

Northern Ireland Affairs Committee

Oral evidence: [Brexit and the Northern Ireland protocol](#), HC 767

Wednesday 10 February 2021

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Members present: Simon Hoare (Chair); Scott Benton; Mr Gregory Campbell; Stephen Farry; Mr Robert Goodwill; Claire Hanna; Fay Jones; Ian Paisley; Bob Stewart.

Questions 424 – 480

Witnesses

I: Ian Davies, Head of UK Port Authorities, Stena Line; Sarah Hards, Business Development Manager, AM Nexday; Stephen McAneney, Managing Director, Allied Fleet Services; Nick McCullough, Managing Director, DFDS Northern Ireland.



Examination of witnesses

Witnesses: Ian Davies, Sarah Hards, Stephen McAneney, and Nick McCullough.

Q424 **Chair:** Good morning, colleagues, and good morning to our witnesses for another evidence session on Brexit and the Northern Ireland protocol. This morning, we are going to be hearing from hauliers, customs agents and port operators as we continue to look at the minutiae and the operability of the protocol. We are joined by Ian Davies, the head of the UK port authorities at Stena Line, and Sarah Hards, who is the business development manager of AM Nexday. We are awaiting our third witness and then we have Nick McCullough, who is the managing director of DFDS Northern Ireland. All of our witnesses are, of course, welcome and we are grateful to you for finding the time to appear before us today.

Let me kick off the questioning, if I may, and ask you what effect the protocol has had on your day-to-day business since January.

Sarah Hards: Thank you very much for having me this morning. For us, day to day, it has been a lot less busy. The volumes in freight really have dropped. To compare January 2020 to 2021, our turnover is down maybe 12%. We send a lot of freight out but we also need to get the same amount back in, so we are running trailers back to Northern Ireland empty or leaving them in the UK, in GB, and then we do not have the resources here. That is how we have found Brexit from January. We have also had to employ new staff. There has been overtime for training for customs, and it is just a whole new business to us, really. We have never had to deal with customs before; it is a new area for us. We are willing to grow and expand, but there does not seem to be enough reward here for us.

Q425 **Chair:** On that education and training point, you mentioned your figures were 12% down from January 2020 to 2021. If you overlay Covid, lockdown, Brexit and protocol, are you surprised by 12%? To compare January 2020 to January 2021 is slightly comparing apples and oranges, is it not?

Sarah Hards: Yes, Covid has something to do with it as well. However, before, from September to December, we had a great quarter. It was very good. It was in the run up to peak, but it was still comparable to the previous year, when Covid was very much prevalent and we were feeling lockdown as well. Many of our customers are key and have stayed open during every lockdown, so I feel it is more that the suppliers in GB are fearful, have anxiety, do not want to send things across, do not have the resources and skills to do it and are not completely prepared. That is where the lack of freight and the decrease in turnover has come from.

Q426 **Chair:** It is interesting that you say that. That has been my take or hunch: that the port infrastructure is sufficient to cope with volumes, et cetera, but there has been an ignorance, reticence or caution in a lot of GB businesses; I could slightly paraphrase their stance as being, "We know we have to do something. We are not quite sure what it is. We are



quite keen not to get it wrong. We want to get it right, so we are just going to press pause while we get our head around all of this. Maybe we will focus a little more on stuff going across the English Channel into the EU and then we will turn to Northern Ireland”, which, while regrettable, might be the case. Is there anything in that? The answer that you gave to my supplementary seemed to suggest that it was this knowledge lacuna that was causing a problem.

Sarah Hards: Yes. Any direction that was given to the GB businesses was quite late in the day. For the parcels, it was New Year’s Eve when they got information that, “Yes, you can move away freely. We are going to give you an easement”. A lot of people just did not think this was going to go through and happen, in a way; they thought that something would pull them back at the very last moment.

Q427 **Chair:** They could be forgiven for that, could they not?

Sarah Hards: Yes. There has been extension after extension, so that is what has happened. In our business, we reached out to all our customers and said, “This is what you will need to do”. We gave them as much information as possible. We pointed them in the direction of the TSS. Still they came to us in the first week of January saying, “What? What is going on here?” We said, “We did tell you. We told you where to go”, but no one wanted to believe it was going to happen. People and businesses are getting on board now, but the numbers are still lower than they should be.

Ian Davies: Good morning, everyone. I see a similar picture, but I can perhaps give a whole Irish Sea perspective. With regard to the Northern Ireland protocol, I would concur. It is very hard to specifically say about that, so there is a mixture of events happening. If I look at the ports, 2021 is roughly the same as 2020. We had a slow start and then the volumes have increased to ports in Northern Ireland, Scotland and England.

If I step back, I see huge market distortion currently taking place, and I mean on quite a big scale. If I look at the routes through the Republic of Ireland to Wales, we are roughly 50% down on freight volumes, even now.

Q428 **Chair:** That is what is triggering the debate about Pembroke and Fishguard, is it not?

Ian Davies: It is a little bit, and also Holyhead. Just trying to put it into context, Holyhead port is the second biggest ferry port in the UK. It is way behind Dover, so we are not getting too ahead of ourselves. Roughly 450,000 freight units pass through Holyhead port every year. About a third of those originate in or are destined to Northern Ireland. It is a big part of our business; it is the just-in-time logistics and the supermarket business, and so we have seen a huge drop-off.



HOUSE OF COMMONS

We expected it to a certain degree. Referring back to your last supplementary, we had eight weeks before Christmas of massive volumes. We were up 25% every week, so we knew there was a large degree of stockpiling taking place. We knew that 1 January was going to be a quiet period; historically it is, and that was the case. Week one in the new era was extremely quiet. We were probably 70% down across all our ports, but that was expected; we knew that would happen. In week two, the volumes started to recover. By week three, it was evident that routes into Northern Ireland were recovering far quicker than from the Republic, and so it has maintained.

Now, we seem to be at a hiatus in the Republic where we are roughly 50% down and yet we see volumes in Northern Ireland-UK direct, the unfettered access, roughly the same or maybe marginally ahead of last year. There is a market distortion going on in the fact that we know, speaking to our freight customers, a lot of them are avoiding Dublin currently. That is adding time. It is adding costs to their business. They are having to reroute. Just to make it clear, this is not businesses in the Republic diverting north to avoid. This is businesses based in Northern Ireland that, for time and cost, have historically run traffic through Dublin port into the midlands and the big distribution centres. Now, they are having to divert massively through ports in Scotland. From a ports perspective, everything is working, but overall we are seeing an unnatural market distortion currently.

Nick McCullough: Thank you, Committee, for inviting me today. To reflect on January, we saw significant impact from 1 January. It was as if on 31 December we turned the lights off in the office, and we came in on 1 January and it was like a new business. My turnover for January was down 23% compared to January last year. GB-to-NI volume was down 32%. That is the trailers and transport that we would normally move down 32%.

If we say that we cannot compare January to January, I would say that last year my overall turnover increased by 18%, so we had an excellent year. Of course, there is an element that we should include there around stockpiling, but those figures reflect a significant impact to our business. Not to discuss profitability, but if you have those numbers then your profits are impacted.

It has been a steep learning curve for all our colleagues and staff, and I would like to put on record a big thank you to those in the industry in Northern Ireland, who have gone the extra mile to ensure, as with all the impacts and issues, that it has been minimal. I would like to say a big thank you to everyone. We have been working long hours and days, not just in January but pre-Christmas, along with the pandemic and all the things that has brought.

I would not like to use the term lightly, but in the first two weeks there were days where it seemed like a disaster. We are resilient. We want the



HOUSE OF COMMONS

positive. We want to work on this, so, towards the back end of January, we started to see improvements. We started to see flows of volume. We will always look to the positive in our industry, and hopefully we can try to map out a better way of doing this for everybody.

Q429 **Chair:** You mentioned that there was a slow picking up or correction, as it were, towards the end of January. Has that continued into February? I know we heard evidence at the start of the year—Mr Davies referenced it—about a considerable amount of pre-Christmas stockpiling, which was added to because of uncertainty about 1 January. Has that slow curve upwards continued into February at the same pace or faster, or has it reversed?

Nick McCullough: I would say it is still slow. The stockpiling certainly did help, and some of our big customers took advantage of that. That eased us into January. January is generally quiet for business. However, to be fair, I really think the recovery is slower than we expected. We literally are taking it day by day at the moment, because that is all we can do. It is a new process and procedure. At the start of the month, the tunnel light was not there, but now we are starting to see the light at the end of the tunnel. In a low-margin business, that cannot go on for too much longer.

