



# Northern Ireland Affairs Committee

## Oral evidence: Investment in Northern Ireland, HC 85

Wednesday 8 June 2022

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Members present: Simon Hoare (Chair); Mr Gregory Campbell; Stephen Farry; Mary Kelly Foy; Sir Robert Goodwill; Claire Hanna; Fay Jones; Ian Paisley.

Questions 281 - 343

### Witnesses

I: Conor Burns MP, Minister of State, Northern Ireland Office; Colin Perry, Director, Economy and Protocol, Northern Ireland Office; and Stephen Rusk, Head of Economy Group, Northern Ireland Office.



## Examination of witnesses

Witnesses: Conor Burns, Stephen Rusk and Colin Perry.

Q281 **Chair:** Good morning, colleagues. Good morning, Minister. Thank you and welcome to this further session on our inquiry into the Northern Ireland economy. Minister, you and your team are very welcome. Would you like to introduce your team for the record and maybe give us a few introductory remarks and observations? That would be welcome.

**Conor Burns:** I am joined today by Colin Perry and Stephen Rusk. Perhaps they would both like to tell the Committee their roles.

**Stephen Rusk:** I am Stephen Rusk, deputy director economy at NIO.

**Colin Perry:** I am Colin Perry, economy director at NIO.

**Conor Burns:** I will say a few words about the Northern Ireland economy generally. I know that that is the focus of your inquiry and our session this morning. I am happy to touch gently on wider issues, if you feel that that is appropriate.

**Chair:** So wide are the issues that we may keep ourselves narrow and trim for the purposes of this, but there may be one or two.

**Conor Burns:** There are obviously things that are current and newsworthy, which interlock with the economy piece. I take the lead in the ministerial team on the economy side in Northern Ireland. I carry with me in my day-to-day folder the briefing that I received in the first week in office. That showed to me the real scale of opportunity that there is in Northern Ireland, but also the scale of the challenge that remains in Northern Ireland.

There are some really rather striking figures. If we could get Northern Ireland's productivity to the UK average, it would add an extra £16 billion a year to the Northern Ireland economy. If we close the pay gap between Northern Ireland and the UK, there will be an extra £57 per week for every full-time worker in Northern Ireland. If we could get the levels of economic inactivity in Northern Ireland simply to the UK average, that would represent an extra 50,000 people on payroll in Northern Ireland. There are seismic opportunities, but endemic challenges, within the Northern Ireland economy.

I want to say something about the UK Government's approach to this, particularly around levelling up. You very generously allowed me to intrude on the evidence session you did with Sue Gray and Neil O'Brien on levelling up. We are unashamedly of the view that the prosperity and wellbeing of every citizen in every part of the United Kingdom Government is of legitimate interest to the Government of the United Kingdom and that the interventions that we are making in city and growth deals, with levelling up and so on, are to be on top of and add value to the core responsibilities of the Northern Ireland Executive.



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It would clearly be remiss of me at this moment not to reiterate our very strong view that we want to see power sharing restored and devolved Government come back in Northern Ireland as soon as possible. The Government are committed to engaging with the EU to resolve the issues around the implementation and interpretation of the Northern Ireland protocol, but that is, essentially, the business of the United Kingdom Government.

Even were there to be devolved Government up and running in Northern Ireland, that would not be the space for the Executive or the Northern Ireland parties to be negotiating. That is a UK Government undertaking, and we do not believe that it is helpful for there not to be a functioning Government in Northern Ireland, not least because we cannot spend the some £430 million that has now been allocated in Barnett consequentials to help people in Northern Ireland with the cost of living, based on the announcements the Chancellor made for England. Independent of protocol, we really strongly want to see devolved Government back up and running.

I am going to rely today on my two officials here for the technical questions around a lot of the implementation. The policy is clearly set by Ministers. The levelling up agenda is the passion and mission of the Prime Minister. In terms of the granular implementation, negotiation of the city deals, levelling up, community ownership funds and all that, a lot of that is of course, rightly, organised and led by officials.

