



Committee for Infrastructure

OFFICIAL REPORT (Hansard)

Brexit Issues Facing the Freight and Haulage Sector:
Northern Ireland Retail Consortium; Logistics UK;
Road Haulage Association

20 January 2021

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Miss Michelle McIlveen (Chairperson)
Mr David Hilditch (Deputy Chairperson)
Ms Martina Anderson
Mr Roy Beggs
Mr Cathal Boylan
Mr Keith Buchanan
Mrs Dolores Kelly
Ms Liz Kimmens
Mr Andrew Muir

Witnesses:

Mr Patrick Derry	Derry Refrigerated Transport
Mr Seamus Leheny	Logistics UK
Mr Chris Slowey	Manfreight
Mr Paul Jackson	McBurney Transport
Mr Darryl Morgan	Morgan McLernon
Mr Aodhán Connolly	Northern Ireland Retail Consortium
Mr John Martin	Road Haulage Association

The Chairperson (Miss McIlveen): We welcome our witnesses who are all joining by StarLeaf. We have John Martin, who is the policy manager for Northern Ireland for the Road Haulage Association; Seamus Leheny, who is the policy manager for Logistics UK; Aodhán Connolly, who is the director of the Northern Ireland Retail Consortium; Darryl Morgan, who is the director of Morgan McLernon; Paul Jackson, who is the director of McBurney Transport; Patrick Derry, who is the director of Derry Refrigerated Transport; and Chris Slowey, who is the director of Manfreight. You are all welcome to our Committee this morning.

This session has obviously come about on the back of the request from John Martin, initially, and as a consequence of the issues that have been raised in our constituencies by members of various associations and in the media. For context on the role of the Committee and DFI, I refer members to a briefing on the remit from Assembly researchers at annex A. With regard to the freight industry, DFI is responsible for goods vehicle operator licensing, and there is no statutory responsibility regarding the movement of the goods; those are primarily controlled by HMRC, and it is very much a cross-cutting issue. That is not to diminish it in any way. Real challenges are being experienced by hauliers in the context of COVID and Brexit.

As there are seven witnesses, in order to manage this, I will call John Martin, Seamus and then Aodhán to give a five-minute briefing to set out the issues. At that stage, if anyone else wishes to say anything, they are welcome to do so, and then we will go round members as they have indicated. I call on John, first of all, and, once he concludes, we will go to Seamus, and then, to save time, we will go to Aodhán.

Mr John Martin (Road Haulage Association): Hello, Madam Chairperson. First of all, I thank the Committee for hosting the session this morning. I appreciate that everybody is extremely busy, including MLAs and the Committee, but it is important that we are given the opportunity to highlight to the Committee the issues and pressures faced by the logistics sector. I appreciate the role of the Department on regulation of the sector, but this also impacts the Department's role on regulation because of the pressure that the sector is facing daily. On-screen and around the table, there are many experts who can tell you about the impact, but I will give you an overview of some of the high-level issues and pressures that the sector is experiencing.

The first example is export health certificates (EHCs). They are a huge issue for groupage collection in GB, where food products are collected from multiple sites, and they are required to have export health certificates. That is causing major disruption to the market from GB to Northern Ireland, the consequence of which is that GB traders have decided to discontinue servicing the Northern Irish market or are putting their supplies on hold. It is costing the sector huge amounts of money. Examples include a haulier in mid-Antrim whose volume has reduced by 50%. For a few other hauliers, their volumes are down by 30% to 40%.

The Chairperson (Miss McIlveen): John, may I pause you there? May I ask all witnesses who are not speaking to go on mute, and then, as I call you, you can unmute. Thank you very much. It is just that there is considerable feedback.

Mr Martin: I will continue on the high-level issues. In order to manage the process, the sector requires customs agents. Currently, there is insufficient customs agent capacity to service the sector. At the moment, there is a reduced volume — roughly 60% — yet we do not have enough customs agents. Some customs agents are not competent to do the job because they were recruited towards the latter part of last year and not enough time has been provided to allow those staff to be trained.

Given that some suppliers have reduced their trade with Northern Ireland, a lot of empty trailers are sitting in GB. Hauliers going from Northern Ireland to GB are still fairly buoyant, but, once they get to GB, they depend on return loads to cover the cost of the complete journey. The reduction in trade from GB to Northern Ireland because of all the additional bureaucracy means that the number of backloads has been reduced, so haulage costs will have to go up significantly to cover the cost of the empty running from GB back to Northern Ireland.

The Trader Support Service (TSS) is a government-funded service to provide support to the haulage sector. The IT systems provided through the Trader Support Service are functioning but are cumbersome and resource-intensive. Hauliers report that they have had to recruit additional staff to service the system, which adds to the cost. Examples include a process that would have taken 15 to 20 minutes to manage prior to 1 January now taking up to six or seven hours. There are teething difficulties, but, even when they are reduced or eliminated, the process is still expected to take two to three hours.

We have a huge number of examples of trucks being delayed at border control posts (BCPs), particularly in Dublin but also in Belfast. Some have been delayed for not only hours but days. That causes considerable distress to the drivers where there are insufficient welfare facilities. It is causing drivers to reconsider whether they want to continue to work in the sector. That places additional pressure on company directors, owners and back office staff. The sector is haemorrhaging staff and is becoming unattractive for people to work in.

I have given you the background, and that is enough from me. The haulage company representatives will give you more detail, but the issues facing the sector are considerable and are more than teething difficulties. The sector is asking for some easements in order to get back up to speed with the things that they have to do to ensure that there is sufficient customs capacity to deal with increasing volumes. To move forward, we need easements on sanitary and phytosanitary (SPS) checks and customs declarations. Supermarkets are the focus of attention in the media, and, even with easements, they are having difficulties. They have called for an extension to the easements at the end of March and said that they will not be able to cope with the bureaucracy come 1 April, and that is

taking into consideration the fact that the supermarket process is one of the easier processes to manage.

The impact of COVID has been significant. However, it has masked some of the issues in that, if the hospitality sector were fully open and functioning, the increase in demand for foodstuff from GB would increase, and the system would not be able to cope with that. That is enough from me at the moment.

Mr Seamus Leheny (Logistics UK): Good morning, Madam Chair and members; thanks for your time today. It is fantastic to have representatives from organisations like mine and the Road Haulage Association (RHA) here and to have Aodhán from the retail sector to get the perspective from that side. Also, we have four excellent witnesses from the sector. It will be good for members of the Committee to engage with those businesses today.

Last year, 2020, was meant to be a year of transition. We can now say that that was a myth, because 2020 was a year of unknowns, further negotiating and wrangling over deals. We did not really know what type of deal we would face until the last few weeks of last year, so it is false to think that businesses and operators in the haulage sector had a year to prepare for this. This year, ideally, would be a year of transition and learning for us. The result was that 1 January was like the first day at school not only for industry but for the corresponding teachers and the whole education system. Quite frankly, people have been learning on the job. It is testament to those in the sector and their problem-solving abilities that they have managed to keep things moving in the way that they have. There are problems, some of which I will outline, and the industry has taken a huge burden on its shoulders, but the logistics sector is a problem-solving one, and that is what we have to try to do. Obviously, we will need help from government to introduce the easements that we need, because things are not sustainable in the long term.

We have a trade surplus at the moment. The unfettered access from Northern Ireland to GB is there, albeit Dublin is the current difficulty, and operators are avoiding it. The trade surplus is down to a couple of reasons. Obviously, one is the level of preparation on the GB side. A lot of businesses and suppliers in GB were not ready to service industry on this side, so there has been a suspension or a holding back of goods. With the COVID lockdown, there has been a reduction in goods for hospitality, and homeware, fashion and white electrical goods are not moving in the volumes in which they normally would move. The result — some of the witnesses can comment on this — is that we have more laden vehicles leaving for GB than we have coming back. The consequence of that is that operators take the cost on as a burden. It is imperative that we keep servicing exports from Northern Ireland, otherwise we do not have the equipment to get the goods there, so some operators are having to ship equipment back empty at their own expense.

With Brexit, a lot of people expected delays and congestion at ports in GB. That has not been the case: the delays and congestion are at distribution centres, factories and places like that, where goods are simply not leaving in the volumes that they ought to be. I mentioned Dublin, and around 20% of trade through Dublin port — that figure comes from a recent study by the Department for the Economy — involves Northern Ireland goods using the roll-on roll-off service, primarily between Holyhead and Dublin. The Holyhead route is vital for Northern Ireland, because it is the fastest route to market in the south of England, which is huge for our agri-food sector.

Another problem at Dublin has been that the UK and Irish IT systems are not fully integrated and do not communicate. There has been a breakdown there, and we have seen a lot of IT failures in that area. Also, 24-hour pre-notification is required. The Irish authorities are insisting on that 24-hour notification period — it is in EU legislation — for food products arriving in Dublin. However, the legal minimum is a four-hour window. DAERA is doing that in Belfast, Larne and Warrenpoint, and it is a huge help to the retail and agri-food sectors. We have no supermarket easements in Dublin. Dublin is also applying 30% checks on loads coming in, and, as a result, volumes are severely down. I have spoken to businesses here that send goods out to Europe and are now using the Rosslare-Cherbourg route. The return loads are coming back in using Dover-Calais because the UK is not currently imposing the same level of checks on entry into GB.

I have outlined some of the problems. We have to introduce easements as soon as possible. For example, a grace period needs to be initiated as soon as possible for SPS and export health certificates, as the deadline is 1 April. We must be clear: we have to avoid another cliff edge. There is also a cliff edge for the parcel sector, in which many of our members are involved. Some of them carry upwards of 6,000 parcels on a trailer, and we will clearly struggle with customs entries for that. We need a long-term solution to avoid the need for those declarations, especially on business to consumer parcels.

We are relieved to have the Trader Support Service. We lobbied for that concession in the last year and a half. We needed government to help with the transition. We need the Trader Support Service because it is a problem if a trader does not have the right data in the right format at the right time from a range of stakeholders. If we did not have that service, we would certainly be in a worse situation now. At the moment, 30,000 businesses have signed up to the service.

