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Cross Border Studies

MEDIA WATCH

30/12/2016 - 06/01/2017

January 3, 2017

Agri chiefs await Brexit as Europe fixes CAP

The two ministers had what Mr Creed described as a very positive pre-Christmas exchange of views in London as the situation relating to Brexit developed. Meanwhile, the first in a series of All-Island civic dialogues to discuss the implications for the agri-food and fisheries sectors was hosted by Mr Creed in Gormans-town, Co Meath.

A great deal of uncertainty remains as to the likely direction of events in relation to Brexit, but it is already clear that the challenge will be an enormous one, he said.

Mr Creed announced that since the UK referendum on EU membership, cumulative additional resources of over 1.6m have been made available for Bord Bia programmes to support the Irish food and drink industry.

In particular, this was to assist companies to ease market volatility impacts, provide consumer and market insight, deepen customer engagement, extend market reach, and address marketing challenges.

As the Brexit debate intensifies, it is clear a lot is at stake for both countries with CSO figures here showing that in 2015 the Republic exported almost 5.1bn worth of agricultural products to Britain while imports from the UK were worth 3.8bn.

The Economic and Social Research Institute (ESRI) had previously estimated that the potential reduction in bilateral trade flows could be as high as 20%, with an even higher impact on agriculture, food, and beverages.

And an analysis by Teagasc found that, depending on the assumptions made, the minimum impact could be a reduction of 1.4%, or 150m, per annum in the value of Irish agri-food exports, with a possible worst-case scenario involving a reduction of over 7%, or 800m, per annum.

Brexit also poses a serious situation for the fisheries sector. The UK is our second largest market for seafood after France but the most complex fisheries issues are those related to the possibility of restricted access to fishing grounds and resources.

Meanwhile, a report by the British House of Lords European Union committee recently called on the British government to pursue a special Brexit deal with Ireland.

The 80-page document, Brexit: UK-Irish relations, suggested that a special quota-based trade agreement might enable continued cross-border trade in agricultural produce between Ireland, Northern Ireland, and Britain.

Irish Farmers Association (IFA) president Joe Healy said it is important that access to the British market remains as free as possible, with the minimisation of any barriers to trade.

The potential economic damage for the agri-food sector that would arise from a hard Brexit is too serious to ignore. Our first position is that the UK would remain a full member of the EU s single market, including free trade on agricultural products, he said.

Mr Healy said this is also the position represented by the National Farmers Union in the UK, with whom the IFA remains in regular contact and works closely in Brussels through the European farmers umbrella body, COPA.

Brexit is likely to be the dominant issue during 2017 as British Prime Minister Theresa May finally triggers the mechanism that will lead to her government negotiating Britain s exit from the EU.

Mr Creed said he believes that, given the high levels of agri-food trade between Ireland and the UK and the highly integrated nature of that trade, it is in the interests of both to maintain the existing relationship to the maximum extent possible.

He said his meeting with Ms Leadsom provided a useful opportunity for him to emphasise the importance to Ireland of the potentially significant impacts for the agri-food and fisheries sectors arising from Brexit, and to assess UK thinking in this regard.

It also allowed us to identify Brexit-related issues in respect of which we have a common interest. As such, I think it built very positively on the bilateral contacts that have already taken place at official level, and which we have agreed should continue over the coming months, he said.

In the course of their discussions both ministers acknowledged the long tradition of trade in agri-food between the two countries, and agreed that they want this to continue.

Further afield, the value of Irish food and drink exports to France will need to increase by some 40%, to 1bn, if the industry targets in FoodWise 2025 are to be met.

That is the view of Bord Bia chief executive Aidan Cotter, who is due to retire. He will be succeeded by Tara McCarthy, currently the chief executive of Bord Iascaigh Mhara.

Mr Creed said Ms McCarthy will bring a wealth of domestic and international experience to the role at an important juncture in the agri-food industry during this period of challenge and transition.

The minister paid tribute to Mr Cotter s leadership skills combined with his qualities of strength and leadership. These, Mr Creed said, have delivered excellence in Bord Bia market insight, quality and promotion services, and a close partnership with the agri-food sector in driving sustainable growth.

With uncertainty over the potential impact on Irish food and drink exports to Britain likely to continue for some time, other markets have taken on an added importance.

CSO trade data for the first nine months of 2016 have indicated renewed growth in Irish food and drink exports to France Ireland s third largest market in these sectors, behind Britain and the US.

These were up 4% in value and 6% in volume on the same period in 2015, respectively, driven by growth in the seafood, lamb, and beverages categories.

