



The Centre for  
Cross Border Studies

# MEDIA WATCH

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**25 August 2018**

## Impact of trade war could trump Brexit, warns Kingspan chief

THE impact of a global tariff war would make Brexit "pale into insignificance", Kingspan CEO Gene Murtagh told the Irish Independent yesterday. The risk of a trade war is a "much bigger issue than Brexit" because it will drive up costs globally and so reduce demand, the head of the Irish-owned, multinational construction supplies manufacturer said.

The tit-for-tat tariffs being imposed first by US President Donald Trump, and by other nations in response, are already heaping extra costs and red tape on cross-border business, he said.

And the situation is volatile. "It is very unpredictable. They can decide tomorrow on a new tariff and it's in place by Monday," Mr Murtagh added.

Citing an example, where Kingspan ships steel from the US to a plant in Canada to manufacture products for the US market, he said the advent of trade barriers this year means the administrative burden had become "mindboggling".

The overall effect is to drive inflation higher, he said.

If the current trade war escalates, "Brexit would pale into insignificance".

He was speaking after Kingspan announced a record (EURO)2bn in sales in the first half of 2018.

Shares in the Irish building materials firm surged 9pc on the better-than-expected profits.

That performance was boosted by greater than expected resilience in the UK and despite the hit from a dire and long winter that included the so-called Beast from the East snowstorms.

The shares bounce was partly relief that an expected worse impact of Brexit hadn't happened, Mr Murtagh said. Kingspan's UK business is relatively self contained - making it potentially better-placed to cope with a hard Brexit, he said.

Kingspan does not yet have a "hard and fast contingency plan" for the UK's exit from the European Union - because the business doesn't know what form it will take, he said "What I hope is that it's a soft Brexit."

While Mr Murtagh has previously warned that UK construction investment could be postponed in the run-up to Brexit, he said the British market was "particularly robust" in the second three months of the year.

The UK provides around a quarter of Kingspan sales.

It helped Kingspan report a 15pc rise in revenues and a 10pc rise in trading profit, compared to the first half of last year.

Acquisitions - including of Spain's Synthesia group - contributed 15pc to sales growth and 12pc to profits growth in the period, it said.

Kingspan also entered the South American market last year with the purchase of Brazilian insulated panel company, Isoeste.

Revenue in Kingspan's core insulated panels business was up 14pc, while insulated boards were up by 15pc.

In an analyst note, Davy Stockbrokers said trading profit was 6pc better than expected.

Goodbody said it now expects to upgrade its full-year trading profit forecast for Kingspan.

In Ireland, Kingspan said it recorded organic sales growth of 16pc in the first half of the year, buoyed by increased demand for its products from the residential construction sector.

Despite the pick-up there were no constraints in capacity to meet demand, Mr Murtagh said.

'We don't know what form it will take. I hope that it's a soft Brexit'.

**Source: The Irish Independent**

**28 August 2018**

## **Border a major stumbling block**

It is clear from pronouncements both before and since the Brexit referendum that those most fervent about leaving the EU have precious little knowledge or insight into the issues surrounding the Irish border.

The reality is that those driving the Leave campaign in Britain had virtually zero interest in the implications for the island of Ireland in terms of cross-border trade and the free movement of people.

Scant regard was paid to the likely customs arrangements that would be in place once the UK left the single market and customs union.

The key focus was all about getting out of Europe, taking control of laws and borders and addressing the issue of immigration.

In Northern Ireland, people voted decisively in favour of staying in the EU, as did Scotland, but the Leave campaign won the day in England and Wales, effectively plunging all of us into the unknown.

It was a shock result and we are still unclear as to what sort of Brexit we will ultimately see in March next year.

Theresa May has struggled to exert her authority over a deeply divided Tory party and in her efforts to set a sensible and sustainable way forward in negotiations with the EU.

She is constantly having to look over her shoulder at extreme Brexiteers such as Jacob Rees-Mogg, who appears to wield considerable influence from his position on the back benches.

At the weekend, a video emerged of the MP talking about the border during a discussion at the University of Sussex in April 2016.

In a video clip, Mr Rees-Mogg says the UK could continue with 'historic arrangements' to avoid illegal travel into the north.

"There would be our ability, as we had during the Troubles, to have people inspected," he said.

This alarming comment underlines the sort of ill-informed nonsense that leading Brexit proponents were peddling ahead of the referendum.

Few will have confidence that Eurosceptic Tories are any better informed now or have any real interest in the serious implications of a hard border between north and south.

Former Ukip leader Nigel Farage also showed a complete lack of understanding of this issue in an interview with The Times newspaper on Saturday in which he said that the EU's chief negotiator Michel Barnier "would like the IRA to become active again" and had created the idea of a "hard border and soldiers with rifles".

This is a ludicrous and frankly reckless suggestion which says more about

Mr Farage.

The problem for the Brexiteers is that they failed to grasp the significance of the border ahead of the referendum and are now seeing it become a major stumbling block to the type of post-EU Britain they want to see.

**Source: The Irish News**