

IEA Submission: Ten-year Strategy for the Road Haulage Sector

*Irish Exporters Association submission to the Department of
Transport*

15 July 2021

Overview: The Irish Exporters Association

The Irish Exporters Association (IEA) is the leading independent representative body and voice for exporters based in Ireland. The IEA represents exporters and supply chain operators across the country and works at regional, national, and European level, representing its members in front of legislators to create a regulatory and legislative framework that supports, drives, and fosters Irish exports.

We assist our members to grow their exports to world markets and drive the growth and development of all exporting businesses based in Ireland. We provide a set of highly relevant business services and products to assist our members with international trade.

- We **represent** the needs of members in the development of policy, lobbying, intervention at Government and EU level and in the media. Brexit and the Diversification of Export Markets, Trade Compliance, Climate Change & Sustainability, and their impact on Irish exporters are core to our work.
- We offer **trade services** in the form of practical training, support, and advice right across the supply chain including our Certificate in International Trade, customs awareness, GDP, export and import compliance, Sustainable Supply Chain programme consular, business travel support (visa and export documentation), route to market and general assistance with trade related queries.
- We have created **knowledge networks** among our membership to support our members in exploring new markets, route to market scenario planning, understand customs and supply chain challenges and provide thought leadership through a series of events and webinars. Networking and connectivity remain an important part of membership benefits. Our Export Industry Awards programme is our flagship event that celebrates the achievements of exporting companies and highlights the importance of the export sector to Ireland.

The IEA represents the whole spectrum of companies within the export industry including SME's who are beginning to think about exporting for the first time right through to global multinational companies who are already extensively exporting from Ireland as well as the providers of key services to the sector. The IEA is the connecting force for Irish exporters, providing practical knowledge and support across the Island of Ireland and in foreign markets.

Introduction

We welcome the Department's initiative in developing a ten-year strategy for the road haulage sector and appreciate the opportunity to contribute the views of IEA members to this consultation. We would like to acknowledge and commend the work of Minister Hildegard Naughton TD in her efforts to highlight the importance of the sector and bring forward the publishing a robust and modern strategy for this key sector of the Irish economy. Our submission is drafted in cooperation with our members, particularly those in the transport and logistics space as they are well placed to feed into the ten-year strategy. We posed six questions to members on the topics of Covid-19, Brexit, decarbonisation, road safety and skills and collated them into this submission.

Q1. What lessons can be learnt from the Covid-19 pandemic, in terms of Ireland being better prepared for any future pandemic and to help the resilience of Ireland's supply chains?

Q2. How do you see the EU-UK relationship in road haulage under the EU-UK Trade and Cooperation Agreement evolving over time and what further actions are needed at present to help the sector adapt to changes due to Brexit?

Q3. What are your views on decarbonising the road haulage sector in line with Government ambitions to achieve a carbon neutral economy by 2050 and what is needed to incentivise the take-up and usage of a greater number of less polluting HGVs?

Q4. What are the road safety priorities in road haulage for the next 10 years?

Q5. How can the ability of the haulage sector to attract and retain talent be strengthened to service the demand for skills over the coming years?

Q6. Additional comments on what you think should be included in the ten-year strategy for the road haulage sector:

We understand that decarbonising the sector and addressing an acute skills shortage are two key areas that the strategy must address. Members are aware of their climate action obligations and indeed that such obligations will intensify over the coming years as the country strives towards reaching the aim of carbon neutrality by 2050. We would like to highlight that the very nature of trade means that exporters are in fact also importers and that if anything, Covid-19 and Brexit have impacted the import side of members businesses perhaps more strongly than the export side. This needs to be considered in this strategy.

We wish to acknowledge the number of members in the transport and logistics sector that have and continue to adapt operations to ensure that their activities are in line with climate objectives. We remain available to work with policymakers and officials from across the Departments to come forward with a fitting strategy that our members can instil into their operations and indeed that the wider exporting and importing community take account of when utilising the supply chain.

IEA Recommendations

Covid-19

Q1. What lessons can be learnt from the Covid-19 pandemic, in terms of Ireland being better prepared for any future pandemic and to help the resilience of Ireland's supply chains?

The outbreak of Covid-19 in 2020 and the restrictions imposed to curb its spread in China was quickly felt by Irish exporters and supply chain operators who were met with obstacles when using ports and routes to and in the region. As early as 15 February 2020, this Association called on the [Government to consider putting in place supports for Irish businesses that were suffering as a result of Covid-19 and highlighted difficulties in moving goods between and Ireland](#). In the case of Covid-19, initial disruption in the supply chain was a major signal of things to come, particularly the disruption that would ensue. Actors in the supply chain from manufacturers, drivers to port operators and all actors in between were acutely aware of how the virus was disrupting the established order of freight movements and indeed the ensuing economic and social impacts. This has exposed the particular sensitivity of supply chains and how this can act as a signal of issues to come.

