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Y Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol / The External
Affairs and Additional Legislation Committee
Goblygiadau gadael yr Undeb Ewropeaidd i Borthladdoedd Cymru /
The Implications of Brexit for Welsh Ports
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Ymateb gan Gymdeithas Cludiant Ffyrdd / Evidence from the Road
Haulage Association

30 May 2017

**Written submission by the Road Haulage Association
For the National Assembly for Wales External Affairs Committee -
Inquiry into the implications of Brexit for Welsh Ports**

The Road Haulage Association is the trade body representing the commercial road haulage industry in the UK. Our 7,000 members operate near to 100,000 HGVs nationally and internationally. Companies range in size from those working with a single truck to those with thousands of vehicles.

The sector is largely taken for granted, our road haulage companies provide an essential service on which the people and businesses of the UK depend. The food we eat, the clothes we wear, the houses we live in and the places where we work all depend upon road haulage working to get goods to where they need to be.

The large goods vehicles entering and leaving Welsh ports carry massive quantities of goods that are needed in both the UK and Ireland. It should also be noted that Great Britain is a vital land bridge for goods moving between Ireland and Northern Ireland, and the continental EU. Any disruptions in the Dover Straits and North Sea routes can have knock on impacts on Irish Sea routes.

RHA advice to date

The RHA responded to questions about Brexit from the House of Lords in October last year. In early February this year, after further consultation with our members and having engaged with Government Departments and others, the RHA provided a more comprehensive view of the challenges faced as a result of Brexit. We published two documents at that time – these are attached for review by the committee.

In our February Brexit papers we put the need for seamless customs procedures as our first priority. Due the nature of Roll on – Roll off (**Ro-Ro**) freight movements across the Irish Sea, the North Sea and the English Channel we believe that if

adequate arrangements are not in place it will be the most disruptive supply chain problem we face and it will be the most difficult to correct quickly.

Inadequate arrangements for customs risk stalling the supply chain as ferries will not be able to discharge quickly at destinations in Ireland and Wales. If vehicles cannot be discharged because of customs or border procedures on arrival the ferries will not be able to reload in the other direction. These disruptions will cause severe knock on impacts such as HGV drivers running out of hours (HGV drivers hours are tightly controlled to ensure fatigue is minimised).

At its worst the UK will have paralysed international supply chains. This will be noticed by businesses and consumers very quickly – we suspect within days.

The RHA also highlighted the importance of getting our Brexit arrangements right in our suggestions to the UK political parties in advance of the general election. This was contained in our paper “Moving the Economy Forwards” published on the 1st May.

You should be aware that many vehicles transiting on the Wales - Ireland routes are bound for Northern Ireland. These are UK domestic movements that are, like all intra-EU movements, unimpeded at the moment as there are no customs requirements. Our understanding is that the ferry routes directly into Northern Ireland from Great Britain do not have the capacity to take all the GB - NI traffic.

Solutions are needed

Solutions will require change in supply chains, this is inevitable when Brexit happens. The road haulage sector, ferry operators, ports, importers and exporters need to be thinking about what they may need to do to make customs and border systems work effectively. All parties should expect new bureaucratic requirements. The current difficulty is that we do not know what these requirements will be, nor when they will have to be introduced by.

Customs authorities need to work hard on finding solutions that are fit for the accompanied Ro-Ro sector as a priority. Following the models used in air freight and container shipping will not be good enough, accompanied Ro-Ro road haulage movements have to have a system introduced that allows lorries to drive off ferries (and the Channel Tunnel) on arrival. Without this capability supply chains will be disrupted.

Within the confines of international agreements, the UK does have some flexibility on how much customs resource it can throw at the problem, but of course it should be remembered that customs controls will take place in the EU too, our partners there will also have to consider how they deal with the changes. The Irish government have been very active in considering the issues, but other EU authorities

do not visibly appear to be making the new customs arrangements and infrastructure a priority.

That brings me to something I believe will become critical as negotiations progress - an implementation period after 29 March 2019. Expecting new customs processes to come in and be working for the 30th March 2019 is not credible. Even if the UK can do it, our EU partners will not be ready. How long any implementation period should be will be for experts to decide.

