



The Centre for  
Cross Border Studies

# MEDIA WATCH

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## Frictionless border desire of businesses across island of Ireland: CBI

There is "full agreement" on both sides of the border over the challenges facing businesses - including having a "frictionless" cross-border trade, one leading business leader has said.

Carolyn Fairbairn, CBI director general, was speaking after a meeting with Ibec to discuss issues for cross-border trade. In addition, to avoid a damaging 'cliff edge' scenario, the groups agreed that any EU-UK trade deal must include comprehensive transitional arrangements and allow business plenty of time to prepare and adapt to a new trading relationship.

"The CBI will play a vital role in taking the concerns of Northern Irish businesses affected by Brexit to all levels of government in London and Brussels," she said.

"With Northern Irish exports to the Republic of Ireland valued at £2.4bn in 2016, it is vitally important we reach a sensible agreement on the border issue which allows firms on both sides of the border to flourish.

"Meeting with representatives of Ibec it is clear there is full agreement from both sides of the border on the challenges a mismanaged Brexit would pose to businesses both north and south.

"There is a real desire to work together to find solutions that will promote a frictionless cross border trading system that allows businesses to avoid potential tariff and non-tariff barriers - this will be crucial for supporting jobs and future prosperity."

She added: "However, any potential solution requires political stability. We therefore once again call on all political parties in Northern Ireland to act in the best interests of the province by restoring power-sharing institutions by the end of June."

And Danny McCoy, chief executive of Ibec, said that any deal between the EU and UK "must recognise the unique economic and political challenge for Ireland and include a range of specific measures to address these".

"An early focus on avoiding a hard border with Northern Ireland is vital, but the Irish approach must also be informed by the greater economic importance of the east-west Irish-British trading relationship," he said.

"Across both trade and investments, the outcome of negotiations must not disadvantage Ireland.

"Any future EU-UK deal must facilitate the closest possible, tariff-free economic, trading and business relationship between the EU and UK into the future and should be as broad, comprehensive and as ambitious as possible, covering both goods and services."

Meanwhile, yesterday, the Irish Government declared it is demanding 'special status' for Northern Ireland after Brexit.

Dublin's Foreign Affairs Minister Simon Coveney has dismissed "language coming from London" in recent days that technology alone, with cameras and online permits, could bypass the need for border posts on the island of Ireland.

**Source: The Belfast Telegraph**

**23 June 2017**

**Border businesses demand clarity as they play the Brexit waiting game;**

**People and businesses along both sides of the 500km frontier face unprecedented change**

Brendan O'Neill, operator of the Warrenpoint-Omeath ferry, MV Seascapes, chugs his little boat to the middle of Carlingford Lough. The Border with Northern Ireland runs beneath the water. . . somewhere: the lough has been the subject of a jurisdictional dispute between the State and the UK since 1922.

"Sometimes, I think the only Border around here is in people's minds," muses O'Neill. Tides permitting, the Warrenpoint man makes the 10-minute crossing from Down to Louth several times daily, like his father and grandfather before.

"The Border isn't there in our everyday lives," he says. "It's more psychological." As formal Brexit negotiations get under way, it could soon become real again for people and businesses along both sides of this 500km frontier.

Nobody knows what this new Border reality will look like, or how it will impact on cross-Border trade - worth at least €2.6 billion last year in goods alone.

Since the peace process of the late 1990s, commerce has flowed across this divide as freely as the waters and mists across Carlingford Lough. No customs, no checkpoints, no tariffs for business. But for how long?

Exactly a year on from the vote, The Irish Times travelled the length of the Border, meeting businesses on both sides, gauging their hopes and fears for Brexit. In a few days, we crossed the Border up to 20 times. Each time, you're not sure you have traversed it until the road signs change.

Companies on both sides have become used to this seamless transfer when trading. Most businesses we visited want it to stay that way as much as possible.

The overriding feelings we encountered were of confusion and anxiety. Brexit could change things for frontier businesses, and change them utterly. They want answers from policymakers so they can plan ahead. "The initial shock of Brexit is over, but now people just want to know what it means," says O'Neill. "Businesses need some sort of a signal."

#### Tourist bolthole

Carlingford town is nestled in the foothills of the Cooley mountains in Louth on the southern shore of the lough. The 14-bedroom McKeivitt's Village Hotel sits in the middle of this pretty tourist bolthole.

Five generations of Terry McKeivitt's family have run a business here. He remembers, before the peace, the spikes on the road to Newry.

"We're never going back to that. I feel positive. But what if there is a return to customs?" he says, as some hardy late-morning drinkers watch on from the bar.

