

# Brexit preparedness guide for the haulage sector

## Briefing note

Brexit day the 29th of March 2019 is fast approaching. It is incumbent on all within the supply chain to prepare, work collaboratively and define future plans to minimise the risk posed to the movement of goods into and out of the UK including Northern Ireland. FTA Ireland are working hard on behalf of our members to raise awareness of the issues with stakeholders and to work proactively in preparing for the future trading environment. This paper sets out recommendations for the haulage sector to aid the preparedness in advance of 'B' Day!

## Brexit Implications for movement of Goods



The UK will leave the EU and the Customs Union and Single Market. In the event that there is a 'no deal' the implications for the movement of goods into and out of Ireland from the UK will be as follows:

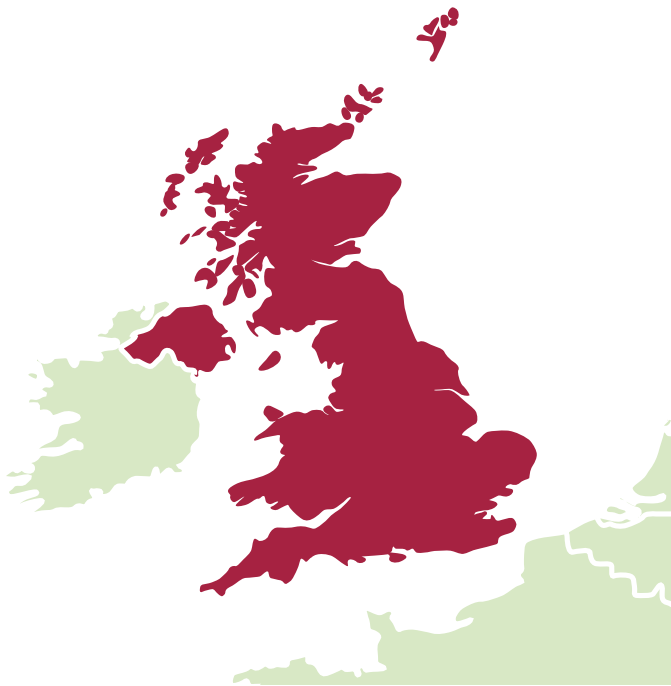
- Customs declaration requirement for all goods
- UK default to WTO rates and rules
- Additional Administration Burden

- Operators will be required to provide advance cargo information for shipments into Ireland (from the UK) through the lodging of an electronic declaration
  - The party responsible for the submission is “the person who brings the goods, or who assumes responsibility for the carriage of the goods into the customs territory of the Community
- Single Market currently governs HGV licencing and the ability to drive within the EU territory. Once the UK leave the EU they will no longer be part of the Community Licence. The current default for licencing trucks to drive in the UK and UK trucks to drive in the EU is the ECMT licence. ECMT Licence (European Conference of Ministers of Transport) are multilateral licences issued under the International Transport Forum / OECD for the international carriage of goods by road for hire or reward by transport undertakings established in an ECMT member country, on the basis of a quota system.
- Non-Tariff Barriers such as Sanitary and Phyto Sanitary checks will be additional to customs checks for agri-food products. (currently 70% approximately of all trucks arriving into and out of Dublin Port have some form of food product on board).
- There will be a number of agencies responsible for checks on cargo:

Activity	Functions performed	Agency
Revenue collection	<ul style="list-style-type: none"> <li>• Collection of Customs dues, excise dues, and other indirect taxes</li> <li>• Payment of dues &amp; fines</li> <li>• Management of bonds and other financial securities</li> </ul>	Revenue & Customs

