

DÁIL ÉIREANN

ROGHCHOISTE SPEISIALTA AN TSEANAID UM AN RÍOCHT AONTAITHE DO THARRAINGT SIAR AS AN AONTACH EORPACH

SEANAD SPECIAL COMMITTEE ON THE WITHDRAWAL OF THE UNITED KINGDOM FROM THE EUROPEAN UNION

Déardaoin, 6 Aibreán 2017

Thursday, 6 April 2017

The Joint Committee met at 10.30 a.m.

MEMBERS PRESENT:

Senator Frances Black,	Senator Michelle Mulherin,
Senator Mark Daly,	Senator Niall Ó Donnghaile,
Senator Paul Daly,	Senator Joe O'Reilly.
Senator Billy Lawless,*	
Senator Michael McDowell,	

* In the absence of Senator Gerard P. Craughwell.

In attendance: Senators Paul Coghlan, Terry Leyden and Ned O'Sullivan..

SENATOR NEALE RICHMOND IN THE CHAIR.

Engagement with former Taoiseach, Mr. Bertie Ahern

Chairman: Apologies have been received from Senator Gerard P. Craughwell who has nominated Senator Billy Lawless to act as a substitute for him.

I ask all Senators and visitors to turn off their mobile phones or leave them in airplane mode. In silent mode they will still interfere with the and recording and broadcasting equipment.

I welcome members and visitors to the second meeting of the Seanad Special Committee on the Withdrawal of the United Kingdom from the European Union. On behalf of the committee, I extend a particularly warm welcome to Bertie Ahern who served as Taoiseach between 1997 and 2008. In the context of this engagement, he served as Taoiseach during the negotiating and signing of the Good Friday Agreement in 1998 and the St. Andrew's Agreement in 2006. He was also Taoiseach during the Irish Presidency of the European Union in 2004 which marked a significant expansion of the Union when a further ten countries became member states. Since the UK referendum result in June last year, there has been significant commentary on the future stability of the peace process, the future of the common travel area and the potential impact on the all-island economy and trade between Ireland and the United Kingdom. Noting Mr. Ahern's extensive experience, the committee looks forward to a detailed and constructive engagement with him and hopes to explore the solutions, as well as the challenges, with him in some detail.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official, either by name or in such a way as to make him or her identifiable.

By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. If, however, they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or an entity by name or in such a way as to make him, her or it identifiable.

I invite Mr. Ahern to make his opening remarks.

Mr. Bertie Ahern: I thank the Chairman and members for the invitation to come before the committee. I congratulate the committee on holding a series of sessions to discuss the implications of Brexit for Ireland. Throughout its history Seanad Éireann has always been to the forefront in discussing the most difficult political issues facing the country. Today is no exception. Brexit is the most serious challenge facing the country. We all know that the referendum result last year will have far-reaching consequences for Britain, the people living on the island of Ireland and the European Union. Brexit is also having consequences in a geopolitical context.

The transmission last week of the Article 50 letter by the British Government to the President of the European Council, Mr. Donald Tusk, will bring to an end in two years' time British membership of the European Union. The terms of Article 50 of the Lisbon treaty are very clear. Once a member state formally triggers the provisions of Article 50 it will cease to be a member of the European Union after a period of two years. This timeframe can only be changed with the unanimous agreement of the remaining 27 EU member states. It is clear that both sides to the negotiations want to conclude the terms of the British withdrawal from the European Union

within the two-year timeframe. The contracting parties to the negotiations also have to work out a framework that will govern the future relationship between Britain and the European Union and *vice versa*.

Consecutive Irish and British Governments have worked together for many years in the European Union in addressing key economic, social and political issues. In fact, applications to join what was then the European Economic Community, EEC, were submitted by the Irish and British Governments in 1961. Britain and Ireland formally joined the EEC as full members together in January 1973. It is clear that, although Ireland and Britain are moving on different paths, when it comes to our respective relations with the European Union, Britain will cease to be a member of the European Union in two years' time. According to a 2016 Eurobarometer poll, 77% of people living in the Republic of Ireland have a positive viewpoint on the future development of the European Union. That said, we must all be respectful of the democratic decision taken by the British people in the referendum held on 23 June last year in favour of Brexit.

Yes, we are living in unprecedented times. The European Union has never had to face such a challenge before that entails negotiating the departure of a country that has the second largest economy in Europe. That said, while we are in uncharted waters, it does not mean that the contracting parties to the negotiations cannot reach an agreement on the terms of the withdrawal of Britain from the European Union and put in place a framework governing the future relationship Britain will have with the European Union and *vice versa*. The challenges are very difficult but not insurmountable. We have to seek to address the issues that need to be tackled in as positive a manner as we possibly can. Mutual respect and a resolute determination to strike a deal must underpin the political negotiations. It is welcome that the tone of the language being used by both sides is somewhat more conciliatory than in the aftermath of the referendum in June last year. This is extremely important because inflammatory language is most unhelpful when governments are engaged in sensitive international negotiations. It is easier to dock a ship in calm waters than when there is a gale force wind blowing over its bow. In a European context, I had the privilege of attending meetings of EU Heads of State and Government for 11 years. I was President of the European Council in 2004 when ten new countries acceded to the European Union. Between 1997 and 2008, I was involved in overseeing either the ratification or the negotiation of a number of European international agreements, including the Amsterdam, Nice and Lisbon treaties. I was a signatory, as Minister for Finance, to the Maastricht treaty in 1992 which paved the way for the introduction of the single European currency. If I include my social affairs period, ECOFIN and the European Council, I was 18 years at negotiations in Europe. Securing agreement for the terms of all these treaties involved hard fought and painstaking negotiations. Agreement was secured with regard to the terms of these new policies and new treaties.

The foundation of the European Economic Community and the reunification of Germany required courageous leadership by the key negotiators involved. I will emphasise that the European Union has negotiated its way through complex political problems in the past. It can do so again with regard to the political issues of both the withdrawal of Britain from the European Union and agreeing the terms of the future relationship that Britain will have with the European Union and *vice versa*. Political leadership at the highest level in Europe and a will to succeed will have to be cornerstones of these Brexit negotiations if a final agreed solution is to be secured.

The European Union is built on a legal framework of different regulations and directives and a variety of EU treaties have vested the EU institutions with a number of direct powers and

competences. These treaty-based legal provisions mean that countries that are either members of the EU or that seek to negotiate access to the marketplace in the European Union have legal obligations that must be complied with and which cover a range of different issues. Within that context, arguably the most difficult challenge over the next two years will be to agree a trade deal between Britain and the European Union. Without a trade deal, there will be no Brexit agreement as 44% of all British goods are sold into the European Union at this time and 16% of all EU products are exported into the British marketplace. The President of the European Council, Donald Tusk, made it clear last week the underlying principles that will need to underpin any new trade agreement. The first is that any free trade agreement must be balanced, ambitious and wide-ranging but it cannot amount to participation in the Single Market or parts thereof. Second, a future European Union trade deal must ensure a level playing field in terms of competition and state aid and it must encompass safeguards against unfair competitive advantages. Third, preserving the integrity of the Single Market excludes participation based on a sector-by-sector approach. It is undoubtedly the case that if a trade deal is reached then a transitional period of a number of years will have to be put in place post-March 2019 to allow any new trading arrangements to take effect between the EU and Britain. Business people need to be certain of the rules governing any trading environment. Both parties to these negotiations must be very cognisant of this fact at all times. The quicker the uncertainty can be removed from the Brexit process the better. Brexit is a disruptive process and it is incumbent on the key contracting parties to minimise the levels of disruption that any future changes will bring about to as great an extent as possible.

Any final agreement the British Government reaches with the European Union must enshrine two key elements that are of critical importance to the people living on the island of Ireland. First, people must be able to move freely between Britain and Ireland without restriction and in an unencumbered manner. Such a system of having free movement of people between our respective countries predates British and Irish membership of the European Union in 1973. Every day, 30,000 people cross the Border between the Republic of Ireland and Northern Ireland. Second, we must ensure that a common trading area between Ireland and Britain remains in place. Every week, €1 billion worth of trade is carried out between Britain and Ireland. Britain is Ireland's largest trading partner in the world. Britain is Ireland's number one food export destination, accounting for nearly 40% of all Irish food and drink exports that include prepared consumer goods, beef, poultry, sheep meat, seafood, horticulture and cereal products. Trade in services between our two countries is increasing in the fields of clean technology, electronics and the engineering sectors. Annual trade from the Republic of Ireland to Northern Ireland exceeds €1.5 billion annually. Leading traded products include food, beverages, animal oils and manufactured goods. If any restrictions were to be put in place relating to the trade in goods and services between Ireland and Britain, it would have a negative economic outcome.

I welcome the recognition of Irish political concerns by the British Prime Minister Theresa May in the Article 50 letter. The letter states clearly some of the key objectives that must be achieved in the context of the forthcoming Brexit negotiations. They include that there can be no return of a hard border on the island of Ireland; the common travel area between Britain and Ireland must be maintained; the peace process must not be jeopardised; and the provisions of the Good Friday peace agreement must be upheld.

I also welcome the provisions of the draft EU negotiating paper on Brexit that was published last Friday. It recognises the need for flexible and creative solutions that aim to avoid a hard border on the island of Ireland in support of the Irish peace process. The European Union Commission negotiator on Brexit, Michel Barnier, understands these problems very well in an

Irish context. I worked with him very closely when he was the member of the European Commission with responsibility for regional affairs between the years 1999 and 2004. This was a period when both substantial EU regional and PEACE funding was secured to support the development of Northern Ireland and the Border region. Michel Barnier was the EU Regional Affairs Commissioner for a five-year period shortly after the enactment of the Good Friday peace agreement in 1998 and came to Ireland, North and South, many times during that period. Guy Verhofstadt, the former Belgian Prime Minister, is the European Parliament rapporteur on Brexit. He too supports a solution from these Brexit talks that will not diminish the Irish peace process in any shape or form.

The European Union has always been to the forefront in supporting the peace process on the island of Ireland. The European Union was a very early supporter of the International Fund for Ireland programme when it was set up in 1986. The European Union has financially backed different EU peace programmes that have been put in place in Ireland since the mid-1990s. There is no reason the European Union cannot continue to support the peace process in Ireland within the changing new political architecture of the European Union. The Irish peace process is being supported in a very concrete sense by countries around the world, including the United States of America, Canada, Australia and New Zealand. The European Union is a peace process in itself and stakeholders that support the European Union should do more to reiterate this important political point to the people of Europe as often as they can.

Between 2007 and 2013, and the last financial perspective, 9% of GDP in Northern Ireland was accounted for via EU financial transfers. Two thirds of this figure was EU support for the agriculture sector. EU financial support continues to play an important role in developing the economy of Northern Ireland and 87% of all the income for agriculture in Northern Ireland comes from EU sources. New policies will have to be implemented to substitute, replace or transitionally support a number of key EU funding instruments post-Brexit. That includes, for example, the European Regional Development Fund, the European Social Fund, the European Maritime and Fisheries Fund, the European territorial cross-border co-operation initiative and the EU Horizon 2020, research, innovation and science programme. As I said, 87% of financial support to the farmers of Northern Ireland comes from CAP. The present EU financial framework period that supports the aforementioned programmes runs, in this period, from now until 2020.

