



Post Brexit Trading

Briefing Note

Introduction

The Brexit transition period concluded at 11pm on the 31st of December 2020, seven days after the EU and the UK announced the negotiated Trade & Cooperation Agreement. The deal has been broadly welcomed as it conserves continued good relations between the two blocks. From a freight distribution and logistics sector perspective it allows goods to move freely without the need for additional licences or permits and conserves continued cabotage rights albeit at a reduced rate of 2 additional journeys within a seven-day period. As the United Kingdom is outside the Single Market and the Customs Union new non-tariff barriers such as customs declarations, sanitary and phytosanitary (SPS) checks for products of animal origin, VAT on imports and rules of origin are applied thus causing friction to the free flow of goods between the two blocks.

The impact of COVID 19 (restricted movement and most retail closed) coupled with the new regulatory requirements as a result of our new relationship has resulted in significant reductions in the movement of goods particularly imports into Ireland from Britain since the 1st of January 2021. The volume of goods coming into Irish ports from Great Britain is currently 50% of normal in the early months of 2021. There is a 100% year-on-year increase in the amount of freight trade moving directly between Ireland and continental Europe. This is supported by Rosslare Europort now offering 14 sailings a week between Rosslare and the Continent. Weekly sailings to Northern France from Ireland have increased from 12 in January 2020 to over 30 per week in early 2021.

Changing Supply Chain

The supply chain is going through a period of adjustment as the freight distribution and logistics sector comes to terms with the consequences of the UK leaving the Single Market and the Customs Union. The key issues faced by traders since the first of January 2021 for imports from Britain include:

- Pre Boarding Notification (PBN).
- Automated Import System (AIS) being used in tandem with the AEP system.
- IT System problems.
- Rules of Origin issues – component parts.
- Incomplete paperwork.
- Misunderstanding of regulatory requirements.
- Lack of preparedness of business (particularly British based businesses).
- Groupage – non-tariff barriers and requirement for customs declarations / safety and security declarations is burdensome and costly.
- E-commerce issues to prepare loads for distribution.
- SPS requirements for products of animal origin (POAO).
 - No health certificates.
 - Incomplete paperwork.
 - Issues with load configuration.

For Ireland as a member of the European Union to continue to benefit from the Single Market and Customs Union, we must look to developing stronger trade links direct with continental Europe. The traditional landbridge is compromised due to the requirement for transit guarantees, pre registration on the new customs transit system (NCTS) and for Products of Animal Origin (POAO) registration on 'TRACES' in advance of arriving into France, not to mention the requirement for Kent Access Permit, and checks at offices of transit.

Ferry services to Continental Europe for RORO – Number of ferries per week			
	Cherbourg	Dunkirk	Other
Dublin	6		5
Rosslare	6	6	4
Cork			4

Ratification of the Trade and Cooperation Agreement

Critical to the simplification of future trading relations between the UK and EU including Ireland rests with the Politicians. It is critical that the EU ratify the trade and cooperation agreement as soon as possible, as the trade and cooperation agreement has been introduced in the EU on a provisional basis since the 1st of January pending ratification.

When ratification is concluded, the partnership council and specialised sub-committees can be established that provide more of a focal point to deliver simplifications through trusted trader schemes, for industry and builds political structures that will support this. The trade agreement highlights trusted trader programmes such as AEO and potential for some SPS check simplifications to be introduced. The ratification of the agreement will accelerate at a political level the focus on these arrangements to the benefit of industry.

Specialised Committees

The Partnership Council (co-chaired at ministerial level – EU Commission & UK Minister) will oversee the attainment of objectives and will meet at least once per year. It establishes and dissolves trade specialised committees.

- The EU Co-Chair of the partnership council will be the Vice President of interinstitutional relations and foresight.
- Specialised committees will be established for Road Transport and a Trade Specialised Committee will be established for Goods, customs cooperation and rules of origin.

