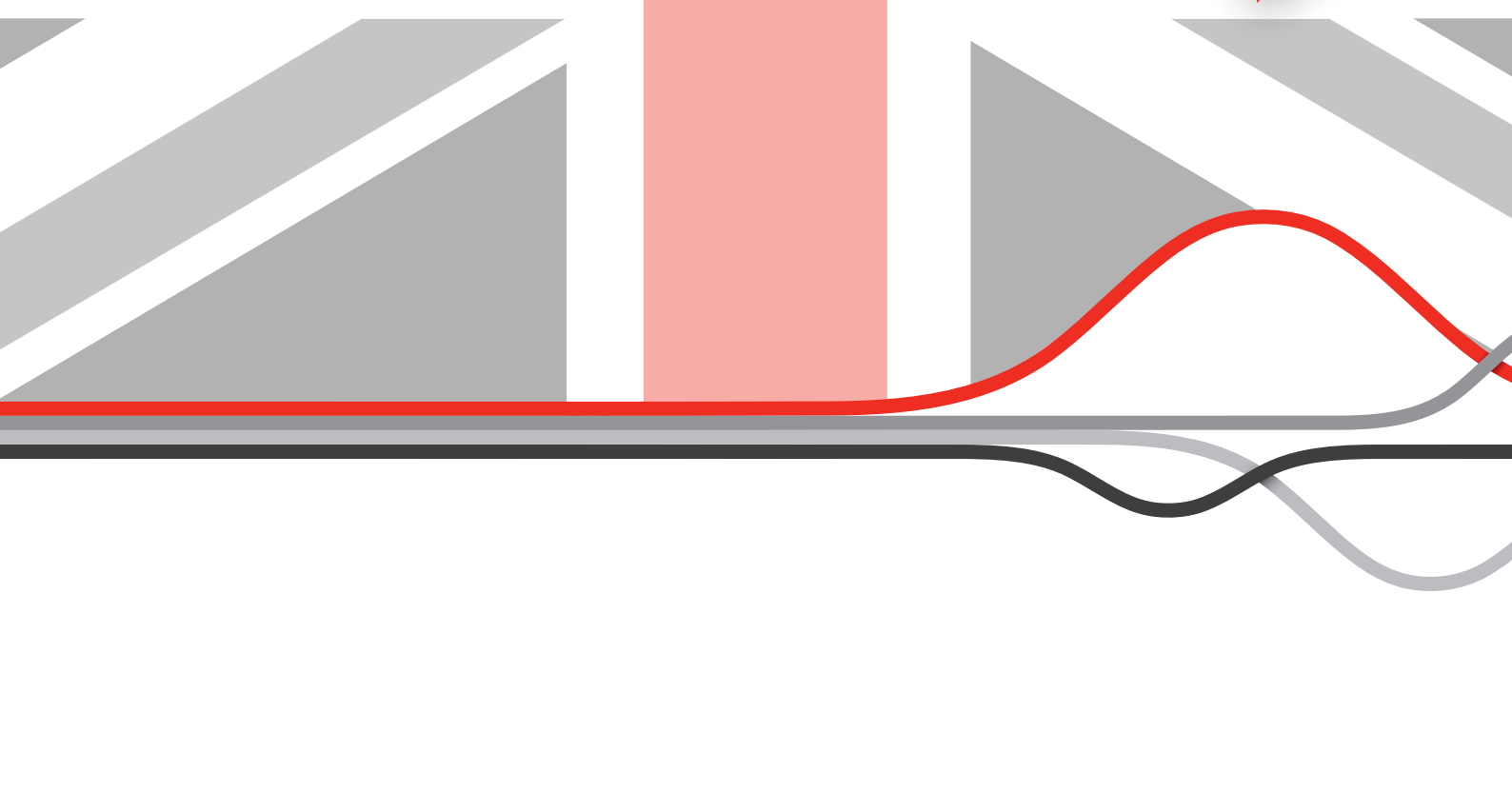
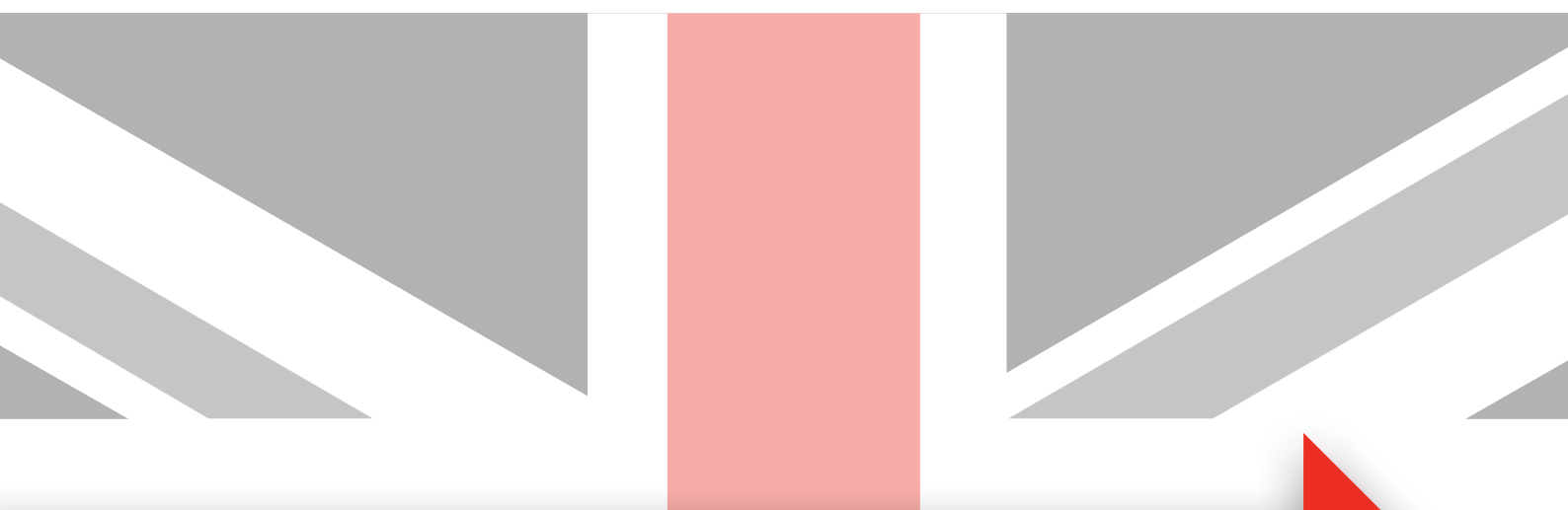