I believe that a new political and economic arrangement can be agreed between the European Union and Britain over the next two years but it will require resolute determination to succeed from both sides if a final agreement is to be reached. Mutual respect for one another and high levels of courage will have to be displayed by the contracting parties to these negotiations. No one should underestimate for one moment the very real challenges that will have to be overcome if an agreement is to be secured. As Oscar Wilde once recounted, “success is a science; if you get the conditions, you get the result.”

Chairman: I thank Mr. Bertie Ahern. The committee greatly appreciates his contribution. From Mr. Bertie Ahern’s experience of negotiating at European level, does he believe there should be a Brexit Minister? If so, what role might the Minister take in the process?

Senator Paul Daly: I welcome the former Taoiseach, Mr Bertie Ahern. His experience, as has been outlined, is invaluable. If he were in a negotiating position now, where would he be aiming to start his negotiations on our behalf? While my experience would be more akin to horse trading or cattle dealing, I presume when one goes into these types of negotiations that it is a similar concept where one goes in with a high target to achieve as high a position as one

can. Where should we be aiming in these negotiations?

Being only one of 27 EU member states involved in negotiations is a problem. How can we get a position of stature within that 27? Mr. Bertie Ahern rightly pointed out and we welcomed the fact we got individual and special mention in both Theresa May's letter and in the European response. They were kind and good words, words of recognition. At the same time, Spain got a veto on Gibraltar. Why so? The population of Northern Ireland is 1.8 million, while the population of Gibraltar is 30,000. Mr. Bertie Ahern highlighted the Good Friday Agreement as an example. While the nice words were welcome, they are just that. Has Spain not stolen a march on us? How can we protect employment of both parts of the island, North and South? At the end of the day, this is going to be about jobs when the negotiations are done. Does Mr. Bertie Ahern feel that we as a nation and a negotiating team should be pressing for the trade talks to take place simultaneously with the divorce talks, for want of a better word? We are in an unstable position within the EU while the talks are going on because of the currency issue and how the money markets are reacting. Would Mr. Bertie Ahern agree we should get the trade talks and the divorce talks to happen simultaneously?

Senator Mark Daly: I thank Mr. Bertie Ahern for attending the committee. As my colleague Senator Paul Daly pointed out, his experience is unparalleled in any of the Houses.

Regarding strand 3 of the Good Friday Agreement and his interpretation of it, would it allow us to do bilateral discussions, negotiations and agreements on many of the issues which affect us as a consequence of Brexit? We have been told we have to be part of the EU bloc in the negotiations and we cannot do any bilateral agreements or discussions. Would this apply to the idea of Northern Ireland having a special status, given Gibraltar has been given a special status from the Spaniard's point of view? Should we have got a veto on Northern Ireland in the same way as Spain has?

The Taoiseach has also said the EU needs to prepare for a united Ireland. The British ambassador was before European affairs committee recently, chaired by our Seanad colleague, Senator Terry Leyden. On the provision in the Good Friday Agreement which would allow for reunification, I asked the ambassador if the UK would allow that to be in the final agreement between the UK and the EU, as the Taoiseach has sought at meetings with his European colleagues. The ambassador's response was less than positive. I fail to understand it because the Good Friday Agreement is an international agreement. I cannot see why the UK would not allow for provisions of it, to which it has signed up, to be included in another international agreement.

On the issue of the North and unification, the UN human development index ranks Ireland sixth in the world in terms of health, education and income and ranks the UK at 14th. The Oireachtas Library and Research Service did an analysis of where Northern Ireland ranks on the UN human development index. It showed, prior to Brexit, that it was 44th in the world but, as a result of Brexit, it is likely to go below 50th, joining the likes of Kazakhstan. Already the EU has said that Northern Ireland is one of the ten poorest regions in Europe. Does Mr. Bertie Ahern believe the economic argument for unification would be made? It is a credible argument, given those figures. How do we go about that, as outlined in Articles 2 and 3 of the Constitution and the amendment to them? As T.K. Whitaker said in 1968, it is a long-term and slow process, of which Mr. Bertie Ahern is well aware from negotiating the Good Friday Agreement. Where does he see the achievement of Articles 2 and 3 and a united Ireland going as a result of Brexit?

Senator Gerald Nash: I thank Mr. Bertie Ahern for sharing the wisdom of his considerable

experience on European matters. He has recounted that experience for us with great clarity. With his experience at the negotiating table at EU level, what does he think the EU could have done differently to accommodate the concerns articulated by the British people in the Brexit referendum? How does he believe the EU should change to prevent losing member states in the future? Does he think that is a real prospect? Does he feel there is potential post-Brexit for other EU member states to take a similar approach? That would be a concern for us all if that is the case.

Mr. Ahern, along with other Members, has some experience of having reruns of referenda when the point may need to be clarified again, such as with the Nice and Lisbon treaties. We have some experience in this country of providing a second opportunity when points of issue have had the opportunity to be clarified. If, and when, a deal is struck between the British Government and the European Union, and if that deal is extremely far removed from the expectation of the 52% of British people who voted for Brexit, does Mr. Bertie Ahern believe there is some merit in having a second referendum and putting that question to the British people again?

Given that it is likely that whatever outcome emerges from this process and that there may well be treaty changes to accommodate the new relationship, then would it not be the case that any new deal would be required to be put to the Irish people under our Constitution?

Mr. Bertie Ahern: On a dedicated Brexit Minister, in the interviews I did last summer I gave the view that there should be because of the complexity and range of areas the negotiations will cover. I did the negotiations three times on the CAP deals. As Senator Michael McDowell will remember, we were just focused on agriculture with a small Cabinet committee. That was easy enough for the Taoiseach to do on the day. However, it is different when one is talking about the Single Market and the customs union, as well as the fact that the whole European Union is built up like a pyramid of *acquis communautaires* and a significant amount of directives, legislation and agreements going over years. This is the point our good neighbours have not realised, namely, the complexity of all involved.

There is competition law; there is technology law. I have just seen the booklet this morning by the Seanad Independent group which makes many of these points. Every one of them is affected; there are hundreds of agreements. The point I made last summer is that we just need somebody to be across that co-ordinating it. I did an interview with Stephen Collins back when everyone was in recess and I made those points. Maybe now a lot of that water has gone under the bridge but it would have been eminently sensible. That is my own tuppence ha'penny worth. Perhaps everything has moved on. That was the preparation work that was involved in it.

With regard to Senator Paul Daly's questions, what we have to do now is try to negotiate as near as we can to the *status quo* the things that suit us to protect our employment. There will be many pluses arguably from Brexit in certain areas and many minuses in others. Everyone has made the point about the food sector but the minuses far outweigh the pluses because so many sectors are affected. It is not just food; there are several other areas as well. One has to work from where one is and it is no good flying back to the past. We now have to secure in the negotiations as much as we can to feed into our points to the EU which will do the negotiating centrally. This is possible. The EU is tied to world trade rules. There are 53 substantial agreements, which will not fundamentally change in the negotiations. We are still in there with all those. It will be in the interests of the EU to keep as near to those deals as possible and I cannot see the Union opening up everything.

A point is being made across the water. I had the opportunity of being over with them, keeping in touch with them and meeting them here. They are sending delegations to India and Australia and deluding themselves that they will make great deals. I refer to one of their own documents, which is not well publicised in the UK, but it reflects a view that there is a world of business out there that is not with the EU and the UK will feed into this. However, the UK will want to be close to the EU. The last year for which full UK trade figures is available is 2015, although 2016 would not be much different. A total of 44% of total UK exports of good and services went to the EU while 55% of total UK imports came from the EU. The EU is the largest market for all major sectors of the UK economy. The 50 countries with which the EU currently has free trade agreements accounted in 2015 for 13% of UK trade. That increases to 25% if countries the EU is currently negotiating with are included. This means that almost 60% of UK trade will be directly affected when it leaves the Union. In the same year, 20% of total exports of goods and services went to the US and 11% of UK imports came from there. That amounted to 16% of its total trade. A total of 8% of UK exports went to Brazil, Russia, India, China and South Africa, BRICS, combined with 11% of their imports. The Commonwealth, about which the UK is making great arguments, accounted for 8.5% of exports and 8% of imports, of which Australia received less than 1.6% of its exports and provided 0.8% of its imports and New Zealand received and provided 0.2% of imports and exports. The EU, therefore, provided 54% of direct inward investment into the UK. The hard reality for them in the negotiations, regardless of what they say in their White Paper or any of the other documents, is that they massively need the Union. We accept that and we need the British market but it is every bit in their interests to be close as possible to that market as it is for us.

It is important to understand the scale of the shift in the structure of British trade given some of the earlier implications, which people tried to a good spin on. I know why they did that but we have to deal with reality in this country. I will take a low figure in order that I am not accused of exaggerating, although most of the British trade journals are using all kinds of higher figures. If Britain was to lose 5% of its trade with the Union following Brexit, it would need a 25% increase in trade with BRICS or the Commonwealth to recoup the loss before it would even reach the *status quo*. My conclusion is that in the negotiations Britain needs to stay as close as possible and we should try to stay as close as possible to that point. If I was there, that is what I would try to do - not trying to reinvent some unnecessary wheel - and focus on clear issues. We should do that across the areas. I do not need to repeat what the Seanad Independent group document states. There will be huge effects on the energy sector and so on. We think of trade as selling merchandise but there are many other aspects.

On Senator Mark Daly's question, I said in the same interview last August with *The Irish Times* that the Good Friday Agreement is an international agreement. At the time, the Attorney General, Mr. David Byrne, and his office, which I had always had great respect for, were not thinking about Britain leaving the EU but they were wisely thinking that there could be implications down the road if something happened and, therefore, they inserted the references in the Agreement in brackets in respect of the importance of the relationship between Ireland and the UK in EU terms. That was wise and useful and we should use the agreement. It is an international agreement and we have every right to bilaterally negotiate several issues other than trade, which we accept is the EU's jurisdiction, with the British. I do not understand or accept the argument that we are precluded from negotiating those issues. I know Guy Verhofstadt, Michel Barnier and Jean Claude Juncker. I have dealt with these guys for 20 years and they do not have a different view. The strength of our argument on the non-trade issues is that the Agreement provides for this. Paragraph 17 on page 14 states:

The Council to consider the European Union dimension of relevant matters, including the implementation of EU policies and programmes and proposals under consideration in the EU framework. Arrangements to be made to ensure that the views of the Council are taken into account and represented appropriately at relevant EU meetings.

The UK leaving is a big relevant EU meeting and this paragraph gives us every right on issues we believe are of concern to us in respect of the island of Ireland and particularly in respect of Northern Ireland to use the Agreement. I do not say this is relevant to trade. I made this point in the House of Lords and all sides, including the Remainers, questioned me at length on it. They also questioned former Taoiseach, John Bruton, on the same day, as both of us were making the same argument.

I do not think we were defeated in our debates on it. There were lengthy debates which are on the record. That is my view.

On Senator Mark Daly's point, I have been at many meetings in Northern Ireland recently. The issues surrounding unification should be carried forward into a new agreement. However, the last thing I want to see as a result of Brexit is any talk of border polls. The only time we should have a border poll - and I will argue this for the rest of my life - is when we are in a situation where the Nationalists and republicans and a respectable or sizeable number of Unionists and loyalists are in favour, and on the basis of consent. Having a sectarian or political headcount is the last thing that we should do. Yes, there should be the provisions for reunification for the future. At the meetings I have attended people have tried to jump on that and say that we should have a border poll as well. This is not the time for that. There will be a time for it, and we should all work as hard as possible to get to that time and convince people and win them over, but do not insert the issue into this debate.

