

**The Protocol on Ireland & Northern Ireland and the EU Withdrawal Agreement:**

**The Contagion of Uncertainty**

*'Even if the UK were to leave (the EU) ... the risk to North-South trade ... seems remote in any circumstances.'*

Sir George Quigley, promoting North-South economic co-operation in a 2013 interview

*'Those of us who made the case for leaving the European Union did not sufficiently take into account the interests of Northern Ireland, nor indeed did we estimate the significance of the role played by the border within the Brexit negotiations.'*

Oliver Norgrove, Vote Leave campaign staffer

*'We are in limbo because we're being asked by our customers how to prepare. I can't tell them that because I don't know, the government doesn't know, trade bodies don't know.'*

Pamela Dennison, National Officer for the Chartered Institute of Transport & Logistics

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This report represents the views of the authors and not those of the University of Liverpool.

**Public Policy QR Strategic Priorities Fund**

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## Executive Summary

This report captures sectoral perspectives regarding the Ireland/Northern Ireland Protocol in the UK/EU Withdrawal Agreement from across the UK and Ireland. The Protocol<sup>2</sup>:

- Is a legal treaty. But one that will be influenced by on-going negotiations between the UK and the EU.
- Outlines the rules and governance structures for trade in goods between Northern Ireland and Great Britain and the EU.
- Places Northern Ireland within a unique position of being *de jure* in the UK Customs Union and *de facto* the EU Customs Code.
- Furthers the B/GFA and in so doing opens greater opportunities for North-South economic cooperation.
- Was paralleled by agreement to maintain the Common Travel Area (CTA) between the UK and Ireland. A priority from the outset of Brexit negotiations.
- May be a holding operation. All the arrangements are underpinned by the right of Northern Ireland to withdraw its consent in a vote of the Northern Ireland Assembly four years after the Transition Period ends. **The Protocol could remain politically contentious.**
- Is a complex document especially as its status, implementation and arrangements rules have **not yet been fully explained defined and finalised.**
- Does not mention services including those **essential to modern production distribution and sales of goods.**
- Has not led to governments producing accessible, consistent, reliable and up to date data required to **adjudge the potential impacts** of Brexit.
- Does not have a satisfactory explanation of how the Protocol and a Free Trade Agreement (FTA) would interact regarding the movement of goods.
- Article 11 states that the Joint Committee '*shall keep under constant review the extent to which the application of this Protocol maintains the necessary conditions for North-South cooperation*'. This should be remedied through **more concise consideration** of a new 'totality' of North-South alongside East-West relationships within existing institutions and arrangements.
- Does not precisely explain future movement of goods by hauliers, air and/or sea transport and other modes in and between Northern Ireland, Great Britain and

Ireland. This remains to **be comprehensively detailed for every part and participant in cross-border supply chains.**

- Has not reduced business sector nervous or supplied the information required for planning and investment strategies.

The researchers undertook 20 sectoral group interviews and analysis of other sectoral voices across the UK and Ireland. It was undertaken to help move beyond analysis of the political process that is Brexit into the realities that are - **the implied impact upon business planning, investment strategies and jobs.** The report speaks to the need for greater business and civic involvement within the present UK-EU negotiations as provided for and set out in the Protocol and the need for the political institutions of the B/GFA and the two governments to hear and more **importantly react** to business/civic voices and to begin planning for the UK having withdrawn from the EU and what happens as a result when the current Transition Period ends. Key findings include:

- **A contagion of uncertainty** within the business community that has affected investment and planning strategies. These concerns need to be answered and resolved during UK-EU negotiations.
- It is understood that the North-South trade dimension was researched by the UK and EU at least in part at the request of the Irish Government. There does not appear to have been **equivalent research on East-West trade** even though that relationship features prominently within the B/GFA and on-going Brexit negotiations.
- Businesses are thinking about the economic, trade and commercial impact of Brexit upon North-South, East-West and continuing EU trade. **They would prefer to see a focus on the practicalities rather than the politics of Brexit.**
- Business also wish to see in depth consultation on the practicalities of what arrangements would be put in place and the **potential disruption and resulting additional costs to their supply chains and cross border operations.**
- Great Britain businesses have noted **that they may withdraw from the Northern Ireland market and supply chains** due to administrative costs and potentially **divergent standards and ethics of production.**
- There needs to **be precise research on the impact of Brexit upon Northern Ireland** and the island of Ireland given its unique set of emerging trading relationships/structures/governance arrangements regarding business and economic activity. **This must be put in place in response** to unique conditions including agreement by all parties to protect the peace process<sup>3</sup>.

- UK immigration policy may undermine migration into Northern Ireland. The Northern Ireland Executive **should immediately begin** to respond to the potential impact of that policy.

The future trading position of Northern Ireland is complex, aligned to the EU for goods, to the UK for services, based upon the Protocol, the B/GFA, and the rules of the World Trade Organisation (WTO). There is a need for legal and administrative certainty as **soon as possible**<sup>4</sup>. There needs to be **extra fora** for dialogue on implementation involving business, officials, politicians, experts **as a matter of some urgency**. As the sectors clearly articulate the Protocol's implementation will **continue but progress is either absent or glacial**. In the absence of the in-depth consultation envisaged in the Protocol and in parallel with the FTA negotiations it is claimed that **business is on the outside looking in**. Furthermore, uncertainty should not be permitted to define its own logic but instead **problem-solving should replace problem-stating**.

In addition, the Covid-19 has exposed the weaknesses in all island health protection and employment coordination along with global sourcing such as for PPE. This highlighted the need to sometimes source essential goods closer to need. It has also demonstrated through critical circumstances, **that frictionless trade capability allows goods to move quickly**.

Incomplete implementation of the Protocol along with suboptimal EU-UK and other FTAs that result in even some of the fears expressed by those interviewed will stymie such capacity. This will slow down production chains, undermine economic growth and prosperity and negatively impact capacity to deal with global shock waves. The pandemic has also highlighted the **vital role business plays when devising and implementing** emergency responses and measures related to both healthcare and the economy. There will always be economic difficulties when policies are not aligned with the B/GFA's spirit, principles and processes that support and facilitate North-South and East-West cooperation, consultation and coordination.

The Government have promised a business engagement forum. This Report speaks to that aim and is relevant to that forum's aims and objectives. The formation and work of that forum should be transparent, evidence-based and centred upon the Protocol's delivery. It is critical that within the forum that sectoral voices frame policy outcomes. We know that planning the forum is afoot, so we here urge government to provide a timeline of activity, define intended activities, engage an array of business sectors and deal with issues via relevant sub-committees. **It must, as noted above stretch from problem stating to problem-solving**.

## Questions that Emerge from the Sectors

The most obvious reaction thus far has been protests opposing a hard border and mobilisation against the 'Betrayal Act'. The practicalities of Brexit as opposed to conjecture and inference **must be asserted** in public discourse via a more pronounced, evidenced, and cohered civic reaction. It should spell out **a post-Brexit vision** for the future economic development of Northern Ireland, and indeed the island during these times of change and the capacity to develop the peace dividend. If sectoral and civic leadership does not come forward the peace dividend **will remain mooted**.

Since Brexit began there have been evident changes in social attitudes in Northern Ireland. In the 2019 *Northern Ireland General Election Westminster Survey* conducted by the University of Liverpool it was found that 62.8%, compared to 56% in the Brexit referendum, **would now vote to remain in the EU**. Regarding checks on goods travelling between Great Britain and Northern Ireland (the East-West relationship) and between Northern Ireland and Ireland (the North-South relationship) a highly significant 68.5% believed **that it was unacceptable**<sup>5</sup>. In addition:

- Sectors report that they generally feel unheard and that the processes involved in the present negotiations does not cater or address the unique circumstances of Northern Ireland, the effect of the Withdrawal Agreement and a FTA.
- Northern Ireland remaining subject to the EU customs code offers an opportunity to create a more coherent all-island economy. However, this will require cooperation through business and civic fora to guide and develop that approach.
- Sectoral bodies across these islands sense that Brexit will undermine East-West trade. **This is a pressing concern**. The Protocol mentions North-South trade **15 times** compared to the East-West relationship that is referred to **twice**.
- Sectors highlight that the soon to be previous absence of border controls meant they were not required to declare details regarding the movement of goods. They question, if government, which has not been recording the volume and flow of goods and the source(s) of those goods, **appreciates the trade and customs complexities** therein. Sectors fear that the governments are not aware how complex haulage, tariffs and customs relationships will become post-Brexit.

It is important to note that since governments have neglected to model the potential impacts of Brexit then, and with immediate effect, **the sectors should now produce** comprehensive supply chain analysis and models of potential impact. They should at a minimum outlay 1) how they seek to respond to the Protocol 2) explain how the Protocol

needs to be fully operationalised in practice in order to reduce the sense of uncertainty ahead of and separate to a EU-UK FTA being agreed or otherwise. These sectors should also consider the potential for **joining forces and lobbying with a coordinated and joined up voice** in Belfast, Dublin, London and Brussels.

Given that Brexit is highly complex, no one expects all the answers to be provided immediately. Therefore, in the short-term businesses should work together to compile, publicise and maintain a list of **possible trading and business issues**, with a view to gaining early answers from relevant authorities. Furthermore, Brexit and the negotiations must now be placed within the impact of Covid-19.

It is evident that sectorial bodies in Northern Ireland, Great Britain and Ireland accept that Brexit is a reality but the nature of ongoing negotiation, and the sense that an outcome will lead to additional administrative costs and other burdens, has undermined medium to long-term planning and investment. This has delayed investment and R&D decisions which may be wise in the short-term but will have consequences in the long-term. For these sectoral bodies one of **the greatest challenges** is the removal of autonomous decision-making from their members. That is as to how they organised to undertake cross border trade and business as a result of both Ireland and the UK being in the EU and its Single Market to build and operate supply chains and business models and support services according to the needs of their business. Without incurring the cost, complexity and fragmentation of **two separate and non-aligned regulatory regimes** and the **consequent customs controls** on entering the neighbouring market. Their capacity to act and trade unimpeded has been replaced by a difficult and dynamic situation over which they have **no control**. Other issues that emerge from the sectors include:

- The FTA **is crucial to how** the Protocol will be implemented as it will significantly determine the extent to which Northern Ireland digresses from Great Britain in goods regulations, and more generally in the alignment of regulations for services and the movement of capital and labour in particular.
- The greater the digression and/or divergence **the more complex and burdensome** future arrangements will be upon those Northern Ireland businesses trading with Great Britain and the EU simultaneously. The same applies to businesses in Ireland trading with Great Britain and vice-versa.
- Business in Northern Ireland and Ireland especially in agri-food (where production is underpinned by high quality animal health and distinct island of Ireland controls) are concerned that the UK may sell products at a lower standard.

Thereby, **undermining the integrity and competitiveness** of products from Ireland and Northern Ireland into Great Britain.

- Immigration law is generally settled on the question of being resident in the UK **but it is not clear how** non-residential labour mobility will be impacted. For example, can a Czech national working in Dublin also work in Belfast if they do not have UK residential status? If there are barriers to such short-term labour mobility, then what are the consequences for the Northern Ireland economy?
- The British government's immigration proposals aim **to significantly reduce entry to low-paid migrant workers**. Northern Ireland has sectors that are reliant upon such recruitment. There is a need/opportunity for these sectors and The Executive to consider and respond to the impact of a dwindling supply of migrant labour. That means upping productivity and capital investment and driving labour retention, and the upskilling of low paid workers. This is something that should and can begin immediately and needs high level thinking and government action.
- If EU driving qualifications are **no longer recognised** post-Brexit the present reliance on those who do not hold UK licenses would become evident. A dwindling supply of migrant haulage drivers plus the cost of gaining a UK license would prohibit the movement of goods. Would we have a situation in which a non-Irish EU driver would have to drop their cargo at the southern side of the border for it to be picked up by a UK driving license holder?
- At present a single container for a supermarket carries thousands of different items from multiple countries. Would future arrangements mean that paperwork and any tariffs would be applied to each individual product? If so, hauliers may operate single product consignments, **and this would cause disruption to freight** movement, order, and supply. Could this lead to inefficiencies that could drive up costs to the point of the Great Britain/Northern Ireland route becoming unsustainable?
- The defining feature for the sectors at present is uncertainty 1) will there be a UK-EU FTA? If so, how will it affect Northern Ireland? 2) Will there be future trade deals? 3) Why is there no clear position or direction from the Northern Ireland Executive regarding the Protocol and FTA negotiations? 4) Why has the North-South Ministerial Council, the only all island political forum in which to discuss Brexit, **only met once during the Transition Period**?
- **Businesses require certainty**. It is evident that the Protocol remains vague. However, it permits the consent of the Northern Ireland Assembly to rescind Articles 5-10 after 4 years of operation and thereafter. The consequences of this



consent **mechanism are profound and highlight** that the Withdrawal Agreement could be a mere holding mechanism. The sectors argue that it is imperative that the Northern Ireland Assembly works to support these new arrangements.

