



The Centre for
Cross Border Studies

MEDIA WATCH

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Traders could face €100 bill for crossing Border, expert warns; Customs declarations likely to be required after Brexit, Oireachtas committee hears

Businesses moving goods across the Irish Border could be hit with a €100 charge as a result of Brexit, potentially adding hundreds of millions of euros in extra costs to firms involved in cross-Border trade, a customs expert has warned.

BDO partner Carol Lynch said there is likely to be a requirement to lodge customs declarations on all imports and exports in and out of the UK once it leaves the customs union.

"There is a necessary cost for this, either in the payment of a clearance agent or the recruitment of staff in addition to logistics related costs," she told a meeting of the Oireachtas finance committee.

A reasonable estimate would be EUR 100 per movement, Ms Lynch said. She said the EU's chief negotiator Michel Barnier reiterated as much when visiting Ireland earlier this month.

Ms Lynch also noted there was a significant learning curve to ensure declarations lodged with customs were correct to ensure compliance, minimise risk of delays and avoid additional charges.

Based on current trade volumes, Fianna Fáil's Michael McGrath calculated the reintroduction of customs on the Border could impose an additional EUR 400 million in compliance costs on businesses involved in cross-Border trade, separate from any tariffs that might arise from the UK being outside the EU.

Tariffs Mr McGrath asked Ms Lynch what sort of trade tariffs could businesses trading with the UK expect if Britain exited the EU without securing a free trade deal.

She said there was an average tariff of 3-5 per cent for most manufactured goods. However, this could rise to 40 per cent for certain agricultural goods, such as beef, she said.

Earlier, Revenue chairman Niall Cody told the committee the Revenue was not planning for the re-establishment of customs posts along the Border in the wake of Brexit.

"In the context of Revenue's overall role and responsibilities, we are engaged in assessing the potential impact of Brexit for Irish traders," he said.

"While we do not prejudge the outcome of the political negotiations, for practical reasons our planning is based on the full range of possibilities, including that customs controls or processes will apply between Ireland and the UK."

He said Revenue data indicated that there were some 12,000 businesses in Ireland exporting to the UK, and over 60,000 importers.

In addition, an unknown number of businesses regularly move goods in transit across Northern Ireland and across the UK, Mr Cody said.

"Most of these businesses are unfamiliar with customs procedures, because at present customs controls do not apply to such movements," he said.

"While it is not possible at this stage to provide detailed guidance, we are advising these traders and transport operators making long-term plans to assume that customs procedures of some form will apply post Brexit," Mr Cody said.

Withholding documents

Sinn Féin's Pearse Doherty, however, claimed the Revenue was deliberately withholding documents given to various ministers in relation to the likely impact of a hard Brexit on cross-Border trade and the possible establishment of customs posts along the Border.

Mr Cody denied the Revenue was deliberately withholding documents from the committee but said some material was sensitive as it would inform political negotiations.

Source: The Irish Times

27 May 2017

How post-Brexit border could go like clockwork - if we follow Swiss model

TONY Buckley's job is to build what will be the EU's only land frontier with the UK after Brexit, and he already knows exactly what he wants.

From his phone, he pulls out a picture of his "favourite border crossing". It's a scene of two small wooden sheds on either side of a small stone wall, on the road between Switzerland and France. "It's lovely, deserted," said Mr Buckley, assistant secretary & deputy director general of Customs at the Revenue Commissioners. "Not a customs man in sight."

Keeping open the Republic's 500km border is one of the crucial Brexit divorce terms. The EU says it needs to be advanced before talks can move on to any future relationship with Britain. London sees a common travel area as key to maintaining the peace process and says the issue could be an early flash point in the negotiations.

French farmers are already objecting to an open border because of concern cheaper non-European imports will infiltrate the EU via the border. UK Brexit Secretary David Davis said he expected the issue to be "the row of the summer" as he pushes to shape a new trade deal in conjunction with Britain's divorce proceedings.

'Border crossings "How on earth do you resolve the issue of the border with Northern Ireland and the Republic of Ireland, unless you know what our general borders policy is, what the customs agreement is, what the free trade agreement is, whether you need to charge tariffs at the border or not?" Mr Davis said. An estimated 30,000 people a day now cross the border, sometimes even unaware that they are moving across one of the 300 crossings.

to be manned you don't have Any solution would have to allow companies and people in the North to move freely over the border into EU territory, but also without introducing new barriers to the rest of the UK. Increased restrictions between the North and Britain would be a "red line", said DUP leader Arlene Foster. The EU says it's looking for "flexible and imaginative" solutions, though chief Brexit negotiator Michel Barnier warned of the reality.

