

Brexit – What now?

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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 mentionbut 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:
 - NI – Threat of further deregulation
 - 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.