on Ireland/Northern Ireland Sub-Committee. We are doing an inquiry at the moment into the Northern Ireland Protocol Bill, which is wending its way through the House of Lords, having been approved in the House of Commons. We were in Newry yesterday and had some very interesting talks there. We have had some very interesting talks so far here today.

We are very glad to see all three of you. In the evidence we have taken over the last few months or so on the protocol, the question of road haulage has been a very important part of the discussions we have had. That is why we wanted to have particular evidence from the road haulage sector while we were here, so we are very glad that you are here.

This is a formal session, so there will be a transcript taken, which will be sent to you after the meeting so that you have a chance to correct it if we

have misheard you or misrecorded you. We have about 50 minutes for this session, so I am afraid that may mean that we have to go rather more quickly than we normally would. We are very grateful, as I say, for you being here.

Perhaps I could ask the first question. How would you summarise the impact of the protocol as it currently operates on your businesses and those you engage with? At the same time, could you say how you would summarise the benefits or the negative effects, assuming that there are some of both, of the protocol as it operates at the moment. I leave it to you to decide who should speak on the various questions that we are going to ask. You do not all have to answer everything if somebody has said something with which the rest of you agree.

John Martin: Thank you for inviting the Road Haulage Association and some of its members here today. As you have already alluded to, the haulage sector is key to ensuring the free, easy movement of goods from GB into both Northern Ireland and southern Ireland.

As an introduction in relation to the Road Haulage Association, we are the only trade body that solely represents the interests of businesses that move goods or passengers by road. We have in the region of 8,000 members in the UK, which have access to over 250,000 vehicles. In addition to that, we have 230 members in Northern Ireland.

The Chair: There are 250,000 vehicles in Northern Ireland.

John Martin: No, in the whole of the UK. In the context of Northern Ireland, we have 230 members. Within that group of 230 members, we have all the large hauliers that move stuff from GB to Northern Ireland. The people I invited here today represent different parts of the haulage sector. One moves a large volume of goods from GB into Northern Ireland and from GB into southern Ireland. The other is a freight forwarder. They have detailed knowledge and insight into what it is like to move goods from GB into the island of Ireland.

When the detail of the protocol was first released, our members were the first people to call out what the perceived issues were. At the very outset, a lot of people said that the protocol was fine the way it sat. There were some teething difficulties but everything would settle down and it would be okay.

There were people calling for the protocol to be fully implemented. However, our initial stance was proven to be right. Most other people are now saying that the issues we raised on day one are real and need to be addressed, including the UK Government and the European Commission. That is great from our perspective, because we have not changed from day one; we had it sussed then. In actual fact, if the protocol had been implemented in full from day one, you would have seen trade from GB to Northern Ireland virtually stop within 24 hours.

We do not actually have a business, per se, in moving goods. These are the people with the expertise, so most of the questions will probably be better addressed by those folks as opposed to me.

Paul Jackson: Thank you for the invitation to appear here today. I am the group commercial director for McBurney Transport, which is based in Ballymena. We operate trucks from Cairnryan, Penrith, Heysham and Liverpool. We also have a southern Ireland-registered limited liability company based in Dublin port. Our facilities operate right across the UK and Ireland, and we employ around 800 people. We have a turnover this year forecast to be about £130 million.

The company started in 1965 and has progressed from a family-run organisation to what would be Ireland's biggest shipper. We are shipping about 105,000 trailers annually across the Irish Sea, both westbound and eastbound. That is how it works.

To move on to your question, the Northern Ireland protocol has been a complete disaster for us as a company. It simply does not work for the vast majority of our customers, apart from the internal Ireland customers. The UK leading supermarkets, without the grace periods, could not be trading. We will all remember that one supermarket in particular in the very first couple of weeks pulled a serious amount of service, reducing the choice for the Northern Ireland consumer and, unfortunately, increasing cost.

That has continued on in the past 21 months. There is a reduction in choice and an increase in cost. We can see what manufacturers are sending into Northern Ireland on a daily basis, and every week that reduction in choice becomes more and more apparent. Everybody talks about the TSS customs checks as free to use, but I was taught a very long time ago that there is no such thing as a free dinner, because somebody has to operate that. Every time you put a person to do a function, it is money; time is money.

TSS has to be operated by people. We are a transport company doing customs and excise paperwork. We were told originally that there would be free movement of goods from Great Britain Manchester to Great Britain Belfast, yet we are tied up here. I have had to put an extension on to the building in Ballymena to house 10 people, and we have salaries of about £750,000 by the time you take the national insurance contribution in there, in addition to any other costs we have had. That cost has to be passed on to the consumer. If we get a cost, we must make a margin on it.