Q430 **Chair:** What date have you pencilled into your diary for when you are either out into the full sunlight at the end of the tunnel, or calling in your financial officer and accountants, and going, “Put the ‘For Sale’ sign up”?

Nick McCullough: I hope, given the scale of DFDS and our business, that day does not come, because my job as managing director in Northern Ireland is to protect—

Chair: I did not mean it literally, by the way. It was more of a metaphor.

Nick McCullough: I appreciate that. Really, we still have a bit to go. We need the volumes to come back. We need to engage with our customers, clients and traders, because, obviously, as was mentioned previously, if customers decide to go via other ferry routes, that causes us concern.

Q431 **Chair:** As I asked Ms Hards, what proportion of impact would you ascribe to a lack of knowledge certainty on GB businesses that, motivated by the precautionary principle, thought, “If we are not sure how to do it, we will not try until we are absolutely certain”?

Nick McCullough: With many of our customers, particularly the large blue-chip companies that need to keep the supply chain going, that was not an option. The customers who decided to slow down or not send product at all was quite minimal for us, because most of our customers are quite large and need to keep the supply chain going. It was just the short notice and the lack of understanding of what needed to be done, particularly around food products and the TRACES element, which really caught them unawares. Our supply chain into Northern Ireland is very time-sensitive and just-in-time. We have worked over the years, because



HOUSE OF COMMONS

we are an island, to get that to its shortest point of least resistance, so, when this happened, it literally was a snowball effect. As each day went by, the volume and the trailers' delays just mounted and mounted, particularly at the start of the month.

Q432 **Chair:** Stephen, you have joined us. Thank you and welcome. I do not know if you heard the question, but I will just reprise it. We would welcome your thoughts. What effect has the protocol had on your business since 1 January?

Stephen McAneney: I am definitely a lot greyer after five weeks of customs. We have set up and engaged and we were ready to be a customs agent come 1 January. We engaged with some customers and we had a budget put down for 1,500 declarations per week coming through; we were going to do that through the TSS. Some of our customers bring product into Northern Ireland or southern Ireland.

What actually happened on 2 January was like a blizzard. It started off with a large multinational manufacturing company in Northern Ireland bringing a load of cream into Belfast. They thought they had their paperwork in order, but when the load docked in Belfast, there was no TRACES done. The supplier in the UK had not even been set up and registered on TRACES and, all of a sudden, this load was sitting on 2 January in sub-zero temperatures, and we basically had 24 hours to get the load of cream cleared, otherwise it was going down the drain and was going to be degraded.

I know they have been getting a bit of press on this, but the guys on the ground in DAERA have been doing a fantastic job; they have been very helpful, they have been engaging with hauliers and manufacturers and they have been doing whatever they can to get product moved out of Belfast, Larne and Warrenpoint. They have to get some recognition for that, because it has not been easy for them. They have been advising and gearing businesses up to get product moved, so it is not sitting on quay in any Northern Ireland port.

In terms of the customs formalities, the issue that I see in the process is that customs formalities are built on deep-sea movements, so products may be moving from America to China and China to Europe, where it takes weeks and you have plenty of time to get your paperwork in order. Within Northern Ireland, a lot of our products are moving at a very fast pace. They may be manufactured on Monday and they will be on the supermarket shelf for Tuesday. Getting through the full complexities of that makes it very difficult and very time-consuming to get that done, whether that is for Northern Ireland or Southern Ireland. Customs formalities are a complex process in that and, depending on the type of commodity code and all the rest, getting the paperwork in order in that short space of time makes it very difficult to get product moved. If we could look at that, that would be a good starting point to say, "Customs formalities are this". They are constantly changing.



There needs to be some sort of evaluation done on short ro-ro movements of goods, because the current processes are cumbersome and complex. This has been the biggest change to business that, hopefully, I am going to see in my lifetime, but it is getting easier. Our volumes are probably up about 300% on what we thought they were going to be. For the first week in January, if I was getting two to three hours sleep a night, I would think we were doing well. We took the approach that we were going to get our customers' products moved. For any customers that wanted to come on board, if they had got their processes set up, we were going to take them on and we were not going to let them down, but it has been so much easier.

Last week, the phone was not ringing as much. I thought we had lost customers. I had thought maybe customers had started to do it themselves or maybe we had lost customers because our customer service levels were not good. When we reviewed the figures, we were up 20% on the previous week. Businesses are getting used to what is required. They know the processes, they are getting the information in order and they are getting it in on time. Historically, it has always been trucks and trailers that have moved the goods, but now it is customs. If there is no customs on those goods, they are not getting across the Irish Sea.

Chair: Thank you. That is very helpful.

Q433 **Bob Stewart:** That was very useful as a starter for all of us. How helpful have officials been? From what you say, it has been almost hellish, in terms of changing routine. I would hope that these officials have been as helpful as they can be. Allied to that, although you said it has been different and there has been a reduction in trade and all the rest of it, are you hopeful that trade will recover? How quickly might that bounce back because of the protocol?

Stephen McAneney: In terms of the helpfulness of the officials, we have to take our hats off to them. They have tried. They have given us the information that they have. I spoke about the guys in DAERA. They have been really good. The Trader Support Service, unfortunately, probably has not mirrored that. While the guys have tried to be helpful, sometimes the information that comes across is conflicting. You can phone in and speak to one person and they could give you an answer, you would go and think about it and question it, and you would phone back in, speak to somebody else and get the complete reverse answer. All of a sudden, there is no consistency.

A specific example would be the used car market. When bringing used cars from GB into Northern Ireland, what was the process and what was actually involved in that? That has been evolving and changing, and the regulations in and around that have constantly been moved. There is no consistency in the information coming through from the TSS. I am not shooting them down, because they are trying to be helpful; it is just that there is no consistency in the message coming across from them.



HOUSE OF COMMONS

In terms of the level of trade, we have one customer in Northern Ireland that is supplying a company in France. They have used the GB land bridge and they have got the product delivered throughout January with no issues. The French company has now come back and offered them the sole contract for the remainder of 2021. The company in Dungannon is now recruiting to get 15 new fabricators because it now has this contract in France. While there are threats, there are always opportunities. This business has now seen that and has seen the potential to grow its business on the European market.

In terms of the freight volumes, our primary customer base would be hauliers. A lot of them are back to seeing the levels of probably mid to the end of November. Their volumes are back up again. The ambient market there in January, typically, would be slow in the first couple of months. As Nick has alluded to, there was a lot of stockpiling. There were a lot of issues on potatoes being brought in from GB to NI. There was a lot of stockpiling done within that. Those stockpiles are now diminishing and the companies are now moving potatoes back across the Irish Sea, so those volume are now coming back up to similar levels to what they were pre-Christmas.

Ian Davies: Generally, there is a willingness to make this work from officials. They have been supportive of the process. Perhaps just winding back to talk about preparedness of traders and some of the earlier comments, I would say the level of engagement really feels like it started a little bit late in the process. It then came in pre-summer and it came in like an avalanche. In some ways, there is a lot of information, training and resources there, but, for some people, the sheer volume of it is overwhelming, so I think it has been a learning curve. It has been a lot to take on, so I would not be too harshly critical of some people's preparedness because it came so late in the day. There was an understanding of what was coming.

We are also finding now that the level of understanding is improving, and that is great to see; it is very positive. Quite often—maybe the other witnesses can comment on this—there are very small nuances that they cannot get an answer to, something that sticks, and they just cannot get that particular answer. That will stop the whole process. They understand the process as a whole, but, in their particular line of industry or trade, there is something they cannot get an answer for, and that will stop the whole process.

Secondly, yes, we are hopeful that things will return, but, as I said, we see this distortion in the market. One of the other witnesses commented on this. We are also aware that there are a large number of empty movements back to the Republic of Ireland and Northern Ireland. People are doing it for a reason, but that is not sustainable. From a business point of view, you cannot keep moving empties back and forth. You need a balance of trade to make business sustainable. While we are hopeful, that is a concern as well.



HOUSE OF COMMONS

As I said previously, it is fantastic to see Northern Ireland businesses shipping through our Northern Ireland ports, but we know that it is a distortion of where they want to go to to get to their markets quickly.