To show how much the penny dropped about the formalities for GB to NI trade, the TSS experienced a 20% growth in registrations since 1 January. An extra 5,000 businesses signed up to the service as people in GB realised that they have to jump over extra formalities and hurdles in order to send goods to Northern Ireland. To date, the TSS has completed 90,000 declarations on goods coming into Northern Ireland. There is a huge volume, but, as we come out of lockdown, the volume will increase. Our industry needs all the help that it can get to make sure that we can still service the economy.

The Chairperson (Miss McIlveen): Thank you. Aodhán.

Mr Aodhán Connolly (Northern Ireland Retail Consortium): Thank you, Madam Chairperson. I will try to be as concise as possible, but there is a lot to cover. I will start with the positive. It would be remiss of me not to pay tribute to the hard work of the guys in DAERA and DEFRA, especially our Chief Veterinary Officer (CVO), Robert Huey, and the deputy CVO, Brian Dooher. I also pay tribute to the retailers and our supply chain and logistics colleagues, who have done a sterling job in very harsh circumstances and ensured that food and other materials have kept flowing over the past three weeks.

There has been some disruption, and we all admit that. It is a little simplistic to blame it all on the protocol. There have been some choice issues, and those have been very visible. However, this has to be kept in context. For example, the average large supermarket will have between 40,000 and 50,000 product lines. There have only ever been a few hundred missing, and that picture is getting better. The reason that I use the overused cliché of a "perfect storm" is that, although we had the new customs requirements of the protocol, the biggest problem was not the customs burden but the fact that we had only a very short time to get ready for the changes. TSS, as was mentioned, was not ready until 21 December; in fact, we got the parcel regulations only 18 hours before they went live, and it is not like flicking a switch. People have to be trained, and everyone involved in that supply chain needs to understand the changes.

As Seamus said, a lot of people had not signed up for the TSS in Great Britain. There was a huge amount of communication here to get ready for Brexit, and, in GB, the focus was on getting ready to trade with the EU, not getting ready to trade with Northern Ireland, so that fell down. It was also the case that fresh food could not come across from the EU for a week because of the COVID lockdown. That not only stopped fresh goods coming, but, when many arrived, they had a very short shelf life, which meant that they were not fit for sale. At this time of the year, there are a few problems with fresh food, simply because we are buying in 90% of lettuce and 80% of tomatoes. More than 65% of fresh fruit and veg comes from the EU. It is not unheard of for us to go slightly short in a normal January.

Those seven days also had a knock-on effect on GB food production. It meant that we were chasing our tails. There was also a tighter lockdown, which meant that people were not eating out. They were buying more, and, as we have seen in past lockdowns, people buy stuff that they can cook at home, freeze and then stock up. So far in January, we have a 30% uplift in the amount of mince that people are buying. In retail, a lot of people have been self-isolating and are off work, so it took slightly longer to replenish the shelves. All those factors meant that there were choice issues, but it was more complex than just the effects of the protocol. I have to say that it was a testament to the efforts of hauliers and the logistics sector, supply chain and retailers. We were prudent and worked a lot; people were going 24/7 to make sure that it was not worse. Remember, it was only a couple of hundred items out of 40,000.

The situation was not helped by the media. Pictures of empty shelves continued to accompany the story on a round-the-clock basis. People were saying that the supply chain was a few days from collapse. That was not helpful. The supply chain is not and has never been a few days away from collapse. That needs to be underlined: it is simply untrue, and it is a bit reckless to say that it is true. I have quotations from our retailers about how they managed, but I will leave them and come back to them during other parts of the evidence session. The main thing is that there is a good supply of products regularly reaching stores in Northern Ireland, and the priority is that customers have access to the products that they need in a safe environment.

We are not saying that there are no issues. Clearly, there are some, which is why Logistics UK and members of the Northern Ireland business Brexit working group, including the Northern Ireland Retail

Consortium (NIRC), have, from 1 January, been continuing our work with the Irish Government. We met the EU, Michael Gove, the Secretary of State for NI, DEFRA, DAERA, the Department for the Economy and others, even people in the European Parliament, so that people understood that what we have is not working in the way that it should and, while we are not toppling over, we will need further mitigations. We have asked the Cabinet Office to set up a dedicated group to drive this, instead of lots of Departments doing lots of different things. It needs to be done with business, and it needs to be done with not to us. We are the experts in this. We can help to design a way that ticks the boxes and that not only gives the transparency that the EU needs but reduces the burden on the supply chain. We need more time. We had no transition period as such; we did not have an implementation period. The fact is that some of the big government systems were ready only a week or so beforehand. If that were us in business, we would have done it 18 months or two years beforehand, not in a few days.

If the buzzword for 2020 was "sovereignty", the word for 2021 needs to be "simplification". That is what we need: a simplification of all these processes. Some people say that supermarkets have a derogation. It is not the supermarkets; it is the food supply chain, which includes wholesalers and independents. It is wider than just supermarkets. That label was used, and it stuck. Some people are saying that we can use that to set aside in whole or in part the requirements of the protocol. The EU loves its legal frameworks, and all this has to be done in a legal framework. The derogation that came out on 8 December, which was publicised with a Command Paper on 10 December by Michael Gove, was done through the legal framework of the Joint Committee, and it took around eight months from inception to delivery on 1 January. Therefore, it is not a quick fix to set aside the protocol in whole or in part. It is not a precedent. The precedent set there is that you go through the Joint Committee.

Another thing that we are asking for is a clear way for business to talk to the Joint Committee working group and to the Specialised Committee and the Specialised Committee working group. Quite simply, the Joint Committee is held behind closed doors, and we will never get in. That is the way in which it was set up. However, we need to be at those other working groups and committees to say what works and what does not work.

As we have said, there are challenges. In every meeting and every press release over the past year, we said that there would be. That has been exacerbated by the lack of a bedding-in or implementation period, but business is coping for the most part. Is it stressful? It certainly is, as I can tell from talking to retailers and other parts of industry, as I regularly do. We need the EU, the UK Government and the Northern Ireland Executive to work with us to provide simplifications to the challenges that we will face on 1 April and 1 July. The Joint Committee is there for a reason: to work out those problems. Just like Oliver Twist, Northern Ireland's business community will ask for more and more until we have a way of trading that allows us to give Northern Ireland households choice and affordability as well as keeping Northern Ireland business competitive.

The Chairperson (Miss McIlveen): We have still to hear from Darryl, Paul, Patrick and Chris. I am not particular about the order, but, if any of you would like to outline the issues that your companies are experiencing, we would welcome that.

Will I just pick on someone? Perhaps I will ask Darryl, and then Paul, Patrick and Chris in that order, if you want to speak.

Mr Darryl Morgan (Morgan McLernon): Thank you, Chairperson and members, for your time. I will give you a quick snapshot of what we have found at Morgan McLernon.

The route to move Northern Ireland goods to the GB market changed overnight. "Unfettered access" still meant moving my goods through NI ports. That was all well and good, but we are delivering just-in-time goods to multinationals in GB that expect day one, day two delivery, which is difficult and costly. It is all well and good as long as things run smoothly.

There are increased costs in planning trailer takeovers throughout the UK, particularly to achieve delivery to the south of England and the London, Bristol and Swindon regional distribution centres. Imports back from GB to NI and ROI have proven to be the most challenging. In short, no companies in GB, NI or ROI were prepared for the layers of bureaucracy. I attended a number of meetings and participated in conference calls pre Brexit and never heard of the trade control and expert system (TRACES) and common health entry documents (CHEDs) until the first week of January.

To ensure that our company can continue to provide a service for our customers in Northern Ireland, we had to ship home empty trailers. Since the first week of January, we have shipped 70 empty

trailers home. Last week, it was 30. The downturn in trade is evident, with shipping companies cancelling ferries and moving ships to where the market demands, which is away from the GB-NI route to the ROI-EU route, and that is happening under easements.

Northern Ireland needs more time to prepare. Most if not all of our customers are operating under [*Inaudible*.] Like most Northern Ireland hauliers, we have become customs agents, and we have had to create customs teams. In Morgan McLernon at present, we have seven people doing that, and we will have to double that number at least. We need more time not only to train and recruit but to deal with the COVID-19 pandemic. At present, most members of our maintenance and compliance department are working from home because they are self-isolating. Last week, I had to move our compliance team across to the customs team to cope with demand. COVID-19 is ongoing and is greatly hindering progress on creating an effective customs teams in our company.

From discussions and from working with the RHA and Logistics UK, I know that everyone faces the same challenges. DAERA, and Brian Dooher in particular, has been actively engaged and is trying to find workable solutions. We all need to work together to mitigate the impact that those challenges will have on Northern Ireland's economy.

That is a quick snapshot of how our company is experiencing things. Thank you for your time.

Mr Paul Jackson (McBurney Transport): Thank you very much, Madam Chairman and members. It is good to see my fellow hauliers here. I know that we are all on "suicide watch", as we call it, at the moment. There is little more that I can say specifically that John, Seamus and Aodhán have not already summed up. Some of it we agree with, and some we do not.

I spent my fortieth Christmas just past in the Northern Ireland haulage business. It was the worst ever period of my life at Christmastime, with the preparation for Brexit, never mind the COVID situation, which we have had running since March last year. It has been a very difficult time personally and for all our people. We employ 800 people in the sector here. We run 350 trucks and 1,100 trailers, and we ship around 114,000 trailers across the Irish Sea every year. That is the kind of volume that we have. We are members of the RHA.

We have disclosed the figures for January. In the first two weeks of January, movements were down 24% compared with those of January 2020. We have shipped in 63 empty trailers, in correspondence with Darryl's figures. At the moment, we are simply running out of trailers in Northern Ireland. We will have to ship more trailers in. Somebody will have to pay that cost. I not know whether it will be the retail businesses or the customer, but we, as a haulage business, cannot afford to ship more empty trailers into Northern Ireland.

I agree with what everybody said. There must be easement and simplification. We have all been hit with this. We talked about it, and we all knew that it was coming four years ago, but the bottom line is that, as I have said to hauliers, somebody had to produce the set of rules, or the rule book, and we did not get it in real terms until Christmas Eve. There has been an absolute lack of preparation from the UK for Northern Ireland. It just did not happen. We are hauliers or logistics operators. The bottom line is that we are not customs agents. Unfortunately, we are the fall guys. We are caught between the two points, A and B, to supply trailers here to bring products into Northern Ireland.

