

European Affairs Committee

Protocol on Ireland/Northern Ireland Sub-Committee

Corrected oral evidence: Impact of the Protocol on the port and harbour authorities in Northern Ireland

Wednesday 8 December 2021

4.05 pm

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Members present: Lord Jay of Ewelme (The Chair); Lord Dodds of Duncairn; Lord Empey; Lord Godson; Lord Hain; Lord Hannan of Kingsclere; Baroness O'Loan; Baroness Ritchie of Downpatrick.

Evidence Session No. 1

Virtual Proceeding

Questions 1 - 14

Witnesses

I: Kieran Grant, Finance Director, Warrenpoint Harbour Authority; Maurice Bullick, Finance and Compliance Director, Belfast Harbour.

Examination of witnesses

Kieran Grant and Maurice Bullick.

Q1 The Chair: Good afternoon and welcome to this public meeting of the European Affairs Sub-Committee on the Protocol on Ireland/Northern Ireland. We are today holding an evidence session on the impact of the protocol on the operation of the ports of Northern Ireland, and we are joined by representatives of Belfast and Warrenpoint harbour authorities. You are both very welcome, and we much look forward to your evidence. Perhaps you could introduce yourselves briefly the first time you speak.

Today's meeting is being broadcast, and a verbatim transcript will be taken for subsequent publication, which will be sent to you both to check for accuracy. I refer to the list of Members' interests as published on the committee's website.

Before we start, I should mention that Members and witnesses will be aware of recent media reports about a police investigation linked to the

withdrawal of staff operating the protocol in February. Given reports of ongoing investigations, it would not be appropriate for the committee to discuss those matters this afternoon. There are, however, a large number of other topical issues that we look forward to discussing with our two witnesses today, and, with that, perhaps I can turn to the first question to get us going.

Could you summarise the impact of Brexit and of the protocol on the ports of Northern Ireland and on the movement of goods to Northern Ireland from Great Britain?

Maurice Bullick: I am the finance and compliance director of Belfast Harbour. First, I thank the committee for the invitation today.

There are one or two things I should say at the start. The operating model of the port is running very much in a steady state this year, during the introduction of the Northern Ireland protocol, but probably the most significant point to make is that the port authority, as port operator, is not itself directly involved in the handling of cargo or freight. We are one or two steps removed.

The direct impacts of the protocol and Brexit are more fully borne by the various people who trade through the port, principally cargo owners, haulage companies, shipping companies and their various intermediaries. The port operator is like an infrastructure provider. It is a step away from the direct operation.

I have to say at the start, Chair, that we can provide a perspective on how we think things are running, but as we are not for the most part in the direct line of the effects of the protocol, I defer to representatives of other industries that operate through the port. They would have a more authoritative view. That is our perspective; it is one step removed.

We are also not directly involved as a port operator in any of the government checking processes. Those are government activities on our premises. It is important to make that clear because, to my mind, there is only a certain amount of assistance that we can provide to the committee in that context.

This year has been a fairly normal trading year for the port itself. Trade has continued to flow. We are a multimodal port. We have container operations, we have freight ferry operations, and we have bulk operations. All our freight ferry operations go directly to and from the island of Great Britain. Our overall trade with the island of Great Britain is about 70% of the total.

The operating model is in a steady state, but that does not necessarily mean that it is in a steady state for our customers and the people who trade through the port. It is very much a business as usual year for us. We have had to do some extra work. We have had to have our customs approvals completely rewritten for the purposes of aligning them more properly with the Union customs code, because that is the requirement.

There has been a bit of background work on that, but the overall position is that we continue to trade, and trade is running satisfactorily.

The Chair: Is that true of goods to Northern Ireland from Great Britain, and the other way round—from Northern Ireland to Great Britain?

Maurice Bullick: There is a bit of a difference in treatment, as you know, under the Northern Ireland protocol. There is the benefit of unfettered access for goods that travel from Northern Ireland to Great Britain. They seem to be largely unaffected. There are a few specific exclusions relating to that, but, by and large, that operation is running normally.

The export side of our business—goods going out—is, I believe, in excess of 80% to Great Britain, so that is pretty good. That seems to be running normally. However, on the way in, from Great Britain to Northern Ireland, there have been changes to the operating model and the customs procedures. There is now a process of customs control for freight ferries coming in. Freight ferries are about 50% of our business, so it is obviously quite a big deal. A proportion of those freight movements are stopped and have to go through the inspection facility run in the Port of Belfast by the Department of Agriculture, Environment and Rural Affairs.