**Q282 Chair:** Thank you for that overview. The Committee is seized of the driving imperative to try to address the endemic economic inactivity and all that that means for the prosperity of Northern Ireland. Figures out over the last couple of days suggest that London and Northern Ireland's economic growth is moving in the right direction, while the rest of the United Kingdom is either stagnant or in the minus. To what do you ascribe that? Is it despite the protocol or to spite the protocol?

**Conor Burns:** I am very keen that, in discussion around the protocol, we drag it out of the politics and get it back to process. We are essentially talking about how goods are treated as they move around these islands. The very simple proposition we have put to the European Union is that, with the exception of live animals, where we obviously accept the need for inter-island checks in their movement, goods that are moving from Great Britain, Scotland, Wales and England, into Northern Ireland that are not moving further into the Republic—

**Q283 Chair:** I appreciate that. The kernel of the question was that the economic growth data for Northern Ireland looks encouraging. One swallow does not make a summer, so you have to look at the long-term and underlying data, the trajectory and all the rest of it, but there is cause for optimism, is there not, in a post-Covid pull-out?

**Conor Burns:** There is vast cause for optimism within the Northern Ireland economy. Northern Ireland is surging ahead in specific sectors—



fintech, medtech, creative. There is a huge amount going on. The hospitality sector is back to pre-pandemic levels. What I was essentially trying to say to you in the reference to the protocol was that business is incredibly resilient. Business will cope, by and large, with whatever you throw at it and, my goodness, have we not thrown a lot at it over recent years?

I am saying to you that, in terms of the technicalities of the protocol, it is about trying to get processes in place that work to create frictionless movement between GB and NI. There has been no question that the protocol has had impact on companies in Great Britain that have decided to stop supplying into the Northern Ireland marketplace. I could give you multiple examples of that, where consumers are seeing some products—not a vast amount of stuff—that have hitherto been freely available no longer supplied into the Northern Ireland marketplace because of the friction, bureaucracy, costs and certification that come with compliance with the protocol regulations.

**Q284 Chair:** I am glad you used the word “regulation”. I wanted to come on to that. You will be aware of this shorthand phrase: “democratic deficit”. All sections of the economy are regulated by somebody, or some body and something. We know that. What engagement do the NIO, you as a Minister or indeed officials have with Brussels, in terms of trying to shape and assess the impact of new single market regulations, directives and the like, coming forward?

When the Committee was in Brussels at the tail end of last year, we heard that the Norway Ministers are often in Brussels, three or four times a week, advocating for Norwegian businesses affected by the regulations but not a member of the European Union. What is the approach of the UK Government on that in order to ensure that businesses in NI’s voices, concerns, hopes, fears et cetera are heard?

**Conor Burns:** Where it is appropriate, colleagues across Government have conversations with officials and other Governments within the European Union. The bulk of that work is properly led by the Northern Ireland Executive and officials in the Northern Ireland Government, who have continuing representation in Brussels. As a Minister, I have not had any direct engagement with Brussels on any specific regulation, but we would take those things up when approached and when businesses would raise concerns with us in the regular forums that we have.

The Secretary of State and I do regular business engagement with the representative bodies, but also, importantly, with individual businesses. I will give you one example of that. I think that you may have seen it, Chair. There was a transport company that I visited in Tonbridge recently, which gave me the documentation that it has to comply with to move a container of goods from Great Britain into Northern Ireland, which I have been brandishing. It weighs just over 10 pounds, by the way, and it is six and a half inches deep. That was born out of a direct



engagement with a company. When we find things like that, we will raise those with colleagues across Government.

Q285 **Chair:** When the Committee was in Brussels, we saw Vice-President Šefčovič and he was alert to the need to have a formal structure, possibly tripartite—Westminster, Stormont, Brussels—on that issue. The UK Government obviously take the lead, if you will, as the principal signatory to the TCA and everything that flows from it. What role will your Department have in driving that forward so that businesses, large and small, across Northern Ireland subject to evolving and future EU regulation have their voices heard and their cases made? There must be a role, surely, for your Department, the FCDO or CDL, or maybe a triangulation of the three, to drive that forward and help establish something—a very formal thing that is transparent and has minutes, a formal meeting sequence and the like.

