LOGISTICS UK

Logistics UK Submission to Labour National Policy Forum Consultation

17 March 2023

Summary

- The UK's logistics system is vital for growth, skills, decarbonisation, trade and investment. However, there are a range of barriers to overcome to enable the UK's logistics system to fulfil its potential for the country.
- Visibility of long-term infrastructure plans, including the integration of transport modes and energy and transport infrastructure, is vital for unlocking private-sector investment.
- A strategic plan for utilising low carbon fuels across transport modes is required. This should be evidence-based and backed by investment in infrastructure and R&D.
- Faster roll out of public charging points for commercial vehicles, including fast charging for heavier logistics vehicles is essential to accelerate the take up of electric vehicles (EVs) across logistics. Depot charging should be supported with a fairer approach to planning and funding.
- Reform of the Apprenticeship Levy is needed to give businesses greater flexibility in training employees, including non-apprenticeship training. This would enable companies to solve their own skills shortages in the short term and better allocate levy funding moving forwards.
- Logistics workers deliver a key service, and the industry offers first class job and career opportunities across the UK. We should celebrate this more, including through the Generation Logistics campaign, as well as supporting logistics workers through improved facilities, as they are vital for driver wellbeing.
- International trade should be backed as a driver of innovation and productivity, with simple borders and reduced non-tariff barriers essential for enabling the logistics sector to support trade and investment.
- At the heart of the UK's business and trade strategy must be a recognition of the importance of the UK's logistics system for growth.

Who we are

Logistics UK is one of the country's largest business groups, supporting, shaping and standing up for safe, sustainable and efficient logistics. We are the only organisation representing the entire logistics sector. We welcome the opportunity to submit a representation to the Labour Party's National Policy Forum.

What we represent

We represent a sector delivering an increasingly innovative, productive and sustainable system of essential national infrastructure. This system ensures the availability of the products that households, businesses and public services rely on every day, and is supporting the UK's transformation for the future.

Our membership of over 20,000 includes global, national and regional businesses and SMEs, spanning the road, rail, sea and air industries as well as the buyers of freight services, such as retailers and manufacturers.

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As an organisation, we deliver services, representation and thought leadership, helping members and policy makers to seize new opportunities for the sector and the economy as a whole right across the country.

Why it matters

As a system of essential national infrastructure, efficient logistics is vital to the UK economy and workforce. Logistics employs 2.7 million people in the UK, both directly and indirectly, accounting for 8.3% of the UK workforce. It contributes £148 billion to the UK economy each year (representing 12% of the economy), supporting growth, productivity and aspiration in communities across the UK.

To unlock the UK's potential, the logistics sector is calling for:

- **Innovative and integrated infrastructure**, with planning, regulatory and tax reform that incentivises public and private investment, infrastructure investment and R&D partnerships, enabling the sector to deliver an increasingly productive and strategic logistics network, supporting economic growth across the UK and keeping the costs on shelves down.
- **A fair transition to a green economy** across the UK that enables businesses to develop and move to greener energy and fuels in a cost-efficient way, with partnerships on innovation and charges that reflect the value that logistics delivers within communities across the UK.
- **Skills partnerships to support a thriving sector**, reflecting the breadth of high-quality roles across the logistics sector and supporting aspiration in communities across the country.
- **Trade as a driver of innovation and productivity.** Simple borders and regulations to boost trade and investment, enabling UK businesses to trade across Europe and around the world and create investment opportunities in the UK.

Together, we can deliver a more innovative, productive and green economy for communities across the UK.

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Logistics UK is calling for innovative and integrated infrastructure, and the backing a fair transition to a green economy. Our policy goals in these areas relate to Labour's *A green and digital future, which* explores how science and technology, the digital economy, transport, the Green Prosperity Plan and Labour's mission-based industrial strategy can support growth across the UK.

Innovative and integrated infrastructure

We support the delivery of innovative and integrated national logistics infrastructure, with planning, regulatory and tax reforms that drive public and private investment. In addition, we advocate R&D partnerships to enable the logistics sector to deliver an increasingly productive and strategic national network, supporting economic growth across the UK, driving down emissions and keeping costs on shelves down.