The Chair: Thank you very much, Mr Bullick. That is very helpful—

Maurice Bullick: I am sorry to interrupt, Chair, but I should have mentioned that the traders have to bear the various impacts of declarations. That is a big deal, maybe not for us as a port authority, but for them and the shipping company. Apologies for the interruption.

The Chair: Thank you. Not at all. We will come back to some of those points, I am sure, in a later part of the evidence session this afternoon.

Mr Grant, could I ask you the same questions? I do not know whether you have the same view as Mr Bullick, or whether you want to express things a bit differently. Over to you.

Kieran Grant: I am the finance director of Warrenpoint Harbour Authority. First, in terms of trading or annual tonnage, Warrenpoint port is the second port in Northern Ireland after Belfast, and historically it accounts for about 12% of trade—imports and exports—to and from Northern Ireland. Location-wise, we are pretty much on the border in Carlingford Lough, and historically our trade origin or destination is roughly 45% Republic of Ireland and 55% Northern Ireland.

Maurice makes a very valid point. We are one or two steps removed from dealing with the day-to-day declarations that have to be handled by our customers and our customers' customers. We are different from Belfast in a couple of ways. We are more of what they call a toolbox port. We employ dockers or port operatives directly to do the discharging and loading of vessels and the loading and unloading of ferries. We are different in that regard, and we are also much smaller in size; we are 60 acres.

Location is key. We are half way between Belfast and Dublin on the main economic corridor. Our hinterland is historically south Ulster and north Leinster. We are a much smaller version of Belfast and we are multimodal. We have a ro-ro operator that operates twice daily from Warrenpoint to Heysham in England, and that accounts for between 60% and 70% of our trade. Overall, about 80% of our trade is between Northern Ireland and Great Britain and Great Britain and Northern Ireland. Some of our bulk commodities come in from or go out to Great Britain.

Trading this year has been probably one of our best years, if not the best year, and slightly up on previous years, based on the 11 months in the year to date. Comparing it over the last five or six years, we expect it to be our busiest year. What we do not know is the impact of Brexit and Covid. Certainly, the first part of 2020, trading-wise, was pretty poor. Maybe some of that is a reaction to Brexit, building up supplies at the end of 2019. Trade this year is also a reflection of the commodities that the port handles over and above the ro-ro operation and the container operation. We have significant imports of timber, steel and animal feed. On the island of Ireland in 2021, demand for those products has certainly increased.

Trading-wise, we have done better in the year to date than other years. Like Maurice, and like Belfast, we have had to do certain things. Another thing that Belfast will have done and that we are doing is to have Authorised Economic Operator status to assist frictionless trade wherever possible. Regarding trade between NI and GB, we have definitely seen, particularly in the first part of the year, a change in how Northern Ireland exported to GB, particularly in trailers.

Historically, a lot of NI exporters would have chosen Dublin as a point to get into GB because of the final location, where the products end up, and because there is more choice in Dublin ports; if you missed one ferry, you might have been able to jump on another ferry. We were finding, certainly in the first part of 2021, that if people were exporting from NI to GB, they chose one of the NI ports—Larne, Belfast or Warrenpoint—to get their trailers to GB and from GB to NI, as opposed to going down to Dublin.

There is a slight difference at Warrenpoint. If goods are going from GB and staying in Northern Ireland, it is straightforward. If goods are going from GB to NI and ending up in the Republic of Ireland, they have tended to switch to using Dublin port for importing to the island of Ireland. Historically, if goods were coming from Birmingham and going to Dundalk or Donegal, they would probably have used Warrenpoint as their import port. They went from Heysham to Warrenpoint and then on to Dundalk or Donegal. Now, it is easier, it seems, to go from Holyhead to Dublin and then up to Dundalk. From a geographical point of view, it does not make sense, but from a customs point of view it seems to be the simplest way to do business currently.

The Chair: Thank you very much for that. It is extremely helpful. We will

come back to a number of those points later. It is very helpful to have that chart of Warrenpoint behind you on the wall.

Kieran Grant: It is not deliberate.

The Chair: I am always in favour of maps. We do not spend enough time looking at maps.

Q2

Baroness Ritchie of Downpatrick: First, I declare my interest as a member of the board of Co-operation Ireland, and a former interest as having particular knowledge of Warrenpoint Harbour Authority in my previous life as MP for South Down. I have had many discourses with Kieran and colleagues in the harbour authority over many years.