France continued to be Ireland s largest Eurozone export market for food and beverages in 2015, accounting for 6.6%, or 703m, of export revenue. France is Ireland s most important customer for lamb and seafood, second largest customer for beef behind Britain, and the third largest export market for Irish whiskey globally.

Irish food s visibility in the French foodservice sector was also enhanced recently by Bord Bia's partnering with one of the leading restaurant guide books in France, Gault et Millau, to promote Irish meat to over 900 high-end French chefs in six different regions in 2017.

Noting that exports to France were valued at some 700m in 2015, Mr Cotter said it is vital that Bord Bia and exporters make the most of every opportunity to deliver growth.

Meanwhile, the European Commission has announced a roadmap to begin designing the Common Agricultural Policy of the future.

President Jean-Claude Juncker and Commissioner Phil Hogan disclosed the move at a conference in Brussels. A wide-ranging public consultation will begin shortly with a view to publishing a document by the end of 2017.

It follows a commission commitment to modernise and simplify the CAP so that it makes a stronger contribution to job creation targets and sustainable development goals in the EU.

The CAP, which has an annual budget of roughly 59bn, allows the EU to protect 22m farmers and m jobs which depend on agriculture twice the number of employees in the European auto and aviation sectors combined.

However, Mr Juncker said the CAP must be simplified to reduce the administrative burden on farmers. It must be modernised to meet the challenges of the 21st century and must meet the objectives in sustainable development, he said.

Mr Hogan said Mr Juncker s announcement reflects a commitment to take forward work and consult widely.

Without prejudicing the outcome, I believe that there are a small number of key principles that should inform this important work, which will affect the life of every European citizen, said Mr Hogan.

I am convinced, based on our market experiences as well as our international commitments that the CAP has to ensure greater market resilience, more sustainable agricultural production; and progress on generational renewal.

Mr Hogan said he had stressed at last year's conference that the CAP needs to be fit for purpose to meet the challenges ahead.

Mr Hogan said while the last couple of years have been challenging, they have also shown that there are opportunities for European farmers and agri-businesses.

Yes, the CAP makes great demands of our farmers when it comes to maintaining food safety and quality standards. We have the most stringent requirements of any agri-food system on the planet, he said.

And that will not change. If anything, the expectations will only become greater. Put simply, the new CAP will have to have a higher level of environmental ambition. And that is because it is the right thing to do. Our farmers and related actors will have to focus on the challenge and innovate as never before.

But this challenge also provides huge and unquestionable opportunities for our producers.

Mr Hogan said the EU stands for high quality and high standards and this is a principle on which we should never waver. There can be no question of joining any race to the bottom. Our standards are our reputation, he said.

COPA and Cogeca, the umbrella bodies for European farmers and their co-ops, said a simpler, common, stable, and stronger CAP is needed to ensure a competitive, market-oriented EU agriculture sector.

Secretary general Pekka Pesonen said the EU agriculture and forest sector is vital to ensure quality food supplies as well as to maintain attractive and viable rural areas, growth, and jobs and to combat climate change.

Source: The Irish Examiner

January 5, 2017

Dublin fears crisis could result in a 'hard Brexit'

THERE is growing concern within the Irish Cabinet that the political chaos in Northern Ireland will scupper the prospect of a soft Brexit.

As Stormont remained gripped by crisis last night, ministers in Dublin fear the instability will hamper attempts at securing the best possible deal for the Republic.

Sources at both Cabinet and official level warned that fresh elections in Northern could lead to a prolonged period in which control is transferred back to Westminster.

Direct rule would damage efforts to prevent a so-called hard Brexit, sources revealed.

"The last thing we now need is confusion spreading to the UK and across Europe about what Ireland is looking for," said one senior figure directly involved in devising Dublin's Brexit strategy.

The row involving First Minister Arlene Foster and her role in the 'cash for ash' scandal has brought the Executive to the brink.

Central to Ireland's objectives ahead of the post-Brexit negotiations is ensuring there is no return to a hard border, that the Common Travel Area remains in place, and that the peace process is respected.

But ministers fear that if there is no Stormont administration, the Republic's hand in the talks will be weakened.

"All of a sudden, we could be put on the back foot in terms of securing the best possible deal for Ireland," one Cabinet source said.

Senior ministers are in constant contact with their counterparts in Northern Ireland as the crunch Brexit negotiations edge closer.

It's understood Irish Foreign Affairs Minister Charlie Flanagan has been receiving briefings on the situation since the crisis escalated this week.

Last night Mr Flanagan said it was important the institutions in Northern Ireland continued to function.