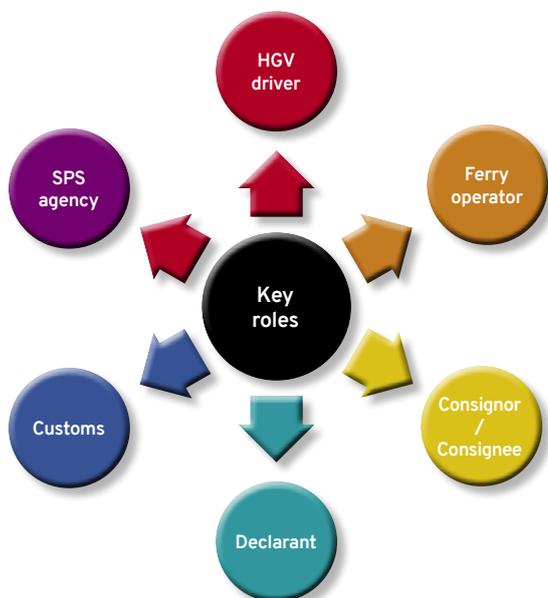
The establishment of these committees are essential to the functioning of the trade and cooperation agreement.

Delays to the committees establishment due to the delay in ratification means that there will be delays in improving the possibility of easements for the movement of freight between the two blocks.

Roles and Responsibilities

Who is responsible for the consignment?

- This needs to be agreed and defined.
- Role of the driver – he/she is the point of contact with enforcement authorities.



Role of the Declarant

- Availability and support – agreed.
- Arrangements in the event of incorrect paperwork.

Customs

- 6% documentary checks.
- 2% physical checks.

DAFM

- 100% documentary checks for goods of animal origin, live animals, plants.
- On Average 30% physical checks.

The importance of determining and understanding roles and responsibilities is crucial in delivering efficient post Brexit supply chains. Hauliers must have confidence that the consignor, consignee and freight forwarder are all working in tandem to ensure all paperwork is correct.

It is important to understand how the enforcement regime functions and what the rules of engagements are. Physical and documentary inspections from a revenue perspective are supposed to be intelligence led. That is to say it is a risk management process and those with a reputation or indeed with suspicion of not complying will always be the prime targets for inspections. Therefore, all need to put their best foot forward in developing a robust compliance reputation. The EU mandates that customs checks should be on average 6% for documentary checks and 2% for physical load checks. To date, it has been reported that between 20 and 30% of vehicles arriving into Dublin and Rosslare have been called for either documentary or physical checks.

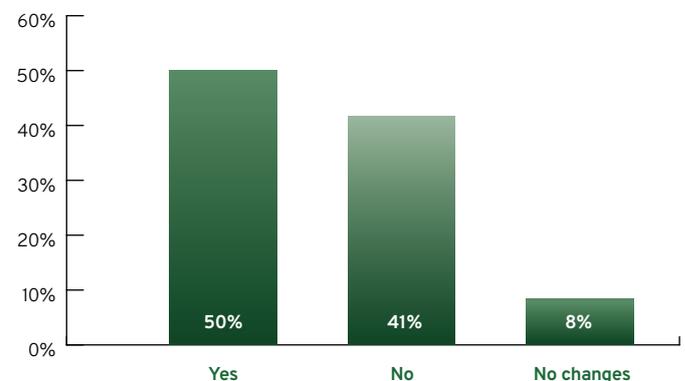
Products of animal origin (POAO) require 30-50% physical check requirements and 100% documentary checks (apart from transit goods). Understanding this is important in attributing blame for delayed deliveries. All in the supply chain must work together to agree responsibilities and to have contingencies for delays. This will require revision of current practices.

