

# Brexit

## Impact on the UK port sector

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# The British Ports Association

## Who we are and what we do

The BPA represents 350+ ports, terminals and port facilities across the whole of the United Kingdom

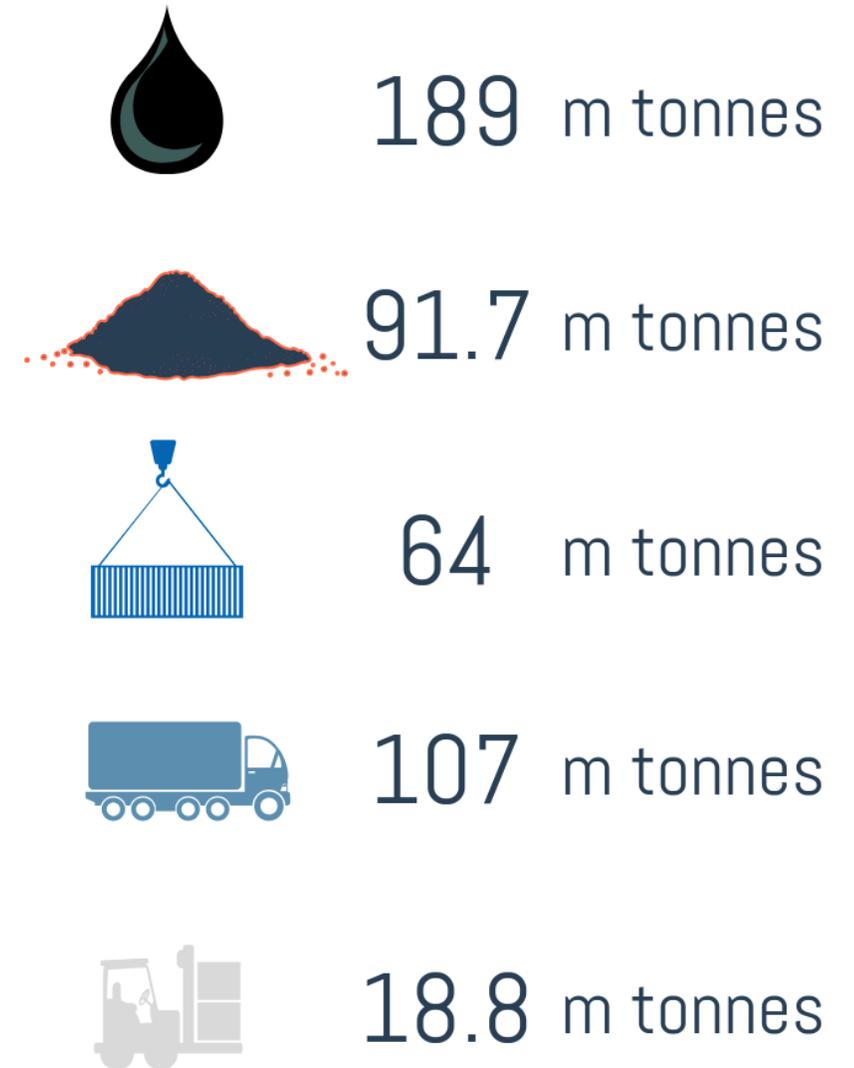
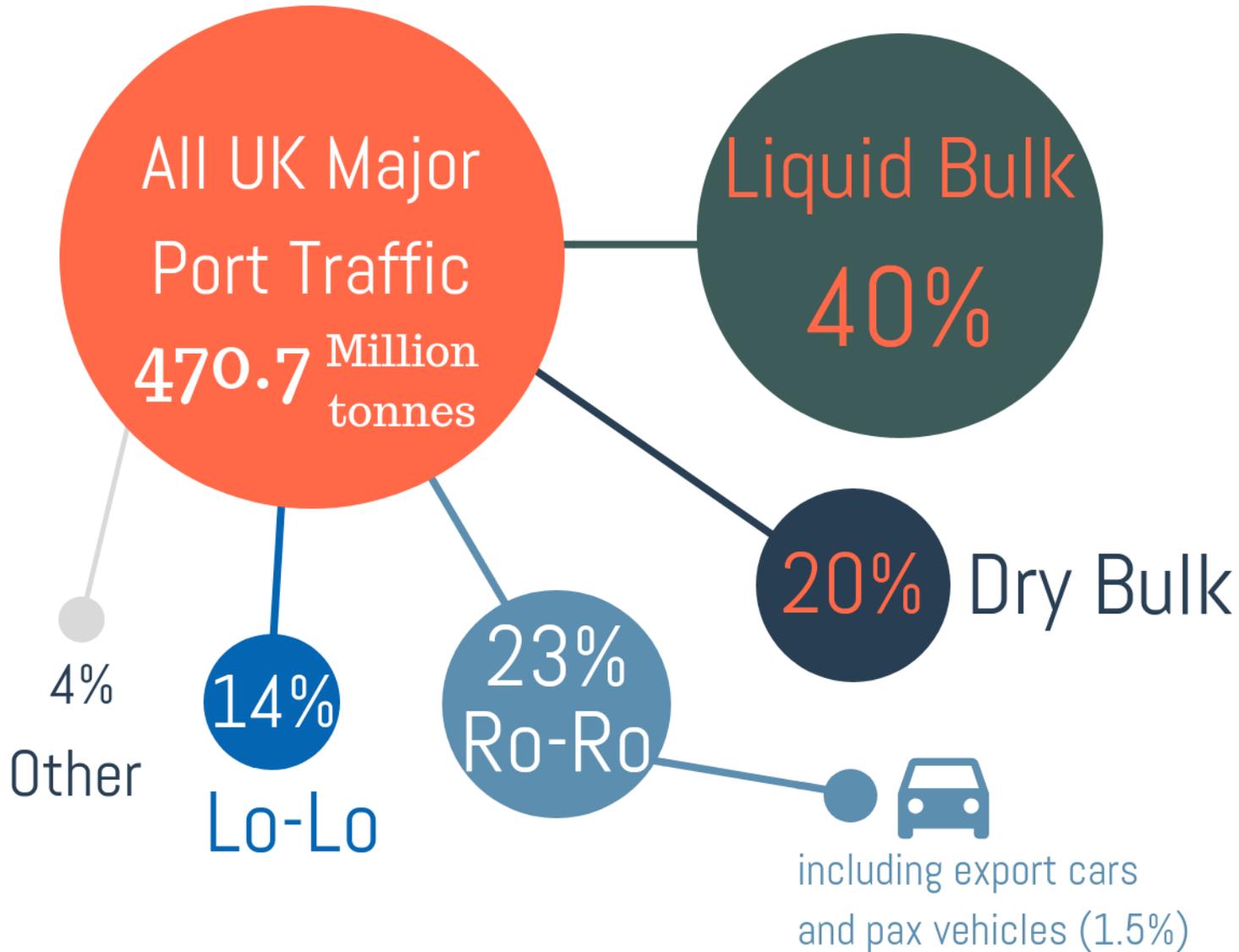
UK ports policy is devolved meaning we work closely with four Government administrations: UK, Scotland, Wales and Northern Ireland.