Encl:

- Road Haulage Association – Policy Paper, “Brexit – a haulage perspective”
 - Road Haulage Association – Policy Paper, “Brexit – Unimpeded Access for International Road Haulage”, 3 February 2017
 - RHA Paper – “Moving the Economy Forward”, 1 May 2017

Brexit - a haulage perspective

The RHA View

1. The single biggest concern of the RHA membership is to ensure that the road haulage sector has the ability to continue to meet its customers supply chain obligations.
2. The challenges faced are serious. There is a significant risk to supply chains dealing with exports and imports if we fail to ensure that international road haulage moves quickly and reliably after the UK exits the EU.
3. To achieve quick and reliable road haulage the RHA membership has identified three key priorities that will need to be addressed during negotiations:
 - **Seamless customs through ports¹ and borders** (so that supply chains have a high level of reliability).
 - **Unimpeded access for international road haulage operators in the UK and the EU** (that is full access for UK and EU road operators transporting goods to, from and through the UK and the EU.)
 - **A system that allows lorry drivers to be recruited from outside the UK** (including retaining current drivers from the EU, which we estimate to number 60,000).

¹ Including airports and inland terminals.

Customs bottlenecks

4. In the last year 4.4 million driver accompanied freight vehicles moved between the UK and continental Europe. The overwhelming majority of these movements took place on ferries through Dover or by shuttle through the Channel Tunnel, almost none of these required a customs clearance process at the port.
5. Road movement in Ireland are also free of all customs controls. Many supply chains treat the island as a single territory for distribution purposes
6. Freight traffic between the UK and the EU does not require customs control now, but on exit from the EU it is likely that all shipments will require customs control. (Non-EU traffic is subject to customs control, however the volume of non-EU traffic by road is very low).
7. Each vehicle can contain many individual shipments, there is no data on the number of individual consignments in vehicles entering or leaving the UK with EU goods.
8. Current customs systems (where clearance is usually done on entry or exit from the UK for non EU traffic) slows the movement of the vehicles. This slow-down is generally between 20 minutes and 4 hours.
9. There is no space at the ports to handle the volume of traffic that will require customs clearance exiting or entering the UK. Handling clearances at the Irish border will be a major challenge. A solution needs to be found that will allow rapid, even instant, clearance at ports, airports, inland terminals and at the Irish land border.
10. **A solution needs to be found, we believe this will require a substantial increase in Customs resourcing to deal with driver accompanied traffic. We recommend that a working group be established to deal with Ro-Ro and Irish land border issues, with industry participation, to prepare for the improved service levels that will be needed to ensure supply chains are not disrupted.**
11. Failure to solve the problem will result in massively disrupted supply chains – this will impact manufacturing, food distribution and retail. There will also be major disruption on the road network as trucks wait to access or leave ports or border crossings.

Unimpeded Access for international road haulage

12. Trucks working internationally in the EU have a Community Licence² which authorises the vehicles movement.

² The "Community Licence" is used to authorise international commercial road haulage in goods vehicles over 3.5t maximum gross weight within all EU States plus Iceland, Liechtenstein, Norway and Switzerland.

13. The RHA would like to see the continuation of the Community Licence system for international road haulage movements. This simple approach will provide the highest levels of access, safety and accountability in the sector at the lowest cost.
14. If using the Community Licence by UK companies is not agreed an alternative will be needed. Any alternative must avoid quota limitations on international road haulage activity. **There must be no limits imposed on the amount of road haulage activity that is authorised between the UK and any other EU state.**

Drivers

15. There remains a requirement for some flexibility in recruiting labour to work in the sector. The RHA advocates that immigration control systems should be based on industry need not on wage levels.

About the RHA

16. The RHA is the leading trade association representing road haulage and distribution companies, which operate HGVs as profit centres. Our 7,000 members, operating near to 100,000 HGVs, range from single-truck firms to those with thousands of vehicles. These companies provide essential services on which the people and businesses of the UK depend.