Does the protocol work for us? No, it does not. The protocol will never work for us because of the individual costs we have to incur and to pass on to all our customers, who inevitably pass it on to the Northern Ireland consumer. That is where we come from on a daily basis. We are watching our customers here in Northern Ireland especially telling us how uncompetitive they are becoming with their competitors based in

Manchester and servicing the same internal market that we have been servicing for customers.

Unfortunately, I have been doing this game for 42 years. I had retired and, once Brexit came along, got involved again to try to get the team through this horrendous period. Here we are, 21 months later, and it simply does not work for us as a company and for our clients. As I said, we have £133 million turnover. I could take you to some of the big retailers that we see here in Northern Ireland, which are our customers and are inundated with paperwork to move goods from Great Britain Manchester to Great Britain Belfast.

Mark Tait: Thank you for inviting me here today. I am at the other end of the spectrum from Paul here. I am a company director for a small family freight forwarding business, Target Transport Ltd. I employ three full-time staff and one part-time person, including myself. If you are not familiar with what freight forwarding is, we are a broker, in essence, between the customer and the haulage company. Basically, we will move anything from a package of this size up to pallets, groupage, part loads and full loads. We have that knowledge. Not one company will cover everything, so, as a freight forwarder, we can act as that go-between for the customer.

Some 90% of our traffic is GB-NI. We do some cross-border freight and some worldwide movements through air freight and sea freight. I would concur with Mr Jackson here that, for a very small business such as ours, which is dealing in that GB-NI corridor, the protocol has not worked and nor has it worked for many of our customers.

We deal in the commercial sector. We do not deal with retail. We do not deal with the SPS goods that enter. You have probably heard from other people who have given you evidence. We deal with the day-to-day machinery: timber, concrete, pipework et cetera for whatever industry needs. We have had no mitigation from day one. There are all these so-called grace periods we talk about. In our industry, apart from the current grace period or mitigation, if you wish to say that, on parcels, we have not had any mitigation whatsoever. We had the full impact of this protocol from day one.

I can appreciate that for many sectors, such as dairy, agri-food et cetera, the protocol works. For them, nothing has changed from two years ago. Everything carries on as was. They would quite rightly say, "The protocol's fine for me. I don't see any issue". Unfortunately, we do not all live in that world. At the minute, the protocol has created winners and losers. Unfortunately, on the commercial side of things, it has most definitely created losers.

A groupage load could be 50 or 60 consignments for 50 or 60 different customers, all consolidated on one trailer. For every load of groupage that leaves Northern Ireland for Great Britain, we must bring that same trailer back in order for us to make money and remain competitive for our customers.

I appreciate that we have been told that supply chains will realign. We will just go elsewhere. That does not work. For 40 years of EU membership, the main supply chain was Great Britain. It still is Great Britain, despite the problems we have now. They will be told, "It's okay to sell goods to Great Britain, but please don't buy anything from Great Britain". That does not work for industry, certainly not for the haulage industry, because we must operate completely in a circle. For every trailer we ship out, we must bring the same trailer back again in order for us to make money.

Businesses are not stupid. If they had found those supply chains elsewhere, whether that be in Europe or other areas of the world, they would have been using them 40 years ago. The fact they are still using the GB supply chain now means the GB supply chain, and obviously its sales chain, is still the best place for it to go.

As I have mentioned, the only area in which we have some unilateral cover is on the parcels. I do quite a bit of work with fast parcel operators, such as DHL, FedEx and TNT. Look at what is happening in Dublin at the minute. If I move parcels from, say, Great Britain into Dublin, I see what may happen if that grace period ever goes. I know that the EU has raised legal proceedings to remove that grace period.

At present, if we send a parcel from Birmingham to Dublin, the average customs clearance time is anywhere from five to 10 days on that one parcel. At the minute, I can still just about get parcels into Belfast on a next-day basis. If you remove that grace period, I have a considerable number of businesses that are seriously worried, especially some businesses that I operate for in the aerospace industry, that their supply chain will collapse. They cannot get freight in from Great Britain on a next-day basis, because it will have to have all the customs checks.

At the minute, those customs checks are not happening, despite the fact that they are still doing all the customs work for those parcels. The grace period does not mean that I am not doing the customs work. I am, but if you add in those customs checks, which the EU wants done at this time, we can see the 24-hour service going to maybe a five, six or seven-day service. The volumes coming into Belfast are substantially greater than those going into Dublin, so that will only compound the problem. Companies do not have the staff to deal with that volume of checks.

The main impact on my business and my customers' businesses can be summed up very simply as customs procedures, as Paul has mentioned. We have heard for 21 months from the media about checks, checks, checks, but physical checks have never actually been the issue for us in the commercial sector. It is very rare that any of our trailers will ever be stopped at Belfast, Larne or Warrenpoint for physical checks. Yes, there are spot checks, but it is rare.