Senator Nash asked a number of questions. David Cameron made a number of mistakes, and when he writes his memoir I assume he will admit that. We all make mistakes. He committed himself to a process before he knew where the process would go, unfortunately. The European Union were not very good to him in the negotiating period. The difficulty was that he got himself into a bind and could not get himself off the merry-go-round and was not given a good hand in the negotiations. In the Bloomberg speech he gave he set out the case very well. I reread it recently, and he made very coherent arguments and a strong case for staying in the EU, but he had already committed himself to an in-or-out referendum for the sake of his own internal party position. The Tories have had difficulties since they joined the European Union, and particularly since 1992 and the Maastricht treaty. I was there for the weeks of negotiations in Maastricht. It is a lovely town, a fine place, and I spent weekend after weekend there. I was delighted to see the back of it, to be honest. I remember the negotiations well. The French and the Germans were very strong at that stage, with President Mitterand and Chancellor Kohl. President Mitterand accepted German unification and the process which would make it happen quickly, and Kohl conceded the euro. That is what happened in Maastricht. The Tory press and politicians took a dislike to the European model from that day on, as far as I can see. They were not much in favour of it anyway, but from that day on they took a very hostile view on it. For David Cameron, it would not have been the finest hour of a European leader if he had thrown in his cards before he checked. That was it.

The Nice and Lisbon treaties were totally different. I had to go around Europe on the Nice treaty and get a declaration, which was the triple lock onto our involvement in the common security and defence policy. The British system was different. They asked the question, "In or out?" and there was no negotiation. If the question is put in such a way that the answer is

definitive then the result must stick.

A new referendum at a later point could well happen. I do not envy Prime Minister Theresa May's problem. Her difficulty is trying to satisfy the commitments that her party argued with the out campaign during the referendum. They did not analyse the ramifications of an "out" vote. The figures I mentioned earlier show that they did not, because if they did they would have had a different kind of debate. The treaty changes brought up by the Senator could well happen. Under our Constitution - Senator McDowell would know more about this than I would - we are stuck in a position that almost any change leads to a referendum. God knows what will come out of it. There is shifting sand in all of this, but in my view there will be an agreement in two years time, but there will not be a full agreement. CETA is mentioned all the time in media reports, but there are a huge amount of other agreements. Any of the trade agreements have taken the best part of a decade, so there have to be transitional arrangements. I am not sure how the transitional arrangements will feed into the summer 2020 UK election. If there are transitional arrangements Britain will have to continue to pay into the EU budget. They will have to continue to abide by all the trade agreements. Nothing is out of the EU until everything is out. They are going to be stuck with those things and are going to have go back to their eurosceptics and tell them that all of these things are in transition, not just for the 2020 election but also the 2024 election as well. That should be interesting, if we all live to see it. I do not see us having to worry about the treaty change for quite some time, but it is very likely.

Senator Joe O'Reilly: At the outset I join in the welcome to former Taoiseach Ahern, and thank him for taking the trouble to come and engage with this very important public discourse.

The first basic concern in this country is around the free movement of people. It is particularly acute in the area that I come from in that there is a huge anxiety to preserve the common travel area, to have a seamless Border and that the estimated 30,000 trips made every day across the Border - for educational reasons, for going to work, for trading, through kinship and for shopping - would continue as they are today. It is a huge issue, and it should be secured in the negotiations. It would appear from what Prime Minister May has said in her recent statements and from the draft negotiating paper that we have reason for optimism and that we can be hopeful in this area. I would be interested in Mr. Ahern's opinion as to whether we can carry that off.

The second big concern, at a practical level in people's lives, is the prospect of a customs barrier and potentially having to pay customs duties on products going across the Border into Northern Ireland and into the UK directly. Where that to be the case it would devalue our exports considerably and be very damaging to Irish agriculture, 57% of which goes to the UK. As Mr. Ahern said in his introductory remarks, this applies across a range of areas, including services and technologies. It is not simply agriculture, but agriculture is an area of tight margins where it would be particularly acute. Mr. Ahern cited figures suggesting that the UK would need to achieve 25% new trading arrangements with third countries to offset a loss of 5% within Europe. That is a fascinating figure. That gives us optimism for a trade agreement. Does he envisage a trade agreement that would still have customs duties of any kind or does he think we can achieve a free-trade situation? What kind of trade agreement does he envisage? If customs duties were to exist how could we cope with this at a domestic level? Obviously, the optimum condition would be that we would not have a customs barrier with customs duties to be paid. I ask Mr. Ahern to discuss that prospect, which is probably the most pernicious and difficult, and is of great concern to the agriculture sector and other sectors.

I ask Mr. Ahern to discuss the opportunities presented by Brexit, with the possibility of the jobs in the banking sector, financial services, etc. coming to Dublin. Will Frankfurt completely

steal a march on us here or is Mr. Ahern optimistic that important financial services and banking organisations, including some high-profile ones, could relocate from London to here post Brexit? That would obviously have enormous implications for our country.

Through my membership of the Council of Europe, I meet many UK parliamentarians. I share Mr. Ahern's view that they have a misplaced optimism over the Commonwealth countries as trading partners post Brexit. If I understood him correctly I believe he said he thinks the penny will drop gradually on that one and ultimately a more sober analysis will emerge - it may be beginning to emerge - and as a result we could get a favourable trading agreement. That is an area of potential hope. I think they have a misplaced optimism here.

If the EU were to have a good new trading agreement with the UK, would that involve an imposition of standards on the UK relating to products it would accept in from third countries? For example, no one would want beef without traceability, agricultural goods without proper veterinary standards and without proper care of animals, etc. and with the risk of inappropriate treatment of animals in terms of hormones etc. and the wrong products going into the animals pre-export. Would we be in a position to achieve regulatory standards within the UK on that score?

Mr. Ahern made a very forthright statement about a possible Border poll. I share that view. My party is known as Fine Gael the United Ireland Party. Nobody - least of all somebody from a Border county like me - does not passionately aspire to and long for Irish unity. I think it is every Irish person's dream that it would be achieved within their lifetime. I fully agree with Mr. Ahern's analysis that an Irish unity that would be achieved must, obviously, be a unity of hearts and minds, and a community of interest and mutual respect.

This whole process might bring forward the day when a considerable number of Unionists see their best interest in a united-Ireland context. Therein lies the great opportunity for us. I mentioned other opportunities earlier. If I sense what Mr. Ahern is saying correctly, this presents us with an opportunity to hold out the olive branch to work with unionism in the North, work with people who would have had a jaundiced view of us in the past, and try to build up relationships on a personal level and through trips North and South at school level, business level and every other level until we get the conditions where such a poll would not just be a sectarian headcount, but a Border poll with cross-community support.

I agree with Mr. Ahern's analysis that it is premature to talk about a Border poll because it is almost provocative and runs the risk of putting people back into their sectarian corner, which we need to avoid. I was heartened to hear Mr. Ahern say that as a former Taoiseach. I ask him to comment on the various strategies we could apply to bring about Irish unity in an incremental, gradual, consensual way with mutual respect. I believe a key element of that is contact. We need many more school trips, club trips, with people from social clubs and football clubs crossing the Border, making normal contact. I say that as a Border person; we do not have enough of that.

Today's discourse is very interesting and relevant. I encounter the following concerns in the Border counties where I come from. We are afraid that we will be thwarted in movement and that we will have a Border we could not cross in the way we do at the moment without being aware of its existence. We are also afraid that our trade will be damaged and our livelihoods and jobs displaced by customs duties that the margins in our businesses at the moment could not accommodate. Those are the primary concerns we have.

We have a very distinguished visitor from the French Embassy in the Gallery. We met some French parliamentarians with her the other night in Cavan. There was a discussion about how the reimposition of a physical border could become a focal point for future dissident activity or the beginning of armed conflict in the future. I ask Mr. Ahern to comment on that.

Senator Michelle Mulherin: I also welcome the former Taoiseach, Mr. Ahern, and thank him for his presentation and insights. We take certain comfort from the objectives set out by the British Prime Minister, Mrs. May, in her Article 50 letter, namely, no return to the hard borders and that the common travel area between Britain and Ireland would be maintained. It has been cited that it predates our joining of the EEC in 1973. How does Mr. Ahern envisage this working to our best advantage? I assume that the people who would be protected or covered by such an objective would be people with Irish passports, Irish citizens and that the objective would be to accommodate that and on a reciprocal basis, British citizens. Obviously, we will still be part of the European Union and French and German citizens, for example, can just come to Ireland. How will we distinguish a French citizen from an Irish citizen when it comes to passing into Northern Ireland? If they are not also given free movement, would that not require a border control? Is that not a hard border? Or if there is free movement in Ireland, does that mean the border is extended between us and the United Kingdom, so it is just the island of Ireland. Once someone crosses the border, he or she is in the United Kingdom. They are fine objectives but how achievable are they if a distinction is going to be made between Irish citizens as EU citizens and other citizens, say French or German? I would be interested to know how Mr. Ahern sees that working out. Based on that, if there are going to be checks, then it is a hard Border. Even if a person is an Irish citizen or an Irish passport holder, and they can just pass through, there is still going to be an obstacle in his or her way that is not there at the moment which would be a hard border.

There has been a lot of talk by the British at many levels, particularly the Prime Minister, Theresa May, where they have said they understand the Irish situation and it is to the fore in their negotiations but I want to refer to the background music that is coming from British politicians. Speaking with colleagues in this House and the Dáil who have visited the OECD, OSCE - I was in Washington myself - what is consistently coming from the British is that they envisage us ultimately having to leave the European Union. It has been said often enough not to be ignored. A few days ago, Lord Howard was interviewed on the BBC, where he effectively said that the British would fight to the death to maintain Gibraltar. There was no mention of Northern Ireland. Do they envisage that we may leave and that will be the ultimate consequence of this? Economically we are in uncharted territory and, as Mr. Ahern said, there are more negatives for us than positives. Is that what they envisage or do they envisage a united Ireland? Are they throwing in the towel when it comes to Northern Ireland? There is a lot of this type of language.

In the trade figures Mr. Ahern gave, he described the folly of this decision from a British point of view. There is a lot of folly going on there but there is a lot of folly going on in world politics, especially in the western world. With no disrespect to the mandate given to the president of the United States and Brexit, we see a harkening back to some sort of imperialism and some sort of world order that made Britain great and made the United States great. I do not know if all of this is logical or reasonable. I would be interested in what Mr. Ahern has to say about this. The British could very well try to use us to try to get the best deal they can.

A major issue in the dynamic of politics in Europe and the United States is immigration. A lot of commentators have agreed that the issue of immigration and migration was the straw

that broke the camels back for the public. In the United Kingdom, we saw the terrible attack in London the week before last and there have been attacks on continental Europe. We know the threat is not only from people coming from outside. More alarmingly, at a recent OSCE meeting in Vienna, I heard about the profiling of people who are self-radicalising and who are engaging in radical extremism and violent extremism in the boundaries of the European Union. It is a great concern. This has not gone away. There is fear among EU citizens and the middle-ground politicians are not tackling this issue. I have great respect for Chancellor Angela Merkel but her previous declaration that anyone could come into the country just showed immigration being dealt with in an unmanaged fashion, creating dangers, which in turn gives fuel to radical extreme elements in our own body politic across Europe. We can see there is a rise of such parties and such rhetoric which is hate-rhetoric.