Nick McCullough: I can only say, for the staff on the ground, very well done and thank you. They have really tried to support us as much as possible, particularly with the retail customers. I was appalled and totally condemn recent events that happened with those staff. It was a steep learning curve for everyone. What helped was the improved engagement and then particularly the calls that DAERA set up to speak to the people to try to support. That was a great help. There was a lot of frustration on those calls, but they really listened.

As mentioned by previous witnesses, everyone has different challenges. We work with a large pet food retailer who had a lot of challenges, particularly around the TRACES system, because of the origins of pet food; there are various pet foods. We all seem to have looked after pets well during lockdown, so the demand for pet food has gone up significantly. They found some challenges, but we opened up the channels directly with DAERA and the customer, and that has really worked.

In terms of bounce-back, for sure I would like it to be as quickly as possible. We hope that February will improve, of course. We are actively working with our customers and working on solutions to try to get that back as quickly as possible for our business.

Sarah Hards: With regard to officials, most of my experience has been with the TSS. While they pick up the phone and are very pleasant, I feel like their training just has not been in-depth enough. I have been on numerous webinars and sessions on training for customs, and I think I am probably more adept at doing declarations than maybe they are, and that was not my previous role. It is not their fault. They have been brought into this role and have no previous experience in customs or logistics whatsoever, so they really sometimes fail to grasp what you are talking about, even after a long conversation. Maybe it would be good to have someone on the TSS with customs experience or from a logistical background.

It seems to be that they are working from home as well, which, with what is happening with the pandemic, is understandable, but it means that they do not have someone more senior or more experienced to look to straightaway to get an answer. It takes a while to come back to you and then sometimes it is not even the answer that you really need. That is the issue with TSS.

With bounce-back, we have to see what happens here. There is more information out tomorrow about supplementary declarations and we will have to see how onerous those are going to be. If they are overly onerous, I see retailers and customers trying to source goods from somewhere else—possibly on the island of Ireland—so we will have to see



what happens there. If there is so much information, I think it will put people off bringing freight into Northern Ireland. I really hope that this is not the case, but it is just a wait-and-see.

Q434 **Chair:** I suppose one would have to be incredibly senior to have direct experience of handling customs for trade between GB and NI, just given the amount of time that has elapsed since customs declarations were required. It would be the Grace brothers, I suppose. Old Mr Grace would be wheeled out to provide advice.

Sarah Hards: Even someone with customs experience looking at the rest of the world would be good. You are even speaking to an official about a trailer or a pallet, and they are going, "How many pallets are groupage?" It would be good to have someone with logistics experience on the end of the phone.

Chair: You will probably be aware that this Committee pressed Ministers very hard on the issue of the number of people who were trained, equipped and employed to do this. Again, I always thought there was a bit of a reticence because nobody was quite sure what scheme they would have to be implementing and whether they were going to be recruiting unnecessarily. It is a bit of a run to catch up.

Q435 **Mr Campbell:** Ms Hards, way back at the start of the Committee, which seems quite a long time ago now—it was about 20 minutes ago—when you were talking about the downturn in trade, you said you were down 15% January on January. The Chair quite rightly said it is a bit like apples and oranges, because January this year is completely unlike any other January. Just to give us a more like-for-like comparison, could you tell us what January 2017, 2018 and 2019 were, so that we can see whether the trend was upwards or steady, rather than giving the comparison that you were asked for quite directly—last year on this year? What was it like in the three years before that?

Sarah Hards: Mr Campbell, I do not have that information to hand, but it is definitely something I can get for you and send on straightaway after. It is something I can get in five or 10 minutes. It is no problem.

Mr Campbell: The reason I was asking, Chair, is it would give the Committee a general idea of whether the trend was upwards and now has gone significantly down, or whether it was flat and has gone down. It will give us a better idea. Thank you for that.

Chair: Ms Hards, if you could submit that to the Clerk, then all the Committee will have sight of that figure. We will be grateful to you for that.¹

Q436 **Ian Paisley:** We have heard that turnover is down and red tape is up,

¹ Note from Ms Hards 16/02/2021: *In January 2017 our turnover was up 30% from the previous January, this was a big year of growth for us, the trend did continue but in a more measure fashion. January 2018 turnover increased by 5%, January 2019 by 10%, January 2020 by 10% again. However, in Jan 2021 our turnover decreased by 12%.*



that there is huge distortion to the market and that there are empty movements of vehicles back to Northern Ireland from GB, SPS issues and inadequate training—and this is the grace period. You must be really looking to what is going to happen from April when the grace period is over, when we are on the full-fat version of this. Do you foresee any problems post April?

Nick McCullough: For me, Mr Paisley, it is about trying to get an extension on these grace periods as much as possible, because January has really set us back significantly, so the time that we would have liked to prepare for this next period has delayed us. Certainly, we feel that we will just approach another steep learning curve, particularly if we do not get the grace period and particularly if the announcement of the grace period is left to the last minute, as with other occasions. Of course, if that does not happen, we are in the background preparing as much as we can for, as you refer to it, the full-fat version.

Q437 **Ian Paisley:** Do you think just kicking the can down the road is the solution? For example, I believe there is going to be a meeting tomorrow between Mr Gove and Mr Šefčovič of the European Union. If you had the chance to be in the meeting, what would you ask them to do to fix this?

Nick McCullough: We certainly do not want to kick it down the road. In January, we have been firefighting. Like in any business or any day-to-day working, when you are firefighting and trying to deal with the challenges day by day, you do not get to become strategic. We do not want to kick it down the road; we want to work together. If we do get an extension on the grace period, that will give us time to all sit down. We want to be positive and pragmatic and work together. The layers of paperwork and what we need to do need to be simplified and refined so that everyone can use them. From the start of the process, with the customer wanting to import, to the product landing on shelf or into our warehouses, it needs to be seamless and as short as possible.

Q438 **Ian Paisley:** Do you understand what the Government are trying to do with all of this? I get the impression that it is red tape for red tape's sake.

Nick McCullough: I am not going to comment on politics. We, as a business, really want to get a solution that works for our customers because it has to be seamless and it has to be as best as possible for everyone to work. I am more interested in protecting business and the employees, and coming up with a solution that will work.

Ian Davies: From a port and ferry operator's perspective, we are ready for all the coming dates, but, speaking to our customers, as the previous witness mentioned, this is their transition period. Businesses have been firefighting for the first few weeks. They are now trying to get their head around what is needed and improving their papers and processes, and that takes time. We all accept the situation that we are in, but easements would allow businesses more time to adjust. That is really the key message. Nobody is trying to avoid it. Everyone wants a smooth



transition. As a port and ferry operator, we are ready, but I know that our customers, the freight hauliers, are still working their way through this process, and time would be of benefit for them.

Sarah Hards: It is key that we get another extension here, and that we know about that well in advance, so that if for some reason it is not coming, then it is all hands on deck and we can prepare with our customers. Easements to make these declarations more simplified would be key as well. We work in retail and groupage, so two quite different models but two parts of the business that are struggling to get to grips completely with what is currently happening and definitely what could happen post April. Yes, an easement would be advantageous, definitely.

Q439 **Ian Paisley:** If you were in a room tomorrow with Mr Šefčovič and Mr Gove, is there anything else you would ask for? It seems a very low bar that you are asking for, in terms of an easement. Is there anything else, given the experience of the last six and a half weeks?

Sarah Hards: We could be looked at in a different way, possibly, whereby our retailers, our customers and ourselves would self-certify that we are not moving this freight anywhere else but into Northern Ireland and that we are all trusted traders or hauliers, so we would not have to do all of these declarations. We would be open, for example, to audit numerous times throughout the year, so that these declarations could be really brought down to their lowest level.

Q440 **Ian Paisley:** Have you got your head around what the Government are trying to achieve by all of this? Do you see any sense in it?

Sarah Hards: It is where we are. This is the protocol that is in place and we are trying to make the best of it, but I am not particularly politically minded; it is not my role.

Q441 **Ian Paisley:** I am not asking a political question. From your point of view as a trader and a key business player in Northern Ireland, do you see any sense in what you are being asked to do? Is there any logic to this?

Sarah Hards: We are part of the single market now and we have to abide by those rules, so that is what we are doing and following.

Q442 **Ian Paisley:** The protocol tells us that it should be flexible and proportionate. Has your experience of the last six weeks seen flexibility and proportionality, or has it been disproportionate and inflexible?

