

<p><b>Title:</b> The International Road Transport Permits (EU Exit) Regulations 2018<sup>1</sup></p> <p><b>PIR No:</b> <a href="#">DfTPIR0079</a></p> <p><b>Original IA/RPC No:</b> RPC-4287-DfT</p> <p><b>Lead department or agency:</b> Department for Transport</p> <p><b>Other departments or agencies:</b> Click here to enter text.</p> <p>Contact for enquiries: <b>Morag Rethans: Email:</b> <a href="mailto:morag.rethans@dft.gov.uk">morag.rethans@dft.gov.uk</a> or <a href="mailto:Freight@dft.gov.uk">Freight@dft.gov.uk</a></p>	<b>Post Implementation Review</b>
	<b>Date:</b> 29/01/2024
	<b>Type of regulation:</b> Domestic
	<b>Type of review:</b> Statutory
	<b>Date measure came into force:</b> 21/11/2018
	<b>Recommendation:</b> Replace
	<b>RPC Opinion:</b> Choose an item.

## Recommendation and Summary of Justification

This Post Implementation Review (“PIR”) is about the International Road Transport Permits (EU Exit) Regulations 2018, (“The 2018 Regulations”). A review is required under Regulation 31 of these the 2018 Regulations. The 2018 Regulations were implemented to allow the allocation of road freight permits for transport into the EU and beyond by UK hauliers, as part of the preparations for the UK leaving the EU.

The 2018 Regulations prohibit the use of a goods vehicle registered in the United Kingdom for transporting goods on specified international journeys unless the relevant permit or authorisation is carried on the vehicle during the journey. The 2018 Regulations also include provisions on applying for and granting a permit, cancellations, appeals and charging.

The 2018 Regulations came into force in November 2018, with the exception of regulation 4(2)<sup>2</sup>, and regulation 18<sup>3</sup> both of which came into force on exit day which was 23:00 GMT 31 January 2020 / 00:00 1 February 2020 CET.

Because permits have been issued in the same way, (both before and after the coming into force of the 2018 Regulations) and have not been subject to levels of demand that exceed supply (which the 2018 Regulations were designed to manage), it is not possible to thoroughly assess the effectiveness of these the 2018 Regulations in regard to the distribution of permits.

### **Revocation of the 2018 Regulations**

The 2018 Regulations covered by this Post Implementation Review (PIR), are intended to be revoked and replaced in 2024<sup>4</sup> by another statutory instrument. It should be noted that the replacement of the 2018 Regulations is not driven by this PIR process. Replacement is

<sup>1</sup> The International Road Transport Permits (EU Exit 2018) Regulations 2018:  
<https://www.legislation.gov.uk/ukxi/2018/1204/contents/made>

<sup>2</sup> Regulation 4(2) prohibits journeys in an EU Member State without a permit valid in the Member State being visited.

<sup>3</sup> Regulation 18 which covers exemptions to 4(2).

<sup>4</sup> It should be noted that the replacement of the 2018 Regulations is not driven by this PIR process. Replacement is happening as this has been determined to be the most appropriate way of delivering the policy and legislative outcomes needed to implement parts of the TCA in relation to the posting of workers as they apply to UK operators and update permit legislation to take account of road transport agreements which have been agreed since 2018.

happening in 2024 (the “2024 Regulations”) as this has been determined to be the most appropriate way of delivering the policy and legislative outcomes needed to implement parts of the UK-EU Trade and Cooperation Agreement (“TCA”) in relation to the posting of workers<sup>5</sup> as they apply to UK operators and update legislation to take account of road transport agreements which have been agreed since 2018.“ The updated 2024 regulations will implement posting of workers<sup>6</sup> requirements onto UK operators travelling into the EU (including enforcement).

The equivalent postings provisions for EU operators working in Great Britain are included in the Goods Vehicles (Licensing of Operators) (Exemptions and Modifications) (Amendment) Regulations 2023 (“the 2023 Regulations”)<sup>7</sup>, which came into force on 1 October 2023.

### **Rationale for replacement**

The rationale for replacement of the 2018 Regulations with the 2023 and the 2024 regulations, is to:

- Make consequential updates and improvements as a result of new road transport agreements between the UK and other countries.
- Enable enforcement against UK operators whose drivers are found not to have a posting declaration for an in-scope journey. This would be enforced largely in a similar way as failing to have a permit where one is required.

The 2023 Regulations enable enforcement of postings requirements against EU operators working in the UK.

The instrument which will revoke and replace the 2018 Regulations, planned to come into force in 2024. The 2024 regulations, enabling enforcement of postings requirements as they apply to UK operators operating in the EU, have proved more complex to draft, and so the two parts were separated to ensure that enforcement against EU operators could commence in Great Britain more quickly.

Aside from enforcement provisions which will be introduced by the 2024 regulations, UK operators failing to fulfil postings requirements<sup>8</sup> in the EU would be subject to enforcement action there, for example fines or impounding if caught.

The 2018 regulations need to be repealed as part of the work to prepare for the second set of regulations associated with the implementation of postings requirements, which will cover both Great Britain and Northern Ireland. These are expected to be laid in the first half of 2024 and will be applicable to UK operators working in the EU.

---

<sup>5</sup> Posting of drivers: As a rule, drivers carrying out transport operations in the EU Member States other than the Member State where the employer of the driver has its establishment, are posted, with the exception of some specific situations, such as bilateral transports and transit. These requirements also apply to the UK, as Posting of Transport Workers elements of the EU Mobility Package are included in the TCA. Information on Postings, is published on gov.uk: <https://www.gov.uk/guidance/declare-youre-transporting-goods-inside-the-eu>

<sup>6</sup> Posting of drivers: As a rule, drivers carrying out transport operations in the EU Member States other than the Member State where the employer of the driver has its establishment, are posted, with the exception of some specific situations, such as bilateral transports and transit. These requirements also apply to the UK, as Posting of Transport Workers elements of the EU Mobility Package are included in the EU-UK Trade and Cooperation Agreement (TCA). Information on Postings, is published on gov.uk: <https://www.gov.uk/guidance/declare-youre-transporting-goods-inside-the-eu>

<sup>7</sup> The 2023 Regulations: <https://www.legislation.gov.uk/uksi/2023/805/contents/made>

<sup>8</sup> Postings are principally aimed at ensuring that workers’ rights, including minimum wages and breaks are adhered to in a consistent manner in the EU, and the UK has been required to also introduce these rules as part of the TCA implementation. In line with the points made in the request for evidence, the UK is implementing Postings requirements on a reciprocal basis. The Northern Ireland Government must legislate separately due to the way the legislation is devolved in relation to operator licensing.

### **Intention of the 2018 Regulations**

The principal intention for the 2018 Regulations was to ensure that in all possible negotiation outcomes, permits for road haulage that the UK has access to, through bilateral and multilateral road transport agreements, could be distributed in a fair way to businesses undertaking international road haulage.

The provisions in the 2018 Regulations would have been vital as a route to allocate permits in some of the “no-deal” or “limited deal” negotiation outcome scenarios, when UK operators would have been reliant on permits in order to make journeys into the EU. In those potential situations, permit demand from industry would have substantially outstripped supply and so it would have been necessary to prioritise permit allocation to maximise the intensity of permit use. The mechanism within the 2018 Regulations would have allocated permits under agreements in place at the time the 2018 Regulations came into effect, as well as any agreements requiring permits the UK entered into subsequently.

### **Contingency Planning**

Some contingency planning that could have led to permits being issued to UK hauliers using the criteria in the 2018 Regulations took place, however this the criteria were never put into practical effect and so there is no evidence on whether the criteria would have had any unintended effects, either positive or negative.

Where permits are still required for journeys, for example for travel to Turkey, these permits are issued on a first come, first served basis as demand has not outstripped supply. There is no reason to consider that this situation will not persist into the future.

### **The impact of the TCA on permit demand**

Through the negotiations with the EU, the UK agreed a workable deal, which has meant that the permit allocation powers included within the 2018 Regulations have not been required in practice. Partly because of this, the 2018 Regulations are to be replaced. This replacement is not urgent, or because the 2018 Regulations are deficient, however it has been assessed that to make legislative changes required as a result of the TCA, it would be better to revoke and replace the 2018 Regulations, rather than simply amending them.

The effect of the revocation and replacement means that the legislative framework, can be properly structured and tailored to align with the TCA, which facilitates movements between the UK and EU without the constraints of permit limits.

UK operators use the UK Licence for the Community (“UKLFTC”)<sup>9</sup> for access into the EU, which is available automatically as long as the operator holds a valid UK standard international operator licence. EU operators use their EU Community Licence to access the UK on the same basis. In this way, the UKLFTC and the EU Community Licence effectively function as an unlimited permit regime enabling bilateral transport between the UK and EU, and up to two cabotage<sup>10</sup> movements made either by EU operators working in the UK, or UK operators working in the EU.

