

Brexit: Priorities for European shipowners

The European shipping industry calls upon all parties to avoid a no-deal Brexit scenario. Without a deal, the repercussions on the fluidity of trade between the EU and the UK will be huge, to the detriment of shipping companies, logistics partners, passengers and consumers. The agreement should include an implementation period that will give both UK and EU partners time and clarity to prepare.

In the event the departure of the UK from the EU effectively takes place, maintaining a level playing field for EU/EEA and UK shipping is a key priority. In the short term, regulators should ensure frictionless traffic by sea between the UK and the EU, the free movement of seafarers, onshore staff and passengers, and continued market access to the domestic trades and the offshore sector. In the long term, the future relationship should facilitate close cooperation on global issues. The EU and the UK should aim for alignment in legislation relating to maritime affairs and ECSA would like to see this recognised as a guiding principle for the long-term relationship. A strong EU-UK maritime dialogue should offer the platform to discuss common approaches among the two parties, as well as with regard to the global policy framework of the IMO, the OECD, the ILO and the WTO.

The UK leaving the EU is bringing challenges to the shipping industry. To minimise negative impacts, European shipowners invite policymakers to take the following into account, to the benefit of EU transport and trade in general:

Lessons learnt since the announcement of Brexit:

Entangled economies: Brexit discussions in the past years have brought to the forefront how interrelated EU-UK supply and logistics chains are. Shipping companies are part and parcel of this smooth business reality. Simply bringing this to a halt will be detrimental to all parties. An agreement on how the EU and the UK will cooperate during a possible transition period and after Brexit is essential to ensure the smooth functioning of both the EU/EEA and UK economies.

Uncertainty already affecting businesses: The uncertainty that exists today has shown first impacts: several companies have reflagged vessels to other EU flags, and companies saw decrease in both cargo and passenger traffic between the UK and mainland Europe around mid-2019. For example, the tonnage under the UK flag has decreased by approximately one-third. Meanwhile, various manufacturing and assembling companies have announced to relocate facilities from the UK to mainland Europe. Obviously, this has a detrimental impact on shipping volumes.

Time and clarity to prepare: Over the past two years, EU/EEA shipping companies have been preparing to the best extent possible for Brexit. However, being 100 percent 'Brexit-proof' is just not possible, as long as there is no certainty and clarity on what form Brexit will take. Shipping companies are only one part of the whole supply chain and rely on the preparation and readiness of others, including authorities in the EU and the UK. The lack of clarity has made it very difficult for all parties within the supply chain to prepare. This is especially the case for the smaller customers of the shipping companies, which lack the necessary human and financial resources. European



shipowners therefore underline the necessity of getting clarity and certainty well in advance of the day the UK will be exiting the EU. Once there is clarity and certainty, there is time needed to prepare for and implement the new rules.

Future partners: European shipowners engaged strongly in Brexit discussions with numerous policymakers and other stakeholders. They have, among others, a very open and constructive dialogue with UK shipping companies and UK authorities. There is a strong desire and expectation that this good cooperation between EU-UK industry and governmental representatives will still continue after Brexit.

Priorities to be catered for in any future EU-UK relationship

Fluidity of trade: Given the very high number of cargo crossings and interlinked logistics and supply chains, the fluidity of EU-UK trade must be a priority. The re-introduction of customs and other checks will have a heavy and immediate impact on shipowners, their customers, and ports as well as on border management administrations: longer port transit times, the pressure on port areas, the diversion of flows to available crossing points and the disorganisation of channels. The new procedures will also entail additional costs and there is not enough staff to carry them out. Hence, checks should be facilitated so that physical infrastructure has sufficient capacity. Moreover, the EU should facilitate sufficient border inspection points for both phytosanitary, veterinary and livestock checks. Digital solutions throughout the whole supply chain of EU-UK trade, through inter-connected systems, are also key to the continued fluidity of trade. We furthermore urge for regulatory alignment and reciprocal recognition of standards and controls in a future deal to enable the movement of goods that is as free as possible post-Brexit.

Level playing field and competitiveness: The EU and the UK must remain on par as competitive locations for shipping companies to conduct business. Therefore, a level playing field - in the fiscal, environmental, social, and other regulatory domains - must be priority one in any future relationship. This must respect the different sea routes between the EU/EEA and the UK and the different transport modes, so maritime, road, aviation and rail transport, are all treated in the same way.

Market access: Reciprocal market access should be preserved, as is the case today. EU/EEA shipowners highlight their concern for the offshore supply sector and regular domestic trades. EU/EEA companies are very active on the UK's continental shelf and carry out intra-UK port calls. Adding any additional requirements to access these markets, be it in terms of ownership, crew, or documentations, are unacceptable for a competitive maritime sector in both the EU and the UK.

Free movement of seafarers, on- and offshore staff and passengers: Seafarers and company staff, whether EU/EEA, UK or third country nationals, must be able to easily access the UK and the EU. EU or UK citizens who wish to travel by sea should be allowed to continue to do so in a smooth way, without adding any heavy procedures such as visa applications.

ECSA is a trade association representing the national shipowners' associations of the EU and Norway. The European shipowners control 40% of the global commercial fleet. ECSA promotes the interests of European shipping so that the industry can best serve European and international trade in a competitive free business environment to the benefit of shippers and consumers.