Activity	Functions performed	Agency
Safety & security	<ul style="list-style-type: none"> <li>Security &amp; smuggling controls</li> <li>Dangerous goods</li> <li>Vehicle checks</li> <li>Immigration &amp; visa formalities Export licences</li> </ul>	Revenue & Customs An Garda Siochana Dept of Social Welfare
Environment & health	<ul style="list-style-type: none"> <li>Phytosanitary checks</li> <li>Veterinary checks</li> <li>Food hygiene controls</li> </ul>	Dept of Agriculture Food & the Marine (DAFM) Sea Fisheries Protection Authority (SFPA)
Consumer protection	<ul style="list-style-type: none"> <li>Product testing</li> <li>Labelling</li> <li>Conformity checks with marketing standards</li> </ul>	Local Trading Standards (HPRA - Health Products Regulatory Authority)
Trade policy	<ul style="list-style-type: none"> <li>Administration of quota restrictions</li> <li>Agriculture refunds</li> <li>Trade defence Customs agreements</li> </ul>	Revenue

## Routes to Market



- Review your current contracts
- National Distribution – understand where the products you move are sourced from. If coming from the UK or Via the UK it is important to develop contingency plans with your clients to fully understand the potential consequences of delays in the supply chain
- International Haulage – what are your routes to market. If you use the Landbridge, are there alternative routes. You must work with freight forwarders and consignors to raise awareness about potential delays using the landbridge and assess collectively alternative options
- Direct to continental Europe – speak with shipping companies and freight forwarders to ensure they will have capacity to grow services and not compromise the current arrangements you have.

## Considering Alternative Routes

A large portion of Ireland's road freight intended for mainland Europe market and further east markets passes through the UK. Post-Brexit, new tariff rules, and customs checkpoint could be put in place along the Ireland-UK border both of which could add to transit times and transport costs of Irish exporters.

Currently, there are several alternative routes that supply chain experts and international trade leaders could use. These routes include:

### 1 Dublin Port – French Port of Cherbourg

Direct ferries running from Ireland to France and back almost occur daily, which makes this route a logical option for Irish companies to send their freight through, as it is a direct and hassle-free route to mainland Europe

### 2 Dublin Port – Belgian Port of Zeebrugge

Port of Zeebrugge is one of the major EU ports that will be severely affected by Brexit since 45% of its trade traffic comes from the U.K. However, port chief executive Joachim Coens remains optimistic about the future of the port.

### 3 Dublin Port – Dutch Port of Rotterdam

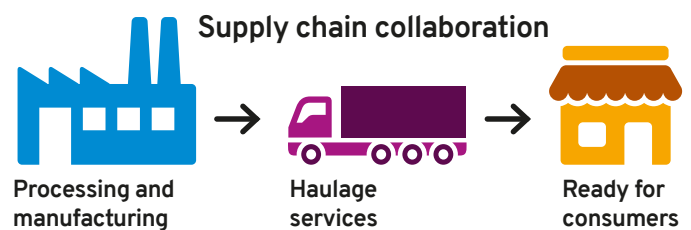
A direct sea route from Dublin to Rotterdam would be an ideal route that would put freight on the doorstep of Northern Europe, with many European trading partners easily accessible from that area.

### 4 Port of Cork City – Spanish Port of Santander

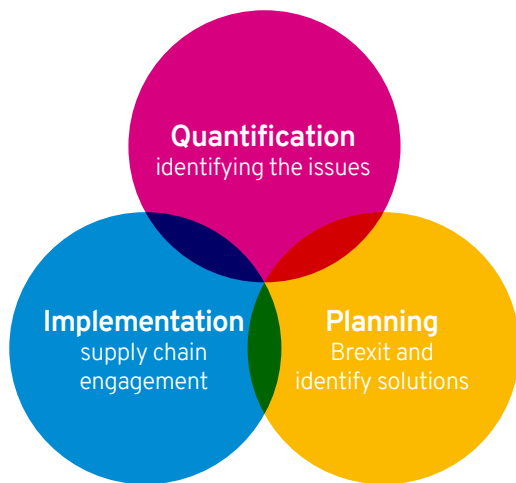
Spain is also a major trading partner for Ireland, and potential routes from Ireland to cities such as Santander would be of significant benefit to post-Brexit Irish companies.