- Sectors are concerned that the Protocol will become another site of conjecture and conflict. It can be avoided if the Northern Ireland Assembly works closely with a taskforce to ensure that business has a voice and **that evidence-based policy-making becomes normal and sustained.**
- Examples are given from sectors in Ireland that are acting now. The haulage driver issue and potential tariffs has meant seeking alternatives to the Great Britain-EU land bridge. In seeking alternatives to UK ports, non-UK suppliers and the seeking of new non-UK business partners the **impacts upon both economies are problematic.** In the context of businesses in Ireland, seeking of EU instead of UK ports threaten trade through Northern Ireland. If these issues become reality, then the East-West relationship is diminished.

Several months before the Brexit process is to be complete the Cabinet Office's publication *UK's Approach to the Northern Ireland Protocol* does not provide answers to many issues that are raised by sectoral groups and bodies within this report. In fact, the *Approach* states that *'the Protocol is not codified as a permanent solution ... that alignment provisions might only be temporary'* and *'...that Northern Ireland may choose in as little as four years' time to disapply these provisions.'*

**The use of auxiliary verbs** in the Protocol such as *'... should impact as little as possible on the everyday life of communities'* is symptomatic of the lack of detail and consideration of key issues. Furthermore, the Protocol states that *'... provisions must entail the minimum possible bureaucratic consequences for business and traders'* without any exact explanation regarding what these are, could be or what impact these may have. With confidence it asserts *'trade going from Northern Ireland to the rest of the UK ... should take place as it does now'* as opposed to stating the more affirming **will.**

At the end of January 2020 the UK left the EU and withdrew from the Single European Act. When the UK joined that Act in 1986 it took 6 years before the Single European Market began. That lead-in to significant trade, tax and other changes provided business with the opportunity to prepare. Several months before the Brexit process is set to conclude there is no FTA, **insufficient information required to make investment decisions** and an increasing contagion of uncertainty. The timing, preparedness, and capacity to remove uncertainty lacks the same foresight of the arrangements put in place to create the Single European Act. If political leadership and clarity is not forthcoming it

is of **paramount importance that the sectors influence** policy-making, provide evidence of issues that concern them and assert their extensive knowledge of investment, job creation and growth. The financial shock that is Covid-19 has already undermined the availability of credit required to deliver business strategies. Brexit may also lead to market decline. Therefore, the British government needs to understand that the changing economic landscape may require a softer Brexit landing than hoped for. The idea that sectors could take a short-term 'hit' was and **is ever more unpalatable**.

For most of 2020 to date the impact of Covid-19 has been of such depth and magnitude that currently business is predominantly focused on survival and has temporarily been forced to set aside its concerns about the Brexit process. This is beginning to change as economic activity recommences and there is a growing realisation that the EU-UK negotiations are not progressing as hoped. The challenge for businesses to cope with Covid-19 recovery and without an FTA was summed by Dame Carolyn Fairbairn Director General of CBI:

*'The resilience of British business is absolutely on the floor ... Every penny of cash that had been stored up, all the stockpiles prepared have been run down. The firms that I speak to have not a spare moment to plan for a no trade deal Brexit at the end of the year - that is the common-sense voice that needs to find its way into these negotiations'.*

Fairbairn went on to explain that the devastating impact of Covid-19 and the fight for business survival had diverted management attention away from Brexit contingency planning:

*'As one member put it to me - just because the house is on fire, it doesn't make it ok to set fire to the garden shed ... If we have a political timescale that takes us to a brinkmanship deal in December that will be catastrophic for British business - they will not be ready ... Small businesses were not ready last time there was a no-deal Brexit threat - this time they will not have had a moment to prepare for it.'*<sup>6'</sup>

Danny McCoy, CEO of Ireland's largest sectoral group IBEC, when speaking to the Dáil Special Committee on Covid-19 Response explained:

*'The immediate ask is that we put significant measures in place to protect the livelihoods of households and businesses, get people back into jobs and bring forward maintenance and investment projects from an extended capital plan ... Our recommendations involve six themes: engagement and crisis management; the fiscal*

*policy and stimulus measures required; getting people back to work; stimulating investment in the context of the national development plan; reimagining a better Ireland; and seizing international opportunities and responding to Brexit ... On engagement and crisis management, we need to establish a more extensive social dialogue model ... because we need to be able to react to the all-island dimension, the sustainability criteria and the changing patterns of our business models. I think that social dialogue model will be crucial. We need more private sector involvement in the risk assessment ... On reimagining a better Ireland, these resources need to go the social dimension, but on the international and Brexit issues, the all-island dimension is crucial and needs to be factored in<sup>7</sup>.*

When combined these statements highlight the interplay and interconnectivity between economic recovery from Covid-19 and the Brexit processes on and between these islands. This dynamic is clearly going to develop in the weeks and months following this Report's publication. In how this evolves there is an evident risk that the potential benefits of the Protocol to tackle the **contagion of uncertainty** by agreeing the operational detail of its implementation in good time and to **mutual benefit is being lost**. Indeed, even if progress on the Protocol accelerates there remains the danger that the negotiations on the FTA are not resolved until 'two minutes to midnight' or not at all. This will inevitably weaken the benefit of a satisfactory conclusion to the Protocol being a unique vaccine to help **the two jurisdictions tackle the unique strain** of the contagion of uncertainty affecting the body politic, future economic well-being and potentially peace in Northern Ireland.

## General Context

Since the outcome of the referendum on Brexit in 2016 there has been turmoil accompanied by a significant body of work that analysed the emergent political process. However, the voice of business and its reaction to the Withdrawal Agreement and the related Protocol, agreed following the decisive meeting of Taoiseach Leo Varadkar and UK Prime Minister Boris Johnson in Merseyside, has been comparatively side-lined by events since then.

That voice, located within this report, is clear – **sectoral bodies and those they represent remain largely caught within a contagion of uncertainty.** An uncertainty seriously compounded by the Covid-19<sup>8</sup> pandemic and the recessionary impact of the economic measures taken to protect public health and safety and hospital ICU systems.

It is obvious that Brexit remains uncertain due to ongoing negotiations. There remains uncertainty over a ‘no deal’ or a EUK/UK FTA to be delivered by December 31<sup>st</sup> 2020.

Irrespective of whether a deal is agreed the Protocol is a legally binding Treaty. Its purpose is to provide a high degree of legal certainty for business for the movement of goods on, off and within the island of Ireland. **However, the practical arrangements necessary to manifest this certainty remain incomplete.** Thereby, the sectors currently view the Protocol as **vague, ambiguous, and abstruse.**

Central to the provision/acquisition of certainty are the provisions in the Protocol whereby the sectorial bodies, spoken to for this Report, along with the trade union movement and wider interests across civic society, **should now be engaged in urgent in-depth and detailed consultation with the UK Government and the European Union.** To do so there is a sophisticated process and ‘architecture’ built into the Protocol as well as the direct link to the North/South Institutions of the B/GFA, the North/South Ministerial Council (NSMC), where the Irish Government and Northern Ireland Executive meet, and the North-South Bodies established to take responsibility for all island actions and activities as set out in the B/GFA.

A mapping research exercise undertaken and agreed by the EU and UK during their negotiations, that led to the Withdrawal Agreement, established that in addition to the twelve areas for North South cooperation agreed in the B/GFA there are now over 160 areas and/or all island connections identified as needing to be protected and developed. This list underpins Article 11 of the Protocol that states it *‘shall be implemented and*

*applied so as to maintain the necessary conditions for continued North-South cooperation including in the areas of...Environment, Health, Agriculture, Transport, Education, Tourism, Energy, Telecommunications, Broadcasting, Inland Fisheries, Justice and Security, Higher Education and Sport*<sup>9</sup>. This jointly agreed list self-evidently covers an extensive spectrum of North-South economic, social and community activity to be developed. Article 11 goes on to state that the Joint Committee '*shall keep under constant review the extent to which the application of this Protocol maintains the necessary conditions for North-South cooperation*'. To do so it may make '**appropriate recommendations to the Union and the United Kingdom**' including on foot of a '**recommendation from the Specialised Committee**'. There is no similar role of the Joint Committee to **maintain the necessary conditions for East-West trade**. Though not specifically mentioned, the Joint Committee Working Group may also have a proactive role by engaging in consultation so that recommendations are informed by those who are organizing managing and developing all of this broad and mutually beneficial North-South cooperation. If the Joint Committee's remit does/will not cover East-West relationship, then it must feature more heavily in the work of East-West institutions. We would encourage British-Irish Parliamentary Assembly to develop work on the themes and issues within the Report.

The primary purpose of the Withdrawal Agreement creating a 'transition period' after the UK left the EU was to supposedly address the concerns the contributions to this Report express with such acuity and alarm. It was reasonable to anticipate in October 2019 that this formal consultation process would have been in place and functioning on 1<sup>st</sup> February 2020 the day after the UK formally left, or very soon after. Instead when the Covid-19 pandemic struck an already exceptional level of uncertainty, concern and **decline in business confidence and the heightened risk of job losses**, has become a contagion. Sectors state that when business **sought detailed answers from government and policymakers** regarding Brexit's impact upon the movement of goods and/or services on, off and across the island of Ireland they received a '**wait and see**' response. As the sectors clearly articulate the Protocol's implementation will **continue but progress is either absent or glacial**. In the absence of the in-depth consultation envisaged in the Protocol and in parallel with the FTA negotiations it is claimed that **business is on the outside looking in**.

Consultation on the Protocol's implementation could benefit from more robust input from representatives of businesses, employees, civic society, academics and policy advocates. These voices should be at the table with or have influenced EU and UK officials. In addition, a format for those voices must be found to engage with the Irish

Government and The Executive Office. In each instance that **political-civic dialogue should be based on planning and co-ordinating collective responses** to present and forthcoming challenges and opportunities.

That means better thinking about co-operation and collaboration on a North-South and East-West basis alongside evolving Northern Ireland's unique and evolving devolved status within the UK. At the heart of this consideration is an **evident need for greater investment of attention, energy and funding across the spectrum of economic activity** that sustains jobs and well-being in Northern Ireland and Ireland to include the social economy, high-value added production, continuing North-South interaction to mutual benefit and the need to protect East-West trade in both jurisdictions.

Ultimately, the reality is that the Protocol is a response to the unique conditions of the island of Ireland and consequently places Northern Ireland uniquely within the UK Customs Union and the EU Customs Code. **Wait and see** will remain for many months if not years which means that this Report upholds the idea that this is the **moment** to envision how to protect existing trade, business and employment growth to enhance prosperity through strategic envisioning. The evidence within this Report's compels greater deliberation on economic issues and determining how civic and sectoral voices influence the Protocol's consultation process. **Civic and sectoral voices must be heard and responded to as a matter of urgency.**

The Report's contributors consistently highlighted two concerns that relate to Brexit. The impact on Northern Ireland of changes already underway to UK immigration and migration policy and the lack of clarity regarding Northern Ireland and Ireland's trade relationship with Great Britain.

Addressing these concerns requires political will and business sector leadership. The North-South Ministerial Council **should co-ordinate** an all-island response to the opportunities that Northern Ireland entering the Custom Code raises. Coordination between Great Britain and Northern Ireland and Ireland **should be delivered** via the B/GFA's East-West institutions including the devolved administrations via the British Irish Council (BIC) and directly between the two sovereign governments in the British/Irish Intergovernmental Council (BIIGC). Protecting the political and legal integrity of the EU Protocol and FTA negotiations via these fora is necessary to deliver practical operational benefits for business.

A particularly sensitive area where these fora may have a new coordinating role is the practical cooperation needed for the smoothest possible operation of the internal UK market post-Brexit. Perhaps the greatest challenge in this context will be when the UK diversifies into **other export markets and progresses new UK only trade deals**.

A very important and practical example is the cross-border supply chains that are so vital for the agri-foods sector. These continue to operate through the pandemic but in a new environment where large sections of the market have collapsed and prices for primary producers have fallen precipitously. Consequently, the prevailing sense of damage limitation reflected in the comments provided by sectoral representatives in their interviews for the Report **will now be acute**.

## Negotiations: The Path to the Protocol

The negotiations between the UK and EU that led to the Withdrawal Agreement and Protocol were focused on 4 key priority areas. These were:

- Achieving a political agreement on future trade arrangements between the UK and EU.
- Resolving the UK's outstanding financial obligation to the EU.
- Protecting and upholding the B/GFA.
- Reciprocal arrangements to maintain the rights and protection of UK and EU citizens in each jurisdiction.

One of the few enduring constants throughout the turmoil and uncertainty of Brexit was **consensus on the need to protect the B/GFA**. It is evident that all island trade and the structures necessary to maintain it have **been central to developing and agreeing** the Protocol. The B/GFA was so critical to solution-seeking and negotiation that it delayed the Withdrawal Agreement by 10 months. Eventually, the Protocol created provisions that *'...ensure that an open border is maintained on the island of Ireland, a key objective for all sides in this negotiation'*. Although, an open border was never in doubt.