Tourism along the southern Border is among the sectors most acutely exposed to Brexit, especially with the weakness of sterling, which makes it less competitive. There are four times as many visits north to south as the other way round.

For tourists, Carlingford has its hills and the lough - a new car ferry service between nearby Greenore and Greencastle in Down will launch soon. It also does a good weekend trade including many hen and stag parties. Carlingford even has a kooky sideline in leprechaun-themed attractions: a local B&B owner styles himself as the "Leprechaun Whisperer".

But there is no pot of gold here. Tourism businesses on both sides of the Cooley Peninsula are worried about how the area will fare following Brexit.

"We got a lot more visitors over here from the North in the last 10 years," says McKeivitt. "The new car ferry will help. But imagine how that will be affected if there is a customs man on Greenore shore?"

It's a half-hour drive up and down both shores of the Newry river to Warrenpoint, where O'Neill operates one of the town's last cross-Border pleasure boats. He previously spent 18 years as a business studies teacher in Saudi Arabia.

"The worst-case scenario is a customs station on both sides. That would slow things too much for my passengers. Crossing the Border is my business." He hopes for a soft Brexit, but doesn't think the politicians are capable of delivering it.

A few hundred metres from the harbour, up in Warrenpoint town, residents discuss Brexit and the recent UK election over lunch in a local cafe. Trade is brisk.

A gregarious southerner, who is sailing around Ireland with his English friend, chimes in. To laughter, he produces his mobile phone: an internet meme of Theresa May, post DUP deal, mocked up as a loyalist flute player.

### **North Monaghan**

An hour's drive west, through the verdant fields of south Armagh and across the Border once more, takes us to Bellanode in rural north Monaghan.

There is more than farming here, however. A cluster of engineering and metalworking businesses stretches across north Cavan/Monaghan, and over the Border deep into east Fermanagh and Tyrone.

Family-owned McAree Engineering employs more than 100 staff. About 35 per cent of sales come from the North, with a further 5 per cent from Britain.

Crucially, much of its steel comes across the Border from Antrim. Border restrictions would slow deliveries, affecting the firm's ability to meet demand. To protect its northern business, McAree would consider relocating a hub in the North.

"If that is what it takes, that is what we'll do. But we're hoping it won't come to that," says Claire McAree Doogan, the financial controller. Her grandfather started the business 70 years ago on its current site. McAree is outgrowing its home, and is expanding offices into an adjacent community centre. It will build a new centre for residents in the village. It is also expanding production on a new site next door.

Its products include forklift cabs for Combilift, which employs 400 down the road. McAree can't find enough welders and metalworkers, so it needs freedom to recruit labour on both sides of the Border. It currently recruits from Lithuania via Skype interviews.

McAree also builds grain silos, used by farmers. Silos can also be used for storing wood pellets, often burned by those who availed of the North's controversial "cash for ash" energy scheme that almost toppled First Minister Arlene Foster.

McAree sold many silos to northerners who used the scheme. "Arlene is alright with us," laughs another senior executive out in McAree's yard.

Ten minutes away on the N2 at Coolshannagh, Gabriel D'Arcy, chief executive of cross-Border dairy co-op LacPatrick, holds court at its offices. Euronews is driving out as The Irish Times drives in. Brexit's potential impact on Border commerce is pricking ears across Europe.

D'Arcy, a former Bord na Móna chief executive who was previously an Army officer, patrolled the Border in Monaghan during the Troubles. "There was little or no economic activity then. But now, this area is hugely entrepreneurial," he says.

LacPatrick was formed in 2015 with the merger of a southern and a northern co-op, and has three production facilities: Monaghan, another near Strabane in Co Tyrone and Coleraine in Co Derry.

A €43 million expansion of the Strabane facility will soon be commissioned. This investment - conceived before Brexit - solved "by accident" the greatest Brexit threat for a cross-Border dairy: the ability to process milk in the same jurisdiction where it is collected from farmers. Dairy products attract some of the highest cross-Border tariffs under World Trade Organisation rules.

LacPatrick processes 620 million litres of milk annually, of which 500 million litres comes from Northern farmers. Some of this is used by manufacturers of infant formula for the Chinese market.

"There is a potential regulatory issue," says D'Arcy. "The raw materials for the formula are EU-approved by the Chinese. Post Brexit, it is not EU milk, it's British. Will that be approved by China?"

D'Arcy is disappointed none of the key Brexit issues has been signalled to business, 12 months after the vote.

He says Ireland exports 80,000 tonnes of cheddar cheese, mostly to Britain. Under WTO rules, in the absence of an EU-UK trade deal, cheese could attract tariffs of more than 40 per cent, effectively killing the British market. Who would buy Ireland's 80,000 tonnes then? The French? The Italians? Maybe we could sell sand to Arabs while we're at it.

