Submission to the Independent Review of the Windsor Framework by Lord Murphy of Torfaen.

30 May 2025

Summary

- Logistics UK welcomes the opportunity to provide input to the Independent Review of the Windsor Framework.
- This submission is in addition to the issues and points raised at the in-person meeting Lord Murphy had with Logistics UK and a delegation of members in Belfast in April 2025.
- While the Windsor Framework is an improvement from a trading perspective on the NI Protocol, it continues to place a significant, cumulative, administrative and cost burden on logistics businesses, with SMEs and Groupage Operators particularly disadvantaged.
- In this submission Logistics UK sets out the experiences and issues as reported to us by our members and a proposed way forward to address each challenge including a Trusted Haulier Scheme for Groupage – a business model critical for sole traders and SMEs - which is most at risk.

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, right across the country.

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.

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 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.

The Northern Ireland transport and storage sector added £1.4 billion to the NI economy in 2021. There are over 6,000 logistics businesses and over 65,000 people employed in logistics roles across NI. The logistics industry is essential for the movement of goods within, to, and from Northern Ireland.

Our members are therefore at the coal face of post Brexit trading issues, including the Windsor Framework.

Submission

Logistics UK welcomes the opportunity to provide input to the Independent Review of the functioning of the Windsor Framework. We thank Lord Murphy of Torfaen for taking the time to meet with a delegation of our members in Belfast on

15 April 2025 to hear at first hand the industry's experiences of the Windsor Framework and Logistics UK's suggested policy solutions. This submission is in addition to the points raised and discussed at that meeting. While the review's scope extends to the implications for social, economic and political life in Northern Ireland, given the role and remit of Logistics UK, our input on behalf of members is focused on the functioning of the Windsor Framework and its implications for economic life in NI and on the operation of the UK Internal Market.

Overview

The Windsor Framework is an improvement on the NI Protocol, however, the general consensus from Logistics UK's members is that the Windsor Framework, and UK Internal Market Scheme (UKIMs), was oversold and created a misperception that all of the burdens from the NI Protocol would be removed. This has had two major effects. It has resulted in a lack of awareness, particularly in GB, of the requirements that must be met and where there is some awareness, a reluctance among some GB based traders and hauliers to service NI.

Cumulative burden of change

Trade thrives when there is certainty, stability, and simple and affordable border processes. The Brexit trading environment is constantly evolving, and traders and hauliers, especially SMEs and groupage operators, are under pressure from the significant, cumulative, administrative and cost burden from preparing and adapting processes and systems to:

- meet Northern Ireland Retail Movement Scheme (NIRMS) and Northern Ireland Plant Health Label Scheme (NIPHL) requirements to date.
- avail of new 'Green Lane' customs processes from 31 March 2025.
- meet extensive new requirements for parcel movements from 31 March 2025.
- meet ICS2 requirements which take legal effect from 1 April 2025, with a final compliance date of 1 September 2025.
- meet wide ranging Phase 3 'Not for EU' labelling requirements from 1 July 2025.

Members are also concerned by the uncertainty and potentially significant economic impact of a tariff war between the US and EU given EU Trade Remedies automatically apply in NI under the Windsor Framework.

Additional costs

The logistics sector operates on very narrow profit margins, between 1% and 3%. There is limited ability to absorb the additional and cumulative costs of meeting the requirements of the Windsor Framework, on top of the necessary transportation costs of crossing the Irish Sea, and other operational cost increases, including the recent increase in Employer National Insurance Contributions. This reality means higher costs are inevitably passed on to NI consumers who have the lowest disposable income in the UK, which further adds to inflationary pressures.

New parcel requirements from 31 March have significantly added to these cost pressures. The introduction of new requirements on carriers moving consumer parcels under the UK Carrier Scheme, and on businesses moving business to business parcels, has required additional resource for preparation and implementation. There is a concern that these additional costs could lead to a withdrawal of some GB carriers and traders from the NI market as this is a substantial change on top of the EU General Product Safety Regulation, which took effect from 13 December 2024, and requires an economic operator responsible for compliance to be established in the EU or NI.