"While the Renewable Heat Incentive issue is entirely a matter for the devolved Executive and Assembly, it is clearly important that the political institutions continue to function as provided for by the Good Friday Agreement.

"As a co-guarantor of that Agreement, the Irish Government is firmly committed to the effective operation of all of the institutions and that commitment remains constant," Mr Flanagan said. The minister reiterated his call for Prime Minister Theresa May and her Government to outline their Brexit strategy as soon as possible.

"The (Irish) Government is continuing to ready itself to meet the Brexit challenge.

"Our preparations have been ongoing for well over two years.

"Our intensive planning continues at both political and official levels, and we are in constant dialogue with our EU partners," Mr Flanagan added.

Meanwhile, Irish European Affairs Minister Dara Murphy last night said any efforts must be taken to avoid instability in Northern Ireland.

"The vast majority of the areas of concern are shared between the people of North and South," Mr Murphy said.

"It is in everybody's interests for there to be as much stability as possible, given that there are so many shared interests," he added.

Mr Murphy pointed out that there was a lot of "goodwill" from other European countries towards the people of Ireland, both North and South.

Source: The Belfast Telegraph

January 6, 2017

Debate about new interconnector needs to get real

The single electricity market on the island of Ireland, introduced in 2006, was designed to reduce the cost of electricity for all consumers and to increase the security of supply, North and South. It is probably the most effective all-island institution in operation, one which has developed to date with a minimum of fuss. It has delivered clear benefits for those living in both parts of the island.

It involves a common wholesale electricity market, and the co-ordinated dispatch of all electricity generation on the island.

However, the future of this integrated market could be affected, not because of Brexit, but rather because of the Republic's failure to build additional interconnection between the North and the South to guarantee a secure electricity supply for consumers on either side of the Border.

In the early days of the single electricity market, the Republic benefited from surplus electricity generation capacity in Northern Ireland.

Today, following the closure of old plant in the North, it is the South which is exporting its surplus electricity northwards. However, both sides benefit from the greater security of supply which an all-island market brings.

Another key benefit is lower electricity prices than if the systems were not integrated. Though the wholesale price for electricity is higher in Ireland than in Britain, the retail margin for households is significantly lower in Ireland. This is because, unlike in Britain, the single market market structure prevents dominant companies, such as the ESB, from exerting undue market power to the detriment of consumers.

Dominant firms

In Britain, by contrast, dominant firms are able to prevent new generation companies entering the market and are able to charge excessive margins to consumers.

The single market currently relies on a single set of high-voltage wires to connect the two systems North and South. This was out of action from the 1970s to the 1990s due to IRA bombings.

While returned to working order after the Good Friday Agreement, this single interconnector is inadequate to allow major power flows between the South and the North.

A second set of high voltage wires is urgently needed to enhance security of supply. It is currently the North that is most at risk of the lights going off due to lack of interconnection capacity.

Another benefit of a second interconnector would be to reduce the cost of electricity on the island: a 2013 ESRI study suggests potential annual savings of about EUR 30 million, or about 1 per cent off the retail price.

A new interconnector would also reduce the combined emissions of greenhouse gases on the island due to the more efficient use of the stock of electricity generation.

There is significant local opposition to building the second interconnector. Inadequate local consultation has played a part, along with fears about significant visual impact on the route, and sterilising land use along the immediate corridor.

Local campaigners have argued that the interconnector should be put underground. An independent study carried out in 2009 showed that while the overground option would, at that time, cost under EUR 100 million, undergrounding would cost an additional EUR 500 million - an additional EUR 200 per Irish household.

Voltage instability

Nowhere in the world has it proved technically possible to put such a long 400KV alternating current (AC) cable underground over such a distance. When such a cable is placed underground voltage instability grows with the length of the cable, requiring the use of equipment at ground level every few kilometres to maintain stability.

As a result the only feasible underground option would be to use a direct current (DC) cable. Apart from the huge additional cost of undergrounding, this would involve major converter stations at each end 12 stories high.

In addition, the switch between alternating current and direct current would mean the Northern and Southern systems would still not be properly linked.

Because of the complex electronics needed to align the two separate systems, an underground DC interconnector would also be less reliable.

Of course, those who are living along the immediate route should receive fair compensation for any restriction on land use, and other disamenity. However, the social benefits of a second interconnector far outweigh the costs to those immediately affected.

It is in the overall public interest to proceed with the project.

The debate on alternatives needs to get real, and recognise the technical and financial constraints to an underground solution.

Then realistic discussions can begin on what would constitute a fair compensation package for those immediately affected.

Source: The Irish Times