



European Economic and Social Committee
Employers' Group

Newsletter

September 2017

Brexit:

WHY THE IRISH BORDER IS A CORE ISSUE?

The inclusion of the Irish border as one of the three key issues in the Brexit negotiations, along with the divorce bill and the rights of EU and UK citizens, may at first seem surprising. The short answer to that is Peace – maintaining the 1998 Peace Settlement in Northern Ireland, which ended some 30 years of violence. With currently no devolved administration in Belfast, the underlying tensions have clearly not gone away and peace still needs to be worked for.

As a result of that settlement, better known as the Good Friday Agreement (GFA), the EU, along with many others, has been working to enhance cross community co-operation and prevent a return to violence. The EU has played a critically important, if unsung role in this – unlike the UK, Irish or even the US Government, it is the only impartial 'hands-on player' without, as the Irish saying goes, 'a dog in the fight'. Yet it was the most serious conflict within the EU.

The EU has facilitated a "neutral space" for the encouragement of dialogue not only at political level, but also on the ground at cross-

community level, where the real conciliation work needs to be done. In recognising the importance of the EU's role, the recent UK position paper quotes the relevant 2008 EESC Opinion. EU financial contributions date back considerably before the GFA but the first Peace, or Special Support, Programme, was set up in 1994. Yet the Peace Walls still exist in Belfast, only 6% of children attend integrated schools, and 90% live in 'separate communities': even more polarised than before the Troubles.

Cross-border activity has also been extremely important, with EU policies stimulating and facilitating a fundamental shift in cross-border co-operation. The border counties in the Republic also suffered badly during the Troubles. The GFA set up a North-South Ministerial Council and five other cross-border bodies, notably covering the economic sphere, health provision, energy and tourism.

This is not a natural border – it doesn't even follow the provincial boundary for much of its length. It divided communities and for example cut the city of Derry off from much of its agricultural hinterland. Although the sectarian divisions in Ireland are far from being geographically clear-cut, the current border was a temporary solution when Ireland was partitioned in 1921, with a Boundary Commission set up to determine where the border should run. Needless to say that never reported, not least as the UK government appointed a Belfast lawyer as its representative. Demographic change however may bring the issue back.

Although the border was always porous, cross-border activity was very limited in the fifty years before the UK and Ireland both joined the EEC in 1973. Even after that cross-border trade remained the lowest of any EU internal frontier.

Today the picture could not be more different: cross-border trade has now reached over €3bn a year. It is this that Brexit threatens to disrupt, as well as the significant Irish – UK trade. Building on the Internal Market, a single Irish market and economy is becoming a reality. An EU-backed Trade and Business Development Programme started before the GFA doubled trade in seven years. Now about a quarter of all goods exported from the North go South.

Some form of unique status or arrangement for Northern Ireland is essential if a hard border is to be avoided, one that would become a full external frontier of the EU with huge potentiality to disrupt the GFA. First Northern Ireland needs to remain a permanent part of the EU Customs Union, or to be in a partial customs union with the EU notably more extensive than that currently between the EU and Turkey. Temporary solutions will not work – especially if SPS issues arise through the UK permitting import of say hormone-enhanced beef from the US.



A Customs Union is vital: the EEA (the 'Norway solution') does not include agriculture. Agriculture and food processing account for 55% of all cross-border trade. Some 30% of all milk produced in the North (around 600m litres) is sent South for processing – pigs are key in the other direction. Major cross-border processing occurs too with alcohol, notably in the production of Guinness, Bailey's and Irish whiskey, a designated EU GI (Geographical Indication). Not only do farmers in the North stand to lose their CAP payments, up to 80% of their income, but the act of processing food could, under a "hard Brexit", also result in a change of tariff heading, or affect whether the end product is covered by a Tariff Rate Quota (TRQ).

That is why the Irish Government has been urging that the Irish Sea should become the new customs border, and the British that the border issue also involves the wider EU – UK trading and customs relationship.

Retaining a single Irish market is also essential, such as offered by membership of the EEA/EFTA. A Single Market ensures regulatory coherence. With few ports or airports too, the North increasingly relies on cross-border access.

Each day some 35,000 people commute across the border for work, school, retail, cultural or sporting activities. As well as agri-food, there is significant cross-border trade in building materials and in chemicals. Above all, most cross-border trade is conducted by SMEs, often operating on very thin profit margins. Extra costs from any new customs regime, however technical or using electronic 'behind the border' requirements, could easily drive many out of business.

The UK repeatedly emphasises the need to protect its strong and historic ties with Ireland, maintain the Common Travel Area, and to have 'as seamless and frictionless a border ... as possible'. The GFA is based on the UK and Ireland working together within the EU and SEM: a return to a hard Border would not only encourage smugglers but also the men of violence. A hard border would seriously undermine the GFA and undo a lot of the work of reconciliation. It must not happen.



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