

Department for Business, Innovation and Skills
1 Victoria Street
London
SW1H 0ET

31st July 2013

Freightliner Group Limited
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Dear Sir/Madam

CALL FOR EVIDENCE ON THE GOVERNMENT'S REVIEW OF THE BALANCE OF COMPETENCES BETWEEN THE UNITED KINGDOM AND EUROPEAN UNION - TRADE AND INVESTMENT

We are writing to you in response to the consultation issued by the Department for Business, Innovation and Skills (BIS) concerning the Government's review of competences between the UK and EU. This is the formal response of Freightliner Group - representing Freightliner Limited and Freightliner Heavy Haul Limited.

Freightliner is a logistics operator specialising in rail, currently moving 79% of all deep sea containers that are moved by rail in the UK, as well as over 20 million tonnes of bulk goods by rail each year. As well as operating in the UK, Freightliner also has subsidiary operations in Poland and Germany, moving bulk products, as well as a recently acquired intermodal operation (ERS Railways), based in Holland.

Freightliner has a specific concern relating to the impact on UK businesses of a proposed overhaul of the European Pensions Directive. Under the proposals, the European Insurance and Occupational Pensions Authority (EIOPA) has proposed the European Commission adapt Solvency II capital rules, which would effectively force final salary pension funds to hold large cash reserves, depending on their liabilities, to insure against future risks to their businesses.

Although the Commission has decided not to include the Solvency II rules for now, a risk remains that something similar will be enforced given the overall objective of the commission to improve the governance and transparency of occupational pension funds.

As an employer that retains a final salary pension fund, Freightliner remains deeply concerned by the impacts of these proposals, given that it has been estimated that the cost to private UK businesses would be £450bn. Compliance with these directives would simply be unsustainable and would more than likely lead to the closure of these types of schemes and furthermore an undermining to the competitiveness of businesses as they would be forced to cut investment in other areas in order to cover these additional costs.

Whilst Freightliner agrees with the overall aspiration to improve the transparency of pension funds, it is vital that the EU recognises that it is difficult to develop a policy that deals with the range of different pension funds across member states in a fair and non-discriminatory manner.

If you require any further input from Freightliner or require any clarification relating to the points raised please let me know.

Yours sincerely

Rail Industry Manager
Freightliner Group Limited