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Cross Border Studies

# MEDIA WATCH

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## PM's 'muddled thinking' over border controls will not help NI, claims Farry

Theresa May's prioritisation of border and immigration issues during divorce negotiations with Brussels is bad news for Northern Ireland, Alliance has said.

The party's deputy leader Stephen Farry MLA said Mrs May's lack of emphasis on the economy demonstrated "wishful thinking" and showed how vital it was for Stormont to agree a plan in the wake of any Brexit.

The Prime Minister used her first broadcast interview of the New Year to outline her belief that she will be able to secure control over immigration as well as favourable trading terms with the European Union. She told Sky News: "We will be able to have control of our borders, control of our laws.

"This is what people were voting for on June 23. But of course we still want the best possible deal for us, companies to be able to trade, UK companies to be able to trade in and operate within the European Union and also European companies to be able to trade with the UK and operate within the UK."

Critics believe it will be difficult, if not impossible, for the government to secure full access to the single market while also demanding complete border control.

But Mrs May said: "It's wrong to look at this as just a binary issue as to either you have control of immigration or you have a good trade deal."

Mr Farry, Alliance's Brexit spokesman, said Mrs May's comments show a pressing need for special status for Northern Ireland. He said: "The direction of travel is foolhardy.

"It is clearly not in the economic and social interests of the UK as a whole, and Northern Ireland's interests especially, for the UK to leave either the Single Market or the Customs Union.

"To continue to place the primary emphasis on taking control of border and immigration, and expect there can be a beneficial economic outcome is both wishful and muddled thinking.

"There is no logic in compromising the economic relationship with our largest and nearest trading partner. These comments once again highlight the dangers of a hard Brexit to Northern Ireland and reinforce the imperative of the Executive having a proper plan to argue for special arrangements being put in place for us."

Meanwhile, Irish EU Commissioner Phil Hogan has said hopes of avoiding a "hard border" with Northern Ireland after Brexit centre on the EU conceding a special case for treating the entire island as a single unit.

He said he hoped the EU may be able to persuade London on a common position for the entire island of Ireland.

This would ensure the freedom of goods and people on the island and avoid a border for customs or immigration.

He said the EU has "invested heavily" in the peace process, with a total of €3.5bn in cross-border and special peace grants since the first IRA ceasefire in 1994, therefore Brussels will want to safeguard it.

"The European Commission has a vested interest in protecting the Good Friday Agreement and the success it has been in bringing peace to the island of Ireland since 1998," he said.

He also warned that if the UK leaves the EU Single Market then "a hard border" with Northern Ireland, involving potential identity controls and customs tariffs, looked inevitable.

"Clearly, Brexit is a mess and getting messier," he added.

**Source:** The Belfast Telegraph

**January 9, 2017**

## Peace process is central to Brexit talks - Hogan; Phil Hogan tells John Downing the EU has a 'vested interest' and talks must centre on special case for our island

IRISH hopes of avoiding a "hard border" with the North after Brexit centre on the EU conceding a special case for treating the entire island as a single unit, EU Commissioner Phil Hogan has said.

And he signalled that the future of the peace process is central to Ireland's case in Brexit negotiations which are due to start in late March.

Mr Hogan is scathingly critical of Britain's conduct on Brexit since the outcome of the referendum on June 23.

"Clearly, Brexit is a mess and getting messier," he said.

But Mr Hogan said he hoped the EU may be able to persuade the London government on a common position for the entire island of Ireland. This would ensure the freedom of goods and people on the island and avoid a border for customs or immigration.

He said the EU has "invested heavily" in the peace process, with a total of €3.5bn in cross-border and special "peace grants" since the first IRA ceasefire in 1994 - therefore Brussels will want to safeguard it.

"The European Commission has a vested interest in protecting the Good Friday Agreement and the success it has been in bringing peace to the island of Ireland since 1998," he said.

However, there are concerns among EU diplomats that Ireland has not done enough to win over the EU's chief negotiator, Michel Barnier.

And there are fears the Taoiseach's repeated references to "democratically elected EU governments" making all key decisions have caused alarm.

But Mr Hogan insisted that his former colleagues in Government have done all they can so far to push Ireland's case and are hamstrung by London's failure to spell out its concerns ahead of full Brexit negotiations.

"It is very difficult for Ireland to act until they know the UK position, which must be revealed as soon as possible," he said.

'Mr Hogan said the abrupt departure of Britain's EU ambassador, Ivan Rogers, showed the British disarray.

"What they need handling negotiations is not people who believe in Brexit, but people who know the lie of the land in Brussels, and who appreciate the risks involved," he insisted.

He warned that if the UK leaves the EU Single Market then "a hard border" with the North, involving potential identity controls and customs ' tariffs, looked inevitable.