I agree with what Aodhán said, which was that, prior to Christmas, we had the COVID-related issues with goods coming in from Europe. We bring 70 loads of fresh fruit and vegetables into our Liverpool operation on a daily basis and get them across to Ireland. That had an impact. However, the problem is that we cannot get them out of Liverpool and shipped into Dublin. We are having something like a 38% inspection rate in Dublin. The TSS into Northern Ireland is chunky and cumbersome and just does not work as smoothly as it needs to for our logistic, transport and haulage business. We are an east-west mover. That is what we do. We move trailers across the Irish Sea. Now, we are customs agents. Trying to encourage drivers to sit in a cab for 30 hours and ask for permission to go to the toilet in Dublin is just unreal.

Belfast is running more smoothly in comparison. However, we can compare that with where it was in December and the previous 40 years. I remember doing customs entries in 1980, '81 and '82. I was fresh out of school, driving down to Newry and Dundalk with the paperwork every day and clearing loads. This is much worse. We are back to the dark ages of the 1980s in Northern Ireland. We are the smoothest-running, over-legislated and overtaxed industry in Northern Ireland, and we are struggling.

I hear what is being said about the press and shortages on the shelves etc, but we cannot get trailers shipped across the Irish Sea. Stena Line brought in a brand new ferry to sail from Belfast to Birkenhead. It has taken it off. It has put that ferry on the European route now because it can charge much more money and fill the ship. We cannot fill the ships here in Belfast because we cannot get freight in. The volumes are down. If we were running at pre-Christmas levels, we would be shipping 60 empty trailers a day to try to cope with the shortfall here. Operations have been on with me this morning looking to ship 43 trailers in tonight. We would not get the space anyway to ship them in, but that is what we will need tomorrow apparently to break even and to keep the east-west movement going.

There must be easement, and there must be joined-up thinking from us all as the haulage business, the RHA, the Freight Transport Association (FTA) and retail. We, as the hauliers, are stuck in the middle of this, and we should not be. We should not be stuck in the middle of this. Thank you very much, Madam Chair.

The Chairperson (Miss McIlveen): Thank you. Patrick, do you have anything that you would like to add?

Mr Patrick Derry (Derry Refrigerated Transport): Good morning, Chair and the rest of the Committee. I agree with what everybody else has said so far. It is extremely challenging. The transport industry will be hit hard financially. There are probably a few companies that will not be able to afford to go forward on this.

This has been done, and it has been left for the hauliers to pick up the pieces and for the industry to go forward, trying its best to make it work. I believe that it can work if there is more engagement with the industry rather than there being a high-level opinion on it. Local supply has increased. The likes of Lidl buy a lot more local supply than it ever has done. You also see the likes of Deli Lites winning contracts with Boots chemist, so there has very much been a win for the local economy going forward, but I agree with my colleagues that it is difficult.

We have been working closely with Brian Dooher. It is working going forward, and we have to make more and more tweaks. Eventually, it will possibly work, but the time frame for local hauliers to make it work is a different question. How does that stand? I think that there needs to be financial support for the hauliers for the empty trailers that are coming back in. There is not enough profit in the business to send trucks out full only to have them coming back empty. It just does not pay financially, and that will be a very big problem in the industry and going forward. We struggle as it is with prices of fuel, shipping and staff, and I think that that needs to be raised as well. Thanks very much, Madam Chair.

Mr Chris Slowey (Manfreight): Good morning, Madam Chair and Committee. Thank you for the opportunity to speak with you this morning. I speak to you principally as a haulier, but I also have an interest in customs. In the first week of Brexit, we, as an industry, experienced severe delay and poor communication, both from the providers of customs services and from the Department, because it was [*Inaudible*.] Ours were the first vehicles off the ferries on 1 January in Northern Ireland, and they were first vehicles to be stopped. Why were we stopped? We are not quite sure. We were held for over three hours, and we ended up having to get Brian Dooher involved, who clarified to the local vet in Belfast that she was incorrect in what she was doing. We were then able to proceed with fresh product, which was going into a factory in Craigavon to go back out that evening to go into retail stores in GB.

As a haulier, we export from Northern Ireland principally fresh produce. We bring back in parcels and finished goods for retail. We have seen a drop-off of about 100 loads per week on return journeys from GB. That impacts on our bottom line directly to a value that makes the business unstable.

In the second week of January, I took the initiative and went to England. I went to one of the new pop-up clearance customs houses that employs over 50 people and that had invested heavily in robotics to do the transactions of declarations. The robotics did not work and still do not work. The headcount was 50, and it is trying to scale that up to 150 because the robotics are not working as nobody fully understood the complexities or demands of the industry for the movement of goods from GB to ROI and NI.

As recently as 2.30 am today, I was talking to the teams over there, because we have left implants, our own people, to service our own customers on the movements from GB to NI. My team over there are learning today from the people there, who have been employed in only the last 20 days. That

customs industry had not been operating for over 26 years. In that time, the people who were in customs have retired and left the business community. The customs people who have popped up believed that they had the capacity and knowledge and that they could bring people to industry in order to provide us with the link that we are missing at the moment.

When I was over there last week, I spent generally about 18 hours in their offices. They were hit heavily with COVID. COVID in GB at the moment is rife. Of 50 people, 40 had to go and get tested. On one night, that left only three people in the office to handle all the declarations going through their business, which is 5,000 declarations per day. Impossible.

That is causing errors in how a product is declared. It is causing issues when we arrive at the ports because the paperwork is not correct. As recently as last night, one of the new pop-up customs agents told me that he was no longer going to serve the island of Ireland, as in ROI, because of the complexities of using seven systems to make a transaction in order to move retail product to ROI. He believes that, because he is moving the product into GB and into NI, he will be in the same situation come April.

Aodhán is correct about what we are seeing in the South of Ireland at the moment. Nobody is going to starve in this country. Thank God those days are gone, but when I was in England, rather than eating hotel food for the whole eight days that I was there, I went to Sainsbury's and Marks and Spencer. I assure you that the lines that they have in GB are not available in NI, and I have not seen them available since before Christmas.

So, yes, we will not starve, but we do not have the same availability, and we are still part of the United Kingdom, I believe. At this moment in time, I am asking, as a haulier and a person who understands customs, for an easement — a period to build infrastructure. The haulage companies that are speaking to you today have built their businesses over maybe 40 years, and they have infrastructure behind them. That is why they are successful. This is not successful today because there is no infrastructure or knowledge base behind customs. The systems have not been stress-tested or realised the total capacity that is required for daily movements, bearing in mind that we are retail-driven and have a peak and a trough a day.

On the 24-hour clock, the demand in the system is not constant. The reality is that there is a 60% demand over a five- to six-hour window. The businesses that have been sent to customs were not aware of that here. When they talked to us openly, they said that customs in the rest of the world, apart from those in Dover and Northern Ireland, is a 9-to-5 job because it all moves principally in container ships and can take six weeks to move across the channels, so there is not the same pressure on them as there is today.

We have a severe resource issue, which is having a knock-on effect on our ability to be efficient in our industry. We did our figures for the first 20 days of January, and we found that we are going to have to go to Northern Ireland plc, which is our customer base, and say to people, "As exporters, you are in demand. We need to move your product out; you need us to do that". We are shipping empty trailers in. We are going to ask them for a 12% rise on the current rate structure that they are paying us. That will leave Northern Ireland plc ineffective in the marketplace in comparison with the GB manufacturer who produces the same goods of equal quality.

Yes, there is stress involved for everyone. Because we understand our business, we saw this perfect storm coming, as Aodhán alluded to. In 'The Guardian' newspaper two years ago, Polly Toynbee wrote about what is happening with goods on the shelves today. She said that they would not be empty but that there would a lack of availability and additional costs for everybody.

Chair, those are my points. Thank you.

The Chairperson (Miss McIlveen): Thank you very much. We will move to questions, and all members have indicated that they want to ask a question. I will put my questions together, and whoever wishes to answer can just indicate by raising their hand for ease of managing the session, if that is OK.

I commend all of you for the work that you have carried out, particularly in the early part of last year given the challenges that you were presented with by COVID. That has not been easy, and what has happened since has made it much more challenging. I commend you and your drivers for ensuring that we have stock on our shelves and for keeping things moving for us in Northern Ireland. That has not been, in any way, easy.

The key in all this is the need for simplification and easement. I would like to get a better idea of the conversations that you, particularly those from the representative organisations, have had with other Departments and who can influence this. Obviously, TSS has played a role and has been key. While I appreciate that you said that it is positive that TSS is there but that the process has been cumbersome, has it given a commitment to look at refining its processes to help to make things a little easier for you?

On the challenges that you have, we, as a Committee, have had numerous discussions about support for hauliers, particularly around COVID. There seem to be exceptional or particular circumstances that have to happen to allow a box to be ticked in order to get assistance. Obviously, the Secretary of State has placed COVID very much in the centre of the situation that you are in. Has any representation been made directly to DFI about support? All those from haulage who have spoken mentioned the empty trailers and so on that are coming back from the mainland whether because of COVID or some of the challenges that are involved in being ready for Brexit. I just want to explore this: have those representations been made, and what assurances have you been given from those you have spoken to about things being made easier? Will I call John or Seamus to answer on some of that?

Mr Leheny: Madam Chair, I will come in first. On the first issue, we are engaging with the Trader Support Service. We obviously need future improvements. We have been assured that there will be additional development on the groupage model. Groupage is very cumbersome. It is one thing to put an entry through for one consignment on a trailer, but trying to put entries through for upwards of 40 or 60 consignments on a trailer is a lot more difficult. It was not really designed initially for groupage, but we have been assured that there will be developments soon to improve it.

On the transit of goods via Northern Ireland or the Republic of Ireland, Irish Tax and Customs gave very clear, definitive guidance last week on moving goods from ROI to GB via NI. I have been pressing HMRC and TSS for similar coming the other direction. The Trader Support Service has said that guidance is now imminent. I have an outline of how that will work. That is pivotal, because for a lot of the freight coming into Warrenpoint, its natural hinterland is south Ulster and north Leinster. Also, a lot of operators coming in to Larne from Cairnryan are moving goods to Donegal, Monaghan and such places. We therefore need the guidance soon in order to ease that burden.

As for the representations on the cost, I certainly have outlined to the Cabinet Office the concerns and the financial pressure that operators are under as a result of moving empty goods lorries. Government are aware of those pressures. We have future meetings planned with the Government on the type of mitigations that are needed, and that is something that Treasury will obviously have to get involved in as well.