The logistics sector wants to get goods from A to B in the most cost effective and environmentally friendly way. Currently, there is a lack of visibility of long-term infrastructure plans, meaning lost opportunities to unlock private investment; a lack of focus on integrating transport modes in single mode-based transport investment strategies; a need for greater focus on the role that innovation can play in integrating transport modes; and a lack of recognition of the national and regional logistics system in local planning decisions systems which inhibits the development of logistics infrastructure and facilities where it is needed. This is in addition to the lack of clarity on energy and fuels plans and the patchwork of charges and rules across the country inhibiting the efficiency of the logistics system (see next section "A fair transition to a green economy").

Addressing these challenges, including by focusing on delivering a National Freight Network, would drive productivity and growth up and costs and emissions down.

National Freight Network

A National Freight Network would support end-to-end supply chains by taking a cross-modal and corridor-based approach to planning and investment decisions. Currently, infrastructure schemes and plans tend to be implemented on a modal basis, rather than taking into account the entire route and the way it relates to the logistics network. Future planning should therefore include a shift in perspective to working in partnership with the logistics sector to develop a cohesive and encompassing network, rather than focusing on fragmented pieces of the puzzle.

With government projections showing a continued growth in freight traffic, we are calling for a 30-year infrastructure plan with funded five-year delivery plans, owned jointly between the government and logistics sector to deliver a national freight network. This network should include all transport, warehousing and other facilities, so that businesses can invest with confidence.

Investment in a National Freight Network should be backed by prioritisation of logistics in national and local planning, with land safeguarded to support integration, efficiency and reduced carbon emissions supporting freight movements from international gateways and point of manufacture to the last mile.

Planning

At a strategic level, national guidance must recognise that freight is a national system. It should be clear in the need to safeguard land for logistics operations, and should recognise the full value of logistics sites – whether road, rail, airports, ports, inland waterways, warehousing or associated facilities.

Local supply chain infrastructure should be integrated with new housing developments from the very outset. Too often, new communities are built with little regard to the difficulties that will be faced by businesses and organisations that need to supply them. National government should take

responsibility for ensuring the right strategic decisions are made – calling in planning decisions where appropriate.

There are also challenges with local planning. As a result of local spending reductions, planning departments have often seen some of the most significant cuts. Experienced planners have been lost and departments are not able to work proactively with industry to achieve positive outcomes. Inefficient planning processes are not in the interests of either applicants or the public purse; delays and appeals are costly and can be avoided with more collaborative approach to planning applications. There is a role for central government in both ensuring that planning departments are operating effectively and providing adequate funding to local authorities to ensure they can do so.

Innovation

Innovation in logistics should be supported, as it can enable the logistics sector to play a greater role in driving UK economic growth. Logistics is a public private partnership. The right funding will expedite the development of green and future technologies and ensure best practice is shared. It can also unlock opportunities for future UK exports. For example, connected and autonomous road vehicles and drones, with a suitable regulatory environment to support the journey from R&D to adoption, could support flexibility, resilience and customer service, improved safety and reduced congestion, and overall economic and environmental efficiency. The logistics sector, as a planned and controlled environment, can also act as a test bed for the development of connected and autonomous mobility for the overall transport sector. To take this forward, the government can play a role in supporting technology trials and overcoming barriers, such as around cost, skills, data sharing, regulations, planning and space / land availability.

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A fair transition to a green economy

As a responsible sector, achievement of the UK's net zero target is a challenge our members are committed to. This aim remains a continuous feature of the logistics sector's ambition, irrespective of elections and governments. Similarly, we want to see continued focus on achieving clean air targets.

Achieving ambitions for net zero and clean air requires a plan for a fair transition that enables businesses to develop and move to greener energy and fuels in a cost-efficient way. This includes partnerships on innovation, and charges that reflect the value that logistics delivers within communities across the UK. Conversely, adding taxes and charges to business when greener options are not available in sufficient scale, increases the costs of the goods and products that consumers, businesses and public services rely on every day, and reduces the funding available to invest in the transition.

Fuel Duty

The invasion of Ukraine and multiple rounds of sanctions on Russian crude oil brought about fuel supply concerns, thus increasing the price of a barrel of crude oil globally by up to 50% to $130. Consequentially, logistics firms are paying historically high prices for diesel, with a litre of diesel reaching £2 in July 2022 and remaining stubbornly high.

In order to achieve a fair transition to a green economy, it is crucial that ensuring the right rate of fuel duty and other charging mechanisms, such as Clean Air Zones, is achieved. The goal should be to encourage the uptake of greener vehicle technologies when such technologies are available.