**Colin Perry:** There are a couple of things here. As the Minister said, the lead on the engagement with the European Union, at its widest, but also around the protocol, is with the Foreign Secretary and the Foreign Office. We have a UK mission in Brussels, which engages extensively with the European Commission. The NIO, as part of Government, feeds into that.

As the Minister has said, the Secretary of State meets businesses and business organisations very regularly, as do officials. We are therefore engaged in a constant process of testing where there are specific concerns that they have and making sure that, as the Government engage with the European Union in a variety of ways, those concerns can be fed in. As the Minister says, that lead is fundamentally with the Foreign Office. We are supporting them with information and concerns that we are hearing from business organisations and businesses in Northern Ireland.

**Conor Burns:** If I can give you a specific example of that, when the Foreign Secretary recently visited Northern Ireland, some of her engagements were at the suggestion of Glyn Roberts in Retail NI, who was able to take her and introduce her to businesses that could explain the direct consequences of the implementation of the protocol, for example. The work takes place.

Q286 **Chair:** Can I be clear, because I fear that my question might have been confusing? There is obviously the operational stuff vis-à-vis the protocol. That sits with Foreign Secretary Truss—fine. There is the ongoing requirement of businesses in Northern Ireland to meet the requirements of the European Union and evolving directives, changes to directives et cetera. That is separate to and outwith the functioning of the protocol. The protocol is the regulatory skeleton. It is the regulations about how you make widgets, toasters or whatever it may happen to be.

It strikes me that everybody recognises that the job needs to be done. It falls between a number of stools, principally on the argument about devolution. Which Department—I would suggest that it should be yours—



drives that forward with the EU to have that formal engagement and notification? We have heard from a number of businesses that they fear that they are either going to fall foul of regulations because they do not know about them or had something useful to say about their formulation and did not have a forum to say it, unlike, say, for example, counterpart businesses in Norway. It is outwith the protocol.

**Conor Burns:** No, I see exactly where you are going. The answer is that the relationship between the UK and the European Union is now led by the Foreign Secretary and her ministerial team. As the NIO, we will raise with colleagues across Government individual issues as they are raised with us, so we are, in that sense, interlocuters with business in Northern Ireland. We have the range of relationships with the ones you would expect—

Q287 **Chair:** I get that. The question is what the formal mechanism is—we have not been able to identify it—of the EU engaging businesses to seek their views about evolving regulation. It is more proactive than reactive because, if one is waiting to hear a response to something where the individual has no idea that there is a something to respond to, you end up with a democratic lacuna.

**Conor Burns:** The answer to that is that it would be the responsibility of the devolved Government in Northern Ireland to be the interlocuter with the EU. You are talking about influencing the shaping of regulation coming out of Brussels. A lot of the business groups that are in Northern Ireland are subunits of the UK-wide trade and business industry representative groups. Many of them have significant presence in Brussels and remain in Brussels to seek to shape and influence evolving EU legislation.

I am prepared to be contradicted on this. In terms of the NIO, we do not have a dedicated directorate, or whatever you would like to call it, that is doing that particular work. That is UK Government-led.

Q288 **Chair:** That is a perfectly respectful position to take, i.e. respecting the devolution settlement. It speaks very loudly back to your opening remarks, which, for what it is worth, I endorse, on the imperative of a functioning Executive in order to ensure that those conversations can take place and Northern Irish business is not disadvantaged. Thank you for that.

You said, slightly tongue in cheek, “Have we not thrown a lot at business over the last several years?” I think your assessment is right that business will say, “We want to do business. We want to make a profit. We want to employ people. We want to do the stuff that we want to do. We will fulfil any regulatory or governance requirement that we are ordered to fulfil, but we need to have some certainty in order to invest in people, their training, kit, IT or whatever”.

When can business pick up a document and say, “These are the settled trading rules and regulations for the foreseeable future. We can plan. We



can invest. We can create. We can grow. We can make direct foreign inward investment”? Questions like, “What is the regulatory regime in which we will be operating? Will there be a trade war?” and so on seem to be a big hold up for a lot of potential foreign inward investment. This paralysis of uncertainty is helping nobody involved in generating pounds, shilling and pence for the Exchequer, is it?

