Risks and opportunities presented by Brexit for Welsh ports

Inquiry by the External Affairs and Additional Legislation Committee of the Welsh Assembly

Submission by the UK Chamber of Shipping

Introduction

The UK Chamber of Shipping is the trade association for the UK shipping industry, representing owners and operators of ships, ship managers, marine professional firms and service providers throughout the wider maritime sector based in the UK. It has approximately 170 member companies, located throughout the UK, and trading throughout the world. Its membership includes the operators of merchant ships (primarily ferries and shuttle tankers) trading regularly to ports in Wales, and the operators of a number of tugs and other service vessels based in Welsh ports.

The UK Chamber is therefore pleased to submit evidence to the Committee's Inquiry in the risks and opportunities facing Welsh ports as a consequence of the UK's withdrawal from the EU.

General considerations

The primary role of ports is that of a gateway, and the commercial success of any port will therefore depend ultimately on the economic vitality of the hinterland it serves. It is clearly possible that Brexit may have an impact on the economy of the geographical areas that generate cargo movements through Welsh ports – whether by producing, processing or consuming the goods concerned – but the UK Chamber is not a position to forecast such impacts or to offer any insights into them.

Demand for shipping – and, by extension, business opportunities for ports – derive from demand for cargo. Ships will visit ports in Wales if there is cargo to be carried, but shipowners are not in a position to generate cargo where there is none, except to the extent that efficient and competitively-priced shipping services may stimulate trade. Similarly, business opportunities for Welsh ports as bases for the ships that construct and maintain offshore energy installations derive entirely from the existence of the installations concerned. Brexit will make no difference to this fundamental dynamic.

In contrast to cargo shipping, ports in Wales (as elsewhere) do have an opportunity to generate new and additional business by attracting cruise ships. Cruising is a discretionary activity, and new business can be created by the development of new cruise itineraries, with appealing destinations. The market in UK cruising has grown impressively in the last ten years, exceeding one million visitors for the first time in 2015: a decade earlier, the UK had attracted only 322,000 cruise visitors.

The west coast of Britain is a popular feature in cruise itineraries, and the port of Holyhead has succeeded in attracting a good number of cruise ships to call. There is a dearth of options for cruise ships on a west coast itinerary looking to schedule a call between Holyhead and the south coast of Britain, and ports in South Wales are ideally placed geographically to attract such calls. They could be expected to do so, if they were to invest in berth facilities that enabled cruise ships to tie up alongside without needing to pass through locks first, and in associated passenger facilities ashore. This opportunity, of course, exists now and the UK's withdrawal from the EU should not affect it.

Port access

Welsh ports' ability to exploit opportunities and attract maritime traffic will be influenced by the regulatory regime governing access to the port. Legally, ports in Wales (as in the rest of the UK) are subject to the open port duty, established in section 33 of the Harbours Docks and Piers Clauses Act 1847, which requires them to admit and handle any ship that pays their dues. The Harbours Act 1964 requires their dues and other charges to be reasonable, and EU law forbids them to impose discriminatory charges. The UK Chamber presumes that this legal framework will remain in place, unaffected by the UK's withdrawal from the EU.

Physical constraints on access to ports also invite attention. Natural conditions at many Welsh ports are challenging, with very significant tidal ranges on the south coast, ferocious storms on the west coast, and heavy siltation in the Dee Estuary. Ports' ability to manage such conditions has in recent years been constrained by EU environmental restrictions: most obviously, the withholding of consent for the port of Mostyn to clear silt accumulations from its navigation channel and thereby enable ships to enter at all states of the tide, which rendered the operation of the ferry service at the port unviable. The UK's departure from the EU could enable the Welsh Government to develop an alternative regulatory framework that did not effectively prohibit ports from carrying out the normal maintenance dredging operations necessary to remain open for traffic.

Border Controls

The greatest risk for Welsh ports arising from the UK's departure from the EU is the imposition of border controls at ferry terminals. The three ferry terminals at Holyhead, Fishguard and Pembroke are significant gateways for the UK, for Wales, and for Ireland: handling some 2.5 million passengers and, more significantly in this context, some 530,000 lorries and trailers in 2016. This traffic is not currently subject to any border controls, except for occasional police interventions, and passes through the terminals freely. All three terminals therefore operate highly efficiently, with all their infrastructure and handling processes configured so as to get passengers and vehicles through the terminal as swiftly as possible and without delay or interruption to their journey.

