



An Taoiseach Micheal Martin TD

Department of the Taoiseach,
Merrion St Upper,
Dublin 2

24th January 2021

RE: Impact of Brexit on the Freight Distribution and Logistics Sector - Implementation of new customs controls from 1st January 2021

Dear Taoiseach,

FTA Ireland is a multimodal representative trade association embracing membership from the shipping, haulage and passenger transport sector. Our membership embraces a broad range of sectors and includes among others ESB, Bus Eireann, BWG, Musgraves, DHL, BOC, Kerry Foods, Glanbia, Carberry Co OP and haulage business such as South Coast Transport, Perennial Freight, Baku GLS and many other own account and licensed hauliers. We provide advice, guidance, training and support to our members; our ethos is to promote compliance, raise standards and where requested by our members intercede on issues where clarity is required, or solutions are suggested. We have a proud history of fulfilling our role and doing so with the support and help of the Road Safety Authority, Health and Safety Authority, An Garda Siochana and other agencies who operate in the compliance space.

FTA Ireland welcomed the trade deal negotiated between the EU and the UK and delivered on the 24th of December 2020. The deal delivered a lot of certainty for all of us involved in the freight distribution and logistics sector namely, continued market access, cabotage rights (albeit reduced), no tariffs or quotas etc. We recognise that after the final deal details became known much change would follow. These changes represent a significant shock to the island's supply chain that will need significant time to adjust, complicated by our geographic location, dependence on the existing supply chain and especially consumer vulnerability to supply chain changes. A period of transition is required; the fact is that the new post Brexit customs and SPS requirements could not be tested by industry until they went live at **11pm on the 31st of December 2020.**

Industry has done its best to prepare whilst delivering services during the COVID pandemic. Likewise, there is much learning from state bodies to adopt to the new trading requirements. In theory customs checks should not be too burdensome with EU guidance dictating that approx. 6% of loads are called for documentary checks and 2% of loads are called for physical checks. There are more requirements for physical and documentary checks for loads with products of animal origin. The reality since the 1st of January is that because of issues with the revenues new Pre Boarding Notification (PBN) system, new requirements for safety and security declarations and import/export declarations industry is struggling to keep the flow of goods moving.

There is a growing backlog of goods of all hues, from mechanical parts (car parts) to electrical household goods, furniture, clothing, food supplies sitting in depots because there are not enough agents to process the declarations correctly. In addition, there are issues with the systems and there are problems with providing enough support and guidance on the new requirements to industry to make this work. The net result will be that companies operating on very tight margins will cease trading creating unemployment, supply lines will disappear, and the consumer will be left with less supply and increased prices. Compounding the challenge is that there is not enough ferry service supply on direct routes to continental Europe.

Whilst we have seen expansion of services to Cherbourg and a new route to Dunkirk from Rosslare, it is not enough. The recently published (November 2020) IMDO report 'A Re-Assessment of Ireland's Maritime Connectivity in the context of Brexit and COVID 19 Challenges' highlighted that there was enough capacity on direct routes (pg4) and asserted that increased demand would be met with extra services. The fact that hauliers with bookings on direct services are being bounced because of overbooking demonstrates that this theory has been challenged.

The island's vulnerability in these challenging times cannot be overstated. Whilst statements from Customs and Revenue Commissioners on the surface appear to confirm that the implementation of the new procedures is progressing satisfactorily, the reality is that volumes are low, the profile of traffic is that unit loads of non-food products are clearing customs relatively easily and all this against a background of huge stock piling pre Brexit. As the stockpile requires replenishment, the real challenge will come and that is why the current issues that our members have highlighted to us, are a stark warning/signal that there is inevitably going to be huge disruption with many knock on effects to the supply chain. The facts are that the landbridge through the UK carried approx. 80% by volume of traffic to the EU and that is effectively out of bounds for almost all exporters due to the potential delays at the Channel ports; approx. 6 out of every 10 trucks returning to this island bring loads to the UK as the balance of traffic with Europe is such that for every 10 loads we export, we import only 4; over a period of time therefore, capacity for transporting our exports will shrink – each roundtrip already takes longer – and there will be less capacity available. This will have knock-on effects for agriculture, pharmaceutical and other industries where speed of delivery is critical.