Logistics UK welcomes the Chancellor's decision to freeze the level of fuel duty at 52.95 pence per litre (ppl) and the cancellation of the inflationary super-indexation – the 5 ppl temporary cut to fuel duty – which has been extended by 12 months from March 2023. We estimate that this will save road freight operators £2000 per 44-tonne HGV per year. Given that the logistics businesses operate in a highly efficient manner with lean profit margins, any potential or future fuel duty hike would have significant implications for operating costs, and ultimately, on inflation for customers, businesses and public services. Moving beyond March 2024, the logistics sector would like to see the introduction of a dynamic mechanism that, in periods of inflation, enables the Treasury to keep fuel duty down by taking into account its tax receipts from VAT and other sources. This would protect both businesses and the economy by cushioning customers, public services and businesses from further price rises linked to transport costs, whilst maintaining current tax receipts for the Treasury.

Low Carbon Fuels

Low carbon fuels (LCFs) have received significantly less attention in policy and political debate regarding transport decarbonisation than electric vehicles. However, LCFs provide a viable option for immediate reduction in emissions without significant vehicle/vessel modifications and can deliver benefits of up to 80% carbon emission reduction. This is vital for large vehicles across transport modes where no zero-carbon technology yet exists, and for vehicles that will continue to operate for several years even if there are zero carbon alternatives. HGV internal combustion engine vehicles sold in the UK will typically be used on our roads for over a decade, with many then likely to be sold on into other world markets.

We are therefore calling for short- and long-term plans to increase utilisation of LCFs across transport modes, including biofuels and hydro-treated vegetable oil (HVO); liquid natural gas (LNG) and compressed natural gas (CNG); Sustainable Aviation Fuel (SAF) and hydrogen as well as exploring a potential role for synthetic fuels.

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The case for low carbon fuels

On road, LCFs can play a significant role in decreasing the emissions from heavy goods vehicles (HGVs). There is currently no infrastructure in place for charging electric HGVs, and it is not clear what that infrastructure would look like or where it would be located. The majority of charging installations in the UK to date are to support the electrification of the light-duty fleet, meaning that electric HGVs will be unlikely to be able to make use of existing charging infrastructure, due to the long charging times and the amount of electricity needed.

Regarding rail, electrification is a known technology and electrification of rail freight routes should be expedited now whilst road freight continues to trial future technologies. A plan is also required for those parts of the network that will not be electrified by 2050. It is not realistic that all rail freight will operate on electrified lines, as rail freight uses many diversionary routes off main routes. Alternatives – including hydrogen – would support the progressive roll out of electrification schemes, as well as delivering clean train travel in routes where overhead wires cannot be economically justified. Other alternative fuels to diesel are an option for rail, although rail freight can present a challenge due to the weight of loaded rolling stock. Recent successful trials have shown that HVO fuel can reduce CO_2 and NOx emissions by as much as 90%. In addition, there should be a focus on increasing the efficiency and interoperability of rail freight, and pricing rail to be competitive with road, as it will support modal shift and therefore drive down emissions – one rail freight train has the capacity of 76 HGVs.

For aviation, the key to reducing emissions will be the use of sustainable aviation fuel (SAF), which has the ability to reduce emissions by up to 70%. SAF are drop-in fuels, meaning they can be blended into fossil-based aviation fuel and used in existing aircraft and infrastructure without modification and therefore could deliver both short-term and long-term CO_2 emission savings, and potentially reduce non-CO_2 impacts. In conjunction with this, the production of SAF should take place domestically to ensure that costs are reduced and availability is increased. Logistics UK supports the Government's Net Zero ambitions which includes a SAF mandate of 10% by 2030, and wishes to see this commitment upheld across future governments.

For maritime, low carbon fuels also have a significant potential to reduce emissions. Research commissioned by the government, and wider studies, have demonstrated that there are multiple promising technological routes for achieving zero emission shipping. This includes using low carbon alternative fuels such as hydrogen or ammonia. In addition, it is recognised that the diversity of vessels within the sector means a one-size-fits-all solution is impossible. Fuel and power selection is only part of the picture for a vessel's individual 'course to zero' - the vessel type, operational profile and intended use will have significant impacts on the technology pathway to net zero operations.

To take advantage of these opportunities, short- and long-term plans are needed.

In the short term, tax incentives are required to increase the adoption of LCFs by bringing the cost down lower than traditional fuels, given that they can reduce carbon emissions immediately.