---

<sup>9</sup> Information on the criteria for the UK Licence for the Community: <https://www.gov.uk/guidance/uk-licence-for-the-community-for-international-road-haulage>

<sup>10</sup> Cabotage is the transport of goods or passengers between two places in the same country by a transport operator from another country for the purposes of hire and reward.

Where an operator wishes to do one further cabotage movement or cross-trade<sup>11</sup> on top of the movements permitted by the TCA, then they also require a European Conference of Ministers of Transport (“ECMT”)<sup>12</sup> permit to facilitate this, which is available from the UK’s International Road Haulage Permits Office (“IRHP”).

### **Agreements since the 2018 Regulations**

Since the 2018 Regulations came into effect, the UK has entered into new bilateral agreements, for example those with Azerbaijan (2023), and Switzerland (2019).

### **Data sources used in this PIR.**

Operational data provided by the IRHP, has been used in this PIR Post Implementation Review, alongside data published in the Office of The Traffic Commissioner (“OTC”) Annual Reports, and information provided by the Department for Infrastructure in Northern Ireland.

The IRHP data covers the issue of bilateral and multilateral ECMT permits under the relevant international agreements the UK has.

Information from the OTC and the Department for Infrastructure has been used to provide information on the number and types of operator licence in use.

### **Consultation**

As part of the preparations for legislation required to implement aspects of the TCA, including the 2023 Regulations and the upcoming 2024 regulations, the policy and legislative options associated with permits in relation to the posting of transport workers (a TCA requirement) were included in a public request for evidence<sup>13</sup> and a consultation<sup>14</sup>. These exercises collectively lasted for 14 weeks.

A further, specific stakeholder consultation for this review has not been conducted, as the criteria to allocate permits has not been used in practice. It is therefore considered that it would not be possible to obtain any meaningful views on how well this element of the 2018 Regulations works in practice, and whether any unintended consequences had arisen. If the allocation criteria had been used, then a specific consultation would have been held.

In relation to the earlier call for evidence, and consultation, there were no views expressed in relation to the allocation of permits under the 2018 Regulations.

## **1. What were the policy objectives of the measure?**

The principal policy objective of the 2018 Regulations was ensuring UK operators could continue making international journeys in all potential negotiation outcomes after the UK left the EU and to allow for enforcement of permits requirements. This ensured there was a mechanism that (if required) could be used to allocate bilateral permits, and multilateral ECMT permits could be allocated and issued efficiently even if they were substantially oversubscribed.

---

<sup>11</sup> Cross-trade is loading goods in one country and unloading them in another country, with a vehicle registered in a third, different country.

<sup>12</sup> European Conference of Ministers of Transport (ECMT) Multilateral Quota scheme is a permit-base system for pan-European haulage operating in the 43 member countries, comprising most of the EU and nearby states. UK operators use ECMT permits to make journeys outside of the EU, for example to Serbia or Ukraine. The ECMT agreements also include an unlimited permit scheme, authorising specialist firms undertaking international removals of personal and business property. The principal acts of the ECMT scheme are published online by the International Transport Forum.

<sup>13</sup> Request for Evidence and Government Response: <https://www.gov.uk/government/consultations/changes-to-the-uk-operator-licensing-regime-and-arrangements-for-the-temporary-posting-of-workers-in-the-uk-and-eu-request-for-evidence>

<sup>14</sup> Postings Consultation: <https://www.gov.uk/government/consultations/posting-of-road-transport-workers-and-operator-licensing-changes>.

The 2018 Regulations also enabled the UK Government to operate a permit regime to provide for journeys made by UK vehicles to the EU, if that was the outcome from the EU Exit negotiations. These important negotiations could have concluded in several ways, ranging from an agreement which matched the position when the UK was a member of the EU, through to a situation where negotiations had failed (either completely or partially) and the UK was reliant upon access provided through ECMT multilateral permits and bilateral agreements.

The outcome of the negotiations was the TCA, which was signed on 30 December 2020 and came into force on 1 May 2021.

### **Interaction of the 2018 Regulations with the TCA negotiations**

As the 2018 Regulations were drafted and came into force prior to the conclusion of the negotiations, there was inherent uncertainty on how the 2018 Regulations might be used, and the potential impact(s) on businesses that would arise as a result of the decision to leave the EU.

An Impact Assessment (“IA”)<sup>15</sup> was produced with the 2018 Regulations. This IA focused on a “good deal” outcome, similar to that which was agreed in the negotiations. This IA included limited information that related to an assessment of “no deal” outcomes.

The Regulatory Policy Committee (“RPC”) ultimately judged the IA as *fit for purpose* but noted that the IA did not make any assessment of the impact on businesses that were not successful at obtaining the permits, the competition assessment was limited, and overall, the IA could have been drafted more clearly. A copy of the letter with the RPC response is provided at **Annex A** or can be found online<sup>16</sup>.

It should be noted that the 2018 Regulations were intended to minimise unnecessary regulatory burdens for UK businesses that may have arisen from the introduction of the permit arrangements included within these 2018 Regulations. This included ensuring:

- An allocation process was implemented. This process was intended to ensure that as many businesses as possible could access permit, and that large operators were not unduly advantaged in the application process.
- Fees for permits would be kept to a low level to simply cover the administrative costs, information on the fees for ECMT and bilateral permits, can be found in Table 2 and Table 3 respectively.
- The process for applying for permits would be kept simple and straightforward.

Non-UK haulage businesses using permits in the UK, would need to apply for the relevant permit from their own government, for example a French operator needing an ECMT permit to facilitate an extra cabotage movement, would need a French government issued ECMT permit, alongside their EU Community Licence. This approach ensures the continued flow of goods into and out of the UK. The 2018 Regulations were drafted to allow permits to be allocated fairly, even in high demand situations.

Operators arriving in the UK without the correct permit (if this one is required), can face enforcement action. A reciprocal approach would be taken against UK operators which fail to carry a permit when undertaking a transport in a country, or a situation where this one is required.

---

<sup>15</sup> The IA is published online with the 2018 regulations:  
[https://www.legislation.gov.uk/ukia/2018/157/pdfs/ukia\\_20180157\\_en.pdf](https://www.legislation.gov.uk/ukia/2018/157/pdfs/ukia_20180157_en.pdf)

<sup>16</sup> RPC opinion of the Impact Assessment associated with the 2018 regulations:  
[https://www.legislation.gov.uk/uksi/2018/1204/pdfs/ukiod\\_20181204\\_en.pdf](https://www.legislation.gov.uk/uksi/2018/1204/pdfs/ukiod_20181204_en.pdf)

Businesses comply with the 2018 Regulations by meeting the criteria required to apply for and hold one of the permits affected by these regulations, for example:

1. Holding a UK standard international operator licence, issued in either Great Britain or Northern Ireland.
2. Being engaged in the type of work required to hold some types of permits e.g.
  - An international removals permit issued under ECMT multilateral quota used for the removal of personal or business property.
  - Undertaking transports relating to film and television work in Morocco which requires holding a Hors Contingent Permit<sup>17</sup>, under the terms of the UK-Morocco Road Transport Agreement.

### **Review Clause**

Regulation 31 of the 2018 Regulations sets out the scope of the review clause in the original regulations, including the requirement for the Secretary of State for Transport to have regard as far as is reasonably practicable to how the relevant international agreements are implemented, and should particularly:

- Set out the objectives intended to be achieved by the relevant international agreements and by these 2018 Regulations.
- Assess the extent to which those objectives are achieved, and
- Assess whether those objectives remain appropriate and, if so, the extent to which they could be achieved with a system that imposes less regulation.

This PIR is the first to be undertaken regarding these the 2018 Regulations. It will also be the last, (as covered previously) the 2018 Regulations are due to be revoked and replaced by updated regulations in 2024.

These replacement regulations also include a review clause but are not subject to a full impact assessment as the impact for the 2023 and forthcoming 2024 regulations have each been assessed as being below the £5million per year threshold.

The Department for Transport continually considers how the operation of the permit scheme could be improved for industry, particularly through stakeholder engagement.

Despite the obvious value of permits to businesses engaging in international haulage, fees for permits<sup>18</sup> are kept at a low level to prevent their cost becoming burdensome on business. A single journey permit typically costs less than £10.

Annual Permits issued under the ECMT Multilateral Quota (which are valid for unlimited journeys, in up to a 12-month period) also have a system of graduated fees<sup>19</sup>, whereby the cost of the permit reduces periodically throughout the year, to account for the remaining validity period.

