



Brussels, 8 June 2018

CONCLUSIONS OF IRU WORKSHOP ON BREXIT

On 23 May 2018 IRU hosted a workshop on Brexit at the IRU offices in Brussels. The participants of the workshop came from the IRU membership, many Permanent Representations of EU Member States in Brussels and the EU Commission. The focus of the workshop was on the IRU priorities with regard to Brexit, notably Market Access, Customs and Driving licenses and other certificates. Its outcome shall be summarised below.

1. Market Access

The OECD Permit System (ECMT) was rejected by all participants, who concluded it was not a suitable option to sustain the trade flows between the UK and the EU post-Brexit. The scheme was not designed as a 'standalone solution' for this kind of flows, and no country relies on ECMT alone given the constraints in the number of permits available (an estimate provided is that it would cover less than 5% of the needs for UK EU road transport movements post Brexit). An alternative solution for road transport market access is therefore needed. The participants therefore recognized that any new arrangement should preferably take into account the fragmented nature of the road transport market, dominated by small companies, and should be a workable approach for all road transport companies involved.

The perception was however that other factors than transport would come into play and the political dimension of the discussions was highlighted. Market access for road haulage is unlikely to be dealt with in isolation, and wider political priorities and choices could have a significant impact on the debate and the outcome for road transport.

Furthermore, a discussion took place on the concept of a level playing field. It is important that efficient market access is achieved while at the same time a level playing field is ensured. The question of operating costs, wage levels and social rules was almost immediately mentioned in every group as a crucial aspect of the concept of level playing field. Other important elements mentioned were the four criteria of allocation of operator license. Participants highlighted that enforcement was an important parameter of the 'level playing field': trust in each other's enforcement system & cooperation at administration level will be crucial. Other factors were also mentioned – from vehicles maintenance, technical standards, road tolls and environmental standards to state aids, although to a lesser degree.

Concerning market access, the Swiss model was discussed, and the feedback from industry participants in particular was that they did not fear competition from Switzerland as road transport legislation there is aligned with EU rules. When asked, no participant expressed any worries regarding unfair competition from UK hauliers today. When asked the same questions about hauliers from other third countries, the response was more mixed, and the reason given for this was that the cost-base of some of these countries was much lower than the EU average, which is not the case in the UK. Many participants highlighted that a permit system would be costly and cumbersome to manage, both for authorities and for industry. However, many participants also felt it might be inevitable, for a variety of reasons (precedents, political reasons, UK red lines regarding regulatory divergence...) No participant questioned the fact that, whatever the nature of the agreement, it should be negotiated at

EU level. Some participants highlighted that this was explicitly stated in the EU guidelines from 23 March 2018, and that member states would be bound by the duty of sincere cooperation. The debate about cabotage was limited, and the few participants who talked about it (from industry) pleaded in favour of continued cabotage after Brexit.

2. Customs

A short overview was given on what the Authorised Economic Operator Concept (AEO) is. Post Brexit, AEO could become more relevant for hauliers, should the UK leave the EU Customs Union. Some participants said that AEOs could be allowed to have fast track access to the UK market and vice versa post Brexit.

The participants agreed, TIR will be the default solution for transit should the UK leave the EU Customs Union. NCTS could run in parallel to TIR, but the UK and the EU would have to agree on it. Some participants said that Digital TIR could be a good solution but they were also wondering how to make TIR fully digital.

Brexit will have consequences with regard to the recruitment of customs officials. Dutch customs is recruiting 750 customs officials as a consequence of Brexit. Most of them will be based in Rotterdam at the port. Furthermore, 100 phytosanitary colleagues will be recruited. A participants said that it would take three years to train a customs official in France and 700 of them are expected to be up and running post-Brexit. Many participants agreed that in terms of customs it would be good, if things could be kept the way they are today, if possible.

Many participants agreed, that there was a high risk of shortage of land, infrastructure and human resources to run the different types of checks related to border crossing outside the customs Union (Security&Safety, Financial, Market) as mentioned in TF50 slides of 22 May:

https://ec.europa.eu/commission/sites/beta-political/files/customs_controls_0.pdf

It will be challenging to organise hermetic transit between a potential remote check and the border itself. Such experiences are limited for the time being.

3. Driving licenses and other certificates

Both the Vienna and the Geneva Convention are important and useful but more is needed to address the problem of mutual recognition of driving licenses fully, especially with regard to those drivers that stay longer abroad for work. It was mentioned that 25 % of the workforce in the Logistics Industry in the UK were non-British nationals.

Many professional drivers have received their professional qualifications in the UK. Many participants were therefore wondering whether those qualifications would be still be valid post Brexit in the EU members states ? Furthermore, there was a discussion on what the right instruments were to get to such a mutual recognition. Another point of discussion was on how to manage the potential future divergences in this respect well. It was largely agreed that the legislator and the private sector have a look at existing best practices for future concepts.

It was agreed, that the ECMT quality charter was a back stop solution.

Driver shortage was discussed and most participants agreed that Brexit should have not negative impact on it. However, Visa processes have to be facilitated, since many professional drivers in the UK are non-British citizens. It has to be ensured that the Drivers do not move into other professions as a consequence of burdensome visa processes. It was agreed that it is important to safeguard the rights of drivers that drive already today.

Reference to CETA (EU Canada Free Trade Agreement was made) was made. CETA comes with a chapter on services and the participants discussed whether such a services chapter could be a solution, should there be an FTA between the UE and the UK post Brexit.

There is a CPC for drivers and a CPC for transport managers. Should professional competences be mutually recognized post Brexit mutually, it is important that the right balance is struck between legislation and enforcement. Many participants mentioned that the A1 certificate was an issue in many countries.

4. Next steps:

IRU will keep on working on Brexit in order to promote the interests of the road transport industry. At the moment the transport committee of the House of Commons is running a consultation on Brexit and its effects on the road transport industry. The deadline is 8 June 2018. IRU will participate in this consultation.

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