

Road Haulage Association (RHA) – Written evidence (IIO0027)

Introduction

The Road Haulage Association (RHA) is a UK wide trade association dedicated to the needs of UK road haulage, coach and van operators with a UK wide membership of 7000 businesses who have access to over 250,000 vehicles. We also represent 90% of the top 100 road haulage companies. We have over 200 members on the Island of Ireland with access to over 3000 HGVs and this has increased by over 20 % since July 2019.

1. What is your assessment of the overall socio-economic and political impact upon Northern Ireland of the Protocol on Ireland/Northern Ireland since it came into force on 1 January?

- a. From the perspective of the Northern Ireland consumer there would seem to be few, if any, benefits relating to the Protocol. As a result, Northern Ireland consumers experience a reduced selection of products that are freely available in GB with increased prices for other products.
- b. Any employee working within the transport or logistics sector now experiences increased pressure within the workplace resulting in the sector being less attractive for a career.
- c. From a Northern Ireland business perspective there will be benefits for those companies who are able to take advantage of the sales opportunities within European 'mainland' markets. However, it should be noted that many companies, primarily those focused on the UK market, may not be able to take advantage of European mainland market opportunities but they will still be saddled with the bureaucracy, additional costs and the impact on just in time deliveries and staff welfare. While these European market opportunities have been continuously promoted since 1st January 2021, the bureaucracy and costs were initially played down by Government and in some cases disregarded.

2. What would you identify as the main practical issues that have so far arisen in relation to the Protocol's operation, including both for GB and Northern Ireland-based businesses? How significant have these problems been, and what impact have they had on the ground?

a. Sanitary and Phyto Sanitary (SPS) requirements

Food of animal origin (Phyto Sanitary) or plants and seeds (Sanitary) GB to NI

In order to move products of animal or plant origin that fall into scope of Phyto Sanitary requirements you must obtain:

- i. Export Health Certificates (EHC) issued per product (commodity) by a vet at place of loading. The EHC costs in the region of £150/£200 per commodity and are required to be completed with the pallet/trailer suitably and adequately sealed and securely wrapped to prove the product hasn't been tampered with. There is a shortage of VETs which leads to delays in the issue of EHCs and interruption to trade flows and just in time deliveries.
- ii. CHED Common Health Entry *Document* for consignments of food from animal origin. These must be completed before shipment.
- iii. Export declarations to contain detail and commodity (Product) codes populated onto the Trader Support Service platform. (Customs Notification) Completed before shipping and after loading.
- iv. Simplified Frontier *Declaration (SFD)* which is used to *declare* imported goods into NI. Completed before shipping and after loading.
- v. Goods Vehicle Movement Service (GVMS). You need to have access to this service via a mobile app to populate all the required data field to generate a Goods Movement Reference (GMR) that will permit the haulier to move via a ferry route. Completed before shipping and after loading.
- vi. Upon arrival at the ferry terminal in GB the GMR is checked and if there are any issues the vehicle will not be permitted to board the ferry.
- vii. Upon dismemberment from the ferry DAERA officials will check vehicles loaded with goods that fall within the SPS requirements to ensure compliance and eliminate the risk of goods containing contaminants, pests and diseases entering into the EU.

These requirements are imposed to minimise/eliminate the risk of the relevant products having diseases, contaminants, or pests. Officials from both DEFRA and DAERA have confirmed to the RHA that the risk of this happening is negligible, and nothing has been found since the introduction of these checks. It is common knowledge these checks are designed to restrict trade and given NI is part of the UK the checks are therefore restricting trade between two constituents parts of the UK with the result products are not being moved and prices for products that are moving have increased considerably.

b. Parcels and Non-food groupage

The movement of general non-food and plant related products fall outside the sanitary and phyto sanitary requirements.

These products therefore do not need the more onerous Export Health Certificates etc but still fall within the requirements to be declared for "export" from GB to NI both constituent parts of the UK.

The key requirements include:

- i. Export declarations to contain detail and commodity (Product) codes populated onto the Trader Support Service platform. (Customs Notification) Completed before shipping and after loading.
- ii. Simplified Frontier *Declaration (SFD)* which is used to *declare* imported goods into NI. Completed before shipping and after loading.
- iii. Goods Vehicle Movement Service (GVMS). You need to have access to this service via a mobile app to populate all the required data field to generate a Goods Movement Reference (GMR) that will permit the haulier to move via a ferry route. Completed before shipping and after loading.
- iv. Upon arrival at the ferry terminal in GB the GMR is checked and if there are any issues the vehicle will not be permitted to board the ferry.