We need to get a handle on migration and tell a real story that infinite numbers cannot come into Europe and we expect it to stay the same at many levels. That does not mean we cannot be accommodating. I do not think anyone is speaking to this. It is still brewing. No more than our own 50 million emigrants to the United States, migrants have made countries great and in many cases are doing jobs that seem to be undesirable to the locals. It is a topical issue and I would appreciate Mr. Ahern's insights as to what can be done to address these issues, and the security issues for our citizens as we try to operate along the lines of our democracy, the freedoms it gives, the rights of the individual and rights of the citizen while recognising that the way we have been going on is not working.

Senator Michael McDowell: I welcome former Taoiseach, Bertie Ahern, here today, thank him for coming and acknowledge that, among other things, if it was not for his efforts in 1998 and 2007, in the forms of the Belfast or Good Friday Agreement and the St. Andrews Agreement, we would not be talking about the same problems today. We would be talking about very different topics.

Mr. Ahern's thoughtful paper mentioned not merely the common travel area but also a common trading area. That cuts across what a number of people here have spoken about, that when one looks at what President Tusk said about the need for a flexible and imaginative solution for Ireland, that is the real challenge. It is defined by some method where the island of Ireland and perhaps Ireland and Britain can remain not merely in a common travel area but in a common trading area to the maximum possible extent. At a private meeting of this committee, Senator Mark Daly mentioned that there are precedents in the past including East and West Germany prior to unification which were considered as a common trading area for some purposes. It should not be impossible to devise some method for trade between these islands to be an exception to the general pattern of trading between the United Kingdom and the European Union. In that context, I agree with Mr. Ahern that our interest is that in the future the trading relationship remains as close as possible as it is today.

On the common travel area, we imagine a lot of difficulties but speaking to both Irish and British officials, I get the impression that EU nationals are going to be able to travel to the UK visa-free no matter what happens - they are not going to have to look for visas or queue up to be examined coming off the channel tunnel train or whatever, anymore than they are at the moment - and that the barriers to immigration that the British envisage will be in regard to health, welfare, housing, employment rights and so on and that we would be exempt from that if the common travel area arrangements that have existed between us go on. I hope that Mr. Ahern would agree that we should not be too worried about that. I hope he agrees with that proposition. From our point of view, the real issue is trade.

Mr. Ahern was asked - I had never thought of it - why the Irish had never been given a veto in the same sense as the Spanish Government in negotiating on Gibraltar. Perhaps he might comment on this. I do not think we could ask for a veto over the entire agreement by reference to what Ireland and Britain could do as that would put us ahead of Germany, France and everybody else in the process. In a sense, the Spanish veto, such as it is, has been given because Gibraltar is so small and insignificant. It has a population of 30,000 and a border which is about the size of the peninsula of Howth. It is not of huge significance and I do not think we should be worried about it.

It occurs to me that, on paper, the idea is that Mr. Michel Barnier will negotiate for the European Union as a whole, that there is one negotiating position and that that is how everything appears on the surface. In reality, there will be massive diplomatic activity on a bilateral basis, between the British Government and every other government and I hope between the Irish Government and every other government, especially the British Government, to make sure our interests will not be forgotten. The notion that there will just be one negotiating position and that we will be sitting in the back seat watching does not give a fair picture.

The last issue I want to raise - it stems from some of the questions put to Mr. Ahern - is the future of the European Union. Mr. Ahern and I had the services of Dr. Ray Bassett in the Anglo-Irish negotiations. He is a very valuable and dedicated public servant. I do not think his view on exiting the European Union is one Ireland at an official level or the Irish people could contemplate economically. I do not think it is on the radar screen at this stage. Likewise, some people in the European Union are talking about the need to reconfigure the treaties and for far more integration. Some are talking about a two-speed European Union. It seems that that is really wishful thinking. For most people in Europe, there is a dynamic tension. I put it to Mr. Ahern that the new countries that joined the European Union when he was President of the European Council and all the rest do not want to have a "United States of Europe" dominated by Germany. They want things to remain in tension and the individual member states to be genuine partners in the European Union.

Does Mr. Ahern agree with two propositions, one of which is that we should not be seen to be getting itchy feet to leave the European Union because that would lead down the road to economic disaster? Ireland would become a satellite for the English or the Americans. Second, we should be careful not to be bounced into a new plan for Europe which would not enable us to look after our own affairs, especially now that we are losing a really strong ally. When I was attending a Justice and Home Affairs Council meeting, Britain was our most useful ally on 80% to 90% of items. Does Mr. Ahern agree with that proposition?

Mr. Bertie Ahern: Senator Joe O'Reilly made a number of very good points. Perhaps I might divide the two issues, one being the free movement of people, about which Senator Michelle Mulherin also asked. I agree with what Senator Michael McDowell said. I was worried about it initially, about what would happen if people got off an aeroplane at Dublin Airport from Warsaw, got on a bus and drove north. They would then be in the United Kingdom. What would it do about it? I was very worried about this last summer and autumn.

I have talked to many people in the House of Commons and the House of Lords and give them credit for the efforts they are making. I have also talked to many people in the North and heard about the assurances they have been given. I have spent much of my life negotiating with the British system in one form or another and have many good friends in it. There is always the historical aspect that we should remember in thinking about the British. It is not what is said but what is written. I am now going on what they have said rather than what has been written

because not much has been written about it. What Senator Michael McDowell has said about the British not showing any great worry or concern about the free movement of people is correct, including about EU citizens coming through here. Until I hear otherwise, we can take it that there will not be a problem with the free movement of people. Unless that position changes in the negotiations, there will not be a problem in that regard.

I thought there was really good news in the autumn, but that position changed on 17 January. While it was not about people, it was the first time Ms Theresa May had made a major speech on the issue. It was a very good speech in which she dealt with various matters, including the customs union. Up until then, including in the election and at the Tory Party conference, she had not indicated anything about the customs union. As I understand it from people in the Foreign and Commonwealth Office, when they sat down to analyse the matter it was realised one could not be part of the customs union unless one signed up to the four pillars. That meant Britain would be out not only of the Single Market but also the customs union.

For our purposes, at this stage we can draw a distinction and say the Border will not present a problem in the free movement of people. It will, however, be a big problem in the movement of goods and services. Rather than giving any profound quote, it is generally considered in the world of trade that Mr. Pascal Lamy is a world expert. He was head of the WTO and the renowned commissioner who did most of the trade deals that have led the world to where it is today. He has said categorically and without ambiguity that the situation is as follows. I have spoken to him and read his quote. He has not given many interviews, but he has stated that if the land border between the United Kingdom and the European Union is the land border between the North and the South of Ireland, there will have to be customs. It is not Bertie Ahern who is saying it but the person considered to be a world expert. There is no point in lying here to the contrary and quoting anyone else because he is the renowned person. He is stating that will be the case. I suggest - Senator Michael McDowell picked up on the point - that is why we need to move the goalposts and it would be fair to do so in negotiations. One should never start in serious negotiations from where one thinks one will finish. I agree, therefore, with the eminent gentleman the last head of the Bank of England who said the Border should not be between the North and the South but the sea border of Northern Ireland. I do not know how we can make that work, but let us start from there, rather than from the other position. The man in question is highly respected in UK circles and the world of finance but perhaps not in international trade negotiations. However, that is what he said we should try to do.

If there is a customs border, we should consider all of the things mentioned by Senator Joe O'Reilly. Those of us who do not remember the 1956 to 1962 campaign on the Border still know what happened during that period and it was all about customs points and checks. That is only one of the reasons. There are many other reasons.

On jobs, Senator Joe O'Reilly is correct in his analysis of the 25% figure I mentioned, which is taken from British documents, not mine. That is the challenge before them. On the Commonwealth, many current UK statements refer to it doing the new business in the Commonwealth, but the EU already has deals with most of the Commonwealth countries. I am sorry for the British but they made a democratic decision. Taking into account the 53 UK deals, most of the world is already covered. The new trade deal with India is well advanced. What it is doing is taking all of that, pushing it off the table and starting again. It is losing 100 and starting with zero. As I said, there is much talk about new trade deals in new places but deals already exist in most of those places. The 53 international agreements that the EU has through the WTO system have all been signed up to, including by Britain. What it is doing is losing all of that and

starting again, including with countries in respect of which EU trade places already exist.. That is stating the obvious. The British will not thank people like me for reminding them of that but that is the harsh reality.

There are two points I would like to make about the trade deals. Trade nowadays is not all about physical goods. Services exports have increased from 25% to 44% in the last 20 years. Trade policy in trade agreements increasingly focuses not on tariffs or customs controls but on recognition of product standards, human qualifications, protection of intellectual property rights, rules governing investment, copyright law and data protection. These are the infrastructures of modern trading systems. Trade deals are nothing like they were when I was Minister for Labour or Minister for Finance. In terms of where they are at now they are very convoluted.

On the tariffs, the current tariff percentage across the EU is approximately 5.7%. If the UK leaves the customs union, the result will be additional tariffs. The average EU tariff is 5.3%. In sectors like the car industry and agriculture the tariff is far higher. The British believe they have a good chance of achieving free trade agreements to reduce most tariffs to zero or near zero. That is its objective, but it would have to be negotiated in a new agreement. Under WTO rules, the UK cannot offer a zero tariff to the European Union unless it offers it to everybody else. I do not know where the tariff issue will end up. A lot of the comment of the British spokespersons is that the UK is free and therefore it can do what it likes but it cannot. To pull out of the Single Market it will have to go the WTO route and it can only do that if everybody agrees. Let us take it that people are not going to be small-minded, and I do not think they should, it will have to offer the same tariff to everybody. It is a very complex issue. In the motor, agricultural machinery and other machinery industries the tariffs range from 15% to 22.5%.

As I said, this is a difficult area. I agree with Senator O'Reilly that there is a real danger in this regard in terms of the agricultural area. The greatest negative of Brexit for Ireland will be its impact on the food sector here. We all know of the currency difficulties being experienced in the food sector. What is happening in the mushroom industry is horrendous. Export of our foodstuff against EU currency, which is not new, will be affected by tariffs. The UK is already saying that the plus for it will be its ability to import foodstuff from Australia and New Zealand, which will again impact on our food sector. I was glad to see the farmers organisations in Northern Ireland are engaging with the IFA. Why they did not commence doing so last July is beyond me. There are huge similarities in the argument for us in this area. I agree also that it is hugely important that our best people in agriculture work closely across the broad areas of agriculture, including in the cattle, beef and lamb markets but also the horticultural and fisheries markets. There is huge synergy on the island of Ireland and there is a great opportunity for us to work together in the period ahead.

