

November 2017

## Public Hearing “Impact of Brexit on Land Transport” TRAN Committee

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The TRAN committee of the European Parliament held a public hearing on Wednesday 22 November on the impact of Brexit on road and rail transport. The public hearing was [webstreamed](#).

Intro by MEP Karima DELLI, Chair of the TRAN Committee: The objective of the hearing was to enable MEPs to understand the impact and the risk that the UK leaving the EU will potentially have on road and rail transport sector. Hearings addressing aviation and maritime transport had already taken place.

### **Presentation by Experts - Brexit in Road Transport:**

#### Verona Murphy, President, Irish Road Haulage Association (IRHA):

- Short explanation of the road transport sector in Ireland:
  - In Ireland a small/medium sized truck company has of about 4-6 trucks.
  - Ireland is the only country in the EU sharing a land border with the UK.
  - Ms Murphy noted that a bad deal could have devastating effects on the Irish economy, which is still recovering from the crisis and recession. The effects of Brexit are already being felt today: lack of confidence and instability of the pound are the reason for the shrinking of the economy. She also referred to the potential huge delays as a result of customs control in case of a hard Brexit.
- The IRHA pleads for clear customs facilities, paperless procedures and the creation of new resting spaces and keeping the haulage industry informed during the negotiations and to listen to their concerns.
- Ms Murphy criticized the timing of the introduction of the Mobility Package as it will change the way in which Irish haulage operates in light of Brexit. The sector will suffer even more by the posting of workers and resting times directive, as both directives were designed for mainland Europe without taking the particularities of the Irish island into account.

#### James Hookham, Deputy CEO, Freight Transport Association (FTA): main points addressed:

- Brexit will imply the creation of borders creating disruption for UK and EU business. Every 2 minutes delay in the border equals to more than 27 km traffic jam. He referred to the lack of space for the installation of the facilities for new controls and that new customs controls will create huge delays. Furthermore, it will require the industry to invest in training for new procedures, new declarations, etc.
- Risk of availability of quotas and the need to guarantee transit of vehicles: no free movement of trucks. There is no default setting established for the quotas.
- Issue of driver qualifications and whether different standards will be set in the UK.
- FTA agreed that attention must be paid to Ireland’s specific situation
- He underlined the need of an implementation period. Until it is cleared what the settlement will look like, both the UK and the EU have to guarantee that transport and free movement of goods is guaranteed. Therefore, there is a need of clarification from both sides.

#### Daniel Kern - Senior Manager, Trade Policy Affairs, IRU

- Market access and customs are IRU’s priorities. Therefore, no deal is no option. The status quo should be safeguarded during a transition period.

- A quota system would highly disrupt the market. Reference was made to different options:
  - a partial customs union, like Turkey with a hard border
  - The customs process of Norway has been not accepted by the UK
  - The Swiss option is quite complex to negotiate.
  - The worst scenario, “full divorce”. This scenario should be avoided at all cost.
- In conclusion, IRU pleads for:
  - frictionless road transport movement;
  - a transition period;
  - no quota, but qualitative criteria to be established;
  - no additional red tape;
  - legal certainty during negotiations and transition period.

#### QUESTIONS AND COMMENTS:

- Digital order: There is a lot of debate on the use of blockchain technology, scanning, etc. Could the EU-UK border be a technical opportunity to create a pioneering digital border?
- Are there potential gains if the UK leaves the EU? Are there any benefits in Brexit?
- One MEP pointed out that she would be surprised if there is any change in social regulation in the UK, as the protection comes from the Statutes and there has not been any call in that direction by the UK government. Therefore, she concluded that there is very little risk of watering down the existing rules in the UK. There was some debate about this with some MEPs disagreeing with the statement that standards won't be watered down by the UK. There is a need that the EU makes a priority that the UK holds to existing standards.
- A discussion took place on the Mobility Package and impact on Ireland. MEP Delli underlined that the calendar cannot be changed but it could be discussed how the package can impact the sector and Ireland to try to accommodate some concerns on the impact.
- What contingency planning has the road sector done in order to advance the impact of the UK leaving the customs union? Plan B: Has the sector anticipated these problems that have been mentioned? If there is hard Brexit, has the sector discussed a roadmap to act accordingly? What kind of costs are the transport sector going to incur as a result of Brexit? Does the sector have any estimate of what additional costs would the companies incur if there is no deal? Are undertakings thinking of relocating? Are Irish hauliers thinking of relocating in mainland Europe?
- Will the new rules of the Mobility Package apply in the UK following Brexit?

#### ANSWERS:

##### Verona Murphy - President, Irish Road Haulage Association

- Time factor of the Mobility Package: She insisted on the necessity to slow down the implementation of new regulation pointing to the practical problems.
  - Drivers don't relax during their break because of a lack of proper resting spaces.
  - The Mobility Package does not address the geographical realities of Ireland and will most likely bring back recession to Ireland. Ireland will be greatly disadvantaged.
- Brexit for Irish hauliers has already occurred, its already happening: 20% of hauliers are working on a deficit at the moment and can't consider relocation (SMEs).

##### James Hookham - Deputy CEO, Freight Transport Association

- Industry will make its own impact assessment and decide on a commercial basis – starting from the worst scenario. Businesses are obliged to make investments and decisions given the lack of political certainty.

Daniel Kern - Senior Manager, Trade Policy Affairs, IRU

- Rules on cabotage would not apply to the UK, as rules of the EU don't apply to third countries. If it were to apply, it would apply through a treaty or agreement between the EU and the UK.
- IRU pointed out that there is a possibility that big companies may relocate new branches, but as IRHA pointed out, SMEs won't be able to support the cost of relocating.

**11h10 - 11h35 - *Brexit in Rail Transport***

Jacques Gounon, CEO, Eurotunnel

- Any disruption will cause blockage and paralyze trade. He noted that this will be a bigger problem to Europe than to the UK. There is a need to keep constant fluidity.
- Eurotunnel will be able to establish customs facilities to avoid disruption of transport fluidity.

Libor Lochman, Executive Director, CER

- CER noted that they do not want to depart from the EU economic common area.
- Customs and border crossing: Nothing new to add from what the road sector pointed: there is a need to continue to run businesses without disruptions.
- Research and innovation: Mutual contribution on research from both sides must be guaranteed
- There is an urgent need for a transitional agreement

Laura Wright, Rail Delivery Group

- Smooth trans-border transport must be guaranteed once the UK leaves the EU. Mutual recognition should be guaranteed.
- Ms Wright explained that the construction on both sides of the tunnel was built with the idea of reduced control, as until Brexit there was no requirement for controls on a lot of the goods.
- Ms Wright stressed the idea that the rail industry in Britain is committed to work with the British government and Brussels to find plans and solutions in the final settlement and any possible future transition period.

QUESTIONS

- What is the feedback that the sector is getting during the interactions with the British government and the European partners?
- How is Brexit challenging the efficiency of the British and European infrastructures?
- Would you like existing rules to remain in place until Brexit becomes effective? Or would you expect in between regulation?
- Is there a risk that border control and surveillance to fight terrorism could be used to block the free movement of goods and people?

ANSWERS:

- Contact with politicians has been maintained, but their answer is that businesses will have to be prepared for the worst scenario solution.
- The intention is to maintain the existing standards not only during the transitional period but as part of the agreement. The ideal situation would be to maintain existing standards.
- Interoperability must be guaranteed.

**Concluding remarks by the Chair, Karima DELLI:**

- There is a clear sign of uncertainty.
- There are two borders that should not be forgotten during the negotiations and the impact that they may potentially have on trade and transport: Irish land border and the channel tunnel.