Recent comments by Brexit Minister David Davis, that London may consider payments to the EU Single Market, were encouraging but these had been contradicted by his colleagues Liam Fox and Boris Johnson.

MONDAY INTERVIEW "That is a further example of serious disarray in London on the entire issue," he said.

Mr Hogan said that for Britain to maintain EU trade advantages there must be "some give" on the issue of migration controls.

He said that the UK has, via the EU, a presence in 53 separate markets, and doing new trade deals for these would be complex and time consuming.

"India, for example, has already cited greater access to Britain for its citizens as a condition in any new trade deal.

"British voters were sold a pig in a poke on Brexit - nothing is as simple as it looks," the commissioner said.

Mr Hogan also said the timing of the opening of Brexit talks in March, soon after Dutch elections, in the teeth of French presidential elections, and a building federal election campaign in Germany, is not helpful.

"It will make things harder for Britain to negotiate at a time when other member state governments will conclude it is not in their interests to concede membership benefits without the obligations," he said.

Mr Hogan has been out of Irish politics since autumn 2014 and insists he is loath to comment on domestic issues.

On water charges, which he introduced as Environment Minister, he just pointed to the comments of the EU Environment Commissioner, Karmenu Vella, who insists the charges are required by EU law.

On the instability of the current minority coalition, Mr Hogan noted that voters were warned about those dangers.

"But we must respect the people's choice and I hope that in the longer term it will lead to a new kind of politics and a more mature polity," he said.

**Source:** The Irish Independent

January 11, 2017

## Mark Carney: Brexit is no longer single biggest risk to financial stability

Britain's exit from the European Union is no longer the single biggest risk to financial stability, according to the governor of the Bank of England.

Mark Carney told MPs on the Treasury Select Committee that the Brexit transition period poses a greater threat to financial stability in Europe than in the UK.

Asked whether Britain's vote to leave the EU remained the main threat in light of the surprising resilience of the UK economy since the Brexit vote, Mr Carney said: "Strictly speaking, the view of the committee is no."

However, the Canadian said Britain faces global risks and the process of adaptation to life outside the EU has the potential to "amplify" other threats.

"In the run-up to the referendum we said it was the largest risk because there were a series of positions and possibilities in the financial sector, things that could have happened, that could have had financial stability consequences," he said.

"So because we viewed it as the biggest domestic risk that was why the £250 billion of capital was prepositioned with us.

"We would like to say this had some success.

"But having got through the night and the day after, the scale of the amount of the risks around Brexit has gone down for the UK, but the process can amplify."

Asked whether Britain needs to thrash out a transitional deal for the financial services sector as soon as Article 50 is triggered, Mr Carney said it would be in the interest of both the UK and the EU.

"It is the best mitigant to those (financial stability) risks, yes. It's welcome," he added.

It comes after Xavier Rolet, chief executive of the London Stock Exchange Group, told the Treasury Select Committee on Tuesday the financial services industry should be handed a five-year transition period after Article 50 is triggered.

His call for a Brexit bridge was echoed by Douglas Flint, group chairman of HSBC, who said a two-to-three year transition was needed to help financial firms adapt.

Mr Carney said Mr Flint had used a "decent analogy" when he told MPs that London's financial ecosystem was like a Jenga tower, where if you pull one small piece out nothing could happen or it could have a dramatic impact.

The Bank governor said: "Just like when you play Jenga, you start early and there are some pieces which you can take out without imperilling the tower."

He added that it was "very clear" that cross-border retail banking was an example of an operation that could be relatively straightforward as opposed to other functions.

Treasury committee member Jacob Rees-Mogg, who has clashed with Mr Carney in the past over the Bank's outlook on Brexit, launched a further assault.

He claimed the surprisingly strong performance of the UK economy following the EU referendum result showed the Bank's gloomy forecasts were wrong.

The comments came after Andy Haldane, the Bank's chief economist, admitted last week that economists had become embroiled in a forecasting crisis, labelling warnings of a swift and deep downturn after the Brexit vote as a "Michael Fish moment".

Mr Carney said the Bank's risk analysis around Brexit was right and the mitigating steps that it took helped reduce the severity of the risk.

Responding to criticisms, the governor said: "Missing the financial crisis is a big deal, a couple of good quarters is nice to have. It is a different order of magnitude."

Turning its attention to the United States, the Treasury committee asked whether President-elect Donald Trump posed a risk to financial stability.

Professor Anil Kashyap said the victory for Mr Trump did not change the level of risk in the short term, but in the medium term it was possible.

Asked if the Bank of England had people in place to monitor Mr Trump's Twitter account through the night in case his comments move markets, Mr Carney said: "Yes is the short answer. Not him per se, but we monitor social media."

**Source:** The Belfast Telegraph