



The Association of  
Pallet Networks

Association of Pallet Networks

Westfill Road  
Fradley Park  
Lichfield  
WS13 8NG

Email: [chairman@theapn.co.uk](mailto:chairman@theapn.co.uk)

The Rt Hon Mr Rishi Sunak MP  
The Rt Hon Mr Grant Shapps MP  
House of Commons  
London  
SW1A 0AA

March 15 2022

Dear Mr Sunak and Mr Shapps

Re: The necessary suspension of VAT and the freezing of fuel duty for the urgent relief of the haulage sector.

The Association of Pallet Networks (APN) represents the UK's eight pallet network businesses, which in turn have 800 haulier members throughout the UK. As I am sure you are both aware the logistics industry is essential to the functioning of our economy and our way of life, and our industry proved itself resilient, adaptable and dedicated throughout the past two very challenging years. We trust you will recall the professionalism and sense of duty we brought to working throughout the pandemic so that the UK population could benefit from supplies such vaccines, hospital beds, food and PPE.

Equally we hope you will recall this when we tell you that the industry faces grave danger from the current spiralling fuel costs, which have risen almost 40% over the past 12 months and 10% this year alone. We all know that current instability certainly means that fuel prices will continue to rise.

Fuel is at least one-third of haulage's total costs. Hauliers will have no choice but to pass on these price increases or fail. This will have a strong inflationary effect on the price of goods, when our economy is already in danger of faltering.

We ask that you freeze fuel duty so as not to add to the burden to hauliers, and also to discount or preferably pause VAT on fuel for hauliers. This will not save them money directly, as they are net contributors in VAT terms. However, it will ease their cashflow and make their financial stability more likely.

It will also, crucially, lower the prices they must pass onto freight customers, and thence to the general public.

The logistics industry is as you know, already suffering huge inflationary pressures and diminishing margins. Vehicles are considerably more expensive since Brexit, and since the semi-conductor shortage which has increased lead times to a year.

The driver shortage has created 18% average wage inflation in the sector, and also robbed the industry of many planners, trainers and warehouse workers who have switched to driving. Moreover

haulage businesses have had no choice but to absorb much higher training and licence acquisition costs as they struggle to maintain a functional workforce.

The government has recently given VAT discounts to other sectors to help ensure their post-COVID recovery, as with the hospitality and attractions sectors. We would ask that you do the same for logistics in order to ensure our continued viability.

We appreciate that fuel duty is one mechanism to encourage decarbonisation and that is a goal we support and applaud. However, while car and van owners can choose low carbon alternatives, that option is not yet available to most of the haulage industry. Hence fuel duty is not a spur to change, but a penalty.

The logistics industry is not only a vibrant economic sector in its own right, contributing £72.3 billion GVA to our economy in 2021, but it also underpins the functioning of almost every other sector. Without the efficient movement of goods, our economy does not function. We already have too little domestic capacity and we cannot afford to lose more haulage companies to harsh economic conditions.

We trust you will give this your best consideration.

Thanks you for your time.

Your sincerely



Paul Sanders  
Chairman  
The Association of Pallet Networks



Rob Gittins  
Managing Director  
Palletways



Kevin Buchanan  
Group CEO  
Pallex Group



Graham Leitch  
Group Managing Director  
Palletline Group



Caroline Green MBE  
Chief Executive  
Pallet - Track



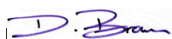
Mark Kendall  
Managing Director  
The Pallet Network



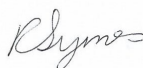
Mark Tapper  
COO  
Palletforce



Barrie Byers  
Managing Director  
Fortec



David Brown  
Managing Director  
UPN



Robert Symes  
Managing Director  
Hazchem