Notes and data

17. **International vehicle movements.** In the year up to June 2016³ 4.4 million powered freight vehicles moved between the UK and mainland Europe (does not include Ireland). Nearly 4 million transited through the Dover Straits route by ferry or tunnel. (There is no data on the number of individual consignments in these vehicles – if customs formalities are required each consignment would require customs clearance).
18. **Market Share of international road haulage.** The UK - International road haulage market is dominated by non-UK operators. Over 86% of the freight traffic moved in and out of the UK (not including Ireland) is moved by non-UK Operators.
19. **The Logistics Sector.** The wider transport , distribution & logistics sector employs 1.5m people, £76.8 billion GVA, £24.1 billion exports, £21.7 billion imports.⁴
20. **More information is available at [link to main Brexit paper]**

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³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/552987/ro-ro-april-to-june-2016.pdf ⁴ <http://www.cbi.org.uk/cbi-prod/assets/File/pdf/making-a-success-of-brexit.pdf> CBI, December 2016.

Road Haulage Association - Policy Paper

Brexit – Unimpeded Access for International Road Haulage

3 February 2017

The RHA View

1. The businesses and people of the UK and the EU depend on the fast effective transport of good transported by road through ports and across the land border in Ireland. Hauliers and their customers have got used to processes and service levels that are based on the EU being in effect an extension of the UK in terms of being able to move goods freely.
2. The biggest concern of the RHA membership is to ensure that the road haulage sector has the ability to continue to meet its customers supply chain obligations.
3. To achieve quick and reliable road haulage the RHA membership has identified three outcomes that need to be achieved during negotiations:
 - **Seamless customs through ports⁴ and borders** (noting that customs control do not have take place at the border).
 - **Unimpeded access for international road haulage operators** in the UK and the EU (that is full access for UK and EU road operators transporting goods to, from and through the UK and the EU.)
 - **A system that allows lorry drivers to be recruited from outside the UK** (including retaining current drivers from the EU, which we estimate to number 60,000).

Customs bottlenecks

4. In the last year 4.4 million driver accompanied freight vehicles moved between the UK and continental Europe. Four million of these movements took place on ferries through Dover or by shuttle through the Channel Tunnel; around 99%⁵ of these did not require a customs clearance process at the port. As road movement in Ireland are free ofl customs controls many

⁴ Including airports and inland terminals.

⁵ Page 44, paragraph 8.33, The United Kingdom's exit from and new partnership with the European Union. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/589191/The_United_Kingdoms_exit_from_and_partner_ship_with_the_EU_Web.pdf

supply chains are fully integrated and treat the island as a single territory for distribution purposes.

5. Freight traffic between the UK and the EU does not require customs control now, but on exit from the EU it is likely that all shipments will require customs control.
6. Our estimation is that between 15 million and 27 million additional customs clearances will be required at Dover and the Channel Tunnel alone (up to 30% trucks contain multiple shipments). Current customs systems will slow the movement of the vehicles by between 20 minutes and 4 hours.
7. There is no space at the ports to handle the volume of traffic that will require customs clearance exiting or entering the UK. Handling clearances at the Irish border will be a major challenge. A solution needs to be found that will allow rapid, even instant or pre-clearance at ports, airports, inland terminals and at the Irish land border.
8. There will be an impact on the costs and operations in the international road haulage sector arising from Brexit. However, the most serious impact will be on service levels to the supply chain. Failure to solve the problem will result in massive disruption – impacting manufacturing, food distribution and retail.
9. We believe that any solution will require a substantial increase in Customs resourcing to deal with driver accompanied traffic. We recommend that a specialised dedicated working group is established to deal with Ro-Ro and Irish land border customs issues, with industry participation, to prepare for the improved service levels that will be needed to ensure supply chains are not disrupted. Further detail is provided in Annex I.

Unimpeded Access for road haulage operators

10. The RHA would like to see the continuation of the Community Licence⁶ system for international road haulage movements. This simple approach will provide the highest levels of access, safety and accountability in the sector at the lowest cost.

⁶ The "Community Licence" is used to authorise international commercial road haulage in goods vehicles over 3.5t maximum gross weight within all EU States plus Iceland, Liechtenstein, Norway and Switzerland.

11. If a system separate from the EU Community Licence needs to be created (if legal impediments about using community licences arise during Brexit negotiations) any such system should emulate the simplicity and accountability of the current community licence system by being accepted throughout the EU and in the UK. It should be time based and without quota limitations.
12. Any system of bi-lateral permits to manage international road haulage with individual EU Member States should be avoided if possible as it will add significant levels of complexity and cost into supply chains. Again, quota limitations on international road haulage activity must be avoided. Further detail regarding licensing and permits is provided in Annex II.