As noted in 2018 an *'... an entirely borderless landscape ...'* on the island of Ireland that was critical to gaining political and community support for the GFA:

*'... was only possible because the SEM had already removed legal, regulatory and customs controls on the movement of goods, capital services and labour on the island. This regulatory alignment meant that large, and particularly small, companies throughout the island could benefit from the opportunity to operate in a larger market for goods and services, and from the greater competition generated through increased economies of scale and lower costs (due to proximity)'. This 'open border' therefore 'supported growth in the island economy, and helped to increase prosperity in Northern Ireland, which in turn helped to embed the peace process'<sup>10</sup>.*

However, regardless of what was intended Northern Ireland, positioned within the UK Customs Unions but subject to the rules of the EU Customs Code, will probably face additional barriers to trade across the Irish/British border (e.g. road haulage). **Regulatory divergence is expected to create additional trade and customs friction** when EU goods



move into Northern Ireland and then into Great Britain or when Great Britain goods move into Northern Ireland and then into Ireland or another EU member state.

The conclusion of negotiations that led to the Withdrawal Agreement and the Protocol in October 2019 was followed almost immediately by a series of political developments that will influence the Withdrawal Agreement's implementation and practical outworking. These include: a) the UK general election delivering the Conservative Party a significant majority in Parliament to 'get Brexit done' b) the restoration of the Northern Ireland Assembly and re-establishment of the Northern Ireland Executive c) a general election in Ireland and subsequent issues regarding the formation of a new coalition government. The implications of these events will become evident as relationships within and between the jurisdictions in these islands adjust over time.

A significant challenge to the successful operation of the Protocol, within the spirit and principles of the B/GFA, is the inevitable reduction and potential loss of trust between the jurisdictions in their interactions with each other when facilitating trade, business and community interaction. For example, because Northern Ireland is legally part of the UK Customs Union the necessary controls will be operated by Her Majesty's Customs and Revenue (HMRC). However, the HMRC (Northern Ireland) personnel will be operating in the only part of the UK where businesses moving goods can operate legally in the EU Single Market. As a result they will be working for the UK Government but have responsibilities on behalf of the EU for compliance with the arrangements required by the Protocol (what is referred to as these business and the trade they conduct from Northern Ireland being de jure in the UK but de facto in the EU). While HMRC will undertake this task with professionalism and integrity **it will be operating in an environment where divergence develops** between the UK and EU Customs Unions on regulations rules and standards.

Underpinning the operation of the Single European Market is acceptance by Member States of the **principle that the 'acquis'** or shared body of EU law is implemented and adhered to by all members. If not, the European Court of Justice (ECJ) has responsibility to issue judgements on its correct implementation by Member States. Article 12.4 of the Protocol sets out the scope for the ECJ to retain this responsibility in the unique arrangements it puts in place. The working of the Protocol must be similarly aligned and 'joined up'. For such an institutional framework to maintain congruity, politicians and their civil servants must be committed to a **process of respect, compromise and accommodation**. Such good governance is **sought by sectoral bodies**.

## The Challenges of Implementing the Ireland/Northern Ireland Protocol: An Overview

The UK's approach to the Northern Ireland Protocol published on the 27th May states the following:

- Northern Ireland will therefore enjoy new flexibilities with respect to support for its service industries. The Government will provide further information on how these provisions should be operated by public authorities before the end of the transition period.
- The Government is committed to work closely with the Irish Government to explore how to strengthen cooperation and bilateral work over the coming years.
- That includes appropriate commitments to help boost economic growth and Northern Ireland's competitiveness, and to support infrastructure and connectivity North-South and East-West.

Given it is a legally binding agreement it is presumed the consultation process set out in the Protocol will be initiated and all the parties to it **will fulfil their commitments to close working relationship** to underpin economic growth within and between Northern Ireland, Ireland and Great Britain. As noted, such consultation must be tied to Protocol arrangements to affect a positive influence that supports economic synergies and better responses to the consequences of Brexit. Whether Brexit has positive or negative consequences it is an episode that must be configured to **sustain a form of prosperity that embeds peace**.

In advance of this development **there is an opportunity for preliminary informal** conversations to get underway amongst those who will be taking part. This would help to begin scoping the sensitive and complex but **essential task of thinking** about how best to strengthen the political and institutional structures of the B/GFA. This initial 'ground clearing' work could/should then be provided by the Northern Ireland Assembly, the British-Irish Parliamentary Assembly, the British-Irish Intergovernmental Conference, the British-Irish Council and the North/South Ministerial Council (NSMC) along with the British and Irish Governments and as appropriate the EU.

At present it is difficult to make clear 'like for like' comparisons across the jurisdictions as data gathering and reporting approaches diverge between the UK and Ireland, Northern Ireland and Great Britain and Northern Ireland and Ireland. This is an immediate issue that the institutions should respond to – **comparable and verified data**

**from each jurisdiction is critically important** to build economic resilience, share information and respond to issues as they arise.

Attention should remain upon the political process and the question regarding how the Protocol is administered post-Brexit. However, **the potential economic, trade and investment impacts must be strenuously weighed against possibilities and probabilities.** This is not merely a call to model potential tariff regime changes but to **seriously understand the harm that is being done by market and investment nervousness and caution.** Any serious analysis would not simply measure uncertainty but would develop that knowledge into potential solutions, resolutions, and long-term vision for the post-Brexit environment. **Uncertainty should not be permitted to define its own logic but instead problem-solving should replace problem-stating.** Governance for Brexit needs clear and concise political and sectoral leadership.

It is critical that there is an immediate examination of what Northern Ireland remaining in the EU Customs Code means in practice for companies, organisations and individuals operating as sole traders who will be impacted by this legal structure. Even if the UK and EU can negotiate a FTA it is obvious that Northern Ireland's unique binary status is the opportunity to define new markets, **drive cross-border investment, deliver more shared product development and further leverage a peace dividend** from which Ireland has so far 'banked' the most substantial economic development benefit.

**A particular challenge for Northern Ireland** within this process includes government and the sectors developing the infrastructure of support required to apply and operate within the EU Customs Code as set out in the Protocol. In so doing **The Executive should** identify investment needs and opportunities for the share of trade and business between Northern Ireland and the EU. That should include analysis of **preparedness for R&D opportunities that enable Northern Ireland's universities to continue to participate in EUs Horizon 2020 Programme and its successors.**

**An important and sensitive issue** is how do businesses located in Northern Ireland but headquartered in Great Britain or Ireland become sites of opportunity due to access to respectively the EU and Great Britain markets. The certainties that the Irish/British border remains open, that Northern Ireland is within the EU Customs Code and the UK Customs Union presumes an outcome very different to a **'wait and see' moment.** It is a catalyst for new thinking and planning. The consultation required by the Protocol as set out above should be considering these issues and themes and bring much needed evidence and

expertise to future planning and strategic development. Locating the voice of sectors is critical regarding:

- Measuring outlooks that concern economic futures required to set spending and investment assessments.
- Understanding what uncertainty is and its validity or otherwise.
- Modelling uncertainty and its impact upon consumption.
- Modelling uncertainty within the Great Britain, Irish and Northern Ireland economies if an FTA is not achieved.
- Being prepared for and having comprehended the impact of scenarios that may develop post Withdrawal Agreement.
- Ensuring governments hears, comprehends, and reacts to the uncertainty stated within this report.

## Research Findings

This report was undertaken to compile sectoral perspectives on the implementation of the Withdrawal Agreement and the Protocol. It has two parts a) desk-based research on sectoral responses to the Withdrawal Agreement b) interviews with sectoral bodies in Ireland, Northern Ireland and Great Britain. It was funded by grant via the University of Liverpool.

The interviews, undertaken with representatives of sectoral business interests, were conducted over the winter of 2019/2020 following general elections in both the UK and Ireland, and the restoration of the Northern Ireland Assembly. Significantly, most of the research and interviews had taken place prior to the lockdown and before the global economic impact of the Covid-19 crisis had been recognised. This research forms an important reference point regarding future policy and economic development concerning Brexit and now Covid-19.

### **The Lack of Clarity**

Overall, sectors contend that the Protocol and subsequent command paper have not provided enough detail regarding implementation, guidance on what checks and customs paperwork will be required and no planning around infrastructural need. Sectors clearly state that it is unclear how the Protocol and its associated rules, regulations, guidance and infrastructure will be implemented and ready for January 2021. In general:

- Sectors agreed that they are already **within the 'danger zone' regarding timing** required to react to the Protocol and the Withdrawal Agreement. It is usually estimated to take 6-9 months to adjust supply chains. A new implementation period would be potentially helpful, especially regarding confirmation and interpretation of the Protocol.
- It is, for example, difficult for small businesses to introduce software for easements or to hire customs agents. **Such agents are in high demand with low supply** suggesting a growth in fees to be charged. Changes, as outlined in the Protocol and which may emerge in the Withdrawal Agreement, will be difficult to implement at short notice. For those working on tight margins there is a sense of not wanting to undertake required investment until it is absolutely clear that this

is necessary. Many small businesses do not have a dedicated customs person, and there is no obvious financial support to employ them.

**Paul Kelly, Director of Food & Drink Ireland**

*'We need to get a clearer understanding of that...(Protocol) [so] we're really trying to deconstruct those at the moment. Trying to clearly identify what that means in terms of scenarios: which concerns your straightforward FTA, your FTA with a certain amount of facilitations – which would be the best-case scenario, and, then, what we largely know already which is what the impacts would be in the event of a no-deal... it's really trying to get a lot of clarity on those issues and how they impact on business'.*

Without clarity uncertainty grows and this is expected to continue until a final deal is in place. Even when the Withdrawal Act is complete sectors predict exchange volatility, ongoing negotiations and even if a trade deal with the EU is secured, sectors foresee future hurdles, re-negotiation and **increased impediments**.

**The Institute for Government**

*'The extent to which regulatory processes will be required will also depend on the degree of alignment between the UK and the EU. This will not become clear until a trade deal is concluded, which could be just weeks before the new arrangements come into force'.*

From an economic perspective the most detailed sections of the Protocol are limited solely to trade in goods and any regulations relating to their movement. There is no mention of services including those **essential to modern production distribution and sales of goods** and as result are generating the greatest number of new jobs from economic growth. The Protocol also contains under-developed references to other areas including non-diminution of rights, state aid rules and VAT along with a commitment to maintain the **'necessary conditions'** for continued North-South cooperation in a number of areas. It also contains commitments to safeguards including the **'protection of financial interests'** by countering fraud and any other illegal activities.

**Pamela Dennison, National Officer for the Chartered Institute of Transport & Logistics**

*'We are in limbo because we're being asked by our customers how to prepare. I can't tell them that because I don't know, the government doesn't know, trade bodies don't know'.*

For example, it is not clear how the commitments made in Article 17 of the Protocol that *'the Union and the United Kingdom shall counter fraud and any other illegal activities affecting the financial interests of the Union or the financial interests of the United Kingdom'* will be implemented and how those decision will impact on legitimate traders and their employees on both sides of the border.

As the participants in this Report repeat throughout the arrangements their members need to put in place and oversee the implementation of these commitments could be burdensome. Sectors understand that new arrangements must be done with the clarity required to plan systems investment, detailed operational implementation and necessary training of staff to be compliant in order to **protect their business continuity and supply chain integrity**.

**Stephen Kelly, CEO of Manufacturing Northern Ireland**

*'This uncertainty means it's impossible to plan for implementation and to understand exactly what the implications will be. Lack of clarity around tariffs and customs fees etc. means there is no ability to plan costs or processes. The Government has offered assurances that costs will be refunded but there is no detail as to whether this would cover only the fees applied or the entire cost incurred – it is expected that the cost of admin will far exceed the fee. Questions have been raised as to whether any such refund would contravene State Aid rules as companies in Ireland would not be able to avail of the same refunds when trading with Great Britain. Significant resources will be required to operate the bureaucracy including customs agents to complete and file paperwork. This is highly trained work and any errors will add to delays and further costs'.*

This issue of clarity relates to Northern Ireland's potential future position in the WTO, effectively as part of the UK Customs Union but observing the rules of the EU Customs Code. It also raises the question of whether Northern Ireland **food exporters will be able to directly benefit from UK Free Trade Agreements**.

**Paul Kelly, Director of Food & Drink Ireland**

*Paul Kelly noted that a highly important issue was that the UK and EU should decide what sort of Brexit settlement there should be but that any FTA should have a generous, phased implementation period, to allow businesses time to make necessary adjustments.*

*The trade agreement between the EU and Japan had a 15 year implementation period, to allow Japanese firms time to adjust.*

If, for example, the US lowers tariffs to UK produce this should apply to Northern Ireland. However, the US may wish to ensure that exports from Northern Ireland were not in fact coming from the EU first. This might provide a problem of proof to Northern Ireland exporters, or fraud in terms of exports. Similarly imports from an FTA partner would enter Northern Ireland at **the EU not UK tariff, and would have to follow EU regulations**. Having arrangements that local firms implement to satisfy all concerned could be classified as a **Strand One challenge unique to Northern Ireland**.