---

<sup>17</sup> There are three types of permits available under the UK-Morocco Agreement, HORS Contingent, Single Entry, Multiple Entry and Empty Entry. Most permits issued under the Morocco agreement, are single entry permits, with an average of 324 single entry permits issued each year since 2018. Around one hundred Hors Contingent Permits have been issued each year since 2018. These permits are used for transports relating to film and television work, only the Moroccan agreement has a specific permit available for this purpose. Transports of this type under other bilateral agreements would use a standard bilateral permit where one is required.

<sup>18</sup> Bilateral permit fees: <https://www.gov.uk/guidance/international-road-haulage-permits-for-some-non-eu-countries#fees>

<sup>19</sup> ECMT fees: <https://www.gov.uk/guidance/ecmt-international-road-haulage-permits#how-much-it-costs>

## What evidence has informed the PIR?

Because the TCA has given a level of access to the EU which is similar to that road haulage operators had when the UK was a member State, many of the “worst case” impacts anticipated in the period after the 2016 Referendum have not materialised, and the mechanisms for permit allocation included in the 2018 Regulations in a high demand scenario have therefore not been required. The evidence used to assess the impact has been gathered against this backdrop.

The RPC noted in a letter<sup>20</sup> following the IA Assessment for the 2018 Regulations that there was no detailed analysis of these “no deal” impacts, and that a further assessment would be needed if this had been the negotiating outcome. However, as “no deal” did not arise, there was no further analysis undertaken.

Because the UK has (in many ways) a similar level of access in comparison to that as of an EU member State (as a result of the TCA), the Department for Transport has therefore chosen not to do formal public engagement or consultation on the arrangements for permits for this PIR. This is principally because the permit allocation criteria introduced by the 2018 Regulations to allocate permits fairly in a scenario where permit demand outstrips supply has not been used. As a result there is no practical experience of the way that permits would be allocated using the criteria that could have been fed into a review of the regulations.

There was a short, focused stakeholder consultation between August and October 2023 which is outlined below.

The forthcoming regulations which will replace the 2018 Regulations were the subject of a published request for evidence in 2021<sup>21</sup>, a public consultation in 2022<sup>22</sup>, and a targeted stakeholder consultation in 2023, which are outlined in more detail below. The Department for Transport is not aware of any concerns from industry on this subject, either raised during our normal engagement with trade associations including Logistics UK and the Road Haulage Association, or received from individual businesses which hold operator licences.

The questions asked in surveys issued as part of the consultation and request for evidence had input from the Department for Transport’s social researchers.

### **Request for Evidence**

An eight-week request for evidence took place from 29 June 2021 to 24 August 2021, covering both changes to operator licensing, implemented in 2022 through The Goods Vehicles (Licensing of Operators) (Amendment) Regulations 2022<sup>23</sup> (“the 2022 Regulations”), and arrangements for posting transport workers in the UK and EU.

113 responses were received to this request for evidence. The aspect of the consultation that relates to permits are the questions regarding postings declarations which authorise some types of hire and reward journey, much like a permit but which are not covered by the 2018 Regulations<sup>24</sup>. This question received 76 responses: 18 were against this, principally due to

---

<sup>20</sup> See Annex A.

<sup>21</sup> Request for Evidence and Government Response: <https://www.gov.uk/government/consultations/changes-to-the-uk-operator-licensing-regime-and-arrangements-for-the-temporary-posting-of-workers-in-the-uk-and-eu-request-for-evidence>.

<sup>22</sup> Postings Consultation: <https://www.gov.uk/government/consultations/posting-of-road-transport-workers-and-operator-licensing-changes>.

<sup>23</sup> 2022 regulations: <https://www.legislation.gov.uk/uksi/2022/293/contents/made>

<sup>24</sup> This call for evidence has been referenced as it relates to Postings. The 2024 regulations introducing postings enforcement for UK operators will revoke the 2018 regulations that are the subject of this PIR. Provisions for EU operators are included in the 2023 regulations, which came into force on 1 October 2023.

fears around possible administrative burden and cost, 9 recorded a “don’t know” response, with one comment in favour if it was applied reciprocally, so EU operators working in the UK would need a declaration, as well as UK operators working in the EU. 51 responses were in favour of the UK implementing this requirement, with comments emphasising having a level playing field, and reciprocity.

### **Public Consultation**

The 2021 Call for Evidence was followed by a formal consultation on the implementation of posting rules in legislation launched on 24 June 2022 which ran for six weeks, closing on 5 August 2022. Five responses were received to the consultation. Four were on behalf of large organisations, including the leading trade associations which represent the road freight industry, including Logistics UK and the Road Haulage Association, which have more than 25,000 members between them. The Trade Associations often publicise consultations, and collate feedback from their members, as well as inputting their own view as a Trade Association. We don’t have any information on the number, or size of business responding that either trade association received. We received one response from an individual.

The responses received from the consultation supported introduction requirements, including support for the proposal that the requirement to carry a posting declaration in the same way as a permit, and that there should be sanctions for not doing so. Respondents were keen that this requirement should apply equally to both UK and EU operators doing affected work in the other’s territory.

### **Targeted Consultation with Stakeholders and Devolved Administrations**

In addition to the public consultation, the Department for Transport undertook a further, specific consultation between 3 August 2023 to 4 October 2023, involving industry stakeholders and devolved administrations, providing a detailed explanation as to the proposed effect of the upcoming instrument, which will be laid in the first half of 2024. This engagement included outlining the purpose of each of the provisions made under the 2018 Act, and identifying the changes as compared to the 2018 Regulations. Because operator licensing is devolved in Northern Ireland, formal consent was also sought from the government to enable the planned instrument to include Northern Ireland.

The industry consultees represented organisations with the most interest in the subject matter and were those that responded to the 2022 consultation and included, including both the Road Haulage Association and Logistics UK. This approach to additional consultation was taken as the questions were on points of detail, rather than the wider approach or operation of the legislation and given the specific nature and the previous exercises in 2021 and 2022 and was considered proportionate.

There was one response to this targeted consultation, received from an industry stakeholder. The response supported the premise of this forthcoming legislation to replace the 2018 Regulations but did not provide any specific feedback in relation to permits.

### **Data Gathering**

This PIR is being written at the same time as regulations are being prepared which will revoke the 2018 Regulations, replacing them with updated and improved provisions. Data has therefore been gathered on the distribution of ECMT and bilateral Permits, and the numbers of holders of international operator licences, as a proxy for holders of the UKLFTC.

The data obtained from records held by the IRHP and DVSA has been supplemented with published data relating to holders of standard international operator licences gathered from the OTC and the Department for Infrastructure in Northern Ireland.

Overall, we have not seen significant changes in the number of permits issued each year, which we expect is mostly due to the effect of the TCA, ensuring fairly free movements of goods vehicles between the UK and the EU.

If the permit allocation criteria specified in the 2018 Regulations had been used, we would have undertaken an additional formal public consultation to fully understand the impacts on businesses. Such a consultation would also have been publicised to businesses applying for permits through the UK Permits Office to obtain views from those using permits, on shortages, and the (unused) allocation criteria included in the 2022 regulations.

We note that the period of 2020 – 2022 was affected by the Covid- 19 Pandemic. However, due to the nature of international trade, road haulage kept moving through this period, facilitating the import and export of goods into and out of the UK.

### **Permit Types**

The UK has two distinct types of permits: those issued under bilateral agreements<sup>25</sup> between the UK and another country, and those issued under the ECMT agreements.<sup>26</sup>

Permit issuing data has been particularly sought for 2018 – 2023. The accuracy of permit issuing data pre-2018 (and pre-2019 for ECMT permits) could not be confirmed as different issuing arrangements were in place. As a result, this data has not been included in the analysis.

### **Bilateral Permits**

The UK has 19 bilateral agreements<sup>27</sup> concerning international road transport. Seven of these bilateral agreements<sup>28</sup> involve the exchange of physical permits between governments, which must then be used and carried by specific goods vehicles used to transport goods in the territory of the other country. For example, a Moroccan-registered HGV must have a permit when it is operating in the UK and vice versa. Permits are also exchanged for some goods transport movements made under the agreements with Turkey and Ukraine.

The ten other agreements<sup>29</sup> are currently permit free, enabling easier access between the UK and the other party to the agreement.

---

<sup>25</sup> Information on bilateral permits and fees: <https://www.gov.uk/guidance/international-road-haulage-permits-for-some-non-eu-countries#fees>

<sup>26</sup> The ECMT agreements: The Protocol Concerning the European Conference of Ministers of Transport done at Brussels on 17 October 1953: <https://www.itf-oecd.org/protocol-concerning-european-conference-ministers-transport>. The ECMT Resolution No.26 concerning the Actual Coming into Force of a Multilateral Quota for the International Transport of Goods by Road done at the Hague on 14 June 1973: <https://www.itf-oecd.org/resolution-no-26-concerning-actual-coming-force-multilateral-quota-international-transport-goods>. CM (2000)10: [www.itf-oecd.org/lacquis-cemtprincipal-acts-ecmt-1953-2003](http://www.itf-oecd.org/lacquis-cemtprincipal-acts-ecmt-1953-2003).