Drivers

13. There remains a requirement for some flexibility in recruiting labour to work in the sector. The RHA advocates that immigration control systems should be based on industry need not on wage levels.

Transition

14. There has been recent discussion about transition. We believe that some transitional arrangements are likely to be needed to maintain supply chain efficiency in the UK and the EU. Businesses in the UK and the EU need to have sufficient time to adjust to any new arrangements and obligations where new customs requirements are put in place.
Authorities will also need time to implement any new processes and procedures that may be needed to make new arrangements work efficiently.

Opportunities post Brexit

15. Upon Brexit it will be possible to separate UK domestic road haulage from the full obligations of EU rules. This can be done where it is shown to be advantageous. We would envisage undertaking a review to look at changes can usefully be made on issues ranging from operator and driver licensing to the Road Transport Directive and the Driver CPC.

About the RHA

16. The RHA is the leading trade association representing road haulage and distribution companies, which operate HGVs as profit centres. Our 7,000 members, operating near to 100,000 HGVs, range from single-truck firms to those with thousands of vehicles. These companies provide essential services on which the people and businesses of the UK depend.

Notes and data

17. **International vehicle movements.** In the year up to June 2016⁷ 4.4 million freight vehicles moved between the UK and mainland Europe (does not include Ireland). Of these 2 million transited through the Dover Straits route by ferry or tunnel. Between 15% and 30% of the vehicles contain groupage (that is multiple shipments on one truck), if customs formalities are required each shipment will require customs clearance.
18. **Market Share of international road haulage.** The data quantifying international vehicle movement shows that the UK - International road haulage market is dominated by non-UK operators. Over 86% of the freight traffic moved in and out of the UK (not including Ireland) is moved by non-UK Operators.
19. **The Logistics Sector.** The wider transport, distribution & logistics sector employs 1.5m people, £76.8 billion GVA, £24.1 billion exports, £21.7 billion imports.⁵ EU imports of food accounts 29%⁸ of all food consumed in the UK. Nearly all of this moves by road transport.
20. **Bilateral permit cost estimation.** The current bi-lateral permit system for international road haulage is very limited. Few movements are subject to permit arrangements as most movements are covered by the EU Community Licence arrangements. The current UK cost for a single journey permit is set at £8.00. We would expect a direct permit cost under a new system to be in the region of £24.00 per permit as a result of the significant additional resourcing that would be required. As journeys will enter multiple States there may be a requirement for multiple permits for UK hauliers (but not EU operators as they can move freely in the EU). With administration cost and the need for multiple permits for UK operators, a simple bilateral permit system will add approximately £53 per movement in and out of the UK for UK operators and about £26 for EU operators. This is just the direct permit costs, operator administration and enforcement will add to this.

3 February 2017

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/552987/ro-ro-april-to-june-2016.pdf ⁵ <http://www.cbi.org.uk/cbi-prod/assets/File/pdf/making-a-success-of-brex-it.pdf> CBI, December 2016.

⁸ DEFRA.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/553390/foodpocketbook2016report-rev-15sep16.pdf

Annex I

Port and customs arrangements

1. Supply chains rely on on-time predictable deliveries. Current cross border formalities for traffic within the EU do not impede this in respect of EU international road haulage. The volume of international road haulage that require customs formalities is currently modest, 99% is EU traffic.
2. Feedback from members undertaking international haulage outside the EU is that there are bottlenecks in current customs systems for non-EU shipments as customs clearances are not as quick as they could be, and local customs offices are often operating with limited hours. These issues do disrupt the supply chain given the modest volume of non-EU international road traffic and the expectation of customers and operators..
3. If customs controls are re-introduced for EU traffic there will a need to be a complete change in the service level provided by HMRC to manage transactions. Ports, airports and inland terminals do not have sufficient capacity to hold the quantity of additional vehicles or goods awaiting customs clearance that will be needed if current service levels are maintained.
4. New customs arrangements in the EU States will be a matter for EU Member States and that the UK will have limited influence on how effective systems will be in other EU States. We would expect the UK Government to seek assurances from EU States that there will not be undue delays to goods entering from the UK.
5. The UK does have control of how effectively its own customs systems operate. It is essential for supply chains in manufacturing, food distribution and retail that HMRC provides sufficient resources to cope with the increased volume.
6. There will need to be a step change in the speed of customs processes so instantaneous customs clearance is available 24 hours a day, 7 days per week throughout the system. We recommend that a specialised Ro-Ro working group be established, with industry participation, to ensure that the correct resources (and people with the right skills) are in place from day 1 to ensure that current customs service levels to UK business are improved significantly.