The absence of border controls is, very largely, a function of the UK's membership of the EU. The absence of routine immigration controls is a function of the Common Travel Area which has exists by special arrangement between the UK and the Republic of Ireland, but it is undoubtedly supported by the principle of free movement of people within the EU. The absence of customs and port health controls is entirely a function of the EU's Single Market: such controls were dismantled at Welsh ferry terminals when the Single Market came into being at the start of 1993, and the enormous growth in freight traffic flows since then (700% at Holyhead) is attributable in large part to the fact that traffic can flow freely through the port (rather than having to queue at checkpoints and wait for permission to proceed) so that the entire site is in productive use.

For the port, the immediate risk is that the imposition of border controls would reduce the effective capacity of the terminal. A border control would, almost inevitably, entail the construction of checkpoints and examination sheds. Such facilities do not exist now and, as there is no spare or redundant land at any terminal, could only be built if land that is currently used for handling traffic were taken out of productive use. Clearly the loss of roadway, embarkation lanes, or marshalling yards would reduce the effective capacity of the port. Similarly, if every vehicle were to spend longer on the port, because it had to queue at a checkpoint and await permission before proceeding, the overall number of vehicles that could be handled in any period of time would be reduced – again cutting the effective capacity of the port.

More broadly, the imposition of border controls poses a risk to the supply chains upon which Wales and the rest of the British Isles relies. All sectors of the economy have, over the last 20 years or so, adopted just-in-time supply models, which depend absolutely on predictable delivery schedules. Logistics operators treat the British Isles as a single entity, and Welsh ports accordingly serve a

hinterland that stretches from the west of Ireland to the east of England and beyond. The arbitrary and unpredictable delays caused by border controls are incompatible with such just-in-time supply chains, and the introduction of such delays at Welsh ports would accordingly represent a risk to the continued viability of those supply chains. The UK Chamber set out the matter in more detail in a paper submitted to HM Revenue and Customs in January, a copy of which is annexed hereto.

The risk for Welsh ports is especially acute in two ways. Firstly, the proportion of perishable food traffic is higher at Welsh ports than those elsewhere in Britain, because of the predominance of agriculture and food businesses in both Wales and Ireland. Such traffic is doubly vulnerable to delays at border controls at ports because, in addition to the general intolerance of just-in-time supply chains to delays, the goods themselves are liable to spoil if they are delayed in transit. Additionally, of course, such goods are subject to more intensive border controls than general cargo, being liable to animal and plant health controls in addition to routine customs controls.

Secondly, Welsh ports compete with those in England and Scotland to handle the significant number of lorries and trailers that are destined to or originate from Northern Ireland. Approximately 25% of the traffic passing through Holyhead and Dublin is estimated to be in transit through the Irish Republic in this way. The imposition of border controls at the UK's borders with the Republic would, clearly, pose a risk to the continued routeing of such traffic through Welsh ports – since the delays, unpredictability and costs of such border controls could be avoided entirely by re-routeing the traffic to sailings between Belfast, Larne or Warrenpoint and Loch Ryan, Heysham, or Liverpool.

The specific risk that Welsh ports might lose business if traffic between Northern Ireland and Great Britain that is currently routed through the Irish Republic were diverted to purely domestic UK ferry sailings is reflective of a broader risk to Welsh ports from the imposition of border controls at Irish ports. Clearly, every border has two sides; and the imposition of border controls at Irish ports would create exactly the same difficulties as would be experienced. The problems of physical constraints (no space for checkpoints, examination sheds or queues) and the intolerance of just-in-time supply chains to delays and interruptions are just as serious at terminals on the other side of the Irish Sea.

One particular risk stands out starkly. EU law stipulates that all animal products and certain plant products may enter the EU only via a Border Inspection Post (i.e. a checkpoint with an examination station that conforms to EU specifications and is approved by the European Commission for inspections of such products). There is no such facility at Rosslare, and the facility at Dublin is not thought to be designed to handle the high volume ferry traffic from Holyhead (and Liverpool and Heysham) in addition to the containers from outside the EU that it currently handles. At the moment, therefore, it appears that the imposition of usual EU animal and plant health controls on traffic arriving from the UK after Brexit at Irish ports would have the effect of prohibiting the entry of much of the food and agricultural traffic that is currently shipped from Welsh ports.