<sup>27</sup> The UK has road transport agreements with: Albania, Azerbaijan, Belarus, Bosnia-Herzegovina, Georgia, Jordan, Kazakhstan, Kosovo, Moldova, Montenegro, Morocco, North Macedonia, Norway, Russia (ex-USSR) Serbia, Switzerland, Tunisia, Turkey, and Ukraine.

<sup>28</sup> The seven agreements are those with Azerbaijan, Belarus, Georgia, Kazakhstan, Morocco, Tunisia, and the former Union of Soviet Socialist Republics (“USSR”), which Russia and five other successor states (Armenia, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) to the USSR inherited and have not subsequently replaced. The agreement is not currently active in relation to Russia. Permit exchange with Azerbaijan is due to commence in 2024. Permits were not exchanged with Belarus and Russia in 2023 due to the conflict in Ukraine. It is anticipated no permits will be exchanged whilst the current conflict continues.

<sup>29</sup> These ten agreements are with Albania, Bosnia and Herzegovina, Jordan, Kosovo, Moldova, Montenegro, North Macedonia, Norway, Serbia, and Switzerland (to which Liechtenstein is also a Party).

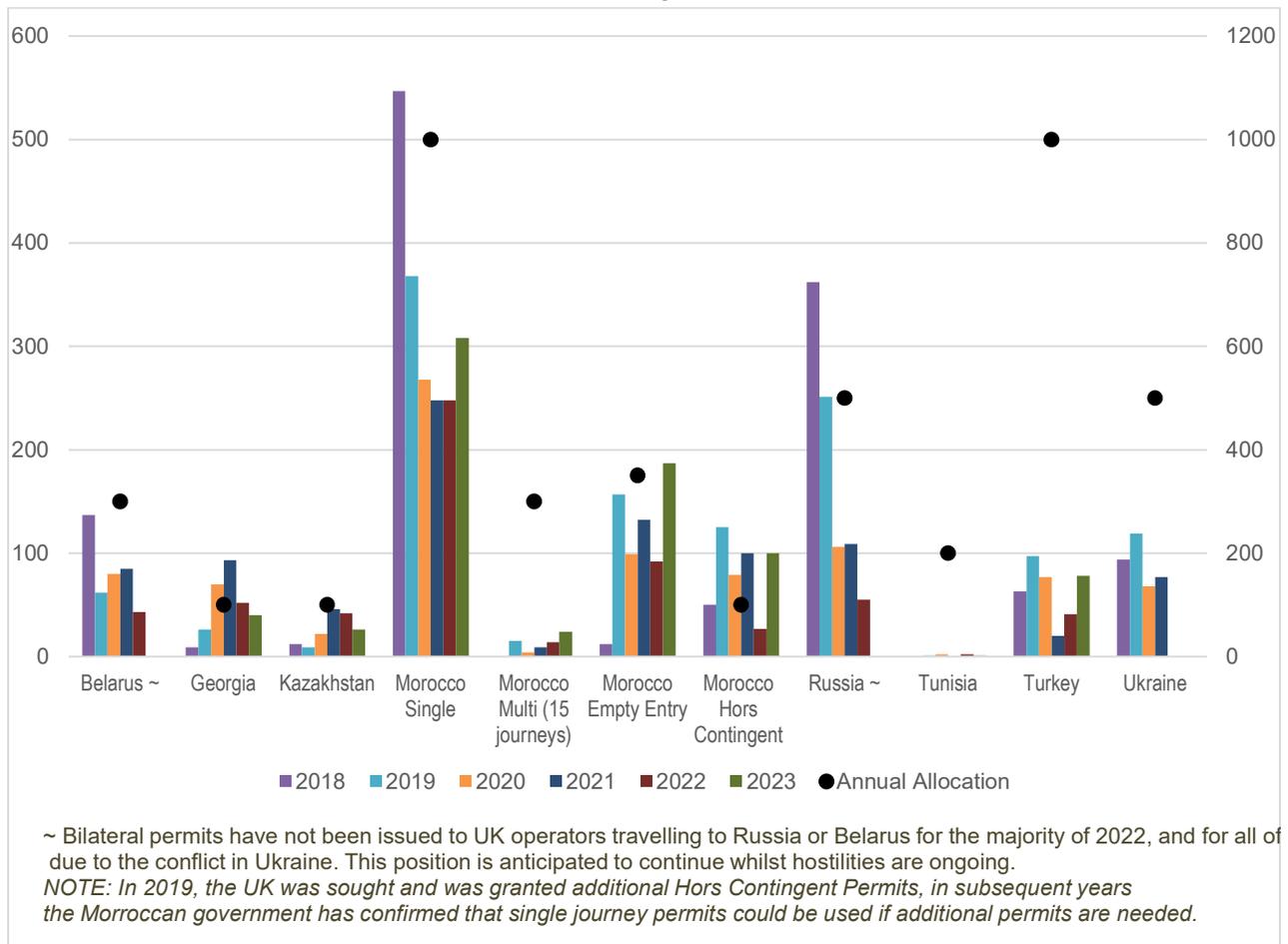
**The number of permits issued each year under the UK’s bilateral agreements<sup>30</sup>**

Data has been particularly sought for 2018 – 2023. Overall, the figures obtained from the IRHP indicate that in nearly all cases the UK does not use the full allocation of its international permits. The one exception is the Hors Contingent Permits issued under the UK-Morocco bilateral agreement, which are used for film and television work in Morocco. These permits are issued on a first come-first served basis and as the data shows, the UK has run out of stock on a few occasions.

To address this restriction and to enable companies undertaking this work to continue to travel to Morocco, the UK engages with the Moroccan government via Post, either to get confirmation that single journey permits may be used (which the UK has more than enough of) or for an additional allocation of Hors Contingent Permits to be issued. There has never been a problem either being granted additional permits (as in 2019) or using single journey permits as an alternative.

There have been some initial enquiries made regarding whether agreement between the UK and Morocco could be amended to allow for more Hors Contingent Permits, however this work is very much at an early stage.

**Chart 1: Bilateral Permits Issued to UK HGV Operators 2018 – 2023.**



Note: Data provided by the IRHP.

<sup>30</sup> Information on bilateral permits and fees: <https://www.gov.uk/guidance/international-road-haulage-permits-for-some-non-eu-countries#fees>

**Table 1: Annual Permit Issuing Figures 2018-2023.**

	<b>Annual Allocation</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Belarus ~	300	137	62	80	85	43	0	407
Georgia	100	9	26	70	93	52	40	290
Kazakhstan	100	12	9	22	46	42	26	157
Morocco Single	1000	547	368	268	248	248	308	1987
Morocco Multi (15 journeys)	300	0	15	4	9	14	24	66
Morocco Empty Entry	350	12	157	99	132	92	187	679
Morocco Hors Contingent	100	50	125	79	100	27	100	481
Russia ~	500	362	251	106	109	55	0	883
Tunisia	200	0	1	2	0	2	1	6
Turkey	1000	63	97	77	20	41	78	376
Ukraine	500	94	119	68	77	0	0	358
<b>Total</b>	<b>4450</b>	<b>1286</b>	<b>1230</b>	<b>875</b>	<b>919</b>	<b>616</b>	<b>764</b>	<b>5690</b>

Note: Data provided by the IRHP.

In addition to permits issued under bilateral agreements, the UK also has permits issued under the ECMT multilateral quota.

### **ECMT Permits**

The ECMT multilateral quota scheme is a permit-based<sup>31</sup> system for pan-European haulage operating in the 43 member countries, comprising most of the EU and nearby states<sup>32</sup>. UK operators use ECMT permits to make journeys outside of the EU, for example to Serbia or Ukraine.

ECMT permit numbers are determined by a base quota: the UK currently has a quota of 250 basic licences<sup>33</sup> negotiated and agreed at the International Transport Forum (“ITF”) Road Transport Group, which governs the ECMT system, partly in response to EU Exit. When the UK was a member of the EU, a lower base quota was accepted, however the UK reserved the right to return to a quota of 250 which it had held previously, and formally took this up in 2022.

The UK’s quota of basic licences is translated into ECMT permits via a system of multipliers, with more environmentally vehicles having a higher multiplier value than less environmentally friendly vehicles, providing more individual permits. Euro 6 vehicles are more environmentally friendly than Euro 5 or earlier Euro 4 vehicles<sup>34</sup>, and have a higher multiplier as a result.