Annex II

Detail on road haulage operations – licensing and permits

1. For the road haulage sector post Brexit arrangements will need to deal with all 3 of the RHA priorities. We believe there is a mutual self-interest in the EU and the UK in finding effective solutions in these areas.
2. This Annex I focusses on the first of these priorities – unimpeded access for international road haulage operations.
3. During negotiations many models for a new relationship between the UK and the EU may be explored, this makes advising Governments and industry about the risks and practical implementation issues very difficult as discussions tend to deal with high level constitutional or treaty issues. To help evaluate the risks and issues we stripped back the “what happens next” right back to the practical arrangements for the international road haulage sector. In Annex I we have created 3 “RHA Licensing / Permit Scenarios” against which we have considered the requirements of international supply chains.
4. Access to international road haulage is currently based around the licensing of operators who meet the required quality and regulatory standards, there are no limitations on the number of operators that can be licensed in any EU Member State. All operators with a Community Licence may undertake any International Road Haulage between any EU States.
5. After Brexit we expect that rules in all areas of international road haulage (including for UK licenced international operators) will continue to follow EU norms (drivers hours, licensing, financial standing, and so on).

RHA Licensing / Permit Scenarios

6. To allow the RHA to undertake an initial assessment of the impact of Brexit on the road haulage and related business sectors the following Brexit Scenarios have been defined. These scenarios allow us to consider the likely impacts on the ability of international road haulage to continue unimpeded. We highlight the risks and potential mitigations that will need to be considered.

Baseline - UK and EU States continue to use the complete Community Licence system and all EU rules for all road haulage once Brexit has happened.

7. This would require an agreement to take all current and future EU market access and regulatory rules covering the whole road haulage sector - UK domestic as well as international. (Essentially, what we do now).
8. The aim of this would be to allow UK operators to undertake unlimited road haulage throughout the EU, including rights of cabotage. EU tachograph and driving hours regulations would apply, as would all vehicle roadworthiness standards. EU operators will maintain unrestricted access to the UK international road haulage market as now and they would be able to undertake cabotage in the UK in accordance with current and future EU Regulation.
9. Vehicle standards would be governed, as now, by EU and wider international regulation.
10. Issues and concerns:-
 - Future EU rules in the road haulage sector may diverge significantly from those that are in use today, the UK will have little or no scope to influence the direction of such future regulation. Significant new EU regulations are being discussed now and can be expected to be run through the regulatory processes for implementation in 2020 or shortly thereafter.
 - After Brexit there will be a reduction in UK influence over vehicle standards, this may result in new rules regarding vehicle sizes and weights that may not work with UK supply chains.
 - Administrative and regulatory costs for adopting this approach would be in line with those currently experienced. (noting that future changes in regulation at an EU level will impose unknown costs).
 - There will need to be clarity about the arrangements governing “own account” international transport (this applies to all scenarios).
11. View:-
 - Within the sector the current EU rules are broadly seen as fit for purpose.
 - Initially this approach, to adopt all EU rules, would be simple for the sector as we operate under these rules now. However, under this case, future EU regulations and directives would all need to be adopted by all UK road haulage operations, and given that the UK will not be part of making any new rules this may impose regulation that is felt to be inappropriate for the UK.

- For international transport, into and through the EU, it is a reasonable and acceptable approach to take all the EU regulations, even new ones, so that a UK issued “community licence” has the same standards underpinning it.
- Broadly supported, but does contain risks of inappropriate regulations across the road haulage sector arising from a lack of UK involvement in defining new EU rules.

Scenario 1 - UK and EU States continue to use the current “Community Licence” system and all EU rules, but only for international road haulage.