# UK Trade

## Summary & Trends

- 95% of UK trade is facilitated through our seaports
- UK is an import driven economy
- Recent decline in some bulks (e.g. coal)
- Growth in unitised freight over last 30 years, particularly Roll-on Roll-off freight
- Energy use and commodities remains important to UK ports

# UK Trade Summary & Trends



# The UK Ports Industry

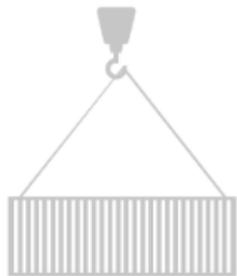
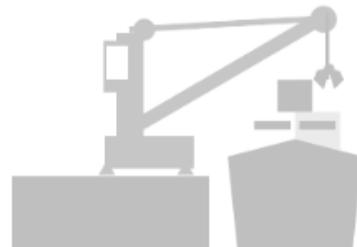
**UK ports are independent, diverse and competitive**

452 Harbour Authorities

130 cargo handling ports in the UK

65 Major Ports

Diverse range of ownership, cargo, activity, size and geography



# Brexit

## Referendum - UK Government Brexit Priorities

- Leave the EU including the Single Market and the Customs Union
- Under normal circumstances this would mean that UK-EU trade will be treated as 'third country'
- Meaning customs controls, environmental health controls, safety and security declarations requirements at the border

# Brexit

## Context & Key Concerns

44% of UK exports are *to* the EU

53% of UK imports are *from* the EU

Trade between the UK and EU will continue, but possibly with new controls and checks at the border...

# Brexit: Impact on UK Ports

## Frontier requirements

- Bulk and container handling ports and those with significant existing third country traffic likely to be less affected
- These ports typically have physical and IT infrastructure to handle freight under customs controls
- The nature of the freight means it is easier to clear with HMRC

# Brexit: Impact on UK Ports

## Frontier requirements

- In the UK, Ro-Ro ports will likely see the highest impact
  - Are exclusively EU/EEA focussed and predicated on traffic flowing freely through the port very quickly
  - New controls on freight could mean stopping vehicles at the border, both for import and export clearance and inspections
  - = queues inside and outside ports

# Brexit: Impact on UK Ports

## UK Ro-Ro ports

- Handle 10,000's HGV movements between UK and Europe every day
- Terminals and trade not suited to stopping the HGVs and trailers for customs formalities, let alone port health controls
- Hauliers and freight owners not used to the requirements

# Brexit: Impact on EU ports

**Impact likely to be mirrored in some key EU gateways**

- UK could opt not to enforce checks or manage away from the border
- EU less likely to relax frontier checks?  
*Bilateral options?*
- Ireland
- Impact on the economy and just-in-time logistics unknown

# Brexit

## UK Government Brexit Proposals – ‘Chequers’

- **Leave the Single Market and the Customs Union...**



But... Negotiate a “Facilitated Customs Arrangement”