FTA Brexit Manifesto

What does logistics need to make a success out of Brexit?



FTA: the voice of the logistics industry



50%

FTA members operate more than 200,000 lorries - almost half the UK fleet.



90%

FTA members deliver over 90 per cent of freight moved by rail.



70%

FTA members consign 70 per cent of UK visible exports by sea.



70%

FTA members consign 70 per cent of UK visible exports by air.



The logistics sector contributes over £121 billion Gross Value Added (GVA) to the UK economy, equating to 11 per cent of the UK non-financial business economy.



Its value to the UK's economy goes much beyond this. Logistics is an enabler, underpinning all segments of the economy, and making both international trade and local deliveries possible.



The annual turnover for the UK logistics sector is £1 trillion.



The UK remains a leader in logistics at a global level, and is ranked in the top 10 in the global logistics performance index of the World Bank for 2016.*



In 2016 the number of individuals working in logistics was around 2.54 million, which equates to approximately eight per cent of the UK workforce. Around 365,000 are non-UK nationals (14 per cent) of which 290,000 are EU nationals (11 per cent).

* This index ranks 160 countries across the world based on the efficiency of their international supply chains: <http://lpi.worldbank.org/international/global>.

Global Britain: making the most of international opportunities

1 – Forging new deals with leading and emerging economic powers

- As a result of Brexit, the UK will be able to negotiate new trading arrangements with countries around the world. Although formal trade negotiations cannot begin while the UK is still a member of the EU, the UK must continue to have informal talks with key trade partners
- Key origin countries for FTA's members are mainly non-EU (China, India, Bangladesh, Sri Lanka and various countries in the Far East). Export markets are primarily EU members, plus the US and Middle East. These countries and other key trading partners should be prioritised for trade deals
- There are various issues that will need to be addressed to ensure that these trade deals are shipper-friendly. These include simple Customs arrangements to minimise red tape and clear Rules of Origin requirements to benefit re-exporters

KEY ASK The UK should engage in informal trade deal talks with all important trading partners and ensure that trade deals include measures to minimise red tape and border delays.

