

**Written evidence submitted by FSB NI, relating to the operation of
The Windsor Framework
[OWF0015]**

FSB NI represents around six thousand SME-owning members in Northern Ireland and over 150,000 UK-wide, across every industry sector. SMEs are the foundation of our economy, making up over 99% of businesses, and employing more people than the whole of the public sector and all large businesses, combined. FSB's mission is to help small businesses to achieve their ambitions and our involvement in policy research and advocacy is key to that. To this end, we work to ensure that the maximum number of businesses can be started, and that those already established can thrive.

With the prospect of operating both as an integral part of the *UK Internal Market*, as well as having access to the *EU Single Market*, Northern Ireland ought to have been able to harness a real, strategic advantage. Regrettably, however, the experiences of small business show that there is much still to be done if Northern Ireland is to achieve this objective. The smooth, pragmatic operation of the Windsor Framework has so far proved elusive for many and has been characterised, instead, by a myriad of new bureaucratic processes.

In some ways this is illustrated by the number and diversity of bodies charged with considering, reviewing or monitoring the Windsor Framework, for example:

- The East-West Council
- Windsor Framework Independent Monitoring Panel
- Intertrade UK
- Stormont's Democratic Scrutiny Committee
- The JCCC
- The NI JCCC
- Lord Murphy's Review into the functioning of the Windsor Framework
- The Office for the Internal Market
- The Competition and Markets Authority
- Trading Standards
- Defra
- DAERA

In addition, there is a mind-numbing array of schemes, acronyms and initialisms too numerous to recount in this submission and, at great cost, Government has had to establish agencies such as the Trader Support Service, all in an effort to lubricate the grinding wheels of a massive, new bureaucracy. Many companies have had to invest in capacity to monitor and navigate the Windsor Framework landscape, numerous academic observers have immersed themselves in tracking and mapping it, and new agencies have sprung up to provide chargeable advisory services to help smooth the process. All of this has come at great cost, with no commensurate benefit.

The Government has stated its ambition to achieve "full and faithful implementation of the Windsor Framework" – the challenge is to achieve this without disproportionately and negatively impacting business and, by extension, disadvantaging communities in Northern Ireland. FSB's aim has consistently been to try to ensure that the operationalisation of the Windsor Framework recedes as an inhibitor to small

businesses and, ideally, that it can be shaped and harnessed to the strategic trading advantage of businesses in Northern Ireland.

For the past five years and more, a great many businesses have made themselves available to contribute knowledge, experience, expertise and more in helping anyone who might play a part in maximising the opportunities and limiting the negative impacts of the implementation of Brexit, the development of the NI Protocol and the Windsor Framework. Making that input, especially over such a long period, is no small exercise, as agreements have been reached, problems have been identified, grace periods have been applied, changes have been made, and regulations have evolved. All of that has occurred against a background of political uncertainty and turbulence. Change has, indeed, been the only constant.

That is the context in which we welcome your inquiry. In preparation for responding, we engaged with a range of our members in Northern Ireland to seek their input to capture a '*moment in time*' sense of their current experience, perceptions and ambition for the Windsor Framework, recognising there are further, impending changes; perhaps the most significant of which is expiry in less than a year of the current veterinary medicines' grace period.

We hope your inquiry will identify issues and potential solutions to improve the situation, however, in many ways it underscores the need for a radical change to the way Northern Ireland and the wider UK monitors, identifies, evaluates and reconciles regulatory changes in key markets, in particular the EU. We will comment further on this point at the conclusion of this submission.

Overall

The feedback from FSB NI members underscores the need for greater clarity, simplified processes, and practical mitigations to ensure that Northern Ireland businesses are not disproportionately disadvantaged by the Windsor Framework's implementation. Equally, they are keen to ensure that businesses based in Great Britain do not find the Northern Ireland market – which is meant to be an integral part of the UK Internal Market – increasingly difficult to access and, by extension, no longer viable to serve.

It is widely accepted that business hates uncertainty, so the seemingly continual process of change flowing from the Windsor Framework's full and faithful application is a relentless source of challenge, which is deeply unwelcome.

Notwithstanding, SME owners show great ambition for improvements, and a desire to harness various tools that could be transformative for the Northern Ireland economy. Further details are set later in this response.

