The Impact of the Windsor Framework on Northern Ireland Businesses – Maureen O'Reilly

Summary Findings

This report provides an assessment of how the Windsor Framework is shaping the operating environment for Northern Ireland businesses. The Framework sits within the wider context of the United Kingdom's exit from the European Union, which fundamentally reshaped Northern Ireland's trading arrangements and continues to influence every aspect of how goods move, how rules apply and how businesses plan. Drawing on in-depth interviews, sector consultations, logistics specialists and survey evidence across the business community, the research shows that while the Framework has brought greater stability compared with the earliest post-Brexit arrangements, stability has not yet translated into simplicity.

Businesses describe a trading environment that is more predictable than before but still marked by cumulative regulatory and compliance demands. Many face the challenge of managing parallel UK and EU rulebooks that diverge at pace, with limited clarity on how new requirements, including Import Control System 2, the General Product Safety Regulation, the Carbon Border Adjustment Mechanism and the European Union Deforestation Regulation, apply in Northern Ireland. These changes are not unmanageable individually, but the combined effect is a steady increase in time, cost and operational risk.

Supply-chain pressures remain among the most significant constraints. GB suppliers continue to raise minimum orders, add administrative surcharges or withdraw from supplying Northern Ireland entirely. This has pushed many firms to shift sourcing to Ireland or the wider EU, often at greater cost, simply because the administrative pathway is more predictable. Logistics and parcel operators report ongoing challenges with mixed consignments, rising handling fees and inconsistent data requirements, affecting both delivery times and competitiveness.

Despite these pressures, Northern Ireland businesses continue to adapt. Some SPS processes are becoming more settled, engagement with government departments has strengthened and a small number of firms are beginning to leverage dual market access as a strategic advantage. However, the burden of adaptation remains substantial and uneven: larger firms absorb compliance through internal teams, while smaller firms face opportunity cost, reduced agility and increased management load. Innovation-led companies face additional uncertainty linked to dual subsidy-control rules, which can limit access to UK-wide programmes and delay investment decisions.

Overall, the evidence shows a business base that is resilient and willing to adapt but still constrained by administrative complexity and emerging regulatory divergence. Stability has improved, but the operating environment remains demanding, resource-intensive and, for many, increasingly difficult to sustain. As one business put it, *'We're not asking for advantage, we're just asking for a level playing field.'*

1. Introduction

This publication provides a comprehensive, real-time assessment of how the Windsor Framework is affecting businesses across Northern Ireland. It brings together evidence from detailed interviews, business consultations, case studies, trade specialists, and sector representatives, alongside survey data from the Northern Ireland Chamber of Commerce Quarterly Economic Survey, the Enterprise Northern Ireland Barometer, the InterTradeIreland All-Island Business Monitor and the Northern Ireland Trade Survey[1].

Businesses repeatedly noted that the Windsor Framework has delivered stability when compared with the volatility of previous arrangements. However, stability has not equated to simplicity. Many firms continue to operate in an environment characterised by complexity, frequent updates, and parallel UK–EU requirements that evolve at pace. As one business summed up, *"It feels more settled, but it's still far from straightforward."*

The research reveals a mixed picture: administrative burdens remain high, operational challenges persist, GB supplier behaviour is inconsistent, and regulatory divergence continues to grow. At the same time, some firms are beginning to benefit from dual market access, improved predictability in certain processes, and stronger engagement from government departments.

This publication focuses on the practical reality for businesses, that is, where systems are working, where they are not, and what changes could enhance certainty and competitiveness for Northern Ireland's economy.

2. The Evolving Operating Environment

2.1 Stability with Ongoing Complexity

Businesses broadly accept that the Windsor Framework represents a more stable foundation than the Northern Ireland Protocol, yet they emphasise that day-to-day implementation remains demanding. One manufacturer described the shift as *"less chaos, more complexity."* Rules relating to customs, sanitary and phytosanitary (SPS) requirements, labelling, parcel movements and mixed sourcing continue to change as the Framework beds in.