Maurice and Kieran, you have already mentioned the impact and how you are at a certain distance from others having responsibility for those movements. In 2021, the actual level of goods that have been coming in has probably been impacted by Brexit and the protocol and by Covid. Do you have statistical evidence of the differences between 2019, 2020 and 2021, to give us an overall picture? How does the impact of Brexit and the protocol on Northern Ireland ports—particularly, in your case, Belfast and Warrenpoint—compare with other ports in Ireland such as Dublin?

I remember, when working with Warrenpoint, that there was the issue of a potential port being built by the Irish Government near Drogheda, known as Bremore—from a memory somewhere in the dark recesses of my brain. Has what you have said about the downturn in trade that was bound for the Republic had an impact on Warrenpoint's profits and the pivotal position that you were looking for from Carlingford Lough down to Carnsore Point?

Kieran Grant: Looking back on the last three years' trade, 2021 is definitely the busiest of the three years—not by a big amount, but it was definitely the busiest. It really is difficult to tell what the impact of Brexit is and what the impact of Covid is. Even some of our customers who have asked the same question cannot answer it. I would be hazarding a guess if I was to say anything more on that apart from the fact that, statistically, our tonnage has gone up a bit.

We have had some growth in relatively new cargoes that we would not have had in 2019 and 2020. We are a major timber importer. Over the last 12 months, on the island of Ireland there has been a big demand for timber. Whether that is because people are not spending money on holidays and are spending more money on their houses, it is hard to say, but the fact is that we have imported more timber this year than over the last five or six years. We are busier. Our tonnages are up, so we are doing better than we have in previous years.

As I think I mentioned, it is an issue with trade flowing GB - NI into ROI, and it is definitely seen to be a loss. Volumes have dropped off in that regard. It has probably partially been replaced by more GB to NI traffic that would have historically gone through Dublin to get back up to Northern Ireland. It is very hard to drill down into the analysis of that.

Suffice it to say, our ro-ro operations are probably slightly better, but not much better, than they were last year or the year before. It is fair to say that they were doing far better at the start of the year, particularly on the exports, but it seems to have settled down as end customers have worked out the best way to get their product from Northern Ireland to GB or from GB back to Northern Ireland.

Baroness Ritchie of Downpatrick: Thank you.

Maurice Bullick: Kieran makes a very good point that I probably could have made at the start about the effect of Covid on trade as well. In 2020, our overall tonnage through the Port of Belfast declined by about 3%. We think that was basically down to Covid effects, and Covid effects continue to mask the trade. We had a very sharp dip in traffic. I think it was April and May 2020, which was right at the beginning of the first lockdown. Trade then rebounded to more or less the same level, but we ended up with an overall level down below this year. Exactly as Kieran says, we are having a much improved year in tonnage and throughput. We expect to be back up above the 3%. We have not finished the year, but I would not be surprised if we were about 5% up by the end of the year. It could easily be more; it depends on how the year ends.

The other thing that Kieran mentioned we observed as well. There is an element of transfer traffic now where Northern Irish companies previously went to the GB market via Dublin, and it is quite clear that some of those have switched their route to Great Britain to the three roll-on, roll-off ports—Warrenpoint, Belfast and Larne. There is a bit of trade repositioning as a result. If they go down through Dublin, as they would have done hitherto, they have to go through a customs process, whereas if they go straight to the three Northern Ireland roll-on, roll-off ports they do not have that effect. There is a bit of a gain.

As Kieran put it, and I would say the same, we do not have detailed or accurate origin and destination data. We cannot discern what the quantum of any of that is, but it is most certainly present, and currently it is most certainly a fact of trading on the Irish Sea in the ro-ro market.

Baroness Ritchie of Downpatrick: Thank you. Lord Chair, I may reserve the right to come back near the end if there is anything further. Thank you.

- Q3 **Lord Hain:** Fascinating contributions from you both, Kieran and Maurice. Is there in effect a diversion of trade—the phrase that is bandied about—from the Republic to Northern Ireland since you have both gone up in volume? Could you explain to us specifically the practical and logistical issues arising for port authorities under the protocol and under Brexit? In practical terms, how has the movement of goods via Northern Ireland ports changed since the protocol came into force? In particular, what different checks and processes were already taking place pre-Brexit, and how do they compare with those that are now taking place after Brexit? That would be useful to have, even though I realise you are port authorities, as you explained at the outset. Thank you.

