Submission to Senedd Economy, Trade, and Rural Affairs Committee inquiry into the Holyhead Port Storm Damage and Closure.

Summary

- Logistics UK welcomes the opportunity to respond to this inquiry by the Senedd Economy, Trade, and Rural Affairs Committee into the Holyhead Port Storm Damage and Closure.
- The closure of Holyhead Port and the Holyhead Dublin route had a significantly negative and costly impact on the haulage and logistics industry at what should have been their busiest time of the trading year.
- This incident highlighted the critical gaps in communication and coordinated contingency planning, the fragility of the port network, and the importance of ensuring port infrastructure and the port network serving the UK and its trading partners is resilient in the face of increasing extreme weather events and emergency incidents.
- Logistics UK believes there is important learning from a contingency and resilience perspective to be drawn from this situation which will require a devolved nation and wider two islands response in partnership with industry.

About Logistics UK

Logistics UK is one of the country's largest business groups, and the only trade association which represents all of logistics. Our mission is to support, shape and stand up for safe and efficient logistics. Our membership of more than 20,000 includes global, national and regional businesses and SMEs spanning road, rail, inland waterways, sea and air as well as the customers of freight services, such as retailers and manufacturers. 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.

The logistics sector

Logistics underpins our economy and is fundamental to our way of life. It supplies our hospitals, schools, factories and shops with everything they need, everywhere, every day – nothing moves without it.

In Wales, more than 90,000 people are employed in logistics roles, which equates to 6.7% of the Welsh workforce, and there are over 8,000 logistics businesses making, selling and moving goods. Wales exported goods to the value of £20.5 billion in 2022, enabled by the logistics sector.

The efficiency of logistics and the productivity of the economy are completely intertwined. Due to this relationship, Oxford Economics found in 2023 that getting the policy and infrastructure environment right for logistics would unlock up to £8 billion a year in UK productivity-led growth by 2030.

However, we are not currently going in the right direction. The UK fell from 4th to 19th place in the World Bank Logistics Performance index over the past decade, largely as a result of border friction and underinvestment in transport corridors.

Logistics is a major sector in its own right. It contributes £185 billion to the economy each year (12% of UK non-financial GVA), is one of the UK's largest employers, providing good jobs with strong career progression – 2.7 million people (8% of the UK workforce) are employed in logistics roles, and its key hubs provide a catalyst for further growth and investment, helping places to thrive.

Logistics has transformed the UK and is now delivering for the future. It helped deliver the country's canals, roads, railways, airports and ports, has driven revolutions in global trade and e-commerce and is now innovating to deliver decarbonisation and even greater efficiency.

Consultation response

Logistics UK welcomes the opportunity to contribute to the Committee's inquiry into the Holyhead Port Storm Damage and Closure. Holyhead to Dublin is a strategic trading route between Great Britian (GB) and the island of Ireland with approximately 5 million tonnes of goods moving this way every year. The impact of the closure of Holyhead Port from 7 December to its partial reopening on 16 January 2025 had a significant, negative impact on the haulage and logistics industry across both islands. It has also highlighted the critical gaps in communication and coordinated contingency planning, the fragility of trading gateways, and the importance of ensuring port infrastructure and the port network serving the UK and its trading partners is resilient in the face of increasing extreme weather events and emergency incidents.

Impact of closure

From the announcement of the closure of Holyhead Port due to storm damage, Logistics UK worked closely with our members in Wales, Scotland, England and Northern Ireland, as well as FTA Ireland (our Trade Association equivalent in the Republic of Ireland), on the ongoing impact on the industry and trade across both islands. The closure of this strategic port and the Holyhead Dublin trading route resulted in significant additional cost and disruption to the logistics sector at what should have been its busiest time of the year. The impact was most acute on Great Britain to Republic of Ireland (RoI) freight but there was a severe knock-on impact on other ports, and GB to NI freight, as this traffic diverted to find alternative crossings and displaced other accompanied and unaccompanied freight which regularly use these routes. While additional capacity was at a later point provided, crossings were unpredictable as the normal booking process was suspended by ferry operators and replaced by a first in first out process.

We know from member feedback that haulage and logistics companies had to absorb significant additional costs, and reluctantly pass on unabsorbable costs to customers, as a result of increased driver wages and higher fuel bills as freight had to travel longer routes to alternative ports and wait in lengthy queues for access to slower crossings. It was particularly challenging for businesses to get unaccompanied loads on crossings. With the sector already operating on extremely narrow margins, often only 2.5%, delays, dead mileage costs and ferry surcharges added further cost pressures to operators. Haulage companies had to bring forward their last import date to ensure they could get drivers home in time for Christmas, and many reported having to turn down work because they could not guarantee timely delivery.