As for what we are trying to do solution-wise, DAERA officials were mentioned. I have to join my colleagues in commending DAERA. The Chief Veterinary Officer and the Deputy Chief Veterinary Officer have been extremely helpful. We have taken a solution-led approach. One chink of light, which came this morning, is that the first trial load of SPS groupage arrived into Belfast at 7.00 am from Liverpool, and I received confirmation in the last hour that it all worked fine. That is the first run. We cannot get too carried away. We need more trials, and we need to refine it. DEFRA is very keen to issue guidance to the industry. I have obviously said, "Listen, let's not get too excited. I would like to see some more runs". I have a few members involved in that. I have to commend them for pushing forward and, ultimately, for being pioneers in it. There was a lot of work involved. We are getting there, but, obviously, talks are ongoing with government on these easements.

Mr Connolly: I have two quick points to make on representation. We are well aware that different people have different responsibilities in this, including the Department. There are the wider points about the Irish Government, what is happening at Dublin port, movements, how hauliers are being treated and, very importantly, the 24-hour notification period. I, on behalf of the Northern Ireland business Brexit working group, am in the middle of pulling together a paper that sets out why it is needed, and I am putting it very clearly that this, while affecting the haulage industry and the logistics industry, has wide-ranging effects across the Northern Ireland economy. We hope to have that finished by the middle of next week and sent out to them.

The business Brexit working group also put together responses to the Northern Ireland Command Papers that the Cabinet Office wrote. First, we had 67 questions to be answered and then we had 82 questions to be answered. A lot of them have been answered now, so we are being pragmatic, as we always are, and are going back and not only saying what is working and what is good but showing where the gaps are. We are going to send that to the EU and the UK. All these things are based on

trust, and that trust needs to be rebuilt. There is still quite a bit of friction between the EU and the UK. All that we can do is give you our reassurance that we will continue to plug away at this.

The Chairperson (Miss McIlveen): Aodhán, may I very quickly ask you about the welfare of drivers and that they are, no doubt, having to stay close to their lorries and cabs for prolonged periods? Are there any improvements that could be made locally that would help them or is there any representation that could be made to either across the water or to Dublin that will make things a little easier from that perspective? Have you encountered any issues with the need for COVID testing for drivers who have to go across to France and further afield?

Mr Leheny: Yes, we have instances of that. We have operators now sending loads out from Rosslare to Cherbourg and Dunkirk. Obviously, French authorities are expecting a negative COVID test that was taken within 72 hours prior to a driver's arrival. There is no facility here for drivers in Northern Ireland. I spoke to DFI and the Department of Health last week about a facility for here. In the meantime, after speaking to the ferry companies, the Irish Government have taken the decision to offer tests to HGV drivers at Dublin and Rosslare. We are just waiting for confirmation on that. Obviously, we have the testing sites in GB, which is a problem for anyone going out through Dover, because what do they do if they get to England and test positive? They are then in a situation where they have to return home because they are not able to enter France. Obviously, we need something locally, ideally for people who are going from GB to the continent but also for guys who use the Rosslare route.

The Chairperson (Miss McIlveen): OK. That is a concern. I will seek members' approval to write to both DFI and the Department of Health about putting something in place in Northern Ireland. The worst situation would be that they are left stranded and finding it difficult to get back home. Thank you.

Mr Hilditch: At the outset, I commend you for having made such representations both in London and here in Northern Ireland. You have certainly been hitting the right doors in trying to get answers. I do not think that you will find any opposition to your cause at this Committee.

There was mention at the outset that health certificates are causing a major situation. Could somebody tell me a bit more about the health certificates? Did I pick up that those have to be issued at the suppliers' end?

Mr Connolly: I will give you the legal context: any product of animal origin has to have an export health certificate signed off by a veterinary officer. Basically, it says that what you are sending to Northern Ireland is the right standard for consumption, or, if it is pet food, it is not full of creepy-crawlies and all sorts of bad stuff.

The export health certificates cost between £80 and £200, which is the top level. At the moment, we need export health certificates only for products that are on the prohibited and restricted (P and R) list. Those are products that would not normally be allowed into the EU from a third country, which, for all intents and purposes, GB is at the moment while we are administering the single market regulations.

At the moment, you do not need an export health certificate for every product; it is only for the P and R list. You need a simplified certification, which does not need vet sign-off. Come 1 April — we are already about an eighth of the time through the period — we will need to get a simplification or a derogation from the Joint Committee so that we will not need export health certificates for everything. There will be a movement assistance scheme, which will pay reasonable costs — that is how the Cabinet Office paper puts it — towards export health certificates; it will pay up to £150 plus VAT, which goes to the vet who signs things off. However, it is an extra level of bureaucracy; it will make things harder. That is why we have said that we need the EU, the UK and the Northern Ireland Executive to sit down with business. What we have has been done to us, not with us, and that is a problem. This all needs to work for the retailer, the haulier and the guy who stacks the shelves. We need them — within weeks — to sit down and look at solutions that provide the key buzzword of simplification.

Mr Hilditch: There was indication as well that there has been a loss of employment in the haulage industry due to people not wanting to get involved in it. Is that down to the new system in particular, or is that a general theme in the industry?

Mr Slowey: In our industry, the average age of employee, as in driver, is 54. We have a good retention of staff. Our drivers have a great knowledge not just of our business but of our customers' businesses. We rely on them to support us and to service our customers.

We have suffered because of COVID-19. There has been no testing facility for new drivers in the industry for the past 10 months. In that time, unfortunately, people have hit an age profile and have left the industry. At the moment, we are taking our drivers by the hand. We have close to 390 drivers. We are talking them through this new world and trying to explain to them that we are working with people such as you to make their job a lot easier.

To put it in context, we export from Northern Ireland and return with a full trailer. The average time between delivery and collection is 11 to 12 hours. That includes giving drivers their legal break, compliance, the drivers redirecting themselves to a collection point and returning home. There is a confidence in GB [*Inaudible*] place. We are seeing [*Inaudible*] dropped off, which everybody has said [*Inaudible*] here. We are holding the drivers who are waiting for loads that we hope will be available later in the day. The average waiting time for drivers has gone up to 22 hours.

That is 22 hours of sitting in a cab with nobody to talk to other than a mobile phone. If they are lucky, they have a microwave and kitchen pack in the lorry. When they go to services in GB, they are charged extortionate prices for facilities that may be closed. There are no showers, and toilets are basic. It is very difficult to attract people to the industry at the moment. We are not seen as an industry that attracts people readily. Having a history in the industry — their fathers, grandfathers or uncles drove lorries — will attract them to it. They enjoy it and excel in it. They give us a great, stable workforce.

However, there are no new recruits coming in due to COVID-19. People are dropping out because of age, and the ones who are added are saying, "We'd be better staying in Northern Ireland; not crossing the channel at all". It will have a detrimental impact on us when things pick up again, as Paul said. January is a quiet period for us. In February, you hit Valentine's Day, and then you have Easter. We are a seasonally driven business where we need to flex in order to scale up and scale down.

Mr Hilditch: That is worrying. Just out of interest, one of the companies indicated that, within the first two weeks, it had about 100 empty trailers lying across in GB. What is the cost of bringing back an empty trailer?

Mr Derry: Darryl, you are not going to answer that question in an open forum, and, to be fair, neither am I [*Laughter.*] All the companies here are competitors. We are all involved in the same industry, and every one of us would have a different route. However, the bottom line is that I have spoken to some hauliers, and, on the short sea corridor, the figure is well in excess of £100, and, in the central corridor, it is in excess of £200. After what Morgan McLernon said and what we have said, I do not think that anybody would want to get into that cost. It is a crippling number.

Looking at the figures for the week beginning 4 January, which was the first full week of Brexit, we calculated that there were between £67,000 and £73,000 of additional costs in that week. That was a week of extreme drop in volume compared to the previous January. We would not want many weeks of what we have just had. That is why it is urgent that we plug this and simplify it for everyone's peace of mind.

If I had worked harder when I was at school as a 16-year-old, I certainly would not be in the mess that I am in today in this industry. Fifty years from now, there will not be people at 57 or 58 who will have been in the industry for 40 years. They will not do it. There is nothing to attract young people to the industry.

People in Northern Ireland have to remember that every thing that they buy in this country comes in on a set of wheels, whether it is an aircraft landing in Belfast with a set of wheels touching down on the tarmac, it has to be delivered in a courier van to them. If people buy online, it has to be delivered by a courier. It has to be brought from one DC container in the UK to here. It has to come on a set of wheels. Irrespective of how we get it here, it comes on a set of wheels.

I agree with Chris Slowey: we cannot attract staff at the moment, and COVID-19 is not helping us into the bargain.

Mr Hilditch: Thank you for coming before us today. I appreciate the difficulties that you face.

The Chairperson (Miss McIlveen): I am conscious that John Martin has fallen out of the spotlight. John, do you have anything that you would like to add to any of those questions?

Mr Martin: Apologies, Madam Chairperson: my internet is unstable at the moment.

I just want to cover a point about drivers and COVID-19 tests. We have been engaging with the health service in Northern Ireland. We have also done a survey of our members to identify the volumes, and we are trying to put a business case together for the health service to provide something in Northern Ireland. That is ongoing.

The Chairperson (Miss McIlveen): I appreciate that. Thank you.

Mr Boylan: I have a couple of quick points. Aodhán, you are welcome back. I am disappointed that you do not have your big hat on.

You said that the protocol was not the only disruption. Do you want to elaborate on that?

I will ask you another question, and then we will go back to the hauliers. What can the Committee do to help you? I know that it is a difficult time now, but what challenges lie ahead for Northern businesses accessing the market?

Mr Connolly: The protocol is a part of it, but we have a perfect storm, in that we are in a lockdown. We do not have cafes or restaurants open, so we are more reliant on supermarkets. There has been some "overbuying"; we like to call it not "panic buying" but "overbuying". The price of mince is up about 30% to 35%, year on year. It shows you the sort of stuff that has been missing.

