



The Centre for
Cross Border Studies

MEDIA WATCH

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Brexit phoney war is over, and sterling is now the battleground; Full impact is yet to hit but already ripples are being felt

THE Brexit phoney war appears to be ending. Suddenly this week the scale of the implications of the UK's exit from the European Union has started to be felt - and sterling is the first major battleground.

The full impact of Brexit won't be felt until 2019 and afterwards - but already the economic ripples can be clearly felt. Nowhere more than in the slump in sterling versus the euro.

That decline has already impacted companies here. In August, Brexit claimed what was most likely its first Irish business victim.

Tipperary mushroom exporter Schiele and McDonald collapsed, blaming sterling's sharp decline for its demise. The 17-year-old company was losing between €10,000 and €12,000 a week since the June referendum, which sent the British currency into a tailspin.

Sterling's reversal of fortunes made the Tipperary company's products more expensive for buyers in the UK. Most of the 1.5m kg of mushrooms the firm grew every year were shipped there. It employed 70 people.

On the currency market things have only got worse since. For Irish exporters and farmers to remain competitive in the UK market, margins will have to be slashed. That could drive some to the brink.

This week, sterling hit a 30-year low against the US dollar. The euro was worth 90p yesterday, with not much to stop it closing to parity - perhaps by the end of the year.

In 2009, when many retailers north of the border were doing a straight one-for-one swap in euros for sterling, about 4.1pc of grocery sales to shoppers in the Republic of Ireland were actually being made by outlets in Northern Ireland. That equated to over (EURO)500m a year of sales that went north Ireland won't look like such a bargain next summer - bad news for hotels and pubs of the border.

Research group Kantar Worldpanel has warned grocery retailers that, as sterling weakens again, that cross-border shopping phenomenon could re-emerge. It could spell a real headache for outlets of grocery chains in border counties.

Back in 2009, online retail was relatively niche. Now it is main stream - and weaker sterling means buying goods from the UK has become much cheaper, regardless of where in the country you live. For other British chains operating here - such as Next and Debenhams - the fall in sterling will mean their Irish sales are more valuable. If the trend holds, it could prompt some UK retailers to expand here rather than at home.

For Ireland's tourism businesses, which have recovered strongly since the economic slump, Brexit and its fallout is bad news. Weak sterling makes Ireland a more expensive destination for UK holidaymakers. The number of tourists from Britain to Ireland jumped 13.4pc between January and August this year to 2.67 million.

It might seem at first glance that the Brexit vote and weakened sterling haven't had much effect - but many of those visitors booked holidays well in advance. When they get around to booking next year's summer trips, Ireland won't look like such a bargain - bad news for hotels and pubs across the country.

Source: John Mulligan, The Irish Independent

October 8, 2016

Border protests

A series of protests highlighting the negative impact of Brexit will take place today along the border.

Organised by Border Communities Against Brexit, the protests will be held at 3pm at six locations - Carrickcannon between Newry and Dundalk; Moybridge on the Monaghan-Tyrone border; the Strabane-Lifford border crossing; Bridgend in Derry, and two separate protests at the Belcoo-Blacklion bridge and Agahalane, both on the Fermanagh-Cavan border.

Sinn Fein MLA John O'Dowd encouraged people to support the campaign group.

"It is clear there is growing concern across the north, but particularly in border areas, about the impact of Brexit," he said.

"A hard EU border on the island of Ireland would have hugely negative consequences north and south."

Source: The Irish News

October 9, 2016

M50 toll free-flow system could be used on Border

Move would remove lengthy border checks on the 30,000 people daily

The government is hoping that the free-flow tolling system on the M50 can be replicated on the border in the wake of Brexit.

It is concerned about the effect of lengthy border checks on the 30,000 people who travel across the border every day.

But the success of free-flow tolling on the M50 is seen as a sign that it is technically possible to get motorists to sign up to electronic border controls.