[1] We are grateful to NI Chamber of Commerce, EnterpriseNI and InterTradeIreland for access to their surveys.

The fast pace of regulatory updates, combined with limited guidance and evolving system requirements, leaves many firms feeling they are in a permanent state of transition. SMEs are particularly exposed, as they lack the specialist resources and internal capacity required to process updates, retrain staff, and adapt internal systems.

2.2 Dual Market Access — Opportunities and Operational Limits

Dual access to the United Kingdom internal market and the European Union single market is widely recognised as a valuable strategic asset. Some firms, particularly those already exporting to the EU or working within tightly regulated sectors, are beginning to exploit the advantages of frictionless access.

However, the overwhelming feedback is that the benefits are heavily constrained by administrative realities. As one business observed, *"Dual access is great, but the hurdles to get there aren't small."* Many businesses reliant on supply chains originating in Great Britain find the administrative hurdles dampen the practical value of dual access.

2.3 Implementation Schemes and Business Confidence

The United Kingdom Internal Market Scheme (UKIMS), Retail Movement Scheme (RMS), Not at Risk criteria, Trader Support Service (TSS), Border Operating Model, and Duty Reimbursement Scheme have all helped address early frictions, but uptake remains uneven.

Businesses frequently reported confusion about how the schemes interact, which products qualify, and what documentation is required. The most consistent comment across consultations was that *"guidance changes faster than we can implement it."*

Confidence in the Framework is strongly influenced by supplier behaviour. When GB suppliers opt out, set higher minimum orders, or add administrative fees, it erodes NI firms' ability to operate as part of the UK internal market.

Against this backdrop, businesses highlighted a series of cross-cutting impacts that affect firms regardless of size or sector.

3. Cross-Cutting Business Impacts

3.1 Great Britain Supplier Disengagement

A dominant theme across all sectors was withdrawal or reduced engagement from GB suppliers. Businesses reported:

- suppliers refusing to ship to Northern Ireland
- administrative fees charged specifically for NI
- higher minimum order thresholds
- NI orders being diverted through "international" platforms

One retailer summarised the experience bluntly: *"We're still part of the UK, but some GB suppliers behave as if we're not."*

This disengagement has real economic implications. It reduces choice, increases cost, and undermines competitiveness, particularly for small firms reliant on frequent, low-value orders. Some NI businesses have shifted sourcing to Ireland or mainland Europe despite higher costs, simply because the administrative pathway is more predictable.

3.2 Compliance Burdens and Administrative Overheads

Firms reported persistent administrative duplication across systems such as TSS, Goods Vehicle Movement Service (GVMS), and various certification processes. The biggest challenges include:

- repeated data entry
- inconsistency across government guidance
- uncertainty about documentary audits
- unclear classification rules for blended or mixed products
- delays arising from small errors in paperwork

One manufacturer explained, *"We're spending more time on documentation than production."*

Administrative complexity is not limited to large consignments; it disproportionately affects smaller shipments, samples, and returns. Several firms noted that the cost of compliance for low-value goods is often higher than the margin on the sale.

3.3 Logistics and Parcel Pressures

Logistics operators experience the Framework at the coalface, and their feedback was among the most detailed. Operators highlighted inconsistent Entry Summary Declaration requirements, increased data-gathering burdens, delays in mixed consignments, and rising haulage and warehousing costs.

Some hauliers have shifted to Dublin routes to simplify operations. As one operator put it, *"Customers ask for Dublin because it's predictable — that's not the direction we thought we'd be going."* This has broader implications for NI's trade patterns and investment in ports.

Parcel movements remain a major source of frustration. Fast-parcel operator charges, administrative uplifts and handling fees are often disproportionate to the value of the goods. SMEs relying on couriered goods reported weekly delays and unpredictable costs.