Sarah Hards: We have dealt with a number of people through the TSS and DAERA who really have been flexible, very good to work with and key in securing freight movements from GB to Northern Ireland. What is written in the protocol may not have been enacted here so much, so there have been certain barriers in place, but it is something that is in motion and is hopefully going to be flexible and work for everyone, on both sides of the water.



Stephen McAneney: Certainly, the processes need to be reviewed. There are too many disjointed systems that hauliers and traders have to go through to get their goods moved across. A simple solution could be found. We have to do a simplified frontier declaration followed up by a supplementary declaration within that, albeit, as a customs agency, we have now changed our approach. We are doing a full declaration at point of entry into Northern Ireland. Now that the businesses are aware of what is required, they have now made changes within their own systems to have their commercial invoices full and complete. They will now have a full frontier declaration done within that. A subsequent declaration is required for a GMR for a haulier to get on to the boat. There are too many processes within the chain that can be simplified down to make this system a lot easier.

In terms of understanding what the Government are trying to do, if we had the answer to that, we would not be in the position that we are in now. Businesses and the haulage sector were crying out for some clarity before it actually was required. That came very late in the day and, as part of negotiating tactics, that was to be expected. We were always aware that there were going to be difficulties at the beginning of January, although probably not on the scale that it did happen.

In terms of the ease of movement across the Irish Sea, it has got a lot of easier and a lot of product is moving. There are certain industries that still have issues to be resolved. I think we can do that. If Mr Gove and his EU counterpart could sit down and tackle those, it would be a big help.

Q443 **Ian Paisley:** Ms Hards mentioned two issues there that I thought were quite creative, around using use the trusted trader route and a big audit. I assume that your businesses would be up for that sort of thing—an annual audit or a stock-check audit on these matters.

Stephen McAneney: We have been engaging with some of the big manufacturers in GB that are sending product into NI. A lot of them already have the likes of a BRC accreditation to a gold standard, so they will go through a full auditing process there. In terms of having someone coming out and inspecting every load of cream, for example, or every load of potatoes that goes through the same manufacturing process now as it did in 2020, there needs to be some review of how those export health certificates are actually signed up. There needs to be a level of trust put on to businesses to say, “You are doing this to certain standards. Why can we not adapt our customs formalities to meet those, or make them more aligned?”

Q444 **Ian Paisley:** Do you mean a relaxation of the SPS rules?

Stephen McAneney: I would not say a relaxation. I would say a review of how those happened. The Government paying £150 for a vet to come out and inspect every load of cream that is coming across the Irish Sea makes no sense to me. Sometimes, if that vet is being called out after hours, that fee to the business could be as much as £300 or £350. The



HOUSE OF COMMONS

business is only getting rebated £150. There is too much cost involved in that process when there are certain standards already in place that would meet the needs of the export health certificate.

Chair: That is a very important point.

Q445 **Claire Hanna:** Thank you to all the witnesses. It has obviously been a really challenging time. You made a good point, Ms Hards, about the fact that there have been so many crunch points over the last four years that there was maybe an unreality about it. You have touched on some of them and I am not asking you to exhaustively go into them, but do you have further ideas on how to make the protocol, with the regulations that are attributed to it, better for you and your customers?

Secondly, are you being consulted, maybe through your trade body or whatever, by the UK Government, the Executive and so on, to ensure that all of your expertise is being captured and fed into the future conversations about this?

Sarah Hards: To come to the second question first, as it is in my mind, yes, we are part of Logistics UK, and myself and Seamus Leheny would be in contact a few times a week, giving information about how we have found Brexit so far and discussing ideas of how to make this work for everyone going forward. Yes, there has been very close contact there. It has been good, and ideas and information have been fed on, as far as I am aware.

It is coming back to that self-certification. Everyone should be in this trusted group. At the minute, there is the trusted trader scheme for retailers and their suppliers, but you have to apply for that and reach certain standards. Everyone could be in that group and be open to side-of-the-road checks, warehouse checks, audits on your TSS portals and the TRACES portal and that type of thing, and then, if you are not up to a certain standard a number of times, you drop out of that and you have to do the full customs procedure.

That would work, possibly, going forward. I know that most businesses out there—our customers, ourselves and other hauliers—want this to work, and to work to a very good standard. It would make it so much easier for ourselves and our customers to get freight across if it could be this self-certification and you opt in, you are a trusted trader, you are a trusted haulier and everything is in place, but to a trailer level rather than an item and product level, or a consignment level if that is to one store, et cetera. There would be fewer export health certificates, fewer SPS checks and more simplicity through TRACES as well.

On to the systems quickly, TRACES is very manual. You can use an API with TSS, so you can bulk upload. With TRACES, it is very much keying in each item or product. It would be good to see if TRACES and TSS could work together to formulate something that would be more user-friendly. With TSS, if, for example, you are sending 50 pallets across 50 different customers and there are 50 different consignments, you then have 50



HOUSE OF COMMONS

different declarations to make. If one of those, for example, falls off the trailer and is damaged just before it moves from that location and is brought off, you cannot amend your declaration; you have to cancel it and start again. Even if, for example, you were to miss a boat or change your ferry crossing route, you would have to do all of that again. TRACES being more automated and TSS being open to amendments are key as well. That will make it much easier going forward, whatever happens in the future.

Q446 **Claire Hanna:** Moving on to another topic, what were the consequences of the decision to stand down some staff at Larne and Belfast ports last week?

Ian Davies: We saw no real material change in what is happening. The goods passing through those are at fairly low volumes currently. We have experienced no issues, and so the removal of that did not cause a change in trade from our point of view. We saw no material increase or decrease as a direct consequence of that.

Q447 **Claire Hanna:** Were you consulted about that decision? How were you made aware that staff would not be or were not in place?

Ian Davies: We were informed just beforehand. We were not consulted but we were informed just beforehand.

Q448 **Claire Hanna:** By “just beforehand”, do you mean before product arrived, before it left or just before the opening of business?

Ian Davies: It is a 24/7 business. We have flows going through there all the time. Our concern was whether, with withdrawal, it would stop trade or affect people that we were currently shipping or due to ship, and we were told it would not. Just from the ferry and the port operator’s point of view, no, it did not make any difference.

Chair: Any or all of us who are interested in the rule of law will be pleased to see that those checks have been resumed today. We will all look to the authorities to make sure everybody is safe.

Ian Paisley: The answer is fascinating. If there was no material change and you did not see any change whatsoever to the trading pattern, I am wondering what the point of having the officials there is.

Chair: There is always a point to officials, is there not?

Ian Paisley: No, unless you are into bureaucracy as a hobby.

Chair: Was that a rhetorical question, Mr Paisley?

Q449 **Ian Paisley:** No, it was a genuine question. I was expecting a different answer, to be honest with you. I think Claire probably was also. There was no real material change and no issues; it did not change your trade; there was no change at all. What is the point of the officials being there then? It does beg the question, Mr Davies.



HOUSE OF COMMONS

Ian Davies: I do not think it is my place to question why there are officials in my role.

Chair: I think, Mr Davies, that is probably the right answer.

Ian Davies: All I can say is, from a ferry and a port operator's point of view, if you go further down the logistics stream, we are just one part of that logistics flow. You would have to ask somebody else who would directly be sending goods through those facilities why that would affect trade. I look at it from a very high view, and all I could see was that there was no material change in flow patterns from the number of ferry operators.

Claire Hanna: The answer is somewhere in the Chair's comment about the rule of law, and about all administration and adherence we do in all areas of our life.

Nick McCullough: If I could add in, Mr Paisley, we did see a slight impact because there are certain procedures that we have to follow. We import a lot of product from Norway and Sweden as part of our business. We are trying to set ourselves up as consignee status, which is a very onerous process; you would think it would help the Government for us to be able to do that. We were not informed until our drivers turned up because we have to get transit documents closed down manually at the moment. When we turned up, there was no one there, and then obviously the rumours spread and the drivers phoned us to let us know. It was not a showstopping problem but there was certainly an impact and, as I said previously, the safety and wellbeing of those colleagues come first, so we do understand why.

Q450 **Ian Paisley:** Yes, absolutely. The issues are clear. It was not showstopping. What happened in that situation with your goods from Norway? Did you just proceed?

Nick McCullough: No. We do have a grace period of nine days to close that transit down, but we do not particularly like to do that, so we made frantic phone calls and then were given another address somewhere in the port to go to. It was only an administrative process to follow rather than a full check.