Maurice Bullick: Kieran and I would probably both agree that on what you referred to as diversion of trade it is perhaps very important to point out that, as far as we can see, it is Northern Irish companies that previously went from Northern Ireland down to Dublin through Holyhead to Great Britain choosing to exit Northern Ireland to go to ports in Great Britain. I am not aware that we can discern any trend whatever for Republic of Ireland traffic to come north. That is something we do not see. We have no data for it. We have no indicators for it.

The numbers of traffic coming through are more aligned to the volume of traffic that was believed to go through Dublin. Historically, there have been published statistics for the roll-on, roll-off trade between the island of Great Britain and Northern Ireland. It was about 850,000 freight units, give or take, in the last normalised year, which was 2019. The figure that went through Dublin has never been given or proven in any data sense; it is just anecdote. It could have been in the region of 100,000 units, or something like that, but that is just a guess. It is an anecdote, not really proper evidence. I do not discern much in the way of Republic of Ireland traffic moving north. That is to clarify the point on the repositioning of trade. Remember that, on the east coast of Ireland, historically there was always competition between the roll-on, roll-off ports. Dublin would have been a competitor port to us, and there would always be ebbs and flows of competition over the years. I am sure Kieran would say the same thing.

On your second question, on the protocol, if you imagine before Brexit, the roll-on, roll-off services, which were in the region of 800,000-plus vehicles between Northern Ireland and Great Britain, basically operated as a domestic ferry route. There was not really anything. There is now a system of customs control whereby carriers are required to lodge declarations before they load vehicles on the Scottish or English side of the channel and bring a ferry over here. There has been a considerable impact. We are aware of it, because the whole thing pivots on the operation of the system called GVMS, the goods vehicle management system. That is a considerable change and a very big thing for the shipping companies and hauliers, and it has been pivotal to the effective operation of the protocol. Thankfully, it seems to have been largely satisfactory.

Lord Hain: Is that electronic or paperwork?

Maurice Bullick: I defer to Kieran. We are not in the system because we are one step removed, but to the best of my knowledge I believe it is electronic declaration. Kieran, is that the way it works?

Kieran Grant: Yes. Our big roll-on, roll-off customer certainly tell us that all the hauliers or their customers—every single one of them—going from GB to NI use the TSS to produce the customs documents.

Lord Hain: The trader support service.

Kieran Grant: The trader support service is vital for goods going from GB to NI currently. If it disappeared tomorrow, it would probably cause havoc. There is a big reliance on getting goods from GB to NI using the TSS. My understanding is that it has also built up its own in-house customs expertise. Hauliers or customers are importers. There has been reliance on the trader support service.

It is fair to say that that is only on the customs side. There are at least three elements to it. In Northern Ireland, there is the department of agriculture—DAERA—which would have to do the SPS checks, and then there is the port health authority. In Warrenpoint, that is Newry, Mourne and Down District Council. I am sure in Belfast it is the same. The customs authorities are definitely digitised, but my understanding is that in DAERA they are still using ships' manifests to ascertain which trailer needs to be checked or not, and the same with port health. There are still three separate operations about who needs to carry out what check on what trailer.

Lord Hain: Maurice, I think you invited Kieran to interrupt you.

Maurice Bullick: I did not, but he was very helpful. Thank you, Kieran.

Lord Hain: Do you have anything to add, Maurice?

Maurice Bullick: Kieran finished my point for me very well, probably better than I would have, so thank you, Kieran.

Lord Hain: You are obviously operating as a good team. Kieran, do you have any points to add to the questions I asked?

Kieran Grant: On the diversion of trade, I tend to agree with Maurice. Moving away from roll-on, roll-off, at Warrenpoint, to go back to its location, historically we are big importers of timber and steel, and smaller importers of animal feed, but we service south Ulster and north Leinster. The majority of those imports are all pretty much EU origin or third country, rest of the world, origin. That has not changed how declarations were done before Brexit and are done now. Basically, it means that the goods, once they arrive in Warrenpoint port, can travel north or south without further declarations being made. The island of Ireland demand has seen more trade, so our timber imports have gone up because we aim to facilitate trade in Northern Ireland and the Republic of Ireland.

Q4 **Lord Hain:** May I ask you specifically about the point you made about the trader support service? The Government have made it clear that it is due to operate for only a limited period. Could you give us an idea of the quantum effect on operators and on your authority if the support it provides were to be stopped?