3.4 Regulatory Divergence and Exposure to New Regimes

Regulatory divergence between the United Kingdom and European Union is increasingly shaping business decisions. Northern Ireland's early exposure to regimes such as Import Control System 2 (ICS2), the General Product Safety Regulation (GPSR), the Carbon Border Adjustment Mechanism (CBAM) and the European Union Deforestation Regulation (EUDR) places compliance burdens on firms before their Great Britain competitors face equivalent requirements.

Businesses consistently described divergence as *"a slow drift that adds up."* SMEs were especially concerned about the volume of future regulatory obligations and the limited time available to prepare for changes.

4. Sector-Specific Experiences

4.1 Manufacturing

Manufacturers reported the broadest range of issues: SPS delays, mixed-origin ingredient challenges, inconsistent commodity codes, and rising haulage costs. "Not for EU" labelling requirements have introduced additional complexity for firms with blended supply chains or split-market product lines.

Case Study: NI Food Manufacturer
This food manufacturer relies heavily on mixed-origin ingredients sourced from Great Britain. Under the Windsor Framework, these goods now require multiple layers of documentation and checks, even when the finished goods remain entirely within Northern Ireland. The firm has been forced to create separate stock-keeping units for NI-only goods and dual-market goods, adding warehouse complexity and cost. Managers noted that *"a single documentation error can hold an entire shipment,"* creating pressure on tight delivery schedules.

4.2 Retail and Wholesale

Retailers face delays in stock deliveries, difficulties with barcode and stock-coding systems, and uncertainty in classification rules under the Retail Movement Scheme. Some GB suppliers either misunderstand the rules or decline to engage with them, leaving NI retailers to manage compliance themselves.

One retailer remarked, *"The paperwork comes before the product."*

Larger retailers have absorbed these costs through dedicated compliance teams, while smaller retailers often shoulder them directly, reducing time for growth, customer service and innovation.

4.3 Logistics and Transport

The logistics sector continues to face sustained pressure as it adapts to an evolving system. Operators reported variable requirements across HMRC, the Department of Agriculture, Environment and Rural Affairs (DAERA), and commercial platforms. Mixed consignments (groupage) remain administratively challenging, often requiring repacking or additional certification. Some operators have restructured their routes, altered fleet utilisation, or adjusted pricing to manage workloads.

Case Study: Haulage Operator Facing Trade-Defence Duties

A haulier reported unexpected cases where goods routed through Northern Ireland were subject to European Union trade-defence measures, including anti-dumping duties. In such situations, customers were unable to rely on Not at Risk exemptions, leading to unplanned costs and delays. The operator explained that although these cases are infrequent, they undermine customer confidence: *"Once a customer gets hit with a charge they didn't expect, they think twice about routing through NI again."*

4.4 Innovation and Advanced Technology

Innovation-led firms face additional hurdles because of Northern Ireland's unique position under dual subsidy-control rules. Uncertainty about how UK-wide schemes apply in NI has resulted in delays and reduced eligibility. This challenge is illustrated in the following case study.

Case Study: High-Growth Deep Tech Firm

This Northern Ireland deep tech firm sought to participate in a UK-wide innovation programme, but administrators were unsure how to interpret EU state-aid rules for NI applicants. As a result, the company experienced significant delays and ultimately lost access to funding that would have been available to a GB-based equivalent. Senior leadership described the impact succinctly: *"The rules don't say no but the uncertainty says no for them."* This uncertainty has forced the business to divert resources from innovation to compliance, undermining its competitive edge.

The experience of this deep-tech manufacturer illustrates how, even where firms have the capability to adapt, the cumulative administrative load continues to absorb time, cost and strategic focus.

5. Emerging Regulatory Risks

Northern Ireland businesses are experiencing a succession of new regulatory requirements from both the United Kingdom and the European Union. While many of these changes apply across the UK, firms repeatedly emphasised that Northern Ireland is often exposed **earlier**, or **more intensively**, due to its unique regulatory position. This "front-loaded" exposure creates planning pressure, particularly for SMEs.