12. This would require an agreement to take all current and future EU market access and regulatory rules, but only in respect of international road haulage activity. It effectively separates the UK domestic road haulage market from the international road haulage market.
13. Only those operators working internationally would need to adhere to all EU regulation when undertaking international work, this would include activity in the UK before and after international journeys.
14. UK competent authorities would continue to issue “Community Licences” and UK authorities would need to continue to recognise “Community Licences” issued elsewhere in Europe.
15. Issues, concerns and opportunities:-
 - The separation of domestic and international regulation is likely to add complexity in some areas, in particular for UK operators who undertake both domestic and international operations. Effective regulatory approaches should be possible to mitigate this problem.
 - There will be opportunities to introduce UK only regulations within the domestic market. There is scope here for flexibility to be introduced. For example, domestic financial standing that could be fixed so it does not vary every year according to exchange rate fluctuations.
 - Limited cabotage is allowed under existing EU rules. However, there is no certainty that cabotage would be permitted under this system. If cabotage is no longer permitted this will be close to the arrangement in place with Switzerland where Swiss operators cannot cabotage in the EU and vice versa.

- There will need to be clarity on whether “cross trade” will be allowed (examples, a UK operator undertaking international transport between France and Germany, or an Irish operator undertaking international transport between Germany and the UK).
- Administrative and regulatory costs for adopting this approach would be in line with those currently experienced.
- Some operations, such as transport associated with events (concert tours, circuses, theatres), will need to be accommodated within regulation.

16. View:-

- Within the sector the current EU rules for international road haulage are broadly seen as fit for purpose.
- For international transport, into and through the EU, it is a reasonable and acceptable approach to take the EU regulations, even new ones, so that a UK issued “community licence” has the same standards underpinning it and supply chains are unimpeded.
- The current UK operator licensing system already separates domestic and international operators to some extent, so administrative precedents exist to separate licensing rules. Given this, we believe it would be possible to separate some international and national regulatory requirements in road haulage sector (but this should only happen where real advantages are demonstrated).
- There are mixed views on the desirability of allowing cabotage to continue after Brexit. Cabotage adds complexity and cost for enforcement bodies throughout Europe and is of no significant environmental benefit.
- On “cross trade”, the RHA view is that this should be allowed to continue as now.

Allowing cross trade to continue within the bounds of EU regulation would suit both UK operators and EU operators. (For example this would allow an Irish operator to collect goods in the UK in transit to another EU State, and it would allow a UK operator to collect goods in France in transit to Spain).

Scenario 2 - UK and the EU set up a new authorising system for international all road haulage.

17. This is essentially a bespoke version of scenario 1. It would separate the authorisation for UK operators to work internationally in the EU from the EU Community Licence system. (A practical approach within this scenario could

be for the UK to agree to continue to accept an EU Community Licence rather than force other EU States to issue separate authorisations). The UK would issue some form of an EU international road haulage permit that is not formally a Community Licence but is still recognised for the purpose of international road haulage).

18. This option should only be considered if there are material objections during negotiation that stop the UK competent authorities from issuing community licences.

19. Issues and concerns:-

- Adds complexity over the Community Licence system.
- The EU (and Commission) may not be legally able to agree to the introduction of such an EU wide system, it would probably require all 27 States to agree individually.
- It will be complicated and time consuming to get all 27 States to agree to a new form of permit system such as this.
- The scope of any EU level permit system will need to be clarified, would the permit allow “cross trade” or just trade traffic to and from the UK?
- This scenario will add administrative and regulatory costs over those currently experienced, at least for UK operators. This cost is difficult to estimate as there are so many variables in what administrative arrangements would be required, but it will be substantially less than the costs experienced if scenario 3 were adopted.

20. View:-

- Not desirable when compared to the community licence system, issuing separate UK permits will add complexity over simply retaining the community licence system.
- It would be a better solution than individual bi-lateral permits.

Scenario 3 - UK and individual EU States set up a new permit based system for international road haulage (Bi-lateral permits).

21. If the Base Case, Scenario 1 and 2 are not possible then the UK and EU States are likely to need to re-introduce bilateral permits to allow international road haulage. It is worth noting that ECMT Multilateral permits do exist already, and these will allow some international road haulage under existing

international agreements, but they are restricted in number and will not be sufficient for market demand⁹.