#### Evidence from EU Select Committee of the House of Lords

**David Henig** (Director, European Centre for International Political Economy Think Tank) described the *'heavy inter-relationship' between the Northern Ireland protocol and EU law, as '... not always made obvious...not...well studied'* with *'a real lack of a very detailed guide as to what all this means'*.

**Colin Murray** (Law, Newcastle University) positioned Northern Ireland as sitting **'at the centre of a very complicated and convoluted Venn diagram'** in which the EU and UK market rules would **'overlap in the years to come'** without clarity and proper legal definition<sup>11</sup>.

**Les Stracey** (Director of Corporate Affairs, Stena Line) stated **'we're running out of time to put systems in place, to put infrastructure in place'**.<sup>12</sup>

**Pamela Dennison** (Chair of the Freight Transport Association Northern Ireland) warned that hauliers who deliver to both UK and Ireland will be in **'a very volatile area'** having to deal with both the Northern Ireland protocol and EU regulations and called upon government to **'stop telling businesses what you think they want to hear and tell them what's going on'**.<sup>13</sup>

#### UK & Ireland: The Importance of the Trading Relationships

The majority of sectors included in this study are **finding the UK exiting the EU problematic**, not just in terms of how the UK finds its global trading identity outside of the EU, but also regarding how these islands trade with each other. Much of the sectoral response in Northern Ireland and Ireland is focused on the implications for trading into the Great Britain market. Whilst some sectors have suggested that increased friction in trade with Great Britain **will force firms to pivot towards the all-island market**, there is little evidence that formal planning or development of that option is underway. This cautiousness may be explained by the uncertainty firms are experiencing and finding



themselves caught in - a situation where they do not yet understand the impact of new arrangements on existing markets. Many have adopted a **'wait and see' approach**. Preferring, to hold off on investing in future markets until they understand what the Protocol implementation arrangements and an FTA mean in practice for existing markets.

The economic inter-dependency between these islands is clear in terms of the volume of trade that crosses the Irish sea. Beyond direct trade between the islands, Great Britain provides a land bridge that shortens the distance and time taken for goods travelling to and from continental Europe to Ireland. **Just in Time processes and trade in highly perishable goods are facilitated via this route**. It is noted that some Irish businesses are now seeking an alternative via direct links with continental Europe. This could undermine port trade and related business activity in Great Britain and Northern Ireland. The following is important to note:

- The UK is Ireland third largest trading partner,<sup>14</sup> accounting for 50% of exports. Ireland is near completely dependent (90%) upon Great Britain when importing oil and gas.<sup>15</sup> If costs rise this could have a negative impact upon the production and domestic use markets in Ireland.
- In 2018, UK exports to Ireland were **worth £35.1 billion**; imports from Ireland were £21.6 billion, resulting in a trade surplus of £13.5 billion. The UK has had a surplus with Ireland every year since 1999. Ireland accounts for 5.5% of UK exports and 3.2% of all UK imports. Ireland was the UK's 5<sup>th</sup> largest export market and the 10<sup>th</sup> largest source of imports.<sup>16</sup>
- Northern Ireland's trade with the Ireland of Ireland is **particularly pronounced**. In 2018, 36% of Northern Ireland goods were exported and 28% of goods imported to/from Ireland. However, it is evident that for each of the economies on the island of Ireland a primary trading relationship is with Great Britain. Under the Withdrawal Agreement **that more voluminous and important trade, supply and production route may be the most affected by administrative/cost burdens**.
- In 2018 Ireland was the UK's **second largest source of imported food** and live animals (after the Netherlands), accounting for 11.5% of total food and live animal imports. Overall, food and live animals made up 32% of all Northern Ireland's goods exports to the Ireland of Ireland, followed by machinery and transport equipment at 16%. 36% of Northern Ireland's total goods exports were to Ireland.<sup>17</sup>
- In some sectors the reliance on the British market is profound. In 2016 for example, 49% of Irish beef was exported to the UK. In terms of dairy products 82% of Irish milk exports go to Britain.<sup>18</sup> If post-Brexit those markets decline then there could

be deleterious impacts upon Irish agribusiness. That could also impact upon Northern Ireland producers selling into the Great Britain market.

- As well as key export areas, there is also the issue of imports. Ireland imports more from Britain than from any other individual country. In 2017, Britain accounted for 24% of Irish imports. The EU (excluding Britain) accounted for around 40% of Irish imports.<sup>19</sup> Great Britain producers losing market share in Ireland could have **profound impacts**.

The impact on inter-island trade is potentially profound. The framework of the SEM gave companies the freedom to move goods, services, people or capital **East-West**. This has potentially been undermined. A failure to secure a proportionate FTA may fundamentally **alter the basis and costs of the East-West trade relationships**. This is **exacerbated by the lack of available** modelling and scenario planning from governments that prevents business undertaking any structured planning for Protocol implementation.

#### **Arnold Dillon, Director of Retail Ireland**

*Arnold Dillon explained: that many larger retail firms have a presence in both the UK and in Ireland, in which 'Ireland is just an offshoot of the UK operations.'*

*In the event of regulatory divergence, these firms might reorganise their business model to separate the Irish operations from the UK operations and integrate them more with the continental EU operations.*

*Some online retailers based in the UK could move their EU operations to Ireland, to avoid the complications of moving goods from the UK into the EU Single Market in the event of regulatory divergence.*

**For Great Britain sectors**, the impact on Northern Ireland trade and the movement of goods from Great Britain to Ireland via Northern Ireland is a **lower priority** in their post-Brexit thinking and planning. Northern Ireland's sectors fear that the current seamless trade links with Great Britain will become friction-laden under regulatory divergence. This could lead to a series of scenarios whereby:

- Great Britain companies trading into Northern Ireland but not across the Irish/British border, may find moving a relatively low volume of goods into Northern Ireland as **cost prohibitive**. In retail this could mean at least one major chain withdrawing from the Northern Ireland market with **subsequent**

**disruption to Northern Ireland supply chains, retail competition, investment and employment.**

- East-West production chains may also be hampered and **become cost prohibitive**, in sectors such as aerospace and this may lead to **abandonment of Northern Ireland suppliers**. Great Britain sector representatives have warned that they may withdraw from the Northern Ireland market and supply chains due to administrative costs and Northern Ireland companies working under **divergent standards or quality and ethics of production**.

**William Lavelle, Senior Executive & Head of Irish Whiskey, Drinks Ireland**

*William Lavelle stated that firms had altered their business models - particularly their supply chains, by switching source inputs from the UK to alternative suppliers in other EU Member States. Firms that used to import inputs from the continental EU through ports in Great Britain or Northern Ireland (he gave the example of firms that imported maize from France through Warrenpoint) are switching to ports in Ireland.*

*Similarly, the firms that use Northern Ireland or Great Britain ports (Liverpool being a common one) to export their product are switching to ports in Ireland or even elsewhere in the EU (for instance, firms investigating ports in France).*

*While many companies that export a large proportion of their product to the UK will probably continue to do so, firms that had plans to grow their exports to the UK are generally abandoning those plans.*

*As he noted 'I am aware of companies who would have identified Great Britain as a market to grow but recently said that they were going to focus on Germany or Poland instead'.*

**Sven Spollen-Behrens, Director of the Small Firms Association**

*'I think that's going to be the main challenge [for SMEs in Ireland]: the switch from the old market of first resort - the UK, to other markets in the European Union'.*

In Ireland there are also concerns regarding the potential removal of seamless trade with Great Britain these include:

- Some businesses in Ireland that rely upon the Great Britain land bridge to trade with EU are already seeking alternative EU ports.

- There are also supply chains and markets that are reliant upon Great Britain suppliers. Any tariffs on Great Britain-Ireland trade could **have a deleterious impact upon present trading and supply chains.**
- If Great Britain establishes new markets and supply chains that are cheaper than trading with the EU, this will undermine the Ireland to Great Britain export market.
- If Great Britain lowers production standards below EU levels, higher standard Irish goods could no longer be cost competitive in the Great Britain market.

**Seamus Leheny, Policy Manager for Freight Northern Ireland**

*'Lack of clarity around how the protocol will work with less than a year to operation is already having a significant impact on the ability of the sector to plan. For example, we currently use mixed consignments to transport goods. A single container for a supermarket may have thousands of different items from multiple countries. We don't yet know if paperwork and any tariffs will have to be applied to each individual product in the consignment. If that is the case, we may have to move single product consignments. This would totally disrupt existing freight movement, order and supply etc., and if it means inefficiencies this could drive costs to the point of the Great Britain/Northern Ireland route being unsustainable.*

*To protect the integrity of the EU single market and prevent the flooding of the EU with cheap goods from outside, access is limited through the annual allocation of permits. The UK has been allocated approximately 1300 permits and of these Northern Ireland will receive approximately 100. Permits are issued per truck not per company'.*

There will be questions for supply chains which go backwards and forwards between Northern Ireland and Great Britain, where different rules may apply. An example may be Bombardier in Northern Ireland. Aerospace is highly regulated, but the UK wishes to leave the EU Aviation Safety Agency (EASA).

Components required by Bombardier come from different regions of the UK and the EU and elsewhere, and the provenance of each component may have to be traced to demonstrate compliance. Parallel and sometimes overlapping but identical regimes will **add cost and complexity.**

For defence manufacturers and some others, it may be the case that trade between Great Britain and Northern Ireland is covered by export controls, and therefore export licenses will be required (relevant EU regulation 428/20096 is listed in the Protocol).

Food labelling in Northern Ireland **will presumably be in line with EU rules**. This could mean a separate range of products for the Northern Ireland market. Sector representatives stated that they already knew of Great Britain goods producers who were suggesting that they **will not be sending products to Northern Ireland** in the future. Should this happen the result would be reduced choice and probably increased costs in Northern Ireland.

Should the UK change food safety rules as they apply to Great Britain (Northern Ireland food safety rules will align with those of the EU) then this may introduce greater barriers to exports from Great Britain to Northern Ireland. Rules on food, particularly those of animal origin, are complex.

**Declan Billington, CEO of Thompsons Animal Feed**

*'The biggest impact will be on our ability to trade across the Irish Sea with Great Britain. The depth of the impact will be determined by the trade agreement negotiated between the UK and EU. Despite being part of the UK customs union, the Protocol means in principle (and as a starting point) that Great Britain trade into Northern Ireland will mirror that for goods going from Dover to Calais. Also, we have yet to see what unfettered access for Northern Ireland goods into Great Britain really means in practice. Without a free trade agreement there will be friction in trade between Great Britain and Northern Ireland that will lead to delays, price increases and other knock-on effects in the Northern Ireland marketplace. Business will take the path of least resistance and this may lead to supply chains and markets recalibrating away from Great Britain into the EU ... Even with a free trade agreement which would eliminate the tariff element of the bureaucracy, there is still no clarity as to what the level of required bureaucracy will be. The checks and regulations that apply differ across different products and food groups. For example, Northern Ireland will still have to adhere to EU veterinarian standards, physical inspections etc.'*

For example, ice cream can be classed as a product of animal origin and may go through several checks because of this. Therefore, there is a need to calculate the number of products that may be caught up in such rules. The absence of border controls requiring companies to declare details of these movements to **customs means government statisticians are not able to collate individual totals into sector wide summaries**. Instead this information belongs only to the companies themselves (indeed sharing it on a

collective basis in some instances could risk breaching competition rules). As a result, it is only by consulting those companies that governments will gain reliable insights into the scale of the commercial impact of their decisions and how potentially costly they become.

**Paul Kelly, Director of Food & Drink Ireland**

*Paul Kelly stated there was great potential within the framework of a comprehensive FTA for the reduction (but not total elimination) of these non-tariff barriers, through 'customs cooperation, customs implementation, closer co-operation on regulatory issues'. Paul Kelly gave the example of the veterinary agreement that is currently in place between the EU and New Zealand. This, he said, involved both sides agreeing that the other's veterinary control regimes were satisfactory. Thus, the level of physical checks of products coming in from New Zealand to the EU, and vice versa, is far less than is usually the case for trade between the EU and a Third Country.*

It is assumed that Northern Ireland will still have access to the EU rapid alert system for food safety RASFF (Food and Feed Safety Alerts), but Great Britain will not, and will set up its own system. Northern Ireland will probably have to report twice, into both systems. Food travelling to Northern Ireland will presumably have to use TRACES (Trace Control and Expert System) while imports to the UK should use IPAFFS8 (Import of products, animals, food and feed system), probably including North-South trade on the island of Ireland, but certainly from Ireland to Great Britain. Whatever combination is used will be untried. Some sectors suggest TRACES the UK system is logical, though many have never used it.

