

**Briefing for Secretary of State for Northern Ireland: 31 March 2020**

Headline points:

- a. The transport connectivity of Northern Ireland to Great Britain has already diminished and we expect it to deteriorate further in the coming days.
- b. Aviation links have been worst hit; we expect major reductions in maritime connections as operators switch off non-profitable routes.
- c. DfT is working rapidly on potential solutions as part of a wider dialogue across government on how best to intervene to support failing air and sea connections.
- d. The NIO and NICS are plugged into DfT's Freight Taskforce – senior officials are meeting tomorrow to accelerate efforts and coordination.
- e. We are also working on the RoI dimension. We are well aware of the key supply chain interlinkages and RoI Ministers and officials have already sought to engage with us directly.

Operational situation

2. DfT officials are in daily contact with Irish Sea shipping and port operators. A **significant reduction in freight volumes** against the previous week is being reported as UK and IE lockdowns take effect and non-food high street retail collapses. Further drops are expected as construction and other sectors reduce. Ferry companies are reviewing schedules and costs and are likely to make service reductions to reflect this drop off in demand.
3. Ports and ferry operators report that staff absences have stabilised and are currently sustainable although risks identified in specialist areas such as pilotage. Issue is demand not ability to meet that demand. Operators have a mixed passenger and freight model so the complete drop-off in passenger volumes has a **direct impact on viability** of services.
4. **Air passenger flows have collapsed.** Belfast International Airport ceased passenger flights on 29 March. Freight and mail services are operating as usual but we are monitoring the critical ground handling operations where there are strong signs of financial distress. Belfast City continues to operate one flight per day to London. We believe that air freight volumes at BC and City of Derry Airport are minimal but are seeking clarification. The only flight still operating at City of Derry is a Public Service Obligation (PSO) flight operated by Loganair into Southend. We understand that the airport has written to the NI Minister for Finance to seek government intervention. As of 30/03, scheduled flights from the UK to ROI are down 68% compared to original schedules for the period 1st April – 2nd May. We do not yet have data on how this is impacting cargo.

Financial Support

5. For mainland Europe and NI, the four major ferry companies are now operating at a loss on all their routes. Specialist Irish Sea operators are starting to report the same issues, having originally reported a spike in trade. This is leading to **material changes to service patterns**. For example, P&O has taken out 2 of its

15 ships so far and furloughed 1100 workers focussed on its passenger services. Stena is expected to act tomorrow ie 1 April. We are further engaging with them tonight, especially on Irish Sea routes.

6. DfT has appointed financial consultants to support our **direct engagement with the operators on their financial position and future requirement**. We are prioritising those operators with pressing financial needs and have a key role to play in the maintenance of lifeline routes, the short Straits and the Irish sea.
7. HM Treasury will only consider the case for further intervention if the economy wide measures do not work and if it is **based on a minimum service level** required for critical goods rather than pre-COVID levels of service.

#### Mitigations Package

8. In addition to the work with ferry operators on financial support, DfT is also developing a comprehensive list of potential mitigations focused on critical goods on critical routes which could be implemented if the situation deteriorates. All of this thinking is being done with **potential for application to Irish Sea routes**.
9. We are continuing with operator engagement and coordination, diplomatic engagement to support freight, particularly with the EU, and reducing regulatory burdens on the freight sector. **Potential further mitigations** in development include supporting brokerage to ensure efficient use of capacity; using an existing procurement framework to secure additional rail, air and maritime ro-ro capacity; and potential emergency legislation to provide powers for HMG to require freight operators to provide capacity or provide HMG with step-in rights to maintain capacity across critical routes for critical goods.

#### Background on DfT's Freight Taskforce

10. The cross-government Freight Taskforce aims to coordinate government's Covid-19 response for the freight sector and supply chains. The Taskforce is working domestically and internationally to **maintain the UK's freight network and to secure critical supply chains**. It is ensuring that the requirements of the freight sector are fully represented in Government Covid-19 response decision taking.
11. The Taskforce reports mainly into GPS-MIG. Department for Transport leads, with all key departments involved. **NIO and NICS have full access** to the work.
12. We are obtaining **regular supply and demand side intelligence and data from operators across all freight modes and for all parts of the UK** on the situation across the freight network and from the users of critical goods through DHSC, DEFRA and BEIS, and by extension the devolved administrations.

#### Republic of Ireland

13. We are well-familiar with the **criticality of Ireland's ports to NI supply chains**. There is also a wider stability and diplomatic imperative given Ireland's reliance on the UK as a land bridge to the continent. The Transport Secretary spoke with his opposite number last week and agreed to work together; DfT officials have also been approached by their RoI counterparts with a view to opening (tentative) discussions on respective views of the situation tomorrow.