

## Written evidence submitted by the UK Chamber of Shipping (FRE0012)

### About the UK Chamber of Shipping

The UK Chamber of Shipping (the Chamber) is the trade association and voice of the UK shipping industry. With a membership of 180 member companies throughout the UK and abroad, comprising shipowners, professional organisations and service companies, the Chamber seeks to raise awareness of shipping, create an understanding of it and ensure that member companies' commercial objectives are at the heart of the government process.

The Chamber submits this response on behalf of members operating about 750 vessels of all types operating international shipping services in the ferry and cruise, container, bulk oil, dry bulk, coastal and offshore sectors and the UK and seafarers of other nationalities employed by member companies.

The Chairman of the committee wrote to the President, UK Chamber in a letter dated 7 May 2020. This submission is a response to that request but is shorter than might be the case and has been prepared by the secretariat without full consultation with Chamber members as would normally be the case.

### Questions and Answers

#### **Q1. What are your sector's key asks of the UK Government in the negotiations? What things must the negotiations deliver for your sector? Are there things while not essential the negotiations could helpfully address?**

The key asks were to preserve the ease with which we trade and do business with our major partners and to preserve the ability for our sector to employ and access the brightest and the best talent.

Shipping is international and is regulated at international level by the International Maritime Organisation (IMO) based in London. Our members vessels trade internationally but regional intra-EU services are important for UK supply chains. At the outset industry and Government realised the supreme importance of retaining the efficiencies and fluidity of our trading links. The problem however became more acute at the end of 2019 as the first Future Relationship White Paper was substantially more pragmatic in its vision of future UK future borders and border controls, than what is now being negotiated. The second White Paper contains several ambitions which are largely irreconcilable with the previously proposed partnership approach for customs and future borders, which the Chamber had supported. The bar has now been set much higher and there is very little time for implementation.

Industry liaison with DfT, HMRC and BEIS has been good and HMRC has been outstanding in identifying the challenges presented by the UK's EU Exit and new border requirements that will be required. The critical single requirement now is for Government to inform industry what form the border will take how borders will be established in our ports for UK/EU trade and what customs and other checks and reporting requirements will be placed on industry.

The major requirement for shipping is to move to the new relationship without a dislocation of UK/EU shipping services in UK and EU ports.

It is also important that UK shipping retains market access in EU trades.

Seafarers are certificated to international standards and reciprocal recognition will be available UK/EU in the future, so this is not an issue. The Chamber also relies on access to foreign labour markets to obtain seafarers and other maritime professionals working in international companies. UK Immigration rules should allow trouble and quota free access for such non-UK nationals working in UK shipping post 2020.

The industry has repeatedly suggested that the negotiations might usefully address the question of Safety and Security Declarations for UK/EU imports and exports. These have not been required in UK/EU trades since 1993 and there is no logical justification for their reintroduction in 2021, they will simply add a large bureaucratic burden. While not essential an exemption from the requirement to submit these declarations would be an easy win and reduce bureaucracy.

**Q2. How did the Government consult with your sector about its needs? What evidence can you show that the Government has understood the needs of your sector?**

As answered above the HMRC Border Delivery Group was established to oversee EU Exit they are fully informed as to the outstanding challenges faced particularly in the UK's major roll on/roll off ports. They have created a Dashboard of critical issues which must be addressed. It is the Chamber's view that HMRC Border Delivery Group fully understand the needs of our sector and are best positioned to explain those challenges.

**Q3. Has the Government asked businesses and representative bodies about the effect of any of its or the EU's proposals on your sector? How concerned are you about the proposals on transport in the EU's draft legal text? What problems arise from the text as drafted? Have you seen any draft legal text from the UK Government?**

Throughout the process industry has been well advised of all negotiations.

**Q4. How is the Government updating your sector on the outcome of negotiating rounds and has it involved your sector in planning for future rounds?**

We have been updated but in our understanding there has been very little in terms of outcomes to date, progress has been very slow and clarity in relation to future common standards and State Aid regimes would appear to cross-cutting issues that are delaying or indeed preventing substantive progress.

**Q5: How is your sector trying to lobby the Commission or influence its thinking? What input has your industry/sector had into the discussions of the MEPs, including members of the relevant EP committees, who are considering and helping to develop the EU position?**

The Chamber has maintained membership of and good relations with The European Community Shipowners' Association (ECSA) and have access to all EU processes. The access previously afforded by UKREP now UKMIS is not now available and direct engagement between UK trade associations and the Commission has been withdrawn to reciprocate UK Governments position. This has produced an odd one sided dynamic to what had been the previously effective UK engagement with the Commission during transition.

