

Inquiry into the implications of Brexit for Welsh ports

Rapporteur summary from meetings in Dublin

19 June 2017

Background

On 19 June 2017 the Chair led a rapporteur visit to Dublin with Mark Isherwood and Eluned Morgan. The purpose of the visit was to speak to counterparts about issues relating to the Committee's inquiry into the implications of Brexit for Welsh ports.

As part of the inquiry into ports, the rapporteurs met with:

- Shane Ross TD, Minister for Transport, Tourism and Sport;
- Howard Knott and Fiona Burke from the Irish Exporter's Association;
- Liam Lacey, Irish Maritime Office.

The rapporteurs also met Senator Neale Richmond, Chair of the Seanad Special Select Committee on the Withdrawal of the United Kingdom from the European Union and officials at the Department for Foreign Affairs and Trade. A summary of these discussions will be provided verbally at the Committee's meeting on 3 July 2017.

Key issues

1. General implications of Brexit

A key message from the discussions was that the Irish Government and key organisations involved in industry and trade are undertaking detailed scenario planning including preparation for a 'no deal' scenario. A 'no deal' scenario was widely considered to be the worst outcome and the Irish position is to avoid any 'cliff edge' through transitional measures if necessary.

The Irish Government's stated position for the future is that there should be as few barriers as possible to trade between the UK and the EU after the UK's withdrawal. The Irish Government emphasised that its position was similar to the UK's in many areas, although unity of purpose and approach with the EU27 was also emphasised. The likelihood of Brexit having a significant negative impact on Ireland was emphasised.



2. Irish engagement on the issue of ports

As part of the Irish Government's scenario planning, it has been engaging the maritime sector on the issue of ports. These engagements have included discussion of the issues such as passport checks, customs checks, but also product standards and other regulations.

3. The UK 'landbridge'

The underlying assumption around discussions on the transportation of freight via the UK landbridge (and therefore, predominantly, via Welsh ports) was that the market will decide whether it is used or not and that the market would ultimately choose the path of least resistance and cost.

Fears that the UK landbridge will be by-passed altogether in favour of direct maritime links with ports such as Cherbourg and Rotterdam were largely thought to be overstated. The IMDO believed that new arrangements after Brexit would not close the 18 hour advantage of landbridge access to markets on the continent. The trade-offs involved were a key emphasis, although it was clear that this would be a matter for the market. Some suggested that if journey times via the landbridge were uncertain, perhaps because of unpredictable delays caused by customs checks, longer direct services may become more attractive since delivery times could be predicted with certainty.

Some highlighted that the market is moving toward containerisation. This would have implications for Welsh ports which has very limited capacity for processing container ships.

4. Border controls and customs checks

Views differed on the extent to which border controls and customs checks would impede traffic and trade between Wales and Ireland after Brexit. There was a general sense that Brexit would introduce delays at ports but that the extent of those delays would depend on the eventual arrangements agreed between the UK and the EU.

The use of technology was cited as a mitigating factor, for example through use of the **Authorised Economic Operator** (also known as 'trusted trader') arrangements. However, it was felt that this would not eliminate delays entirely. Furthermore, there was scepticism that such technology could be introduced in time for the UK's anticipated departure date of March 2019. Irish Government officials emphasised that



political agreement on principles would be required before IT / legal solutions could be developed.

The possible use of sealed units at point of origin were also cited as a means of overcoming the issues around customs checks.

5. Issues relating to 'hard' or 'soft' borders

On the question of 'hard' or 'soft' borders, the Irish Government's focus is on north and south issues. This is seen as critically important for the Northern Ireland Peace Process. We expressed concerns that a soft north-south border could mean a hard east-west maritime border with negative consequences for Welsh ports. Furthermore, a hard east-west border could lead to an increase in freight travelling to and through the UK via ports in Northern Ireland. The Irish Exporter's Association suggested this was most likely for traders in the border region, though less so from other Irish regions, and that capacity out of Northern Irish ports is increasing. Similarly, the Irish Maritime Development Office said that if it becomes easier to use Northern Irish ports there will be some "leakage" of current business in Irish ports back to that route.

6. Capacity

Concerns around capacity at ports on both sides of the Irish Sea were a prominent feature of the discussions. Infrastructure at these ports, designed for roll-on roll-off ("ro-ro") involve tight turnarounds and have developed over a number of years on the premise that the free trade and free movement exists between Wales and Ireland. The lack of physical space to accommodate new facilities at the ports of Holyhead and Dublin was highlighted as a key concern.

It is understood that work is already underway to revise the Dublin Port Master Plan in light of Brexit.

7. The TEN-T Network

Changes to the EU TEN-T guidelines as a result of Brexit were seen as likely. The Irish Government is actively engaging with the European Commission on its review of the network and would like to see an easy working relationship particularly on Northern Ireland but also in relation to Welsh ports. It was clear that ports which are currently on the comprehensive network (such as Cherbourg) may be included on the core network.



The future role of the UK in the network was also discussed, including in relation to EU funding streams. This was seen to be particularly important because the UK is part of the key “TEN–T corridor” in which Ireland participates. The fact that third party countries can participate in EU funded TEN–T projects was discussed. Although future UK involvement depends on the outcome of negotiations.

8. The Common Travel Area

The issue of the Common Travel Area, which predates British and Irish accession to the European Union, was seen as a relatively straight forward issue to resolve in the context of Brexit. The UK and Irish positions align on the CTA. No decision has been made on Ireland’s future in the Schengen Area and the future of the CTA will be a factor in that decision.

9. Supply chains

One of the knock–on effects of increased delays at Welsh and Irish ports would be the potential impact on supply chains, particularly in the steel industry and manufacturing which could negatively impact competitiveness.

10. Other issues

Concerns were also expressed about the implications of Brexit for airports, and Ireland’s large airline industry.

The Irish Exporter’s Association told us that Brexit is leading Irish traders to look further afield (than the UK). Its recent survey also suggested that a significant number of Irish businesses (40 per cent of those surveyed) are considering moving processing/production to the UK.