We had seven days when we could not get food EU to GB. That meant that it was not coming to Northern Ireland, either. It also meant there was a knock-on effect, because factories in GB that were waiting on ingredients could not get the materials. That is why it trailed over. There has been some disruption, with a lot of GB suppliers not having the same communication as there has been with Northern Ireland. Northern Ireland has been prepared to send things and get them from GB. However, the big emphasis for GB companies was to prepare to send to the EU, but they forgot about poor Northern Ireland. That is where a lot of that disruption has come from. It is getting better, but there is still a need for education, and the Cabinet Office has promised us it they will do that as a matter of urgency.

I keep using this cliché, but it is "a perfect storm", which is not of anybody's making. One of the biggest things is that, we are making fundamental changes, where you are not talking about one new IT system but four new IT systems, and lots of customs code. Each of the 40,000 or 50,000 items comes into a typical supermarket needs a customs code. Some will need Meursing codes if they are made up of particular ingredients.

That takes a lot of time and a lot of man-hours. After a while, you get used to it, but, at the start, there was friction. There is a lot of "coping". It is clear, not just from what the logistics guy says, but from everyone in the supply chain, that there is a lot of unnecessary stress. We did not have a transition or an implementation period. It was a couple of weeks. This year, we need simplifications.

We need the Committee to shout the hauliers' case from the rooftops, not just to the UK Government and the Northern Ireland Executive, but to the Irish Government as well. The health and well-being of the guys who run our supply chain is paramount. Stacking the shelves is one thing, but the guys who move the stuff are the veins and lifeblood of our business, and they need to be looked after. It is that simple.

The other thing you could do is make sure that the Executive put pressure on the EU and the UK to look at those cliff edges that we will see on 1 April on export health certificates and on 1 July. That is unbelievably important.

When the First Minister and the deputy First Minister sent that letter to vice president Šefčovič about getting food to Northern Ireland, it made people sit up and listen. People who are diametrically opposed on the Brexit issue come together for the welfare of the people of Northern Ireland. That is where we need to get to, with the whole Executive outlining how we need simplifications for this.

You have to remember that an awful lot of our businesses are closed. When they reopen, there will be more to doing and doing, and that should ease some of that backlogs issue. There will also be a reorientation of the supply chain, as there always is. There is an old saying that, "The supply chain will always take the path of least resistance", so there will be new opportunities in the future. At the moment, it is about giving the logistics industry the support that it needs to get through the next six, eight or 10 months, until the new normal settles in. That is really important.

Mr Boylan: Thank you very much. I want to thank the hauliers and all the businessmen who have come to give the Committee presentations.

These questions apply mostly to John and Seamus, but you are all more than welcome to respond. Are most of the current problems of a technical nature that officials can sort out? How are communications from both sides, and right across the board?

Finally, Seamus, you mentioned groupage. Would you like to expand on that with regard to the IT-based proposals and give us an update on how you are getting on? I know that other members are keen to ask questions. I will leave it at that. Thank you.

Mr Leheny: Thank you very much, Mr Boylan. I will answer very quickly before John comes back in. On the SPS groupage solution, the obstacle is that, at the moment, it is legally impossible to have that business model with sealing trailers, etc, and the service has been pretty much suspended. However, a couple of operators came up with the idea that instead of sealing the trailer, you would seal the pallet; pretty much as we move bonded goods.

Therefore, yesterday, we had a haulier go to premises in GB and collect pallets that were then shrink-wrapped and a secure seal with a seal number put on them. That was signed off by the official veterinarian on-site. Basically, you go into the TRACES system and there is a document called the common health entry document. That is linked to the manifest on that particular groupage lorry, so that when that lorry comes in off the ferry, DAERA knows exactly what is on the back of it and the references, who it came from, what it is and where it is going. That type of oversight satisfies the Commission. The load that came in this morning came in satisfactorily, although there is still some learning to go with that. A few more trial loads are due this week; that is where we are with the solution at the moment.

A lot of the problems that we are experiencing at the moment come down to the last-minute nature of the deal between the UK and EU. People simply did not have the guidance. As I mentioned, we did not have time. There was a rush of webinars. There was probably a webinar to train businesses every other day during November. People are pretty much learning on the job.

This morning, I spoke to a large business here. Its feedback to me was that its inbound service levels are bumpy. Therefore, it is having good days and bad days, but it is seeing some improvement. Where that improvement is coming from is where GB businesses are now starting to understand the regulations. That is a common theme, as many businesses in GB just were not aware of the obligations. They were mentally tuned into GB-EU movement but not GB-Northern Ireland movement. We have been pressing Government to improve that message to business in England, Scotland and Wales.

Mr Boylan: Thank you. John, do you want to comment on the technical issues? Do any of you want to comment on how the Committee can help?

Mr Martin: Without going into the detail of what Seamus has already covered, yes, there have been big issues with regard to SPS requirements. As Seamus said, there was a trial this morning with a fairly straightforward, simple load. There will need to be more trials with more complex movements. However, things are moving forward. People have asked me whether there was an assessment of the risk to the consumer in Northern Ireland as a consequence of food coming from GB. I have heard the phrase used: "If a product is good enough to be consumed in Cairnryan, should it not be good enough to be consumed in Belfast or Larne?". There needs to be a look at what we are actually trying to protect here. We need to go back into the technical requirements to see whether it is actually necessary. Has a risk assessment been undertaken?

In relation to logistics in general, I have requested some relaxation of drivers' hours requirements. As the operators said, everyone in the sector is under significant pressure. Morgan McLernon has indicated that it had to move staff from its compliance team to support its customs team. As a

consequence, drivers' hours are a big issue. Drivers are sitting in locations for extended periods, so there needs to be some relaxation. DFI has challenged me to develop a business case, and I am consulting members to see whether we can pull one together. Any support for a relaxation along the lines of what we had at the start of the COVID-19 crisis would be very welcome.

Mr Boylan: Thank you, Chair. I think that Aodhán wants to come in.

The Chairperson (Miss McIlveen): Aodhán, we cannot hear you. You must be on mute.

Mr Connolly: Apologies for that. Technology. I need to come back on what John said about the technical requirements being the same. He is absolutely right; however, there is no legal framework. That is where it comes back to the legal frameworks for that stuff.

There is no recognition of that being the same. The reason why we have that solution for retailers and the wider supply chain is the guarantee in the 8 December agreement of the Joint Committee, which is chaired by Mr Gove and Mr Šefčovič, that there would be no divergence in that period. That is the only reason we were able to do that. It does not matter whether it is exactly the same or a copy-and-paste version; if there is no mutual recognition, it does not matter. You could have a newspaper and a comic on one side or the other; they just will not recognise each other.

I want to speak about the legal framework and what we wanted to see in the trade and cooperation agreement (TCA). Everybody is calling it a "free trade agreement", but the trade and cooperation agreement is not a free trade agreement; it is an association agreement under article 207 of the Treaty on the Functioning of the European Union. That is a lot looser than a free trade agreement. There is a worry about divergence, and that is where the trust has broken down already. In Parliament, we have heard people talking about divergence on herbicides, GMOs and plant materials. Those are all red-flag issues for the EU.

It does not matter whether you have exactly the same regulations. Unless you have a legal framework to say that you will not diverge and that you will recognise the same qualifications, rigorous checks and single market regulations, there will always be a problem. It is not just an instant recognition or reciprocal arrangement. That is not how the EU acquis or trade law work.

The Chairperson (Miss McIlveen): Thank you. Seamus, can I go back to the point that you made about groupage? We expect an announcement about that at some stage today from DEFRA. I am curious whether the trial that took place this morning will feed into that and what you are expecting from DEFRA.

Mr Leheny: Yes, Madam Chair. DEFRA anticipates that it will have guidance to give to industry this week. I have made it clear that we need to manage expectations and would hesitate to give guidance to industry — the logistics, manufacturing and food and drinks sectors — until we get the fine detail. We have done one trial, which has worked well, and we will do a few more this week. It is the old saying: measure twice, cut once. We need to do that and we need to hold back on that guidance for an extra couple of days until we see the fine detail.

Time is of the essence. A lot of the logistic companies and SMEs in Northern Ireland rely on that business model.

The Chairperson (Miss McIlveen): There are challenges if there are products with different sell-by dates coming from the same factory and going to one recipient. There are also additional costs associated with that. It does not come without its challenges. Thank you.

Mr K Buchanan: Thank you, gentlemen. I think that Aodhán referred to "to us, not with us". I suppose that I am referring my question to Seamus and John. To be fair, you two gentlemen are representing the sector. What communication has there been with you on the issues that you thought were going to happen? When did that avenue of communication start? Did it start?

Mr Martin: Can you hear me?

Mr K Buchanan: Yes. Go ahead, John.

Mr Martin: Communication on the detail has been extremely poor. If significant changes are to be made to processes or systems, we and the sector would have expected to have been given at least six to 12 months' notice to ensure that everybody was fully trained in the processes and that the systems were fully embedded in the companies. We were not communicated with effectively.

For an extended period, I have called for communication across the sector to be extended and to be effective. We are being talked to as opposed to being asked for our input. Communication has been extremely poor, and, even now, communication is still extremely poor.

Mr K Buchanan: OK.

Mr Leheny: I will just cut in here. We have to be mindful of the fact that we cannot blame civil servants in Departments for that, because the communication has been there. It is the detail that has been missing, however. Owing to the last-minute nature of the trade agreement between the UK and the EU, the detail was simply not there to give to us, so we were pressing for information that we did not know. Aodhán gave the parcel example. Up until the morning of New Year's Eve, the parcel sector did not know whether it would have customs declarations to deal with. The sector could not wait that long, so it had to wind down its operations and wait to see how this was going to affect it. We really needed at least another six months from when the deal was agreed until implementation.

Mr K Buchanan: What issues do you foresee after the end of the grace period, which is the 1 April date that we refer to, if things are not solved between now and then? Do you see a lot of issues being ironed out to some degree between now and then? You are obviously going to have a new set of problems after that date.