Senator Mulherin is correct that the British-Unionist position is increasingly that the solution for Ireland is for it to leave as well. Anybody who thinks we should leave should take a walk around St. Stephen's Green for an hour and then they might feel better or those thoughts might go away. I participated in a few student debates recently. Some 17% of our exports are to the United Kingdom. The remainder go to the US or the rest of Europe. Most of our big employers are in the indigenous industry and the international market, which includes the European market. For us to dream of anything else is nonsense. We will leave it to the eurosceptics in the Netherlands and Italy to talk about this. Any sane or right-thinking Irish person should become more European arising out of all of this. We will have our battles and our arguments but there is now a stronger case than ever for Europe. I refer members to the 1970s when Commissioner Mansholt was arguing for the Common Agricultural Policy and the regional policy

which were important for us. In this regard, we should become positive persuaders. There is an opportunity arising out of Brexit for us to be helping our friends in Northern Ireland. We do not have to do anything other than work harder on the agreements that we made in 1998 and the St. Andrew's Agreement, in which Senator McDowell and I were involved in October 2006. We need to use the mechanisms of the Good Friday Agreement. All of our State agencies should be helping and working on a cross-Border basis. We should be doing this aggressively but from a source of friendship. That is very important in terms of what we do.

On Senator Mulherin's question regarding free movement, I think I have already addressed that issue. They seem to be saying that there will not be any problem. They appear to agree on that but we will have to come back to the issue. Lord Howard is a great eurosceptic. I know him well. He was a labour Minister a long time ago. He never really wanted to be in Europe. I note from the British media in the last few days that if he intends to fight to the death on Gibraltar he will, probably, be fighting on his own. It will not take him too long to cave in on that basis because there does not seem to be anyone else with him, including the Tory sceptics, so I think he will change his position fairly quickly.

Emigration and immigration is an enormous issue. Angela Merkel was good and brave but the numbers were just overwhelming. The interesting thing about it nowadays is that the European Council on the one hand criticises Turkey for the way it is breaching every human rights rule in the book in trying to deal with its issues arising from the coup last year but, on the other hand, it has made a deal with Turkey to try to stop the immigrants coming through Greece and is paying for it. However, I can understand this. Germany and Sweden felt let down in 2015. Germany was taking in a million refugees and, in fairness to Angela Merkel, the measures she introduced applied specifically to refugees from Syrian, but this seemed to get lost in the language of the time. This will remain a complex issue and is, in fairness, the main reason the people in the UK voted to leave the EU. I think they believed they would solve immigration in voting to leave and that all immigration was bad. They have now realised they will need a large number of immigrants anyway, so it will be an issue for the foreseeable future. Even though globalisation is no longer a popular word and even though people are going back to nationalistic tendencies, the more the world connects and the more people around the world see the benefits of Europe, the more they will try to get into Europe. That is a fact of life. There are no easy solutions to the issue. I will come back to where I think it might go in the future when I address Senator McDowell's questions.

I agree with what Senator McDowell said about the issue of travel. The issue of trade is the basket into which we must put all our eggs and fight on. I agree with Senator McDowell that there was no question of a veto, but this goes back to what I said in answer to Senator Mark Daly earlier. It is a matter of using the Good Friday Agreement to make the arguments we can make outside of the negotiations, which we are not doing strongly enough. As I see the negotiations, 29 April is the day the European Council will meet. There will then be a month during which it will make its assessment. The final European Council meeting of the summer will be in June. Nothing will really happen until September. This is because the European Council is trying to play to the other side of the German elections, and I understand that. There will, therefore, not be too much negotiation at first but then it will go helter-skelter. The five months at the end lead to a negotiating period of about 13 or 14 months, and it will be impossible to deal with trade in that time. This is where the transition will come in, but the hard part of the negotiations will be done before then. The opportunity for us to get the EU negotiators on our side and to have a very clear line as to what our position is, not just what we want to see happen on the Border but also where it is, is really between now and the end of September. Once the

negotiation starts, the 27 countries will all be in there fighting. While we are high in the pecking order at the moment and people understand the problems of the Border, this will dissipate as one gets into negotiations because the French will be on about their wine and another country will be on about its apples and it will get hugely complex. It always does, but we have a period to try to build on that.

There was first talk of a two-speed Europe in the early 1970s, and this comes back to questions asked by Senators McDowell and Mulherin. The first time I started dealing with the concept was at the end of the 1980s, when the original core group wanted to move ahead. Germany had made the decision based on the euro, and it was a very emotive decision for the Germans to move away from Bundesbank control. They wanted a two-speed Europe of countries with very strong criteria to fulfil. The Bundesbank was telling countries they could only be in there if they had certain deficit rates or a certain financial position. That got lost in political discussions and everyone wanted to come in, and that is what happened in the euro crisis. Italy should never have joined in the first bloc. Greece definitely and perhaps a few more should not have been in. We had to work hard to get below that 60%, but the original idea was just to have a core group. There is now talk again of a two-speed Europe. I am certainly against a two-speed Europe but I am not against change and I think we in this country should be aware of what will happen. It is the old story: if I were going there, I would not start from here. However, one must work out where one would start from.

The reality is that after the UK leaves, there will be 27 members of the European Union. Twenty-six of them will be in the banking union, 21 will be members of NATO, 21 will be in the Schengen area and 16 or 17 will be in the eurozone, so not everyone is in the one pot anyway. We should stay with the euro group because we should work on our deficit and keep trying to get ourselves back to where we were. There is the euro group and then the other European countries but there is also what was the new neighbourhood initiative, which has been lost for the past ten years. Europe cannot continue to be so ambiguous about what is happening in Ukraine, Bosnia and Herzegovina and Kosovo. Europe will have to circle the wagons in some areas of policy. I think it will be the euro group, the rest of Europe and then the other countries in Europe that are not in the European Union. There will have to be some new configurations of that. Whether or not Angela Merkel's party wins the upcoming election - I would like to see her continue on - her opponent is even more federalist and more integrationist, which would not suit us, quite frankly. Either way, there will be this configuration by the autumn so we need to start our fresh thinking as to where we fit in that regard. Regarding the idea of Europe staying as it is, there are too many cracks in the system and there is still the currency and the euro issues, the status of the Schengen Agreement, the status of the NATO countries, President Trump who does not seem that interested in Europe one way or the other, Putin who wants to put holes in it everywhere he can and Erdoğan playing other games. I think there will have to be a reconfiguration, but not as a two-speed Europe. It behoves us to be watchful because the situation will not remain the same as it is today. I have answered the questions as best I can.

Senator Niall Ó Donnghaile: Gabhaim ár mbuíochas leis an Uasal Ahern as a bheith linn ar maidin. I thank Mr. Ahern. He has given us a very comprehensive insight into his views which, given his expertise, will no doubt be very helpful and informative for the committee in the future. For obvious and very understandable reasons, the discussion thus far and indeed Mr. Ahern's own presentation has been skewed towards the economic threats posed by Brexit. As I said, that is obviously understandable given the severity of the threats Brexit poses to our economy, but I wish to talk about and try to tease out some elements around the politics and the political impact on our island as a result of Brexit.

I take issue with and a wee degree of offence at Mr. Ahern's language about a democratic exercise on Irish unity. I do not think that would be a sectarian head count; I think it would be a referendum like any other. It is wrong to pre-empt that referendum after Brexit and the latest election in the North. There has been a societal shift. I am not saying we should utilise Brexit in a cynical way but, while having the greatest respect for my colleague, Senator O'Reilly, I do not believe we should just long or wish for Irish unity but work for it practically. That should be at the heart of any Government's plan, particularly post-Brexit and the threat it poses to Ireland's national interest in its entirety. In the referendum that actually took place in the North last year, 56% voted for the North to remain, and I was one of them. That is the expressed democratic mandate there. We can see some of the change about which I spoke in the significant rise of 56% in the number of applications for Irish passports and from all walks of life in the North. They are from republicans, Nationalists, Unionists, loyalists and everyone else in between. While anecdotal, the significant rise in the number of applications for Irish passports indicates a great desire to remain in the European Union through the EU citizenship an Irish passport and the Good Friday Agreement offer.

In February the Dáil voted to mandate the Government to seek special status for the North. Yesterday in the European Parliament in Strasbourg 516 MEPs endorsed a joint resolution to defend the Good Friday Agreement and its institutions, to ensure there would be no hard border in Ireland and that there would be special status for Ireland. I am keen to know the views of Mr. Ahern on the issue of special status and what he believes its significance would be, having regard particularly to the Good Friday Agreement. In the light of my previous question, does Mr. Ahern believe Brexit could be a potential threat to the peace process? Does he accept, as the EU Committee on Constitutional Affairs recently stated, that the Good Friday Agreement will be altered as a result of Brexit? Does he have a view on the legality or political integrity of a unilateral move by the British Government to undermine and alter the Good Friday Agreement, particularly in the context of the referendum result, North and South? The Government has an obligation not only as co-guarantor of the Agreement but particularly given that people in the South voted overwhelmingly in a referendum to endorse the Good Friday Agreement. Does the British Government have a right to unilaterally alter the Agreement without the consent of the Government and the people here? While I have 100 more questions that I could ask, what does Mr. Ahern believes is the significance of the outstanding arrangements in the Good Friday Agreement, for example, a Bill of Rights, Northern representation in the Dáil and, although slightly separate from the Agreement, extending the franchise in presidential elections to citizens in the North, all at a time when there is potential, whether there is a hard border, to have a political and an economic gulf on the island against our will. How significant is the Good Friday Agreement and the outstanding elements in this regard? Is it not time for the Government to act unilaterally where it can and where it would be appropriate to do so to fulfil its outstanding obligations?

Senator Terry Leyden: I extend a very warm welcome to the former Taoiseach Bertie Ahern. I am delighted that he is here and must say I was very impressed in listening to his contribution. He has a very broad knowledge of national and European Union affairs. In June it will be 40 years since he and I were elected to Dáil Éireann. He served as Taoiseach three times. He has particular knowledge and can be of great assistance in that regard. His deep involvement in the negotiation of the Good Friday Agreement was absolutely vital and it is one of his lasting legacies in history. To some extent, I regard him as its architect. Others were also involved, but he was Taoiseach at the time. I remember attending his late mother's funeral, from where he travelled to Belfast to get the Agreement through. That will always be recognised. I restate it today because sometimes people forget these things.

I will not get into statistics because in a very interesting document the Central Statistics Office brought out figures for Brexit, Ireland and the United Kingdom. The IFA has also produced a very good document highlighting the effects on agriculture, which Mr. Ahern outlined. Trade between the United Kingdom and Ireland is worth €1.2 billion a week. As we have all gone through it often, I will just say the Government should establish a dedicated Department of Brexit. We could call it a Department on Brexit or the European Union. Nobody has taken responsibility for the negotiations, although the Taoiseach, the Department of Foreign Affairs and Trade and the Minister of State with responsibility for European affairs are all involved. However, in Britain there is one Minister in charge. Here there is something lacking. In Dublin we need a dedicated Department to which people would relate and go to put forward their ideas.

The Government should adopt a very broad approach and establish a dedicated task force which would include experienced individuals such as Mr. Ahern, Mr. John Bruton and Mr. Brian Cowen, all former Taoisigh. Given his expertise, knowledge and information, it is only right and proper that Mr. Ahern would be there as an adviser, I believe he would serve, but he has not been asked to do so. He should be a member of a consultative group advising the Taoiseach at this stage because these are the most significant negotiations which have ever been entered into by Ireland. Ireland joined the EEC in 1973 with the United Kingdom. I have had more meetings with British MPs, Lords and Ladies since June 2016 than I have had in all the years I have served in the Dáil and the Seanad. They are coming here weekly to attend various committees. The British ambassador was here on Tuesday to attend European affairs committee. They are very anxious. Ireland will be affected most affected by the United Kingdom's decision to leave the European Union but it is also the most influential. Frankly, the real friend the United Kingdom has in court is Ireland as I see very little support for it in the meetings I attend abroad, including of the Conference of Parliamentary Committees for Union Affairs, COSAC, as a member of the Joint Committee on European Affairs. I made the point recently in Estonia where I explained our difficulties and how we would be affected. The Prime Minister stated there were 70,000 Estonians living in England and that they would literally be thrown out under the arrangements being entered into.