While these alternative routes are not guaranteed to offer shorter transit times for Irish Hauliers, they would help them to optimise their delivery schedule. Consignors will have to rethink their packaging to prolong the lifespan of their products, and possibly encourage them to fully commit in export diversification by establishing additional warehouse facilities in Continental Europe.

## The Supply Chain



- Brexit requires high levels of collaboration and understanding of the implications of a 'no deal' Brexit.
- Every level of the supply chain should work to consensus regarding routes to market without compromising contractual obligations. Haulage operators play a key role in manifesting ease of passage through future customs and regulatory checks but their consignors and freight forwarders must not nor should they transpose 100% responsibility to the Haulier. To successfully navigate the issues posed by Brexit will require good relations and excellent working relationships to enable goods to reach their destinations on time. Clients such as those in the retail and supermarket sector who rely on just in time deliveries must adapt a more flexible approach in dealing with hauliers that are delayed due to forces outside their control.



## ECMT Licence

- ECMT licence application form is available from the [https://www.rtol.ie/rtol-online/static/downloads/en/EN\\_APPL\\_ECMT\\_ANNUAL\\_LICENCE.pdf](https://www.rtol.ie/rtol-online/static/downloads/en/EN_APPL_ECMT_ANNUAL_LICENCE.pdf)
- There are 1000 (approx.) ECMT licences for Ireland. 13,000 trucks are on the international operator licence. 70% of this fleet trades with the UK and 30% use the landbridge or go direct to continental Europe
- There are less than 10% licences available
- DTTAS will only issue ECMT licences once the EU / UK negotiations conclude and there is certainty around the requirement for ECMT.
- ECMT is not a solution and it is expected that there will be a future permit licence regime agreed between the UK and EU
- For South North Trade the UK have already advised that they will not require ECMT licences for Irish trucks. This has not been reciprocated yet as Ireland is bound to the EU27 negotiations with the UK and cannot agree bi-lateral agreements in its own right with the UK at the moment.
- Own Account (companies that move their own goods by road but are not engaged in hire and reward) are not required to have an ECMT Licence
- Unaccompanied trailers will not require an ECMT licence with certain exceptions that is dependent on who delivers and collects the trailers at the ports. For example an Irish international haulier that has an operator licence in Ireland and in the UK and is sending unaccompanied trailers by sea will not require an ECMT licence.

## AEO



AEO status is a certified standard authorisation issued by customs administrations in the European Union (EU).

- Economic Operators Registration Identification (EORI) is a system whereby every trader who interacts with Customs Authorities in any Member State of the EU is allocated a unique reference number. A declarant is obliged under legislation to register for EORI.
- AEO authorised traders should be authorised to use simplified customs procedures, reducing burdens on business
- An AEO Mutual Recognition Agreement must be put in place between the UK and the EU (including Ireland) to enable AE to be awarded fast border passage

- Increasing the knowledge base of Customs formalities. 30 years of free trade has all but erased the corporate knowledge of Customs formalities in Ireland GB trading.
- Accurate and Timely presentation of data to Customs will prevent unnecessary delays and congestion at ports and border crossings.
- AEO Status will give the declarant trusted trader status with EU Customs and expected to also be recognised by HMRC

## EU Definition of the active mode of transport for Road transport

*“In the case of combined transport (e.g. a truck carried on a ferry) where the means of transport entering the customs territory of the Community (the ferry) is only transporting another means of transport which, after entry into the customs territory of the Community, will move by itself as an active means of transport (the truck), the obligation to file an ENS lies with the operator of that other active means of transport (the trucking company).”*

## Common Travel Area

The Common Travel Area (CTA) is a long-standing arrangement between Ireland and the United Kingdom which enables Irish and UK citizens to travel and reside in either jurisdiction without restriction and provides for associated rights and entitlements in both jurisdictions. The Common Travel Area predates membership of the EU by both Ireland and the UK and is not dependent on it.