FTA Ireland Post Brexit Trading survey results

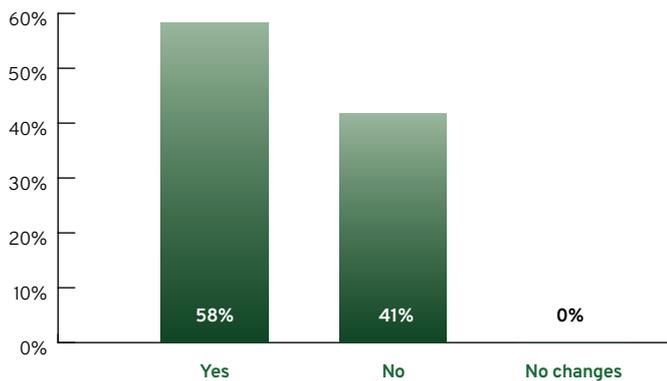
FTA Ireland carried out a survey of our members in the final week of February and 1st week of March to assess their experience to date of the impact of the new trading environment on their business.

In line with well documented evidence respondents have seen a reduction of exports (50%) to GB from Ireland and 58% reduction on imports from GB up to early March 2021.

1 Have you experienced a reduction in trade volumes for exports to GB from Ireland since the 1st of January 2021 to date compared to the same period in 2020?

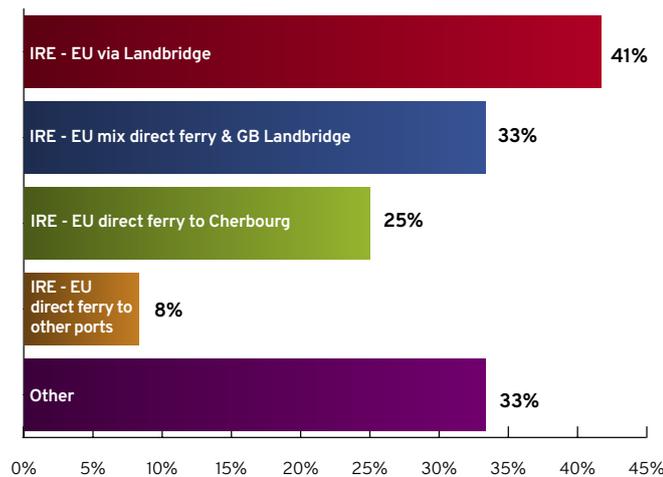


2 Have you experienced a reduction in trade volumes for imports to Ireland from GB since the 1st of January 2021 to date compared to the same period in 2020?

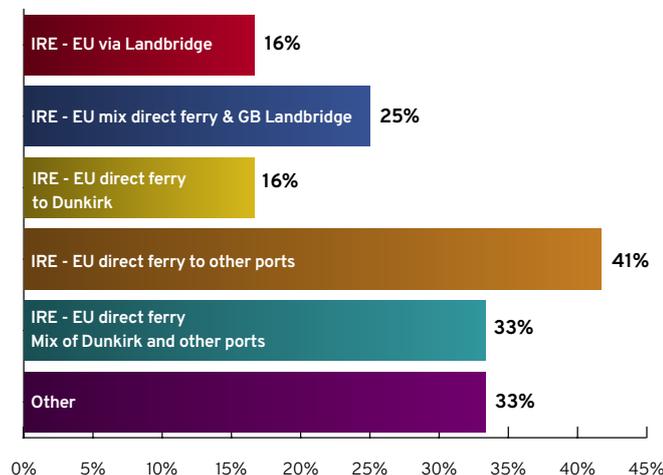


Looking at the comparison between how members have moved goods pre and post Brexit we find that 41% used the landbridge before the 1st of January and since then there has been a 60% reduction in this route. Those that used both the landbridge and direct routes has remained steady and are included in the 16% using the landbridge since January. 16% of members are using the new Dunkirk route and 33% are using both the Dunkirk and other direct routes.