Kieran Grant: It would be hard for me to quantify that. I spoke to our ro-ro operator very recently. Its customers are the hauliers bringing the goods in, and it says that pretty much every haulier is using the TSS currently. It also said that if that were to stop tomorrow, hauliers would not be geared up to carry out that service themselves directly, certainly

not all the hauliers. There is a big piece of work to be done if the TSS is going to be turned off.

Lord Hain: That is something we may well look at as a committee. Thank you both very much for those interesting answers.

Q5 **Lord Godson:** Mr Bullick and Mr Grant, following on from Lord Hain's queries, this is implied in your answers, but could you make a little more explicit for lay persons the whole question of distinguishing the destination of cargoes as between Northern Ireland and the Republic? Could you give us a little more detail on the capability of your ports to distinguish traffic going to NI and traffic passing through NI to the Republic? If you can to your satisfaction distinguish between the destinations, can you say a little more about how you do that? Is your ability to differentiate between those destinations demonstrable to an external monitoring authority? You can seize the floor in whichever order you wish.

Maurice Bullick: I will go first, if I may, and then Kieran can join me. There are a couple of things on that. The port authority itself does not collect that data. I am not aware of any organisation that collects data in that format. In the Port of Belfast, our roll-on, roll-off operation is handled by a third party that operates the travel rules at arm's length commercially from us. It handles things like shipping manifests directly. All we get as a port authority is basic data on the number of traffic flows. The model of third-party port operators is quite common in the industry. We do not ourselves hold any data regarding origin and destination.

Kieran Grant: It is the same at Warrenpoint. We would not hold any data. I do not think that even our roll-on, roll-off customers currently collect full origin and destination data. Our ro-ro operator describes a ship as just a bridge going across from Northern Ireland to Great Britain, so it does not necessarily collect all that information about where goods are coming from and going to. It is just a facilitator.

Speaking to our customers' customers—to go back to timber, for example—they provide anecdotal evidence that 70% of that is going to the Republic of Ireland and 30% to Northern Ireland. In some cases, our customers' customer is supplying somebody who will process the timber. Some of it will stay in Northern Ireland, some will go to the Republic of Ireland and some might go back to Great Britain, so it is very difficult to pinpoint exactly the origin and the destination of trade.

Lord Godson: Thank you.

Q6 **Lord Empey:** Good afternoon to our witnesses. Many years ago, I was a harbour commissioner in Belfast, but I assure you that I am entirely biased. Can you identify any advantages or opportunities for Northern Ireland ports under the protocol, Maurice?

Maurice Bullick: Speaking from the perspective of a port operator, the short answer is that we are not able to identify any particular advantage. Our business continues to run largely as it always has done, albeit our

customers have been affected by the processes. I do not think that from a port operational perspective we can provide any insight into the effect on trade. I have already mentioned the fact that there is some transfer of trade of Northern Irish companies going through us, the Port of Belfast, to Scotland and England that has led to a bit of a trade gain, but you have to think about the long-term effect on the economy. With apologies, I am not in a position from a port operator perspective to add information on that question.

Lord Empey: Even when I was on the board, there used to be competition with Dublin. It can also depend on what infrastructure you have or what modernisations you can bring in that make things more competitive. Even that is a factor, never mind the protocol, I suppose.

Maurice Bullick: You make a very good point. You are absolutely right. Irrespective of Covid and Brexit, under the Northern Ireland protocol we have a job to do in keeping our infrastructure modernised and up to date. This year, we have been investing heavily in updating our container and roll-on, roll-off infrastructure to enable more modern vessels to carry trade across the Irish Sea and beyond.

Lord Empey: Thank you. Kieran, what is your perspective?

Kieran Grant: At a very high level, I suppose what all our customers want is trade that is as frictionless as possible, and that is east-west, west-east and north-south. That is what they have always been asking for. Wherever the Northern Ireland protocol finally lands or whatever the final solution is, ultimately what our customers, and possibly NI plc, want is trade that is as frictionless as possible.

Lord Empey: Thank you very much.

Q7 **The Chair:** Can you explain how the new infrastructure and inspection checks required under the protocol are operating now? What is the current position about the construction of permanent border control posts and checking facilities at Northern Ireland ports?

Maurice Bullick: As I explained at the very outset, the port authority itself does not get involved in the actual checking processes. We have made land-lease or licence arrangements available to the government agency responsible, which is DAERA. At the moment, we are operating in Belfast where we have basically given it a land licence for a small area to operate its border inspection facility. The plan is that it will ultimately move to another site. I do not know what stage that is at; it is still operating in a temporary capacity.