Drivers were the cohort most negatively impacted. Logistics UK is aware of cases where drivers were parked up for up to 36 hours, in winter weather, waiting to get a confirmed booking with little to no rest room and welfare facilities. This lack of access to basic human welfare would not be accepted if it was a reality in any other industry and we should not expect our drivers, who provide a critical national service, to have to endure these conditions. Logistics UK continues to make the case for improved, safe and secure driver welfare facilities across the UK, and provision of adequate driver facilities must also be a priority action within future contingency planning for exceptional events.

Communication

Members reported a largely chaotic situation for the first 4/5 days in the aftermath of the port and Holyhead – Dublin route closure due to a lack of clear communication on the scale and extent of closure and details of the alternative systems in place. Members also expressed concern about the flow of information from authorities to drivers, many of whom arrived at ports only to be turned away by officials or police with no clear guidance or information on where they could stay.

Changing dates in respect of the port's reopening hindered businesses' ability to plan ahead and conflicting messages on the expected period of closure appeared to be coming from the Welsh government and Irish government. The extent of the damage caused and the timeline for the repair and reopening of the second berth in Holyhead is still not clear, which Logistics UK understands is for insurance reasons.

Logistics UK welcomed the action taken by Isle of Anglesey County Council in launching the *Holyhead Port closure: impact survey* to understand the impact that the unplanned closure of Holyhead Port had on businesses. While appreciating the remit of this local authority, Logistics UK's view is that restricting this survey to Welsh based businesses only was a missed opportunity to gather a fuller picture of the impact given the effect this closure, and resulting diverted traffic, also had on logistics and haulage businesses based in Scotland, England, Northern Ireland and the Republic of Ireland.

While statements were made by both the Welsh and Irish governments and the port operator, this incident and its direct and knock-on impact on trade has highlighted the need for a wider logistics forum to be established involving all key stakeholders in the supply chain to facilitate critical information sharing and contingency planning coordination to ensure the efficient movement of freight when an emergency situation arises.

Contingency planning

The transport and logistics sector remains concerned that damage at one port caused such disruption to supply chains. One of the key learnings to take from this incident, given the increasing prevalence of extreme weather events and the threat from unforeseen events, is the need for comprehensive contingency planning in the event that one or more of the UK's strategic trading gateways goes out of operation. This is not an exhaustive list, but Logistics UK would propose that this contingency planning includes consideration of the following elements.

- All key stakeholders are involved in the development of strategic planning.
- There is clarity on the definition and levels of 'emergency' to trigger contingency actions.
- There is a clear and coordinated communication strategy which includes activation of a wider logistics stakeholder forum involving governments, ports, carriers, local authorities and the haulage and logistics industry to coordinate the response and facilitate information sharing.
- Advance scenario planning includes options for access to alternative ports and deployment of additional ferry capacity to ensure suitable routes can be made swiftly available to keep goods moving.
- Adequate driver welfare facilities and safe and secure parking is provided.
- Policing and traffic management plans are prepared that are informed by learning from previous incidents and ensure there is clear information frequently communicated to drivers/haulage operators.
- There is a clear, published policy determining which vehicles/loads gain priority access to ports and ferries.
- Regulatory support can be quickly provided where it is appropriate and safe to do so (e.g.) temporary relaxation of drivers' hours rules.
- Temporary customs solutions can be quickly provided where appropriate (e.g.) Goods Vehicle Movement Service (GVMS) flexibilities.

It is imperative that when contingency plans are activated, that they clearly set out the aligned actions required by governments, port authorities, ferry operators, local authorities, traffic management and policing authorities and industry to support the efficient movement of freight.

Infrastructure and port network resilience

Another critical issue brought into sharp focus by this incident is the importance of ensuring there is a long-term resilience investment plan for Holyhead Port, other key ports and the wider port network to mitigate risks and facilitate the trading ambitions of Wales and the UK.

Logistics UK welcomes the announcement by the Welsh government that it is establishing a government led multi-stakeholder task force, jointly with the Irish government, to develop a new strategy for the future of Holyhead to ensure that the port will meet the future needs of both nations. On behalf of members, we have requested participation in this task force, and we are keen to see it established as a matter of urgency.

Given the interconnectedness and the fragility of the port network exposed by this single incident, there is also a need for co-operation on the issue of ports resilience between all devolved governments, the UK and Irish governments, and logistics industry. As well as ensuring resilience in ports infrastructure, this also necessitates investment in the infrastructure and key transport corridors connecting to these strategic trading gateways, including the provision of safe and secure parking and appropriate driver welfare facilities.

For these reasons, Logistics UK is also calling for the establishment of a cross-government taskforce to focus on and progress these issues given the critical national importance of the port network and the increasing frequency of extreme events.

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