For the many businesses which have begun the transition to greener fuels, the rise of energy prices has meant that fuels currently come at a cost premium. Some logistics businesses have reverted back to diesel because customers are not prepared to pay the premium, whilst others have not yet moved away from diesel.

We therefore want to see a continuation of the gas duty differential to 2030 in addition to the introduction of an HVO differential and support with the adoption of other LCFs. In order to incentivise immediate emissions reduction, consideration should also be given to decoupling the price of biomethane/bio-CNG from wholesale natural gas prices.

Similarly, SAF is still much more expensive than jet fuel and is often more than double the price. As such, price mechanisms need to be put in place to help close the price gap with kerosene, in addition to a plan to increase the production of SAF in the UK.

There is also need a for a long-term plan for low carbon fuels across the economy, that looks beyond price and to making strategic decisions over infrastructure, manufacturing and which fuels would be best used by which industries, given the likelihood of scarcity of supply driven by international demand. This plan should be evidence-based; consider the carbon emissions impact of the whole fuel lifecycle; be backed by investment in infrastructure and R&D; and by a clear regulatory framework. Both public and private logistics businesses have invested in new technologies, such as LNG, but have not seen any benefits as government policies and incentives change. This is a waste of both public and private funding, and in the current economic climate, it is a cost that no one can afford.

A strategic plan would give the logistics sector a clear understanding of the direction of travel for all transport modes, giving it greater confidence that the appropriate fuels and fuelling infrastructure will be available. It would also enable private sector businesses to investment in confidence alongside the taxpayer, reducing emissions much faster than waiting for zero carbon technologies to be available for all types of vehicles, land, sea and air.

Charging and Electricity Networks

The transition to a net zero logistics system will require new thinking on public private partnerships for vehicle and technology development and infrastructure investment. We therefore welcome Labour's ambition to deliver a fossil fuel free electricity system by 2030. However, to achieve this, and to ensure the logistics system maximises the use of green electricity, long-term planning and a long-term view of government investment plans is critical.

Most operators see depot charging as the most efficient way forward for their electric fleets.

Planning policies can therefore be a key enabler in facilitating the continued adoption and uptake of battery electric commercial vehicles. However, when there is a need for planning permission to install charging infrastructure at depots or warehouses this process can be slow, complicated and often does not work in conjunction with other mechanisms designed to facilitate the installation of charging infrastructure. Reforms are required to make this process simpler and faster to support the implementation of battery electric commercial vehicles into fleets.

For operators electrifying their fleet, the capital expenditure required for depot charging can also be significant. Some operators currently in the process of electrifying their van fleets have reported costs of over £1 million, which is often not commercially viable, especially if premises are leased. In this instance, if the business relocated, the infrastructure would remain and, in some cases, may even be removed by the landlord, resulting in no further benefit to the business from the investment they had made.

In addition, operators seeking new premises struggle to identify where there is sufficient local grid capacity for depot charging, or where there is capacity to strengthen energy networks.

We are calling for a re-balancing of who is responsible for improving the energy network to enable electric charging for fleets, as the logistics industry is currently unfairly responsible for the full cost of new connections borne by the District Network Operators (DNOs). This should include the plug-in grant being available to fund connections and charging infrastructure.

We are also calling for clear information on grid capacity, to help inform investment decisions, together with DNOs adopting standardised approaches to costs and service level agreements, as well as increasing their own capacity and accepting load balancing options.

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To support the transition and given the costs involved, Logistics UK has called for capital investment to be 100% tax deductible. We therefore welcome the measures on this in the 2023 Spring Budget. However, both the super deduction and its successor fail to account for all investments regardless of the type of financing used to acquire assets. Approximately 70% of construction plant is hired in via plant hire firms and, in transport, over 800,000 vans and 100,000 HGVs are leased or rented to UK businesses, representing 1-in-5 vans and HGVs on UK roads. Thus, a considerable number of businesses which acquire assets via leasing, including to support decarbonisation, are not eligible to tax deductions for investment expenditure, and we would like to see this rectified.

Operators also need to have confidence that the public charging network will be available and accessible to their drivers across the country, including rural areas. However, the sector currently has concerns regarding the pace of the roll out of public charge points, as it reflects a lack of sufficient urgency and a lack of consideration of the needs of the logistics sector. The focus for many local authorities has been on providing charge points for private cars, therefore the average charging bay is not designed with delivery vans in mind.