When we were in government under Charles J. Haughey, we had a dedicated unit to deal with the Single European Act. I was the Minister of State delegated at the time. One would get the impression that Britain had no input in the production of regulations. Mr. John Redwood was the relevant Minister at that stage. The United Kingdom brought forward its plans and ideas and they were never vetoed. Senator Michael McDowell made a very good point. We should have a veto in discussing the final arrangements because Ireland will be affected most. Brexit will not affect Latvia, Estonia or Poland in the same way. Even at this stage, why do the Taoiseach and the Government not get this? I felt it would happen by unanimous agreement, not by majority vote. In that situation we will be outvoted, even if the outcome is detrimental to this country. If Spain will have a veto when it comes to the position of Gibraltar, surely to God we should have a veto when it comes to the status of Northern Ireland and the relationship between the Republic of Ireland and the United Kingdom.

Mr. Bertie Ahern: To return to a point made by Senator Joe O'Reilly, I should have said it did not only have to do with tariffs. Some analysts in the United Kingdom have said the added non-tariff costs as a result of Brexit could be between 5% and 10%. We have to include them in the equation also. There has been reference to new costs at customs checks, inspections, regulatory compliance, more intrusive paperwork and delays and distribution. We should be trying to minimise those. The UK has an additional problem because there are 34 EU regulatory agencies that it will need to replicate. There will be many people on the move and it is a

significant cost factor.

The Good Friday Agreement is an international agreement and nobody, therefore, has the right to arbitrarily do anything about it. That is quite clear and we have every right to challenge that if anyone tries, which I do not think they would. There would be strong support in the United Nations and the EU for the Agreement and I do not think the UK will try to change it. It was stated that the vote in Scotland was ignored, but that was a UK vote.

As I said to Senator Daly, we should use that to our strength in arguing our points in terms of references to the EU already being in place. Now that the UK is pulling out of the EU, it gives us the right to argue these points in the negotiations and to be able to come in strongly on some of these issues. As I said, that does not apply to trade issues because that involves the governance of the 27 member states.

Michel Barnier understands this really well. I walked the Border with him when we tried and succeeded in getting money for regional funding. He understands the process and we should not underestimate the man. He has had and continues to have a very good feel for Ireland - I have known him for 18 years. I was delighted when he was appointed because he understands the Good Friday Agreement, the sensitivities involved and the differences on the island of Ireland.

My issue with the Border poll is different. As Senator Reilly said, we now have an opportunity which we should not turn into a negative. We have an opportunity to be helpful to the Unionist people and to work with them to try to deal with the legacies of the past in a positive way. We need to advise them that there is significant merit in an all-island economy and dealing with Europe together. There are significant possibilities in terms of developing relationships, and our State vehicles can help in this regard.

Senator McDowell will remember the North-South bodies in the early years. They can be very positive and we can work on areas such as health. Brexit will involve trade. We need to work with agencies and not look to the negative. I am not saying that there are no negatives, rather on the day we hold a poll on a united Ireland I want a sizeable number of Unionists and loyalists, whom I respect and have worked with for a quarter of a century, to be with us and agree that it is a good idea. That is the day we will have a united Ireland. I do not think we can say that because 55% of those who voted last year voted to remain, they will be with us on a Border poll. We know the answer to that question.

I am not arguing for or against anything. Over the next three years, we have the chance to positively change the attitude of people, including farmers, fishermen, businesspeople and those running community projects on the Shankill Road and Falls Road, and come together positively.

I have no difficulty with the other issues, including the bill of rights and the equality agenda, and I agree with the Senator that we should implement them. We want to get ourselves into a positive frame of mind. The last thing we should do is to be seen in Europe as in any way arguing among ourselves on the island of Ireland. The best way to get the best deal for Ireland, whether that involves a special status or whatever happens following the negotiations, is to work together.

Stormont needs to work. There needs to be very active meetings of the North-South Ministerial Council, in particular, and the British-Irish Council, and current and future Ministers

need to work actively in cohesion with Ministers from the Executive. This is a game we should play. One knows what happens when one is driving on a motorway and looks behind the car. It is best to drive on.

Senator Niall Ó Donnghaile: The point I am trying to tease out today is one I have tried to tease out in the Chamber over the past few weeks. Everybody understands that the Government has a position to adopt, in particular prior to the triggering of Article 50. We all appreciate and recognise that it was a difficult time and we have now moved beyond that. Any negotiation requires one to adopt a negotiation stance and set objectives. We need to move beyond plans and towards action.

I agree with everything Mr. Ahern has said. I have had the privilege of representing the Short Strand in east Belfast and know well the tensions that could come about. That is why I asked Mr. Ahern whether he believed Brexit was a potential threat to the peace process.

I ask the Chairman to indulge me. Mr. Ahern touched on North-South bodies, which is a fine and interesting example of where there is potential for alteration, as said by the EU constitutional affairs committee. How does he envisage, for example, Tourism Ireland, as a North-South body established under the Good Friday Agreement, continuing to promote the island of Ireland if there is a hardening of the border? The issue of freedom of movement and everything else comes into play. It is possible that the Food Standards Agency would have two different arrangements around food safety. That is a hypothetical situation.

There is the possibility of potential alterations being made to the structural aspects of the Good Friday Agreement on a unilateral basis. We have yet to see how the negotiations will proceed, but a significant and influential committee of the EU Parliament has stated that the Good Friday Agreement will have to be altered as a result of Brexit. We may be too late. The Minister for Foreign Affairs and Trade came before the House this week and said he hoped that would not happen, but it may happen as a result of Brexit. It is a cause of great concern.

Mr. Bertie Ahern: I accept that. In the Chamber are present two members of a Government that not only offered Tourism Ireland for amalgamation, but also to amalgamate IDA Ireland with Invest Northern Ireland. That offer was rejected. It was nearly 20 years ago, but these things are still relevant. If I was a Member of the Houses today, I would still advocate for us to re-offer some of those things. It is by forcing cohesion and co-operation that we will find solutions to drive the process forward.

My fear is that if we try to find difficulties and wonder how agencies will work in the future, we will pull ourselves outside the process. The reality is that foot and mouth disease or any other animal disease will show that the island of Ireland should be treated as one. Therefore, we should tell Mr. Barnier it is another reason that we want special status. Our tourism sector and industrial policy are other reasons. We think we are very important but if we consider the overall figures, we are very small. That is where we can win concessions. We should look for all the positives on these issues and drive them forward. In saying that, a customs union that is not in some way technologically handled on the Border would be a disaster. We should make that very clear.

Jean-Claude Juncker, President of the European Commission, Michel Barnier, the chief negotiator on this issue, and Guy Verhofstadt - who I do not agree with on lots of things because he would like to federalise Europe, but I agree with him on this - have all said they respect and accept that Ireland will suffer most. They accept that anything in breach of the Good Friday

Agreement cannot happen. They understand the past conflict in Ireland and they want to be helpful. They have many things to do. It behoves us to put forward the clear vision of how that becomes a reality. As I said this morning, a clear vision paper should not be done over the next two years but over the next three or four months.

Senator Terry Leyden: What about the vetoes?

Mr. Bertie Ahern: I do not agree with Senator Leyden on the issue of vetoes. The other issues raised such as how we can use the agencies and work for an agreement are things that are doable in the negotiations. I strongly believe we should be arguing the merits and facts of the case. We have good strong coherent grounds. On the Brexit department, my view is it should have been done last autumn. I am not too sure if we have gone a different way. I thank Senator Leyden for his flattery but I have no control over those matters.

Senator Terry Leyden: I know Mr. Ahern would serve in the national interest.

Chairman: I thank Senator Leyden. I conclude by thanking Mr. Ahern for such a lengthy contribution and for covering the many topics raised by all the committee members. I thank all members for their level of engagement. We have a considerable job of work to do in the coming months. We would appreciate Mr. Ahern keeping an open ear and if he is of a mind to engage further we would really appreciate it. The committee is now suspended until 2 p.m.

Sitting suspended at 12.33 p.m. and resumed at 2 p.m.

Engagement with Dundalk Chamber of Commerce

Chairman: I welcome Mr. Michael Gaynor, President of Dundalk Chamber of Commerce, to the committee to address the common travel area and the challenges Brexit poses to Dundalk. This is an area of concern for the committee and I look forward to a very positive engagement. I also welcome Councillor John McGahon from the Dundalk-Carlingford electoral district to the Public Gallery.

I draw the attention of witnesses to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to so do, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the House or an official either by name or in such a way as to make him or her identifiable.

Mr. Michael Gaynor: Thank you, Chairman.

Dundalk Chamber of Commerce is a long-established organisation which dates back to the 1890s, and is highly respected at both local and national level. Dundalk Chamber of Commerce will not shy away from its responsibility to drive a meaningful position forward for its mem-

bership and for the entire economy post Brexit. We stand ready to work in partnership with all other stakeholders, including Governments from both sides of the Border, to progress the notion of an open border for the benefit of the Island of Ireland. Dundalk Chamber of Commerce has a memorandum of understanding with Newry Chamber of Trade and Commerce and also works closely with Warrenpoint and Kilkeel Chambers of Commerce. Our joint chambers have previously presented to an Oireachtas committee on cross-Border issues.

The Irish Government, the Northern Ireland Executive, when sitting, and UK Governments have been unanimous in the view that we must maintain the openness of the Border which we enjoy today. They have pledged to work for special arrangements which take into account Northern Ireland's unique relationship with the Republic of Ireland. The importance of maintaining an open border has been included in the letter by Theresa May, British Prime Minister, in her correspondence when triggering Article 50. She has asked for what she has termed "a creative and flexible approach to the border question". The European Council's draft guidelines commit to helping to uphold the Good Friday Agreement and note the need for creative and flexible solutions to Ireland-UK issues, which is greatly encouraging. The Border crossing at Killeen, which separates the Republic of Ireland from Northern Ireland, is situated between Dundalk and Newry and is currently marked only by a miles per hour speed control road sign. That is the only indication that one is crossing a border. Approximately 30,000 people cross the Border along its 500 km length every day and some 3,000 people cross the Border in both directions between Dundalk and Newry every day on their way to work. Workers travelling to Dundalk from some of the small villages dotted on the Northern side of the Border might have to cross the Border at four different crossing points before finally arriving in Dundalk.

Dundalk Chamber is justifiably concerned that the reinstatement of any kind of hard border would have obvious negative consequences for cross-Border trade and economic activity. Dundalk is a frontier town situated 11 km from the Border on the M1 Dublin-Belfast corridor and our members and the general business community are very concerned at the prospect of the imposition of a hard border. I cannot stress that enough. There is a real fear within Border communities that any reinstatement of a border may impact on the hard-earned peace process. Dundalk businesses in particular are uniquely affected by the perceived threat of a closed, or hard, border. Many of our businesses are reliant on cross-Border flows of labour, trade and customers. Equally serious would be the effect of resurrecting any symbol of division in a town emerging from impact of the Troubles which had such an adverse effect on business in Dundalk for many years. Many communities and groups in Dundalk and Newry are working hard to foster greater reconciliation, shared understanding and partnership between both sides of the political divide.