The imminent closure of the Movement Assistance Scheme on 30 June 2025 will also place additional costs on businesses. This scheme provides financial assistance of up to £170 to cover inspections and certificates for moving certain agrifood products such as live animals and animal products, plants and plant products, some categories of high-risk food and feed not of animal origin and organic products from GB to NI. From 1 July, businesses will have to cover all of these costs which can be up to £200 per health certificate. One member has calculated that, given they have between 4 and 5 health certificates per truck, this will cost them an additional £150,000 to £200,000 per annum.

All of these new requirements add to the cost of doing business and have a disproportionate impact on SMEs, sole traders and ultimately the NI consumer.

Need for improved communication with industry

Too little information far too late has been the hallmark of the government's approach to communicating with businesses on the Windsor Framework. From the beginning of 2025, there has been an improvement in the communication and

outreach by HMRC but when it comes to information and guidance from government it is a drought or a deluge, and when it is a deluge, it can be repetitive with nothing new or of added value provided.

Ask: Government to improve the timeliness and quality of information and guidance to businesses ensuring it is easily accessible and digestible for logistics businesses.

GB to NI trade

NI members report expending significant time and resource on educating GB customers and GB based hauliers on what they are required to do under the Windsor Framework and what information they must secure from their customers. They also advise that the lack of awareness in GB, coupled with the additional burdens when moving goods, particularly customs requirements which they have not had to deal with before in servicing the UK market, is resulting in more and more GB based suppliers and hauliers taking the decision not to service NI. This decision, often articulated as 'it's not worth it', is still being taken by some GB based businesses even when the NI haulier provides enhanced services to simplify the process.

Ask: Further awareness raising and targeted support must be provided by government to prevent GB business withdrawal from the NI market.

NI to GB trade

Despite unfettered access for trade from NI to GB, decisions to stop supplying and transporting goods from GB to NI is having a knock-on effect on NI to GB trade. Trade is circular. These decisions not to service NI reduce the number of backhaul vehicles that are available for sole traders and SMEs in NI trying to maintain competitiveness and sell into the GB market. This is also impacting the NI agrifood industry exporting to GB.

Ask: Concerted effort by the UK government to bring GB based traders who have exited, back into the NI market.

Experience of NIRMs and NIPHL

Some members moving goods via NIRMS report a positive experience. Others, including one large member, who is a household name, reported in April 2025, checks of up to 50%. At this stage it was envisaged that checks would have reduced from 10% to 8% under the Windsor Framework. Greater clarity on percentages of checks and why they are being carried out would be welcomed by Logistics UK.

Many members who have goods which would qualify for green lane access are choosing to send them via the red lane for the following reasons: they already had these processes in place; they find it "easier" and "more predictable"; it gives them greater choice of market access; and they "do not have the onerous task of keeping records for 5 years".

Ask: Greater clarity on how and why lorries and trailers are selected for checks to improve business understanding and processes.

Ask: A more trusted based approach to enforcement.

New green lane customs processes from 31 March 2025

Members assessment of the Internal Market Movement Information (IMMI) process is that it can deliver benefits of simplification for businesses moving one to two commodities in the same way each time. However, for moving high volumes of different and regularly changing commodities, the IMMI data pre-movement pathway is currently considered by some members to be "in the too hard box". As an example, one customer alone can have a 40-page invoice. It is a considerable workload to upload this, and regular variances, to the Traders Goods Profile.

Our manufacturing-based members have no option but to go via the red lane and for the haulier, in reality, the 'green lane' is only an option if the full load is green lane qualifying goods. It is impractical and impossible to separate loads therefore for groupage, the movement is 'red lane' by default, and it is then up to the importer to convert it back via IMMI to a 'green lane' movement post arrival.

Another factor inhibiting uptake is members concern and caution about sharing their UKIMs authorisation with other businesses in case it is used incorrectly and/or goods subsequently enter the EU Single Market without their knowledge and yet they are held liable.

Ask – Greater reassurances around the use of UKIMs and liabilities in these instances of wrongful use.