**Conor Burns:** I accept the challenge on that. I want to make one observation before I directly address that. I do not think that some of the language around these discussions has been particularly helpful. It is still our ambition to resolve this in a negotiated way with the EU.

We said to Vice-President Šefčovič that we think that the mandate he is currently operating on is not broad enough to allow us the landing zone that we think exists on this. If he could widen his mandate, we think that there is a landing zone to agree long-term, sustainable, durable changes to the way the protocol is interpreted and implemented that will work to protect the United Kingdom’s internal market, but also, crucially and legitimately, will work to protect the integrity of the EU’s single market, which is the EU’s driving objective.

To the point of certainty, if we cannot get to that negotiated solution, we have been very clear that we will legislate to implement the proposals that we have put to the Commission around a green and red lane trusted trader scheme, with high criminal penalties for breaches of that, and real-time data sharing across a range of data fields designed to meet the EU’s data collection requirements. We believe that all of that is there, but it is precisely to deliver that point of certainty of which you speak that we intend to act. The short answer is that when the legislation is complete, or if the EU comes back with a broader mandate and we reach a negotiated conclusion, there will be certainty.

Q289 **Chair:** I do not want to necessarily widen this discussion about the tactics of the Government vis-à-vis proposed legislation. I take your point entirely, as I am sure everybody in the Committee would, that Maroš Šefčovič can only deal with the brief that his client, for want of a better term, has given him. Nobody can expect him to go beyond that brief and negotiate off-piste.

That requires a certain amount of statecraft engagement between London and the principal capitals of Europe, to explain the case and talk through the suggestions, such that they would then give due consideration to amending the brief that their vice-president, perfectly properly, is working to. What engagement are you aware of with CDL, No. 10 directly, your Department or the Foreign Secretary going to talk to Ministers in Paris, Madrid, Berlin et cetera? Otherwise, one is just relying on the vice-president to sell the narrative of the UK Government, which is not his client.

**Conor Burns:** You are absolutely correct in terms of the prescription under which Vice-President Šefčovič is operating. His mandate comes



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from President von der Leyen, who in turn receives it from the European Council. It is not fair to expect Šefčovič to unilaterally—to use the word we all seem to use at the moment—change his mandate. Care has to be exercised to a degree on this, because, as the Irish continually repeat, the EU negotiates as one, so the member states give the Commission direction.

There is engagement going on. There is significant international engagement going on. There is the piece of work that I am doing for the Prime Minister, as his special representative to the United States on the protocol. The United States is important in this. It played a key role in getting to the point of the Belfast/Good Friday agreement 24 and a little bit years ago. I am sure that it is looking with interest at what is going on.

There is regular engagement from Foreign Office Ministers who have European responsibility. They have the briefing. They know the UK lines. They know where the landing zone is in our view. They know the detail of the proposals that we have put to the Commission and they are promoting that case actively in their regular bilateral engagements with counterpart Ministers.

**Q290 Chair:** You and I are long enough in the tooth—I hope we do not look it, but we are—to know that whenever Prime Ministers in the past wanted to sell an idea—when David Cameron was trying to do his renegotiation, when Margaret Thatcher was trying to sell the principles of the single market—they used to get on a plane, fly around Europe, and go and talk to the top man and the top woman to sell the idea and to discuss.

We see no evidence of that here. I hear what you say about the Europe Minister, but, with all respect to the Europe Minister, they are not going to go and get an audience with a President or Chancellor. There seems to be no appetite for and no initiative to instigate top-flight, sell-in, meaningful discussions, to get those leaders—if you take France and Germany, the principal cheque writers for the European Union at the moment—to buy in, to understand our intention, what we are trying to do and why the Government are trying to do it, and then to go and talk to Ursula von der Leyen and others. I shall give you a metaphor that you will recall. We are doing it in a very Peter Morrison, November 1990 sort of a way, and we know how that ended.

**Conor Burns:** I would firmly push back on any parallels with Peter Morrison.

**Chair:** I am not likening you to Peter Morrison.

**Conor Burns:** For those of you who do not know what the Chair is talking about, a comparison with Peter Morrison is not a flattering one for anyone. In a sense, that line of questioning is probably more appropriately addressed to a Foreign Office representative than it is to me.



