

# Minutes of the Maritime, Road and Rail Policy Group Meeting

Minutes of the Maritime, Road and Rail Policy Group Meeting held via Teams on the 24<sup>th</sup> February 2022. The meeting commenced at 9.30 am.

## **Agenda item 1 – Competition Statement**

The Chair read out the Competition Statement at the commencement of the meeting.

## **Agenda item 2 – Agree the Minutes of the meeting of 8<sup>th</sup> December 2021**

The meeting agreed that these were an accurate reflection of the meeting, and the Chair asked the BIFA Secretariat to sign them.

## **Agenda item 3 – Matters arising from the meeting of 8<sup>th</sup> December 2021**

There were no matters arising from the meeting of 8<sup>th</sup> December 2021

## **Agenda item 4 - Maritime Market – Member Feedback**

Members discussed the current maritime situation at length. The most important conclusion was that there was no meaningful competition within the current deep sea container market resulting in little price differentiation between carriers.

There was a view that rates would decline in 2022, Lloyds List had previously published information regarding which showed dependent on route that rates had declined by between 11% and 16% since their peak. Some Members advised that lines had advised further reduction of up to \$4000 per Feu.

It was noted that the shipping lines would do all in their power to prevent overcapacity :-

- Large numbers of ships were not IMO Phase 2 compliant and would have to be taken out of service to have the necessary modifications undertaken. Plus, there was a general backlog of vessel maintenance.
- The possibility of slow steaming and even ultra-slow steaming was also discussed
- Increasing the number of blank sailings

The shipping lines very high profit levels were noted, which for 2021 were estimated at between \$150 and 190 billion. This was contrasted with the very low schedule reliability figures which for 2021 averaged only approximately 30% of all vessels arriving, at destination within one day of their scheduled berthing.

The other points discussed were the lack of equipment , with many containers not being re-positioned quickly enough. Also, difficulties in making a booking and obtaining space were highlighted.

All Members voiced concerns regarding shipping lines increasingly aggressive commercial approach at the freight forwarders expense.

The relevant attendees confirmed that shipping lines had:-

- Cancelled their “named” contract rates advising that freight forwarders had to use the spot market (more expensive)
- If these contracts were honoured the lines reduced space availability,
- Directly approached the forwarders customers for FCL traffic
- The freight forwarding arm of the carrier had approached LCL clients (this raised questions of where the client information had come from).

Members noted that the forwarders best defence was to highlight the advantages of using the sectors services:-

- Better quality- more client focussed
- Commercially more client friendly
- Greater choice
- Increases choice of sailings etc.

The attendees agreed that :-

- BIFA was correct to press for a CMA review of the supply chain including the deep sea maritime sector
- That Members should be surveyed, and the outcomes advised to the CMA
- They agreed to:-
  - Complete and return the survey
  - Provide evidence to the CMA on a “confidential” basis

A move to using shipper owned containers was noted the following advantages were highlighted:-

- No Lo-Lo charges were levied on shipper owned containers
- Long time frame for use (120 days were quoted) before demurrage charges were charged.

The two main disadvantages were that lines could be reluctant to ship them and re-stitute after de-vanning was in general terms more complex than for a line owned unit.

## **Agenda item 5 – EU Exit changes 01/01/2022 and 01/07/2022**

Difficulties with the new regime were noted , which stemmed from two errors:-

- Expecting the driver to be complete GMRs etc
- More fundamentally not insisting that an inventory system was introduced in Dover

Significant levels of non-compliance were noted, drivers :-

- Were not attaching all entry numbers to the relevant GMR
- “Oral” declarations were being used when a formal customs entry was required

Also, there was considerable confusion at “hybrid/dual model” ports as to which model to use on a individual shipment/ferry crossing, which led to GVMS being used in an inventory scenario and in some cases inventory procedures being used when in fact the ferry was going to be berthing where GVMS was being operated.

Regarding movements to Northern Ireland from the UK mainland , it was noted that a significant number of supplementary declarations for shipments imported under the delayed declaration scheme had never been submitted.

## **Agenda item 6 – Roadfreight and implementation of the Mobility Package**

It was noted that the UK hauliers etc still had to abide by EU legislation when operating in the Unions jurisdiction. The Mobility Package, imposed new responsibilities on hauliers regarding drivers hours and wages etc.