**Q6: What evidence can you identify to show that your sector is able to prepare for the end of the transition period in December? What do you see as the biggest opportunities and how confident are you that your sector can take advantage of them? What evidence can you point towards to show that the Government understands and is mitigating the main risks?**

The trading environment for non-EU international shipping will not change 31 December 2020 but the trading regime for intra-EU UK trade will change and the requirements around new Customs and other reporting requirements and processes is unknown, this includes complex and bespoke arrangements for the Northern Ireland/Eire land border and the Northern Ireland/Great Britain sea border. There is little evidence that the ports and shipping industry will be ready to implement new border controls 1 January 2021 and the required industry action cannot be started until the requirements are known.

The Chamber has not identified any short term opportunities for increasing UK shipping post 31 December 2020.

The main risk is to the fluidity of trade on short sea ferry routes and the impact of new border requirements on the flows of the UK's imports and exports. The Chamber is not repeating a 'Project Fear' message predicting logjams in UK ports but the efficiency of ports and UK supply chains will be reduced. The UK's new custom's reporting regime, once decided will require public and private sector resource for staffing and IT and other infrastructure. New borders will impose a significant additional cost burden on all movements, which will initially fall on industry but which ultimately will be passed on to UK consumers.

**Q7: How much time does your sector need to prepare for any new arrangements? Is there an absolute cut-off date by when businesses in your sector need to know what the new arrangements will be if they are to prepare successfully?**

Discussions within the Chamber have identified a period of approximately 6 months as the absolute minimum time required to introduce new IT and infrastructure at our borders, although several port owners and project management experts are of the opinion that 6 months is insufficient to deliver complex IT and construction projects. Any projects requiring land purchase or planning permissions would add months to the above estimate. In many ports traffic flow will change and new or changes to road infrastructure will be required. The changes are required in port infrastructure not in the ships themselves, so in effect the problem is only an indirect one for the shipping industry.

**Q8. The pandemic has the potential to change fundamentally the transport industry and travel patterns. How best can the two sides ensure they are negotiating for a settlement that will reflect such changes?**

The Chamber is not convinced that the Covid 19 pandemic will fundamentally change the maritime transport industry and at present our efforts are focused on accommodating new measures such as social distancing in our procedures and medical protocols at borders. Freight will need to be transported in the future as now, although volumes might decrease for a period. Passengers one would hope will want to travel much as before although obviously constraints will be imposed when they can travel and the way, and the places to which, they travel.

It is beyond the remit of the Chamber to comment on political aspects and throughout the Brexit process the Chamber remained carefully neutral.

***May 2020***



# Committee on the Future Relationship with the European Union

House of Commons, London, SW1A 0AA

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07 May 2020

John Denholm  
President  
UK Chamber of Shipping

Dear Mr Denholm,

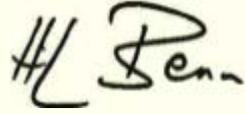
The House of Commons Committee on the Future Relationship with the European Union is inquiring into the progress of the negotiations between the UK and the EU. Under normal circumstances, the Committee would hold regular oral evidence sessions in Westminster. However, measures to prevent the spread of the coronavirus make this difficult.

The Committee wishes to gather as much evidence as possible to inform its deliberations and I am writing to you to ask whether you would be willing to help us with our work by making a written submission. We welcome general responses to our [call for evidence](#), which was published on 4 March. We also hope that you would be willing to answer the more specific questions set out below on issues that fall within your area of expertise. Submissions need not address every bullet point and can include other matters that you think are relevant to the negotiations and should be drawn to the attention of the Committee.

- What are your sector's key asks of the UK Government in the negotiations? What things must the negotiations deliver for your sector? Are there any things that, while not essential, the negotiations could helpfully address?
- How did the Government consult with your sector about its needs? What evidence can you identify to show that the Government has understood the needs of your sector?
- Has the Government asked businesses and representative bodies about the effect of any of its or the EU's proposals on your sector? How concerned are you about the proposals on transport in the EU's draft legal text? What problems arise from the text as drafted? Have you seen any draft legal text from the UK Government?
- How is the Government updating your sector on the outcome of negotiating rounds and has it involved your sector in planning for future rounds?
- How is your sector trying to lobby the Commission or influence its thinking? What input has your industry/sector had into the discussions of the MEPs, including members of the relevant EP committees, who are considering and helping to develop the EU position?
- What evidence can you identify to show that your sector is able to prepare for the end of the transition period in December? What do you see as the biggest opportunities and how confident are you that your sector can take advantage of them? What evidence can you point towards to show that the Government understands and is mitigating the main risks?
- How much time does your sector need to prepare for any new arrangements? Is there an absolute cut-off date by when businesses in your sector need to know what the new arrangements will be if they are to prepare successfully?
- The pandemic has the potential to change fundamentally the transport industry and travel patterns. How best can the two sides ensure they are negotiating for a settlement that will reflect such changes?

The Committee staff will be happy to discuss the inquiry, any issues raised, or the process for submitting written evidence. You can contact them at [freu@parliament.uk](mailto:freu@parliament.uk).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'H Benn'.

**Hilary Benn**  
**Chair of the Committee**