22. In this case, UK and other EU States would individually agree to exchange bilateral permits to allow international road haulage. In many cases, such permit systems in the past have been limited in number – restricting the amount of road haulage permits available to meet demand, resulting in the permits being traded between operators.
23. For UK operators, there would need to be clear arrangements for transit permits through EU Member States where the operator is not delivering goods.
24. The estimated cost of this system is £53 per movement in and out of the UK if permit numbers are unlimited. It is not possible to quantify the additional cost if permits are subject to limited quantity – that will depend on the supply of permits in relation to the demand between the UK and the individual EU Member State concerned.
25. Issues and concerns:-
 - This scenario would be a very complex system for all parties.
 - It will add significant administrative and regulatory costs over those currently experienced for both UK and EU UK operators.
 - Many previous bi-lateral permit systems limited the number of permits that could be issued. This created shortages and resulted in the trading of permits between operators. Such systems add costs – depending on the level of shortage of permits the costs directly added to operations can be considerable.
 - Bi-lateral permits will also result in disturbed supply chains. Flexibility for operators is reduced and the ability to react to evolving demand from customers will be constrained by the need to always have permits available.

⁹ If EU Member States within the International Transport Forum Road Group agreed that the UK could use an infinite number of ECMT permits within the EU it could provide sufficient access for the amount of business to be transacted. However such a system is unprecedented, would be bureaucratic for operators and more difficult for enforcement authorities.

26. View:-

- There is no positive element for the industry or supply chains arising from the introduction of bi-lateral permits to authorise international road haulage. None.
- Bi-lateral permits will work badly for both UK and EU operators.
- The worst possible outcome would be any system which includes quota limitations on the number of international road haulage journeys undertaken.

Moving the Economy Forward

Manifesto for the future stability and prosperity of the UK haulage industry

The Road Haulage Association is calling on Government to urgently establish the relevant transport policy needed to achieve a cost-effective route to success. If the challenges facing the logistics industry are not immediately confronted, the sector responsible for moving 85% of the UK economy will be placed in jeopardy.

The forthcoming General Election presents an opportunity for politicians to support the road haulage industry and as Brexit approaches, to re-examine the key issues facing our sector. This manifesto focusses on five of the most prominent issues facing our members up and down the country in every Parliamentary constituency. It provides effective solutions and the potential consequences of failing to act.

The UK logistics industry is the fifth largest in UK employing 1.8 million people. It contributes £78bn to the economy and 35% of fuel duty collected by the Treasury.

The competitiveness and productivity of the UK economy depends of an efficient road haulage industry.

The Road Haulage Association represents 7,000 member organisations from owner operated businesses through to and including 90% of the top 100 companies in the sector.

Road Investment and Facilities to Support Competitiveness

Congestion costs the UK economy £31bn per year and leads to increased pollution especially in urban areas. In addition, poorly maintained roads cost the UK economy millions of pounds each year; the cost of repairing potholes alone has been estimated at £683m per annum and the cost in vehicle repairs is over £675m per annum. The UK needs well-maintained roads, fit for the 21st century, to make sure UK businesses are as competitive as possible.

Investment in roads and infrastructure is critical in ensuring our sector can work

efficiently and safely. Investment in the road network is essential. Government needs to:

1. Ensure that investment in roads is sufficient to provide a congestion free road network.
2. Ensure that adequate investment is made for the 'last mile' of delivery, i.e. on local roads.
3. Ensure that technology is used to help ensure more efficient use of available road space.
4. Improve modern rest facilities on the road network for drivers. These should also be secure facilities for their vehicles. We recognise recent steps taken to improve provision, however this is nowhere near enough and much more needs to be done.

Fuel Duty

Fuel represents over a third of a hauliers operating cost and the current level of fuel duty, the highest in Europe at 57.95ppl, represents a hugely significant cost to our industry and is a massive tax on the entire supply chain. High duty drives up costs for companies and consumers, undermining the competitiveness of the UK and undermining the working capital of businesses. The impact in the more remote areas of the UK; further from suppliers and major markets, is especially damaging.

