



The Centre for  
Cross Border Studies

## MEDIA WATCH

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### EU Referendum - Exiting Europe bad for Irish businesses says McGuinness

Sinn Fein has nailed its colours firmly to the pro-EU mast by urging its supporters to vote 'remain' on June 23.

Launching the party's 'Putting Ireland First - Vote Remain' campaign in Belfast yesterday, deputy first minister Martin McGuinness said a so-called Brexit would be bad for Irish businesses and farmers, as well as a setback for human rights and workers' rights.

Sinn Fein characterises its approach to the EU as one of "critical engagement".

"The European Union is far from perfect but the only way to address that and change it is from within," Mr McGuinness said.

The Foyle MLA said many aspects of society in the north had received support from Brussels, including the community groups, businesses and the farming sector.

"We cannot allow the narrow interests of a section of the Tory party, which was not elected by the people of the north, to take us out of Europe and set our political agenda," he said.

Sinn Fein MEP Martina Anderson said a Brexit would be "disastrous for Ireland **north and south**".

"We in the north, would be shackled to a Britain with a hostile, hawkish Tory government, wedded to the failed policies of austerity - a peripheral region of a peripheral state on the periphery of Europe," she said.

"We critically engage with the EU, supporting what is right and good for Ireland while challenge shortcomings wherever we find them."

**Source:** The Irish News

June 6, 2016

## Cross-border deal-making has slowed ahead of UK vote - EY

IRELAND has suffered a slowdown in the pace of **cross-border** deal-making, ahead of this month's UK referendum on whether the country will leave the European Union, according to one of the country's most senior corporate advisors.

"We've seen a slowing down in transaction activity, particularly in international transactions. I think that's driven by people really wanting to know what's happening," Mike McKerr, managing partner of EY Ireland, told the Irish Independent.

While many business and political leaders here are concerned about the fall-out if Britain votes to leave, the EY chief said any result will help revive activity.

"Whether it's in or out, the removal of uncertainty will be a good thing," he said. Financial services firm EY Ireland was formerly known as Ernst & Young.

The EY Ireland chief told the Irish Independent that he does not believe border controls will be re-established between the Republic and the North, even if the UK does vote to leave the EU.

"Clearly from an **all-island** point of view, there has been a really free movement of goods, services, people, **north and south**. Regardless of which way the vote goes, you have to hope that common sense will prevail and we won't be putting a border in place," he said.

Volatility in currency markets has increased dramatically as the vote approaches, making it harder for exports to price sales.

With less than three weeks to go, big global investors including Pimco and BlueBay Asset Management are increasingly betting on pound declines as the best hedge against a Brexit scenario.

Canada-owned investment giant BlueBay said it has increased its so-called short-sterling positions - meaning it thinks the pound will weaken - following recent strength in the currency, portfolio manager Mark Dowding said in an interview with the Bloomberg news service.

Money markets are underestimating the risk of a UK exit, because there is a view that voters will come to their senses and favour remaining in the EU, he said.

But BlueBay has moved to hedge the risks of a Brexit, including in currency markets, because that common view is not reflected in opinion polls, he said.

Yesterday, Denmark followed Ireland by ruling out the possibility it will quit the EU, if Britain leaves.

Like Ireland, Denmark is a major agricultural and food supplier to the UK and all three countries joined the then-EEC together in 1973.

Danish Prime Minister Lars Loekke Rasmussen said his country "will always belong inside the European Union", no matter what the outcome of Britain's June 23 vote.

"I'm not blind to the fact that the EU makes mistakes," Rasmussen said according to the text of a speech delivered on Sunday. "Decision-making can be too slow and there's too much, or the wrong kind of, regulation.

"None of this prompts me to ask whether Denmark belongs in the EU. We do. Now and in the future."

The Danish premier also said a British decision to remain in the EU "can become a motor to drive needed reforms" in the bloc.

These ought to include ensuring that the EU "focuses on the most important things and stays out of far more" policy areas, he said.

**Source:** Irish Independent

**June 6, 2016**

## Retailers hoping to profit from a **cross-border** influx as NI prices continue to fall

PREDICTIONS of a surge of shoppers from the South crossing the border into Northern Ireland have been welcomed as prices continue to fall here.

Financial experts believe a "perfect storm" of currency shifts and tax changes could lead to an influx of Republic-registered cars into shopping centre car parks from Londonderry to Newry again as bargain hunters bid to get more for their euros.