We decamp north to Armagh city, where LacPatrick's shareholder-farmers are meeting to approve a new company structure. The Northern farmers who voted for Brexit are reluctant to say if they regret the uncertainty caused.

Outside the meeting, the commercial heart of Armagh is deserted on a lovely evening. In this cathedral city, procuring a late dinner is like finding the Holy Grail. Brexit, you feel, will do nothing for commerce here.

## **Derrylin**

We're on the road again, heading west towards the Cavan-Fermanagh border. Road signs along the way harbour numerous imposters: adverts for the Monaghan Country Music festival, and strident anti-Brexit posters. "Hard border? Soft border? No border! One Ireland, one vote," reads one, on a country road that introduces Monaghan to Fermanagh.

We reach Derrylin, in Brexit country, but also still firmly Quinn country. Much of Seán Quinn's old industrial conglomerate, now Quinn Industrial Holdings (QIH), straddles the Border towards Ballyconnell in Cavan. Derrylin is a true frontier town. Bus Éireann shares stops with Ulsterbus. A bright blue building sticks out like a sore thumb, or a sore tooth: the huge Derrylin Dental practice must attract some custom from the more expensive south.

The office of QIH chief executive, Liam McCaffrey, is on the site of Seán Quinn's old house a few hundred metres north of the Border. So, too, are QIH's quarries, roof tile and therm-block plants.

A few hundred metres down the road in the Republic lie the Quinn Cement plant and the packaging and insulation facilities. The latest building boom is driving growth: QIH's profits are up 62 per cent.

From the top of the Quinn Cement tower, 1½ times the height of Liberty Hall, you can see deep into both jurisdictions.

On the public road below, we encounter a blast from the past, or is it the future? Southern customs officers have set up a checkpoint stopping passenger vehicles to check for washed agricultural fuel. Customs are an unusual sight around here. For how long?

This is a cross-Border business in every sense. A truck picking up a load of Quinn products might cross the Border twice or three times just to fill one trailer. The possible reintroduction of customs must be a wearying spectre when a supranational border cuts through your complex.

McCaffrey says QIH will assess Brexit's challenges as they arise, and he is optimistic - it has operated from here for 45 years, and knows how to deal with border issues. Yet Britain now accounts for 50 per cent of sales, and McCaffrey is focused on protecting this. "To that end, Quinn Cement has entered into a 10-year £2.5 million investment in a new export hub at Warrenpoint in collaboration with Warrenpoint Harbour Authority," he says. "We see this as an important and timely development for the business ahead of Brexit."

### **Strabane**

Due north, now, towards Strabane in Tyrone, separated from Lifford and Donegal only by the river Foyle. Strabane, a couple of hundred yards into the jurisdiction of the British, is home to that most Irish of businesses, O'Neill's Irish International Sports Company. Across the bridge, Lifford doesn't have the charm, or the economic prosperity, of Donegal's tourism towns on the other side of the county. Policymakers had better not bungle Brexit for the sake of places like this.

A short drive away, in Castlefinn, pub owner Ronnie McBride explains that half his parish is across the divide in Clady. "Some people have to cross the Border to go to Mass," he says.

Even though McBride's has plenty of room, he will never open an off-licence on the premises his father built. "How can I compete with Asda 10 minutes over the Border, where they sell three bottles of wine for £10 sterling at Christmas?"

Weaker sterling, the one consequence of Brexit to already rear its head, is having a real impact on his pub, which is widely known for its country music and dancing in the function room upstairs.

About 30 per cent of his weekend custom comes from the North: "Last year, I used to be able to give them 20 cents on the pound, €24 for £20. That was like a free pint for them."

McBride's already has one of the cheapest pints in Ireland, at €3.90. Pubs in Clady sell pints for €3.30. "It's hard to compete if you're on the Border," he says.

A hard Brexit could make it even harder, for everybody all along the divide.

### **O'Neills Irish Sportswear 'We need to plan ahead'**

Anyone who has ever booted a Gaelic football has likely connected with an O'Neill's Irish Sportswear product. It is best known for its close association with the GAA, but also does other sports such as rugby, hockey and soccer. It makes kits for teams as far afield as the Democratic Republic of Congo.

Founded in Dublin, it celebrates its centenary next year. These days, its manufacturing heart is in Strabane, where it employs 540 people on a 12-acre site. A further 200 work at its facility in Walkinstown, west Dublin. It also owns a stake in Elverys retail outlets down south.

Kieran Kennedy, the managing director of O'Neill's Strabane, says 50 per cent of the staff at his plant come over the Border to work from Donegal.