The next Government needs to:

1. Reduce the differential between duty rates in the UK and the rest of the EU.
2. Rebalance the uncompetitive advantage that EU hauliers currently exploit in the UK through bringing in full tanks of cheaper diesel from the EU and never filling up in the UK.
3. Take into account that for the prosperity of UK plc, the government needs to act in a post Brexit landscape to support hauliers and the UK supply chain.

Emissions and Local Air Quality

Tackling local air quality issues will be a priority for the next Government. The positive contribution of Euro VI diesel engines fitted to HGV's and buses is recognised by Transport for London, the toughest emissions regulator in Europe, which describes these vehicles as "ultra-low emission".

NOx emissions from HGVs are estimated to have fallen by one third in the past three years and continue to fall as new Euro VI HGVs replace older vehicles.

The next Government needs to:

1. Encourage cities and regions to target local air quality improvement on areas where air quality is at its worst, the priorities include:
 - a. tackling congestion in pollution "hot spots" (usually where there are a higher proportion of buses and taxis)

- b. encouraging the retirement of old buses and taxis (especially those that are pre Euro V)
 - c. reducing congestion through better traffic management and control or roadworks
 - d. removal of restrictions that force HGVs to use congested roads at peak times.
 - e. implement a realistic vehicle scrappage scheme for hauliers operating pre-Euro VI HGVs
2. Ensure that plans to restrict HGVs around the country are:
 - a. Phased to get the quickest air quality benefits while ensuring businesses have time to adapt.
 - b. Not penalise hauliers who have followed the advice of previous governments.
 - c. Fully costed and measured against the benefits they will bring.
 - d. Simple and uniform in their application across the country to ensure hauliers do not face unnecessary costs.
 3. Accelerate carbon savings through modestly-funded promotion of the intelligent use of telematics

Skills

The driver shortage is increasing as the number of drivers retiring from the industry exceeds new entrants. The sector and the Government are working together to improve driver training to increase the supply of new drivers and to improve their working environment. The next Government needs to work with the sector to:

1. Ensure that they deliver the required funding for the newly agreed Trailblazer apprenticeship and that the RHA can act as an intermediary for smaller firms.
2. Implement a mechanism to help fund licence acquisition. This is absolutely critical for encouraging new entrants, in particular those leaving schools and colleges. The cost of obtaining a HGV license is up to £5,000 and therefore beyond the reach of many.
3. Support industry employment schemes and explore other means of expanding initiatives such as Road to Logistics, a charitable organisation backed by the RHA and Care after Combat that matches jobseekers with employers and is aimed at reducing unemployment and reoffending. It has particular focus on the disabled, young people leaving care, veterans and

ex-offenders. This works alongside another RHA initiative, 'She's RHA', to help to encourage women into our sector.

4. Support and help our industry build on the success of the RHA's first two national awareness weeks, 'Love the Lorry' aimed at improving the image of the industry in the eyes of the media, the public, policy makers, potential industry recruits and of course the next generation.

Brexit

The RHA and its members are clear about the outcomes needed when the UK finally exits from the EU. The next Government needs to:

1. Retain the current UK border at Calais and ensure that the Le Touquet agreement remains in place to maintain the juxtaposed border controls in each country.
2. Ensure frictionless customs procedures at borders to allow easy movement of goods across Europe, especially at Calais and between Eire and Northern Ireland.

Failure will result in chaos on either side of the Dover Strait as ports and officials are overwhelmed by the 10,000 goods vehicles that cross the English Channel each day. Beyond that, approach roads will be paralysed by HGV's awaiting processing and all supply chains, from supermarket supplies to parts for the automotive sector will face major disruption.

3. Ensure that the current licensing system for HGVs on international journeys between the UK and the EU remains. This is an effective licensing system and there is no advantage for the UK or the EU in making substantial changes.
4. Ensure that our industry retains the ability to recruit HGV drivers and other workers from abroad based on the industry needs.

There are 60,000 drivers currently working in the UK who are from other EU member states. While improved efforts to train drivers in the UK will help ease the shortage there will be continuing a need to recruit from outside the UK. With a current driver shortage of 45,000 these workers are critical for the competitiveness of the UK economy and the smooth running of the supply chain.