The key issues with the movement of these products is the requirement for data entry onto the Trader Support Service (TSS) system. This element of the process is labour intensive, adds no value to the product, of no real need and is seen as administratively cumbersome. This is businesses moving goods into NI considerable additional expense and distress resulting in traders ceasing to supply NI due to the hassle and extra cost for a relatively small market (NI has 1.8 million people – less than greater Manchester) Senior officials within the TSS have admitted the system is not designed for the movement of product between two parts on the same country where its next day delivery. The system is designed for deep sea movements that are not time critical and not groupage.

c. Miscellaneous

- i. Rules of origin is the criteria to determine the original national source of a product being shipped from GB to NI. Their importance is derived from the fact that duties and/or

restrictions may apply subject to where the original product or the content within it was sourced.

This means that the origin is the economic nationality of goods being imported and exported (where they have been produced or manufactured).

It is not just where they have been shipped or bought from but the original source.

There has been numerous examples of where this has caused considerable delay in the movement of foodstuffs from GB to NI.

Example 1: Two lorry loads of crisps were delayed in Dublin port for two days because the imported couldn't provide evidence of where the potatoes that the crisps were made from were grown.

Example 2: A lorry load of Ice Cream is currently sitting in a fridge trailer in GB for movement to NI and has not been permitted to move as its suspected approximately 3% of the milk used for the Ice cream may be non- EU/UK.

- ii. Supplementary declarations. These are declarations to HMRC when you move product from GB to NI. These declarations are made via Customs Handling Import or Export of Freight (CHIEF) or Customs Declaration Service (CDS).

Information needed to complete entries includes:

- i. Consignee and consignor details.
 - ii. Type, amount and packaging of the goods.
 - iii. Transport method and costs.
 - iv. Currencies and valuation.
 - v. Certificates and licences details.
- iii. The requirement for the disclosure of monetary values demands extra administration, has various confidentiality issues and, since the advent of the FTA, is seen by many as nothing more than unnecessary bureaucracy. The demands of the NI Protocol are onerous and the removal of the aforementioned requirement, under the aforementioned conditions, would be welcomed by many NI businesses.
- iv. Transit via Ireland. NI businesses has lost unfettered access to the GB marketplace via Ireland due to the requirements imposed by Brexit. This results in increased costs for fuel, time taken to travel via shipping via Northern Irish ports, cost of managing transit movements and the lack of the ability to move product last minute via Southern Irish ports if there is an issue

with Northern Irish ports. This results in NI product not being able to be supplied on time, every time to the South of England markets at a competitive price.

- v. The movement of multiple smaller products within one shipment from GB to NI falls within the groupage model of transport. Groupage can consist of any type of product ranging from food groupage through to parcels/packages and is seen as a key logistics supply model for GB to NI. Given the size of the NI marketplace it has been custom and practice for bulk supplies to be shipped from mainland Europe or Rest of World into GB. The products arrive at regional distribution centres for supermarkets, hospitality chains and distributors etc in GB and are consolidated into groupage loads to supply the smaller market of NI. However, due to the complexity, bureaucracy and additional resources required to move product from GB to NI its is now less viable to supply the NI market.
- vi. NI based subsidiary company within a UK wide group Companies. We have numerous examples of this type of company structure based in Northern Ireland. The Group of Companies will tender for a contract and if successful the subsidiary companies within the regions of the UK will tender internally for the contract or elements of it. As a consequence of the Companies being primarily GB based the raw materials and parts etc are sourced in GB. The additional bureaucracy for trade between GB and NI has resulted in the NI subsidiary needing to include additional costs which the GB based company doesn't incur. This is over and above the normal transportation costs when tendering for the work. The result is that the NI subsidiary is more expensive than its GB counterparts and is unable to secure the work.
- vii. Government fixes – Since late 2020 it was obvious the Government were not adequately prepared for the impact of the end of transition and the implementation of the Protocol. This was evidenced during numerous meetings with DEFRA, DAERA and HMRC officials where it was obvious, they didn't understand how trade between GB and NI operated, how finely balanced it was within tight just in time timeframes, with extremely tight margins and minimal human intervention for administration. The Government have introduced numerous schemes to redress this including – the Movement Assistance Scheme (MAS), the Trader Support Service (TSS), the Groupage solution (This is a new process introduced to address concerns in regard to the difficulties in moving groupage from GB to NI. This new process doesn't work in real time and space and actually adds to the bureaucracy, takes more time to manage and add considerable cost to the extent it discourages businesses for moving product). The UK Government are now considering introducing a Digital Assistance Scheme (DAS) and a centralised groupage hub

solution and do not appear to be listening to businesses most affected. Whilst some of these schemes have eased the problems slightly, they have not adequately reduced the problems to a level that is seen as acceptable and is seen as mere tinkering around the edges as opposed to actually tackling the root cause of the problem. In addition the Government developed and funded schemes will be phased out over time and the true cost of these will be borne by the end user and will further impact on the viability of moving product from GB to NI.