Future-proofing the supply chain was cited as a major learning for members. In that regard it was mentioned that training drivers, bringing forward incentive schemes and contingency planning should form part of plans to ensure that supply chains are robust enough to withstand future shocks. Overall, logistics performed well in without much overall upset despite the pandemic, aside from international border closures. Given the learnings that have taken place, as part of the ten-year strategy the Department may consider developing a blueprint on how the sector should operate during a pandemic.

The pandemic exposed the geographical constraints associated with being an island nation. Ireland's interconnectivity with mainland Europe for road haulage and the dependency on existing ferry routes and operators in the absence of air freight options was evident. The fact that we are on the edge of Europe without a land link was as a major disadvantage during the pandemic. Efforts in the shipping industry to come forward with increasing ferry routes and carriers considering Brexit has been a major plus for exporters and importers. We will address this further in the Brexit section of this submission. We believe that there remains an additional need for storage and warehousing facilities to support and strengthen trade links and routes. Operators continue to experience an increase in costs associated with shipping.

In terms of air freight, we have highlighted our concerns about the impact of the pandemic on Ireland's overall global trade connectivity. As necessary restrictions on international travel came into force for passengers, this in turn reduced the sector's ability to transport goods, which are often high-added value, to world markets. Ireland has a global reputation as a well-placed destination for businesses to set up and operate from. Our connectivity and location play a huge part in businesses deciding to locate here. Any diminishing of routes to world markets would damage this reputation. Supply chains are complex and deeply interconnected. An action or change in one part of the chain will ultimately impact another. Ireland's air connectivity, and shipping routes, play an important part in the development of Ireland's road haulage sector and will drive the future prosperity of the sector.

The health and safety of essential supply chain workers is an area that learnings can be taken from. Throughout the pandemic, and even before the virus came to Irish shores,

supply chain workers kept trade moving in and out of Ireland. In the event of a similar situation occurring again in the future, we urge supply chain workers to be given the medical protections needed to carry out their work. This may involve ensuring that supply chain workers are vaccinated given they are essential. The ability to provide for changing of ship's crews has been a global issue and the welfare of the seafarers has come way down the priority list for the EU. We call on the Department to ensure that the ten-year strategy for the sector addresses the health and safety issues that have arisen during the pandemic for road haulage workers and workers in the wider supply chain.

Brexit

Q2. How do you see the EU-UK relationship in road haulage under the EU-UK Trade and Cooperation Agreement evolving over time and what further actions are needed at present to help the sector adapt to changes due to Brexit?

IEA members put processes in place in advance of 1 January 2021 to ensure that operations could work and that trade would flow as smooth as possible in the aftermath of the United Kingdom (UK) exiting the EU. Road haulage operators cite that customs paperwork and the imposition of tariffs on certain goods is delaying the flow of goods. While operators are getting up to speed on the new formalities, we expect that as trade volumes increase post-Brexit and post-Covid-19, there will be a need for schemes such as the Enterprise Ireland Ready for Customs Grant to support companies with processing increased volumes of paperwork.

The continued opening of an increased number of shipping routes to the continent has been a major benefit for exporters and importers that choose to avoid customs paperwork. In terms of moving goods directly to the EU, Members believe that the sector needs to continue a gradual switch to unaccompanied freight for a larger part of the volumes. Although members have raised concerns about the increased transport costs associated with using direct shipping routes to the continent. With shipping costs on the rise and as companies become more *au fait* with the necessary paperwork involved with transiting goods through Great Britain, we expect that overtime there could well be a degree of movement back to using the landbridge particularly for companies in the food and drink sector.

The UK landridge is perceived as an unfavourable route to transit goods given delays and available options to avoid such paperwork by shipping goods directly to the EU market. Members cite that those delays faced by haulage operators using the landbridge is causing a nervousness for drivers to operate the IE-UK route, choosing to bypass the UK where possible, which could result in reduced driver capacity going forward.

Decarbonisation

Q3. What are your views on decarbonising the road haulage sector in line with Government ambitions to achieve a carbon neutral economy by 2050 and what is needed to incentivise the take-up and usage of a greater number of less polluting HGVs?

A key policy priority for the IEA is sustainable trade and investment. We welcome the Department's initiative to address the decarbonisation of the sector through the ten-year strategy. We believe that we have a responsibility to communicate the aims of the EU Green Deal and the Climate Action Bill to our members and to support exporters, importers, and supply chain actors by informing them of practices they will have to integrate into their operations to contribute to achieving the 2050 national target of climate neutrality and

indeed the target of reducing emissions by 51% by 2030. Achieving both aims requires buy-in from all sections of society. We are committed to supporting our members in achieving climate targets and look forward to the publication of the 2021 Climate Action Plan.

With 20% of Ireland's greenhouse gas emissions coming from the transport sector, changes must be brought into curb emissions from the multimodal transport sector. Hauliers should be incentivised to use the shortest route by road. Therefore, the ability to use our seaports to have cargo arrive/depart closer to the destination/origin is crucial. From this point a switch to either CNG, LNG or electric from port to the unload/load point and a further switch to electric or another mode than road for last mile delivery. Members believe that speeding up infrastructure for EVs and gas-powered vehicles is needed.