Logistics vehicles provide essential goods and services to local communities and, whilst most fleet operators will charge their vehicles at their depot, there will still be occasions when their vehicles will need to use the public chargepoint networks, and these should be fast charging to enable businesses to maximise the efficiency of their fleets. Equally, operators whose drivers take their vehicles home, and do not have off-street space to install a home charger, will rely on on-street chargepoints. When allocating funding for local authorities to install public chargepoints, guidance to ensure installations are accessible to commercial vehicles must be included. This includes specification on the size and headroom of parking bays.

Other reforms that would improve the cost effectiveness of investing in electric vehicles in the logistics sector are:

- Removal of the additional mandatory training requirement to allow drivers with a category B licence to drive alternatively fuelled vehicles (AFVs) up to 4,250kg, given that recent driving licence entitlement changes mean that category B drivers can already operate conventionally fuelled vehicle and trailer combinations over the AFV derogation's 4,250kg limit without additional training. There are no known stability or safety issues, and we do not believe additional mandatory classroom training for AFVs is necessary. Requirements laid out in the Health and Safety at Work Act 1974 and the Provision and Use of Work Equipment Regulations 1998 mean that employers are legally required to ensure that any work equipment is safe and appropriate for the purpose to which it is being applied, taking into account the working conditions and health and safety risks.
- Reviewing the weight at which electric vehicles require testing by the DVSA from one year, rather than the three-year point for lighter vehicles. Electric vans are heavier than their diesel equivalents, due to the weight of batteries, and thus many smaller vehicles are currently caught in a testing regime designed for larger vehicles. This adds cost to industry and slows the transition to electric.
- Increasing weight and length allowances for electric vehicles, to enable such vehicles to operate with full length trailers.

Road charging

With the transition towards electric vehicles, especially for cars and smaller logistic vehicles, we understand the need to review the future shape of road taxation and pricing. Businesses need to

understand the taxes and charges that may be applied to vehicles in the future so that they can invest now in confidence.

Resolving the patchwork of restrictions

We are calling for reform and the introduction of a national framework to rationalise the patchwork of charging mechanisms, including Clean Air Zones and other restrictions on logistics that have come into effect and are in development across the country.

We fully support efforts to improve air quality in urban areas. However, where these schemes do not align with any overall fuels strategy or where there are no viable alternatives to the vehicles being targeted, they simply add cost to businesses and push logistics operations further out of city regions, adding mileage and emissions, whilst also inhibiting the development of logistics jobs within those regions. In addition, operators use fleets across the UK meaning vehicles need to operate in all jurisdictions. Specific requirements to enter towns and cities, especially where those requirements different between towns and cities, add inefficiency and cost.

Similarly, any further restrictions on night flights should be avoided, given the important role they play in the UK economy, for both growth, employment and international trade. In 2021, it was estimated by York Aviation that the direct, indirect, induced and wider impacts of night flying across the whole night has a total impact of £16.5 billion and 213,200 jobs across the UK.

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Skills partnerships to support a thriving sector

Logistics UK is calling for skills partnerships to support a thriving sector. Our policy goals in this area relates to Labour's *The everyday economy: Better jobs and better work,* which explores how Labour can best support the everyday economy, including the self-employed and small businesses, to prosper through skills policy, employment rights and a partnership between business and a dynamic state.

The logistics sector employs 2.7 million people, directly and indirectly in logistics roles. Like all sectors of the economy, we are managing change in terms of technology and demographics, and we were also significantly impacted by the end of freedom of movement. For example, between the third quarter of 2019 and the third quarter of 2020, 13,900 HGV mechanics, technicians and electricians from the EU have left the UK labour market. Consequently, 54% of respondents to Logistics UK's quarterly performance tracker reported 'severe' or 'very severe' challenges in recruiting HGV mechanics. This has resulted in a high degree of wage inflation, with the advertised salary for HGV mechanics and technicians rising 11.6% in the year to December 2022, which increases costs for operators.

Skills investment

Skills investment needs to deliver better value for money for the public and private sectors. To help rectify this, a review of the funding model for the Apprenticeship Levy should be undertaken to ensure funding delivers the value intended. During the 2019/2020 financial year, only 15% of apprenticeship levy payer employer accounts fully utilised the funds available to them.