The Chair: But has there been some change as a result of the protocol coming in.

Maurice Bullick: Yes. At the very start of the introduction of the protocol, it was necessary for the Department of Agriculture, Environment and Rural Affairs to establish a much enlarged facility at Belfast. We always had something down there run by port health. As Kieran

explained, it is a combination of the department and the local authority. It had to be enlarged. At the moment, an enlarged facility is operating there, and the plan is that ultimately it will move to a more permanent facility, but that is with the department. We are still doing our best, but I do not have any more information on that.

The Chair: Thank you. Kieran Grant, what about Warrenpoint?

Kieran Grant: Maurice has explained it all very well. There is pretty much a mirror situation at Warrenpoint. We had to provide a licence for land for a temporary facility to be built and ready for 1 January, and that was done. There are also plans to build a more permanent facility in a different location inside the port, but, as Maurice says, I do not know how far that has progressed.

The Chair: Thank you both very much.

Q8 **Lord Dodds of Duncairn:** Thank you, Kieran and Maurice, for your answers so far. I take the point that you are somewhat removed from the day-to-day issues of the checks and their impact, so I am not sure to what extent you can answer the point I was going to raise about the impact of the various grace periods that currently pertain under the protocol. Obviously, if the protocol had been rigorously implemented at the start and grace periods had not been put in place, in some cases unilaterally, by the Government, we would be in a very different situation.

What is your assessment of the situation, if grace periods come to an end, for SPS and all the other things that would have to be checked that currently are not being checked? Some of the grace periods run out reasonably soon, so are you in a position to say what the scale of the problems might be if those periods ended without any change to the current provisions of the protocol, because the protocol is only being implemented in a very light way at the moment? What is your assessment?

Maurice Bullick: On the grace periods, I mentioned earlier that the operating model of the port is largely in a steady state. Our trade is fine and things are flowing, although I probably should have said that a factor in that is the continuation of the grace periods. If the grace periods were to end and were not replaced with something different, it is inevitable that it would have an impact on trade through the port. The current steady state is probably in part a function of the grace periods. I think the grace periods have been critical. In the event that the grace periods ended, and the current temporary inspection facility was still being relied on, it could be disruptive. The basic assessment is that it would have a significant effect, but it is not possible for us to give you any quantitative assessment other than to say that it would be very significant.

Kieran Grant: I agree with Maurice. It is impossible to assess what it would be like if the grace periods were to end. I do not think the temporary facility would be geared up to be able to handle them if 100% of the checks that are supposed to be implemented were put in place.

Lord Dodds of Duncairn: Your view would be that, whatever the technical or political situation, on the ground it could not be managed, given the temporary nature of the facilities and what is there at the minute. Presumably, there would have to be a step change in the situation on the ground.

Maurice Bullick: DAERA would probably be in the best position to answer that with confidence, because we are not directly involved, but it certainly would have an effect.

Kieran made a point that again I probably should have made at the start. As a port operator, we simply look at this from a practitioner's perspective, not from any other perspective. Frictionless trade and the smooth movement of traffic is what every port operator wants. It does not matter which port it is; that is the way you run efficient supply chains and best serve the economy at large.

Lord Dodds of Duncairn: Thank you, gentlemen.

Q9 **Lord Godson:** Forgive me for taking a second bite of the cherry. I would like to obtain both witnesses' assessments of the UK Government Command Paper of July 2021 touching on these matters.

Maurice Bullick: Obviously, we read the Command Paper when it came out. I refer you to my earlier comments. We look at it very much from a port practitioner perspective. The Command Paper seems to suggest a more lightweight regime for customs control, which would obviously be welcome from the perspective of efficient movement of traffic, but all this has to be dealt with in the political realm through negotiations. It appears to point in the right direction for the better flow of traffic.

Kieran Grant: Wherever we land, it goes back to frictionless trade, or trade that is as frictionless as possible. As regards both papers, if the final solution can enhance frictionless trade, it will only help.

Lord Godson: Thank you.

Q10 **Baroness O'Loan:** Good afternoon, gentlemen. Thank you for your evidence so far. I suspect that your answer to my question will be similar to your answer to the last one. What is your overall assessment of the EU's proposals published on 13 October? Do they go far enough in addressing the problems that have arisen under the protocol?