Mr Leheny: We are looking at improvements to the customs IT systems. The Trader Support Service has been given an extra £155 million to streamline the systems, so we need to make sure that we are getting value for money there and that we see delivery. Not having a grace period for SPS controls is a cliff edge that we need to avoid. The reason for the expiry date is that, in the middle of April, the EU is changing its legislation around sanitary and phytosanitary controls. The transition period has ended for the UK, so it does not have to follow European law. That means that there is a clear legal difference. If we need that grace period, what we probably need to do is to apply pressure on London to adopt. We are not asking London to implement European legislation but simply to do a copy and paste so that, whatever the changes are to the EU regulations, we will, for a period, implement those in UK law. In that way, it is more likely that we can get a grace period. As we, the Northern Ireland Retail Consortium and other organisations have pushed for — I mentioned this to the Committee earlier last year — we need to look for long-term solutions, such as the retail movement scheme, where we open up a green channel for those trusted trade retailers and manufacturers that are moving high volume. Doing that would ease the burden on the four guys who are on the call. What it is all about is lowering and minimising the hurdles to trade.

Mr K Buchanan: Finally, I appreciate that there are some competitors on the call, but Patrick referred to a figure of £100 to £200 for bringing back a fridge or a trailer. What percentage of fridges do you bring back with no units in them? Do you generally bring the fridge back empty?

Mr Derry: People should realise that the problem is not the cost of taking back the load but the loss of the profitability on it coming back, on top of the cost. That is the reality. Leaving Northern Ireland to go across the water and back is called a round trip. You base your costs on that round trip, so, when you are getting only 50% of those costs, financially the business cannot survive going forward. There has not been enough thought given to businesses or processes put in place at a government level to support us. We are very heavily scrutinised legally under the Vehicle and Operator Services Agency (VOSA) drivers' hours rules. Drivers run out of time by spending six or seven hours in the port, as there is another driver coming up the road to swap the lorry or with the driver to get the things delivered. At a government level, there needs to be more and more engagement with the industry so that it can understand how fast we turn around food and supplies in Northern Ireland.

With so many of our colleagues in the same business present, it would be unfair to give you a cost figure, but I hope that that helps.

Mr K Buchanan: It does. I will not get into the actual figures, but my question was this: go back a year to when you were bringing back trailers normally and moving products back and forth, were you bringing back only the trailer, which is full, and not the unit? You do not normally bring the units back so I take it that you drop them off in the port on either side and ship full trailers back and forth.

Mr Derry: No. You take back the lorry, which is driver-accompanied. You may be thinking of the container scenario —

Mr K Buchanan: Yes.

Mr Derry: — with refrigeration from Northern Ireland to across the water, a lot of which is driver-accompanied. It depends on which lane. If it is going via Liverpool on the night ferry, it could be £200 or £300 for the ferry alone. Going via Larne or Belfast could be £200 or £220, plus your diesel and details on top of that.

Mrs D Kelly: Thanks very much, everyone, for your presentations. This brings into sharp focus just how interdependent we all are. I thank the representatives from the industry for all the work that they have done over this challenging past year.

The picture is not good, although some might say that it was entirely predictable. It is not helped by the fact that we have a Secretary of State who is still in denial, if that is whom we are relying on to put forward your case to the British Government, and through them to the EU, to seek solutions, so there is an uphill struggle ahead.

It is my understanding that we are currently in a grace period, and the situation in front of us looks worse than the one that we are in. We need to pick up very quickly on the key challenges post this grace period to determine what the scenario will look like for the sector and for retail.

I will pick up on a point that John Martin made. He said that what is good enough to eat in Cairnryan is good enough to eat in Belfast and asked what we are protecting. I am firmly of the view that we are protecting food standards, and I have absolutely no faith in the British Government not to reduce our standards. I want to put that on record, given the acts of bad faith that we have seen from the British Government over the past number of years.

Members are asking how we can help the sector. There is a huge amount of lobbying to be done, through whatever mechanism, on the experiences of hauliers and others. There is the welfare of drivers to be considered, as well as the issue of the time spent driving and how the downtime spent sitting around at ports impacts on the regulations on drivers' hours.

To be pedantic, if a driver has no restroom to use but is not physically driving, yet a haulier is going to have to replace him, surely, from a regulatory point of view, the driver has still been at work or has been available for work for more than the scheduled hours. How would you resolve that situation? What resources would be needed at ports or other facilities where drivers are kept waiting for so long to enable any change to be made to the regulations on drivers' hours? Has that been discussed with driver representative groups, if such groups exist?

Mr Martin: Given the pressure that the sector is under, I have requested that the Department offer some relaxation of drivers' hours and rest periods. I am [*Inaudible*] around similar provisions at the start of the COVID process. In addition, we need the enforcement agencies — the Driver and Vehicle Agency (DVA) in Northern Ireland and the Driver and Vehicle Standards Agency (DVSA) in GB — to [*Inaudible*] an approach to dealing with issues, because drivers are feeling the full consequences of having to sit up in various locations in a cab, which is not ideal, and having insufficient welfare facilities. There has to be a sympathetic approach adopted by the Department [*Inaudible*] of the provisions going forward.

Mrs D Kelly: On the issue of scaremongering, what is the risk of stockpiling by those who are financially able to do so — alternatively, there are those who do not have the money to stockpile — and how do we manage public messaging around it?

Mr Connolly: Public messaging is important. We need to be realistic that there are choice challenges at the moment, but we need to put that into perspective. A few hundred items are missing out of between 40,000 and 50,000 product lines in an average large supermarket. I understand that some people worry, but the boys in haulage and logistics are working 24/7, as are the people in retail. We are doing all the hard work, and that means that the public do not have to do so. A better word than "stockpiling" for what some people are doing is "overbuying". A lot of people are buying up lots of mince, but there are people for whom mince is a staple, and they rely on being able to get it. We saw the same thing happen in March with toilet roll: people bought loads of toilet roll in the lower price bracket, and that meant that the people who rely on that to keep their family clean were not able to get

it. The big message is this: we are being realistic. There are a few choice and availability issues, but the situation is getting better, and that is thanks to the hard work of Seamus's guys, John's guys and everybody in the retail sector. We are doing the hard work so that consumers do not have to do so, so buy normally and be kind to our shop workers.

Mrs D Kelly: Indeed. I have one final question for Seamus. I am curious to know from your hauliers, or from any of the hauliers here, how the time taken for customs checks at ports in, for example, Dublin compares with that in Cherbourg, Calais or Dover and whether there is any big discrepancy. It is about entering the EU, so to speak, and I am just curious as to how the times compare.

Over the COVID period, we were informed that there was a risk of many hauliers going bust. Has that materialised, or have hauliers managed to sustain themselves as a result of the financial challenges that COVID has presented?

Mr Leheny: Thank you very much, Mrs Kelly. I will deal with your first question. After I have answered it, it would be good to open up the discussion to the four hauliers for them to tell you some of their practical experiences. Dublin is not a good place to go at the moment, and that is an understatement. It is testament to Belfast, Larne and Warrenpoint that they are doing pretty well. I have literally just received a text message from one of the ferry companies saying that the Cairnryan route into here is fine. Any delays in Belfast and Larne are down to the SPS controls: having to go to the border control post with SPS goods. The breakdown in communication has been in the identification checks. In the first few days, we had a high level of non-compliance, because businesses just did not know the rules. One haulier mentioned that we were not aware of them. A lot of the operators were not made aware of them beforehand, so a lot of people had to do a retrospective entry while their vehicle was detained. There are welfare issues for the drivers there. I am aware of some members having had their vehicle detained for eight hours while they did a retrospective entry. That is not fair on the driver, and it is burning money for the business as well.

Dublin at the moment is a world apart. It does not have the easements that we have, such as the grace periods. It is checking 30% of the lorries going in. It is insisting on 24-hour pre-notifications, whereas we can live with four-hour pre-notifications. Aodhán and I were in a meeting with the Irish Government recently, and we put it to them, "Can you not give the same flexibilities in Dublin?". We were asking for those not just for Northern Irish operators but for everyone, because they will benefit the Irish economy, but the Government were sticking to the rule book. I do not know why they will not be more flexible on that, because they need to be. We in Logistics UK are in a lucky position, in that we also have a trade association in the Republic of Ireland, the Freight Transport Association of Ireland (FTAI), that is pressing the Government. It sent a letter to the Taoiseach last week that got a lot of publicity, so we are pushing for that. It is the same for Dover to Calais, where the French are being quite stringent about food coming in from GB. There are welfare issues there as well.

Before I hand over to the hauliers to talk about their experiences, I will add that, on the COVID situation, I made the case last May when giving evidence that we need a means test, because not everyone was in the same bracket of financial difficulty. There was a lot of fear in the market that a high percentage of businesses in the industry would go under. Some people were talking about upwards of 50% of them. That was not going to happen. There were some companies that were getting by and finding work. Others have taken on a lot of debt. That cannot go on. They will be paying off that debt for years ahead, and we need to be mindful of that. I have pressed the Minister and the Committee on the need for means-tested help for operators.

Mr Jackson: May I come back in on that, speaking as a haulier? On Monday morning in Dublin, 24 out of 71 trailers — 33% — were pulled in for checks. Today, I think that 27% have been checked, but I do not have the exact numbers. In Seamus's words, Dublin is a difficult place to be at the moment. Unless there is some form of easement, what is going on in Dublin at the moment is exactly what is going to happen in Northern Ireland come 1 April. The situation is going to get much worse here before it gets better. I am not a politician, nor do I want to be one. You represent my Portadown constituency, Mrs Kelly, so the bottom line is that I am not getting involved in that, but I will say that, as a haulier, Northern Ireland is going to get worse in April if we do not get some easement.

I hear what the three industry representatives present are saying, but there must be much more engagement with the haulage business directly. I am not knocking anybody here at all, because we all have different views on Brexit, but, speaking for our associations, I will say that you must engage much more with the haulage and logistics businesses directly, especially those in Northern Ireland. Like the retail industry, we employ lots of people in Northern Ireland, in GB and in Dublin, and it is not

a particularly easy industry to be working in. Thank goodness for the loyalty of our employees. We are dealing with very tolerant people, but it has been hard.

To go back to the issue of businesses surviving COVID, I was involved in all sorts of meetings with the Department for Infrastructure, the Department for the Economy and MLAs, but we did not get any assistance whatsoever. As the haulage business does, we had to cut our cloth accordingly.

Unfortunately, we had to lose people and not replace as many trucks, which, in turn, reduces flexibility around the just-in-time system that we as a haulage business can operate here. That plan, to be fair, was put in place last year for this year, because we knew that, at some stage, Brexit was going to hit us, and hit us hard.