Over the last few months, we have already witnessed the consequences of Brexit. These include currency fluctuations producing even greater uncertainty, low investment confidence particularly in the retail sector and lower consumer confidence in general. It is particularly frustrating to see that our SMEs and, indeed, larger multinationals are still reluctant to invest. This uncertainty has led to a wait-and-see approach to further expansion for many firms. On a positive note Dundalk has benefited from a number of firms from Northern Ireland seeking to open businesses there, as a direct result of Brexit. Admac, a company based in Craigavon, Northern Ireland, is a case in point. It has announced 100 new jobs coming to the town, which is indeed very welcome. Inquiries for brass plate business addresses are of little or no value to the town.

Many of the local indigenous small and medium enterprises, SMEs, would naturally trade directly with the UK and recent currency fluctuations have made trading conditions very dif-

difficult for some. There is a real fear that if open market trading conditions are not maintained within the UK some of the local companies may have to move operations to the UK.

Dundalk Chamber of Commerce, as a leading business organisation, can see no other option than to keep the Border open for trade and the movement of people. A common travel area is a vital part of everyday life for communities living along the Border. It facilitates the movement of tourists into the Carlingford and Slieve Gullion area and provides easy access for workers to travel and work on either side of the Border. From the UK's perspective, keeping the common travel area after Brexit would provide a significant backdoor to an EU member state. More importantly, it would preserve the cross-Border freedoms that many in Northern Ireland see as central to their livelihood, lifestyle, identity, and political outlook. There is little doubt that an open Border has contributed significantly to the current period of stability and peace on the island of Ireland.

Dundalk Chamber of Commerce recognises that the new economic challenges facing our region and country are best addressed by seeking all-Ireland political party support, and that those parties actively seek platforms where our fellow EU member states can recognise, understand and support the unique position of the island of Ireland within the EU.

Chairman: I thank Mr. Gaynor. That was a very thorough presentation and was gratefully received by all members of the committee. Only two weekends ago I spent a considerable amount of time in Dundalk at a friend's wedding. The town has more than a lot to offer. It was a very enjoyable visit.

What is the chamber doing, within the wider group of Chambers Ireland and any other European chambers of commerce, to push the issues that Dundalk is facing?

Mr. Michael Gaynor: We will certainly be negotiating with Chambers Ireland, almost daily. We will be required to give submissions which we readily do. Those submissions are presented elsewhere, including the Houses of the Oireachtas. We will not engage much from a European perspective, that is mainly done by Chambers Ireland not the local chambers.

Senator Gerald Nash: I am pleased to know that the Chairman spent some of his hard-earned cash in the locality in recent times. I am sure he got a great welcome and had an enjoyable weekend in north Louth.

Mr. Gaynor is very welcome to this important meeting. Nowhere is the impact of Brexit more pronounced than in our own county of Louth and across the Border counties. We remember very acutely and only too well the days of a hard Border, the security forces lining the Border, the customs service scrutinising cross-Border movements, the difficulties that families, businesses and workers had and we do not want to return to those days. We can now cross the Border with great ease and that is how it should continue to be.

I am pleased that there is formal recognition across the European Union of the importance of ensuring that a hard Border does not become a reality. That is not to say that there is not a lot of work to do to make sure that does not become the case. Dundalk businesses and business people in Dundalk always factored in the currency fluctuations, and had to absorb and be prepared for them on a multi-annual basis, as Mr. Gaynor will confirm. Mr. Gaynor, his colleague Paddy Malone and others have spoken publicly about the fact that one year they are up, the next year they are down because of the currency uncertainties. That is not something that they can ever control or manage. Now, even before the formal examination of this issue at EU level, it is

likely that the devaluation of sterling is semi-permanent and possibly permanent. The Department of Finance would suggest that we have probably already lost approximately 0.5% of our gross domestic product, GDP, in the Brexit climate.

How are the members of the Dundalk Chamber of Commerce trying to insulate themselves, businesses and jobs in Dundalk and in north County Louth against that? Many of the areas that were slower to recover from the recession were where enterprises and certain sectors were most exposed. There is a focus in our area on the agribusiness, agrifood and tourism sectors. Great strides have been made recently. I congratulate Mr. Gaynor on the tourism conference yesterday. Many of those areas have been utterly exposed and have been slower to recover because of the isolated location of many Border counties, not necessarily Louth. How does the business community feel the local enterprise office, LEO, network, Enterprise Ireland and InterTradeIreland can help businesses insulate themselves against the problems we know are there in respect of Brexit?

There are things we can control now. We spend a lot of time talking about likely scenarios over the next year, two years or beyond in respect of trade agreements, the Border, the customs union and so on, which will be the subject of negotiations. There are things we can do now to help insulate business. I am exploring the idea of an adjustment fund for businesses that are exposed, an early warning system to be developed with Enterprise Ireland, business and employer organisations and indeed trade unions, to identify not just the sectors at risk but also the employment and enterprises that would be at risk. That may involve Ireland making a very strong case to the European Union for a period to temporarily suspend state aid rules because of the severity of the situation we face. It is much more prudent to protect a job than to create a new one. I am interested in Mr. Gaynor's views on establishing an adjustment fund and whether we should reorganise the rules of the European Globalisation Adjustment Fund, EGF, which would try to Brexit-proof jobs and skills insofar as one ever can. The EGF can be applied to businesses in difficulty, which may be losing a high percentage of their workforce because of trading and related difficulties. That fund at the moment cannot be applied on a regional basis, to the best of my knowledge, but we never anticipated something like Brexit would happen. The Commission and the Union, in general, need to provide as much support and that may involve the suspension for a period of state aid rules to allow businesses to be independently assessed in terms of the viability and receive State funds to assist them through this difficult process. Does Mr. Gaynor favour it? Would he favour the establishment of an early warning system involving Enterprise Ireland, LEOs, Chambers Ireland, trades unions and other stakeholders to identify the businesses and jobs at risk? How could businesses in the Border counties, and Louth, in particular, be protected in this uncertain time?

Senator Joe O'Reilly: I welcome Mr. Gaynor. I had the pleasure of meeting him for a few minutes in the foyer on the way in and I had met Mr. Moloney previously in the context of a local discussion. I join the Chairman in congratulating Mr. Gaynor on his incisive and deep presentation, which helps us to understand and make the case. I also welcome Councillor John McGahon to the House. I know he is passionate about these issues from my discussions with him and from working with him. Not only is he passionate, but his family down the years have given a lifetime of public service and Brexit is concerning for him.

Like Mr. Gaynor, I am a Border county resident, living in Cavan, and we have a similar set of concerns and worries. I accept they are particularly acute in Dundalk but there are worries across the Border region. A colleague from Waterford rightly said to me at lunch that this is a concern all over Ireland but it is probably most acutely felt in the area we come from. I am

conversant with the 30,000 cross-Border journeys taken daily for school, work, health care, kinship and family events. It is a significant figure. Indeed, farmers have land and must source agricultural products on either side of the Border. A number of these journeys are undertaken by Cavan-Monaghan residents. I was not aware that 3,000 journeys are undertaken between Dundalk and Newry every day, which is hugely significant. A point that might be lost by many people who are not from that terrain is that people can cross the Border at four different points on that route. One could imagine what a nightmare a hard border would be if it had to be crossed eight times a day. It is difficult to contemplate.

There has been a good deal of optimism in the various statements of Prime Minister May and in the initial EU draft negotiating paper around the common travel area and a seamless border. The problems will arise in respect of trade, tariffs and customs duties. Mr. Gaynor said businesses would be affected by any halt in the flow of labour, trade and customers, with which I fully agree. If we were to return to a hard border, could he give us a few examples of how business would be adversely affected? An example could be a farmer where the processing plant is one side of the Border and the farm from which the produce is sourced is on the other. Will Mr. Gaynor elaborate on this issue? It is important that this be in the mix for the discussions on our final report. I would also like him to elaborate on how the currency issue is taking effect in practice. I would like a few practical examples of how businesses are affected. The former Taoiseach, Bertie Ahern, alluded to this in respect of the mushroom sector earlier. It does not stop at this industry, which is a highly labour intensive industry and has many casual workers. It provides an important supplement for many family incomes. It is not to be sneezed at on its own, but it does not stop there.

Senator Nash referred to a number of vehicles the Government could use but what practical, realistic assistance could be provided in the Dundalk-Louth area, which could be extended along the Border, to make a difference? It would behove us to highlight the practical steps that could be taken in the report and to pursue them if Mr. Gaynor identified them.

Dundalk has a good and large agricultural hinterland. Like our Chairman, I have had many pleasant sojourns in the town. I am betraying my age a little but I was a regular attendee at the Maytime Festival for a number of years and I never missed a night. It was a great event, which I always remember with great fondness. I suspect I will have Senator Paul Daly's support regarding the issue of customs duties being applied to agricultural products crossing the Border into the UK, but I wish to make a point on behalf of the people I represent. Margins are tight in the pig, poultry and dairy sectors and farmers need well run operations to survive but if customs duties are applied, many of the people from Dundalk's agricultural hinterland who travel into the shopping centres in the town and to socialise and do their business every day could lose their income. There will have to be a strategy over the next few budgets to insulate our farmers both in respect of tax measures and supports of various kinds. If a customs duty were to emerge from a trade agreement, and our aspiration is that would not be the case, we would have to consider refunding the duty to farmers to subsidise them in such a way that they could cope. I am sure Mr. Gaynor is conversant with farming because many of the people who come into this town are farmers. Does he agree that farmers are not in a position to take on customs duties and extra trouble at the Border on top of the tight margins they are on and that this is a serious matter for them?

I am disturbed that he is noticing the effect of Brexit in shops and in consumer confidence. Will he elaborate on that because that is worrying? Will he tell us exactly about the impact of the currency on businesses apart from the celebrated case of the mushroom sector? I look for-

ward to hearing Mr Gaynor's response. It is a privilege to have a fellow man from the Border counties to put our case.

Mr. Michael Gaynor: I thank Senator O'Reilly and I echo his earlier comments on what his colleague said over lunch. He is right. There is a notion that Brexit is only relevant to the Border counties and that it does not really affect the whole island of Ireland. I think we need to bring this thinking into strong focus. Brexit will affect everybody on the island of Ireland.

Dundalk has always had a strong business community. The town of Dundalk is a good strong frontier town. There is strong Border business acumen. Senator Joe O'Reilly would appreciate that as he lives in Cavan. People living along the Border counties have a good strong business sense. Certainly, that would equally follow for Dundalk. Dundalk has lost many of its indigenous industries in the past 20 years. Dundalk was the premier manufacturing base for cigarettes, it also had Boots, engineering, etc. All these manufacturing companies have now gone. What has sprung up in the past number of years is a strong SME indigenous industry base in Dundalk. There also has been foreign direct investment in Dundalk, with large American companies such as eBay, Paypal and so on employing many local people.