As regards mitigating these risks, the only sure option is to avert the imposition of border controls – of all types (customs, port health, and immigration) since the risk arises from the fact that the flow of traffic is interrupted rather than from the specific reason for the interruption. A markedly inferior mitigation (although preferable to none) would be to design border controls in a manner that did not interfere with the physical flow of the traffic through Welsh ports; border controls of such a type do not exist at other UK or EU ports, and would require original and creative thinking.

The UK Chamber would therefore urge the Welsh Government to exert its *influence* – and, in respect of animal and plant health controls, its *authority* – over the UK and the Irish Governments to avert the imposition of border controls on traffic passing through Welsh ferry ports.

UK Chamber of Shipping
23 June 2017

Roll-on / roll-off freight:
the risk to UK trade from the imposition of customs and other controls on goods

This paper describes the scale and characteristics of the UK's international ro-ro freight sector, placing ferry services within the broader supply chain. It shows how the fact that lorries pass through ferry terminals freely, without having to stop and await clearance, is vital both to the capacity of UK ports to handle their current volumes of trade and to the ability of manufacturers, retailers and other businesses across the UK to rely upon just-in-time logistics. It evaluates the proportion of traffic that is time-sensitive, either because the goods themselves are perishable or because they are required for immediate use. Finally it demonstrates that making the entry of lorries and trailers into the UK (or its EU neighbours) conditional upon the provision of a declaration would cause UK trade to be dead-stopped.

The scale of the UK international ro-ro freight sector

More than 40% of the UK's international trade by value arrives in and leaves the country in lorries and trailers on ferries (or the Channel Tunnel). The busiest single gateway for this traffic is the port of Dover, which handled 2.5 million lorries in 2015 – an average flow rate of 7,000 lorries a day, or 290 lorries every hour, and representing 17% of the UK's international trade in goods. The Channel Tunnel carried a further 1.5 million lorries.

The majority of the remainder of ro-ro freight between the UK and the Continent passes through terminals on the Humber (Hull, Immingham and Killingholme: 1 million units) and on the Thames (Purfleet and Tilbury: 550,000 units in 2015) and through Harwich (350,000) and Portsmouth (250,000). The ports of Teesport, Newhaven, Tyne, Poole, Plymouth and Rosyth also handle significant numbers of lorries and trailers.

International traffic across the Irish Sea is concentrated on two corridors, the central and southern, serving Dublin and Rosslare respectively. Slightly more than 750,000 lorries were carried on the central corridor in 2015, 50% of them passing through Holyhead, 45% through Liverpool, and 5% through Heysham. A further 100,000 were carried on the southern corridor, two-thirds passing through Pembroke and one-third through Fishguard. (For completeness and comparison: another 770,000 lorries were carried across the Irish Sea between GB and Northern Ireland.)

Traffic volumes rose strongly during 2016. Dover recorded its busiest day ever for freight traffic on 23 November 2016, handling 10,558 freight vehicles. Similarly, traffic volumes across the Irish Sea in November 2016 were 11% higher than in the same month in 2015.

Composition of traffic

Ro-ro freight is carried on ferries either as driver-accompanied lorries or unaccompanied trailers. The mix of traffic varies from port to port, and depends largely on the length of the sailing: typically, the longer the sailing the greater the proportion of unaccompanied trailers.

Virtually all (98%) freight on the Short Sea ferry services through Dover, and absolutely all freight on the Channel Tunnel shuttle services, is driver-accompanied. At Portsmouth, 70% of the freight traffic is driver-accompanied. Most services across the North Sea, by contrast, carry unaccompanied trailers (and up to 12 drivers per ship) only – although 50% of the freight traffic through Harwich and 40% through Hull, which both handle tourist passenger traffic alongside the freight, is driver-accompanied.

