Brexit – What now?

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PAUL MAC FLYNN
NERI (NEVIN ECONOMIC RESEARCH INSTITUTE)
BELFAST
PAUL.MACFLYNN@NERINSTITUTE.NET
WWW.NERINSTITUTE.NET

Research for new economic policies
Outline

1. What has changed?
2. For the better?
3. What are the key challenges
4. What are the prospects?
What has changed?

• Not an awful lot.

• For Ireland, North and South, key issues have been and remain
  • Trade
  • Border
  • People
  • Work
  • Rights
  • Money
Trade

• Single Market and Customs Union – more information of the latter

• Single Market – regulation and standards, more important for services, but big implications for goods – tied to freedom of movement

• Customs Union – older form of EU integration, all or nothing club, most dangerous for NI-ROI border

• Real danger that CU more important for NI, less important for UK (GB), lack of NI executive real problem
The Single Market

• Looked like UK was heading for EEA minus, that looks less likely now

• UK could seek to maintain SM protocols, standards and regulations in order to maintain trade and formalise this for some sectors under equivalence arrangements. Very uncertain

• UK government document on Ireland has outlined regulatory equivalence on agri-food measures.

• Single Electricity Market gets a mention ……but little else
Customs Union - Border

• 2 pillars
  ◦ Absence of tariffs between members & common application of tariffs
  ◦ A common tariff applied to goods from beyond the customs union

- The second pillar most problematic for the border.
  ◦ Possible with a Free Trade Agreement to eliminate some if not all tariffs between EU and UK (Best case scenario)
  ◦ A border would still be necessary to police rules of origin

• Any arrangement between UK and EU that does not have these two elements is pointless if you want frictionless border
Customs Union - Border

• UK proposals in this area, very concerning – mostly because they are laughable

• Proposal to exclude SMEs from tariffs or bizarre parallel tariff regime

• Both extremely unworkable – embarrassing they were proposed at all

• Best and most ambitious trade deals eventually become customs unions
A frictionless border?

• Necessary to have imaginative solutions, irresponsible to have illusionary ones

• If it were possible to have a frictionless border without a customs union, then why would anybody create a customs union?

• Customs Unions require the surrender of sovereignty. If the same level of trade could be achieved under and FTA, there would be no need for customs unions.
Free Movement

• Current estimates that anything between 20,000 and 30,000 people cross the border each day for work or education.

• As GFA provides EU citizenship to all NI and ROI born residents, the problem arises for EU citizens North and South if there is no agreement to guarantee residency rights.

• UK government has signalled maintenance of Common Travel Area

• Travel does not mean work!

• Issues remain for NI however, given the economic profile of EU migrants in terms of economic activity and skills.
Rights

• Good Friday/Belfast Agreement in international treaty registered at UN. Brexit does not absolve UK government of any of its obligations.

• It is for UK to propose solutions – you broke it, you fix it

• Workers rights key for NI and ROI:
  o NI – Threat of further deregulation
  o ROI – Threat of race to bottom
Money

• Transitional funding and guarantees for regions and groups
• CAP, ESF, ERDF, Interreg
• €3.3bn 2014-2020
Conclusions

• UK government position at present is OUT of Single Market and Customs Union. Without a change to one or both of these, Brexit likely to be very disruptive.

• Customs Union possibly more important because less room for manoeuvre and crucial for the border.

• Movement of people far from certain, but easier to sort out on bilateral basis.

• There is going to be disruption to trade and employment, conversation has to move to how we deal with that.

• Adjustment fund for firms, income protection fund for workers.