- International Haulage operations should review the nationality of their drivers and understand the number of drivers that do not hold an Irish or UK passport.
- FTA Ireland survey indicates that at least 30% of drivers currently employed by Irish international hauliers do not hold an Irish or UK Passport. This is important as in future trading with the UK these drivers may be subject to additional checks at the UK borders by immigration.
- Language proficiency – it is very important that all drivers entering and exiting the UK should have sufficient English to be able to communicate effectively with officials at UK Ports / Borders.

## Auditing



All in the supply chain should develop a culture of periodic compliance auditing. A condition of AEO is that the AEO holder must audit their sub contractors as a condition of the AEO status. For hauliers that are procuring for business it will be a benefit to highlight and promote the auditing regime you have in place to periodically review (internal and independent audits) your compliance, security and sustainability of your business.

FTA Ireland's TruckSafe standard at Gold, Silver and Bronze will aid haulage companies in this regard. Synergies already exist in the AEO application process and TruckSafe.

- Safety and Security
- Systems to manage commercial records

An examination by Derek Dunne of Manifests Ireland of TruckSafe and AEO showed TruckSafe bronze requirements cover in excess 65% of the AEO requirements in these areas.

## How FTA Ireland can help with AEO and Access to making Customs Declarations



- FTAI can aid with attainment of AEO and the application process.
- FTAI are currently working on a software suite that will provide members with access to make Customs declarations directly to Irish and UK Customs authorities.
- Providing support and knowledge for making timely and accurate declarations to Customs and eliminating delays or stoppages at border frontiers. Including Import / Export / ENS/ E Manifests and Transit declarations.
- FTAI will provide brokerage services to infrequent users completing and submitting declarations to Customs on their behalf
- FTAI will provide advice and support to large volume users who may wish to integrate their current systems to Customs systems.

### Funding



#### Enterprise Ireland

- The Be Prepared Grant supports Enterprise Ireland clients in preparing an action plan. It is designed for SMEs who would benefit from further research and the use of external expertise in developing this plan.
- The grant— which offers up to €5,000 in support— can be used to help cover consultancy, travel and travel expenses associated with researching the direction of their action plan. This might involve investigating the feasibility of diversifying into new markets and market segments; investment in innovation; improvement in operational competitiveness; and/ or enhancement of strategic financial capability.

- <https://www.enterprise-ireland.com/en/funding-supports/Company/Eestablish-SME-Funding/Be-Prepared.html>

## InterTradeIreland

### Intertrade Ireland

- Start to Plan - advice and support worth £2000/€2250
- InterTrade Ireland offers 100% financial support up to £2000/€2250 (inclusive of VAT) towards professional advice in relation to Brexit matters. This support can help your business get advice on specific issues such as movement of labour, goods, services and currency management.
- <https://intertradeireland.com/brexit/brexit-start-to-plan-vouchers/>

## Professional Driver Skills Shortage.

There is an acute Professional Driver Shortage in Ireland today.

Over the last number of years, Eastern Europeans have been widely used to address this shortfall.

This is changing at a very fast pace due to the growing economies and increased wages in Eastern Europe. Eastern European drivers are returning to their home countries to take up work.

In addition to this, the average age of a professional driver is 44.4 years, with 32% of professional drivers 50 years of age or over. This statistic shows that there will be an increased shortage of professional drivers in future years.

FTA Ireland have addressed this serious issue. We are now the lead proposer for the HGV professional driver apprenticeship. We need to encourage new drivers into our industry. We will provide extensive training to new drivers. We are in the process of engaging with industry leaders to become involved in the apprenticeship program. If you or your company wish to be involved in this consortium, please contact Aidan Flynn [aflynn@ftai.ie](mailto:aflynn@ftai.ie) at your earliest convenience. This apprenticeship program must be industry led for it to succeed.

For more information on fta ireland visit [www.ftai.ie](http://www.ftai.ie)

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