For example, will food production continue to be marketed globally as from a 'food island' where a 'gold standard' of safety and security is effectively applied from 'farm to fork' on a seamless joined up collaborative basis across and between the two jurisdictions? Or, if something goes wrong in terms of food security will the response be aligned to one of the two phytosanitary areas?

**Sven Spollen-Behrens, Director of the Small Firms Association**

*'Regulatory dealignment could open the door for undercutting of regulations ... which would abolish the idea of a level playing-field'.*

Supply of medicines to Northern Ireland is currently via Great Britain, sometimes having been sourced first from the EU. This may have to change in the future. Routes to supply are likely to follow regulatory provisions, then begin to follow a suitable route

considering customs and border arrangements. Even moving to an Ireland distributor could be complex regarding VAT and pricing regimes. Firms in Northern Ireland fear such economic realignment leading to Great Britain and EU business reacting to new laws and related complexities may remove them from supply chains. As they note various products are **processed in different stages in Northern Ireland and Great Britain and there are risks in this becoming too frictional.**

A further example of the complexity of Northern Ireland being subject to the rules of two economic unions, was identified by alcohol producers. Those on the island of Ireland, may operate under regulatory regimes that differ around spirit categories, bottle sizes and labelling rules. As highlighted above this could mean producers in Northern Ireland who sell into each market **operating to different product specifications.** Alcohol production in Ireland is related to goods sourced in Great Britain such as specialist malts, yeast, and glass bottles. Any rise in costs would create additional financial burdens and the need to **source goods elsewhere.**

As the British Retail Consortium has noted, a failure to secure a low friction trade deal between the UK and EU will lead to goods flowing between Great Britain and Ireland being placed under the additional burden of VAT and excise documents, freight documents, health and veterinary paperwork (including Export Health Certificates), exit and entry summary declarations (customs) and safety and security permits.

### **Increased Cost of Trade?**

The post-Brexit environment will probably bring increased scrutiny and the need to demonstrate compliance with the new rules of regulatory divergence. This will inevitably create a burden upon business, which is as yet unknown and un-costed.

Core to this burden will be the requirement for firms to administer the new rules and regulations and develop and integrate these into their business processes. This will add to both the time and cost of doing business. Impacts can also be expected on sourcing, production and distribution, **together with the cost of financing, employment and marketing.** Adherence to any new regulations must be evidenced and compliance demonstrated through documented records being available for checking, scrutiny and validation by relevant authorities, either online and/or retained for physical inspection in their plants or at ports and airports. These additional controls will inevitably impact upon **management decisions regarding how their business is run** and where and in what they invest to improve and grow their operations.

With each sector potentially facing increased paperwork but unaware of what that will involve and the costs therein, there is a growing sense that supply and production chains will become ever more costly. Added to that complex mix is the impact of a trade deal between the UK and EU.

Sectors are concerned that East-West checks could lead to excessively bureaucratic burdens between Great Britain and Northern Ireland. Northern Ireland trades **substantially more with Great Britain than it does with Ireland**, the EU and rest of the world combined.<sup>20</sup> At present, in Ireland, the number of customs declarations for all shipments coming from Great Britain is around 1.6 million. This is expected to grow to **20+ million**. As Tom Thornton, *Brexit Chairperson, Irish International Freight Association (IIFA)* noted this *'is a substantial challenge'*. Completing a customs declaration requires paperwork which identifies the cargo and gives enough detail to establish the value, weights, commodity code, origin and packing. Companies need to be preparing their capability to provide this detail at the time of or prior to dispatch of a consignment. This means in practice many businesses having to engage with complex declarations with multiple tariff classifications. A reminder that companies need to be preparing to have documentation produced in an electronic format so that it can be imported into customs facing software accessing the AEP system. This can be costly.

**Les Stracey, Director of Corporate Affairs for Stena Line**

*'These sailings (Great Britain to Northern Ireland) carry 40,000 freight units, 97% of which involve only Great Britain to Northern Ireland trade (and vice versa), in other words, trade not destined for south of the border. Will we have to comply with checks only on the 3% which crosses the border, or for the entire cargo?'*

It is clear from the Protocol that Northern Ireland will continue to follow EU product standards and regulations. EU rules evolve over time and if no longer aligned with UK equivalents this divergence may cause additional difficulties for companies who incur cost and complexity in producing to **two different standards** in the same plant and/or production process. As a result, companies may be presented with having to make decisions on location and/or relocating their production (i.e. from Northern Ireland to Ireland for EU destined items and vice versa for companies in Ireland for Great Britain destined items). **A scenario that unwinds the win/win gains secured** because of Ireland and Northern Ireland being in the EU and Single Market with free movement of goods, regulatory alignment, and the same overarching institutional and legal framework.



**Seamus Leheny, Policy Manager for Freight Northern Ireland**

*'A further potential impact comes from the UK Government's promise to refund costs. Again, it is not clear if some or all the costs incurred will be refunded, how the refund will be applied and what the process will be. Costs could be substantial if bank guarantees are needed and this is money that businesses will have to find and pay up front and then claim back, causing a further layer of cost and bureaucracy ... for example, in the case of an all island retail business, if goods come into Northern Ireland from Great Britain and then move onward into Ireland the tariffs will be paid in Northern Ireland and then refunded by the UK Government. Other companies in Ireland who trade directly with Great Britain will also have to pay any tariffs but these won't be eligible for refund. This gives a company trading and importing to Northern Ireland a direct cost advantage over competitors directly importing to the south selling the same goods'.*

It is unclear how companies in Northern Ireland will be able to access EU wide conformity assessment testing. Could this be blocked if Great Britain companies set up subsidiaries in Northern Ireland for this specific purpose? Goods entering Northern Ireland will also face EU anti-dumping duties which in some cases have been dropped by the UK. This could **create incentives for illicit trade**, as well as confusion for consumers in Northern Ireland - a further cost burden.

**Aodhan Connelly, Director of the Northern Ireland Retail Consortium**

*'The retail sector works a high-volume low margin business model. Additional costs can quickly make the model untenable at which point retailers will look at what they need to do. The equation is simple. If the new costs are higher than the profits, then either the product or the business model becomes unviable. In most cases with the large retailers, Northern Ireland sales contribute around 1% to their turnover. In the event of regulatory divergence, these firms might reorganise their business model to separate the Irish operations from the UK operations and integrate them more with the continental EU operations if they are able to continue at all.*

*Some online retailers based in the UK could move their EU operations to Ireland, to avoid the complications of moving goods from the UK into the EU Single Market in the event of regulatory divergence. This will all be dependent on how the Northern Ireland Protocol is implemented and what sort of FTA, if any, the UK gets with the EU'.*

There is concern regarding customs paperwork and importers in Northern Ireland having to pay tariffs even if they are ultimately reclaimed. Tariffs may still be paid in the event of a trade deal if goods do not meet product specific rules of origin. Goods imported

**David Lavery, CEO of the Law Society of Northern Ireland, and Dr Frank Geddis,  
Head of Research & Governance at the Law Society of Northern Ireland**

*'There are a number of different strands to the impact of Brexit on legal practice and the ability to provide services to clients across borders. The first of these strands is the question of admission to practice and the ability of clients to access their lawyer of choice. At the UK/EU level, Brexit entails the loss of reciprocal agreements on recognition of qualifications which have opened up the market for legal services. Whilst it is hoped some of the mutually beneficial co-operation can be re-built over time, it is pragmatic to prepare for a changed environment. In an interconnected world in terms of family relationships and commerce, cross-border co-operation is important.*

*At national level, there is scope for jurisdictions to enter into bilateral arrangements which offer deeper access to the individual markets. In this context, the overriding priority for the Law Society of Northern Ireland has been to work with the Law Society of Ireland to re-affirm the commitment of both jurisdictions to seamless cross-border practice on the island of Ireland, irrespective of the outcome of the Brexit negotiations. This is crucial for a number of reasons including businesses operations across the island and the reality of life in border communities. Co-operation between our respective professions pre-dates the establishment of the European Union and reflects our close historical ties and enduring social and economic connections. The conclusion of a Memorandum of Understanding between our Societies to set out the continuation of this relationship is an important symbol of our commitment to clients on a cross-border basis.*

*Another key strand of the Brexit impact is the withdrawal of the UK from a raft of reciprocal agreements in key areas governing the recognition and enforcement of judgments in civil, family and commercial matters. Effective mechanisms to enforce legal obligations and rights across borders underpins access to justice for the vulnerable in areas such as family law and domestic abuse law. They support the global economy by providing a context of legal certainty for the enforcement of commercial agreements. Co-operative agreements in the area of criminal justice provide important transparency and resource to ensure the effective administration of justice.*

*A range of EU collaborative arrangements will no longer stand and it will be vital to put in place adequate and appropriate replacements. This is in the interests of both parties.*

into Northern Ireland from outside the EU or UK may initially pay EU tariffs but then a rebate to the UK tariff if the rates differ. Again, in some cases **such outlay would be initially costly.**

Northern Ireland will remain subject to the EU's system of export controls for defence, including for dual use goods which may have a civil or military use. It is likely that such goods transferring between Great Britain and Northern Ireland will have to go through the relevant licensing procedures, although this has not yet been confirmed. At present a London based team manages the relevant processes, and it is not clear if they would be able to also manage the process for Northern Ireland. Collins Aerospace is a major Northern Ireland producer of aircraft seats which are sold globally. **It is not clear what impact the Protocol may have on their business model.** There are qualifications for working in aircraft engineering, which in the future may differ between UK and EU, or not be mutually recognised.

Sectors are already declaring that the perceived imposition of such red tape and related tariff and other frictions means that businesses, in Ireland, are looking to non-Great Britain supply chains to reduce potential administrative costs and lag times and are being encouraged and supported by the Irish Government and its agencies to do so.

**Brian Barry, Irish Farmers' Association**

*'When I talk about the loss of value, what we're concerned about is that the loss of value in the UK market translates into a very serious hit on farm incomes and the viability of farms, particularly in those sectors – beef, in particular, mushrooms - those kinds of sectors. That's where we would see the main impacts and that's where our main worries are.'*

**Labour Market: Migrant Worker Issues**

A core message of the Leave Campaign in the EU Referendum was 'to take back control of our borders'. Now the UK has left the EU it must re-introduce border controls<sup>21</sup>. Indeed, it has moved quickly to do so in the proposed form of a new migration and immigration control regime and related legislation. As of 1<sup>st</sup> January 2021, **free movement between the EU and UK will end** and the UK will introduce a points-based system. The British Government has imposed a minimum salary of £25,600<sup>22</sup>. The skills threshold will be set at RQF3. The government aims to suspend the cap on the skilled worker route thereby bringing in more skilled labour. However, for lower-skilled workers, the government has significantly raised the threshold for entry to the UK. They state:

**'As such, it is important that employers move away from a reliance on the UK's immigration system as an alternative to investment in staff retention, productivity, and wider investment in technology and automation<sup>23</sup>.'**

**Declan Billington, CEO of Thompson's Animal Feed**

*'In addition to this, all the interdependent sectors are resourced by people from across and outside the EU and most are paid a salary well below the £25,600 immigration salary threshold. Resourcing these sectors will become difficult as more migrant workers return to their home countries or leave the industry and cannot be replaced. This is a disadvantage Ireland, (a competitor we share a land border with which allows free flow of livestock) will not have in trading into the Great Britain market.'*

The Protocol reiterates the commitment to retaining the Common Travel Area that enables British and Irish citizens to move freely between the two jurisdictions to work live and be treated equally. Elsewhere the Withdrawal Agreement includes arrangements on the position of other EU citizens in the UK and British citizens elsewhere in the EU.

An immediate concern to those interviewed for this Report is the impact on business in Northern Ireland of the new UK wide immigration laws and the migration regime.

Northern Ireland relies on overseas workers in a number of key sectors and it is expected that this will potentially result in labour shortages in haulage, food processing, construction, hospitality and social care sectors. However, arguably in a wider civic and economic development context **this is a partial view of the impact** of UKs new migration controls and overlooks the challenge for the entire island of Ireland. Although, this will impact directly upon Northern Ireland employers in terms of sourcing labour, it is evident that migrant workers across the island are those most likely to be engaged in short-term, insecure and low paid work.

Moreover, for businesses operating across the two jurisdictions on the island of Ireland, it is unclear whether an employee of a business who is not a UK or Irish citizen would **be able to move freely and work for that same firm in both Ireland and Northern Ireland**. Non-residential migrants, such as a Czech Republic citizen working in Dublin may be required to work occasionally in NI. Sectors state that there appears to be no consideration if and how such persons could enter the UK to work, whether they would be insured and again, what the additional costs would be if such labour could not move freely. Again, pre-Brexit such movement, critical to certain sectors, was seamless.