A lot of employment in Dundalk is in enterprises that operate from both sides of the Border. Many people from across the Border work in these communities. Hence my earlier statement on people crossing the Border. They may have to pass the Border three or four different times to get into Dundalk. That is important because in the event of Border controls it is indicative of how inconvenient that might be. Let me give an example. In the recent months the Customs and Excise set up a checkpoint on a small slip road outside Dundalk, near Ballymascanlon. The checkpoint was set up to check for illegal immigrants. On that occasion the Customs and Excise used the slip road to completely take the flow from the motorway through the slip into a customs area, where each car was checked before being allowed to go on. This caused a two and a half hour delay for those travelling from Belfast. I believe some of the people on the air coaches travelling from Belfast to Dublin missed flights because of the delay. That is a prime example of exactly what might happen if there was a hard Border in place. I am of an age to remember the hard Border. Let me give another example. Up until the early nineties there were continual queues and traffic jams, with lorries waiting outside Dundalk for customs clearance. I live in the lovely Cooley peninsula towards Carlingford and I vividly remember travelling with my children to school in Dundalk and being caught in these non-stop queues which continued for so many years. The return of these traffic queues would be a disaster. I also remember travelling across the Border from Omeath in County Louth to Warrenpoint, which is just across the Border. In the summer there was a tourist option to travel by boat across the Border to Warrenpoint. I vividly remember a return journey on this ferryboat and the Customs and Excise would be on both sides checking people coming back from their two hour tourist trip across the Border to see whether they were smuggling. These are just some examples of what could happen if there is a return to a hard border. Certainly the free flow of goods and traffic would be of major concern to everybody who is living along the Border.

Dundalk has a huge agricultural hinterland and would depend on the custom from the farming business. This is an issue of major concern. As members know, southern Ireland takes up to 80% of the milk produced in Northern Ireland. Anything that might stop that free flow of milk to the South would be hugely problematic. We have already seen the damage to the mushroom industry, particularly in counties Monaghan and Cavan. Currency issues were a factor of the failure of the mushroom industry. When we speak of currency issues, those who live in the Border counties have always lived with currency issues, it has been back and forth, one month

the currency is in our favour and the next month it is against us. At present most of the businesses in Dundalk would gauge that they could stand an exchange rate up to £0.85 p. If sterling rises to £0.90 p it becomes problematic, particularly for the small SME businesses who work on low margins that are selling directly to the UK. We have many of those businesses in Dundalk. Some of them are working on 15% to 20% profit margins, and if they are losing 10% of the margin on currency, it is devastating and hugely detrimental to them continuing in business. We have seen a number of businesses that have been and are struggling because of the currency differential. The worrying thing is that may get worse as the Brexit negotiations continue. The likelihood is that we will have a continual problem with sterling which will impact on all local activity, including the farming community as well. I have a major concern about that.

As I said earlier, we have a good strong business community in Dundalk, as we have always had, and the business community is vibrant and strong. The level of unemployment in Dundalk is slightly above the national average. It is coming in at around 8.5% at present. I would say the business community is vibrant and strong and wants to remain that way. I take Senator Nash's point that we would be very interested in getting support for industries on the Border. I would certainly support some mechanism that might be able to highlight these businesses if they were getting into trouble. That would be something to look at and to ask Enterprise Ireland or the IDA to get involved and to set up some sort of a mechanism where these type of problems could be identified readily and something put in place to help local industries. We have moved on from the high levels of unemployment and let us maintain it. We would be very anxious that adjustments could be made happen in the local community. Our local enterprise offices and the chamber of commerce works very closely with the County Louth enterprise office based in Dundalk. The County Lough enterprise office is very strong. The office recently held an enterprise week featuring numerous training programmes, which was attended by large numbers of businesses from Dundalk. I commend it on the support it provides to local business. As I stated, we work closely with other chambers of commerce.

On the support that could be provided along the Border, some months ago we met members of the German Bundestag in Dundalk. I was surprised to note their pessimism concerning the possibility of securing special status for the Border region. They suggested a hard Border was possible. It is hard to know whether their position has changed since our meeting but they were not enthusiastic about a case being made for special status. In their view, this is a European issue and not one that is unique to Ireland. Other parts of Europe might seek special status because every country in Europe has a border. They found it difficult to understand the reasons we are seeking special status.

I noted the importance of the Government continuing to impress on other European Union member states the need for special status for the Border counties. It has been suggested that we seek some form of economic zone for the entire island, rather than only the Border counties. A precedent was set following the unification of Germany when an economic zone was created in the former East Germany. Perhaps we could seek something along those lines to facilitate continued free trade and a customs union. The chamber of commerce and general community in Dundalk are anxious to find out if this idea could be promoted at national and EU levels.

Consumer confidence is closely related to currency fluctuations, which cause great damage to retail business in Border towns. The position in Cavan is similar to the position in Dundalk. We regularly meet representatives of chambers of commerce in Cavan, Monaghan and Carrickmacross and they echo the points made by Senator O'Reilly. Retail confidence is a problematic issue and Brexit is a worry for businesses considering expansion.

The Dundalk Chamber of Commerce was to the fore in developing the town's shop local voucher scheme. The idea behind the scheme, which we launched some 18 months ago, was to help maintain jobs and indigenous retail outlets in the general locality of Dundalk. Under the scheme, people buy vouchers which can be used in approximately 250 shops in Dundalk, thus keeping money in the town. The scheme has been incredibly successful. To date, the chamber of commerce has sold vouchers with a value of more than €750,000, which have been redeemed readily by up to 250 local shops. The impact has been strong in the local community. The scheme showed that local communities have a major interest in local retail and helped solidify community spirit in the Border town of Dundalk. It allowed us to do something very positive to promote the town and maintain business in it.

The business community in Dundalk will not sit back or roll over. We must do something and the shop local voucher scheme is one initiative we have taken. We estimate that every €1 spent under the scheme is worth €4 in the community because the money circulates in the local economy. The scheme has been successful and has helped the local retail sector.

I am in favour of Senator Nash's proposal on setting up mechanisms to highlight business links and expand support for local businesses.

Senator Michelle Mulherin: I welcome Mr. Gaynor and thank him for his presentation. I commend him and Dundalk Chamber of Commerce on the various initiatives he described. They are fighting their corner and taking a proactive approach to dealing with the fallout from Brexit. When European Union officials or members of the Bundestag speak about special cases, it should be recalled that Britain's decision to leave the EU is unprecedented. We are in uncharted territory and the effects of Brexit on the island of Ireland are unique. We can stand over position without fear of contradiction. Other countries will be affected because they all have trade links with the UK but, for the many reasons highlighted, Ireland's position in the EU is unique.

Mr. Gaynor provided a profile of the retail sector in Dundalk. The recession was tough on retail throughout the country. What are the trends in Dundalk in terms of independent traders versus multiple retailers? What are the online challenges facing retailers and how are they responding? Online shopping is increasing, particularly among younger people. What percentage of customers in retail outlets in Dundalk are from the North and how many people from Dundalk travel to the North to shop? Are figures available?

Chairman: How many people cross the Border from the North to work in Dundalk?

Senator Paul Daly: I welcome Mr. Gaynor and thank him for his comprehensive report. I appreciate that part of his presentation in positive, even if it is only one paragraph. Sometimes in these types of circumstances negativity takes over, we develop tunnel vision and focus only on negatives.

Not to be undone by Senators Joe O'Reilly and Neale Richmond, as a racehorse owner and chairman of a local race track, I am a regular visitor to Dundalk on Friday nights. How will racing in Dundalk be affected given that meetings are fixed around bank holidays in the North? They have a fixture on 12 July and others primarily aimed at a Northern Ireland audience. That brings a lot of business to Dundalk, including retail, accommodation, services and entertainment. Does Mr. Gaynor have much communication with service industries and sports organisations? Soccer fixtures are also organised across the Border. Therefore, if anything was to happen to affect the common travel area, how would the economic status of the entertainment

sector in Dundalk be affected? How will the fact that Dundalk is a poor town have an effect? How much of the business done in Dundalk, Drogheda and Greenore ports is destined for the North? The sector is very big and encompasses areas outside the town of Dundalk. How can the economy be insulated? Are there contingency plans to deal with the worst case scenario? I welcome the introduction of the retail voucher scheme which seems to have brought a great deal of business to the area. As Senator Joe O'Reilly said about his friend from Waterford, Brexit is an all-Ireland issue, but it is predominantly in focus in Border areas. It is important that we do not lose focus on expanding business by going on the defensive. Rather than insulating ourselves against the worst case scenario, we need to keep developing and hope for the best.

What communication does the chamber have with the agriculture sector or others that might be affected?

Mr. Michael Gaynor: Dundalk Football Club has been involved in European football competitions and has served the town very well in recent years. However, the spin-offs have been poor because we do not have a stadium that allows us to hold European games which we have to play in Dublin instead. We will look at developing a stadium for this purpose. We are in a unique position, halfway between Dublin and Belfast, and a new stadium would serve us very well.

We are also very lucky to have in Dundalk a fine all-weather racetrack which has been open for a number of years and quite successful. There is a suggestion that it will have a jump facility, something we hope will come to fruition next year. It will be one of the first in the country and will result in extra meetings being added to the more than 20 currently held, generating tourist income from both sides of the Border. Whenever I have been at the racetrack I have noticed that the bookies trade in either euro or sterling, which suggests a lot of people come from Northern Ireland. Dundalk Chamber of Commerce has a number of tourism bodies is actively engaged with local soccer clubs. We hold some of our meetings in the racetrack offices and have close connections with such bodies.

Cross-Border activity in the equine sector might become problematic. There may also be an impact in the case of horses which are imported or which cross the Border for any other reason or in the case of those which cross the border into England to race at Cheltenham or other race meetings. It is worrying that there may be passport controls in the movement of animals.

We have some interaction with Teagasc, but the chamber is more involved with the general business community. From the point of view of sport, community matters, social life and tourism, we have been fortunate to have local facilities. There has been horse racing in Dundalk since the turn of the century and it is very popular. Like any town in Ireland, there is a mix of big multiples and independent traders. There are two Aldi and two Lidl stores, as well as a number of Dunnes Stores and Tesco supermarkets. We have a number of shopping centres, one of which is in the town, and retail parks. A lot of work is being done at Government level to regenerate town centres and Dundalk is no different. The centre is challenged from a retail perspective, but a number of local shops have opened recently. We are very aware of people trading and shopping online, but it is now a fact of life. Unless business and retail people do something about it by engaging actively, there will be problems. We run a number of programmes in marketing and multimedia studies to encourage local retailers to use platforms such as Facebook and Twitter as an opportunity to sell online. A number of shops now operate totally online. That is the way young people now shop and it is up to individual businesses and traders to come up with different product offerings. That is what they need to be doing to encourage people to shop locally. I agree with the Senator that it is not only problematic for the Border

regions but on a national level.

Chairman: I thank Mr. Gaynor for his thorough presentation and for responding to all our questions. We, as a committee, really appreciate this level of engagement and for discussing not just the common travel area but everything related to it. As I said to Mr. Gaynor in the ante room, he is quite literally at the front line of the challenges Brexit will present in the coming months and years. To hear that expert insight has been very informative and it will play a large part in the report we will present.

That concludes today's proceedings.

The select committee adjourned at 3 p.m. until 10.30 a.m. on Thursday, 27 April 2017.