Parcel changes from 31 March 2025

There have been a number of technical issues and service issues since the new parcel processes went live but HMRC has taken a pragmatic and supportive approach which is welcomed by Logistics UK. With the rise in e-commerce, almost every household and business in NI relies, one way or another, on parcels. It is essential that businesses continue to be supported to ensure the smooth flow of trade. It is also important that the market of consumer and business parcels is monitored closely, and action taken to mitigate and prevent any reduction in service and product choice for NI businesses and consumers.

Ask – Reassurances that HMRC's pragmatic policy approach will be reflected in an ongoing basis in enforcement operations on the ground.

Ask – The parcels market is closely monitored by government with mitigations and actions taken to ensure there is no detriment to NI businesses and consumers.

Groupage and Pallet Network

Groupage and the pallet network is a unique logistics model involving multiple actors in the supply chain where multiple consignments, often low volume and low value, are moved at high speed 24 hours per day. It is a primary mode of transportation for sole traders and SMEs moving lower volumes. In this model, the haulier has, in the majority of cases, no direct relationship with the consignor or consignee. This presents challenges in obtaining all of the information required for the movement particularly during the night as buyer and seller offices are closed. If information is even partially missing, loads must be held in the depot or centralised hub. This delay is threatening the groupage and pallet network model as speed is of the essence.

Ask – The UK and EU to agree on a workable Trusted Haulier Scheme for Groupage and the pallet network to support this critical element of the supply chain. A trusted trader scheme for groupage operators would allow additional time to secure all of the information required, critically, enabling the haulier to maintain speed. If necessary, the haulier could bring the consignment in question to a depot at a NI authorised premise where the goods would be held in a customs-controlled section of the warehouse until cleared. Participating hauliers would be happy to be audited at any time to monitor compliance. For this scheme to work, a balance would need to be struck in the threshold for acquiring trusted status. If the threshold is at the same level as the Authorised Economic Operator (AEO), this would automatically eliminate a lot of hauliers because of the very high administrative and cost burden required. The complication of the scheme must not be prohibitive.

Digital solutions - smart seals

Digital seals enable full visibility of the supply chain and provide assurances around security. They can provide a modern solution to keep freight moving. Logistics operators are keen to explore this but would need assurances that investment will yield a return in that this technology would be accepted by authorities.

Ask: Clarity from the UK and EU on their positions in respect of smart seals and their joint view on the role smart seals can play in meeting compliance requirements under the Windsor Framework.

Trader Support Service (TSS)

Many of our SME members are reliant on TSS as a free service to assist with customs declarations especially given all of the additional costs they are incurring to meet existing and forthcoming requirements under the Windsor Framework. The contract for the TSS was due to end in December 2024, and Logistics UK welcomed the extension of this contract to December 2025 and the commitment to provide a new free service from January 2026.

Ask: Reflecting logistics industry feedback submitted to HMRC by Logistics UK, this new service should be more user friendly, provide greater assurances around the accurate use of EORI numbers and UKIMs Authorisations, reduce the burden, particularly compliance burden, on hauliers and better facilitate groupage movements from GB to NI.

Clarity on structures, roles and remits

Logistics UK notes the establishment of the Independent Monitoring Panel, Intertrade UK, East West Council and this Independent Review into the Windsor Framework. We also note the UK EU Specialised Committee on the Implementation of the Windsor Framework, UK EU Partnership Council, the role of the Northern Ireland Secretary of State and Minister for the Constitution and European Union Relations in the Cabinet Office, as well as the focus on the Windsor Framework by the House of Commons NI Affairs Committee, House of Lords NI Scrutiny Committee and the Democratic Scrutiny Committee in the NI Assembly. It is not yet clear how all of these structures, roles and remits interface and who is monitoring and evaluating the wholistic impact of the Windsor Framework on businesses and consumers in NI.

Ask: Clear details to be published by government on these structures, how they interface and where responsibilities and accountability resides, including who is monitoring the impact on the cost of doing business under the Windsor Framework on businesses and the NI consumer.

Ask: Meaningful engagement by authorities with industries at the coal face.