As I say, suppliers in GB are not saying to us, "We're not sending those goods to Northern Ireland because we may get stopped at the ports". They would not actually care whether they get stopped at the ports. It is

the bureaucracy or the customs procedures behind it, so what needs to be done before we even pick up the goods. Some suppliers have told our customers here, unless they look after the customs paperwork themselves, "We will not supply you the goods. You will have to go elsewhere".

The big problem you have there is that, for many GB suppliers, Northern Ireland is a very small market. For us, they are 80% to 90% of our supply chain or our sales market. For the supplier in GB, we might only represent 3%, 4% or 5% of their sales market. There is a big imbalance there. If the supplier is not willing to supply us, what does the customer here then do? If they lose business, as a haulage company we lose business. We have bureaucracy that is so complex, cumbersome and time consuming. It really is pushing small businesses such as ours, and many of our customers, to the brink.

The Chair: That is a very good start and quite a complicated and rather sobering assessment we have had.

Q61 **Baroness Ritchie of Downpatrick:** You are very welcome, John and colleagues. By and large you have explained the impediments and challenges that you have with the protocol, so I can move on to the next question. What is your overall assessment of the UK Government's approach in relation to the protocol, including bringing forward the protocol Bill? Does the Bill represent a viable means to address the issues that have arisen under the protocol and for all the very technical impediments that you have outlined and encountered?

John Martin: I will maybe give an initial answer to that and then Paul and Mark can come in with more detail. When the UK Government initially published their command paper in 2021, it was broadly along the lines of what we thought needed to happen in relation to freeing up the movement of goods between GB and Northern Ireland. We were one of the few trade bodies that actually welcomed that. The protocol Bill, as it is known, largely follows the framework of the command paper.

In essence, our ask from day one has been the free movement from GB into Northern Ireland of goods that are not at risk of going into the single market. Obviously the difficulty is how you then determine what goes into the single market and what does not. In the past I have stated that, currently, excise goods within Northern Ireland, your alcohol, tobacco, cigarettes, fuel, waste et cetera, are currently all managed with the land border. Those are the most high-value goods that are at risk of being smuggled, in a sense, across the border.

There is already a framework in place in relation to managing goods that move across the border. There do not have to be any physical checks per se. The short answer to the question is that we see the Bill as largely addressing the issues and concerns of the haulage sector and freeing up the movement of goods between GB and Northern Ireland.

Baroness Ritchie of Downpatrick: Paul, do you have any response,

maybe to amplify what John has already told us?

Paul Jackson: I keep saying that we are in the haulage business and not the politics of it, but it is very hard sometimes to give an answer. Our customers are talking to us. How high up the agenda is the solution for His Majesty's Government? Where are we with regards to Northern Ireland on the protocol? Where will that specific pressure come from, as to where the negotiations are going to come with us?

As business, we see ourselves sitting here, 1.9 million people, and, in real terms, everybody knows that this Bill does not work. The Bill is bringing forward red lanes and green lanes, and there are people talking within the industry about dividing those two lanes up. People then go back and talk about where we are with the checks. Checks have never ever been the problem. In 21 months, we have had nine vehicles checked, so it is irrelevant. Everybody is talking about checks. It is totally irrelevant. Unfortunately, our local media and our MLAs talk about vehicle checks. It is not vehicle checks.

Baroness Ritchie of Downpatrick: What is it then?

Paul Jackson: It is the paperwork and the absolute farce, the bureaucratic mess, of paperwork having to be done in the background. It is all time, cost and money.

Baroness Ritchie of Downpatrick: There is staff cost as well.

Paul Jackson: Somebody has to pay for that, and unfortunately a large percentage of our customers in GB have decided that Northern Ireland is only 2% of their overall sales process and said, "You know what? That cost is too high".

Baroness Ritchie of Downpatrick: Do the contents of the proposed legislation satisfy your requirements in dealing with that issue?

Paul Jackson: Talking about red lanes and green lanes does not stop the paperwork, the bureaucratic donkey work, which is absolutely a waste of time for us. Everybody knows what somebody in Northern Ireland buys from England, because you get an invoice for it and they charge VAT on it. Why on earth are we, in the haulage business, having to get involved with all the background paperwork that goes on to satisfy at-risk movements? What is at risk?

The bottom line, how I see it, is that with the red lane and the green lane we will still have all the paperwork to do just to satisfy our friends in the EU that it is actually okay to go in the green lane. We still have all the paperwork to do to prove we can go in the green lane. I am 58, coming up to 59. We are just fed up with this here. We are doing nothing different than what we were three years ago, except with probably 8% or 9% more in Brexit costs on top of everything else.

Somebody has to pay for all this. The Government call it free to use. It is not. Somebody has to pay for this. Will the Bill being brought forward

provide a solution? In part it will, but you must have the free movement of freight and goods from GB Manchester to GB Belfast without paperwork. If the Bill does not cover that, nothing is going to work.