<sup>31</sup> ECMT Permits - fees and criteria: <https://www.gov.uk/guidance/ecmt-international-road-haulage-permits>

<sup>32</sup> Information on the multilateral quota: <https://www.itf-oecd.org/about-multilateral-quota>

250 is a relatively high basic quota. In comparison, France has 173, Germany 229, Italy 67, and Switzerland 93. Larger quotas are available with Turkey 620, and Poland 322. Adjustments (increases) to the quota must be agreed by the members of the ITF Road Transport Group.

<sup>34</sup> Euro 4 permits were also available until 2023, however the UK Permits Office has no record of these being issued to UK hauliers in the period covered. Euro 4 ECMT permits attracted a multiplier of 1 in 2023, so were “expensive” in terms of the UK’s overall allocation, 100 of the UK ECMT base quota equalled 100 annual permits. Euro 4 permits are not available after the end

In 2023 and 2024, the multiplier for Euro 6 was 14, so if 100 of the base quota is converted into annual Euro 6 permits, this would provide 1,400 annual permits, which could be issued to up to 1,400 operators, who could each have one vehicle at a time using the permit. These permits can otherwise be used as much as the operator wishes in the validity period. The multiplier for Euro 5 in 2023 was 10, providing 1,000 annual permits in exchange for 100 of the base quota.

If the UK had become reliant on ECMT Permits (due to a failure in the negotiations with the EU), it is likely that only annual permits valid for Euro 6 vehicles would have been requested from the International Transport Forum (ITF,) which issues the permits. This would have been done to maximise the number of these permits available to the UK operators, permits which would be allocated to operators most likely to use the permits as intensively (frequently) as possible. This allocation method would also mean the industry would have certainty as to which operators had the permits, for at least the 12-month period ECMT permits are valid for.

Monthly permits are also available for Euro 5 and Euro 6 permits, with each annual permit providing 12 monthly permits. The UK normally requests around 10% of the total allocation as monthly permits to ensure that there is permit availability for operators making one off or infrequent trips.

Chart 2 indicates that there has been an upsurge in normal (non-removal) ECMT permit issue in 2021 and to some extent in 2019. This can be explained by operators making contingency preparations for a no-deal outcome that could have arisen in 2019 and 2021.

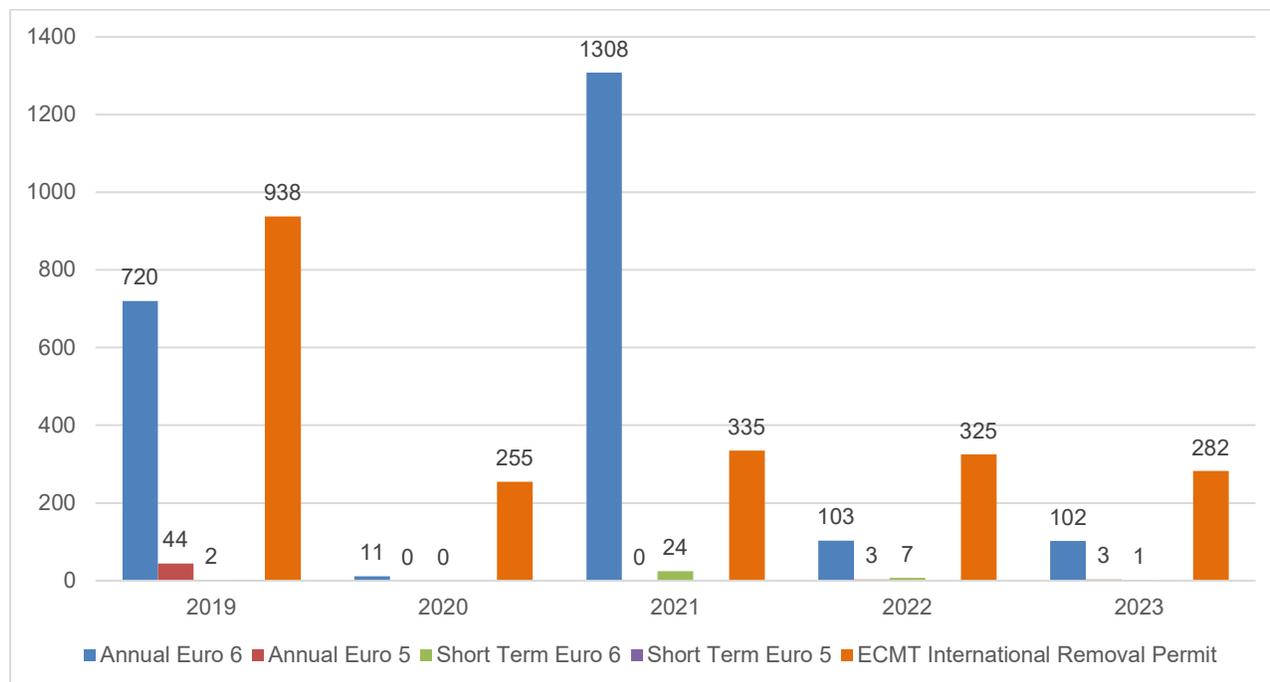
There was some uncertainty around whether a deal would be achieved, and several possible “exit days” so it is unsurprising that industry made plans, including applying for permits to provide certainty. There were plans for temporary unilateral measures between the UK and EU, which could have included the UK relaxing cabotage requirements, or a rise in unaccompanied trailers, which would have been moved by different hauliers on different sides of the border between the UK and EU. However, these plans were never needed.

It is important to note that the removals permit issued under ECMT is not limited in terms of the numbers but is only available for this specific type of transport.

---

of 2023 as the Road Transport Group has decided to discontinue them. The UK permits office also has no record of Euro 4 permits being issued in the period covered by Chart 2.

**Chart 2: UK ECMT Permits Issued 2019 – 2023.**



Note: Data provided by the IRHP.

### International Operator Licences

A key requirement for all UK operators seeking to apply and hold permits and a UK Licence for the Community (UKLFTC), is that they have a standard international Operator licence. Holding this licence allows a UK operator to be automatically issued with a UKLFTC<sup>35</sup>.

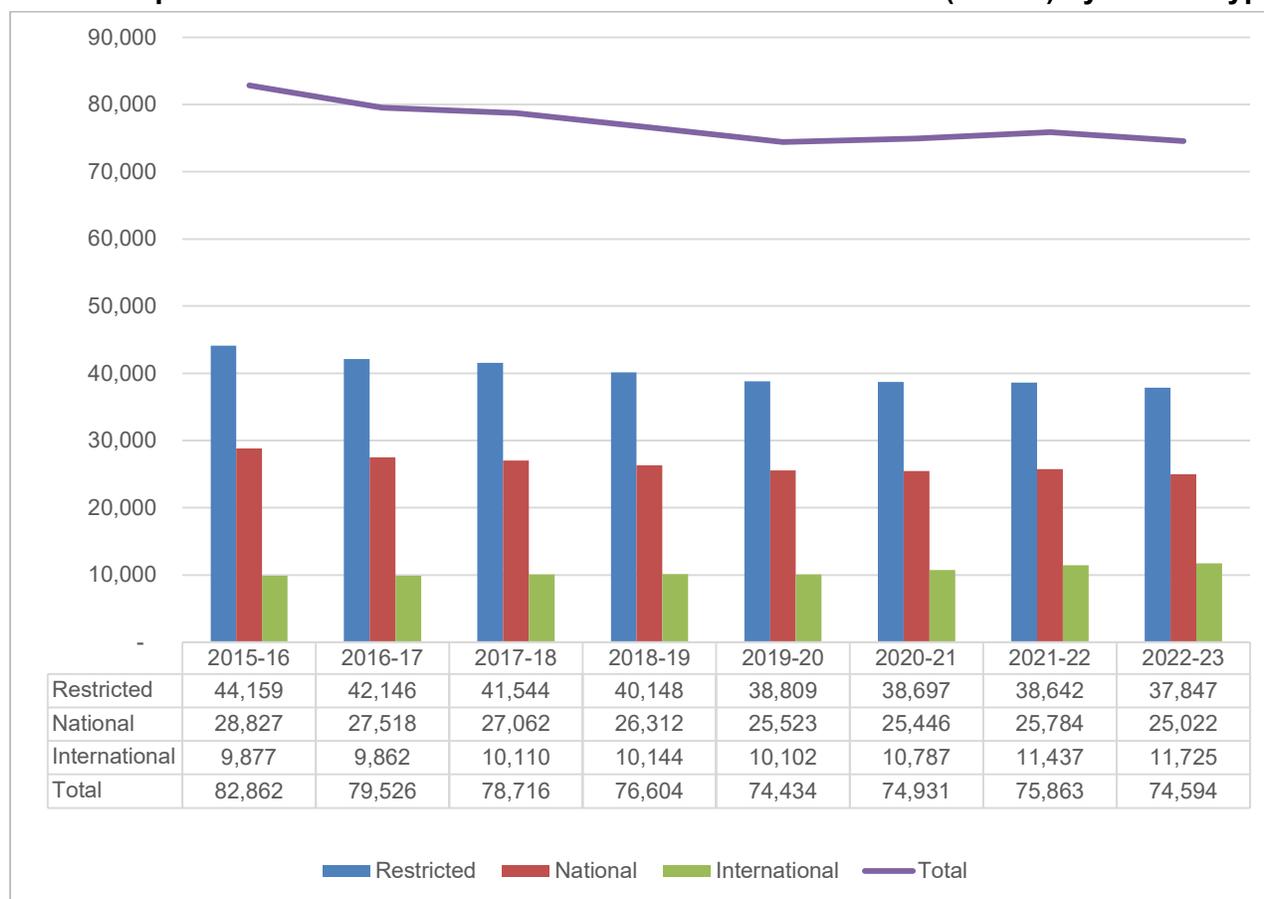
Because of the connection between the standard international operator licences in terms of qualifying for an UKLFTC held by UK operators, this data is being used as a proxy for the number of UK Licence for the Community (UKLFTC) (and its predecessor for UK hauliers, the EU Community Licence, which is still used by hauliers from the EU) that are on issue and can therefore be used each year.