In addition, the Package imposed “dual liability” on those contracting the haulage ( which will include freight forwarders) for hauliers infringing the regulations. It is recommended that BIFA Members include in any contracts with EU hauliers indemnity clauses whereby the haulier agrees to comply with the law, and accepts any penalties.

The meeting noted that in many ways the legislation was in advance of the technology which would make enforcement difficult, and many EU States had yet to adopt the legislation.

There was a brief discussion regarding secure parking and driver facilities in both the EU and UK. The lack of secure parking was noted in both territories , although there was a belief that progress was being made in the EU to start remedying the situation. To meet secure parking and rest period regulations it is estimated that a secure parking facility plus hotel would have to be built approximately every 22 kms on the main EU transport routes.

With regards to the UK, the general consensus was that little progress was being made to improve the availability of secure parking and that facilities at service stations were poor and expensive.

### **Agenda item 7:- Customs including CDS**

The AFSS advised that HMRC did not intend to postpone CDS deployment, and that the CHIEF would be shut down for import entries on 30<sup>th</sup> September 2022 and for exports on 31<sup>st</sup> March 2023.

The software houses would have the appropriate software available prior those dates, but HMRC were behind delivering elements of the export CDS to them.

From an operational viewpoint there was a clear preference for using one system only and not having one system for imports and another for exports. Two specific concerns were discussed :-

- Obtaining the additional data to complete customs declarations from customers who were unaware of the forthcoming changes
- Learning how to use the new systems and the interactions between CDS and other government systems

Based on the Northern Ireland's experience, implementation of CDS was a time consuming process, 99% of all rest of the world entries were now submitted via the new system. Issues remained regarding private imports and issuing statements.

### **Agenda item 8:- Dangerous Goods update**

The Meeting heard that shipping lines were increasingly declining to handle export consignments of scrap materials, in particular of plastics and tyres. Members are still receiving regular enquiries how to solve problems when scrap consignments were abandoned on the quayside at destination at destination.

Members noted placarding issues on containers carrying dangerous goods, this lead to a misalignment between the IMDG and ADR regulations which leads to delays and extra costs to r-placard the containers before they can leave the UK port.

There was concern that more dangerous goods leaving China would either be misdeclared or undeclared as shipping lines increasingly scrutinised dangerous goods being shipped from China.

### **Agenda Item 9:- Regional Representatives**

It was advised that Maersk and MSC planned a "major discharge" at Felixstowe of the 2M Griffin/AE55 service. The first vessel to call at FXT is the Moscow Maersk which is due to berth on 8/9 at 07.00hrs on February 26<sup>th</sup>. Above the additional problems of handling approximately 13000 containers from one vessel in such a short timeframe there were concerns regarding quay rent. It was noted that quay rent commenced from the time that the vessel tied up to the quay, not from when the cargo was physically landed on the

quay. As this vessel could take five days to discharge, the last containers whilst not available could be incurring rent.

It was noted that the FPUA would meet the CDS team in the near future.

Safety issues had been raised at Southampton as not all drivers have completed the relevant driver awareness course before entering the port. DP World had requested BIFA to remind its Members of this point.

A general discussion regarding port performance followed, the consensus being that matters had stabilised but the lines schedule unreliability and weather disruption increased theirs and forwarders workloads, finding cartage to collect containers was particularly problematical. Attendees agreed that the cartage situation had improved somewhat with 20k drivers entering the market.

#### **Agenda Item 10:- Any other business**

There was a brief discussion regarding environmental issues, one attendee noting that under Euro VI regulations fewer particulates were emitted from the exhaust system than from tyres and brake pads. Developments in battery technology were noted and in particular the UK's initiatives to promote domestic manufacture. Members still remain sceptical about the suitability of the technology particularly for HGVs.

There was a discussion regarding the situation in Russia and the Ukraine. BIFA would monitor and provide Members about trade and regulatory impacts.

#### **Agenda item - 11 Date of Next meeting**

This will be held on the 22<sup>nd</sup> June and Members will be canvassed for their opinions regarding the most appropriate format.

The BIFA Secretariat would ask interested Members to join the meeting with HMRC regarding improving GVMS

#### **Action Point 2:- Agenda item - 11 Date of Next meeting**

Members would be canvassed about the venue etc the scheduled meeting for the 22<sup>nd</sup> June