There is evidence from our members that freight forwarders are refusing to accept freight prior to clearance confirmation; this will clog up supply chains and where companies have traditionally been dependent on part load sized consignments their options for importing are become much more expensive. All these facts add to the reality that there is new cost in the system that will be passed on to the customer.

As a trade representative body, we want to highlight that our engagement with Revenue, DAFM and the Department of Transport has been good, and all are working tirelessly to support the reality of the new trading environment. The point needs to be made that industry needs an 'adjustment period' with further simplifications of systems that requires a lot of duplication of data.

We make the following recommendations for consideration:

1. Adjustment period - provide an adjustment period for up to 6 months to facilitate the transition to the new trading regulatory requirements. Use this time to invest in training and education to:

- a. Upskill customs agents / brokers
- b. Upskill and train state inspectors from all agencies
- c. Test the IT systems

2. Simplifications to the pre boarding notification (PBN) system – a. Postpone the requirement for PBNs for a period of time until all the current issues are sorted with the system

- i. Examples of issues include Transit Movement Reference Number for both exports and imports not being recognised
- ii. AEP V's AIS generated MRNs not being recognised
- iii. Safety and security declaration MRN not being recognised on the system.

3. Unaccompanied trailers: Change the rules regarding the dropping of unaccompanied trailers at ports. Unaccompanied Trailers should be allowed park in the ferry terminals in advance of PBNs being created.

a. Unaccompanied trailers are normally delivered to ports hours in advance of departure time as the tractor that drops the trailer is also picking up newly arrived trailers in the port. Because it is taking longer to create PBNs this is problematic for hauliers and causing undue complexity to their processes. Allowing trailers park in the ferry terminal will alleviate some of the strain on the ro/ro activity and provide much needed easement for hauliers.

4. Extend the relaxation for requirement for **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 3 altogether. They duplicate the customs declaration and by removal this layer will aid the haulage sector through less administrative burdens and reduced costs.

- a. The UK have introduced simplifications to ease the burden on industry in the following areas:
- b. Safety and security declarations – (Entry summary and exit summary declarations) are not required until July 2021
- c. Reduced requirements for checks on products of animal origin with SPS checks being introduced for supermarket staples in April 2021.

5. Simplify the IT systems and ensure that there are connectivity controls that facilitate importation of duplicate information.

None of these requirements (including Safety and Security) were developed with the levels of volumes between EU and UK trade in mind!

6. Transparency – It is important that there is transparency in the inspection systems to support industries learning of key issues. The transparency could take account of the following: a. Frequently published list of key issues experienced by inspectors b. The length of time taken on average to deal with clearing loads called for inspection c. Average waiting times in all the inspection areas.

7. Communication - Confirmation of the issues and the resolutions required should be shared with the haulier as well as the declarant. This will support the quicker resolution of issues. In a lot of cases (particularly for hauliers picking up unaccompanied trailers) the haulier in Ireland has had no part to play in the submission of the customs declaration and PBN generation.

Reasons for calls to customs are notified to the declarant who is based in Britain. The local haulier is not getting an understanding of the issues and has drivers in some cases sitting in T11 for 2/3 nights in worst case scenarios.

a. Where valid MRNs are not being recognised on the PBN system and queries come in relating to this issue an immediate fix must be provided to the operator? The hauliers should be allowed leave as revenue follow up on their systems issues – after all they have the paperwork!

b. Currently access to ROS/Customs/DAFM is on-line but via a multiplicity of access software programs; bring forward the ‘one stop shop’ format that has been promised.

8. Facilities – T11 does not have adequate facilities for drivers, particularly for the volume of drivers having to stay with the loads for long periods of time.

a. Facilities need to be constructed to look after the welfare of drivers

b. Drivers are currently asked to sleep in trucks that are not designed with sleeping quarters

9. Support – The revenue supports / email and the phone number are not working effectively. There are numerous complaints from businesses that have genuine queries calling the number emailing in queries and no response to operators. This is particularly relevant where revenue do not understand themselves what the issue is.

