



27 September 2018

David Rees AM
Chair of the External Affairs and Additional Legislation Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

Dear David

Follow-up inquiry into how the Welsh Government is preparing for Brexit - ports

Thank you for the opportunity to provide follow up evidence to the above inquiry.

Many of our concerns and interests outlined in the written submission by the Welsh Ports Group, of which whom we provide secretariat functions, submitted to your Committee in May 2017 (appended to this letter), remain unresolved. In particular though we would add the following updated points:

- Although perhaps less likely now after recent comments by EU leaders, if accepted by the EU, the UK Government's proposed Facilitated Customs Arrangement (the Chequers' agreement) outlined in the July 2018 Brexit White Paper, would avoid the need for any new border checks on UK-EU freight. This would be helpful to all Welsh and UK cargo ports with European trade but particularly the Welsh Ro-Ro ports of Fishguard, Holyhead and Pembroke, where the facilitation of international vehicle trade is particularly time critical. To recap, new frontier checks could lead to queues, delays and congestion at such Ro-Ro terminals.
- In a 'no-deal' scenario, many of our concerns about delays at the border we outlined in our original submission could become a reality. This would include requirements for full frontier checks (customs and animal/plant health etc) on freight traveling between the EU and Europe. The recent batches of UK Government 'no-deal' advisory notices are helpful to a certain extent, but these have highlighted concerns we have about EU member state preparations and the enforcement of a range of rules at European ports which could impact UK ports, shipping services and exporters. These include enforcement of port health controls, recognition of UK seafarer certificates and haulage permitting.

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- Separately we are still seeking clarification on regulatory changes over both outcomes in respect of environmental (planning and consenting) and competition (state aid and the EU Port Services Regulation) rules and if the UK could amend post Brexit.
- We are also interested in if new domestic grants and funding regimes to replace the EU structural funding will be created (within the confines of state aid rules), such as the TEN-T transport grants and European Maritime Fisheries Fund, which have benefitted ports and logistics operators.

I look forward to providing further evidence in person next month.

Yours sincerely



Richard Ballantyne - Chief Executive
British Ports Association

Appendix 1

WELSH PORTS GROUP

BRITISH PORTS ASSOCIATION UK MAJOR PORTS GROUP

30 PARK STREET, LONDON, SE1 9EQ

24 May 2017

Sara Catrin Rees
Deputy Clerk
External Affairs and Additional Legislation Committee
Policy and Legislation Committee Service
National Assembly for Wales
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Dear Sara

Response to Welsh Assembly External Affairs and Additional Legislation Committee inquiry into the implications of Brexit for Welsh and Irish ports

Thank you for the opportunity to comment on the impact of Brexit for Welsh and Irish ports. I am responding on behalf of the Welsh Ports Group which represents the overwhelming majority of ports in Wales.

Each year Welsh ports handle over 50m tonnes of UK freight. The main components of the port market in Wales are ferry traffic with Ireland, oil and gas, containers, steel, biomass and general and bulk cargoes, offshore renewable cargoes and services as well as facilities for cruise ships, leisure activities and fishing. These are diverse and fundamental trades, supporting growth, employment and other sectors of the economy. Ports sustain and enable growth in many key Welsh industries, including the steel, oil, gas and energy, construction, agriculture, and fishing sectors. In terms of future growth there remain opportunities in the renewables and cruise sectors although ports are very much dependent on the market to dictate what if any developments will take place in Wales.

Ports are a key part of the Welsh economy and provide significant levels of employment. In a recent study by Oxford Economics it was found that 0.9% of all jobs in Wales were port related. Large Ports such as Milford Haven, Port Talbot and Holyhead are vital gateways for the UK's national economy. Smaller regional ports and harbours are also of importance to local economies and regional employment.

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In terms of Brexit the two national ports trade associations, the British Ports Association and UK Major Ports Group has prepared the following joint statement:

'The decision to leave the EU places ports at the forefront of the drive to protect the UK's future prosperity. 95% of our trade in goods moves by sea and ports provide the key link connecting British businesses and exporters to global markets. Our industry stands ready to work closely with government to help deliver the best possible outcome for Britain following the EU referendum result. That means working to achieve four key objectives:

- i) Secure the best possible access to the Single Market, with minimum disruption to the movement of goods and services at UK borders;*
- ii) Deliver new trade agreements with the rest of the world as quickly as possible;*
- iii) Recognising the unique structure of the UK ports sector in comparison with others in the EU, build a UK regulatory environment to maximise the nation's competitive advantage;*
- iv) Guarantee Government support for major infrastructure projects, to ensure that UK industry is well positioned to take advantage of any new business opportunities that may arise.*

The UK ports industry is a national success story. We are committed to making sure that this success can continue to help promote trade, attract investment and create jobs.'