On the Irish Sea, driver-accompanied lorries comprise 70% of the freight traffic through Holyhead, the busiest port and the terminal for the shortest (3½ hours) sailings to Dublin. Unaccompanied trailers comprise a larger proportion of the freight through Liverpool and Heysham. Overall the

proportion of unaccompanied trailers has risen in the last decade, as growth in traffic has outstripped the supply of drivers and changes to the cabotage rules for road haulage in 2010 restricted the availability of lorries (by confining tractor units, but not trailers, registered outside the UK to a maximum of three UK hauls in a 7-day period).

Terminal processes

A lorry or trailer's carriage by ferry is always just one part of a longer logistics chain, and its transit through ports of loading and discharge is as rapid as possible so that the cargo can continue its journey to its ultimate destination. The process varies by port and is obviously different for driver-accompanied and for unaccompanied traffic but is driven, in all circumstances, by the imperative of getting the freight through the port without interruption so that it can continue its journey to where it is wanted according to a predictable schedule.

On arrival at a UK terminal where immigration controls do not apply – ie Dover (because the immigration control has already been performed, either at Calais or Dunkirk, prior to the inbound sailing) or at any ferry port on the west coast (because traffic from Ireland is outside the scope of immigration control) – all lorries drive straight from the ship's ramp to the dock gate and out onto the public road unless, exceptionally, they are pulled for an examination of some sort. At all other ports handling Continental traffic, where immigration controls do apply, lorries pass through a passport checkpoint on their way to the dock gate, queuing or stopping for as long as it takes for their drivers' passports to be checked, but otherwise drive straight out of the port unless, again exceptionally, pulled for an examination. They do not stop or wait in any other circumstances and there is no place in the port for them to do so.

Unaccompanied trailers are unloaded from a ferry only after the lorries have already driven off. They are then shunted to a designated area of the terminal to await collection by the tractor unit that will take them to their destination. Typically, some 85% are collected from the terminal within 2-3 hours of the ship's arrival – so, given the time involved in unloading them from the ship and shunting them around the terminal, many trailers are collected and removed as soon as they are available for collection. The proportion that remain in the terminal beyond the day of their arrival is only 5%.

Such dwell times are significantly shorter than they used to be: as the proportion of unaccompanied trailers on ships has risen, so they are no longer reserved for non-urgent cargo. The near-universal adoption of a drop-and-collect model by hauliers, whereby a tractor unit that delivers an outbound trailer for shipment then proceeds immediately to collect a just-arrived trailer for a haul inland, both ensures that trailers *are* removed promptly and necessitates their being *available for removal* without delay.

Processes for outbound traffic also vary. At Dover, with 52 sailings a day (so a ferry departs, on average, every half an hour), freight is carried on a turn-up-and-go basis: no bookings are taken, and on arrival at the port, after pausing briefly at the French immigration checkpoint, a lorry simply checks-in for the next available sailing. After check-in, the lorry proceeds directly to the embarkation lanes for the berth from which the ferry will depart and then drives on to the ferry as soon as directed to do so by the traffic marshals.

At other ports, where sailings are less frequent, hauliers usually book a number of slots on each sailing (often on a long-term contract) so as to be sure that their freight will be able to travel. It should be noted that these bookings are not specific to individual lorries; they are specific to the haulier, who then uses them for whichever vehicles he despatches on that day. Ferry operators typically stipulate that a lorry should arrive at the port at least an hour before the scheduled departure of the ship. Unaccompanied trailers are required to arrive further in advance, typically four hours before sailing time on services that carry both accompanied and unaccompanied traffic, because they need to be loaded on to the ship before the lorries drive on – but some 15% of trailers typically arrive after the cut-off time and are still carried.

As at Dover, after checking-in, vehicles proceed to the embarkation lanes from where they are called forward on to the ship as soon as it is ready. Loading of unaccompanied trailers typically commences as soon as the inbound traffic has been discharged from the vessel; and, when it has been completed, the lorries are embarked. The time spent on the terminal by any particular outbound lorry or trailer prior to loading can therefore be short. Once the embarkation of lorries has commenced, a lorry can drive from the check-in, through the terminal, and up the ship's ramp without stopping at all.