As Chart 3 shows, there has been an increase in the number of holders of international operator licences, against a backdrop of a fall in holders of operator licences generally since 2015-16.

The reason for this is unknown, however it is possible that operators which principally undertake domestic work (for which a standard international operator licence is also valid), may have decided for business reasons to hold a standard international operator licence to offer the flexibility to undertake international work if required.

<sup>35</sup> It is also possible in some circumstances to undertake international transport using a Restricted Operator Licence; however, this is confined to the movement of goods owned by the business moving them ("own account"). For example, a maker of furniture based in Devon, might themselves move chairs they have made to Dieppe in France to deliver to customers directly, rather than contracting and paying a freight company to do this.

**Chart 3: Operator Licences on issue 2015-16 to 2022-23 in the UK (GB+NI) by licence type**



Note: Data taken from the Annual Reports of the Office of the Traffic Commissioner, and reports provided by the Department for Infrastructure in Northern Ireland.

### Permit Applications

The IRHP provides advice relating to the application and use of permits to any operator or business which requests it, for example on questions as to whether permits are needed at all for the movement of certain type of goods, or if permits are required for specific types of transport. These requests are received from operators based in the UK and sometimes from overseas.

The IRHP has stated that records are not available in relation to declined permit applications, although they have commented that it would be unusual for a permit application to be declined, principally as operators applying for permits are usually aware of the eligibility criteria, with any that are unsure raising an enquiry with the IRHP prior to making their application. The eligibility criteria are also published on gov.uk<sup>36</sup>.

### Financial Impact on Businesses Using Permits

Most of the permits issued by the UK have a fee to cover the administrative costs of issuing. These fees range from £123 for a multi-journey ECMT permit with a full 12-month validity, to £8 for a bilateral single journey permit, issued under the agreements with Belarus, Russia, Tunisia, Turkey, and Morocco.

<sup>36</sup> Eligibility requirements for permits: <https://www.gov.uk/guidance/international-authorisations-and-permits-for-road-haulage>

Table 2 below shows the revenue obtained from ECMT permits, and Table 3 the revenue arising from the issuing of bilateral permits. There is no charge for permits issued to Kazakhstan and Serbia.

ECMT annual permits have a graduated fee arrangement, with the cost of reducing through the year as the validity period reduces, permit applications received between January and March attract the full cost of £123, applications received between April and June attract a fee of £93 for the annual permit, July to September £62, and October to December £31. In addition, there is a non-refundable application fee of £10. This application cost has not been factored into the figures in the table below. ECMT also offers removals permits to facilitate the movement of personal and business property; these annual permits cost £18.

The total annual costs to business each year of using the ECMT scheme are in Table 2. For simplicity, the assumption has been made that all annual ECMT permits have been applied for in the period between January and March, and therefore attracted the full £123 fee. This assumption has been made, as no detailed breakdown regarding when permits were applied for is available.

The number of applications and the revenue was clearly affected by both the prospect of the UK leaving the EU without a deal, which can be seen in the spikes in 2019 and 2021, and the impact of the COVID 19 pandemic in 2020.

Fees for ECMT permits are the same, irrespective of which Euro class of permit is applied for.

**Table 2: Revenue from issuing ECMT permits valid in the 43 member countries<sup>37</sup>.**

	Fee	2019	2020	2021	2022	2023	Total
<b>Annual Euro 6</b>	£123	£88,560	£1,353	£160,884	£12,669	£12,546	£276,012
<b>Annual Euro 5</b>	£123	£5,412	£0	£0	£369	£369	£6,150
<b>Short Term Euro 6</b>	£10	£20	£0	£24	£70	£10	£124
<b>Short Term Euro 5</b>	£10	£10	£0	£0	£0	£0	£10
<b>ECMT International Removal Permit</b>	£18	£16,884	£4,590	£6,030	£5,850	£5,076	£38,430
<b>Total</b>		<b>£110,886</b>	<b>£5,943</b>	<b>£166,938</b>	<b>£18,958</b>	<b>£18,001</b>	£320,726

Note: Data provided by the IRHP.

### **Bilateral Permits**

Bilateral Permits can be used for transports between the UK and the other country and vice versa. Depending on the journey being undertaken, permits may need to be “stacked” to create a continuous route of authorisation.

<sup>37</sup> ECMT Permits are multilateral permits valid in the forty-three countries which are part of the ECMT system. These countries are: Albania, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, North Macedonia, Malta, Moldova, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and the UK. The UK also has bilateral agreements, or other arrangements (for example the TCA) which can authorise movements in most of these countries, often without a permit.

**Table 3: Revenue from issuing bilateral permits valid between the UK and the other party to the agreement.**

	Permit Fee	2018	2019	2020	2021	2022	2023	Total
Belarus ~	£8	£1,096	£496	£640	£680	£344	£0	£3,256
Georgia	£8	£72	£208	£560	£744	£416	£320	£2,320
Kazakhstan	£0	£0	£0	£0	£0	£0	£0	
Morocco Single	£8	£4,376	£2,944	£2,144	£1,984	£1,984	£2,464	£15,896
Morocco Multi (15 journeys)	£50	£0	£750	£200	£450	£700	£1,200	£3,300
Morocco Empty Entry	£8	£96	£1,256	£792	£1,056	£736	£1,496	£5,432
Morocco Hors Contingent	£8	£400	£1,000	£632	£800	£216	£800	£3,848
Russia ~	£8	£2,896	£2,008	£848	£872	£440	£0	£32
Serbia	£8	£88	£32	£0	£0	£0	£0	£7,064
Tunisia	£8	£0	£8	£16	£0	£16	£8	£48
Turkey	£8	£504	£776	£616	£160	£328	£624	£3,008
Ukraine	£8	£752	£952	£544	£616	£0	£0	£2,864
<b>Total</b>	-	<b>£10,224</b>	<b>£10,398</b>	<b>£6,992</b>	<b>£7,362</b>	<b>£5,180</b>	<b>£6,912</b>	<b>£47,068</b>

Note: Data provided by IRHP

~ Bilateral Permits have not been exchanged with Russia or Belarus or issued to UK hauliers following the invasion of Ukraine in 2022. No permits were exchanged with these countries in 2023. This situation is anticipated to continue whilst the conflict is ongoing.

### 3. To what extent have the policy objectives been achieved?

The 2018 Regulations regulate the permit schemes effectively, but there has been no need to use the allocation criteria that is provided for in the 2018 Regulations. ECMT and bilateral permits have continued to be issued on a first-come-first-served basis, as there have been no permit shortages, or periods of substantial demand.

The key policy objective of having allocation criteria has been negated as the deal with the EU through the TCA largely removes the risks the 2018 Regulations were intended to deal with.

This means that there has been no need for the powers to manage the permit supply to:

- deal with a potential shortage of permits,
- ensure permits were allocated to businesses that would use the permits most intensively,
- enable the movement of essential goods.

Since the 2018 Regulations were brought into force, the UK has signed the TCA and other bilateral agreements with countries including Switzerland and Azerbaijan. If they were not being repealed and replaced, the 2018 Regulations would need to be amended to account for these new agreements.

#### **Business Impacts**

Impacts to business have been minimised by achieving a satisfactory level of access into the EU through the TCA. The original impact assessment (“IA”) noted that this was a preferred outcome, avoiding the need for hauliers to carry permits for haulage into the EU. In addition,

impacts to business have been minimised by keeping permit fees at a level which merely covers the administrative costs of operating permit schemes, and issuing permits.

Permit applications, for those businesses seeking permits have remained unchanged and there is the same process for all types of permit. As such, there are no familiarisation costs as a result of the change in the 2018 Regulations, and the new agreements. The IRHP provides advice to applicants on the use of permits, or the application requirements when enquiries are raised.