Maurice Bullick: You anticipate my answer very well. The paper looks quite helpful and heads in the right direction, it seems, in the number of customs checks. At least, that is the proposal; it is all subject to agreement. It has the same directional benefit, in that it seems to point to improved flow, which is to be welcomed, but as Kieran and, hopefully, I have made clear, it is the finally agreed position that will become the important one.

Baroness O'Loan: Thank you. Kieran?

Kieran Grant: I think Maurice has already said it.

Baroness O’Loan: Would you like to comment specifically on the Commission’s proposals on SPS and customs, and whether they are sufficient to mitigate the impact of the protocol on the movement of goods?

Kieran Grant: Not specifically. It is a question of where the final solution ends up. Whatever the final solution, businesses, our customers and our customers’ customers will try to deal with that and continue trading. That is where it will end up. All our customers want is for it to be as frictionless as possible. That is all they are asking for.

Q11 **Lord Hannan of Kingsclere:** Could I ask both of you to stray slightly beyond the technicalities and say whether you think there is a landing zone between the EU position and the UK position on ports regulation that would allow a negotiated solution?

Kieran Grant: I am sorry, Lord Hannan. I do not have an answer for you on that question.

Maurice Bullick: I am in a similarly difficult position to Kieran on this particular question. It is good to see proposals to reduce friction, but it is not possible for us to comment on that one, because we are not close enough to the mechanics of the process.

Lord Hannan of Kingsclere: Fair enough. Let me approach it in a slightly different way, if I may. From where you are sitting and watching the mechanics on the front line, do you see any evidence that the derogations, suspensions and waivers that the UK has given itself on aspects of the protocol have resulted in any leakage of goods into the Republic of Ireland and, therefore, into the EU?

Kieran Grant: I am not aware of any evidence that supports that. That is all I can say on that.

Maurice Bullick: Remember that we do not get data on origin and destination, but speaking to our stakeholders we have a clear view that there is no indication of that. There is a considerable transport cost involved in road haulage and sending a truck the long way round. I think transport economics would be an inevitable factor that would weigh against it as well.

Kieran Grant: That is an interesting point. Specific to Warrenpoint, the main thing is what is called unaccompanied ro-ro. We mentioned Brexit and Covid, but driver shortages could be another factor. We do not know, but because our ro-ro operation is unaccompanied, the driver does not spend time on the sea. Maybe that is why our customers’ operation has grown slightly. I meant to mention earlier that driver shortages may be a reason why people are choosing Warrenpoint rather than a different port, but it is hard to get a statistic on that.

Lord Hannan of Kingsclere: Specifically from a Warrenpoint perspective, you said earlier that you had hinterland on both sides of the border in south Ulster and Leinster. Do you think there are reasonable

concerns that the EU would have about the leakage of goods? Do you think that is something it could legitimately point to and say that, if the UK were to make permanent the various opt-outs it had given itself, it would result in an impact on the integrity of the single market?

Kieran Grant: I have no evidence to say one thing or another about that. That is all I want to say about it.

Lord Hannan of Kingsclere: Fair enough. I may have been tempting you beyond the narrow mechanics. It is a question I have put to witnesses many times in the past. I am just struck by how rarely anyone is able to point to any specific threat of goods crossing the border, which is what the whole protocol is said to be about.

Kieran Grant: Going back to a specific point about our ro-ro operator, when goods go out from GB to, say, Dundalk, it seems obvious that geographically they should come through Warrenpoint, but it seems that that traffic has been diverted from Holyhead to Dublin. It is just a change because of customs. Equally, although it has not affected Warrenpoint, I am aware that food manufacturers have been demanding unfettered access. A lot of them would have used Dublin as the port. Northern Ireland food manufacturers have been requesting unfettered access via Dublin into GB, but that is currently not there.

Lord Hannan of Kingsclere: That is very useful. Thank you.

The Chair: I know this is a slightly theoretical question, but what impact do you think an invocation of Article 16 by the Government would have on your operations and on the movement of goods via Northern Ireland ports? Is that something you are concerned about, or have done any contingency planning or thinking about, or is that too hypothetical for you?

Kieran Grant: It probably is a bit hypothetical. As Maurice keeps saying, we are a bit removed. Businesses in Northern Ireland just want certainty. Is invoking Article 16 creating more uncertainty? What will happen on the EU side if Article 16 is invoked? Anything that creates uncertainty causes a problem for NI business, or any business.

Maurice Bullick: You are right; it is quite a hypothetical question even to attempt to address. Remember, we do not really have any data to address it. As I understand it, invoking Article 16 is in itself a complicated process that might not apply to everything all at once. I imagine that traders and trade would continue to operate, but it is very difficult for us to posit a hypothetical answer to that question.