Nationally the associations have been involved in a host of discussions and activity since the referendum vote, speaking with Ministers and officials from a wide range of Westminster departments and agencies including DexEU, HMRC, HMT, DfT, DIT, FCO, UKBF and Defra. Discussions have ranged from the re-introduction of frontier and customs controls on European port routes, environmental policy changes, new trade opportunities, transport infrastructure investment and stimulus, and the impacts and outcomes across the fishing sector.

Also following the devolved assembly elections last year, the new appointments of Ministers overseeing the transport and infrastructure portfolios in Scotland, Northern Ireland and Wales. We have met each of these Ministers at various points as well as others with responsibility for environment, planning and Brexit.

In terms of trade, EU membership enables intra-EU cargo to move across border and therefore through ports with minimal disruption. As has been widely reported goods transported within the EU are not subject to customs tariffs and controls, VAT declarations and other physical interventions at the border such as animal/plant health inspections, which can lead to delays on extra-EU freight shipments.

This benefits a wide range of cargo traffic but the ports sector with particular concern is the Roll-on Roll-off (ro-ro) freight on Irish Sea ferry services, where freight hauliers drive on to ferries without routinely providing the border agencies or indeed the ships

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with details of their cargoes unless they are by their nature hazardous. The situation on Irish Sea ferries is magnified as ro-ro traffic currently faces no routine immigration checks as part of the UK/Ireland Common Travel Area agreement. Through exiting the Single Market the prospect of customs declarations requirements now appears to be a strong possibility.

We welcome the Prime Minister's aspiration of frictionless trade in her speech in January 2017. The impact of new customs requirements could be that ro-ro traffic between Wales and Ireland faces significant disruption from Government border checks and potential inspections. Such checks and delays represents costs for shippers and the freight sector. These costs will be passed on to importers, manufactures and consumers. Much of the hauliers crossing Irish Sea is heading to/from continental Europe (approx. 30%) and we understand that shipping operators are looking at options for direct services between Ireland and the continent, by-passing the British 'land bridge' option. This is not good for UK trade and not good for Welsh ports.

Aside from ro-ro it should be said that other ports, particularly those handling bulk shipments have expressed less concern. Tankers and single cargo shipments on UK-European routes are likely to only be required to produce single documents and these are usually completed by agents. The impact of tariffs on intra-EU traffic however is less clear to our members. Tariffs are usually collected away from ports and administered by shipping agents so their immediate introduction is less concerning. The macro impact of tariffs on the economy and consequently on ports trades is less understood and we would hope that the UK Government is considering this fully in the run up to the negotiations.

We would also encourage the Welsh Government to consider further transport investments, particularly to help improve road and rail connections to ports. Indeed in England the Department for Transport is undertaking a Port Connectivity Study to understand the challenges and this is something we feel value in the Welsh Government undertaking. Much of the work has already been undertaken as part of recent freight assessments but funding for such schemes remains a challenge.

In terms of environmental legislation leaving the EU may provide ports with some opportunities as many of the restrictions ports face can stem from EU rules such as the Habitats and Wild Birds Directives. It should also be highlighted that Welsh ports are commercial operations, strategically and financially independent of government. They do however rely heavily on good transport connections and the efficiency of the marine and terrestrial planning systems. Both are very much under the control of government, both locally and nationally. We therefore look to the Welsh Government to contribute to greater planning efficiency, providing clear added value by creating more certainty for both current port activity and proposed developments. We are keen that both marine and land areas within ports are classified as special areas for growth. These zones could be safeguarded against the impact of marine designations and planning system challenges allowing ports to fast-track developments and have certainty about future activities.

Ports also provide important hubs for the fishing industry, often providing vital facilities for vessels, crew and landings. Currently some Welsh ports have landings made by European trawlers and there are concerns that post Brexit with the UK outside the Common Fisheries Policy such vessels will not be able to fish in UK waters. There has been some speculation over this recently and these developments could well be a starting point for Brexit negotiations where a new fisheries regime will be agreed. Separately ports with fish landings have been able to access modest grants from the EU's European Maritime Fisheries Fund and such ports have indicated support for a continued UK-funded replacement scheme.

We hope these comments are helpful and understand that you will take further evidence from the Welsh Ports Group's Chairman Callum Couper next month.

Yours sincerely



Richard Ballantyne