UK EU regulatory divergence

The issue of active and passive regulatory divergence is a source of constant uncertainty and persistent threat of increasing costs in doing business. Live examples include the Emission Trading Schemes, Carbon Border Adjustment Mechanisms (CBAM) and the EU Deforestation Regulation. Packaging reporting in respect of CBAM remains a concern. Several years on it is still not clear for businesses in NI, despite repeated requests, who the competent authority is.

Ask: Publication of a database that maps out Annex 3 of the Windsor Framework and the relevant competent authority.

Ask: Publication of a regulatory divergence risk register in plain English as an early warning mechanism to help guide and support businesses.

Ask: Dynamic regulatory alignment between the UK and EU.

Dual Market Access

The experience of the Windsor Framework to date is more characterised by pain than gain. Coordinated, concerted and accelerated action is needed to enable logistics businesses to feel the tangible benefits of Dual Market Access.

Ask: There is a lack of awareness in EU member states and Rest of the World that NI is aligned to the EU single market and trading opportunities are being lost. This lack of understanding needs addressed by clear, cohesive messaging led by the NI Executive and agencies like Invest NI.

Ask: NI's unique UPS, including the customs expertise and experience available in NI, needs to be sold across the EU and globe to boost NI exports and attract Foreign Direct Investment. This requires better partnership working between the NI Executive, UK government and EU. As part of this, the EU should appoint an Economic Envoy to NI similar in role to the US's recent Economic Envoy, Joe Kennedy.

Ask: There is interest from investors in setting up distribution/storage/packaging hubs in NI to take advantage of NI's Dual Market Access. NI needs to translate this interest into investment and job creation. To do this the NI Executive needs to create an enabling environment in terms of land availability, planning reform, efficient utilities connection, a skilled workforce and integrated infrastructure to facilitate the efficient movement of goods.

Ask: Specific product opportunities should be identified and maximised. For example, under the Windsor Framework organic products can be shipped from China to NI for distribution across Europe. This trading opportunity should be supported by Invest NI, the NI Executive and UK government.

Potential US EU trade war

A new source of uncertainty faced by members is the potential and impact of a US EU tariff war on NI businesses and consumers. Logistics UK notes the current consultation by the EU on circa 5,000 products to be potentially included in the scope of retaliatory action.

Ask: The unique position of NI, and the vulnerabilities of the NI consumer, is considered in the decision making by the EU and UK government in relation to the imposition of any new tariffs.

Ask: Government to provide clear guidance on Rules of Origin and a black and white explanation of the impact of tariffs on NI imports and exports and any other impactful trade related changes.

Ask: As an existing mechanism to help mitigate the impact of tariffs in NI, urgent action must be taken to improve the Duty Reimbursement Scheme by reducing the administrative burden on applicants and speeding up the processing and issuing of refunds to ease cashflow burden.

Way forward

Logistics UK welcomes the Common Understanding between the UK and EU announced on 19 May. In particular, our members welcome the commitments to work towards an SPS Agreement and linking the UK and EU Emissions Trading Schemes. It is now vital that the technical discussions and implementation of an SPS Agreement, shaped by the input of businesses which have the expertise, are completed as a matter of urgency, so that GB to NI traders and logistics businesses can realise the benefits of trading these products under the revised terms. We note that there was no

reference to customs in the announcement and would urge both sides to work in partnership to address customs barriers which are significantly impacting GB to NI trade.

We would also urge both sides to show pragmatism in the lead up to the implementation of a new SPS Agreement. Businesses are very frustrated that they still have to proceed with the highly expensive roll out of Phase 3 labelling from 1 July which will not be needed when standards are aligned.

As always, our industry stands ready to provide real-world advice and expertise to the UK government and EU to ensure GB to NI trade thrives and ultimately the NI consumer is protected.

Ask: Accelerated action to implement a SPS Agreement, with input from industry, to remove friction on the movement of agrifood and plant products from GB to NI.

Ask: Partnership working between the UK and EU to address the customs barriers inhibiting trade from GB to NI.

Contact details:

Nichola Mallon

Head of Trade and Devolved Policy

Logistics UK

nmallon@logistics.org.uk