An insight into the **complexities, difficulties and challenges** that can arise in the wider island of Ireland labour market for those who work in one jurisdiction and live in the other has been provided by misalignments between employment and unemployment

supports introduced separately by the UK and Ireland as part of their Covid-19 economic response measures. There is also an issue regarding prescription fraud (free in Northern Ireland) and children resident in Ireland but attending Northern Ireland schools. Within an increasing all-island economic landscape such issues could be resolved to protect both those of working age and the public finances of each jurisdiction.

### **Movement of Goods**

Freight bodies in all 3 jurisdictions are concerned not just about Northern Ireland-Great Britain trade, but all Ireland goods movement, given that **there is nothing in the Protocol on transport**. If there is no UK-EU agreement, hauliers will have to rely on ECMT (European Conference of Ministers of Transport) permits which are not sufficient. Transport is intrinsically linked to goods but without permits goods may have to move between trucks at the border. The Common Travel Area rules help if the driver is a UK or Irish citizen, but there are unanswered questions as to whether that position applies to other EU nationals.

#### **Seamus Leheny, Policy Manager for Freight Northern Ireland**

*In common with the other sectors interviewed for this research, Freight Transport Association agrees that the more the UK diverges from the EU the greater friction this will bring to trade across the Irish Sea. In addition, mutual recognition of qualifications is a key issue for freight. Lorry Driving is unusual amongst these sectors in that individuals must pay to become qualified – UK training and accreditation currently costs in the region of £2.5-£3K. If EU driving qualifications are no longer recognised in the UK this will cause problems in Northern Ireland where we rely on drivers from other EU countries. The cost of UK accreditation together with the costs of immigration will make Northern Ireland unattractive to drivers. Interesting fact: 80% of trucks on English roads have crossed the channel. The UK has a current driver shortage of 60,000. European drivers plug these gaps by picking up and dropping off loads in Great Britain before returning to Europe. Without these drivers the ability to move goods across Great Britain could be compromised ... the minimum salary threshold together with the costs of registering to live here as a non-national (estimated to be approx. £2500 per person) will restrict the availability of labour'.*

Haulage regulations are slightly different between UK and Ireland, and this is managed regionally. There are international rules such as AETR (European Agreement concerning the Work of Crews of Vehicles engaged in International Road Transport). There are also EU rules such as hours permitted driving. UK companies deliver to Ireland, Irish

companies are also prominent across the UK. Any divergence between these rules will be problematic.

## Scenario Planning

This is a fluid moment for economic, trade and customs strategies across these islands. Brexit remains a significant and, according to those interviewed, a **still unfolding jolt** to economic futures that presents more questions than answers. Combined, Covid-19 and Brexit are understood by sectoral representatives **as conditioning the need to develop** and enhance civic and business competencies, relationships, and synergies North-South and East-West to offset negative impacts.

These events should be met by the most **significant thinking thus far** that plans and strategises on **how we merge the peace-process with job and wealth creation, economy-led social justice, the boosting of social economy and skills advancement through greater all-islands co-operation**. With Northern Ireland adhering to the EU customs code and Ireland remaining a full EU Member State it is obvious that the B/GFA and its institutions and structures become **ever more important**<sup>24</sup>. However, there are two points of reference that will need to be monitored and evaluated. These are 1) has protecting the B/GFA and the border between Great Britain and Northern Ireland undermined the Northern Ireland economy? 2) Will the Withdrawal Agreement drive new synergies and stimulate a more growth-oriented Northern Ireland/all island economy?

It is likely that trading with Great Britain will become more complex whereas North-South trade should remain less so. Any decline in the interactions between Great Britain and the two economies may be another catalyst for greater all-island synergies. Again, there is a need for political and civic leadership to map out what future trading and production relationships will be. At present much is based upon a **'wait and see' model as opposed to emphasising the need for future-led opportunity sets**. There has been little vision from either the UK Government or Northern Ireland Assembly as to how future trade will operate under the Protocol, and this is something that both should be addressing with urgency.

As a state independent of the EU, from 1<sup>st</sup> January 2021 the UK needs to replace the entire suite of EU trading relationships and agreements it has removed itself from to trade in the global economy. This work is currently underway but until it is concluded UK businesses cannot evaluate, plan for and adjust to the new regulatory environment. Ironically, because of the Protocol businesses in Northern Ireland already know how they will continue to trade with Ireland and the EU, **but are less sure about how they will trade with Great Britain**. As we have noted several times that relative surety of EU trade should trigger the scenarios that will grow that trade.

It is critical to understand that the Protocol is part of a wider Withdrawal Agreement process whose arrangements will be legally operative and also come into force when the Transition Period ends. Implementation in the special circumstances of Northern Ireland will continue to be scrutinised and reviewed by the Joint Committee<sup>25</sup>. The extent to which NI diverges from UK trading regulations will depend upon the level of friction in the deal negotiated between the UK and EU.

The Protocol is not static and may be less relevant after FTA negotiations or indeed altered via future negotiations. In addition, the 'democratic consent' provisions included in the Protocol **create the capacity for the Northern Ireland Assembly to disapply the Protocol**. It is almost a century since Northern Ireland became a separately governed, or in today's terms devolved, part of the UK and the Irish Free State was established. This meant the island had two jurisdictions that have since evolved a new trading relationship with Great Britain and with each other. Several Anglo-Irish agreements over the decades between Dublin and London helped to shape the direction and key details of this evolution south of the border. In particular, the Anglo-Irish Trade Agreement of 1938 and the Anglo-Irish Free Trade Agreement of 1965. However, a new and much more dynamic phase got underway when Ireland and the UK joined what is now the EU. A key result of this was that Northern Ireland was brought into an overarching regulatory framework for trade business and movement between and on both islands, in a close and evolving relationship with continental Europe. The UK having left the EU and its overarching regulatory environment heralds a third phase where Great Britain in the post-Brexit environment **creates a new landscape of both trade loss and opportunity**. The impact of this will be determined by the capacity to maintain and/or grow market share with Great Britain and/or beyond in the face of potential trade and customs friction between these islands.

### **What Should Businesses Do?**

We have outlined several issues in this report, but this is not an exhaustive list. Business in London, Belfast and Dublin need to analyse and make public all of the issues they identify to **provide the impetus for them** to be discussed and resolved. Governments in turn must **commit** to responding to those issues. It appears there are presently insufficient structures in place to adequately address these issues. Northern Ireland businesses are working closely with each other and their regional and national bodies. There is also the politically focused joint committee. However, in order to mobilise, give full consideration to the issues and undertake the consultation process set out in the Protocol requires politicians combine with business, officials, and experts to discuss matters, to reflect and



resolve relevant issues. This could also catalyse framing a realistic future vision of trade North-South and East-West.

As a practical matter the EU continues to make clear that the future relationship with the UK is predicated on the satisfactory, from their perspective, implementation of the Protocol's operational requirements. Amongst the most important of these is the application in Northern Ireland of the EU Customs Code, SPS controls, processes and protections for animal health, the application of VAT and data sharing systems. The UK has published its command paper on how it intends to proceed to do so. However, at the time of publication negotiations are continuing. The contributors to this Report, from both jurisdictions, hope that negotiations are concluded sooner rather than later and, that the sectorial voices are consulted and involved in speedily progressing planning.

During the Covid crisis Brexit receded from media inspection and sectoral leaders were fearful that as planning for the Withdrawal Agreement become less visible it would also be debated less. To plan business needs a high degree of certainty as to what is expected of them and their operations to be compliant. Asserting the business and sectoral voices is critical.

**Tom Thornton, Brexit Chairperson for the Irish International Freight Association**

*'We need to see companies engaging in proper planning for the impact and to be better prepared in order to avoid unnecessary delays'.*

Disconnection between both parts of island does not augur well for the coordination required to avoid the wide range of issues and **potential de-alignments highlighted by those interviewed for this report**. Post-Brexit we need greater co-ordination between each. Even before the Covid-19 losses were being incurred across every sector. Therefore, **Northern Ireland business needed to focus upon the opportunities created by the unique positioning within the EU Single Market** provided by the Protocol.

**Stephen Kelly, CEO of Manufacturing Northern Ireland**

*'All sectors here that trade with Great Britain need the UK and EU to demonstrate goodwill towards Northern Ireland in the form of mitigation, derogation, compensation and legislation'.*

## What Should Institutions Do?

The key decision-making forum for implementing the Protocol is the UK-EU Joint Committee. This met first on 30<sup>th</sup> March 2020 (by video conference) with agreement to meet again in June. Advising the Joint Committee on its decisions is a specialised committee, one of six set up by the Withdrawal Agreement, whose meetings commenced on April 30<sup>th</sup>. This Committee will consider a) the movement of goods from Great Britain to Northern Ireland b) the future of agricultural subsidies to producers in Northern Ireland c) possible quotas and/or tariffs for fishery and aquaculture products brought into the EU by UK boats registered in Northern Ireland ports d) the role of the Joint Consultative Working Group<sup>26</sup>.

The discussions underway to finalise the EU-UK FTA will also have significant implications for the joined-up operation of service business both North-South and East-West especially in the sectors crucial to business operations such as banking, financial, digital and professional services. As noted throughout this Report all sides to the negotiations have committed to protecting the B/GFA. Success will necessitate a keen awareness that embedding peace-making is a work in progress, and that there is a fragility to society.

During Covid-19 the absence of timely and/or clearly effective joined up and coordinated health and economic responses between the UK and Ireland raised the debate about the need for this to happen. This debate occurred primarily within the recently re-established Northern Ireland Executive where First and Deputy First Ministers and colleagues found themselves governing through a pandemic. A Memorandum of Understanding was subsequently signed by the Executive with the Irish Government that included coordinating measures **to make 'best efforts' to coordinate their respective public health responses**. However, it did not commit to island wide coordination based on a single epidemiological unit, as for example happened for Foot and Mouth disease in animals. As the pandemic impacted and deepened there has been an unwelcome increase in negative commentary about the 'other' jurisdiction and a revival of 'us and **them**' **along with 'back to back' responses** and position taking. As with Brexit, future responses to public health and economic crises as well as planning for growth and development, should be co-joined for mutual benefit.

Offering recommendations to assist the situation that are grounded in the possibility of progression in such an **environment is a challenge**. Nevertheless, the following are

offered for consideration by decision makers and policy influencers whose choices and actions on the implementation of the Protocol and agreeing a UK/EU FTA are critical:

**The EU and UK should jointly and immediately mobilise the consultation set out in the Protocol** so that:

- The NSMC and the North/South bodies input to the work of the Specialised Committee is set out and relevant to their existing mandate. Thereby, supporting, facilitating and managing North-South Cooperation and adding value to the areas identified in the EU/UK mapping exercise.
- The relevant matters covered by the Northern Ireland Human Rights Commission, the Equality Commission for Northern Ireland and the Joint Committee of representatives of the Human Rights Commission of Northern Ireland and Ireland should respond and feed into to the Protocol and the work of the Executive regarding post-Brexit planning.
- The Joint Committee Working Group is established and begins work as a *'forum for the exchange of information and mutual consultation'* to compile reports for the Specialised Committee on the **'planned ongoing and final relevant implementation measures'** contained in the Protocol.

**The NSMC meets in the coming months to:**

- Plan the joining up and coordination of future Covid-19 work to identify and respond to future possible outbreaks including to build on networks and structures of North-South co-operation.
- Consider the areas of cooperation identified by the EU-UK mapping exercise that are within their respective competencies to support and assist in being protected and continued.
- Scope the on-going role and operation of the North-South bodies to support this objective and where possible promote the Protocol's implementation.
- Prepare and progress an ambitious joint North-South investment project of scale and substance to coordinate planning and delivery of the infrastructure and support. This is needed to ensure Northern Ireland and Ireland has the totality of infrastructure to sustain prosperity, well-being and peace.

**There is all-island social dialogue** that brings together representatives of business, trade unions, civic society, community and social organisations to take stock of the peace process entering its fourth decade and to think ahead on the range of issues pertinent to

embedding the peace established and sustain the prosperity in the aftermath of Brexit and Covid-19 in an island of Ireland context, such as:

- Considering all aspects of citizenship post Covid-19 now the UK has left the EU.
- Protecting the B/GFAs equality and rights provisions as challenges emerge.
- More defined environmental enhancement and protection.
- Enhanced all island research, thinking and teaching.
- Infrastructure investment such as for connectivity in transport, alternative energy, water, waste.
- Culture and Sports taking a lead role due to many being all island organisations.
- Responding to climate change and reducing carbon emissions.
- Re-booting/re-inventing the stranded/decimated sectors markets and small businesses.
- Strengthening resilience/minimising cost of vital on and off all island supply chains.
- Investing in improved sustainable 3<sup>rd</sup> level education including to re-skill and upskill.
- Restructuring tourism/hospitality/access products services and support.
- Re-booting 'totality' of North-South infrastructure of support (e.g. energy/digital/transport/waste).