Mark Tait: To follow on from that, if we talk about what the Bill is trying to propose, we can look at the current situation of what is supposedly at risk and not at risk, where what is not at risk should go into a green lane and what is at risk should go into a red lane.

I will show you an example here. I brought some invoices. This is a commercial invoice from one of my customers. They have an office in Stockport and an office in Lisburn, so that is three pallets of goods we bring through groupage. There are 19 items on that there. For me to complete the safety and security declaration on that on TSS, which, as you say, is free to use but not free to administer, it takes me about 25 minutes to add every single line of those, because every single line must be itemised on that invoice on the TSS system.

That is for goods that are not at risk, because those are coming from Stockport to Lisburn and staying in Northern Ireland. That is only a movement between one company's depot and another. There is no risk of that to the EU's market. If we take that through the green lane, as not at risk, I still have to complete all that paperwork right now to do that. That is typical. You could get three or four pages, so maybe 40 or 50 different products on one pallet. That is the problem.

The EU's argument is that there should be no risk at all: "Everything, even if it's not at risk, should be dealt with as though it's coming through a red lane at risk, so please declare everything". As Paul says, the Bill is trying to give us a red lane and a green lane, but, if the process behind the green lane is the same as the red lane, what is the point in the green lane?

Q62 **Baroness Goudie:** Good afternoon, gentlemen. I would like to talk about how you approach the EU in relation to the protocol and in particular to the Bill. Is the EU going far enough in addressing your problems that have arisen under the protocol?

John Martin: When the EU launched its proposals in October last year—I think they are referred to as the non-papers—there were some people who had an opinion and within five minutes were welcoming the papers and saying that they would solve all the problems. However, we were a bit more guarded. We and our members looked at it in detail, and in essence the proposals did not address any of the concerns within the haulage sector.

They were talking about reducing the number of checks, but it was a reduction from the number of checks that should have been taking place, as opposed to the number that was actually taking place. The net result was that you were going to end up with more checks, as opposed to fewer.

The EU and the UK Government need to put Northern Ireland front and centre of the negotiations. Take the politics out of it and make a decision based on addressing the concerns of the business sector and consumers within Northern Ireland, as opposed to trying to get one up on each other. The EU proposals, as we have assessed, do not address our concerns in the slightest.

Paul Jackson: Recently, some of us had a meeting in Brussels with the EU representation. Unfortunately, I was off that week on holiday, so I apologise, but two of my colleagues went along. That was the first time that the EU engaged with us, as the Road Haulage Association, in 21 months. I would ask why we were excluded from any conversations for a 21-month period. That is the first question that stands out with me.

As regards any conversations that we had with them, officially or unofficially, over here, there are the notes that I keep referring to. No one doubts today that the protocol, as it is currently being administered, is not working. The EU knows it does not work. HMG knows it does not work. Even our local politicians and media know it does not work, despite some even calling for the rigorous implementation.

I often say to myself, "Go ahead. Do it. Pull the trigger and have rigorous implementation, but make sure everybody in this country has been out and their freezers are full, because this logistics solution will bring Northern Ireland to its knees within 48 hours". The east-west movement of traffic will stop. That is the solution of full implementation that the EU is talking about. To me, outside looking in, it looks that it is quite prepared to say, "You signed this. You agreed to this. Get on with this".

As I said to one of our MLAs here, it is a bit like going to the doctor and saying, "I have cancer" and the MLA has said to me, "You have, but what do you want me to do about it? You voted for this and you signed for this". The bottom line is this: if that is the stance that the EU continues to take, where is the negotiation here? There is no negotiation here. Everyone understands that this does not work. There are no winners and losers if the EU gets one up on GB by saying, "You signed for it". It does not work.

It is a bit like when a new car gets recalled. The car comes in, gets fixed and goes back out on the road perfect. There is no winner and no loser, but it had to be recalled. It had to be fixed. This is 21 months later and we are banging our heads off brick walls, watching the bureaucratic mess imposed upon us as hauliers, which we are having to impose on our customers to make this work. Yes, we have to charge it out and, yes, we have to make a margin, but that does not mean it is right.

Mark Tait: Both my colleagues here have pretty much covered everything. The short answer from the commercial sector is that our friends in the media, our politicians, have, rightly or wrongly, focused on retail goods, SPS goods, et cetera. To a major extent, the commercial sector has just been forgotten about. Ironically, nobody seems to think we have issues as well, but we do. As I said, because we have full

implementation, more or less, of the protocol, we have seen those issues from day one.

Is the EU being genuine in its negotiations? Yes, probably. Does it have a guideline to stick to or, as Paul says, is it saying, "This is what you have signed, so we only work within the framework of what you have signed"? If all we are going to do is get some tinkering to window dress it to make it look better, but it does not actually operate better, there is no resolution for us, as haulage companies.