We are interested in Labour's proposals for a 'Growth and Skills Levy' to replace the existing Apprenticeship Levy which, depending on the detail, may align with our call for a 'Training Levy' to replace the current one – to give businesses greater flexibility in training employees and non-apprenticeship training. Doing so would allow companies to solve their own skills shortages in the short term, by allocating levy funding for training programmes which do not necessitate a year-long apprenticeship, such as HGV drivers. This would not only allow employers to spend their levy funds in the most effective way possible, but also would ensure that companies can play an active role in solving acute skill gaps.

Similarly, we are interested in the proposal for Skills England. We are optimistic that establishing a body that oversees skills on a national level could help to ensure that skills for logistics are not left out of any discussions on wider skills planning. Given that logistics is an intrinsically trans-regional sector, a national body like Skills England could help to ensure that skills provision by local authorities takes logistics into account, regardless of their own regional focus. We look forward to further detail about this proposal being published, including on how it will ensure that the logistics sector is represented on a national level.

Facilities investment to support recruitment and diversity

As above, logistics facilities should be regarded as an essential part of the logistics network, in terms of investment and planning. This is not only vital for the operation of the logistics system, but also for the welfare of logistics workers and the sector's ability to attract a diverse pool of talent – particularly HGV drivers.

HGV drivers are crucial for keeping the country moving and ensuring our supply chains remain protected, yet they face a significant lack of hygiene and rest facilities compared with other industries. The latest Lorry Parking Survey published in September 2022 shows the provision of lorry parking at on-site facilities in England is nearly at critical level, having reached 83 per cent utilisation level across the network, with the highest utilisation rates found in the East, South East and East Midlands.

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From the same survey, NaVCIS (National Vehicle Crime Intelligence Service) data shows that, in 2021, it received 4,434 notifications of UK cargo crime. 971 of those occurred at Motorway Service Areas (MSA) and 2,149 of those occurred in independent parking locations. Only 25% of MSAs have security features, just 39% for independent parking locations, 19% for local authority locations and only 3% for Trunk Road Service Areas.

In 2018, the previous study found there was an urgent need for 1,411 overnight lorry parking spaces in England, which the government committed to deliver. This shows progress is not being made with addressing the barriers to more overnight parking.

These issues turn people away from vital driver roles and inhibit the sector's ability to attract women and people from more diverse backgrounds. At present, the logistics sector is dominated by older, white males with underrepresentation from women, ethnic minorities and younger workers – 84.8% of those employed in logistics are male. Amongst HGV drivers, only 2.2% are female according to the latest research.

We therefore welcome government commitment to invest in driver facilities and want to see this commitment maintained, and delivered upon. It is also essential than planning barriers to the delivery of facilities are resolved.

Generation Logistics – attracting people into the sector

Given the centrality of the logistic system to the UK, it is essential that new and diverse talent is attracted to logistics roles. In response to current skills gaps in logistics, and a lack of awareness about logistics roles, the sector together with the government launched Generation Logistics in August 2022 – designed to keep the nation's supply chains protected by addressing skills shortages and attracting more talent into roles across the industry. Since the launch:

- Over 180 ambassadors have been recruited – talented employees, socially networked, with a great story to tell about how they got into logistics and the experiences and opportunities open to them.
- Over one million people have engaged with Generation Logistics' social campaigns.
- Over 267,000 people have visited the website.
- The campaigns have already created over 113 million opportunities to see.

We are seeking continued government support for Generation Logistics, including with funding and for a national, long-term programme of careers awareness in schools, colleges and beyond, with resources for young people, teachers, careers advisers and others.

A flexible approach to migration

Despite significant investment in supporting the domestic workforce into logistic roles, the sector will require some support from abroad, at least in the shorter term. Given that logistics was one of the industry's most reliant on EU workers when freedom of movement was in place, there are several acute shortages in the sector which require shorter term solutions. We therefore welcome Labour's commitment to fixing holes within the UK-EU Trade and Cooperation Agreement which would remove barriers to EU workers filling staff shortages.

Ensuring that Skilled Worker visas are available for more logistics roles than at present would support the UK logistics system, as would adding these roles to the Shortage Occupation List (SOL). The

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Migration Advisory Committee's call for evidence on the SOL is now open, and we will be recommending that mechanical engineers remain on the list, while other roles, including but not limited to, HGV drivers and vehicle mechanics, be added. It may also be helpful to review whether the current system for sponsoring visas works for business.