This is easily demonstrated when hauliers are providing MRNs and the correct paperwork, yet the loads are not being released by Revenue.

10. Brexit - (new trading environment) related Training to include Customs courses, international distribution to third countries and movement of Agri-foods; Supply chain adaptation, Preparation for the haulage sector courses etc. should receive up to 80% funding through the Brexit adjustment fund.

Given the critical nature of our new trading requirements with the UK and the implications for the Irish Economy, designation of funding will act as a vital incentive to aid the Freight Distribution and Logistics sector to upskill as necessary in preparation for Brexit.

a. Continued support through skillsnet for all customs related training and clear customs

11. Connectivity with Continental Europe - Brexit has delivered increased complications for trade between Ireland and Great Britain for the supply chain with little or no time to prepare for the introduction of new customs systems and processes. The traditional route to continental Europe via the landbridge is not as appealing resulting in increased demand for direct services between Ireland and continental Europe. The recently published (November 2020) IMDO report ‘A Re-Assessment of Irelands Maritime Connectivity in the context of Brexit and COVID 19 Challenges’ highlighted that there was enough capacity on direct routes (pg4) and asserted that increased demand would be met with extra services.

The fact that hauliers with bookings on direct services are being bounced because of overbooking demonstrates that this theory has been challenged. FTA Ireland recommends that 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. As ferry

operators cancel bookings on 4 Ireland / UK routes a temporary solution would be to divert extra ferry capacity onto the continental routes to alleviate some of the pent-up demand.

12. Rosslare - Dunkirk route - This service is more expensive than other connections to Cherbourg and considerably more expensive than the landbridge. The Brexit adjustment fund should be used to subsidise the additional cost to hauliers. The Brexit Adjustment Reserve is aimed to counter adverse consequences in Member States and sectors that are worst affected. Taking all the issues Ireland faces; the additional cost both in time and administration red tape; and the increased cost to market is providing more difficulties for the freight distribution and logistics sector. 13. In addition, all shipping companies (incumbents and new entrants) should be encouraged to review new routes that are viable alternatives to the landbridge.

Examples of current issues experienced:

Missing flights from Heathrow – Operator could not create a PBN to enter the ferry terminal – issue related to the recognition of Transit MRN – resolution – Revenue issued a blanket directive to create PBN as an empty trailer – too late – operator had been looking for direction from revenue for over 4 hours – missed the ferry and connecting flight in Heathrow – This was a load of pharmaceutical products

Prolonged delays in T11 – PBN empty and MRNs submitted are being identified as incorrect

- Lack of communication with haulier
- Relationship with agent/ person responsible and haulier is critically important – major problems with this at the moment
- Reasons for load being detained must be communicated to the haulier so that they can follow up on resolving the issue with their agents

Complex relationships – agent in UK? Lack of understanding as to when vehicles in T11 are being processed

Drivers there for over 2 nights

Facilities are not adequate for overnight

- **DAFM** – growing issues with food being destroyed as it can't get out of T11
T10 very quiet – food loads are not being called for inspection – this evidenced as growing feedback from members that

Ferry's – problems with loading the Neims manifesto creating issues are PBNs are not registered with revenue as about to arrive – therefore routing cannot be communicated

Groupage - The more consignments on a load the more complicated the customs process

- Relationship of agent/person responsible and haulier critical
- Control of customs / safety and security / pbn – less agents or inputs the less mistakes
- E-commerce

It is important to highlight this point as the impact on this service is such that it is manifesting itself in the significantly reduced volume of trade between Britain and Ireland.

Food Supplies, E Commerce; essential consumer goods such as DIY, hardware, electrical goods for example are traditionally shipped this way. The administrative burden is such that industry needs time to develop customs competencies to facilitate this type of trade as well as time to adjust the supply chain.

We are available to meet to discuss these issues as a matter of urgency and look forward to hearing from you soon.

Yours Sincerely,

Aidan Flynn General Manager FTA Ireland

CC: Tánaiste and Minister for Enterprise, Trade, and employment Leo Varadkar TD Minister for Foreign Affairs Simon Coveney TD Minister of State at the Department of Transport, Tourism and Sport Hildegarde Naughton TD