"We're concerned about their free movement. It's a huge worry," he says. "Every week, it also means 50 per cent of our staff who are paid in sterling must convert their wages into euro to feed their families and pay their bills."

The weaker sterling as a result of the Brexit vote is an effective pay cut for this cohort.

Kennedy explains that all the fabric for O'Neill's products is made in Strabane. The undyed cloth is driven to Walkinstown to be coloured. It then goes back up north to be cut and made into finished garments. These are then shipped north and south for distribution.

"We cross the Border several times a day. Think about the mess it would be for us if we had to pay duties on undyed fabric, re-dyed fabric and finished garments. I don't think it would be workable," says Kennedy.

"Every business needs clarity. We need to know how this whole Brexit issue is going to be resolved. For us, a soft Brexit would be ideal, where we don't have tariffs. We don't have duties. But we're still in the customs union. We need to know now, so we can plan ahead for the business."

**Source: The Irish Times**

**24 June 2017**

## Brexit forces creative thinking on North

Talks on Brexit opened this week in Brussels, bringing swift recognition of how complex the Northern Ireland dimension of the negotiations will be. Calls for imaginative and creative ideas to tackle them require well-informed research and debate.

Because they encompass the EU's external border regime, talks on Ireland cannot finish until the UK decides whether it wants to leave the single market and the customs union. Its ministers insist this is their goal even though the election outcome as well as growing political and interest-group pressure make it increasingly unlikely they will end up there.

The binary choice between hard and soft versions of Brexit is politically necessary at this stage of the talks. But it obscures the possibility of more flexible, elastic or differentiated outcomes which would better suit Ireland's complexity. There is an opportunity to influence those outcomes constructively through the dialogue process on Ireland agreed this week between the deputy EU negotiator Sabine Weyand and Oliver Robbins, the main British negotiator.

In that light the DUP's deal with the Conservatives provides a direct channel alongside the British-Irish one and a potentially restored Northern Ireland executive.

Katy Hayward of Queen's university argues that such complexity is really a strength if this opportunity is properly taken up.

The Brexit talks are centrally concerned with different versions of sovereignty. Whereas the EU model shares sovereignty, the UK wants to deepen it by restricting it to the UK. But this is discordant with the Belfast Agreement and its joint Irish, EU and UK citizenship provisions. That makes Ireland a unique "testbed for both the EU's flexibility and the UK's durability".

Rather than pursuing a path of competing nationalisms Hayward argues it will be possible to explore how existing Irish-British institutions running North-South and east-west can be expanded to recognise the interdependencies which will survive Brexit.

### **Cross-Border bodies**

New cross-Border bodies dealing with electricity, environment, telecommunications or higher education research could be created to supplement those currently dealing with trade, food and waterways.

Similar regimes can be imagined to deal with customs, immigration, agri-food and manufacturing standards. They would run east-west as well as North-South.

Such a Belfast Agreement-plus would necessarily become part of a wider EU-UK agreement on Brexit. Flexibility is built into the DNA of European integration, internally and externally. Policy centralisation varies by function and territory when opt-outs, multiple speeds and different capacities are taken into account. But the treaties balance such diversity with a commitment to an inclusive legal order. Membership therefore matters, especially when states join - or leave.

### **EU flexibility**

Beyond that, the EU's flexibility also applies externally. The UK's search for suitable bespoke models to match its desire for a "deep and special partnership" with the EU comes up against legal constraints on securing privileged access to the single market and customs union - having its cake and eating it.

Another group of academics in Queens has proposed that Northern Ireland becomes a member of the European Economic Area (EEA) even while the rest of the UK seeks a different relationship. (Scotland could also join the EEA as its government has proposed). One of them, the political scientist David Phinnemore, links this to internal and external "differentiated integration" in the EU. The Swiss political scientist Frank Schimmelfennig has done extensive research in this field and places Brexit firmly in its external aspects. Other specialists like him are exploring similar options. They foresee a rational outcome placing the UK in a concentric circle with other EU partners. The negotiations are about the conditions attached.

The UK's own durability is also at stake. The DUP puts this centre stage and prime minister Theresa May claims the election helped hold it together in Scotland through the strong Conservative performance there. But the DUP's hard bargaining stokes English resentment about the North's

differential transfers. And Brexit's retrogressive economic impact on the North and the UK as a whole will play out in coming years. Phinnemore highlights how new official research shows the North imports far more from the EU than previously assumed, having a £2 billion deficit in 2014, when workforce numbers are factored in, rather than a surplus. This means it will be far more affected by a hard Brexit than the DUP believes.

Cooler UK ministerial heads foresee a long UK transition period out of the EU. Cooler Irish ones should explore how this can be turned to Ireland's advantage by softening the departure.

**Source: The Irish Times**