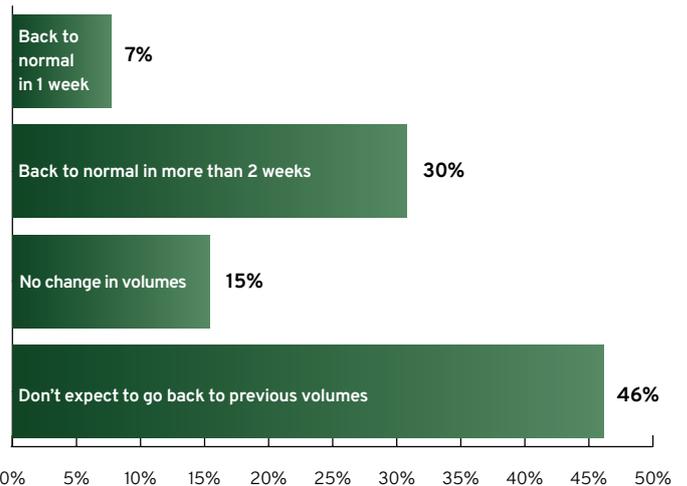
3 When transporting Goods to Continental Europe what trade routes did you use before Brexit?



4 When transporting Goods to Continental Europe what trade routes have you used post Brexit since 1st of January 2021?



5 When do you expect to go back to regular volumes compared to the same period last year?

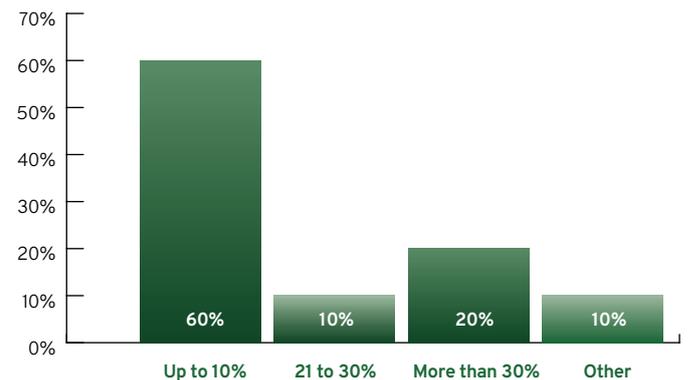


Of concern is that 46% of respondents do not expect to go back to the same levels of trade with 38% expecting to return to normal levels in the near future and 15% have seen no changes in volumes.

Some of the key issues experienced include:

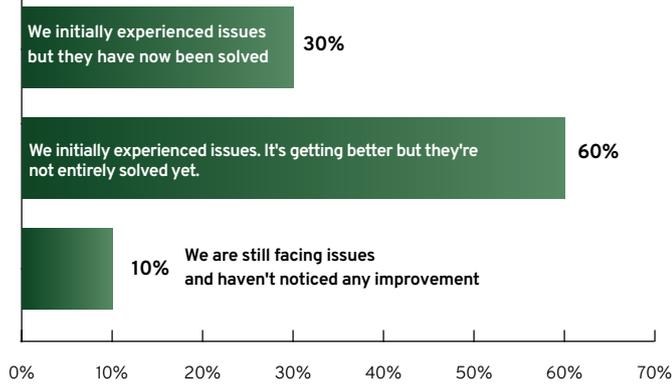
- Losing customers due to Brexit.
- New trade with Europe.
- UK suppliers not supplying Ireland anymore.
- IT issues.
- Systems issues.
- Duplication of data.
- GB unprepared.
- Issue for groupage.

6 On average, what proportion of your vehicle/trailer import movements have been called to Revenue for documentary and or physical inspections?