### **Compliance**

In relation to compliance with the 2018 Regulations the Department for Transport is not aware of any significant non-compliance. Due to the nature of haulage permit regimes, failing to have the correct permits and other documentation can lead to the vehicle on an international transport being stopped and fined in-country, or where border procedures are applicable, the vehicle may be turned back and prevented from making the intended transport. This acts as a substantial incentive for operators to have the correct documents prior to travel.

In terms of the assessment of the impacts arising from these regulations, we believe that we have been able to undertake a suitable assessment with the data available, and the long-term impacts are unlikely to be different from those seen to date, in the short-term.

Sign-off for Post Implementation Review: Chief economist/Head of Analysis and Minister

**I have read the PIR, and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.**

Signed: Lexi Keegan on behalf of Chief Economist

Date: 29/01/2024

Signed: Guy Opperman MP, Parliamentary Under Secretary of State

Date: 20/02/2024

## Further information sheet

Please provide additional evidence in subsequent sheets, as required.

### 4. What were the original assumptions?

The original IA<sup>38</sup> stated that the extent of permit schemes would depend on the outcome of negotiations and the resulting detailed design of a permits scheme for haulage to the EU. As a result, the 2018 Regulations were required to accommodate both bilateral permits, where required for transport between the UK and some countries (e.g., Morocco requires a permit to be held) and multilateral ECMT permits used for goods movements into countries including Turkey.

The principal uncertainty in the analysis performed for the 2018 Regulations arose from a lack of information over how haulier behaviour would change because of the UK leaving the EU. It was recognised that substantial long-term disruption was almost certain to arise if the UK left the EU without a deal. This type of disruption would be unprecedented, and it is likely that supply chains would have had to rapidly alter to accommodate an entirely different “new normal” in this situation. For example, UK operators currently undertaking international transports may have been forced out of business, or to relocate from the UK to the EU.

An example of a sector of the haulage industry affected by EU Exit, are specialist operators undertaking music tour and event related haulage, where the restrictions on cabotage limit tours to three venues in the UK when the transport is undertaken by an EU haulier. To mitigate this, the UK has now implemented dual registration to allow these specialist companies to specify foreign registered vehicles on a UK operator licence, which means these vehicles would be treated as domestic vehicles, and not therefore subject to cabotage restrictions. Information on this is published on gov.uk<sup>39</sup>. This issue also affects UK specialist operators working in the EU; however, this is an asymmetric situation as there is no relaxation available to UK operators.

Other possible effects of leaving the EU without a deal, or a limited deal could have included a substantial increase in the movement of unaccompanied trailers, especially on cross channel routes. These trailers would be dropped off on one side e.g., at Calais by an EU operator, and then picked up on the other side by a UK operator before being moved to their final destination. It is also possible that the UK may also have seen larger numbers of non-UK HGVs moving goods into and within the UK to ensure continued supply of essential goods and it is possible the UK may have been forced to unilaterally relax restrictions including cabotage, on a long-term basis.

The original IA considered different scenarios, and the potential effects on the demand for permits. The IA assumed, that the use of permits for haulage beyond the EU would remain at current levels. However, there was uncertainty on how the permit allocation criteria would work in practice, particularly where permits were oversubscribed. It is important to recognise, that there is a lack of good quality data on exactly which international movements of goods use permits, what goods are transported using permits, and how intensively permits

---

<sup>38</sup> The IA is published on legislation.gov.uk: [https://www.legislation.gov.uk/ukia/2018/157/pdfs/ukia\\_20180157\\_en.pdf](https://www.legislation.gov.uk/ukia/2018/157/pdfs/ukia_20180157_en.pdf)

<sup>39</sup> Information of dual registration: <https://www.gov.uk/guidance/dual-registration-for-specialist-events-hauliers>

(particularly annual ECMT permits) are used by operators. As a result of these gaps in the data the original impact assessment IA undertook a qualitative assessment.

Gathering robust data for a quantitative assessment is likely to be difficult and so future assessment in this area is also likely to be qualitative. For example, a haulier may apply for an annual ECMT permit, and could transport an enormous range of goods using that same permit in the course of a year, some of which might be determined as essential and others less so.

It is also recognised that in a high permit demand scenario, hauliers could have applied for and obtained a permit on the basis they were transporting essential goods (or expected to transport essential goods) but could ultimately use the permit to transport non-essential goods.

The permit scheme established by the 2018 Regulations was intended to ensure that the UK was ready to continue international road haulage irrespective of the outcome of the negotiations (which were underway at the time the regulations were drafted) providing certainty to businesses that conduct and rely on road haulage.

The 2018 Regulations established a system for the robust allocation and issue of permits and were designed to be able to deal equally with ECMT multilateral permits and existing bilateral arrangements.

Amendments to these regulations would also have allowed the Government to implement the outcome of a deal with the EU (in whatever form that would take) and by structuring the regulations in this way, offered certainty the haulage industry of the UK's ability to smoothly implement the terms of a deal covering the transport of goods by road.

The 2018 Regulations also mitigated the risk that the UK would leave the EU without the powers to implement a permit scheme for road haulage (if required), which would have presented significant cost to businesses and individuals in the UK.

**Competition Assessment** was conducted as part of the impact assessment IA for the 2018 Regulations and analysed the potential impact of permit allocation in a scenario where demand exceeded supply, which would have arisen in no-deal scenarios. The TCA prevented this happening.

This assessment highlighted that businesses granted permits would have a competitive advantage as they would have certainty, they would be able to undertake for international haulage throughout a calendar year (or the validity of the permit). This advantage could potentially lead to businesses which were unsuccessful at being allocated permits facing closure.

The assessment acknowledged that any permit-issuing scheme facing supply-demand disparities inherently favours permit holders, reducing competition. Such a system creates barriers for new entrants or those without prior, or relevant international haulage history, thereby increasing entry costs. Moreover, it limits the ability of businesses and consumers to continue using their existing suppliers and could have had an adverse impact on competition between business, potentially pushing prices up.

However, it is important to note that these potential adverse competition impacts were mitigated due to the TCA.

**Environmental standard of the vehicle**, where permits could be restricted to those operating the most environmentally friendly Euro 6 class vehicles, the allocation of permits would favour businesses with these newer vehicle types, which may have been larger operators with greater financial power, giving them the ability to buy or lease these vehicles.

The impact assessment IA however stated that there was no data available regarding the Euro class of HGVs used to operate road haulage, and whether some businesses or sectors might be substantially adversely affected.

A further possible consequence is that greener cleaner vehicles could have become concentrated in international work, leaving relatively older, more polluting vehicles doing work domestically.

**Intensity of use** would reward operators who could demonstrate (perhaps through contracts) they would be using the permits they received as much as possible. This could disadvantage smaller specialist operators which would expect to make relatively fewer trips.

**Sectoral Split**: this would try to ensure that permits were allocated to hauliers based on the amount of goods moved in that sector. However, these operators would not have been restricted to goods from that sector. This might open the possibility of fraud where an operator might claim to move goods from one sector but would make the majority of their movements using the permit allocated for this, to carry other types of goods.

**Proportion of international movements** would be considered to ensure that businesses which primarily undertake this work, could continue to do so, providing some certainty.

## **5. Were there any unintended consequences?**

These regulations and the allocation criteria have not been required or used to distribute permits as the UK negotiated a workable agreement with the EU which meant that haulage businesses of all sizes, and in all sectors were not solely reliant on access provided by bilateral or multilateral permits into the EU. As a result, it has not been possible to identify unintended consequences arising from the legislation.

## **6. Has the evidence identified any opportunities for reducing the burden on business?**

There is no particular evidence indicating it is possible to reduce the impact on business.

As noted in the main section of this PIR on the 2018 Regulations, the UK's current permit regime presents a relatively low burden to business. In almost all cases there have been sufficient permits to fulfil potential demand requirements, due to the fact that the UK has access into the EU using the UKLFTC via the TCA.

Businesses that seek permits to undertake work outside of the EU, or provisions included in the TCA therefore should be confident that they will continue to be able to obtain these permits, authorising journeys as and when they require them.

In addition, the financial burden placed on businesses through fees, is limited as permit fees have been kept at a level which solely covers the administration cost of issuing permits. As a result, there are limits to what more can be done to further reduce business burden.

### **Small and Medium Enterprises (SMEs)**

The original impact assessment IA states that the “road haulage sector is largely made up of small and medium sized businesses, with international activity making up 4% of the sector’s total activity”. Permit scheme requirements are specified in international agreements and therefore it is not possible to exempt SMEs from the requirement to hold a permit when making a relevant trip outside of the UK.

The permit allocation criteria were made clear in the 2018 Regulations and were designed in such a way to ensure that as far as possible, businesses of all sizes would have had certainty that they would have been able to obtain permits if the criteria needed to be used. In particular, the use of the random selection criteria assists with this.