- UK & EU to be treated as a combined customs territory
- UK to still control its own tariffs with the rest of the world

# Brexit

## 'Chequers' continued

- **Maintain a common rulebook for all goods** including agri-food with ongoing, treaty-based commitment to harmonisation  
*But UK Parliament could veto changes to the rule book if it is prepared to accept the consequences for market access...*
- This means **no need to no need for intra EU frontier checks** at ports and borders
- There would be a **duel tariff collection** mechanism for non European trade



# Brexit

## UK Industry Position

- BPA
  - Supportive of current UK FCA proposal
  - No-Deal is not an option
  - There must be no new checks at the UK border
  - Changes for logistics operators hauliers = challenges
  - Adequate preparation/transition period essential for all

# Brexit

## **But... Final Outcome Still to Be Negotiated**

- Splits within UK Government...
- EU indicated that it divides the 'four freedoms'
- "No Deal" becoming more likely...



# Brexit: Impact on UK Ports

## Other Challenges

- Tariffs?  
Cars; Agri-food; Fish
- Loss of EU funding (CEF, EMFF)
- Skills Shortages - Port Agents and Customs Specialists
- Investors – like security of being the EU
- Haulage industry – preparation, permits, technical issues
- Wider economic impacts...

# Brexit: Impact on UK Ports

## Potential Benefits & Opportunities

- Greater focus on ports policy?
- Revocation of the Port Services Regulation?
- Rationalisation of other EU regulations?
- Boost for UK Fishing?
- Free Ports?

# Brexit: What happens next?

## Timeline and Transition...

- Negotiations conclude in December (?)
- UK leaves the EU in March 2019
  - Assuming a deal is agreed, UK to effectively stay in single market and customs union until December 2020*

*Some calls for a vote on final deal, still possible (but unlikely) that Brexit could be reversed*

# Brexit

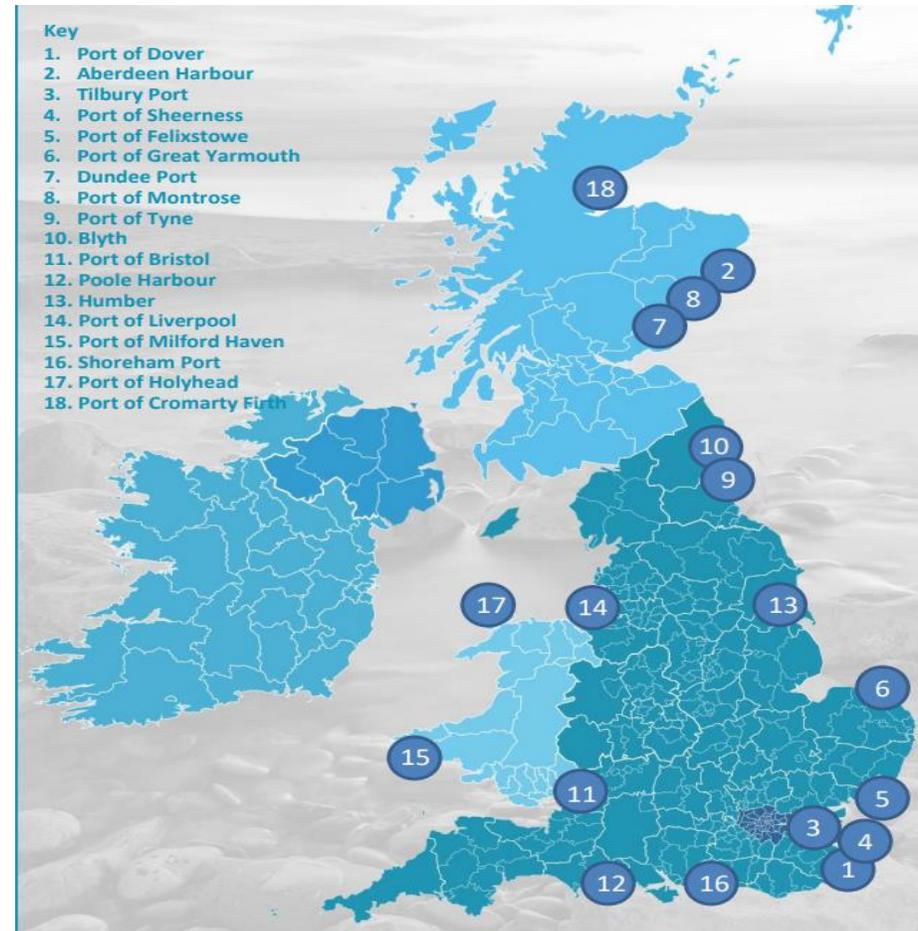
## What next?

- UK-EU trade will continue
- The UK will remain an attractive market and strong economy outside the EU
- Some UK and EU ports may need to adapt to new processes (depending on the outcome of negotiations)

# Brexit

## Ports and investment

- Ports will continue to develop where there is a business case
- Currently there is £1.7bn worth of port infrastructure projects in the pipeline
- Investment in Brexit borders facilities??!!



# Brexit

## Questions

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