The efficiency of these processes are founded on the fact that traffic can move freely through ports, without needing to obtain permission to embark on a ship or to leave the dock gate, in the same way as it can on any other part of the UK transport network. Ports are configured accordingly: terminals handling unaccompanied traffic include a trailer park but the only place where driver-accompanied lorries can park is the embarkation lanes in front of the berth. Regardless of the type of traffic they handle, ports typically have space only for one shipload of vehicles per berth. Dover, uniquely, has a contingency area where 4km of traffic (just less than two shiploads) can be parked if necessary.

This twin ability for traffic to move through ports without interruption and for all space in a port to be given over to productive use is what made possible the huge increase in traffic volumes through UK ferry terminals since the removal of customs (and health) controls at the start of 1993. Traffic volumes across (ie both over and under) the Dover Strait rose from 1 million lorries in 1992 to 4 million in 2015 (a 300% increase); traffic volumes through Holyhead rose from 54,000 to 392,000 over the same period (a 630% increase). The scale of these increases is vastly greater than the physical expansion of port sites over the period.

Land is scarce at all UK ferry terminals, constrained by the sea on one side and the town on the other, and is intensively used. At all terminals, the entire site is occupied by facilities that are integral to the operation of the port – roadways, check-in kiosks and offices, embarkation lanes, a passenger terminal building, and safety infrastructure for controlling shipping in the harbour – and all the vehicle areas are full on a daily basis. There is no spare space in which vehicles could park while awaiting clearance before re-joining the flow of traffic (inbound or outbound) or where new checkpoints or examination sheds could be built. Constructing new control facilities or associated parking areas would necessarily reduce the area currently used by the freight traffic itself: the effect would be to reduce the overall capacity of the port as well as choking the flow of traffic through it.

Operation Stack in Kent – ie the closure of the M20 to traffic, so that the carriageway can be used as a lorry park – demonstrates plainly what happens when the flow of traffic through a main ferry port is choked now. The phenomenon is familiar in relation to Dover, but the factors that give rise to it are replicated at every UK ferry terminal: no space to park waiting vehicles within the terminal, no significant provision for truck parking in the port hinterland, and reliance on a single trunk road for access to the port. Similarly, at every other port as at Dover, port traffic relies on the local road network for the final mile approach to the port, so any queues at the dock in-gate immediately cause congestion and disruption in the town too.

Such queues begin to build up as soon as the flow of vehicles through the port is interrupted for any reason. Ro-ro terminals are able to handle their current volumes of freight traffic only because that traffic moves freely across their site, in both directions. Any choke on the flow of freight vehicles immediately reduces the effective capacity of the terminal.

All land at ferry terminals is used for traffic proceeding to/from ships. There is no space for lorries or trailers to be held pending clearance away from the traffic flow before re-joining it, nor any space in which to build new control points or examination sheds. Such new facilities would necessarily encroach on the area available for the traffic flow and, given that all ports are for practical purposes already full, would reduce the capacity of the terminal. The maintenance of existing trade volumes therefore depends absolutely on avoiding a scenario where lorries or trailers need to stop in the port and await clearance before they can either be embarked on a ship or be driven out of the dock gate.

The wider context of just-in-time logistics

The free flow of freight traffic through ports (and the shorter dwell times of unaccompanied trailers) is symptomatic of the general adoption of just-in-time logistics across the UK and in neighbouring European countries. In all sectors, from manufacturing to retail, businesses operate without inventories of stock and rely instead on their product being delivered just before it is due to be used. This model of operation relies absolutely on certainty of delivery times, so that production lines keep running and retail shelves are always fully stocked.

Overnight sailings are invariably the busiest for freight in every ferry operator's schedule, carrying vehicles that have been despatched from one premises at the end of one working day for delivery to another at the start of the next. The road haulage sector's collective need for sailings that enable them to deliver goods at the start of the working day is reflected in the timetable of sailings offered by ferry operators for driver-accompanied traffic. On the longer North Sea crossings, served by a single sailing on each route, all ferries arrive between 0800 and 0900. The busier of the two daily services at Harwich arrives at 0630. At Portsmouth, three ferries typically arrive within an hour of 0700. All lorries leave the port immediately on disembarkation, pausing only for so long as it necessary for their driver's passport to be looked at, in order to fulfil their delivery slots inland.