*The British/Irish Council should meet to start the process of considering the impact and implications for the Protocol in context UK devolution. The British Irish Intergovernmental Conference should meet to consider the further implementation of the MoU on the Common Travel Area in light of the experience of managing the Covid-19 pandemic, relevant developments in UK immigration law and on-going East-West relations more generally. The British/Irish and Oireachtas/Assembly groupings meet and decide how their interaction can be made more relevant, timely and substantive to help better align Brexit related responses.*

The role of **The Executive Office** is critical, but to some extent limited, given negotiations are at the UK-EU level. Executive ministers have been present in a meeting of the Joint Ministerial Committee on EU negotiations and it is clear that there have been engagements with the Paymaster General and others. It is to be expected that Executive ministers have also had conversations with the sectors. However, this is probably the time to develop more civic-influenced approach. We would encourage **The Executive Office to establish a task force of experts in trade, productivity and Brexit** to undertake an extensive review of the issues noted within this Report. This should have secretariat

from the Northern Ireland Civil Service and focus on plans relating to North-South and East-West trading relationships.

In all of these considerations the unique knowledge, insights and expertise built up and deployed by institutions, organisations, initiatives and projects that operate on North-South and/or East-West basis must be sought and contributed to. The relationships, networks experience and capacity to inform and develop Strands 1, 2 and 3 of the B/GFA need to be pursued. Evidence based approaches must be mobilised and utilised to contribute and add value to what should be a constructive and progressive process.

In the post-Brexit scenario politics and political decisions will decide if the policies pursued encourage a) support and facilitation at the operational level b) high level strategic initiatives c) required coordination, collaboration and joined-up thinking. To help the political process take this long view based on a workable level of consensus is a **considerable task**. It will however be an even more difficult task if there is **not a new intensive, proactive and equally long-term strategic engagement with civic society** by the institutions to tack sectoral concerns.

## Conclusion

This report offers several initial suggestions that highlight way markers towards examining and understanding the totality of potential developments. It appears peculiar that the UK government continues to insist that the Protocol, the FTA and related negotiations not only conclude but are also implemented, given the issues identified within this report and the ongoing pandemic. It is worth reminding that a significant issue that **must be constantly reviewed** is the complex structure of trade, supply chains markets and business relationships that operate East-West and North-South. Trade and related supply chains and business models are constructed around multiple movements of goods in and out of what will soon be separate UK and EU customs unions. The question arises over whether the Irish and British governments or EU have modelled the impact of the Protocol and other related scenarios upon Northern Ireland, Great Britain and Ireland.

The Protocol is based upon protecting the B/GFA. However, whilst it would appear to do so in terms of political drivers the intention to build prosperity in Northern Ireland will appear hollow and potentially destabilising if the consequences are that its **economy is undermined post-Brexit as it seeks to recover from the Covid 19 pandemic and the deep recession is it has brought about.**

The B/GFA delivered a political settlement to end violent conflict. In its next phase it must now focus on a new 'totality' of North-South and East- West economic interaction such as for skills upgrading, the development of co-operatives and social economy, productivity enhancement, specialist and diverse production and service capacity. The Protocol and Covid-19 crisis are the point at which government must create more envisioned plans for an outward looking economy in Northern Ireland. As noted in the House of Lords' European Union Committee Report entitled *The Protocol on Ireland/Northern Ireland*:

*'More than ever, it is incumbent on all parties, including the UK Government, the EU, the Irish Government, and the political parties in Northern Ireland, after the divisions of the past four years, to work in a common endeavour to prioritise and urgently address the interests, stability and prosperity of the people and communities of Northern Ireland. As we concluded in our 2016 report, anything less would diminish the efforts of all those who have worked so hard for peace and good relations across these islands'<sup>27</sup>.*

This is also the moment for more defined civic-led development and influence. Trade and sectoral bodies must work with the Northern Ireland Executive along with the B/GFA's other Institutions to provide new ideas on business growth, develop greater R+D functions, and link economic practice to the next level of embedded peace-making. Such civic-led leadership needs defined, promoted and practised. Brexit brings that requirement to the foreground.

## Appendices

### **Appendix 1: The Ireland/Northern Ireland Protocol**

Although short in length, the Protocol is complex document especially as its implementation and rules have not been fully defined. The main points and potential outcomes are as follows:

- Articles 5-10 set out the provisions under which Northern Ireland can remain aligned with specific EU rules in customs, goods, VAT, and the Single Electricity Market. Note: the Protocol only refers to goods and does not cover the trade in services. Northern Ireland services will probably be subject to the UK/EU FTA in common with the rest of the UK, or in the absence of a deal, WTO rules will apply.
- No customs duties or tariffs shall be payable for a good brought into Northern Ireland from another part of the United Kingdom by direct transport unless that good is at risk of subsequently being moved into the EU. This will mean goods moving between Northern Ireland and Great Britain and Great Britain and Northern Ireland would have to be checked to ensure their point of origin was not or their destination is not the EU customs union (in which case they will pay the relevant tariff). Sectors are concerned that this will produce additional administrative costs.
- A good brought into Northern Ireland from outside the Union shall be considered to be at risk of subsequently being moved into the Union unless it is established that that good: (a) will not be subject to commercial processing in Northern Ireland; and (b) fulfils the criteria established by the Joint Committee in accordance with how it determines the origin of a good. This section seeks to safeguard two EU priorities a) to protect the integrity of the Single Market and the rules of origin which means it must be clear where a good has been made and b) to create a level playing field when a good made or imported from Great Britain that has come from another third country outside the EU and is sub-standard and cannot then be sold or just moved into Ireland.
- Northern Ireland goods will be in the same competitive environment as those in Ireland therefore State Aid rules apply for any measures affecting trade between Northern Ireland and the EU. The Protocol establishes a single regulatory zone on the island of Ireland.
- Paragraph 3 provides that EU administrative customs procedures apply in Northern Ireland to make sure that goods destined for the EU comply with the correct process. This adds an extra layer of bureaucracy and friction to trade.



- Northern Ireland also remains within the United Kingdom’s customs territory (Article 4). However, this is potentially problematic. If Great Britain goods are produced at a lower standard or if the UK establishes free trade deals with non-EU countries and in both cases that means cheaper goods within the Great Britain market that could undermine trade from the island of Ireland to Great Britain. Businesses could sell lower standard goods to Great Britain but that would entail changes in production and the production of goods that could not be sold into the EU market.

It should be noted that this arrangement has been designed to operate without a Free Trade Agreement between the United Kingdom and the EU. If an ambitious agreement with low or zero tariffs and quotas is concluded before the Protocol comes into force, then a significant proportion of goods would qualify for zero tariffs in any case. If the UK achieves lower or no tariff arrangements with the EU that should maintain relatively similar access to the Great Britain market which is critically important to East-West relationships. If a free trade deal is not achieved, it would, according to the sectors, have detrimental impacts. In both cases there will still most probably be additional paperwork, checks and other costs and friction.

Therefore, at the end of the Transition Period – 1<sup>st</sup> January 2021 and not contingent upon the UK and EU reaching any other agreement, the Protocol will mean that Northern Ireland will:

- Align with EU SPS rules, including those relating to the placing on the market of Agri-food goods.
- Agri-food goods entering Northern Ireland from Great Britain would do so via a Border Inspection Post or Designated Point of Entry as required by EU law, building on the provisions that already exist to support the SEU. They will be subject to identity and documentary checks and physical examination by UK authorities as required by the relevant EU rules.
- Northern Ireland will also align with all relevant EU rules relating to the placing on the market of manufactured goods. This would reinforce the arrangements above by ensuring that regulatory checks can be implemented at the boundary of the zone, as appropriate and in line with relevant EU law, minimising the potential for non-compliance. This would be supplemented by in-market surveillance, as it is now.’
- The Protocol places Northern Ireland formally within the UK customs territory and part of any future trade deals the UK makes with countries outside of the EU.

However, in order to protect trade on the island of Ireland and to avoid Northern Ireland becoming a 'back door' for goods from Great Britain moving into the EU, customs and tariffs will have to be applied on goods coming into Northern Ireland from Great Britain if there is any possibility of those goods moving to Ireland<sup>28</sup>

There are also political and related institutional changes that apply to the Protocol. The implementation and application of the Protocol will be managed by United Kingdom authorities where Northern Ireland and EU authorities may be present. All the arrangements are underpinned by the right of Northern Ireland to withdraw its consent with default in these circumstances being standard EU-UK arrangements.

The following consequences flow from a democratic consent decision (first tested after 4 years from the end of the Transition Period) by the Assembly: a) If Northern Ireland votes in favour of alignment by a simple majority, then it will continue. If it does not, Northern Ireland's alignment with EU law will come to an end two years later. b) If there is only a simple majority to continue alignment, a further consent decision will be required at the end of the next four-year period c) If there is cross-community support to continue alignment, a further consent process will be required only at the end of a period of eight years. Cross-community support is defined at article 18(6): broadly, it means either, most Assembly members and most of both communities, or 60% of Assembly members and at least 40% of each community.

There is potential for the Protocol and the Withdrawal Agreement to lead to inter-community political tensions. This could mean that the relatively mundane workings of goods standards/regulations, proving the source of origin of goods and other trade rules could become a catalyst for wider inter-community tensions. If the Assembly agrees to no longer remain aligned to the Withdrawal Agreement this could lead to further economic damage and business uncertainty. This again highlights the role civic-business leadership should play in developing agency for tighter integration of the peace process and its development via job and wealth creation and social justice and inclusion advancement.

Issues of concern and those that will be evident in the Transition Period of the Withdrawal Agreement are embedded in the Northern Ireland Affairs Committee at Westminster inquiry '**Unfettered Access: Northern Ireland and Customs Arrangements after EU Exit**'. The aim of this inquiry will be to '**... scrutinise customs arrangements for goods moving in both directions between Northern Ireland and Great Britain under**

**the revised Protocol**'. It is not evident how the inquiry will feed into ongoing negotiations.

This includes import-export requirements and customs checks, processes and declarations.<sup>29</sup> The scope of the inquiry is linked to the perspective and queries that are emerging from the sectors: a) whether the revised Protocol will allow goods produced in Northern Ireland unfettered access to the rest of the UK internal market; what customs checks, processes, declarations and infrastructure improvements will need to be implemented under the revised Protocol by (a) businesses and (b) customs authorities in (i) Northern Ireland and (ii) Britain in order to export goods from (A) Northern Ireland to Britain and (B) Britain to Northern Ireland; whether the UK has sufficient (a) customs agents, (b) customs officials and (c) veterinarians to facilitate the new customs arrangements; what effect the new customs arrangements will have on the (a) volume and (b) profitability of (i) East-West and (ii) East-West trade between Northern Ireland and Great Britain; what potential economic effects the revised Protocol will have on Northern Ireland; and other issues and challenges arising from the implementation of the Protocol.<sup>30</sup>

The Protocol states that the following must apply and/or be undertaken:

- The necessary conditions for continued North-South co-operation, including in the areas of environment, health, agriculture, transport, education and tourism, as well as in the areas of energy, telecommunications, broadcasting, inland fisheries, justice and security, higher education and sport.
- Permit the United Kingdom and Ireland to continue to make new arrangements that build on the provisions of the GFA in other areas of North-South cooperation.
- Establish a Joint Committee that will review the extent to which the implementation and application of the Protocol maintains the necessary conditions for North-South cooperation.
- Upheld the Court of Justice of the European Union as holding jurisdiction provided for in the Treaties.
- Maintain the Common Travel Area (CTA) between the UK, the Crown Dependencies and Ireland. British and Irish citizens can move freely between, and live in, these islands. Each living and working within the respective jurisdictions reserve the right to work, study and vote in certain elections and access perspective social welfare benefits and health services.
- When the UK formally left the EU on 31<sup>st</sup> January 2020, this immediately triggered a formal Transition Phase during which the detail of the future relationship is

being negotiated. During the Transition Period trade, travel and business operate without change and the UK continues to follow EU rules and to make payments as normal.

- The UK/EU Joint Committee is the mechanism through which the detail of future arrangements, including the Ireland/Northern Ireland Protocol is negotiated.

For the representatives of the sectoral bodies spoken to for this Report one of the greatest challenges is the removal of autonomous decision-making. Their capacity to act unimpeded that has been replaced by a difficult and dynamic situation over which they have no control. This is further exacerbated by their perceived lack of influence, where judgments and rulings are determined by representatives of the EU Council of leaders and the UK Government.

The Protocol can be seen to maintain and align with the GFA's 3 Strands these are: North-South, East-West and from Northern Ireland to both East-West and North-South. However, it substantially re-adjusts Northern Ireland's regulatory alignment. Whilst cognisant of the GFA and creating the possibility for the NSMS and North-South bodies to input to the work of the Specialised Committee this opportunity has not, at the time of completing this report, been activated and its potential leveraged to benefit from existing structures and relationships and positioned within civic-led responses that evolve and combine long-term responses. **As a result, valuable time is being lost to further develop political and civic-leadership mechanisms that work both the North-South and East-West dynamics.**

The Protocol brings with its regulatory divergence that is likely to have long term consequences for competitiveness, investment, and production chains. As the detail of the divergence unfolds those consequences will emerge and may be different within and between Northern Ireland, Ireland, and Great Britain.