**Chair:** I am seeing the Foreign Secretary this afternoon.

**Conor Burns:** Within our field of competence, I am doing what I am doing in the United States on behalf of the Prime Minister and the Government. The Secretary of State and I engage in detail regularly with counterpart Ministers in Dublin. That is incredibly important. I will be in Dublin again in about two weeks' time, I think, for a full day's worth of engagements. Ireland is very important in this, because if we do not fix this, Ireland and ourselves are the two that have the most skin in the game here, so those interactions are important. With the Irish—I am very clear in the States on this as well—we are not asking anybody to do anything, but we are explaining, quietly and patiently, our position and our proposals.

The one thing that I would concede is that perhaps we have not done as good a job as we could have done in explaining the degree of interaction and engagement that there has been with the Commission on the protocol, the number of hours of talks that have taken place, the number of direct engagements between the Foreign Secretary and the vice-president of the Commission. We can share that with you. It is detailed and extensive.

One of the lines I heard again this morning, which is just not correct, is that we have not replied to the Commission's proposals. We have explained in granular detail why those proposals do not go far enough to get us to the landing zone we need. We have supplied them, in very significant detail, the details of how the proposals that we think would work and resolve the issues can be implemented.

Q291 **Stephen Farry:** Good morning, Minister. It was great to see you in Bangor at the weekend for the jubilee celebrations. To start off, what is your view of the Northern Ireland Executive's 10X document? Do you see that as a realistic and effective means of growing the Northern Ireland economy?

**Conor Burns:** I welcome that document. I had extensive conversations with Gordon Lyons as they were working that up. The process that they went through to get to that end game, that end document, was a very useful one in crystallising the thinking of the Executive and getting everyone across the Executive to look at the challenges of economic growth, skills and investment across the piece in Northern Ireland. It is an ambitious document. We would love to see the Executive back up and running and implementing it.

Q292 **Stephen Farry:** In that regard, how do you see the UK Government's interventions around the city deals, levelling-up funds and shared prosperity funds as reinforcing the objectives in that strategy, particularly, given that they are coming from a different source? How do you ensure that everyone is pushing in the same direction in this regard?



**Conor Burns:** We have regular interactions at official and ministerial levels. I will give you a couple of recent examples. When the Secretary of State for International Trade was in Northern Ireland to chair a meeting of the board of trade in Derry, she and I had a joint meeting with Gordon Lyons to talk about how the newly opened Department for International Trade hub in Belfast could supplement and add to the work of both the Executive and Invest NI. The Economy Minister and I did a couple of joint engagements in Dubai around the expo and the Northern Ireland day at the expo.

The critical thing about all these different pots, these city and growth deals, the levelling up and the community ownership is that they are on top of what has been the largest block grant settlement to Northern Ireland since devolution itself began—£15 billion. These things are to add to the core responsibilities of the Northern Ireland Executive to deliver on the economy in Northern Ireland.

Q293 **Stephen Farry:** I certainly understand that there has to be co-ordination, where we are talking clear UK Government responsibilities. Trade is very obvious in that regard. In areas that are normally viewed as being responsibilities of the Northern Ireland Executive and the Northern Ireland Civil Service, for example skills, how do you ensure that UK Government money in that area is reinforcing what the Executive are doing?

Surely there is a risk of, on the one hand, some degree of duplication, but also, potentially, some degree of gaps emerging. Historically, for example, the European social fund would have funded a lot of skills interventions, particularly around NEETs, bringing women back into the labour market and disability employment. How do you ensure, particularly in those areas that are Northern Ireland Executive responsibilities, that it is properly integrated, not just in terms of six-monthly or three-monthly engagements, but that it is happening on a daily basis, effectively?

**Conor Burns:** I am going to invite colleagues to say something about this in a second. We have a role. I think that, in the NIO, we would see our role very much as helping co-ordinate the UK Government's interventions in all these areas to make sure, through the collective knowledge within the Northern Ireland Office, that there is not that duplication.