Horticultural traffic from Holland (which represents some 10% of *all* traffic from Holland) offers an instructive case study. Buyers for UK supermarkets, DIY stores and florists order plants and blooms from Dutch auction houses in the afternoon; and the stock is despatched overnight for display and sale in the UK outlet the following day. In many instances, this trade is served by dedicated vehicles which return to Holland within a maximum of 24 hours (and now carrying empty flower cages and trollies), so as to be ready for their next delivery run to the UK. Punctuality is critical to this trade, and it relies absolutely upon predictable journey times: certainty that lorries will not be delayed at the port is an integral part of this.

Just-in-time logistics are strikingly evident on the Irish Sea, reflecting the fact that many large retailers treat the British Isles as a single market and serve their outlets in the UK and the Republic from the same distribution depots. Here, too, the overnight sailings are the busiest, but the arrivals are earlier, so that the lorries can reach the supermarkets and high-street shops before the start of the trading day. Both large ferries on the main route from Dublin to Holyhead arrive within a few minutes of one another, at 0530 daily, discharging 400 lorries at once which then drive straight out of the port and on to the A55 as a single pulse of traffic. Similarly, four large ferries (two from Liverpool and two from Holyhead) arrive in Dublin at separate neighbouring terminals at 0600 daily, all with loads for immediate onward delivery.

Filling retail shelves before the shops open, keeping factory production lines running, and ensuring the uninterrupted functioning of every other business that relies on just-in-time logistics for its supply chain depends on all those lorries leaving the port immediately, free from either the reality or the risk of being delayed in the port pending clearance.

Time-sensitivity of cargo

Like the Dutch flowers, a significant proportion of the cargo carried in lorries on ferries is itself perishable: approximately 30% of traffic inbound to the UK from the Continent. The proportion is higher on routes across the Irish Sea, where up to 45% of lorries contain perishable food, meat/poultry, fruit/veg, mushrooms, flowers/plants, and fish.

Much other cargo, although not perishable, is equally time-sensitive. Up to 25% of lorries on ferries inbound from the Continent can be carrying industrial goods (including automotive parts, metal, and machinery), presumably destined for UK factories – the proportion on the Irish Sea is lower. Lorries carrying building materials, destined for UK construction sites, can account for a further 15%. Up to 4% of lorries on some sailings can be carrying airfreight, as airlines find it more efficient to send cargo between some airport hubs by road rather by air.

Between 15% and 30% of lorries are stated by their driver to be carrying groupage loads. Among specific single loads, the following import cargo types are significant (each representing more than 3% of the lorries on a typical sailing, and as high as 15% on some sailings): chemicals, electricals, household goods, paper, pharmaceuticals, and plastics. Typically, some 5% of lorries are declared to be carrying hazardous goods. The time-sensitivity of these loads will depend on the supply chain of which they are part.

Only a very small proportion of traffic, less than 3% in total, is clearly not time-sensitive: such as waste for recycling/reprocessing and household removals.

Quite apart from any considerations about the disruption of supply chains, therefore, a significant proportion of the cargo carried as ro-ro freight is at risk of being spoiled if it is delayed at ports, pending clearance.

Given the nature of such cargo, this is as much (if not even more) a matter of health controls as of customs controls. It should be noted that no ferry terminals have any facilities for animal health or phytosanitary controls.

Cargo declarations

The cargo information in the previous section is based on statements made to ferry operators by lorry drivers when checking-in for a sailing. Under merchant shipping law, hauliers are required to provide such information as is necessary for the safe stowage and carriage of cargo. In respect of the 5% of vehicles containing goods classified as hazardous, this information is highly detailed: describing the nature and quantity of the goods and identifying the hazard (whether toxic, flammable, corrosive, etc).

In respect of the remainder of traffic, the information provided by a haulier is usually very limited. Typically, it is provided orally by the driver at the check-in kiosk at the port of embarkation, and is recorded by the check-in clerk either by typing in a free text box or by selecting one of a drop-down menu of frequent cargo descriptions on the ferry operator's manifesting system. As freight travels either on a turn-up-and-go basis or on the basis of a lorry turning up and claiming one of the slots reserved for its haulier, the check-in is the first point at which the ferry operator encounters the lorry or trailer and thus the first (and the only) point at which there is an opportunity for collecting such cargo information.