Q12 **The Chair:** Picking up some of the points that have been made during the discussion about the development of technology, do you think that in the short or longer term there is scope for technological developments taking the place of the need for physical checks, the construction of border posts and so on? Will that happen in the fullness of time, or can it never happen?

Kieran Grant: I am sure there will always be advances in that, but right now the TSS deals with the customs side of things, as I think I said earlier. Then you have DAERA and port health. The GVMS, which Maurice mentioned, only deals with the customs side of things. I think DAERA and port health have to refer back to the manifest.

The carriers, the ro-ro operators, have been crying out for one system. It would be a help in the short term if there was one system, one piece of technology, one database or whatever to handle all three separate departments or queries on what trailers or whatever needed to be inspected.

The Chair: What is the barrier to that? Are there institutional barriers? If a great brain came along, could he or she do it?

Kieran Grant: I am not sure why, but I think that separate systems have been in place. It would be unfair to say that they operate in silos. Maybe there are plans to integrate them and I am not aware of them. To date anyway, there are three separate systems.

Maurice Bullick: Mine is pretty much the same answer. When I think of technological solutions in the context of the Northern Ireland protocol, I think of improved systems integration put in by the government system so that TSS and GVMS perhaps integrate better. I am speaking on this in the absence of any real experience of dealing with such things, so it is more of a posit than an answer. I suppose that ultimately it is for Governments to decide whether a physical check is the ultimate requirement at a particular location.

The Chair: Thank you.

Q13 **Baroness Ritchie of Downpatrick:** I want to put a follow-up to your question about technological requirements. Kieran referred to the integrated system for Seatruck, a matter that was already addressed by the chief executive of Warrenpoint Harbour Authority when evidence was given earlier this year to the Northern Ireland Assembly Committee for Infrastructure.

I would like to ask Kieran and Maurice whether they are aware of any representations that would have been made to the EU and DAERA about the need for an integrated system to ensure that the whole process of checking is much easier. Independently of that, is Kieran aware whether Seatruck has made individual representations in that regard, as the body that operates the ro-ro service from Warrenpoint to Heysham?

Kieran Grant: I know there are regular meetings between the ro-ro operators in Northern Ireland and the various bodies, including DAERA. I think that from the start of the year a pretty much repetitive ask has been, "Please can we have integrated systems?" I am not sure how far that has gone. Initially, it was a matter of trying to get things in place, and maybe separate systems were the quickest way to do that, but as a long-term solution certainly our customer Seatruck has said that an integrated system is the best way to go. You can have one system telling

you that a trailer is free to go, while a different body says, "No, we need to check this trailer". If there was one integrated system that put up a red flag, whether it was customs-related, SPS-related or port health-related, it would make it more streamlined.

Maurice Bullick: I am not aware of any such representations. I would further note that in the Port of Belfast the freight ferry terminal is operated by a third party, and probably the same thing applies as in the case of Warrenpoint. It is always the shipping companies rather than the port authorities in the forefront on that particular aspect, so I am speaking second hand and at one step removed.

Kieran Grant: It might be a good idea to meet the shipping companies and ro-ro operators.

Q14 **Lord Hain:** My question follows directly from the last couple of answers. You have very fairly given us a broad picture, including the fact that both your ports seem to be doing very well despite the protocol. From your contacts with your operators, including the shipping companies, I do not know whether they would be able to provide us with further information. I do not want you to do our job for us, but if you happened to be talking to them, it would be quite helpful to have any written input from them, if they happened to have the data and it was convenient, without wanting them to do a hell of a lot of work.

The Chair: Are there any thoughts on that? Is there something you could let us have in writing?

Maurice Bullick: I do not think we could do more than raise it with our operators, because it is really up to them. I think that the last time the committee was in Northern Ireland it had a representative from the shipping companies. They would definitely be in a better position to give you that sort of information. I do not think we could make a promise on their behalf.

The Chair: We will perhaps think about how we follow that up with them. The Division Bell is going, and colleagues may need to go and vote in a moment, but we have come to the end of the discussion anyway. I am extremely grateful to both of you for the evidence you have given. You have given us a great deal to think about. There may be one or two points you want to come back on, but thank you both very much indeed. We will send you a verbatim transcript to check that you have been quoted properly. I am now happy to quote the magic words: "My Lords, the meeting is now concluded".