A new price survey from Irish Revenue and Customs chiefs indicates the cost of alcohol and tobacco has climbed in the South over the past year, while the price of identical products in Northern Ireland has fallen.

The official survey priced 15 products - including beers, wines, spirits, motor and home heating fuels - in both jurisdictions and found they were all cheaper north of the border compared with 12 months previously. All but one of the 11 alcohol and tobacco items surveyed in the Republic had increased over the same period. The cost of petrol, diesel and home heating fuel had declined significantly on both sides of the border following the collapse of oil prices on international markets.

Over the past year the price of a bottle of vodka in Dublin was unchanged at (EURO)20 (£15.66), while in Newry it fell from £13.48 to £13.03.

The only change in excise or duty over the past year was a 50% increase on a pack of 20 cigarettes in the Republic, so the price changes identified are largely attributable to fluctuations in the euro and sterling exchange rate.

Last night Gillian Fitzpatrick, the SDLP chairwoman of Newry, Mourne and Down District Council, welcomed the potential for an influx of shoppers from the South - but said there was no strong evidence of it happening yet.

She said: "We do have a regular amount of southern vehicles but the car parks have not been full to the brim, there has been no queueing into them.

"I have not seen a massive increase, but we would be absolutely delighted if that turns out to be the case. It would be fantastic - but they should be coming here because we offer so much."

However, there was worry across the border.

The Irish Times reported Thomas Burke of Retail Ireland as saying: "It is always a concern to see the price gap widening. What we would be concerned about is a perfect storm which would see price gaps widen because of currency shifts and tax changes."

Mr Burke said there had been no indications from retailers suggesting people had started travelling North in big numbers, but he expressed concern that shoppers would start to think there "are greater bargains to be had in Northern Ireland".

The research revealed that most alcohol products as well as home heating fuels were cheaper in Northern Ireland, while tobacco and motor fuels cost less in the Republic.

It also showed that prices for goods in which Northern Ireland already had an advantage over the Republic had dropped even more in the past year.

In addition, the gap in prices between the jurisdictions where the Republic held the advantage, such as cigarettes and auto diesel, had narrowed.

**Source:** Belfast Telegraph

**June 7, 2016**

## North gripped by uncertainty over Brexit referendum; There are growing fears about what will happen if the UK votes to leave the EU

Sunny weather, favourable exchange rates and an Irish bank holiday weekend usually combine to deliver a flurry of euro-spending shoppers who put a smile on the faces of Derry business-people.

But this week could be the exception, according to Sinéad McLaughlin, chief executive of the Londonderry Chamber of Commerce.

She says businesses in the city are on "tenterhooks" about what is going to happen in 17 days when across the UK people will vote on whether to remain in the EU.

For the 500 businesses that are members of the chamber the uncertainty triggered by the Brexit debate has, according to McLaughlin, already had a major impact on the city.

"Businesses are not investing. There is no confidence about the future, only increasing worry about what might happen," she says,

Although McLaughlin agrees the EU referendum is crucial for Northern Ireland as a whole, she says the issue is accentuated in Derry.

"We're already the most peripheral region in Europe, and if the UK were to leave the EU we'll be even more isolated," she says.

"Currently we have an invisible border with Donegal, but if Brexit were to happen, there is the very real possibility of border controls being introduced and the impact of that on both Derry and Donegal would be devastating: we may be two jurisdictions and two currencies but we function economically as one."

### **Co-operation**

McLaughlin believes that a Brexit would threaten "**cross-Border** co-operation on health, the economy and education" in the region.

"People in Donegal and Derry can easily **cross the Border** two or more times every day - whether they are shoppers, business owners, workers or in education. What's at stake here is the economy of the whole northwest of Ireland; it is not simply about Donegal or Derry as separate entities."

Brexit supporters such as Secretary of State Theresa Villiers and her predecessor Owen Patterson argue that in the event of a Brexit there would not necessarily have to be big changes to current Border arrangements.

They say that if the majority of people vote to leave the EU, the UK would then ensure that the Common Travel Area agreement - which enables people to move freely between **North and South** - could continue to operate.

Villiers and Patterson also believe that Northern Ireland could continue to benefit from trade arrangements with the Republic.

However, while visiting the North this week, British chancellor George Osborne said it was "inevitable" there would be changes to Border arrangements and there would likely have to be a remodelling of **cross-Border** trade agreements.

### **Export market**

Latest research from financial advisory firm Davy highlights just how important the North's "growing" business with the EU is to the local economy.