"We have a duty to speak the truth," Mr Barnier told the Dáil his month. "Customs controls are part of EU border management."

Ryanair CEO Michael O'Leary went further this week. The idea of an open border is "pie in the sky". he told reporters on Wednesday. He said the EU's desire to restrict UK access to the single market demands controls. Much of the work will fall to Tony Buckley and his colleagues. For the career civil servant, the answer doesn't lie in have to be manned all the time, you don't have to block roads," he told a conference in Dublin last week. "It's like modern policing. It's not physical supervision all the time, it's electronic. Cars being stopped and searched is not going to happen.

don't have No one wants to be turning out a 40-foot refrigerated container in the middle of night at a border crossing."

all the time, to block roads' " The vision sketched out by Irish authorities involves setting so-called "trade-facilitation areas" 10 to 15km away from sensitive crossings, randomly checking about 2pc of traffic and using cross-border intelligence operations to target suspect activity. If that proves realistic, it could be a model for the rest of the EU as the bloc seeks to police its relationship with the UK, Mr Buckley said. Options depend on what is agreed, he said.

His coveted Franco-Swiss crossing, for example, rests on a vast network of accords between the EU and Switzerland that allow the frontier to stay open. Finally, the absence of any checkpoints throws open the question of how the UK would regain control of its frontiers after Brexit - one of U.K. Prime Minister Theresa May's main pledges since last year's referendum.

"I suspect we will have a very smooth, serene system," said Mr Buckley. "But under the water, the legs will have to paddle furiously to make it work." (Bloomberg)

'Border crossings don't have to be manned all the time; you don't have to block roads';

Source: The Irish Independent

30 May 2017

Key message on future of electricity supply on island is not being communicated

At the end of May next year, the electricity market across the island of Ireland will undergo a major organisational change. The present system, usually described as a SEM (single electricity market) will begin to operate with dramatically changed requirements and convert to a new I-SEM (integrated single electricity market).

The change places very different organisational requirements on electricity generators, the operator of the transmission systems and also in the commercial motivation of electricity suppliers.

Design of the new arrangement has been under way for about five years and there has been a steep learning curve linked to a highly technical trail of paperwork, conferences and official co-operation between the Utility Regulators and government departments, north and south.

The arrival of the I-SEM can be commended. The new systems will be more efficient. It will bring the wholesale electricity market on this island into line with an EU initiative which should bring operational advantages from better inter-relationships with more co-ordinated Europe-wide systems.

The full introduction of the I-SEM will be an achievement. There are still operational details to test and refine, but the senior planners are showing signs of confidence. Of course, there will be unexpected problems but the senior regulatory staff have now committed to a firm launch date.

Alongside the complex planning for the change, one caveat should be made. The organisation of the changes is the responsibility of a special single market electricity committee and that SEMC has been slow to devise a communications strategy to link with the wider group of its stakeholders.

The SEMC has published many technical papers as the project has evolved but all too rarely has it made any effort to address the wider interest groups.

This deficiency has been registered several times with the Utility Regulator but to no immediate avail.

The performance of the I-SEM will be enhanced through a simple wholesale price mechanism enabling the System Operator in NI (SONI) to better schedule electricity capacity to meet variations in demand.

The current SEM schedules take electricity from generators on a formula which means that the cheapest generator creating electricity at a price to meet market demand sets a baseline price for the system.

The new I-SEM system adds to the operational flexibility of the electricity market by adding to the variables a 'day ahead' market, an 'intra-day' market and a balancing market.

This adds a more complex series of trading questions, particularly for generators. Alongside the daily trading features, there will be a radically respecified mechanism to buy in an adequate assurance of available capacity where generators bid within a time period to be available to play into the market place.

In a further elaboration of the scope for market changes, the I-SEM introduces forward markets in electricity contracts and the use of financial transmission rights which allow hedging of cross-border prices using interconnector facilities.

For electricity consumers, with specific demand conditions, there may be potential interest in the way in which the new I-SEM opens the door to a wider range of contract types and prices. To date there is little evidence of how quickly and to what extent new market opportunities will evolve. Electricity suppliers will now be reassessing their marketing options.

The success of the I-SEM still depends on the technical improvements in electricity supply across Ireland. The long delayed North-South interconnector is critically needed. The Moyle interconnector must be repaired to full capacity. Then, in due course, some clearer thinking on how to integrate adequately with the grid in Britain awaits consideration.

I-SEM is now nearly ready ahead of some remaining technical specifications. It now needs to be marketed and explained to a wider audience.

Source: The Belfast Telegraph