There was one thing I wanted to say at the start. As a personal view, and from many of my colleagues in our business, we are physically and mentally drained. Exhaustion and stress are part and parcel of the haulage business, but exhaustion and stress levels at the minute are through the roof. It has got to a stage now where, if this does not get resolved soon, as a small company we are going to say, "Enough is enough. We've had enough", because we cannot cope with it any more.

Q63 **Baroness Goudie:** Now that talks have recommenced in the last few weeks, how realistic is it to expect a mutually agreed settlement with the EU? Could you describe a potential landing zone for compromise and agreement between the two sides to settle some of the problems that you have? Do you see hope there?

John Martin: Our line is that it is not about compromise per se. If the thing is completely broken, both sides have to look at what is best for Northern Ireland. That should be front and centre of the negotiations. If it means that one side or the other has to completely capitulate, so be it. It is not about meeting in the middle. It is about focusing on the issue. As Paul says about the broken car, it is about fixing the issue for the benefit of Northern Ireland business and consumers. It is not about compromise; it is about addressing the issue.

Paul Jackson: I suppose that it is a bit like what I said the last time. There are conversations ongoing. I get that. We are human beings, we all have eyes and ears, and we are looking at it. Where is the priority for the UK Government at the moment with Northern Ireland on the protocol, with a looming election on 15 December, maybe or maybe not, and a looming election maybe in the UK itself?

Where is the interest? The only interest is going to be a big political interest next year, because we are coming to the 25th anniversary of the Good Friday agreement. The world stage will want to see the shop window all dressed for the big solution. You can put whatever you want in the shop window. If it is broken, it does not work. The two sides can talk about it. The EU knows this does not work and HMG knows it does not work. Put it away. Just take it away. There is no landing zone, because it is not going to work.

If you want it to continue to work the way it is, get used to the high price. Get used to 10.1% inflation, because a large part of that there in Northern Ireland is driven by the cost of freight movement, moving goods

from Great Britain Manchester into Great Britain Belfast. Where is the landing zone? I would love to see the landing zone. I do not see any big movement from HMG to get a landing zone in. We are going through Secretaries of State here. We are in the haulage business here. For 42 years, we have tried to get a solution here, and it worked. We had one of the smoothest transport operations to and from the island of Ireland and it is broken. Where is the landing zone?

Mark Tait: Again, I probably concur with my colleagues in some respects. You are trying to find a middle ground with compromise on both sides, but you are still going to be left with winners and losers. That argument is then that you leave us with all the pain so that others can get all the gain.

Honestly, at the moment I am quite pessimistic, despite the good mood music from, say, the Irish Government, the UK Government and the EU. We have been here before, 12 months ago; 12 months later, we are still in the same position. I do not know. Is there a landing zone? As Paul says, I am not sure.

At the end of the day, if you want to take it down to trust, forget the politicians. With the greatest respect to you, I am not sure many people in the general public will trust all politicians at the moment, the way things are. If you leave it for the businesses to sort out, the businesses will find the route of least resistance. There are solutions there where we, as businesses, say, "Surely this would work for us. Why can the EU and the UK not see that these things would work for us?" As Paul says, from the EU's perspective we have been more or less frozen out of meetings for the past two years. Nobody wanted to talk to us.

Baroness Goudie: You are not really talking either. I mean, you are talking, but they are not really talking with you.

Mark Tait: As I say, they did not want to meet us to start with. As an industry body, we were frozen out of the Northern Ireland Brexit working group.

John Martin: Since I took up this role, we have tried to get on to the Northern Ireland Brexit working group. I approached a number of people in that group and did not even get a response. My case is that we represent the largest haulage companies in Northern Ireland that move goods from GB to Northern Ireland. My perception is that, because we were highlighting the difficulties, that was not what they wanted to hear. As far as they were concerned, things were okay.

We have been proved right. Without the logistics sector providing input into a solution, the most likely outcome is that it will not work. You need the people who move the goods to be part of the solution. If they are excluded from the room, more than likely the solution will not work.

Baroness Goudie: I am sorry it is so difficult.

Q64 **Baroness O'Loan:** You may feel that you have already answered much

of this question. What impact is the continuing political uncertainty around the protocol having on the economic climate here? What impact will the protocol Bill have if it comes into law? What is the economic impact we are looking for?

Paul Jackson: We have all been listening to media commentary in recent days and from the Secretary of State for Northern Ireland that another election may be looming here, whatever it works out. I firmly believe that all parties in Northern Ireland understand that the protocol does not work for all the people in Northern Ireland. As I say, I am in the haulage business. I will talk about lorries all day long, but I can see that what we do is not working. It does not matter what your viewpoint is politically. It is not working for the people of Northern Ireland.