According to Alan Werlau, senior investment strategist with Davy, the Republic is Northern Ireland's most important export market financially, while the vast majority of agricultural and manufacturing exports also go to the EU.

He says if the North were to find itself outside of the EU as a result of a Brexit then the impact for local businesses would be far-reaching and in some cases possibly terminal.

"Let's say the UK leaves the EU and Northern Ireland is outside. Then the question is what level of tariffs could the EU impose on Northern Ireland exports to its member states - the EU's key average tariff on non-EU imports is 5.3 per cent but the key dairy tariff is 42.1 per cent. Would the European Union impose these same tariffs on Northern Ireland's goods and products?"

The reality of that for the North's exporters is stark.

According to Werlau, membership of the EU is worth up to £80 million (EUR 102m) to Northern Ireland each year - before factoring in the value of EU exports and the multiplier effect of EU funding.

He believes "the numbers speak for themselves" when it comes to the net benefits Northern Ireland derives from membership of the EU.

Aside from the crucial issue of how much EU trade is worth to the local economy, Werlau says there is also a real danger that people in the North may not generally be aware of how big a role membership of the EU plays in unlocking other funding, supporting important research and development projects, and attracting new foreign direct investment.

## Economic argument

"There are a lot of EU flags on a lot of things - from the Belfast-Dublin Enterprise service to the Belfast Waterfront Hall - which secured £13.3 million from the European Regional Development Fund - to the Giant's Causeway Visitor Centre, which also received £6.1 million of finance from the fund."

However, Werlau also knows the Brexit issue is not "just an economic argument".

"Some people may be willing to absorb the costs depending on their views but the economic consequences of the EU referendum could end up having a disproportionate impact on certain areas," he says.

**Source:** The Irish Times

## Brexit would slash farm subsidies, says Chancellor George Osborne;

### As crucial vote draws closer, George Osborne visits NI to hammer home the views of the Remain camp, but many are still to be convinced that status quo is the way ahead

Northern Ireland farmers could face huge cuts to their subsidies if the public votes for a Brexit, George Osborne warned yesterday.

On a visit to Warrenpoint, the Chancellor said the Government would likely be unable to match the £2bn the EU gives the industry over a seven-year period.

"What would happen if we left?" he asked. "The country would have less money. A Chancellor of the Exchequer would have to make choices.

"The budget would shrink, and where are the cuts going to be felt? I cannot see why farming would be excluded from those cuts."

Mr Osborne also warned that border controls between Northern Ireland and the Republic could be reintroduced if the public voted for Leave.

Speaking to the Press ahead of a tour of Warrenpoint Harbour the Chancellor, who previously warned a Brexit would trigger a "profound economic shock", said pulling out would lead to an inevitable toughening of controls between **North and South**.

"I'm here at Warrenpoint, and this place is a very practical demonstration of the fact that Northern Ireland has the only land border with an EU country," he added.

"If we were to quit the EU, then jobs would be lost. I think that Northern Ireland would be particularly hard-hit. You would have a hardening of the border.

"You only have to listen to the businesses at the port here telling us that jobs would be lost and their futures would be uncertain."

Mr Osborne claimed that a Brexit would mean "fewer jobs in Northern Ireland, family incomes hit" and the value of properties falling.

He described it as "not a price worth paying".

"We've come a long way from the mess the country was in, economically, seven or eight years ago. We don't want to go back to square one," he said.

"If we quit the European Union, then this is going to be the border with the European Union.

"There would have to be a hardening of the border that would be imposed by the British Government or, indeed, by the Irish Government, and that would then have an impact on business."

Mr Osborne told how one of the drivers at Warrenpoint Harbour had described two-hour queues to enter the Republic when there were border controls, and said that no one wanted to see that again.

"Business wouldn't come here, jobs wouldn't come here and people would trade directly with the Republic," he added.

It was also claimed farmers and milk producers hoping to sell their goods in the Republic would be hit with tariffs.

"If you are trying to sell from outside of the EU into the EU, you have to pay tax," Mr Osborne said. "That would hit farmers' incomes here.

"Farmers also get support from the Common Agriculture Policy. It's not clear that a British Government would be able to replicate that. I think agriculture would be particularly hard-hit."

Warrenpoint Harbour handles more than three million tonnes of cargo every year.

It deals with a range of industry imports and exports, with vast piles of wood stacked in and around the estate.

It also handles a huge volume of cement exports, and recently started building work on a £2.5m expansion with Quinn Cement.

**Source:** The Belfast Telegraph