Stephen McAneney: Just to come back to Claire's point, the consequence was that it created a lot of confusion, because hauliers and businesses were now of the understanding that they did not have to go and create a TRACES entry. Because there is nobody there checking the goods coming through, they were of the understanding that they did not have to go and complete the export health certificate and the TRACES entry.

What it also led to was we took calls from southern businesses that were asking whether, if Belfast was not checking, they could bring their product in via Belfast and deliver into the south without any policing or any checks being done on it. Our advice to that was a complete no. Once



HOUSE OF COMMONS

you do not have anybody checking you at the gate, all of a sudden everybody tries to run through it.

Q451 **Mr Campbell:** Mr McAneney, on the issue of zero-tariff, zero-quota trades, are you experiencing any traders that are still having to pay tariffs, even though we are supposed to be having a zero-tariff regime at the moment?

Stephen McAneney: Yes, we are. This is the elephant in the room that is not being discussed at the minute and is going to come to light with the supplementary declarations depending on the origin of the goods. For example, we have an issue with mealworms at the minute that have come in from China. There will be duties not involved with certain commodity codes depending on the origin of the goods, so there is a lack of understanding within business as to this free trade agreement. The free trade agreement only extends to goods of UK origin entering the EU and also EU goods entering the UK. If the goods are coming in from the likes of China and Indonesia, certain products will have duties and tariffs applicable. There is a complete lack of understanding and appreciation of the potential tariffs that are coming down the line.

Q452 **Mr Campbell:** You would expect to get some clarification this week on that.

Stephen McAneney: No. If we read the Northern Ireland protocol, which is pretty substantial, there are certain mitigating circumstances for Northern Irish businesses that need some clarity and explanation to businesses, so that they can fully understand if they are going to be liable for duties and if they can apply their de minimis state aid to waiver any potential tariffs that may be applicable.

Q453 **Mr Campbell:** Just looking forward to April, we heard from business and hauliers back in October and November that what was required was advance notice to prepare for 1 January. Unfortunately, that did not come until the very end, very late in the day. We are now six weeks away from the beginning of April. What level of preparedness, or lack of it, is there now for April and beyond?

Stephen McAneney: I still think there is a complete lack of understanding and appreciation of what is coming. Goods are moving on their simplified frontier declaration, which means it is relatively easy to get product into Northern Ireland. The supplementary declaration, where businesses will be requested to complete commodity codes and origin of the goods, will then all of a sudden apply tariffs and duties to businesses, which I do not think they have any understanding of. A lot of businesses still do not have an understanding of what commodity codes are. They are coming to us and looking to us to tell them what their commodity code is, but, because we do not have an understanding of their business and the specifications of the products, we are not in a position to supply them with that. If businesses are still in that position, there is going to be another issue coming up with these duties and tariffs.



Q454 **Mr Campbell:** I do not want you to predict things will be worse than you think they will be, but with where we are now—we are six weeks from April—how bad do you think it will get? Looking at the way things have emerged over the past six weeks, we are halfway through the grace period and it does not look like an extension is on the cards at the moment. From where we are now, how is it likely to change in the first and second week of April?

Stephen McAneney: I think we are going to see another speed bump on the road, and it is down to the clarity that has been given to businesses. We were all crying out for clarity in terms of TSS. The system went live very late in the day. It went live shortly before Christmas. Businesses have been through, probably, the most difficult year in 2020 with Covid, so people were ready for a rest over the Christmas period. There was a lack of lead time into that process, and we have a lack of lead time coming into this as well, so we are going to see another slight speed bump in the road.

The haulage sector in particular is a very robust industry. All people are asking for is the correct information to allow them to adapt. The sooner we have that, the easier and the smaller the speed bump is going to be.

Q455 **Chair:** A number of my colleagues have referenced the grace period and extensions to it. Following on from Mr Campbell's question and speaking back to what Ms Hards was referencing—she has not been unique in this—quite a lot of those speed bumps, to use Mr McAneney's metaphor, were created by a lack of knowledge, principally within GB business. Is there any merit in not extending the grace period, to really put the foot to the floor to iron out creases this month and in the first week of March, and then having a big three-week education campaign for the rest of March to GB business, so that they know what they are preparing for? That would end the uncertainty at a stroke. If one just keeps extending grace periods, it is a salve but it is not a solution. It is not a salve without consequences of itself. I welcome our witnesses' thoughts on that as a proposition.

Nick McCullough: I would like to say that we are not wanting to kick this down the road. We are wanting to find a solution that works for all. That requires a grace period. We are all on here unanimously saying that. I would be shocked if someone said that was not the case. I get what you are saying, which is, "Let us go. Let us push to the front and hope it all works out". We have lost a full month of traction from our customers. Some of our customers are prepared—it would be remiss of me not to say that—but many are still behind the eight ball. If you want us to head in that direction of a deadline, we are resilient, positive and will do it, but, in my opinion, that is not the best way forward at the moment.

Ian Davies: I would reiterate what was just said. Initially, in the early days, speaking to freight customers, there was a lot of clamour for, "It is too much and we need to throw the whole thing back". There was a lack of acceptance. People have accepted where they are. Sometimes, people



HOUSE OF COMMONS

do not appreciate the amount of effort and time that is going in now to adapt their businesses; it is phenomenal. I work for a very large business. I know how much resource we have had to put into this. The smaller trader is really struggling, but there is an acceptance and a willingness.

They need time to adapt. They have not had this so-called transition period. That is what people cannot seem to accept. It has literally hit them. Yes, an easement would be great. There is an acceptance that this is the way to go forward. Give people time to adapt.

Ian Paisley: I must say, in light of the answer you have received there, I would encourage you as Chair to write to Mr Gove and Mr Šeřčovič before tomorrow and inform them of that unanimous view that we are hearing from witnesses, to help inform their decisions tomorrow. That is just an aside, Chair.

Chair: I am in fairly regular contact with CDL, so I will certainly feed that in, Mr Paisley.

Q456 **Ian Paisley:** This is a question for the hauliers. I got an email last night from one of your peers, who started the email with the line, "Ian, six weeks on, still no better". He listed some of the things that you have listed today, such as issues to do with turnover being down quite dramatically. He has sent zero loads into Europe so far, whereas this time last year he had 60 loads into the EU. He now describes himself as a national haulier and no longer an international haulier. He is only operating at 60% capacity. Very unfortunately, he has had to lay off 10 of his drivers this week. He cannot afford the empty trailer returns, which, he says, are costing £800 a time if he brings them back empty. The computer system with the Republic of Ireland and Northern Ireland does not integrate. The interface does not work correctly.

He finished with the words, "Ian, the damage that has been done to my company is irreparable". Is that a picture that you agree with, or has he been particularly unfortunate? Is this something that you are hearing from your colleagues and have experienced yourselves?

Sarah Hards: Everyone is experiencing this downturn. He seems to be in a rather unfortunate position. We are a national haulier ourselves. We supply traction throughout the UK and Ireland, not into continental Europe, so I do not have that experience. In our business, we see the light at the end of the tunnel. I hope to see improvements. Slowly but surely, the volumes of freight are coming back up, but we will have to wait and see what these supplementary declarations look like. It is hard to put an answer on any of these questions that we have been asked today until we see what else is going to be asked of us in this transition period right now.

Q457 **Ian Paisley:** You indicated in your earlier answers, Ms Hards, that the costs of doing business were increasing, largely because of the bureaucracy that you have encountered. Does that eat into the margin of



profit? It obviously does. Is that what is affecting the GB side: that the margin is no longer there because of the bureaucracy?

Sarah Hards: Quite possibly, yes. Through our network, we are not charging for customs declarations coming in from GB to Northern Ireland, which has proved very beneficial for our customers. However, they still have to do a certain amount of administrative work, which is increasing overtime hours, et cetera.

Ian Paisley: It is not a sustainable cost base.

Sarah Hards: No. Also, when the customer receives their goods over here, they will have to then do the supplementary declarations, depending on the Incoterms. Depending on what they look like, that could really be off-putting for someone to buy from GB.

Q458 **Ian Paisley:** Have you had to lay anyone off, or are you telling people to take unpaid holiday at the present time until this eases?

Sarah Hards: We have been okay at the moment. A number of our customers are key retailers that have stayed open, so we have been able to move things around a little. Where we have been quieter, on the groupage side, to be honest, it has in some ways been a bit of a welcome break, because in the run up to Christmas it was very busy. It is a welcome break but we do not want this to continue at this rate. We have been okay.

