



Position of the European Sea Ports Organisation

on

Brexit

6 March 2018

The European Sea Ports Organisation (ESPO) welcomes the start of the second phase of the Brexit negotiations, in particular the negotiations on a transition period and the scoping of the future relationship between the European Union and the United Kingdom.

Transport facilitates trade, helps the economy move and enables growth. In this context, ESPO calls on the Brexit negotiators to **prioritise transport and more in particular maritime transport in the second phase of the Brexit negotiations**. Around half of UK exports and imports are to and from the European Union. Vice versa for a number of EU-27 Member States trade with the UK constitutes a considerable part of their overall trade. Most of these imports and exports between the EU-27 and the UK are transported by sea and consequently pass through ports. It is therefore of paramount importance to consider the impact of potential post-Brexit scenarios on the ports, the transport and logistics chain in any decision-making process.

Ensuring the free flow of goods in ports

Today, goods traded between the EU-27, the UK and the rest of the world run smoothly through many continental ports. Some depend largely on EU-UK trade, while others flourish as deep-sea gateways, but all rely heavily on the principle of free flows of goods and in some cases passengers. Much of the EU-UK trade is transported by vehicles and trailers on roll-on/roll-off carriers and by containers on short sea ships. The Customs Union and Single Market allow this roll-on/roll-off vehicle traffic to call at a port without prior reservation, avoiding any congestion on the access roads to the ports and enabling businesses to rely upon just-in-time logistics. However, ports realise that this process will not be possible to apply once the UK is no longer member of the European Union. ESPO therefore calls on the negotiators on both sides to set short-sea fluidity for roll-on/roll-off and short sea services between the UK and EU-27 as a central objective.

As from the moment the UK leaves the Customs Union and the Single Market, border procedures (such as customs, veterinary and phytosanitary controls) that apply to third countries risk turning ports into bottlenecks and seriously disrupting the flexibility and reliability of long established supply chains: the vast amount of goods that are traded between the EU-27 and UK could be held up in ports and on the access routes to ports, ultimately leading to congestion in or around those ports. ESPO therefore calls upon the Brexit negotiators, on both sides, to seriously consider the financial, operational and spatial consequences of the reintroduction of border controls in ports and its wide implications for the



logistics industries and communities around port terminals, during their negotiations and decision making on the future relationship between the EU-27 and the UK.

Enabling communication between UK and EU-27 Member State border authorities

Digital solutions and streamlined EU-UK border inspection procedures could reduce the impact of reintroduced border controls, but these will take time and coordination to be implemented. In order to effectively prepare for the reintroduction of border controls, ESPO believes that border authorities of the UK and EU-27 Member States should already be able to discuss and coordinate on the operational level, without interfering with the political level. Such talks should however only aim at preparing the ground for the different possible Brexit scenarios and should not lead to bilateral deals.

A sufficiently long transition period

ESPO welcomes the Council's decision of 29 January 2018, which allows the Commission to start negotiating on a transition period with the UK. ESPO calls on the Brexit negotiators to provide as soon as possible clarity on the duration and modalities of the transition period and to ensure sufficient time to allow ports and the broader logistics chain to prepare for the consequences of the UK leaving the European Union.

Investments to make affected ports "Brexitproof"

Ports that depend largely on EU-UK trade have organised themselves on the principle of the free flow of goods. The reintroduction of border controls could require ports to reorganise the layout of their terminals. This may require ports to make investments in order to accommodate the increase of border inspections, to avoid congestion and to facilitate as much as possible the smooth flow of goods in the port in the future. Furthermore, as the UK will be leaving the Customs Union, goods transported between the UK and the EU will change status, from Union goods to non-Union goods. This change of status means that the amount of formalities which will have to be declared to border inspection authorities will greatly increase. Investing in the development of innovative IT solutions as well as additional workforce could be a solution to cope with this increase of administrative burden.

ESPO therefore calls upon the Commission to consider the costs of making ports that depend on EU-UK trade "Brexitproof", in the preparations of the new Multi-annual Financial Framework.

Cooperation between stakeholders

Trade to and from the UK involves a whole array of stakeholders (including shippers, freight forwarders, shipowners, terminal operators and SME's) allowing the supply chains to function efficiently. In order to minimise the impact of Brexit on the supply chain, ESPO calls upon stakeholders to work together in order to ensure that goods can continue to flow smoothly through ports.



Awareness raising campaign to inform shippers and operators

Some shippers and operators are exclusively trading with EU Member States. For them, Brexit will have important consequences since they do not have the administrative and logistic services nor the experience to export to countries outside the Customs Union. These companies should be informed and advised at an early stage to enable them to prepare for the likely increase in customs declarations and procedures to comply with border control requirements.

Importance of a trade deal

EU Member States export to each other without paying tariffs or duties. However, the UK's intention to leave the Customs Union, risks re-installing tariffs on goods traded between the EU-27 and the UK. Unless the Brexit negotiators will be able to negotiate an appropriate trade agreement, trade between the UK and the EU-27 would become subject to World Trade Organisation (WTO) rules on tariffs. In accordance with these WTO rules, the UK will then be able to set its own tariffs on goods imported from the EU, and vice versa UK goods would be subject to the common external tariff of the EU-27.¹ Introducing tariffs will make goods traded between the UK and EU-27 more expensive, which might lead to a decline in the overall demand for those goods. This in turn could have a negative impact on the industry located within ports as well as the overall traffic of ports that heavily rely on EU-UK trade. ESPO therefore believes an appropriate EU-UK trade agreement, which preserves trade and economic growth, is an important condition of a successful Brexit.

The European Sea Ports Organisation (ESPO) represents the port authorities, port associations and port administrations of the seaports of 23 Member States of the European Union and Norway at political level. ESPO has also observer members in Iceland and Israel. ESPO is the principal interface between the European seaport authorities and the European institutions. In addition to representing the interests of European ports, ESPO is a knowledge network which brings together professionals from the port sector and national port organizations. ESPO was created in 1993.

¹ For example, possible WTO duties could amount to 10% for passenger cars, 12-25% for orange juice, 10% for other drinks (including water) or 8% for carpets.