2 – Trade with developing countries

- The EU has set up a comprehensive set of trade preferences with developing countries which allow certain products to be imported with low or zero import tax (Customs duty). These are the Generalised System of Preference schemes and the Everything but Arms scheme
- If the UK leaves the EU without setting up a similar trade preference scheme, then the import taxes will increase to the default tax rates set under World Trade Organization (WTO) rules. This will mean the price of many consumer products such as clothing will increase
- The UK will need special permission from other WTO members to implement its own trade preference scheme. Our members want the UK to adopt the same trade preferences as the EU currently has in place, but then amend them over time as the UK develops its own trade policy

KEY ASK The UK must ensure it has the right systems in place within the WTO to ensure no disruption to trade post-Brexit and must ensure it continues trade preference schemes with developing countries to preserve low-tax imports.

3 – World-class infrastructure and transport links for a global powerhouse

- In order to seize the opportunities offered by Brexit, it is critical we have the necessary strategic infrastructure in place,

as access to emerging markets will become more important to the UK economy

- We welcome the positive decision in favour of a third runway at Heathrow but would like work to start fast on this
- Equally crucial will be the need to have ports able to compete with Rotterdam, Hamburg or Antwerp and to accommodate the newest generations of mega-vessels. UK ports should be well connected to the road and rail network

KEY ASK FTA urges Government to invest in world-class infrastructure for the UK to help industry seize the global opportunities offered by Brexit.

Accessing the EU market post-Brexit

4 – No barriers to trade with the EU

- Our members need to be able to trade with the EU in a seamless manner, with minimal red tape and at no additional cost
- There should be no tariffs or quotas for trade with the EU and UK transport operators should retain the right to operate on the EU territory
- Non-tariff barriers, such as administrative formalities, delays at the border, or regulatory barriers to trade, could be as damaging as tariff barriers and ensuring that they are reduced to a bare minimum should be a key priority for Government

KEY ASK Trade with the EU should be as seamless as possible, with no tariffs and quotas in place, and no additional administrative formalities, checks and delays at the border.

5 – Seamless access to the EU market for UK transport companies

- UK registered vehicles can circulate freely between EU member states, subject to cabotage time limits and driving bans when applicable. UK commercial operators holding a Community licence can also operate cross-border with minimal hurdles. This should continue post-Brexit
- Since the opening of the rail freight market to competition it is now possible for any licensed EU rail freight company with the necessary safety certification to apply for capacity and offer national and international freight services by rail throughout the EU. This freedom should also be guaranteed post-Brexit
- Currently the EU single aviation market allows any EU airline to fly any intra-EU route without any requirement for prior authorisation and allowing it to charge the fares it wants. The UK will need to negotiate access to the EU as part of the Brexit negotiation and EU airlines will reciprocally need access to the UK. For flights to non-EU countries the UK will also need to negotiate bi-laterals with those countries which have multilateral agreements with the EU. This should be done as a matter of priority to ensure minimal disruptions

KEY ASK Post-Brexit, UK-registered transport and logistics companies should continue to benefit from a seamless access to the EU market and other markets with whom the EU has agreements.

6 – Ireland

- The island of Ireland is a special case, due to the fact that it holds the only land border with the EU
- There is a high dependency of trade between the Republic of Ireland and Northern Ireland. Many businesses operate on an 'Island of Ireland' basis
- Most Irish international road haulage traffic transits the UK to reach the rest of the EU, via Irish Sea services

KEY ASKS

- Freight movements between Northern Ireland and the Republic of Ireland should not be impeded by border control checks or by protracted administration procedures post-Brexit
- Irish registered freight vehicles transporting goods destined for the EU should not be unduly delayed or hindered by transiting via the GB land bridge