Q459 **Ian Paisley:** Nick, do you have any views on the issues that I have asked about? Have you been forced into a position where you think people may have to either take extended holiday leave or be laid off as a result of any of this?

Nick McCullough: No. We recruited because of the customs element of the business. I recruited to make sure that went seamlessly, but, unfortunately, it did not. Regarding all the comments that you mentioned, certainly they have happened; I would not deny that those issues have happened. It depends on the scale of your business. You are right. It has had an impact. Profitability in January was not where it should be and that causes us concern as a business. We are trying to move forward as much as possible on this.

We really do not want to go down that avenue of laying people off or giving people holidays. It has been a challenging enough year through the pandemic and we have made tough decisions through that. To do that in a fresh new year and so early on is certainly not on our agenda. That is why we want to try to get solutions. Our international business was impacted, particularly, as I said previously, into Northern Ireland. Products did not move for over two weeks. We are starting to get there and we are looking to the positive side.

Q460 **Ian Paisley:** Have you seen any difficulties with haulage coming into Northern Ireland and then having to go to the Republic of Ireland, and



HOUSE OF COMMONS

either then out of the Republic of Ireland on to Europe or back into GB? Have you seen any problems that you did not think you would encounter as a result of that transit?

Nick McCullough: We as a business do not send much volume from NI to ROI. We have seen significant delays, particularly from GB to ROI, because the process there is more difficult than the GB-to-NI process. The TSS system works quite well. In terms of GB to ROI, with the ENS and PBN systems that are used there, there have been outages and delays, so we have also seen an impact on our business GB to ROI.

Q461 **Scott Benton:** Good morning to all our witnesses. Notwithstanding the difficulties created by the agreement being finalised so late in the day, do you think the Government did enough to provide businesses with adequate guidance ahead of the new arrangements coming into effect? Can I ask Mr McCullough and then Ms Hards to answer the question initially, please?

Nick McCullough: Personally, given the short timescales and the late agreement, it was always going to be difficult to communicate. The communication was missing significant content and that led to the problems. As previously mentioned by witnesses, some of the information did not come to us until 31 December, and that resulted in kneejerk reactions and businesses making the decision, basically, to cease trade, which affects us too, because we are their transport solution for the island.

In short, it was not good enough. It could have been better. Post 1 January, there have been a lot of phone and Zoom calls to try to work together. If that had been done before 1 January, we might have been a few steps forward.

Sarah Hards: With us, I echo what Nick has said. TSS was not live until 21 December. There was lots of webinar training beforehand, but, when it came to that point, there was really very little time, between then, the Christmas break and the new year, to get your hands on this system and for us to play about with it and do tests, and for our customers to do the same. Again, we did not have guidance on parcels until the 31st. That was a difficult time to give anyone any type of reassurance that their freight would be moving.

The Government did well in providing lots of training. However, everyone's business has its own nuance and very specific details to it. That is where the guidance let us down. There was no detail on what exact details you were required to put into the TSS system and at what level. As I said, the TSS system was not designed for freight travelling such a short distance in such a short amount of time. That is where it has fallen down for us.

Q462 **Scott Benton:** Assuming that an extension is not agreed, what lessons do you think the Government need to learn, in terms of both engaging



with businesses to ensure that they understand the new arrangements but also some of those more administrative issues you have just outlined there, to make sure that, at the next two cliff-edges in April and July, we do not see the same situations repeated? Can I go to Ms Hards first and then bring in some of the other witnesses on that question?

Sarah Hards: What would be key would be having these conversations directly with the suppliers in GB, the receivers in Northern Ireland and the hauliers in between. It is having that open conversation and training for everyone involved from A to B, and that being, as I said, specific to that exact trade so everyone gets it right from the very beginning. We had so many customers who prepared rigorously throughout the last two quarters of the year, were doing a really good job and fell at the last hurdle when product arrived here in the port. There were some new regulations that were coming in overnight. Our customers had to provide new types of documents. One day was different to the other, so we need clarity and a firm lead on this, which has been lacking.

Nick McCullough: We need more engagement from Government, and speaking to the experts and the experts becoming part of the solution. I would welcome anybody to come and see, or view over Zoom, the before and after process, because that is key. We have mapped that out now. What did it look like on 1 December compared to 1 January? That is completely mapped out and anybody with zero knowledge would really see the impact that has. If we can map out further the two next changes, we should be able to have a fair idea and portray what is required both by Government and by the expertise. The witnesses that are here and a broader spectrum could certainly work together to try to get a solution to all of this.

Stephen McAneney: If I could just add to that, each industry has their own specific uniqueness and requirements from a customs perspective. HMRC should engage with those industry bodies or trade bodies directly to tease out the potential issues that are coming to freight transport and Logistics UK. The road hauliers know that they have the transport sector covered. If the Government engaged with the specific industries to tackle the unique problems that they have, that would ease the burden on businesses.

Q463 **Chair:** Certainly, we as a Committee have concerns that BEIS has not really stepped up to the plate in terms of working with GB-based business to explain. Are you hearing that from customers, or have we got the wrong end of the stick and BEIS is doing a fantastic job?

Nick McCullough: If we reflect back to 1 January, that was certainly the case. Some customers had prepared and some had not, and, as we touched on this morning, some really thought that it was never going to happen and was magically going to disappear. The focus was on NI and what we had to do, but, for sure, we need to broaden that out. This is an end-to-end process. It is like a relay. Everyone has to pass the baton accordingly, and if there is not a good starting point then we fail.



Particularly, we need to go back to the starting point—the trader and the supplier—and engage with them and given them tools also. There are different apps and systems. Why not have one system that fits all? If it is a Government system, why can TSS, TRACES and all of these systems not be one system or portal that we all like to go to and use, which is user-friendly? We now know what is and is not user-friendly, so why not ask us? We can tell the relevant people what does and does not work so we can move this forward.

Q464 Claire Hanna: Just following on about information provided by Government, are you aware, within your customer base, of companies that are finding new opportunities and seeing the advantage of their unhindered access into the single market and being the hinge between the UK single market and the EU single market? Perhaps I will direct that to Mr McAneney, who briefly mentioned one such opportunity for a business in Dungannon.

Stephen McAneney: Just to touch on that, that is a business that has prepared. It has got its paperwork in order. It has been supplying to the EU and its customer in France has seen, "Here is a company that is prepared. They can supply us with the product that we want", and they are looking to exploit that opportunity. They are now recruiting for 15 new fabricators to meet that demand. Going back to Mr Paisley's point about the haulier that is at 60% capacity, we have some hauliers that have gone and bought new vehicles and are recruiting for new lorry drivers, because their preparation work was on point. Some of the haulage businesses engaged with a system that has not worked as yet and are seeing a lot of difficulties within that, so they have seen the additional cost within that.

Within the haulage sector, the product is on the trailer. Once it is not getting cleared from customs, it sits with the haulier. The haulier absorbs the cost. Typically, haulage businesses work on 3% to 5% net profit margins. It does not work. Everything falls back to the haulage sector. The haulage sector has been crying out for a long time for assistance. They are excluded from any EU funding or support that way. There is a driver shortage and a skill shortage for transport managers. The haulage sector has been crying out for a long time, but we have not been heard.

Q465 Claire Hanna: The information that you are getting does not cover that, does it, in terms of the support available, the capacity-building or advice on potentially accessing new markets? Is that information coming from any of the relevant Government bodies?

Stephen McAneney: No, not for the haulage sector because we have always been excluded from Invest NI because of the sector that we fall into. There is massive opportunity. Haulage is massive. Product does not move on and off the island without lorry transport at some point. There needs to be some level of engagement from Stormont to truly evaluate what happens within logistics.



HOUSE OF COMMONS

Q466 **Chair:** Why has the sector been excluded from Invest NI?

Stephen McAneney: There is an EU directive that says that transportation and logistics is not supported.

Q467 **Mr Goodwill:** I take my hat off to our witnesses who have had to cope with a very difficult situation at short notice. I cannot even get my head around the acronyms, never mind the practicalities. Ms Hards, is the Goods Vehicle Movement Service working well? In addition, could you give us some indication as to how rates have increased? I know people in Yorkshire shipping to the continent have seen dramatic, big increases in the rates they have to pay. Has there been any change in the split between accompanied and unaccompanied freight going across to GB?