Let me give you a live example of that. The levelling-up responsibility sits, obviously, with the Department for Levelling Up, Housing and Communities. The Secretary of State is Michael Gove. The Minister is Neil O'Brien. They are the accounting unit for that. They have the legal responsibility to deliver levelling up, but Neil and Michael, for example, recognise that there is this knowledge base in the NIO that can help them enormously as they approach levelling up in Northern Ireland. Members of the Committee and I have sat in meetings that Neil O'Brien has had. I



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sit alongside Neil O'Brien in all his interactions related to Northern Ireland to make sure that we are inputting into that.

We have very good, close working relationships with the Ministers, when they are there, in the Executive. They are still there, I know, but I mean when they are fully functioning and there. We have detailed relationships between our officials in the NIO and those in the Northern Ireland Civil Service. We regularly interact with council leaders. I saw several of the council chief execs over the course of the four-day jubilee holiday. We help them plug into the different parts of the UK Government that are looking at this.

Part of our role is to make sure that there is not that duplication. I get the tension. You are speaking to the tension of whether the UK Government should be doing some of this stuff. Is it properly the relationship for the Executive? We see it as value added. We see it as adding to, not detracting from, the core responsibilities of the Executive. I have a thing on my desk that Reagan had on his desk. Forgive the slightly outdated language, but it says, "There is no limit to how far a man may go or what he may achieve, provided he does not care who takes the credit". We are interested in the outcome. We are interested in getting more people into work, growing the economy and having greater tax take to support our great public services.

**Stephen Rusk:** Building on that point, there is a huge amount of alignment between the 10X strategy and where the UK Government want to go, in terms of levelling up and all our priorities. 10X is a big statement of commitment to innovation and, as you say, skills coming in behind, as the way to really shift the economy.

It is worth noting that, both on city deals and on other areas of UK Government spending, like R&D, the UK Government are already in that space and have been throughout the devolution period, putting money into a breadth of companies across Northern Ireland. On the city deals where we are bringing the innovation and digital funding to the table, that is very much pushing in exactly the same direction as the Executive.

One other thing worth noting perhaps is that, with the new deal for Northern Ireland, we have allocated funding to the Department for the Economy to assist with its skills agenda. We have put £15 million into enabling the Department to take that agenda further. It is worth noting just how well aligned we are, as well as the obvious changes in the landscape.

Q294 **Stephen Farry:** Let me give you a potential hypothetical scenario. As I mentioned, take disability employment, which was traditionally delivered through the European Social Fund. We have to see whether that is going to be covered by the shared prosperity fund. It may or may not. How do we avoid a situation where the Department for Levelling Up, Housing and Communities says, "We thought the Executive were going to pick that up", or the Executive say, "We thought you guys were picking it up", and



it ends up falling between two stools, or the Executive say, "If we knew you were not going to do it through the shared prosperity fund, we would have had to change our policies"? How do you ensure that that type of problem and scenario does not emerge down the line?

**Stephen Rusk:** The key point here is that none of us wants to see any detrimental impact to the agenda that we are pushing out on, in terms of improving Northern Ireland's skills, increasing its innovation and so on. The reality of a changing funding landscape means that we are all—UK Government, Executive, district councils, voluntary and community sector groups—looking at having to do things in new ways and having to adapt to new funding streams. That brings both policy and operational challenges. I know that the Committee has heard from others who have given evidence in recent months about the impact that that has on the ground.

For our part, as we look towards developing the shared prosperity fund, I think that the Minister has mentioned the work that he, Minister O'Brien, we and DLUHC have been doing, in terms of reaching out and engaging with the Northern Ireland Executive and partners across Northern Ireland to understand all the complexity, to understand the issues that are arising and to make sure that we each know where we might need to step into the breach to make that work.

Q295 **Stephen Farry:** To conclude, I have a couple of questions on the governance issue. We tend to talk about things like city deals and the levelling-up funds in one single sentence, but there is a very clear distinction in terms of the governance arrangements. The city deals are a much more collaborative process, involving several Governments alongside the Northern Ireland Executive and district councils. The levelling-up funds are solely UK Government. How do you rationalise that distinction?

**Stephen Rusk:** It might be worth drawing a bit of a distinction between what we are grouping as the levelling-up funds. There were the funds that were launched last year quite quickly in order to get money on the ground in a very efficient way while we were working towards the shared prosperity fund. They were carried out in one particular way, and that allowed us a lot of learning, frankly, in terms of what was working for groups on the ground and for partners in Northern Ireland.