5.1 Import Control System 2 (ICS2)

The EU's Import Control System 2 (ICS2) introduces more detailed pre-arrival data requirements, including enhanced information on consignments, consignors and goods descriptions. For GB–NI movements, this means operators must gather data from GB suppliers who may not be aware of their obligations. Businesses stressed that *"ICS2 won't work unless GB suppliers understand NI rules,"* and many felt this understanding remains low.

5.2 General Product Safety Regulation (GPSR)

The upcoming General Product Safety Regulation will introduce wider and stricter obligations for importers and distributors of consumer products. For NI firms who source from Great Britain, but for whom the goods are deemed to be entering the EU single market via NI, the obligations are significant. Small retailers expressed concern that they will be treated as "importers" under EU definitions, with all associated compliance requirements.

5.3 Carbon Border Adjustment Mechanism (CBAM)

Businesses handling products such as steel, aluminium and cement face additional emissions reporting obligations as CBAM phases in. Although exposure is currently limited, firms in construction and manufacturing warned that early compliance will require new systems, data collection and reporting frameworks. The concern is not only cost, but sequencing: *"We are dealing with tomorrow's regulations before today's ones have settled."*

5.4 European Union Deforestation Regulation (EUDR)

The European Union Deforestation Regulation applies to specific commodities such as wood, leather, cocoa, coffee and palm products. Some NI manufacturers, particularly those using wood-based products, expressed uncertainty about provenance documentation and the expectation that NI importers must meet EU due-diligence requirements that GB suppliers may not be familiar with.

5.5 Cumulative Impact

The overarching concern across all four regimes is cumulative pressure. Firms emphasised that no single regulation is unmanageable, but the layering effect, new rules arrived in quick succession, is creating a sense of regulatory fatigue. As one SME put it, *"It feels like we are preparing for new rules every quarter."*

6. Market Implications and Investment Signals

The operational pressures described earlier translate directly into business performance, investment decisions and competitiveness.

6.1 Growth Constraints

Survey data consistently indicates that between one-fifth and one-quarter of Northern Ireland businesses feel the Windsor Framework is constraining growth. Firms frequently linked this to administrative cost, delays in supply chains, uncertainty in investment planning and reduced competitiveness relative to GB-based peers. One business explained: *"The Framework has stabilised things, yes, but it hasn't reduced the cost of doing business."*

6.2 Investor Confidence and FDI Patterns

Foreign Direct Investment (FDI) decision-making is increasingly sensitive to NI's unique regulatory environment. Businesses and support organisations highlighted cases where potential investors sought clarification on the long-term stability of east–west trade arrangements. Although the Windsor Framework has reassured some investors, the continued evolution of guidance and uncertainty over future divergence have led others to pause or slow engagement. A business representative explained: *"Investors want certainty; we still can't promise it."*

6.3 Supply Chain Reconfiguration

An important medium-term impact has been supply chain restructuring. Many NI firms now source goods from Ireland or mainland Europe where GB supply used to dominate. While some of these shifts reflect efficiency, others are coping strategies to avoid administrative friction. The long-term consequence may be a redistribution of trade flows, with lasting implications for NI–GB economic integration.

7. Business Adaptation and Areas of Progress

Despite the challenges, businesses across Northern Ireland are actively adapting. Many described the initial shock of post-Brexit change giving way to a more stable, though still burdensome, operational routine.

7.1 Stabilising Processes

Businesses acknowledged that some processes, particularly SPS procedures, have become more predictable. Improvements in the clarity of certain certification routes, greater familiarity with customs platforms, and support from skilled intermediaries have helped embed new ways of working.