Sarah Hards: We have been fine with GVMS. It has worked well. There may have been issues at the beginning of January with TSS and GVMS speaking to each other. At the minute, we are using a pseudo-EORI number. I know you are going to love all of these acronyms.

Chair: This is like a pub quiz, Ms Hards. I do not know who is going to get full marks.

Sarah Hards: I did not know any of these before September, and they just keep increasing.

Chair: No, none of us did. None of us wanted to, but there we are.

Sarah Hards: There were a few issues at the beginning. We are using a pseudo-EORI number to bring groupage across. Basically, everything is input into TSS. You should then have 30 MRN numbers to input to TSS or GVMS, but it does not like that, so they have just given us a made-up number; you put that in and that is a bit of a loop around all the requirements. That seems a little bit awkward at the moment. Is it timesaving for us? Yes, hugely. I do not want to see it change, but it will have to in the future. GVMS, at the minute, is working fine and has always been fairly user-friendly.

Q468 **Mr Goodwill:** What about rates? A lot of empty trailers are being transported, which must presumably fall upon the people who are paying for the loaded trailers.

Sarah Hards: We have not changed our rates at the moment. We would usually look at rates in September or October for the following year, so there was a bit of an increase because of shipping, but nothing really to do with what is going on at the minute. Because we were in such a state of flux, we did not want to upset our customer base even more, so the rates have changed solely because of the shipping charges increasing.

With regard to accompanied and unaccompanied, it is kind of the same currently. We are sending out a number of trailers to pick up groupage in Birmingham, and then they are all having to come back and they are not full. That is where it has fallen down, but, with regard to something being accompanied or unaccompanied, it has not massively changed for us.



Q469 **Mr Goodwill:** I guess the drop in the price of diesel because of Covid demand has probably helped a little as well in that regard.

Sarah Hards: Yes. We do have a fuel escalator, which moves up and down, for some of our larger customers, so they are seeing the benefits of that as well.

Q470 **Mr Goodwill:** Thank you very much. Could I turn to Mr Davies from Stena Line? Has the system created any problems with ports of departure in Great Britain? Would you basically load the trucks and sort out the products when they arrive, or would you try to filter out any problematic loads, for example carrying soil, machinery or plants? Have you any experience of any difficulties there?

Ian Davies: No, the system has been relatively stable, so that is good. From our point of view, as a port operator, if the haulier is prepared and we have the number, we either accept it or we do not accept it. It is not up to us to filter out. It is a fairly black-and-white system at the check-in process. From our point of view, it is behind the scenes; some of the other witnesses would give a better view.

Just touching on the fact of changes in flows between accompanied and unaccompanied, there has been nothing material. There has been a drift within industry over the last few years towards unaccompanied, to a small degree, and I suspect that will continue to happen.

Talking about charging, as a ferry operator, we charge per unit, whether it is empty or full. We have not changed our prices bar inflation increases. One thing that we have perhaps not touched on is that we, as a pan-European company, have also seen a decrease in the land bridge traffic. We have seen a dramatic increase in the services from the Republic of Ireland direct to the continent. Obviously, those services are used by both Northern Ireland and southern Ireland traffic. We know that there have been calls that this is quite an expensive way. Relatively speaking, there is more cost in doing that than using the land bridge, and also there is the time element. Ultimately, all those additional costs will, at some point, be fed back into the system to the user.

Q471 **Mr Goodwill:** We have mainly focused on moving goods from GB to Northern Ireland, but obviously a lot of goods travel in the opposite direction to GB. Have there been any specific problems relating to that? Mr McAneney might be the best person to answer that.

Stephen McAneney: Mr Goodwill, there have been a lot of issues within that. A lot of the hauliers, if they are delivering product to Birmingham or south of that, would typically use the Dublin-Holyhead route, because of driver hours. The haulage sector has certain drivers' hours regulations that it needs to meet. Therefore, using the Dublin boat allows them to go and maybe deliver to Dublin on a driver's one shift. Because of the complexities of getting to Dublin, they are avoiding that. They are maybe going to Belfast, into either Liverpool, Heysham or Cairnryan.



HOUSE OF COMMONS

The difficulty with that is that driver hours then become a big issue whereby the driver cannot legally deliver that load within his timeframe. Therefore, he is either having to take a break or they are having to switch and put another driver on, so it is putting an increased cost on to the haulage sector to deliver those products. A lot of product is moving out of Belfast that historically would have gone out through Dublin. The big hauliers would have used that Dublin movement but they are now going out of Northern Ireland. That is putting increased cost into the supply chain that, ultimately, will be fed down to the end user.

Q472 Mr Goodwill: Mr Davies, is the solution for avoiding export summary declarations by using data from ships' manifests working? We have already heard about the problem if a pallet is not put on a trailer. If a lorry does not meet the sailing time of a vessel, that could create problems. Is there time during the trip to sort that out?

Ian Davies: Behind the scenes, we know that there are issues about the time sensitivity of some of these. Perhaps some of the haulage industry people can comment on that a little bit better. It is the same down in the Republic. Some of the systems are not so time-tolerant. For a port and ferry operator, it does what it is supposed to do. It does what it says on the jar. That is not to say that it is that user-friendly for the ultimate user who has to put into it.

Q473 Stephen Farry: Good morning to all of our witnesses. We have had quite a few passing references to the issue of groupage. Could I ask our hauliers to relay their experiences on groupage and, in particular, to refer to the new guidance that was issued in the past couple of weeks? As a subset of that, on the more granular detail, in terms of the different methods that have been offered—the linear versus the consolidated hub method—is there one or other that is preferred in the sector or that is working better or worse?

Sarah Hards: I am the groupage person here. We are part of the pallet network in GB and Ireland, so we work on the consolidated side of things rather than linear. We pick up in a hub in Birmingham, truck that up to a port and then bring it over here. The numbers were very low at the start of January because there was not confidence in sending this across. We were, first of all, asking our customers to input to our own portal all of the details and the commercial invoice details of exactly what that product is. Our portal then talked with TSS and we did the rest, really.

At the minute, it is working fairly well because our network is doing the declarations on our behalf. I do not know how much longer that will last, as it is rather onerous and they are not charging us currently, so we are not charging our customers for it either. Most other networks are putting a charge on these declarations coming across. We shall see. That is fluid. That is in motion currently. What was the other question you asked, Mr Farry?

Q474 Stephen Farry: That is very helpful. I was trying to get a sense of



whether you think what has been offered in terms of the guidance is sufficient to sort the problem. Is it sustainable? You are suggesting that there will be issues in terms of the cost pressures. Therefore, are there issues that the Government may need to revisit in that respect? It could be wrapped up in terms of some of the cost alignment that happens through TSS, for example. Does that need to be brought across in terms of some of the groupage issues you have been highlighting there?

Sarah Hards: TSS is going to last for two years, and then we are going to have to find a platform to use after that, which will be at a cost. That will, in turn, cost more per pallet, cost more to bring it in, and the end user, the customer, will be the one to pick that up. There has been quite a lot of support and guidance on it. Groupage loads have all different things on them, but that one pallet, for example, could have 10 different products on it, if not more, bringing it in. That is where the devil in the detail lies, and where there is going to be a huge amount of administration on our part and the customer's side as well.

With regard to SPS and the new guidance on the sealing of pallets rather than the sealing of a trailer, we have not dealt with that yet. Basically, we are not moving SPS goods. Those types of fresh goods do not generally travel in a groupage network so much. It would be looking at ambient and dried products. We have not had to deal with fresh goods on the groupage side of things, so I have not had experience on that side.

Nick McCullough: I am lucky enough that we do not get involved in groupage, thankfully.

Q475 **Chair:** Are you tempted?

Nick McCullough: This is where we like to step back and see someone else suffer. Certainly from speaking to other peers and listening on the DAERA call, they have worked tirelessly to come up with a solution. It is not the best fit, as in having to seal at every point that you stop, but, compared to the complete zero movement of groupage at the start, to products starting to flow, we can only look at it as a positive at this stage.

Sarah Hards: If I could just add on, groupage is one of those areas that has been somewhat forgotten about. We are not full loads. We are not parcels. We are that in between, where there will be so much information required and more red tape. We will definitely have to employ new people. It is a great thing to employ, but it is another aspect of the business that we do not really need. We do not want that to be part of our remit. Our business is moving goods from A to B; it is not doing customs declarations. A simplified declaration is really what we are looking for.