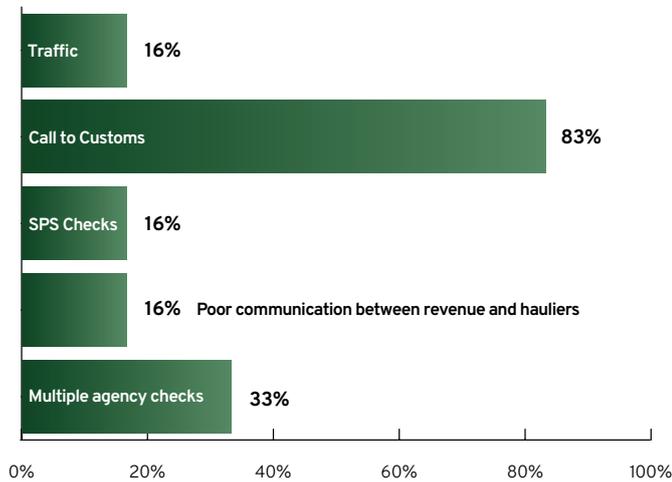
60% of respondents indicated that up to 10% of their fleet had been called for inspection by the Irish Revenue; 10% saw no impact and 30% have seen over 21% of their fleet called for inspection. This suggests that there is a comprehensive implementation of the rules at Irish ports and it also indicates that the vast majority are seeing low volumes of inspections by the authorities.

7 How has the situation changed over time?



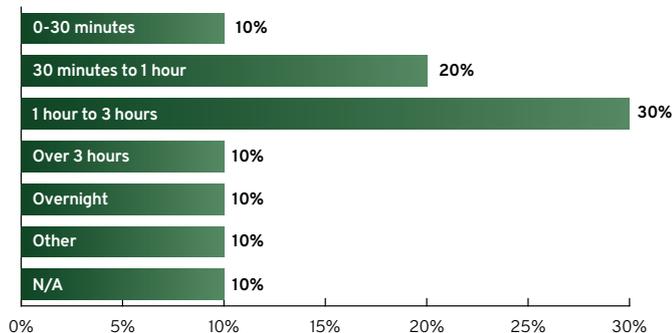
There have been well documented issues particularly in the early months of 2021 – respondents indicate that things are getting better but there is still some way to go. Given the scale of change required this is not surprising!

8 For imports, have you experienced delays in Dublin/Rosslare ports? If yes, what were the reasons for the delay?



50% have seen delays at ports with the main reasons given as call to customs 83%, some not sure why they were called, and blamed poor communication and other reasons included sps checks.

9 On average, how long were your vehicles held for inspection?



Conclusion

FTA Ireland have engaged pro-actively with all main stakeholders through committees and stakeholder meetings. A cooperative and collaborative approach to delivering solutions to support Ireland's trade competitiveness is essential in limiting the impact of Brexit on all in the freight distribution and logistics sector. It is very important that all stakeholders including the Irish Government highlight the unique impact Brexit is having on the country because of our geographic location and scale of the change required. The following are a synopsis of the recommendations we have submitted to An Taoiseach for his consideration:

- Adjustment period – Time is needed to transition to the new trading requirements.
 - Upskill customs agents / brokers.
 - Training and support for industry to upskill and train.
- Extend the relaxation for requirement for safety and security declaration (ENS /EXS declarations) for 6 months (in line with UK).
 - Pursue with the EU commission and the UK to remove the requirement for safety and security declarations altogether.
- Simplify the IT systems and ensure that there are connectivity controls that facilitate importation of duplicate information.
- All State agencies should be able to access necessary information through the Revenue IT systems, reducing the need to duplicate submissions in different formats from industry. This will reduce the burden and cost on industry.
- It is important that there is transparency in the inspection regime to supports industries understanding of reason for inspection. The transparency could take account of the following:
 - Frequently published list of key issues experienced by inspectors.
 - The length of time taken on average to deal with clearing loads called for inspection.
 - Average waiting times in all the inspection areas.
 - Confirmation of the issues and the resolutions required should be shared with the haulier as well as the declarant.
- Facilities need to be constructed to look after the welfare of drivers.
- Improve support to industry - The revenue supports / email and the phone number are not working effectively at all times. Outreach to industry needs to improve.
- More funding for training to aid all within the supply chain adopt to the new requirements.
- The Department of Transport urgently review the situation and provide an UpToDate assessment of connectivity for the Irish supply chain. There is over demand for direct services to continental Europe with limited capacity in an unusually quiet period, if capacity isn't increased urgently the Irish supply chain will struggle.