You have to be very flexible in this business, but it is like turning a ship. You cannot do it on a sixpence. You have to be planning months ahead. As Aodhán said, this needs six to 12 months to bed in. We are hauliers, not customs agents. We are not politicians. We employ people to move freight between Ireland and GB and between GB and Ireland. That is what we do.

Mrs D Kelly: Thanks very much to Paul and the other contributors. Madam Chair, there are some actions that we will be able to take out of those contributions in order to come to a conclusion at the end of the meeting.

Mr Beggs: I thank everyone for your evidence. I also place on record my thanks to the haulage sector for what it has done during the COVID period and for what it continues to do to provide that essential service. All your staff are key workers who ensure not only that there is food on shelves but that the economy is still working. The importance of that needs to be recognised.

What you have told us today, however, is that the haulage sector is bearing the brunt of the changes that have been hastily introduced at the last possible minute, which is costing you financially. Another cost is the welfare of your drivers, which will make it more difficult for you to recruit in future. Undoubtedly, all of this will have major cost implications for you and for the Northern Ireland economy, so it is important that we try to mitigate and minimise those difficulties and potential costs.

My first question is about the new Joint Committee that is determining everything. In what way has it engaged with the haulage and logistics industry directly so that they can fully understand your needs in order to adapt what they have brought in to make it practical? Has a joint working group been formally established that is linked to the Joint Committee as of yet?

Mr Martin: I will come in on that. I certainly have not engaged with anybody from the Joint Committee. I have, on a number of occasions, written to the Secretary of State, Brandon Lewis, to ask for better engagement. Excuse me for saying this, but he has not had the courtesy to respond. It is obvious that there has not been proper engagement with the people who matter: the hauliers on the ground. Any process that they are expected to implement is not working as it should be, and they are suffering the consequences. There has to be better, more effective engagement. Working groups have to be set up on which hauliers are involved and their views sought. Any imposed solution is not going to work, unless you involve the people who are critical to it, who are the hauliers.

Mr Beggs: As a quick follow-up to that, you indicated that some of those in the system do not even talk to one another, with Dublin in particular being mentioned. In the design of the systems that the Government have put together, were there discussions with the haulage industry at that stage, or do our current systems need major simplification and refinement?

Mr Martin: Some of the hauliers might wish to comment on whether they have been spoken to or whether the Government have discussed the issues with them directly.

The Chairperson (Miss McIlveen): Seamus, do you want to come in on that point?

Mr Leheny: Yes. The Joint Committee is not set up for direct engagement with industry or businesses. From my understanding, the Northern Ireland Executive can have a seat at the table whenever a representative of the Irish Government is present. We have to use our influence, and that is where the work of an MLA is invaluable, because it can then be fed through to the Executive and on to the Joint Committee.

We have to remember that the Northern Ireland protocol is a live document. It is not a completed book. It can therefore be changed and edited. Our job, and that of an MLA, is to reflect industry

feedback and try to make the protocol sustainable in the long run, because it is in the interests of the UK and the EU that it works for all of us.

Aodhán and I have met five times with the EU Commission on this. We keep in contact with it, as we do with the Irish Department of Foreign Affairs, the Cabinet Office and the NIO. I have had members engage directly with the United Kingdom Government. What is key to being able to engage with the Joint Committee is our influence with the Assembly and the ability to put our concerns through it.

Mr Beggs: There are difficulties at present, but there are cliff edges coming on 1 April and 1 July. Mention was made by one of the hauliers — it may have been Paul — that you expect what is happening in Dublin now to happen in Larne, Belfast and Warrenpoint on 1 April? Is that what will happen unless there is change? Can someone come in on that?

Mr Jackson: Yes, that was my comment. I said that we are staring into the abyss here from 1 April, based on what is happening now in Dublin. I think that it was Aodhán who said that we are an eighth of the way through this period, so we still have time to fix this. As operators, hauliers or logistics operators — call us what you want, — we are adaptable individuals. We are willing to make this work, and we want to make it work. We can have our own opinion on Brexit, and whether you are in one camp or the other is irrelevant to me. We want to move freight; that is what we do, and that is how we try to make money. Unfortunately, we are not making any money at the minute. In April there will be an abyss in Northern Ireland unless we are fully engaged and there is an easement of some form. We do not want to do in Northern Ireland what we are doing in Dublin. Today, our operation in Dublin is just a complete mess, and there is no nice way of saying that. It cannot be allowed to happen here. We have a bit more time to try and make that happen, but we need whatever influence we can have with this Committee, or any other Committee, to get some assistance from our near neighbour to make this work much better for us all.

Mr Beggs: You have indicated that drivers in Dublin are being delayed by up to 22 hours. If that were to happen at Northern Ireland ports, would you be able to get food onto supermarket shelves?

Mr Jackson: On the first full Monday of operation in Dublin, we experienced a 32-hour delay for drivers. Drivers had to ask to use the bathroom over that period of time, and one of those gentlemen was a 69-year-old driver. That has been the situation in Dublin from day one. On that Monday morning, we were the first truck through the customs on day one as well. It works when you get green-laned, but there is a lot of inspection in Dublin. What will happen in Northern Ireland if it is delayed? We are running out of trailers in Northern Ireland at the moment, and we are having to ship in empty trailers. If we are in that situation in mid-January, will it be much worse in April? I am not the doom merchant here; I do not want to predict that. However, if something does not change, there will definitely be problems.

Mr Beggs: Finally, my previous experience in industry was that it was cheaper to export a load from Northern Ireland. That was almost the backload; there were more goods coming in than going out, and the majority of the money was made when bringing the goods in. Is that still the system? Is what is now happening, where there are more goods being exported than imported, completely shaking up your financial model?

Mr Jackson: Yes. The financial model works on an east-west basis. Patrick mentioned a round-trip basis, and that is how it works. You are right that it has been the case that loads leaving Northern Ireland have been a lot cheaper than loads coming in, but it works on the basis of the round trip. The gap has fallen over the years, and rightly so because the ship is the same price going east and west. It costs the same to sail the ship at night as during the day. That is where the shipping companies have put the hauliers under severe pressure over the last few years. They have imposed cost increases: not negotiated, just imposed. The cost difference between a load going out of Northern Ireland and a load coming in from England is starting to close. Over the coming years, it will close in. It works on the east-west flow and a nice level see-saw movement: up, down, up, down. It is not working that way at the moment. Someone mentioned that they will have to put their prices up by about 12%. The consumer will have to pay for that; the public of Northern Ireland will have to pay that. It is going to distort inflation, but that is what is going to happen. For a haulage business, this is currently an unsustainable model. We have to be directly engaged with, and it has to be sorted out before 1 April.

The Chairperson (Miss McIlveen): We have three more members wishing to ask questions, and I do not want to curtail that. However, be mindful when you are responding that we have until 1:20 pm before we have to leave the room. I just put that out there at this stage.

Ms Kimmings: First, I thank everyone for coming today. I have learned quite a lot about the finer details of this, and, unfortunately, we are now seeing the outworkings of all of the questions that we have been asking officials and others over, particularly, the past 12 months and not being able to get answers to. Obviously, the timing and the lack of planning and preparation is having huge implications, and I really do not envy you in any of your tasks. Whether you are a representative or right down to the drivers themselves, it is very challenging. For me, one of the important points to come out of all of this is that, in the past year, we have seen the vital role that hauliers have played in dealing with the pandemic by keeping supplies running in and out of this island. That should have been a learning point for everyone.

I have a couple of questions. A lot has been covered, so I do not want to go over old ground. First, I will go back to Aodhán's points. Aodhán, I think that the point that you made that this cannot all be blamed on the protocol is pertinent. We have seen that the media have sensationalised quite a lot of it, but, as well as that, there have been similar issues with product lines in Europe. I think that there have been photos from Paris where Marks and Spencer had empty shelves and things like that too, so I think that it is safe to say that this is not all to do with the protocol. You mentioned the TCA and some of the issues around that. Do you think that, as well as that, there are potentially any missed opportunities for business, Aodhán?

The Chairperson (Miss McIlveen): Aodhán, you are on mute. We can see your lips moving.

Mr Connolly: I apologise profusely. That happens to me in every meeting.

There will be opportunities, especially in manufacturing in Northern Ireland, where you can take things in, give added value and then export them to Great Britain and to the EU, both unfettered, and then to the rest of the world, depending on what trade agreements we get. I think that the trade and cooperation agreement was a huge missed opportunity. It is not a free trade agreement; as I said, it is a cooperation and association agreement under article 207 of the Treaty on the Functioning of the European Union, and that is really loose, when we needed a bit more tightness, especially in the realms of SPS. If I had a magic wand and was putting together that TCA, it would have been an FTA. It would have had security and safety arrangements, and it would have had a veterinary agreement that would have been first in class, like the New Zealand veterinary agreement, where there is a high level of dynamic alignment, meaning that, when one party moves, the other party moves as well. That means that there are only 1% checks.

If we had got that, it would mean that just seven lorries a day would need to be checked out of all of the stuff that crosses the Irish Sea. We did not get that. The best thing about the trade and cooperation agreement is not just the zero tariffs and the zero quotas that are in there, because there are some real gristly bits, we shall say, about rules of origin, diagonal cumulation and that sort of thing which are really complicated. The best thing about the TCA is that it provides a framework for future engagement, and "frame" is a really good word. You can then stick on things and agree different things. To get to where Switzerland is has taken 40 years, and it has 210 pieces of agreement with the EU. It still has a wee bit of friction, but it has a good working relationship. It has a good import-and-export relationship, and that, in the future, is where we need to get to.

Ms Kimmings: Thank you. As I said, we are hearing a lot of negative connotations about the protocol, and I suppose that is because of what we are seeing on the ground. I want to get a fuller picture. Obviously, I know that our position was that it was the least worst option from Brexit. Are you seeing any positives of it yet, or do you think that it is still too early to say?

Mr Connolly: When the protocol came out, I put out a statement saying that the Prime Minister had listened neither to the business community in Northern Ireland nor to communities in Northern Ireland, especially as our households here have the half the discretionary income of households in Great Britain. However, businesspeople are pragmatic, and, once that was agreed, signed off and passed, we even tried to get amendments to that. We worked with the five parties to try to get amendments. That would have given a wee bit more closeness and a wee bit more succour to Northern Ireland. We did not get that, but we broke the narrative that Northern Ireland is sorted. We will continue to say that Northern Ireland is not sorted.