Q476 **Stephen Farry:** I am not sure if this has been picked up; apologies if it has been. You will recall back in December that there was an agreement to avoid the export summary declarations that were required under the



HOUSE OF COMMONS

EU customs code. There was to be a parallel system based around ships' manifests that was going to be used to give the European Union reassurance in that particular respect, given that we were told you have the logistics already in place. I just wanted to check: is that now operational as such? If so, how is it going?

Ian Davies: No, it is not operational, but it is in development. There is a lot of dialogue going on on that particular matter now.

Q477 **Fay Jones:** Good morning, witnesses. Thank you very much for giving us your time and insight. I want to talk about agrifood movement, which we have touched on a little bit. Perhaps I could ask you to describe some of the issues that you are having with trade in agrifood goods. We mentioned export health certificates earlier on. Perhaps, Mr McAneney, you might want to start with that one, as I think you brought up the export health certificates earlier.

Stephen McAneney: Do you want to go through the process or recommendations?

Fay Jones: I am asking about issues at the moment, but we will come on to recommendations, please.

Stephen McAneney: Issues would be the cost of getting a vet out to sign off on a certificate and then also getting that certificate uploaded on to TRACES. The simplified frontier declaration still needs to happen and the supplementary declaration is required. There is also the cost of the GVMS movement. We are probably talking five different movements. If that haulier is using P&O, then there is an additional one, so there is a sixth process that it has to go through on it. My recommendation on that would be using a trusted trader scheme aligned with maybe BRC or some accredited body, where there is trust put on the manufacturer to say, "We have vetted your processes on an annual basis. We trust that you are going to do it properly in this way. If you do not do that, you will lose your accreditation". It would cut down the cost, cut down the processes and probably take two or three links out of that chain.

In terms of GVMS, that needs to be reviewed. While the system is working, it is an added layer that probably could be done away with. On the customs declaration, if the shipping reference was inputted at that stage, which is done and requested at the TSS level, if that then was linked in with the shipping manifest, all of a sudden we could do away with GVMS. While it is working, it is an extra layer in the process that could be cut out. If there was a panel set up maybe to review the processes in that, we could take some of the cost, time and pain out of this.

Q478 **Fay Jones:** That is very helpful. Ms Hards, I can see you nodding. Would you agree with that?

Sarah Hards: Yes. We were chatting about GVMS before. There are no massive issues, but what is its purpose? It could be brought inside the



TSS remit. With regard to agrifood, we have retailers who have said that, after April, when the export health certificate rolls out to other products, they will have to employ at least one vet to be on site throughout the work to get these export health certificates certified. I could be mistaken, but I believe that, currently, you are looking at an export health certificate per product or product type, and then it is dependent on whether it is going to a warehouse here in Northern Ireland for storage and then delivery. If it is going direct to store, you could be looking at an export health certificate per product type per store. It keeps rolling on, so maybe there could be a bit more clarity on what is going to be required. If it is that, maybe we move the goalposts and say, "It is coming into Northern Ireland. We know it is doing to a certain supermarket chain, so that should cover for the whole country rather than having to do it per store".

Stephen McAneney: Ms Jones, my understanding is that once that comes out, they basically check the truck reg, the trailer reg, the seal number, the batch number and all the rest. Basically, they are just cross-referencing what is on the export certificate on that. Why could there not be an element first put on to the manufacturers to do that themselves?

Fay Jones: That is a good point.

Nick McCullough: The retailers, obviously, at the moment, are taking advantage of the pushback on the grace periods. We know that the retailers, when they do send trailers over, have quite a lot of products on them and a lot of products with different origins. To simplify that is key. A lot of them are in the background preparing. We talk about wanting to change the grace period or extend it. We really need to see if that is going to happen sooner rather than later, because, in the background, particularly the retailers with the agrifoods are trying to get this resolved as quickly as possible.

Some of them are working on sourcing product locally, which you could say is good for the NI economy; particularly retailers are looking to do that. We are a small island; we are not going to source all the products. What you have seen is product range is decreasing, and the retailers are taking that decision because, ultimately, that will mean an awful lot more paperwork down the line. It is fine balance, I believe, because we, the Northern Ireland consumer, want every product that our GB counterparts get. That is what we need to work towards.

Q479 **Fay Jones:** Perhaps I could pick up on the grace period point, which we have talked about a bit this morning. There seemed to be consensus that you did not want the can kicked down the road any further, but, at the same time, you are all unanimous in wanting the grace period extended, which is, of course, kicking the can down the road. Would you not prefer a permanent solution?

Nick McCullough: We certainly need a permanent solution. This is not a ploy from our industry to kick it down the road and then ask for another



HOUSE OF COMMONS

extension. We need an extension with timelines, because, if we had had a smooth transition on 1 January, we would have redistributed our resources, skillsets and expertise to apply ourselves to coming up with a solution and working with Government and our colleagues. I touched on this previously. We have lost a month. We have been living day by day.

Things are improving, so we are now opening our eyes and our expertise to say, "The grace period is coming to an end. How do we react?" We are being honest by saying that we want a solution and we want to work together with Government and with everybody, but we are being realistic as a business. We need time. We are not looking at a two-year or a one-year solution. A strict timeline is required.

We have learned from the transition and from the mistakes. Most of them have been put to bed. We are a high percentage along the journey, but we do not want to fail again because that really will damage our customer base. It will frustrate the people, the witnesses here and wider business. For sure, we need a strategic approach with a definitive timeline; hopefully, we get it. We will promise, as an industry, that we will work tirelessly to ensure that it happens, for everybody's sake.

Chair: That seemed to be the golden thread that ran through all of the evidence this morning from the four of you. I see nobody demurring from that position.

Q480 **Mr Goodwill:** I think Mr McAneney would be the person best able to answer this question about soil. There have been a couple of media reports, one regarding a JCB 360-degree excavator that was returning to Northern Ireland after carrying out some work in GB where the soil had to be washed off before it could be brought back. Also, there was a report in the local media here in Yorkshire of a plant nursery near Harrogate that has discontinued the transportation of plants in pots including soil. I wondered if this is something that we can address. I know that there are other products, such as potatoes and carrots, that have soil on them; indeed, many supermarket herb plants are imports with soil. Is there any light you can shed on the issue of soil?

Stephen McAneney: Yes, there are certain difficulties within those industries. The relevant bodies need to work on a solution for those. If there is a will, there is a way to get these resolved. There were a lot of issues in and around potatoes, which were only resolved in late December, whereby we could not bring potatoes into Northern Ireland from GB. That was resolved. If there is a will to sit around the table, all these small issues can be resolved so that the goods can be supplied into Northern Ireland. I understand and appreciate the need for certain checks within it, but we can streamline them if there is enough time and effort put into that.

Mr Goodwill: Let us hope we can find a solution to that. Certainly, it has had a substantial effect on the business of this company near Harrogate.

Chair: By way of summary—the witnesses, in particular, can throw seed



HOUSE OF COMMONS

potatoes or any other type of potato at the screen if they think I have got this wrong—my assessment of what we have heard today, colleagues, is that currently it is neither Armageddon nor nirvana. There was an identifiable downturn at the start of the year, with stockpiling, Covid, et cetera, but things appear to be getting better or picking up.

Certainty of process and knowledge about what to do is absolutely key. Businesses are proactively using the grace period and would welcome a time-limited extension, effectively using the grace period as a proper transition period in lieu of the fact that the protocol was only agreed on 8 December. All are working hard to make the protocol work in order to continue to serve your customer base and to keep yourselves in business, which are two laudable things.

Stephen, you gave us the golden thread of the common-sense approach. “Where there is a will, there is a way” was the phrase that you used. Let us hope that the joint committee has the will to find the way, because I am hugely encouraged by what we have heard this morning, which is that business, while not welcoming everything, wants to stay in business and do business, and will do whatever is required of them in order to achieve that aim.

On behalf of the Committee, can I thank the four of you so much for some incredibly helpful, clear and very thorough answers? We are hugely obliged to you, particularly given the enormity of what you are having to deal with in business at the current time. We wish you well.

I have taken Mr Paisley up on his suggestion. It goes to show that Chairs can walk and chew gum, and we do not need parish council clerks to help us on this. I have fed in the comments made about the grace period to Michael Gove and he has come back to acknowledge my message, so that has got through in real time. I have certainly urged the CDL’s office to have a look at the transcript of this morning’s session, because this has been incredibly helpful. Thank you again.