What impact will that have on us? I go back and ask, "How high up the agenda is it for HMG to have a solution in Northern Ireland and to resolve the protocol?" That bit I honestly do not know. If you have an election this year, will you have another election next year? Is there a real will in our MLAs to go back to Stormont now? The first instruction is going to come from London that you have to cut budgets. Will people want to rush back into office and start cutting budgets, or will they leave senior civil servants in there to run the departments?

I honestly do not see the political will, but I am a haulier. For 42 years I moved truckloads across that Irish Sea. That is all I have ever done. I do not pretend to do anything else, but, my goodness, what is going on is really affecting the ability of Northern Ireland, and us as a company, to invest going forward. There is no enthusiasm whatsoever to keep this going.

When you have £34 million worth of capital investment running a business, there is no rush, believe you me, to go to the Danske Bank and draw up another £10 million or £15 million for the next few years to buy more equipment. I do not see how the next five years is going here. When you buy a truck, you do not buy it for today; you buy it for five years. I do not see any light in the tunnel ahead of me to make that capital investment or, as a board of a company, to agree that capital investment. That is going to shake Northern Ireland's ability to service itself, both import and export.

Baroness O'Loan: To clarify that, on the impact of not investing further, you are talking about a diminution in the services or product, ultimately.

Paul Jackson: In all businesses, if you do not go forwards you go backwards, and you go backwards very quickly. To go forwards, you must keep reinvesting. It is the will to reinvest. I walk through the office block and see people younger than I am, burned out, with no enthusiasm. They are like me. They do not see it. I try not to show it and not to be a doomsday operator, because at the end of the day we have to make the circumstances that we have work, in order to keep the supply chain going.

We had to do exactly the same in Covid, where we were, in a sense, unusual. Everybody had to come to work. We could not sit at home playing with computers. We had to drive trucks; we had to deliver freight. At least we were seeing the end result there. Now, as I have said, as a board, you have to sit and seriously think. As an organisation, I know what we want, to forecast growth over the next five years, and we want to grow our business, but there is a real reluctance at the moment, because we do not see that landing zone.

Baroness O'Loan: Mark, before I ask you to answer that question, can I clarify something you said? I think it was you who said it. You said that a large part of the cost of delivery is driven by protocol costs and you gave the example of goods coming from Birmingham to Belfast et cetera. I think you said that there was a massive difference between what it was costing you and what it was costing your competitors, if you like, in the rest of the UK. Is that because most of their business is on the mainland, rather than here?

Mark Tait: I am not sure I answered that question. Maybe it was some of your previous representatives, but I will try to answer it as best I can. You are asking how the protocol has affected us in terms of cost et cetera. I will give you an example.

We use the trader support service, but there are other schemes—MAS for SPS goods, et cetera—which are government-subsidised schemes and free to use, but not free to administer. If I was moving a pallet from Birmingham to Belfast, the average cost I would charge a customer is £80. Across the industry, the average cost of administering a TSS declaration for that one pallet is now £20 on top of the £80, so that is a 25% increase on the cost overnight. That is what we are applying.

Our companies in GB are saying, "Some parts of this we have to look after, some parts you have to look after". As an industry, every time a customer asks me to move one pallet, I charge them an extra 20 quid to do the TSS declaration. You will appreciate that if you multiply that up, so they move 10 separate pallets at a time or a full load of groupage, and there are 50 or 60 pallets on it, that is an extra £1,000 of admin costs on that one trailer.

The big fear we have is that TSS, we are told, will finish at the end of 2023. That goes out to the commercial market for customs procedures. At the minute, the average customs fee for a pallet from Birmingham to Dublin is £100. Your £80 freight cost then becomes £180 and the customs fee becomes greater than the freight cost actually becomes.

At what stage does a small business such as mine say, "That's enough. We can't compete with that"? With respect to Paul, he has a staff of 10 people looking after that. There is me and my colleague looking after that. Many of the businesses I service have four, five or six people. Every time, they add £100 on a pallet to cover customs, which technically, from my point of view, is irrelevant and should not even be required if they are staying in Northern Ireland. At what stage does that business say, "I am

no longer competitive compared to my GB competitor supplying the same market"? At what stage do they close the doors?

Q65 **Baroness O'Loan:** What impact would the protocol Bill have if it were passed?

Mark Tait: The honest answer is that I do not know. We know that the protocol Bill itself is not the end solution. It is only a Bill to enable Ministers to take further decisions if they so wish. Until you know what these decisions would be and exactly where they are applied, you do not know the answer to that question.

That is the big problem with everything around the protocol at the minute. We do not know the answer, because nobody is giving us any solution. Every time, there is a crisis because Stormont is no longer in operation, or whatever crisis in Westminster. Where do these crises end so that we can get some solution? Is there a landing zone? As I said earlier, I am not sure there is one. I do not actually know what the answer is and whether it will actually help.