1) GB-NI movement of goods

The movement of goods between Great Britain and Northern Ireland under the Windsor Framework has been a process of almost continuous evolution. Whilst it is working for some, others have characterised it as 'an unmitigated disaster', based on the costs, complexity and delays that its operation continues to cause to their firms. When asked to outline their experiences, some businesses report significant disruptions, delays and common instances of suppliers refusing to trade between GB

and NI because of the Framework's complexity. Some members acknowledge that the Windsor Framework has significantly improved efficiency for the movement of certain goods, when compared with the NI Protocol, but others note it has introduced additional costs and regulatory hurdles. Overall, there is significant concern that the evolving nature of the Framework may continue to increase costs and administrative burdens, as well as ushering in further regulatory divergence, impacting business viability in the longer term.

When we asked members where they feel the Windsor Framework is working well, respondents were generally unable to identify many clear benefits, noting that a full, free flow of goods remains largely unachieved. They state that customs and port clearance procedures remain complex and often lack consistent interpretation, leading to significant challenges for businesses. The absence of clear operational standards and a comprehensive understanding of requirements contributes to inefficiencies, especially across the small business sector. In the context of a challenging budget which has significantly increased business costs, and the threat of deeply damaging employment law changes, additional costs arising from bureaucracy must be reduced to a minimum. At present, there appears to be no appetite to drive the necessary efficiencies to deliver this.

Members highlight that 'Trust' is the key ingredient that needs to be explored and applied – just as it is with retrospective reporting in VAT and tax returns; essentially 'putting the border in the business'. Underscoring this, a key recommendation from our members is a call for the expansion of the *'Trusted Trader Scheme'* so that it better reflects the reality of small business operations.

If businesses and suppliers were fully recognised as genuinely 'trusted' traders, particularly those already adhering to HMRC's compliance standards elsewhere, they could benefit from streamlined customs procedures and vastly reduced bureaucracy without undermining the spirit of the Windsor Framework.

This approach would reduce delays, lower costs, and allow businesses to trade with greater certainty and efficiency.

'Trust' must be meaningful. To be trusted ought to bring benefits; conversely, breaching it and losing that trust should come with a cost – just as it does with accurate reporting for taxes and VAT. Members suggest that by implementing a more robust Trusted Trader model, the UK government would not only alleviate regulatory burdens but also foster economic growth, ensuring that small businesses in NI can operate competitively and seamlessly within the UK Internal Market.

2) Upcoming implementation deadlines

For those businesses which have not yet seen the full impact of operating under the Windsor Framework, there is an increasing concern arising from the impending implementation deadlines. A substantial proportion of respondents expressed concern that, for those who haven't done so already, GB suppliers will increasingly opt out of serving the NI market due to the increased costs and both actual and perceived administrative burdens. This is particularly concerning for small businesses, as their

ability to source goods efficiently and cost-effectively is already under strain, so it underscores the need to simplify processes and ensure there is widespread understanding amongst GB businesses that Northern Ireland remains an open and easily accessed part of the UK Internal Market.

Beyond that, the soundings we took amongst our members indicated a widespread perception that there is a lack of clear and timely communication and guidance surrounding the Framework and impending changes to its operation. Again, this exacerbates uncertainty, and businesses report a growing sense of unease, with concerns that this situation could create a negative ripple effect across the wider economy.

The introduction of the Northern Ireland Protocol gave a valuable, if unwelcome, illustration of the massive range of unintended consequences that can arise when regulation and legislation is introduced or changed at short notice without adequate consultation and engagement. The term “grace period” became common parlance for ‘sticking plaster fixes’ that had to be applied to open wounds in order that life in NI might continue without excessive disruption. The passage of time may have taken the political and public spotlight off this issue to some extent but it remains unresolved. Supply chain stability is of high importance, so the absence of clear, timely information is not only unwelcome but poses a serious risk to business confidence and operational planning.

Specifically, the requirement for Not-for-EU labelling has emerged as a particular point of frustration. Respondents highlight challenges of getting GB-based suppliers to meet the asymmetric requirement to apply it for goods moving within the UK Internal Market, along with the significant costs associated with this requirement, and concerns over enforcement.