Members cited that financial incentives must be put in place to increase the uptake of more carbon neutral trucks. Companies have heavily invested in their respective fleets and may be unable to overhaul current fleets to fit with Government climate aims and ambitions. The establishment of a scrappage scheme for older vehicles may go some way in encouraging the move away from older fleets. Incentives to invest in new technology through financial loans or grant schemes to provide plug-in points for HGV's should be considered as part of this strategy. A review of motor tax and how it takes account of efforts to curb emissions is another area that the Department may consider.

There are doubts about whether technology has provided solutions for the real-world requirements of HGV's re; power and distance and therefore operators believe that more research is needed. Wider options exist such as using hydrogen fuel cells as the long-haul option. We believe that the sector needs to be informed of alternative options to current fleets and informed of the benefits that switching would have to the robustness of their business going forward and to ensure that operators make investments that they can trust and rely on.

Road Safety

Q4. What are the road safety priorities in road haulage for the next 10 years?

Maintaining a high level of road safety is a key priority by IEA members and achieving this through the continued improvement of road infrastructure, better planning, and consideration to the delivery element/facilities, educating all road users about the dangers of driving too close to HGVs, particularly when they are turning left and ensuring extra visibility for drovers to see vulnerable road users. The separation of road space is a key safety factor and consideration for improving road safety as part of the ten-year strategy for the road haulage sector and preventing HGV's from entering small towns/villages where there is another alternative route. Bringing in more separated road space for vulnerable road users such as cyclists on regional / national route is another way of improving road safety. Members also cite that reducing the volume of single occupant vehicles through improved transport infrastructure is another way to improve road safety and allocate dedicated areas – loading bays etc – to HGVs. Related to safety is the issue of establishing more laybys on motorways and safe parking enclosures for trucks. Many carry high value loads and need to be able to park securely, particularly at night.

Skills

Q5. How can the ability of the haulage sector to attract and retain talent be strengthened to service the demand for skills over the coming years?

Shortages in labour for the road haulage sector, particularly in the early stage of autonomous vehicles, is an issue that intensified over the past number of years and if not addressed, will limit the sector's ability to move goods on and off the island, which will ultimately impact Ireland's attractiveness to businesses. IEA members believe that the establishment of a national apprentice programme is one practical step that could be taken as part of the Government's ten-year strategy for the sector and would contribute to ensuring that workers receive sufficient remuneration for carrying out this essential work. We have concerns about the level of insurance premiums being demanded for younger drivers, which may be a barrier for younger drivers coming on stream. Rolling out cost-effective and/or subsidised training programmes would go some way to attracting workers.

We encourage the department to engage in a campaign that increases both the visibility and the attractiveness of working in the sector – a greater professionalisation of the role is key to attracting young people to the sector. Members firmly believe that the many aspects associated with working in the sector need to be highlighted including the innovation in the sector, the importance and essentialness of the sector to Ireland's open trading economy and the ongoing work on modernising fleets and ensuing supply chains are sustainable and operate in line with international and national climate objectives. Aside from attracting drivers, there is a need for drivers with specialist qualifications including ADR, which is required for the carriage of dangerous goods, something that is a feature of some pharma and food and drink manufacture businesses. The availability of such specialist drivers is a consideration to make considering Ireland's foreign direct investment model.

Members cite that changes in consumer preferences and expectations, which have escalated during the pandemic, feed into the overall attractiveness of working in the sector. Given that there will be an increasing need for night-time and weekend working, especially as the port sector is pressed for space and needs to expand its operating hours into nights/weekends, the need to work during 'social hours' will continue and will impact the draw to work in the sector. Shorter journeys and more regular hours will encourage skills into the sector.

Additional Information

Q6. Additional comments on what you think should be included in the ten-year strategy for the road haulage sector:

We believe that a key consideration for the department when drafting a ten-year strategy for the road haulage sector is to ensure that there is both public and political awareness of the critical role the transport industry provides to the nation, to businesses and consumers alike. Attaching value to the transportation of goods, as opposed to "racing to the bottom" pricing policies. A push towards a re-design of the supply chain with less reliance on speed of transit and more focus on the "greening" of the supply chain, which will involve greater utilisation of modes of transport such as ship/barge/rail with road transport being limited to shortest possible "last mile". The encouragement and incentivisation to switch to fewer polluting forms of engines such as electric and LNG (and CNG) for that part of the transport journey. Members mention that intensifying the direct engagement between the department and stakeholders is essential to achieving the goals and aims of any strategy for the sector.

We believe that Government needs to approach the issue of climate change in the same way it approached Brexit – calling out the challenges and opportunities coming down the line and heighten awareness among the business community on what actions need to be taken to ensure that operations are adapted in line with international and national policies that have deadlines that need to be met. In so doing there is an opportunity for competitive advantage.

On behalf of the IEA,

Simon McKeever
Chief Executive

DATE: 15.07.2021