Q66 **Baroness O'Loan:** What do you think about the dual regulatory regime proposed in the Bill?

Mark Tait: As a haulage company, I suppose it does not really affect me as such. Manufacturers, whether of SPS goods, agri-food or machinery, dependent on the market they are selling into, will supply that market based on their regulations. For somebody moving the goods, what spec the goods are manufactured to does not really make any difference to us as hauliers.

Baroness O'Loan: Would the same answer come from you, Paul?

Paul Jackson: Yes.

John Martin: It depends. I can understand some of the concerns from the agri-food sector, particularly in relation to the regulation of foodstuffs, animals and suchlike. As Paul has alluded to, it very much depends on what that means in reality. If the goods are still to be moved competitively, Paul and Mark will still have to move them. If they become uncompetitive because of whatever regulations are introduced, the goods do not move. If those goods do not move because of the cost, these are the people who have to try to move them at an extra cost or suck up the cost.

Q67 **Lord Empey:** Good afternoon, gentlemen. One of my questions has more or less been answered. In your view, what is a way forward to resolve the current impasse? Is it being able to do stuff online? Is it trusted trader? What would you say would be the most helpful thing, other than, obviously, not being in this position at all? What would you suggest is a way ahead?

Mark Tait: You are asking about doing it online. We do everything online at the moment. The trader support service is an online service and it all has to be done online anyway.

Lord Empey: We have had evidence from people. In fact, one gentleman brought the paperwork into the committee, so it obviously differs from sector to sector. We have been told repeatedly that it is paperwork, paperwork, paperwork. Clearly, doing stuff online requires an input, just as writing requires an input. Do drivers not have to physically have material with them?

Mark Tait: If a driver collects goods, they will sign at the collection point, saying that they have picked the goods up. If we deliver goods, we have a piece of paper where the customer signs and says it is proof of delivery. If we go back to what paperwork is, we still have paperwork, but we do the paperwork online.

I still have the paperwork in front of me, as probably your colleague brought the paperwork in and showed you, "This is what we are doing". He is taking that paperwork and feeding it all into an online system, so that can then be viewed by HMRC, the Government, the European Commission, whoever wants to look at it and whatever systems are currently there to look at it. We are doing that online at the minute. I cannot remember the other part of your question.

Lord Empey: We are trying to distil this, because our job here is to prepare a note to Members of the House as the Bill is going through. We are trying to get examples of what practitioners such as you are confronted with and whether there are ways out of this. We have been told of one potential way. If you have a container with 50 or 60 pallets, or 50 or 60 customers, even the pallets can have multiple products within them. Each of those has a code and one can see at a glance that that could be a colossal number of different lines of data.

Previous to this, you were saying that, before we left the European Union, you did not have to produce anything, other than the physical invoices for moving the materials on behalf of a customer. You cannot do your business without something. Now, you are having to drill down into each pallet. In those different pallets will be X number of products. Each of them will have a different code. The whole pallet may be going initially to customer A, but that could be broken down subsequently and sent in bits and pieces to others. It could be input into a manufacturing process and that process will then move into the European Union.

We get some of the complexity, but we are trying to figure out whether there are ways out of this. We cannot go back to the status quo ante, so is there a way out of it?

Mark Tait: I will try to answer that maybe in three stages. The protocol at the minute is trying to be all things to all people. As we have explained, it probably is not. If I take three main sectors, you have the retail sector, the agri-food sector and the sector I represent, which is commercial goods.

If I look at what solutions for the commercial goods are, when we were members of the EU, every quarter either I as a business, as a service

industry, or my customers, as manufacturers, submitted on a quarterly basis what is called an EU sales VAT list. That basically says that I have sold that to company whatever in Dublin. There is their EORI number. That is what I sold them. That is the value of it. That was done every quarter. For high-value goods, if you sell goods cross-border, even now, when we are not members of the EU, you use the EU's Intrastat system.

From a commercial point of view, businesses have asked me, "Why do I need a border in Belfast port? Why can my business not be the border?" If I am bringing goods from GB through Northern Ireland direct into the Republic, yes, we red lane that, as the red lane process would ask for. If I bring goods into Northern Ireland as stock items, as you rightly say, you do not know. Maybe at some stage later in the future you might sell those goods to Northern Ireland. Why can I then, as a business, instead of all these processes upfront that are costing time and money, not use the Intrastat type system, if it was modified to take in all goods, or the EU sales VAT list type thing and do a declaration of point of sale here?

Nobody is asking for physical checks at borders. We are just saying, "Let's declare those goods there and then". If somebody wants to come and inspect us at any stage, that is no problem. If we break the law, there are penalties put in within whatever agreements there are to crack down on those businesses.