As we look towards the shared prosperity fund, which we are still designing by engaging with the Executive, councils and others on the ground in Northern Ireland, there is an opportunity to learn from last year what worked and what did not work. People liked the efficiency. They wanted more time to apply and make bids.

Q296 **Stephen Farry:** With respect, Stephen, what you are describing there is improving the application process. It is not the governance and decision-making process around the funds. We hear a lot of feedback from Executive Ministers, civil servants and others that the communication is



too often one-way traffic. This is not a collaborative process. I come back to the point I made around the city deals, which were UK funds too. That process of decision-making is far more interactive than the levelling-up model has been to date and seems to be going into the future.

**Stephen Rusk:** The point that I would make is that the characterisation of that engagement probably better reflects what was happening last year than what we are doing this year on the shared prosperity fund, where we are engaging on the policy and governance levels and trying to work out what the best way of delivering this is. There is a very clear commitment from Ministers, both at DLUHC and at NIO, to work collaboratively with the Executive, with councils and with partners on the ground to make this work.

Q297 **Stephen Farry:** Going back to what the European social fund used to do, it funded directly. Without there being an application process, it went straight to Government Departments to fund things like apprenticeships and youth training. There is now ongoing uncertainty as to how they are going to be funded in the future and whether the Executive are going to have to recalibrate their own remaining budget to pick that up, or whether they can reliably draw on that funding. You will know that there is experience of Departments having applied for the previous rounds of levelling-up funding and Northern Ireland Executive Departments being unsuccessful, which some of them are scratching their heads over.

**Stephen Rusk:** Yes, and the reality is that the shared prosperity fund is not the EU structural funds. It was a very clear policy position from Ministers that it would be our opportunity to set out UK-wide priorities, rather than necessarily the priorities of the European Union. It is an inevitable fact that what funding was used for before, under the structural funds, is not necessarily the same as what SPF would do.

Q298 **Stephen Farry:** Yes, but, to clarify, the funds came from Europe, but how they were spent and the priorities that were taken were decisions for Northern Ireland Ministers to make, not for European Union officials. That is where there is the potential loss. I am probably getting more concerned now about the future for things like apprenticeships, where they are a UK-wide priority at a high level, but there is a potential problem here with how that fits into local priorities.

**Stephen Rusk:** It is a change.

**Conor Burns:** It can be a positive change. I am tempted to say this, although this will possibly reopen something I do not want to reopen. We are talking about the funds coming from Europe. They came from us, through Europe and back to us. This is an opportunity for us to shape what we want to do based on our priorities. The European funding does not completely finish until the end of 2024-25, and we are doing detailed engagement.

I have one point on the governance. There is always going to be a tension here. Sometimes when you talk to colleagues in the Northern



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Ireland Executive, when they talk about governance, oversight and collaboration, they really mean that they would like to make the decision.

Q299 **Stephen Farry:** We should be encouraging that sort of thing.

**Conor Burns:** We are unapologetic that we, as the UK Government, think that there are things we want to do as the UK Government for the whole of the UK. We think that there is plenty of stuff that the NI Executive can get on with, like getting back to work, for a start, to deliver for the economy in Northern Ireland. Our stuff is on top. It is value added.

Q300 **Mr Campbell:** Minister, you and your colleagues are very welcome. On the issue of how the protocol is impacting business life, I do not know if you are aware that there was some publicity about a firm that I had to contact because a constituent got in touch with me. It is a firm based in Scotland that supplies wholesale foodstuffs across the UK. For Her Majesty's jubilee, they had brought out a certain flowery tin of shortbreads, quite nice by all accounts, and supplied it online to all those who applied, except for people in Northern Ireland.

A constituent had contacted me and indicated that this was the case, so I rung the firm up to establish that the constituent was being told the correct information, and he was. To compound matters, not only could he not get supplied with that product over the past six weeks, in time for the jubilee; he was told that he could get it from a firm in Dublin, because the wholesale supply firm in Scotland would supply larger amounts to Dublin, because the paperwork that was required, which you helpfully used in your American trip to show the voluminous nature of that paperwork, was such that it was not worthwhile to send half a dozen tins to someone in Northern Ireland.