There will be great opportunities in the future for those who can add value and send out; that is particularly the case in manufacturing. It protected us from the immediate shocks of losing. However, we have integrated supply chains across these islands. Our supply chain was built over 40 years of being in the EU, and it is cyclical. Taking away any part — unknitting a jumper does not work, so there

was always going to be pain. Look at dairy, for example. Over 35% of our milk is processed down South, and the fact that they can continue to do that is a good thing; you cannot take away from that. However, in these past three or four years, I have always said that, no matter what type of Brexit we had, there would be costs because there would be frictions, either at the EU or with GB. That is why we wanted no borders anywhere. Quite simply, where there is friction, there is cost, and the people of Northern Ireland cannot afford that cost.

Ms Kimmings: Thank you. Have the hauliers seen anything yet that suggests to you that there are positives coming from the protocol or, likewise, is it still a bit early to say because of all the challenges that you face?

Mr Derry: Local supply to some of the UK supermarkets has certainly increased in Northern Ireland. In a previous life, I worked in Belfast fruit market. Most people today would not even know that it existed, because things changed. Crazy Prizes was taken over, and Stewarts went away. There are not as many farmers growing local produce today. It has been coming across from the UK. Hopefully, this will be a positive for local supply and farmers but also for producers who produce the same things as are coming back into Northern Ireland from across the water. Local supply will help to make Northern Ireland's economy stronger. I also make the point that the customers that my colleagues and I work for are all grant-aided. Hauliers do not get any grant or financial support, no matter what they have done, so that needs to be looked at as well. Yes, I do see a positive for local supply, for manufacturing of food and vegetables and for farming. It will help us in Northern Ireland to reach a truer level that meets our needs. Thanks.

Mr Leheny: I agree 100%, Patrick. That is what I am hearing. This week, I spoke to one business in your constituency that is sourcing 90% of its produce locally. It was getting 10% of European products through a wholesaler in GB. It is now buying some of those products directly from France. You will probably see some people cast their net, begin trading relationships with people who they previously had not, and ultimately save money on those costs. A big question that people are asking me nearly every day is about transit. A lot of European businesses are not aware that they can trade with Northern Ireland without any customs declarations or SPS controls, so I am outlining to people how you can do that. There is definitely a job in the future for Invest Northern Ireland to drive inward investment by promoting Northern Ireland across the EU as a place to do business.

The Chairperson (Miss McIlveen): If you are content, I can move on. We are down to 12 minutes to conclude the meeting.

Ms Kimmings: Just a final question, Chair. I think that it is very important issue, and it has come up quite a number of times. I am like a broken record at this stage, but Seamus and John will know that we have raised financial the issue of support for hauliers time and time again in relation to the COVID pandemic. We warned that, for hauliers, it was going to be further compounded by Brexit. We were told by officials and the Minister that the evidence was not there that a support scheme was needed. Paul Jackson mentioned having to lose staff and not replace trucks. What more evidence do you need? As Patrick said as well, everyone is getting grant-aided except hauliers. We recognise that not every company is in the same position and that some have done better than others. However, I asked for this to be reviewed again, and we were stonewalled. There has still been no response. Chair, as a Committee, we need to ask the Minister to review this decision urgently and look at a support scheme in response to not just COVID but also what we are facing now. Following the January monitoring rounds, we are aware that there are a number of underspends, including in the Department for Infrastructure, so now is the time to address this, because, as has been demonstrated this morning, if the like of haulage businesses do not get the support that they need, just to get them to the other side of what we are facing, a lot of businesses are not going to survive. That will have huge impacts for here going forward.

The Chairperson (Miss McIlveen): I have only 10 minutes in which to conclude this section and to wind up. I call Ms Anderson, and she will be followed by Mr Muir.

Ms Anderson: John, Seamus, Aodhán and the rest of you, it is impossible to do justice and service to what you have just imparted to us. It is important for you to know that, with regard to the derogations, simplification and easements that you are looking for, Sinn Féin had of course been arguing for an extension to the transition period. It is unfortunate that we did not get that. My concern about this —. I imagine that, given the level of information that you have, you are able to differentiate between an association agreement and a free trade agreement, and you know the consequences of Brexit. We always said that it was going to be an unmitigated disaster. Preparation work needs to take place

between now and 1 April and July. In the event of not getting the easements that are being sought for here —. Of course, there is the Joint Committee and the Specialist Committee that can feed into the Joint Committee, and we can use whatever influence that we have. We know that the British Government have made a unilateral declaration which prohibits them from seeking an extension to the grace periods, because they have to take all the necessary measures to ensure compliance with the relevant EU law on 1 April and in July. My concern is that we can all try our utmost to make sure, because the preparation work did not take place, and you got the information at the last minute, even though the protocol had been in existence for quite a while. I fear that the grace period may not be extended. Therefore, what kind of preparation work is being done now to prepare for 1 April? For instance, we hope that, at that stage, what is happening in Dublin will have rectified itself in some way. What is happening there is a consequence of an association agreement and Brexit, so we need to be putting the measures in place now to deal with those.

Mr Leheny: It goes back to my earlier point. To get any grace period extended, we need the UK Government to voluntarily align with the SPS regs. That is where the focus of our attention is going to be. I cannot imagine that any UK businesses are itching not to align with it. I do not think that it is going to change their business model overnight. Maybe in the longer term, but I think, for the short term, to help ourselves, that is where we would like to apply our pressure.

Mr Martin: One thing that I will highlight is that, if you have any influence in setting up a northern Irish working group to look at this and to ensure that there is a consistent approach to the issues being put forward, that working group should be a transport/retail-related working group to ensure that our concerns are channelled through the local Executive, who can feed into any higher-level negotiations.

Ms Anderson: Having listened to the responses, I think that the Committee will concur with the view that there needs to be better communication. As well as the point that you raised about the COVID health checks, we need to look at the issue of workers' rights. It was alarming to hear what Chris and others said about the way in which the drivers are being treated and how they are feeling. Workers' rights need to be protected. Seamus, I do not know if the SPS checks are done voluntarily, because, as Aodhán said, the EU is very legalistic and precise, and the TCA and the withdrawal agreement have been signed off. It might take more than just a voluntary nod from the British Government to indicate that they will comply or continue with EU law. I believe, based on everything that they have said thus far, that they will not. In the event of that not happening, what kind of preparation work can be done now so that we do not wait until 1 April for the British Government to tell us that they are not going to comply with us? We would be at a cliff edge once again. That needs to be avoided now.

The Chairperson (Miss McIlveen): Seamus and John, it might be helpful if you had conversations with some of your members and responded to us in writing.

Mr Leheny: Yes, Chair; that would be useful.

The Chairperson (Miss McIlveen): Unless you have any brief comment in that regard at this stage.

Ms Anderson: I will leave it at that, Chair, given the time.

The Chairperson (Miss McIlveen): I appreciate that. Thank you.

Mr Muir: I am conscious of time, so I will stay focused. I thank everyone for coming along today and for all the work that is being done, and particularly the focus on solutions. We need to have a solutions focus around this. Margaret Thatcher once said, "Don't come to me with problems; come to me with solutions". I did not agree with an awful lot of what she said, but that is one scintilla of an element that I agree with her on.

There are two ways forward in relation to this. One is solutions around SPS and the grace period, and the other one is the invoking of article 16. This is for the trade representatives: is the focus on the first element, which is SPS and the grace period, or is it on article 16? If it is on article 16, can you outline to me the implications of invoking it?

Mr Connolly: If it is the legal question, I will jump in. Article 16 is a mechanism for unilaterally putting a safeguard in place. It is a usual thing that gets put into agreements; article 112 of the European Economic Area agreement has the same. Everyone keeps quoting clause 1, which concerns the unilateral measures that can be taken. It has to be ongoing and specific. We are also seeing things

happening in GB, so it is not specific to Northern Ireland. It has not met the test of being strictly necessary. It has not met the test of the significant harm as yet. I am not saying that you cannot do it, but it is a big red nuclear button, and you cannot press it yet. If you do press it, clause 2, which no one wants to talk about, states that the EU can take reciprocal measures. That can be anything from making everything at risk to making it harder to use the port of Dublin.

There are lots of things that would need to happen. If you are going to use article 16, you have to tell the Joint Committee beforehand, and it has to agree that you can take those unilateral steps. A lot of people are talking about it as if it can be used to set aside the protocol as a whole. You cannot do that. Under article 18, it is only articles 1 to 5 of the Northern Ireland protocol that can be set aside, and that can happen only if and when MLAs vote for it in 2024. That is the first chance. Article 16 is a bit of a red herring, we have not met the tests to do it. We have not started the process of the UK Government telling the Joint Committee that they want to do it, and we have not made clear the reciprocal arrangements that the EU will want to push. It is a big red nuclear option. There is a lot of stuff that we will need to do before we get to that, and there is a lot of work that still needs to be done. We are only a couple of weeks in.

Mr Leheny: Aodhán can explain that a lot more eloquently than I can, so I will leave that to him. I will not go in to anything that he said; he covered all the bases. I have talked to people in my industry about article 16. They have been mis-sold the idea; maybe they have read things and heard things. I have had to outline the consequences of that, which Aodhán explained. Some people see article 16 as a life raft. To me, it is a life raft with a big puncture in it. You are literally out of the frying pan and in to the fire with it. We need to be solution-led here. We need to be pragmatic and work with the EU and the UK Government to mitigate this mess.

Mr Martin: I am not prepared to comment on article 16. It is a political decision. All that we are trying to do is ensure that political representatives understand the issues, the impact of the issues on the sector and the consequences of those issues if they are not addressed. The protocol is a fine document, but some of the requirements that have been imposed by it need to be looked at in the short term to ease the pressure on the sector, give a bit of confidence back to the suppliers and allow trade to move from GB to Northern Ireland.

The Chairperson (Miss McIlveen): Andrew, are there any additional questions?

Mr Muir: No, that is fine, Chair. I understand. That is grand.

The Chairperson (Miss McIlveen): I was going to ask whether we could get them addressed via written response.

Mr Muir: No, I am fine, Chair.

The Chairperson (Miss McIlveen): Thank you very much.

I thank everyone for their attendance this morning. It was a very informative session. There are certainly actions that we, as a Committee, will want to take coming out of it. Thank you very much, all of you, for your time today.