It would involve getting people to register online and enter their vehicle's details into a database.

These details could be picked up by cameras equipped with numberplate recognition.

The Revenue has already been in touch with Her Majesty's Customs Service in Britain about the options available for an electronic border. Both services would need to have access to each other's vehicle databases. Minister for Foreign Affairs Charlie Flanagan told The Sunday Business Post that 30,000 people cross the border daily, from Dundalk to north Donegal, to go to work, school, college or to visit friends and family.

"This border is nearly invisible, and the only way you know you've moved from one state to another is that road signs have changed from miles to kilometres, or vice versa," he said.

Some of the busiest commuting routes for workers are between Dundalk and Newry, as well as Donegal and Derry. Flanagan said it was the job of government to make sure there was as little change as possible.

“All solutions – technological or otherwise – for keeping the border as unobtrusive and manageable on a day-to-day basis need to be investigated,” he said.

Minister for Justice Frances Fitzgerald has noted that British Brexit minister David Davis and the North’s First Minister Arlene Foster are both in favour of having a “soft border”.

However, it would still be very challenging to implement an electronic border control system across all 300 crossings on the border.

The Revenue and Customs service here said it was not possible to say what specific arrangements would apply until negotiations on Brexit were concluded.

However, a spokeswoman said the most significant changes were likely to be in relation to Vat payments and customs checks for traders.

“The Revenue will use the transition period to ensure the traders with regular cross-border transactions are provided with electronic means of customs declaration to minimise delays at the border,” she said.

Source: The Sunday Business Post

11 October, 2016

Keeping soft border on Ireland is 'red line' in Brexit negotiations, Lords told

Maintaining the soft border on the island of Ireland will be a "red line" in the UK's Brexit negotiations with Europe, a Government minister has said.

Robin Walker, Parliamentary Under Secretary of State at the Department for Exiting the European Union, said the return of physical barriers between north and south would be unacceptable.

Mr Walker was appearing before the House of Lords European Union Select Committee alongside Northern Ireland Secretary James Brokenshire to discuss the Irish dimension of the Brexit process.

The MPs were questioned at length on the practicalities of maintaining the current open border between Northern Ireland and the Republic of Ireland when it becomes the UK's only land frontier with the EU.

They both reiterated the desire to maintain the almost 100-year-old Common Travel Area agreement that allows free movement of people.

Mr Walker said: "There are very few areas if you think about it, some would argue too few, but there are very few areas where we have set out very clear red lines ahead of negotiations and this is one of them where we have been clear.

"This is so important that we want to put it right up front and we want to recognise that actually returning to the hard borders of the past wouldn't be an acceptable solution.

"So it's something we have been determined to put out there and the engagement will absolutely be there between our department between the NIO (Northern Ireland Office) and between the Republic of Ireland to make sure we can get to the right place on this."

Mr Brokenshire said the UK and Irish governments had a shared position on the importance of preserving the current border arrangements.

He said the Northern Ireland dimension would feature significantly in the UK's negotiations with the EU.

"We are looking at a UK wide negotiation here, and that's the important thing to stress, but within that there will be specific factors that will be relevant to Northern Ireland because of the nature of having the land border with the Republic of Ireland," he said.

Attention has focused on remarks the Secretary of State made to the Guardian earlier this week when he indicated one way to maintain a soft border would be to bolster controls around the whole island of Ireland.

The comments led to speculation the UK was planning to rely on beefed-up security at entry points in the Irish Republic to combat post-Brexit illegal immigration through Northern Ireland.

Mr Brokenshire stressed to the committee no final decisions had been made on how to control migration in the context of an open Irish border.

He highlighted the importance of the Irish Republic remaining outside of the Schengen area that operates in the rest of the EU - meaning travellers still had to show passports at border controls.

The majority of voters in Northern Ireland (56%) voted for the UK to remain within the EU in June's referendum.

Source: The Belfast Telegraph