7.2 Dual Market Access Opportunities

A small but growing number of firms, particularly in manufacturing and high-value sectors, are beginning to leverage their unique position with access to both UK and EU markets. These opportunities are most evident where supply chains were already EU-facing before Brexit. As one exporter noted: *"Dual access is real — the question is how many businesses can afford to reach it."*

7.3 Effective Communication Channels

Businesses noted genuine improvement in engagement from government departments. While guidance remains complex and sometimes inconsistent, the willingness of officials to engage and respond to emerging challenges was described as "significantly better than in 2021–22".

7.4 Internal Adaptation

Firms are investing in new internal processes, training, and systems to manage compliance. Larger companies are setting up dedicated Brexit or compliance teams; smaller firms are relying heavily on intermediaries.

However, the cost of this adaptation remains a barrier for many. One firm described it as *"necessary investment that brings no return — it just keeps us trading."*

8. Conclusions

The evidence gathered through this research shows that the Windsor Framework has produced a more stable operating environment for Northern Ireland, but one that remains complex and administratively demanding. The Framework's benefits are real, particularly its protection of dual market access, but are unevenly distributed across the business community.

The primary challenges identified include:

- ongoing administrative and compliance burdens
- divergence between UK and EU regulatory regimes
- reduced engagement from GB suppliers
- increased logistics and parcel handling costs
- limited awareness of upcoming regulations
- early exposure to EU-level requirements
- uncertainty arising from dual subsidy-control systems
- capacity constraints within SMEs

These issues combine to create a commercial environment where businesses feel more stable than before, but not necessarily more competitive. One business encapsulated the sentiment: *"We're coping — but coping isn't the same as thriving."*

9. Recommendations

Based strictly on business feedback, the report identifies several areas for targeted action:

9.1 Clearer and More Consistent Communication

Businesses need certainty — not just about current rules but future changes. Consistent guidance across departments, a single source of truth, and timely communication on regulatory divergence would meaningfully reduce administrative load.

9.2 Rebuilding Confidence Among GB Suppliers

Many practical barriers for NI firms originate in GB. Government engagement with GB suppliers — combined with clearer, simpler explanations of requirements — would help stabilise supply chains.

9.3 Proportionate and Streamlined Compliance

Simplifying data requirements, aligning systems, improving the usability of TSS, and reducing duplication would ease burdens, particularly for SMEs disproportionately affected by fixed compliance costs.

9.4 Improving Logistics and Parcel Systems

Businesses need more transparency on parcel operator fees, consistent application of ENS rules, and improved support for groupage and low-value consignments.

9.5 Support for SMEs

Targeted advisory support and capacity-building for small firms would address the disproportionate resource demands they face.

9.6 Monitoring and Early Warning for Divergence

A structured mechanism to track regulatory divergence and provide advance notice would help businesses plan and invest with greater confidence.

9.7 Clarity on Subsidy Control

Clear, practical guidance on how state-aid and subsidy-control rules apply in Northern Ireland would enable NI firms to participate fully in UK-wide innovation and investment programmes.

10. Areas for Further Research

The report identifies several areas where additional evidence would strengthen future policymaking, including:

- evolving behaviour among GB suppliers
- freight and parcel cost structures
- awareness and readiness for upcoming regulations

- enforcement and audit practice
- supply chain resilience
- FDI trends and investor sentiment
- the practical impact of divergence over time

These areas will remain important to monitor as the Framework continues to evolve.

11. Closing Reflection

The Windsor Framework has provided much-needed stability for Northern Ireland's trading environment, but stability alone does not guarantee competitiveness. Businesses have adapted with resilience, creativity and determination, yet remain burdened by complexity that dampens the full potential of dual market access.

This research offers a detailed, grounded and real-time insight into how firms are navigating the new environment, highlighting where the system is bedding in and where further action is required. The evidence shows a business community committed to growth and ready to take advantage of new opportunities, provided the right support and clarity are in place.

As one respondent said in closing, *"We want to trade, grow and innovate — we just need the system to work with us, not against us."*