



Freight Transport Association

Implications of Brexit for Logistics

FTA ABC Guide to Brexit

FTA 'ABC' Guide to Brexit



- A. **A**ccess to the Single Market
- B. **B**order controls
- C. **C**ustoms tariffs & procedures
- D. **D**omestic legislation
- E. **E**nforcement
- F. **F**uel Duty
- G. **G**lobal markets
- H. **H**eathrow
- I. **I**reland
- J. **J**oin in with FTA
- L. **L**egal process for leaving
- N. **N**on-UK workers
- R. **R**ail freight
- S. **S**cotland
- T. **T**rade deals
- U. **U**ser Levy
- V. **V**ans
- X. **E**xchange rate

Access to the Single Market



- Most likely option: Free trade agreement
- What is at stake:
 - Future trade arrangements & procedures
 - Will all sectors retain maximum access to the single market?
 - Degree of regulatory convergence
- Default option = trade under WTO rules (i.e. no preferential access)



What will be the conditions and procedures for future trade with the European Single Market?

Border controls



- Juxtaposed controls - UK border in Calais
- Calls for renegotiation of Le Touquet Agreement in France
- Restricted space in UK means that service frequency could be limited
- Delays resulting from Customs checks could have similar negative impact
- FTA is modelling the cost & impact this could have



Customs tariffs & procedures



- PM has said the UK will leave the Customs Union
- PM's objective remains 'frictionless' trade with the EU
- Various scenarios for when the UK leaves the customs union:
 - No friction
 - Low friction
 - High friction
- FTA has commissioned work on the rules and procedures that would apply to UK exports and imports under different trading relationships
- FTA will scrutinise new trade deals to make them 'shipper-friendly'



FTA 'Clean Brexit' agenda



- **C**ustoms IT systems need to be able to process additional declarations
- **L**earning curve: industry needs time to adapt
- **E**quivalent procedures in EU customs administrations
- **A**void vehicle checks at ports & airports
- **N**o cliff-edge

Domestic legislation



- Great Repeal Bill to repeal European Communities Act 1972
- Re-enact current legislation under new Act of Parliament
- Parliament then can decide which EU rules to repeal, change or keep
- Scope for change depends on new Single Market deal
- Two-tier system for international transport: UK & EU?
- Some rules for international transport are not governed at EU level:
 - Drivers hours limits
 - Dangerous goods



Enforcement



- Greater scope for 'local' enforcement of rules on non-EU trucks, e.g.
 - France, Italy, Austria: minimum wage
- No appeal to Brussels after Brexit
- Requirements for drivers, vehicles & loads need to be settled in new deal for Access to the Single Market...
- ...Or through bi-lateral deals with each Member State



Fuel duty



- Brexit will have fiscal implications for UK...
 - Currency Exchange rates
 - Government bond yields
- ... but the logistics industry needs an attractive level of taxation
- A 3p per litre cut in fuel duty would deliver around £1,500 annual saving on the running costs of a 44 tonne truck



Global markets



- UK needs connections with international markets
- UK risks being bypassed:
 - Consolidation of container shipping sector
 - rise of the Megaships (18,000 TEU)
- Port investment required in handling and inland road and rail connections



Heathrow



- UK needs a world-class air cargo hub airport
- Most air cargo travels in passenger aircraft
- World-wide connections vital with existing and new global markets
- Independent Airports Commission accepted FTA's freight arguments for Heathrow
- Government has given the go-ahead to Heathrow, work needs to start fast



Ireland



- Distinct issues for the island of Ireland
- Only EU/UK land border
- High dependency of trade between Republic and Northern Ireland
- Many businesses operate on an 'Island of Ireland' basis
- No 'hard' border promise at UK/Ireland Summit
- Most Irish international road haulage traffic transits the UK to reach rest of EU, via Irish Sea services



Leaving - Article 50 Process



EU roles & responsibilities



European Council

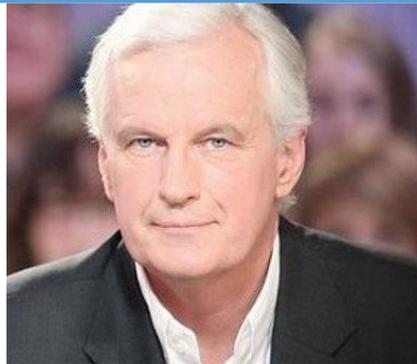
Donald Tusk



- Sets out guidelines for the negotiations
- Can delegate detail of negotiations to the European Commission
 - Concludes the agreement with the UK with qualified majority

European Commission

Michel Barnier



- Task Force & Chief Negotiator are likely to lead the detail of negotiations
- Services will provide technical expertise & lead on trade negotiations

European Parliament

Guy Verhofstadt MEP



Needs to provide its consent before the Council can conclude the agreement with the UK

Join in with FTA



- Freight councils – road, rail, sea and air, shippers
- Consultation surveys
- Transport Manager seminars
- Monthly Member webinars



What FTA is doing



- Contact with new Government departments
- Commissioning research
- Consultation with members
- Member webinars
- Brexit manifesto
- Keep Britain Trading event



Non-UK EU workers



- Status of EU citizens working in UK undecided
- Subject to UK/EU negotiations
- Government wants to guarantee rights for UK citizens working in EU
- Major issue for whole of UK industry
- FTA making the case for freight transport:
 - 10% of drivers are non-UK, EU nationals
 - About 20% of staff working in warehouses are non-UK, EU nationals



Rail freight



- EU rules provide safeguards for UK rail freight companies
 - Access to the rail network
 - Charging rules
- Will EU rules keep applying post-Brexit?
- What about international rules: COTIF?
- Customs red tape & trade disruption would affect rail freight negatively
- Limited impact on mode shift grants:
 - Funding comes from the UK already
 - UK state aids/competition rules are unlikely to be stricter than EU rules



Scotland



- First Minister has made application to the PM for a second referendum on Scottish independence
- Timing of the referendum?
- Process for re-joining the EU
- FTA will closely monitor the situation



Trade deals and Tariffs



- The EU negotiates free trade deals & tariff preferences with non-EU countries
- Post Brexit the UK will need to make its own trade deals and preference policies
- FTA is working with British Shippers Council & Global Shippers' Forum to
 - Identify key export and import trade partners
 - Identify priorities for trade preference policy and trade deals
 - Engage with DIT



Vans



- EU proposing to extend truck licensing to vans
- May have to live with this depending on trade deal
- Need to influence while we still can
- FTA response: "what problem are you trying solve?"



Practical implications of Brexit



Pre-Brexit

- Until the UK leaves the EU: no radical changes
- All EU rules & regulations apply
- £ fluctuations already have an impact on FTA members

Post-Brexit

- Extent of changes depends on Brexit deal
- Free trade is a priority for FTA

Leading for Logistics on Brexit



Freight Transport Association

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