### **Potential advantages of non-SME haulage businesses**

However, there are potential areas where larger businesses may have obtained an advantage in the permit allocation criteria, these are:

- **Familiarisation costs**, since the time-costs to understand the requirements would be divided across more vehicles and movements of those vehicles.
- **Environmental emissions**, as these businesses are more likely to be able to afford newer, more efficient vehicles. In a high permit demand scenario, ECMT permits valid for Euro 6 vehicles would probably have formed the whole of the UK allocation, to ensure that the maximum number of permits could be available to UK operators.
- **Intensity of use criteria** could have favoured operators with larger numbers of drivers and vehicles which would be able to demonstrate a higher number of trips overall. However, this was considered and in mitigation, the number of journeys *per permit* was intended to be used to avoid disadvantaging SMEs.

Because these advantages are inherent in the use of permits for international haulage, it is not possible to mitigate them to specifically benefit SMEs, or to reduce the impact on SMEs.

However, by charging fees application and permit fees, large operators, issued with more permits would make more applications and would therefore pay more in fees, in line with the overall revenue that their business makes.

## **7. How does the UK approach compare with the implementation of similar measures internationally, including how EU member states implemented EU requirements that are comparable or now form part of retained EU law, or how other countries have implemented international agreements?**

EU member states are all (with the exception of Cyprus) members of the ECMT Multilateral Quota. EU countries use ECMT permits to transport goods into areas outside of the EU and

EEA, for example to Serbia, Turkey, or Ukraine. EU countries will also, like the UK, have bilateral agreements covering road transport with other countries.

There is substantial competition in the international haulage market, particularly in terms of EU countries with a lower cost base, for example Bulgaria, Romania, and Poland which undertake a large amount of international haulage within the EU, including cabotage.

The TCA gave UK operators a lower level of cabotage rights than had been enjoyed by the UK haulage industry when the UK was an EU member, dropping the number of cabotage journeys from three, to two. The UK reciprocated this, making legislative changes in The Drivers' Hours, Tachographs, International Road Haulage and Licensing of Operators (Amendment) Regulations 2022 ("2022a Regulations") that came into effect on 24 December 2022<sup>40</sup>.

These regulations removed:

- the right of EU operators to undertake cabotage when entering the UK unladen,
- the rights for EU operators to undertake combined transport which is the movement of goods in the same loading unit by road and rail, within the UK. (The cross-channel trip via ferry, or Eurotunnel does not count as combined transport).
- the rights of EU operators to undertake triangular traffic, moving goods between the UK and non-EU member states e.g., between the UK and Serbia, or the UK and Norway using their community licence. EU Operators who wish to make these movements must now also carry an ECMT permit.

This final element of the regulations created some pushback at an official level from the Polish and Romanian governments, but because the EU has reserved competence in this area, a bilateral agreement to offer these additional rights to these specific countries is not possible. The UK could offer rights to all EU operators, but this would defect the purpose of the 2022a regulations.

---

<sup>40</sup> The 2022a Regulations: <https://www.legislation.gov.uk/uksi/2022/1260/contents/made>

## Road freight transport after EU exit: possible arrangements

Department for Transport

RPC rating: **fit for purpose**

### Description of proposal

This IA covers secondary legislation following the Haulage Permit and Trailer Registration Act 2018. The legislation:

- (a) Allows existing permitting arrangements for international haulage to continue when the UK leaves the EU;
- (b) Defines criteria for issuing permits, should a limited supply of permits be over-subscribed; and
- (c) puts in place the necessary framework to deliver permit arrangements for road haulage both to and beyond the EU (if this is needed as a result of exit negotiations) but does not define those arrangements.

Accordingly, the present assessment examines the impacts of maintaining the existing permit frameworks and of managing the UK's bilateral arrangements beyond the EU, but does not examine the impact of putting in place a framework to replace the current system for accessing the EU for UK hauliers.

The criteria for issuing permits where demand exceeds supply are:

- (a) Permits will be issued only to vehicles that meet specific environmental standards;
- (b) Minimum numbers of permits will be allocated across sectors;
- (c) Within these constraints, permits will be allocated randomly<sup>1</sup>, on the basis that:
  - a. The probability of receiving a permit will increase with the number of international journeys per permit made by the haulier (to encourage most efficient use of permits);

---

<sup>1</sup> An application will get a score based on the criteria that applies to all the permits within the application. *For each individual permit*, this score is then multiplied by a random factor so that each permit now has a different score. This means that those meeting the criteria are prioritised and permits are spread among a larger number of applicants; high scoring applicants are likely to get many of the permits they apply for, but not all.

- b. The probability of receiving a permit will increase with the proportion of the haulier's business that is based on international transport (to support hauliers who are more dependent on international transport);
- (d) The Secretary of State will have discretion to award a small number of permits in cases of emergency or special need.

## Impacts of proposal

The Department argues that the direct costs of the scheme are limited to administrative costs associated with the permit scheme, and estimates administrative costs in three scenarios with different levels of demand for permits.

It also describes (but does not monetise) indirect costs as a result of an under-supply of permits in some scenarios, and briefly discusses impacts of supply chain disruption in these scenarios.

**Familiarisation costs:** The Department estimates familiarisation costs of £28 per operator for each of the two possible permit schemes, based on its experience of changes to other permitting schemes and on ASHE data with standard non-wage uplifts. It assumes that operators who do not apply for permits will not have to familiarise themselves with the scheme; given the specific nature of the scheme, this assumption seems reasonable. On this basis, it expects total one-off familiarisation costs to be between £6,500 and £230,000.

**Costs of application:** The Department assumes that applying for a set of permits will take around an hour, and that an operator will apply for all the permits it needs in a given year in a single application. It also assumes that the cost of a permit will be £133, as at present. On this basis, and using ASHE data with standard non-wage uplifts, it expects total application costs to be between £160,000 and £950,000 per annum. It explains that the cost of a permit is unlikely to change, given the detail of EU regulations, and that it has estimated an application time of one hour based on other permitting schemes.

**Costs to government:** The Department estimates the costs of establishing a permit scheme at £4.7 million, based on estimates supplied to the DVSA by possible contractors. It notes that these costs will be met by Government, rather than being passed through to businesses. It also notes that in the high-demand scenarios, there will be additional ongoing processing costs, which it expects will be passed to operators. It does not estimate these.

**Benefits:** The Department argues that there will be benefits to hauliers in any scenario, as a result of increased certainty around access to international markets (once the allocation of permits is known). It does not attempt to estimate these benefits, but provides some supporting evidence based on its consultation.

### Quality of submission

As originally submitted, this impact assessment was not fit for purpose; following the RPC's Initial Review Notice, the revised assessment is fit for purpose.

The Department describes its proposed approach clearly, and provides a brief summary of its reasons for selecting the framework of criteria set out in the legislation and rejecting other criteria on which it has consulted

It has provided monetised estimates of some of the direct costs to business of the scheme, and argues on the basis of these that the measure is non-qualifying on the grounds that it is de minimis. It does not monetise the costs to business of not being able to obtain permits in the case where demand exceeds supply, on the grounds that it does not have sufficient data to do so, but does briefly describe these costs and the subsequent indirect impacts on other firms as a result of supply chain disruption. The RPC expects that these costs will be properly assessed in due course, when the results of EU exit negotiations are known.

The Department provides a Small and Micro Business Assessment (SaMBA), which sets out possible impacts on small and micro businesses; it also notes that some of its selected criteria may have disproportionate impacts on small and micro businesses, and discusses how the criteria have been chosen to balance impacts on different groups of businesses including providing help to small businesses. It does not, however, discuss how it might mitigate the impacts of its chosen approach on small businesses.

Similarly, it provides a limited competition assessment, noting that in the case where demand exceeds supply the criteria it has chosen to apply will have impacts on the ability of some operators – including smaller operators – to compete. It notes in particular that the scheme may create barriers to entry in future years, and states that it will review the criteria after the first year of operation with a view to reducing this risk.

Overall, the assessment is fit for the purposes of the business impact target, but would ideally have provided clearer and more detailed analysis of the impacts of the scheme, including the impacts of the chosen criteria in the case where demand for

permits exceeds supply and a discussion of the degree to which the scheme delivers a close approximation of an economically efficient allocation.

Should a permit regime be required for haulage to and within the EU, the RPC expects to see a proper set of estimates of the costs and benefits of the scheme, including market, efficiency and competition impacts.

#### Departmental assessment

Classification	Non-qualifying: de minimis
----------------	----------------------------

#### RPC assessment

Classification	Non-qualifying: EU Exit
Small and micro business assessment	Sufficient at this stage
RPC rating (of initial submission)	Not fit for purpose

#### Regulatory Policy Committee