In most instances, it is apparent that the driver's own knowledge about the cargo in the back of his lorry is limited; he is clearly well aware of where he collected the load and he *may* also be aware of where he is to deliver it, but he is not reliably aware of the composition of the load itself unless it is hazardous. Nor is it usual for a driver to carry supporting documents relating to the goods; the tiny proportion of lorries carrying goods under TIR/Transit or goods in excise-suspension, with TADs/ADs supplied by the shipper, are an exception. There is also often a language barrier between the check-in clerk and the driver, where the latter speaks only limited English, French, or Dutch, etc.

Except in the case of goods under Transit, there is no capability within the logistics chain for ro-ro freight to provide the type of detailed declaration that is required in relation to goods that are subject to customs control. At either end of the supply chain, the supplier and/or buyer/receiver of the goods would presumably be in a position to provide much of the data that such declarations require (at least in relation to the nature, value, and origin of the goods, if not the specialist customs classifications and codings), but no-one in the supply chain between them is able to do so. Nor is there any mechanism for those at the either end of a supply chain to feed such information into the logistics chain: hauliers do not have manifesting systems, ferry operators' systems are not capable of handling such data, and there is no contact between ferry operators and those at the start and end of a supply chain who may hold the data.

It is therefore equally clear that the requirement on hauliers to provide a summary declaration on entry into the EU, which would be triggered automatically under the Union Customs Code if the UK

ceased to be part of the customs territory of the EU would result in virtually all UK exports to the EU being dead-stopped – because hauliers would be unable to fulfil such a requirement. Any comparable obligation that might be imposed on hauliers by HMRC in respect of inbound traffic would, similarly, result in the supply of goods to UK shops, factories, etc being dead-stopped. Requirements for animal/plant health certificates would have the same effect in respect of those lorries/trailers that were subject to them.

Any requirement on a ferry operator to provide a cargo declaration, either for departure from a UK port and entry to an EU port or vice versa, would likewise result in virtually all cargo being dead-stopped. Such a requirement would oblige ferry operators to make the provision of such information a contractual condition of carriage, and their customers (ie the hauliers) would be unable to fulfil such a condition, in the same way as they would be unable to provide the information directly to HMRC or its EU counterparts because they do not have it.

The present exclusion of shipborne lorry and trailer traffic between the UK and its EU neighbours from any requirement for summary declarations and the exclusion of ferries from any requirement for ships' reports is a function of the approval of all international ferry routes to/from the UK as regular shipping services within the customs territory of the EU (pursuant to articles 313-313f of the Implementing Provisions of the Community Customs Code). The exclusion of ro-ro traffic through the Channel Tunnel and across the Irish Land Boundary is a direct function of the fact that the UK is part of the customs territory of the EU.

The continued flow of the 40+% of the UK's trade that is carried as ro-ro freight also depends on the continued absence of any requirement to provide declarations (for any purpose) on entry into or departure from the UK, and equally on entry to or departure from the EU, as there is no capability within the supply chain to provide such declarations.

Conclusions

All land at ferry terminals is used for traffic proceeding to/from ships. There is no space for lorries or trailers to be held pending clearance away from the traffic flow before re-joining it, nor any space in which to build new control points or examination sheds. Such new facilities would necessarily encroach on the area available for the traffic flow and, given that all ports are for practical purposes already full, would reduce the capacity of the terminal. The maintenance of existing trade volumes therefore depends absolutely on avoiding a scenario where lorries or trailers need to stop in the port and await clearance before they can either be embarked on a ship or be driven out of the dock gate.

Filling retail shelves before the shops open, keeping factory production lines running, and ensuring the uninterrupted functioning of every other business that relies on just-in-time logistics for its supply chain depends on all those lorries leaving the port immediately, free from either the reality or the risk of being delayed in the port pending clearance.

Quite apart from any considerations about the disruption of supply chains, therefore, a significant proportion of the cargo carried as ro-ro freight is at risk of being spoiled if it is delayed at ports, pending clearance.

The continued flow of the 40+% of the UK's trade that is carried as ro-ro freight also depends on the continued absence of any requirement to provide declarations (for any purpose) on entry into or departure from the UK, and equally on entry to or departure from the EU, as there is no capability within the supply chain to provide such declarations.

The Chamber of Shipping
20 January 2017