The Government are also at the early stages of considering the introduction of checks on the majority of product being moved from NI to GB. This will further compound the issues being experienced with the result that additional expense and bureaucracy will be imposed on NI business the consumer and impact on trade West – East.

d. Impact

- i. Loss of efficiency.
- ii. Increased timeframes for load/movement planning with 48 hrs as a minimum required.
- iii. Reduced volumes from GB to NI.
- iv. Increase in empty trailers being shipped from GB to NI to service contracts to move NI product to GB.
- v. Increase staffing requirements to complete the additional bureaucracy.
- vi. Increased costs to hauliers/businesses due to:
- vii. Increased staffing.
- viii. Reduced return loads and cost of shipping empty trailers.
- ix. Additional costs for additional paperwork and checks,
 - x. More delays with equipment at ports, border control posts and points of collection and delivery.
- xi. Inefficiency.
- xii. NI businesses being uncompetitive in the GB marketplace due to the increased costs set out above.

3. What impact has the Protocol, and UK withdrawal more broadly, had on trade flows between Great Britain, Northern Ireland and Ireland, and the rest of the EU?

This has resulted in a move towards realigning supply chains from GB - NI to EU including Ireland. This is seen as having a negative impact on UK based companies who have by necessity sourced their products/raw materials within GB.

4. Has the Protocol had any positive impact for Northern Ireland?

It certainly has brought NI into focus both from a UK and EU perspective and stimulated some discussion and interest from Rest of World companies to explore any perceived benefits. It's not evident that there has been any significant initial benefits and the drawbacks are heavily outweighing any benefits. Given that NI relies on its biggest market both to export and source products from its unlikely to have a positive impact in trading between GB and NI.

5. Is there a viable alternative to the Protocol?

There's got to be a better means of trading that recognises the unique position that NI finds itself in that satisfies both communities within NI and actually creates a stimulus for the economy to enable the region to prosper and move forward as a society.

6. How would you characterise the attitudes of the communities in Northern Ireland in relation to the Protocol? How significant, compared to other issues and concerns, has the Protocol been as a contributory factor to the recent community disturbances in Northern Ireland?

Unfortunately, its become politicised and divisive.

7. What action would you wish to see the Northern Ireland Executive take in relation to the Protocol, including in its engagement with the UK Government, the EU and the Irish Government?

It should have been given a greater role in the process.

8. What is your assessment of the UK Government's approach to the Protocol, and its engagement with Northern Ireland stakeholders, since it came into force?

Not great – as the RHA have been excluded in most discussions between business groups and Government despite direct requests to all parties concern.

9. What is your assessment of the EU's approach to the Protocol, and its engagement with Northern Ireland stakeholders, since it came into force?

Not great – the perception is that they are inflexible, dogmatic and are only interested in engaging with stakeholders that they perceive are pro EU..

10. What practical steps can the UK and EU take through the Withdrawal Agreement Joint Committee and Ireland/Northern

Ireland Specialised Committee to mitigate the Protocol's negative impact on the people and businesses of Northern Ireland?

This is best answered by our political representative both locally and in Westminster.

11. What practical difference would a UK-EU veterinary/SPS agreement have on the operation of the Protocol?

An SPS or veterinary agreement will not address all the issues being experienced by the business community and cannot be seen as the only solution.

12. How can concerns about the perceived democratic deficit at the heart of the Protocol, in view of the continued dynamic application of significant areas of EU law to Northern Ireland in the absence of UK participation in the EU institutions, be addressed?

The position NI finds itself in is undemocratic where the regions will be subject to 3 sets of legislators with only two being accountable.

The perception is this will become a more significant issue if there is divergence between GB and EU standards or regulations.

13. What work would you like to see this Committee undertake in scrutinising the operation and impact of the Protocol?

The Committee needs to directly and effectively engage with all business groups and company Directors from all sectors as the perception is that engagement is restricted to groupings that have one particular view.

John Martin
Policy Manager (NI)
Road Haulage Association

11 June 2021