

Overview

Ireland's domestic and international road haulage sector plays a vital role in the economy. The movement of almost all goods into, out of, and throughout the country rely heavily on road transport and our maritime connectivity to the EU mainland and the UK.

The road haulage freight sector is a key employer and makes a significant economic contribution, bringing products into Ireland which are essential to supporting economic activities and Irish exports. The sector has faced many challenges in recent years - with Brexit, COVID-19 and the Ukraine crisis all occurring in a relatively short period. This has been compounded by the long-standing labour shortage and skills gap in the industry with a particular acute shortage of heavy goods vehicle ('HGV') drivers.

As noted by the EU Commission, the Single Market is one of our greatest assets and it is the backbone of our economy, political power and wellbeing. Recent crises have clearly demonstrated our ability to respond but have also highlighted some areas of vulnerability. These crises have shown how quickly supply chains can become fragmented and disrupted when unilateral measures triumph over a harmonised approach.

Looking to potential future crises, connectivity and fuel availability/cost are two particularly relevant concerns for Ireland - and especially for the Irish haulage sector - given our geographical size and location, and our reliance of fuel and imports from other States.

Therefore, in principle, we welcome the Proposal and its aim to provide a strong, agile governance structure, as well as a targeted toolbox, to ensure the smooth functioning of the Single Market in any future type of regional or global crisis. We feel that the unified approach that has been deployed to counter previous crises provides a solid blueprint and should be further developed and enhanced to improve Europe's harmonised response to future emergencies.

Summary of key issues faced by IE haulage sector in recent crises

Brexit

Brexit posed significant challenges to the transport sector. As an island nation on the western edge of the European Union, Ireland's trade with continental Europe and beyond operated to a large extent by road via the United Kingdom land bridge.

One of the highest risks from Brexit identified in the transport sector was the potential disruption to Irish hauliers accessing UK and EU markets.

A significant amount of preparedness for Brexit was implemented, including vital contingency measures at EU level to ensure continued connectivity for Irish international road haulage.

Brexit has resulted in additional customs controls in Dublin Port and Rosslare Europort on imports and exports, which is an administrative, cost and time burden.

The reorganisation of Irelands supply chains away from the UK land bridge was largely facilitated by increasing capacity on direct IE -EU routes to match market demand. Today, there are over 60 direct sailings to the continent.

Given our reliance on road and maritime transport, it is most important that connectivity with mainland EU markets (representing the vast majority of the Internal Market) continues uninterrupted and unimpeded for Irish businesses and hauliers in the event of any future emergencies.

COVID-19

The COVID-19 pandemic demonstrated how important it is to implement harmonised and cohesive measure across the EU bloc to ensure that the Single Market remains open and uninterrupted. Supply chains continued to function throughout the pandemic but there was significant disruption caused by the temporary, but widespread, closure of many parts of society within Member States and beyond. This initially impacted on the demand for haulage and freight transport.

Ireland strongly supported the EU's efforts from the start of the COVID-19 pandemic to keep supply chains open and ensure minimal disruption of the Single, via the EU's 'Green Lanes' initiative. While it proved successful, many countries took unilateral measures in response to the crisis, which prevented movement of goods and people in some instances, and at a minimum caused confusion, delays and disruption to supply chains.

Ireland exempted essential transport workers entering the country from testing and quarantine requirements. This was not the case in other European Member States. To allow HGV drivers to meet the COVID-19 testing requirements being implemented in other Member States, Ireland established three dedicated HGV driver antigen testing centres were established in Ireland, near the main Irish Ports, which provided tests free of charge to HGV drivers.

It is important that responses to any future crises are coordinated and harmonised insofar as possible, and that measures taken are communicated quickly, efficiently and coherently to all relevant authorities within the bloc. It is equally important that such measures are interpreted and implemented in a harmonised manner by Member States.

Early in the COVID-19 crisis, global demand for oil fell to historic lows and oil-producing states cut back production significantly. However, with the arrival of effective vaccines, oil demand recovered

much faster than expected. This then had a significant effect on oil prices. Future response measures should not only focus on reacting to immediate and short term issues but should also be equally cognisant of the requirements to counteract medium to long term issues [such as fuel supply and cost] that we might be facing as we exit a crisis.

Russia's invasion of Ukraine

Russia's invasion of Ukraine has had further repercussions for the global economy. The move away from using Russian fuel has compounded the global oil supply problems and pushed global oil prices even higher. For transport operators fuel is a major business cost and where it has not been possible to pass on that higher fuel cost to customers, road transport operators are seeing reduced profitability, with some experiencing liquidity issues that threaten the viability of their businesses.

In addition, for hauliers there have been disruptions to trade flows and price increases for other key input products such as the AdBlue fuel additive.

While industry and Government works to identify issues and mitigate impacts, the management of emerging crisis situations would have been better facilitated by increased data availability at EU level. In addition, the secondary impacts of the conflict have required Government action on energy security and fuel cost; both fundamental for the operation of haulage and freight businesses which underpin the economy.

Ensuring fuel security for Member States, and the availability and accessibility of sufficient fuel reserves for essential operators, such as hauliers and freight transport businesses, should continue to be central to the EU's emergency planning response.

Finally, it is noted that many Member States, including Ireland, have implemented national emergency assistance measures to support industries, such as the haulage and freight sectors. These measures need to comply with state aid guidelines and Temporary Crisis Framework measures. A permanent EU emergency framework would lead to more familiarity with such processes and would assist greatly in responding to emerging threats in a more cohesive and efficient manner.