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Logistics UK is calling for trade to be backed as a driver of innovation and productivity. This includes free trade agreements, simple borders and regulations, and world class ports and airports, enabling UK businesses to trade across Europe and around the world and to create investment opportunities in the UK. Our policy goals in this area relate to *Labour's progressive trade policy: Britain in the world,* which explores how Britain's trade policy can promote growth, secure essential supply chains, advance workers' rights across the world, reduce inequality and drive us to net zero.

In 2021, the UK exported £320 billion goods and imported £476 billion, made possible by the logistics sector. At the heart of any trade strategy must be recognition of logistics as a driver of export growth and inward investment.

Minimal friction at borders to boost trade and investment

Trade thrives when borders and customs procedures are as frictionless as possible and processes are industry-friendly, including through the mutual recognition of standards for goods and qualifications for logistics workers.

Reducing barriers as far as possible, including non-tariff barriers, for UK-EU trade would help enable the UK logistics sector to thrive and ensure supply chain resilience to strengthen the UK economy and prevent future supply chain issues or shortages.

The 2025 review of the Trade and Cooperation Agreement (TCA) with the EU is an important opportunity to seek to further reduce friction in UK-EU trade. It is important that the UK and EU continue to build on the improved relationship evidenced by the Windsor Framework, to deliver further investment, innovation and trading opportunities and benefits under an evolving TCA. The UK should also seek to use improved relations with the EU as a springboard to successfully negotiate best in class Free Trade Agreements with wider global partners.

We support the ambitions, vision and strategic objectives of the 2025 Border Strategy, including having the most effective border in the world; a border that is highly productive, free flowing, predictable and resilient for all users. However, it is important that any changes are fully resourced so they can be delivered efficiently and with timely communication with industry, allowing it to prepare. For example, it is important that there is ongoing involvement of the logistics industry in early testing of prototypes of future systems. Systems should be accessible prior to their launch to give businesses time to organise training, identify any structural and design weaknesses and anticipate any repercussions on their own systems and processes that may interact with government platforms. There should also be a clear structure for escalating and resolving concerns and cases. In addition, as processes are modernised and digitalised, there must be clear protection of commercially sensitive information.

Funding must also be delivered for training and capacity building in customs and trade to meet the increased demand for the intermediary sector to provide support to businesses adapting to new trading conditions.

Keeping GB and NI Trading

Logistics UK was at the forefront of discussions contributing to the new Windsor Framework. We welcome that agreement on the Windsor Framework has been reached between the UK and the EU, as an agreed outcome is an important step in giving our members the stability and certainty they need. Following announcement of the deal on 27 February 2023, our members are working through the operational requirements and impact of the framework on their businesses. As the government and EU move into the implementation phase, we are calling for:

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- Clear and timely communication and responses from government to the logistics industry, including on the impacts of the Retained EU Law Bill.
- Establishment of a mechanism to manage the impact of UK EU divergence going forward.
- Continuous engagement and co-design with industry to develop and apply pragmatic and sensible implementation of the framework that works for business.
- Streamlining of required processes, including data sharing agreements, to avoid duplication and added bureaucracy.
- Government strategy to educate and raise awareness of the Windsor Framework among Great Britain suppliers to regain and grow Great Britain – Northern Ireland trade.
- Government support to upskill the Northern Ireland Civil Service and businesses to develop the unique strategic investment proposition of dual market access for Northern Ireland and to maximise investment, innovation and economic opportunities.

Logistics recognised within the UK's trade deals and leading the way on global logistics innovation and decarbonisation

Logistics UK supports free trade as a driver of competition, innovation and prosperity. Getting logistics right in trade agreements and supporting a thriving and innovative logistics sector presents a major opportunity to expand trade and inward investment, and to ensure UK businesses are playing their full part in international progress on innovation and decarbonisation.

As such, we are calling on the UK and EU continue to build on their positive relationship to deliver further investment, innovation and frictionless trading opportunities and benefits under an evolving UK-EU Trade Cooperation Agreement. We also want to see Free Trade Agreements with other economic partners which unlock market access, support mutual recognition of qualifications, facilitate efficient logistics and trade systems, and which involve UK logistics businesses in research and development opportunities. To support this, we are calling for best-in-class trade facilitation arrangements with key global partners and a supportive environment for logistics and trade, both in the UK and globally.

We are pleased that Labour has committed to consulting representatives of business, as well as trade unions, consumers and other civil society interests, for all future trade deals.

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