Many highlight that a genuine “Trusted Trader”, underpinned by existing data infrastructure to allow for ‘spot check’ verification via records, could provide a much more efficient and significantly less burdensome solution, rather than imposing additional labelling requirements that are difficult to police and add unnecessary complexity to supply chains. Without reconsideration of this approach, businesses fear it could lead to further unintended, negative consequences for both suppliers and consumers in NI.

This is an area where our members are urging the UK government and EU to re-engage with a view to improving the practical application of the arrangements so as to meet the spirit of full and faithful application of the Windsor Framework, whilst respecting the role and value of ‘trust’ in operating the UK Internal Market. Addressing these concerns will provide businesses with the certainty and support they require to operate effectively within the new and continually evolving trading environment.

3) Views on government support for businesses dealing with the implications of the Windsor Framework

Given the feedback above, and how it speaks to clear evidence of burdensome bureaucracy, there is an appetite amongst businesses to see the UK government strive to simplify the system, whilst also providing easily accessed and effective support for businesses to deal with the operation and implications of the Windsor Framework. Frustratingly, this has not been the case to date, and it seems that no one in Government nor the EU is championing it as a valid and essential aspiration.

In our engagement with FSB members in preparation for our response to this inquiry, they consider the current standard of government support as being insufficient, asserting that it is frequently incomprehensible and inaccessible. Additionally, the piecemeal extensions to the contract for the Trader Support Service repeatedly suggest to business that it is only a temporary support which could easily be withdrawn or otherwise terminated.

Exactly a year ago, as part of the *Safeguarding the Union* Command Paper commitments to restore the NI Executive, the Government undertook to create new structures to facilitate and promote smooth trade flows within the UK Internal Market whilst also operating the Windsor Framework in a more pragmatic way. These included a new body - Intertrade UK – which it committed would support, facilitate and boost trade within the United Kingdom by providing targeted and practical guidance. Our members outlined expectations that this new body would play an equivalent role in intra-UK trade to that of Intertrade Ireland which fosters cross border trade on the island of Ireland, noting InterTradeIreland's Cross Border Trade Hub as an exemplary model for resources to help businesses navigate the complexities of evolving cross-jurisdictional trading arrangements.

While Government resources do exist, many business owners believe they could be made much more accessible. Our discussions with members indicated significant experience of barriers in obtaining the necessary assistance. Many businesses expressed frustration over complex processes, a lack of clarity in guidance, and difficulties in navigating existing support mechanisms. They asserted that, as small business owners, many don't have the time or capacity to navigate a system where they are often redirected by different government agencies and advisory bodies.

Whilst support from these agencies was welcomed, members suggest that a more accessible and timely process to access, retrieve and use the relevant information is still greatly needed if the burdensome nature of the Windsor Framework is to be improved. Given the disproportionate impact that regulatory changes can have on smaller businesses, members highlighted the clear need for both more streamlined and user-friendly resources to ensure compliance without excessive administrative burdens.

Looking ahead, our members have identified several key areas where government initiatives could better support businesses affected by the Windsor Framework. They suggest the establishment of a dedicated, well-resourced, highly accessible advisory service based in Northern Ireland to provide tailored, practical guidance on intra-UK trade. They would like to see Intertrade UK established and properly resourced both to facilitate frictionless trade throughout the UK Internal Market as well as to undertake extensive research to gather detailed evidence from a wide range of businesses to understand the actual challenges arising from operation of the Windsor Framework.

Members also emphasised the potential for AI-driven solutions to simplify compliance processes and improve efficiency. Additionally, they urge more targeted resources, such as workshops and online guides, to enhance the ability of business to understand the Framework better – not simply for those in Northern Ireland but also for businesses in the rest of the UK.

In summary, although government support mechanisms do exist, they are widely perceived as insufficient and difficult to access. Members would like to see the UK government enhance accessibility and clarity, and promote effective support structures to ensure that small businesses in NI can navigate the Windsor Framework with greater confidence and minimal disruption.

4) Dual market access

Dual market access theoretically allows businesses in Northern Ireland to trade goods freely within both the UK Internal Market and the EU Single Market. This unique status, granted under the Windsor Framework, should provide Northern Ireland businesses with a competitive advantage, offering seamless access to over half a billion consumers without the trade barriers faced by counterparts in GB or, indeed, those in the EU, including ROI, in accessing the GB market.