Going forward, business activity across the island of Ireland could be influenced by the Protocol. The defining feature at present is uncertainty 1) will there be a UK-EU FTA? If so, how it affects Northern Ireland? Will there be future trade deals? Why is there no clear position or direction from the Northern Ireland Executive regarding the Protocol FTA negotiations? Why has the North /South Ministerial Council, the only all island political forum in which to discuss Brexit, only met once during the Transition Period?

A consent mechanism requires that the Northern Ireland Assembly votes on the continuation of Articles 5-10 initially, after 4 years of operation and subsequently either

every following 4 or 8 years, depending on the size of the majority of the vote. Each vote must be preceded by a period of public consultation. This again highlights that Brexit will remain fluid and contested

If the Assembly voted to rescind Articles 5-10 of the Protocol this would have consequences for all-island trade. Northern Ireland would become a 3<sup>rd</sup> country and trade with Ireland becomes subject to whatever trade agreement exists between the EU and UK. The consequences of this are profound, for example Northern Ireland does not have the capacity to process all of its milk and 30% of raw milk goes to Ireland for processing. Also, 70% of chicken reared on the island is processed in Northern Ireland. Subjecting products like these to 3<sup>rd</sup> country requirements may render them cost-prohibitive and undermine sectors due to increased trade friction.

Further, there may be consequences for Northern Ireland firms trading with Great Britain. Any difficulties in west-East-West trade arising from the Protocol, as outlined elsewhere in this report, may result in Northern Ireland firms developing greater reliance on the all-island and EU markets. Rescinding the protocol will mean these firms having to re-establish markets within Great Britain, potentially within an environment of lower production standards. This would leave Northern Ireland firms fully operating to UK Customs Union rules but uncompetitive within the UK market.

If the UK and EU negotiate a relatively frictionless trade and customs FTA the threat to economic stability will be lower than anticipated. If it does not create or produce such an outcome the risk to economic stability is high. Clearly the impact of the measures deployed world-wide in response to Covid-19 has already created an unanticipated and unplanned for economic instability. In Northern Ireland this creates an additional risk that the peace process will come under new and renewed pressure from social unrest resulting from large scale unemployment, especially as the labour market has just achieved a form of full employment.

Before the impact of Brexit arrives, the UK and Ireland along with all other nations is at a virtual economic standstill. Initially it was hoped there would be a relatively rapid re-start to economic activity and so the recovery would be 'V' shaped. This may still be the case, but it is increasingly less certain and what seems more likely is a phased re-start that will be to some degree uncoordinated between regions both globally, across Europe and within countries resulting in additional challenges for both North-South and East-West cross border business. If this is the case restoring existing, and locating new, markets during the recovery is critical. If the UK negotiates 3<sup>rd</sup> country trade deals, then this may

have benefits for Northern Ireland, but it also may not. Such deals could make selling, maintaining production chains and investment in and with Great Britain will be difficult for businesses in Northern Ireland and Ireland. Sectors on both parts of the island of Ireland are concerned that current and highly developed linkages and transport networks with Great Britain will be diminished. Sectoral groups in Ireland are particularly concerned about UK 3<sup>rd</sup> country deals will undermine the selling of Irish goods into the Great Britain market.

At the time of writing, the UK Government remains publicly dedicated to the December deadline. Therefore, this report assumes the Protocol will be operational on 1<sup>st</sup> January 2021. However, within this timeframe we question when and how the fears, concerns and opportunities identified by our interviewees will be addressed.

## Appendix 2: General Context

1. The EU referendum of June 2016 set in train a process of withdrawal that neither the EU nor UK had anticipated.
2. Following a period of intense negotiations with the EU, UK Parliament and within the Conservative Party, the UK finally left the EU on 31st January 2020.
3. During negotiations one of the most significant obstacles to withdrawal was the issue of the land border with Ireland.
4. The Single European Market (SEM) and Belfast/Good Friday Agreement (GFA) had supported peace in Northern Ireland that was sustained by largely seamless (e.g. VAT) and mutually dependent trading across the island. The UK and Irish Governments and the EU have remained committed to upholding an open border and understand how important an open border is to the evolution of the peace process.
5. The Withdrawal Agreement (WA) when eventually negotiated contained a separate Protocol covering future arrangement for Northern Ireland and Ireland.
6. The Protocol is a short but complex document that covers several areas that significantly relate to trade in goods.
7. In short, Northern Ireland whilst part of the UK Customs Union will in practice continue to follow much of the EU Customs Code and goods regulations.
8. The Protocol contains insufficient detail regarding how this arrangement will work in practice. The detail is being dealt with by the UK/EU Joint Committee, as part of the overall negotiations on future arrangements between the UK and EU. In addition to determining the detail of the Protocol the Joint Committee is also negotiating a free trade agreement (FTA) between the UK and EU.
9. These negotiations have a fixed timetable with the Transition Period legally required to conclude by 31st December 2020, with the new arrangements coming into operation on 1st January 2021.
10. There have been numerous calls for the UK Government to request an extension to the Transition Period – particularly given the impact of the Covid-19. At the time of writing the UK Government has refused to do so.
11. This report focuses on the impact of Brexit on several key economic sectors in Northern Ireland, Ireland, and Great Britain. It outlines the concerns these sectors have on the impact the Protocol upon their ability to continue to trade across these islands.
12. It also outlines their inability to prepare due to lack of guidance, for any incoming changes.
13. These sectors feel unheard within UK/EU level negotiations.
14. The report also makes several recommendations, most of which address the practical requirements around implementing and operating the Protocol.
15. However, we also call for the UK and Irish Governments to recognise the inter-dependency of trade relationships across these islands and the unique place of

Northern Ireland and the potential impact upon Great Britain and Northern Ireland trade.

16. Protecting the GFA in Northern Ireland was a core commitment in negotiating the Withdrawal Agreement. Continued protection of the GFA now requires both governments, as co-guarantors of the GFA to finally address the remaining work needed to embed and develop strategies and arrangements to supportable economic growth, investment strategies and peace dividends.
17. Much of the work in this report was undertaken before Covid-19 took hold across the UK and Ireland. The pandemic has plunged the global economy into a recession the duration and scale of which is yet unquantifiable but is already being described as unprecedented.
18. This research is cognisant of the profound impact of Covid-19 that may shape and impact upon the political, economic and social environment through which an FTA is currently being negotiated. It also drives an ever more urgent call for further support for economic development in Northern Ireland and on the island of Ireland to deliver economic resilience in the face of Covid-19 and what the sectors envisage as the deleterious impact of Brexit.



### Appendix 3: Impact of the Covid-19 Pandemic

The Covid-19 pandemic has unfolded alongside the EU withdrawal Transition Period and its reverberations will be felt in parallel. Economic recovery from the pandemic is a policy imperative shared by many governments, but Covid-19 has delivered an unanticipated economic shock the consequences of which the UK Government must now factor into Brexit. Brexit alone presented a challenging environment and the pandemic has deepened exponentially a sense of crisis.

The Covid-19 crisis has so far not led to the UK Government seeking an extension to the Transition Period. The deadline for requesting an extension is June 2020. However, previous EU deadlines have been re-negotiated and therefore, it seems plausible that should, and extension be sought beyond the deadline period that the EU would be open to facilitating this.

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<sup>2</sup> See appendix 1

<sup>3</sup> See <https://static.rasset.ie/documents/news/2020/06/draft-programme-for-govt.pdf>

<sup>4</sup> See Appendix 2

<sup>5</sup> See <https://www.liverpool.ac.uk/media/livacuk/research/heroimages/The-University-of-Liverpool-NI-General-Election-Survey-2019-March-20.pdf>

<sup>6</sup> <https://www.bbc.co.uk/news/business-53002961>

<sup>7</sup> <https://www.kildarestreet.com/committees/?id=2020-06-09a.304>

<sup>8</sup> See Appendix 3

<sup>9</sup> See: [https://ec.europa.eu/commission/sites/beta-political/files/mapping\\_of\\_North-South\\_cooperation\\_0.pdf](https://ec.europa.eu/commission/sites/beta-political/files/mapping_of_North-South_cooperation_0.pdf)

<sup>10</sup> <https://www.thebritishacademy.ac.uk/documents/310/belfast-good-friday-agreement-island-ireland-economy-and-brexit.pdf>

<sup>11</sup> <https://www.irishtimes.com/news/politics/no-clarity-in-brexit-deal-on-how-irish-sea-border-will-work-uk-peers-told-1.4170864>

<sup>12</sup> <https://www.belfasttelegraph.co.uk/news/northern-ireland/post-brexit-trade-a-nightmare-for-northern-ireland-hauliers-tell-lords-committee-38991027.html>

<sup>13</sup> <https://www.belfasttelegraph.co.uk/news/northern-ireland/post-brexit-trade-a-nightmare-for-northern-ireland-hauliers-tell-lords-committee-38991027.html>

<sup>14</sup> <https://www.cso.ie/en/releasesandpublications/ep/p-ti/irelandstradeingoods2018/toptradingpartners2018/>

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<sup>15</sup> <https://www.independent.co.uk/news/business/comment/ireland-s-economy-is-heavily-reliant-on-trade-with-the-uk-the-consequences-of-a-brex-it-could-be-a6871426.html>

<sup>16</sup> <https://commonslibrary.parliament.uk/research-briefings/cbp-8173/>

<sup>17</sup> Ibid

<sup>18</sup> <https://www.dw.com/en/fact-check-as-brex-it-looms-how-dependent-is-ireland-on-british-trade/a-47322998>

<sup>19</sup> Ibid

<sup>20</sup> This is a position also articulated by political parties. See <https://www.mydup.com/images/uploads/dup-manifesto.pdf>

<sup>21</sup> In the lead in to the creation of the SEM much evidence was generated showing that because the task of border controls is to confirm compliance with domestic regulations it operates and the principle that every item is non-compliant until proven to be compliant with the result that more onerous and rigorously applied controls are consistently applied to goods imported compared to those being exported – the latter being ‘somebody else’s’ problem’.

<sup>22</sup> See the UK’s points-based immigration system: policy statement <https://www.gov.uk/government/publications/the-uks-points-based-immigration-system-policy-statement/the-uks-points-based-immigration-system-policy-statement>.

<sup>23</sup> <https://www.gov.uk/government/publications/the-uks-points-based-immigration-system-policy-statement/the-uks-points-based-immigration-system-policy-statement>.

<sup>24</sup> **Institutions and Government:** The Good Friday Agreement hosts a range of institutions and bodies that are delegated to support trade and economic development across the islands. These include the North–South Ministerial Council and the North–South Implementation Bodies, the British–Irish Council, British–Irish Intergovernmental Conference and the British and Irish Parliamentary Assembly. In addition the Department of Foreign Affairs, the Taoiseach’s Office, the Northern Ireland Office, the Cabinet Office, the Executive Office (Northern Ireland) International Relations Team, the Joint Committee of on the Implementation of the Good Friday Agreement, Scottish and Welsh governments, BEIS and EU European Parliamentary Research Service. **Sectoral Groups:** Tourism Ireland, Professional Bodies and Trade Associations, Trade Northern Ireland, British Irish Trading Alliance, British and Irish Ombudsman Association, CBI, CBI Northern Ireland, Ibec, Irish Congress of Trade Unions, Retail Northern Ireland, Chambers Ireland, Northern Ireland Chambers of Commerce, British–Irish Chamber ADAS, Irish Farmers Association, Ulster Farmers Union, National Farmers Unions (England and Wales), Fish Producers Organisation, Maritime UK, the Freight Transport Association and all islands trade unions. **Think Tanks/Policy Research:** CTSI Brexit (Trading Standards), Centre for European Reform, UK in a Changing Europe, Adam Smith Institute, Institute of Economic Affairs, Bruges Group, Chatham House, Pivotal, Civitas and UK Trade Policy Project, Economic and Social Research Institute, Centre for Cross Border Studies, Irish Centre for Local and Regional Development, Institute for International and European Affairs, DCU Brexit Institute; British Academy, Royal Irish Academy.

<sup>25</sup> [https://ec.europa.eu/ireland/news/key-eu-policy-areas/brex-it\\_en](https://ec.europa.eu/ireland/news/key-eu-policy-areas/brex-it_en).

<sup>26</sup> See <https://ukandeu.ac.uk/the-specialised-committee-on-the-protocol-on-ireland-northern-ireland/>

<sup>27</sup> <https://publications.parliament.uk/pa/ld5801/ldselect/ldecom/66/6602.htm>

<sup>28</sup> <https://www.instituteforgovernment.org.uk/explainers/brex-it-deal-northern-ireland-protocol>

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<sup>29</sup> <https://committees.parliament.uk/work/115/unfettered-access-northern-ireland-and-customs-arrangements-after-brexit/>

<sup>30</sup> Ibid