Most of my customers see that as a very sensible way forward. As I said at the start, 90% of my goods coming in here, the goods that I ship for my customers, stay here. On an average day, I might move 50 shipments. Five of them cross the border, but you have to do all the paperwork for all 50 shipments. I am saying that all I want to do is concentrate on the five shipments that actually need the paperwork, and my customers are saying the exact same thing.

Lord Empey: In other words, every consignment, if I could use that phrase, is treated as if it is going into the European Union single market, even if it is not.

Mark Tait: At the minute it is. Every single consignment now is treated as if it was going to the European Union, even if it is not. This is the whole argument of at risk and not at risk.

Lord Empey: It is sort of a risk management. We get that the single market needs to be protected. We understand that common sense dictates it. It was the UK's idea initially to have the single market; it was Margaret Thatcher's idea. As things stand, even if Sainsbury's sausages are going to Sainsbury's and Sainsbury's does not have any outlets in the European Union, they are treated as if it does.

Mark Tait: That is correct. Everything that I move at the minute, regardless of whether it is at risk, is treated as though it is going into the European Union. That is the big problem. I have no issues doing whatever paperwork is required to move goods that are going into the European Union. If goods are coming to Northern Ireland and staying in

Northern Ireland, and the customers are saying the exact same thing, we do not have the staff to deal with the bureaucracy.

It is not just me who has to complete this paperwork. When the customer gets the goods, they have to do that all over again on the supplementary declaration. They go through the whole same process, exactly what I have just done, only maybe actually, in some stages, in greater detail. You referred to the commodity code. If they have multiple products on one pallet, they have to itemise every single commodity code on that one pallet on the supplementary declaration on the TSS system. That can take a long time.

Baroness O'Loan: Can they not just cut and paste?

Mark Tait: No, you cannot. If you go on to the trader support service website, if TSS or HMRC will give you access to it and show you how it works, you will see that, as I said, on this here there are 19 different products. There are 19 commodity codes there and the customer will then have to itemise each of those 19 commodity codes on the supplementary declaration.

Lord Empey: What happens if TSS disappears next year?

Mark Tait: It goes out to the commercial market. Then large customs brokers will come in to fill that void and charge five times the price that is currently being charged to do that job.

Baroness O'Loan: They will not be doing the data entry, will they? They will just be providing the TSS. You will still have to do the data entry.

Paul Jackson: There are some people who say that you can control this electronically. To control something electronically still takes time and money. It is not free to use. That will not ever change. The supermarkets will not want that. The first month this started, January, a camera crew came to Ballymena one day and sat in my office. I showed them 3,514 commodity code lines on one trailer. It took eight and a half hours to process that.

Some people will advocate having electronic signatures, so to speak, to do this, but that is somebody, with all due respect, profiteering. I am a haulier. That is not part of my profit business. That adds cost. It is fine that people say, "We can give you an electronic solution here", but that adds cost, so the Northern Ireland consumer will have to pay that cost. The Northern Ireland manufacturer will pay more money. They will become uncompetitive because they cannot compete with those people in Manchester, Glasgow, London and Bristol.

Lord Empey: The things on that pallet are obviously invoiced to an end user by the person who supplies them. A piece of paper is generated, or electronically generated, from source. There is already a body of data that says, "These goods are going here. They're going to so-and-so, who is going to pay X for them". That is already there regardless. That is normal business. Is there some way that that could be harnessed? Is that

what you are saying?

Paul Jackson: That is what I said at the very start, before we even got involved in it. The whole process should be like a VAT quarterly inspection. I am a supplier in Manchester. I am selling to a customer in Belfast. I do them an invoice and I charge them VAT. That is the chain. We are being asked to provide exactly the same thing, only we are asked to put in loads and loads of paperwork, commodity codes, where it was manufactured. Part of the metal in that bolt came from Singapore and the rest came from Stoke-on-Trent. In real terms, what changes? If I send you a pallet of bolts and charge you £2,000 plus the VAT, there is a record there.

Why are we in the haulage business, and the people in Northern Ireland, having to do this here? People in the UK get fed up. GB Manchester gets fed up supplying GB Belfast because there are all these loops to go through. They say, "You know what? You are only 2%. You are an insignificant number, with all due respect, Northern Ireland. We are not supplying you".

Baroness O'Loan: We have heard that.

Paul Jackson: The retailer, the housewife, everybody in this room, has less choice and it costs us more money. Go to Manchester. You will buy it 9% cheaper than you will buy it in Northern Ireland. That is what the protocol means.

Mark Tait: To reiterate, on the commodity codes, part of the EU's solution is to take it from 10 digits down to eight. That is not going to make a big difference.

The Chair: We have learned a lot and we have been listening. Thank you very much indeed for that. It has been a fascinating, if sobering, session that we have had with you this afternoon. Thank you very much for being with us. We are very grateful, and I am sorry we have taken you away from what are clearly rather busy days that you all have making things work.