Making the most of Brexit domestically to build a stronger Britain

7 – The Great Repeal Bill: opportunities for regulatory simplification

- Retaining EU rules will make sense in some cases. We need a proper assessment of the situation, with industry involvement at every step of the way, and we need a smooth transition
- Examples of areas where Brexit would provide an opportunity for better regulation
 - *Working time directive for mobile workers*: FTA members have long been of the view that the application of the working time directive to workers who are already subject to the rigours of the drivers' hours rules is a significant regulatory burden with little demonstrable benefit. Infringements – where they are detected – are usually an indicator of administrative confusion rather than non-compliance
 - *3-in-1 driver card*: Government's Digital by Default agenda favours enforcement from the record rather than inspection of physical documents. Vocational drivers are required to carry a digital tachograph card and Driver Qualification Card whilst driving and possess a driving licence. Only the tachograph card has a technical function
 - *De-couple national and international CPC exams*: New entrants to the profession of transport manager are now

required to learn the entire syllabus for national and international exams, even though the majority will likely never be involved in international operations during their careers, thus creating a barrier to the occupation

- Examples of areas where EU law has benefited UK's industry
 - *Competition rules in maritime transport*: The EU was the first trading bloc to remove exemptions for liner conferences, which are cartels of large container shipping lines, still legal in most parts of the world. This has meant improved competition, lower prices and better services for European customers
 - *EU rail policy*: EU rules provide safeguards for UK rail freight companies in terms of access to the rail network (which is shared with passenger companies) and charging rules
 - *Drivers' hours rules*: As industry has become used to the rules since their last substantive change in 2006 the existing requirements are recognised as clear and proportionate, striking the appropriate balance between road safety and operational effectiveness

KEY ASK Opportunities for regulatory simplification should be assessed carefully, with industry involvement at every step of the way, and a smooth transition before any changes come into force.

8 – Skills: retaining access to the best talent

- The logistics sector employs 290,940 EU workers, with 10 per cent of HGV drivers and 23 per cent of warehouse workers coming from the EU. It faces a labour shortage which is likely to worsen in the coming years, as the average age of logistics employees rises. Industries with quantifiable labour shortages in the British market – such as logistics – will need to be able to continue recruiting staff from outside the UK and to keep the EU staff they already employ
- In order to find a solution to its labour shortage problem the logistics sector is focused on improving skills. New apprenticeships are being developed and businesses are taking time to engage with young people to promote the industry. Considering the extent of the current skills shortage, especially with regards to HGV drivers, it is important to provide funded training. European social funding provided extra training funding for small to medium sized businesses and these businesses will require this financial support to continue

KEY ASK Logistics needs to be able to retain and access the best talent, regardless of where they come from. Being able to retain EU workers currently employed by the UK logistics sector will be essential in light of the current labour shortages. Financial support to training will need to continue post-Brexit.

9 – Designing a supportive domestic industrial policy

- In order to flourish in a post-Brexit world the logistics industry needs a supportive environment, with an attractive level of taxation for British businesses. One tangible measure that Government could take is to introduce a 3p per litre cut in fuel duty, which would deliver around £1,500 annual saving on the running costs of a 44 tonne truck, and make it easier for the UK logistics industry to flourish
- Government should continue positive initiatives such as its Mode Shift Grant schemes for rail and water freight. These grants support mode shift from road to rail or water, where the environmental benefits of doing so can be proven, on a case by case basis. These grants have provided excellent value for money and should be continued post-Brexit. Freight Facilities Grants, which are currently only available in Scotland, should be reintroduced across the UK

KEY ASK The UK logistics industry needs a supportive environment to flourish in the post-Brexit world, with an attractive level of taxation and continued financial support to facilitate the transition to a lower-carbon economy.

10 – A Brexit that works for industry

- It is critical for businesses to have a smooth transition in place towards what is likely to be a very different regulatory and trade environment. Industry needs time and predictability to adapt
- There should be no sudden changes to rules and requirements, and industry needs to be properly consulted at every step of the way
- Transitional trade measures will help to ensure that the transition towards a post-Brexit UK is as seamless as possible. Any changes in Customs procedures, for instance, should give enough time to businesses and authorities alike to adapt

KEY ASK A Brexit which works for industry, and in turn for the UK economy, requires a smooth transition and full involvement and consultation of industry at every step of the way.