However, feedback from our members indicates a clear shortfall in the UK government's efforts to explain, harness and promote this opportunity. Clear guidance on regulatory compliance, streamlined processes for businesses seeking to expand into EU markets, and incentives to attract investment should be developed and deployed to enhance NI's position as a gateway for trade.

Many business owners feel that, if properly leveraged, dual market access could position NI as a hub of economic excellence. However, the lack of proactive engagement and targeted support is causing an opportunity to be squandered, leading to frustration among businesses and residents alike. To maximise the economic potential of dual market access, there is an urgent need for clearer guidance, practical assistance, and a strategic communications plan that ensures businesses can fully capitalise on this unique position. As mentioned earlier, the absence of an empowered 'champion' – striving to improve systems, modernise, and lighten the burdens, as well as having a relentless drive to make Northern Ireland prosper, not only in its own right but as a key part of the wider UK's economic ambition and Industrial Strategy, is deeply dispiriting.

Members are clear that Northern Ireland requires much stronger promotion by the UK Government, aligned to targeted business support, if it is to overcome the difficulties presented by the Windsor Framework and turn the differences into advantageous differentiators.

Finally, as part of making Northern Ireland's unique position work to the advantage of all, members are clear about the need to progress the devolution of corporation tax powers to Northern Ireland and cut the rate to match that in the Republic of Ireland. This would not only serve to compensate for any remaining frictions within the UK Internal Market and to meet obligations under the Windsor Framework, but it would make Northern Ireland the lightning rod for global investors seeking access to both the UK and the EU. It would be genuinely transformative for the economy of Northern Ireland in a way that would be beneficial to the UK, whilst complementing the stellar

growth seen south of the border in the Republic, and it is one of the few policy areas on which all five political parties and the entire business community are on record for supporting. It was also referenced in the *Safeguarding the Union* Command Paper as well as the 30 October UK Budget so it should not be contentious – but it needs to be grasped and implemented.

Conclusion

- The effective, faithful implementation and operation of the Windsor Framework could be much better achieved if 'Trust' were much more widely adopted and embedded, with parallels drawn from tax and VAT reporting.
- There should be a much greater ambition within UK Government to see Northern Ireland as a leading part of its global trade and industrial strategy – to make it the "Hong Kong or Singapore of the Western Hemisphere".
- Members are also clear about the need to progress the devolution of corporation tax powers to Northern Ireland and a cutting of the rate to match the Republic of Ireland. This, combined with frictionless dual market access, could genuinely transform the economy of Northern Ireland in a way that would be beneficial to the UK, whilst complementing the stellar growth seen south of the border in the Republic.
- The establishment of Intertrade UK should be expedited and a key part of its role should be to lead on the conduct of research and provision of evidence to inform current and future policy.
- There should be a relentless drive to reduce barriers, automate processes, provide effective advice and information and modernise the systems that underpin trade arrangements.

Finally, we made reference earlier in this submission to the need for a radical change to the way Northern Ireland and the wider UK monitors, identifies, evaluates and reconciles regulatory changes in key markets, in particular the EU.

It is clear from the complexity of bodies that are charged with various aspects of managing post-Brexit trade, regulation and compliance that there is duplication, omission, confusion, and lost opportunity. We believe that a key part of the solution to this is for the UK Government, with all its powers and heft, to establish a very well-resourced *Office of Regulatory Divergence* which should map all proposals emanating from the EU that could potentially lead to divergence, long before they become adopted – much in the way that the UK did when it was a member of the EU.

Doing this would allow it to inform all stakeholders of potential changes and their impacts in a timely way; to seek informed contributions from those stakeholders; to understand the implications and respond accordingly – either by replicating the changes where they are deemed beneficial to the UK or by planning mitigation and management measures where divergence is deemed preferable. It is only through having that level of capacity that Northern Ireland, in particular, but the UK as a whole will be able to consider properly the potential impact of changes and divergence, in a timescale that allows proactive management, rather than reactive chaos. The current 'system' is clearly not fit for purpose and ill-serves businesses, consumers, and elected representatives in Northern Ireland and beyond.

I hope you find this contribution of use, albeit it may not be exactly what you had anticipated for the reasons I have noted. We would be happy to engage further with the Committee in this valuable work and look forward to seeing how your inquiry progresses. For sake of clarity, I confirm I am content for this letter to be shared with Committee members and also for it to be put more widely into the public domain.

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