You could get it from Dublin and they could bring it up. You could travel down to Dublin and bring the same product to the same place as the company would have supplied directly. That is directly as a result of the implementation of the protocol. Surely things like that have to be addressed fundamentally. Are you saying that the laying of the Bill will deal with something like that, so that that nonsense will not be repeated?

**Conor Burns:** We have been very clear. There are three points. The first one is that the protocol was devised to deal with a situation that, at the time, had not actually happened. In that sense, it was devised in theory. We now have nearly 18 months of lived experience of the protocol, where we have actually seen the impact of the movement of goods, the scale of the checks and so on, so we can now make a much more evidence-based set of proposals, based on the lived experience and real data that has been collected over the period that the protocol has been applied.

That example is a very good one, a very strong one, of where Northern Ireland is being treated differently to the rest of the United Kingdom for a product that would pose absolutely no threat whatsoever to the integrity of the EU's single market. That is back to the central proposition that



there should be a different set of arrangements for goods moving within the United Kingdom's internal market, different to those checks that are going on goods moving through Northern Ireland into the European single market.

I was with a very successful, very large company recently in Bangor. It would be wrong to name them. They said to me, "The protocol is no problem for us. We have just taken on somebody full time to deal with the paperwork". I said, "That is fine, because you are a very large, very successful company". If you are a small company, employing five or 10 people, and Northern Ireland is a relatively small part of your UK marketplace anyway, you have probably just decided to disengage.

I have examples here from Retail NI of actual companies. There is a cheese company in Kent that used to supply 20 types of cheese to Northern Ireland, but it has decided not to because of the export health certificates and the veterinary sign-off certificates that are required. There is another one, a Hull-based company, that has decided it is no longer going to supply to the EU and it has decided that the EU includes Northern Ireland. There is the embargo on the supply of organic products to Northern Ireland in line with the protocol. This is a company in Newcastle-under-Lyme. We think that there are at least 200 companies that have simply disengaged with the Northern Ireland marketplace as a direct consequence of the implementation of the protocol.

**Mr Campbell:** I fully understand that, Minister. Those are excellent examples. The case I gave you was a case of a GB-based company supplying into the EU market that you could then access from Northern Ireland. If I wanted to drive across and collect that tin of shortbread in a Dublin-based premises, I could do so. The protocol was going to prevent direct sale from GB into Northern Ireland but was not going to inhibit in any way direct sale from GB into the Republic, which could then be easily accessed by people in NI, so it was even more ridiculous.

Q301 **Chair:** Could I ask for a clarification on that? The company would not have been precluded by the protocol from selling. It had chosen to rationalise a distribution network to one and then spin it out. You might say, "I am going to drive everything to Daventry and then serve Northamptonshire and the wider east midlands from one base". I suppose this is to the Minister, because I cannot ask Mr Campbell a question, since he is not a witness. There is nothing in the protocol that would stop the sale of shortbread made in Scotland directly to Belfast. It is that a company in a free market decided to do its transport logistics in a different way.

**Conor Burns:** You can say that it is their choice to stop supplying to Northern Ireland.

Q302 **Chair:** They are not stopping supplying to Northern Ireland. They are supplying to Northern Ireland via a different way.



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**Conor Burns:** They are stopping supplying to Northern Ireland directly from Great Britain because of the costs that are associated with complying with the implementation of the current interpretation of the protocol. That is correct.

**Mr Campbell:** That is what the company told me.

**Chair:** They are supplying to the Northern Irish market, but via Dublin as a landing place, rather than Belfast or Larne.

**Mr Campbell:** The additional difficulties and paperwork were such that they were not prepared to do that, but they were prepared to do it into Dublin, because they could supply a larger marketplace. They then said, "You can easily access it from there if you wish".

Q303 **Chair:** They chose to do one lot of paperwork, rather than two.

**Conor Burns:** You can say that is a choice, but it is not really a choice.

**Mr Campbell:** It is diversion of trade.

**Conor Burns:** You cannot afford to do it if you wipe out your profitability by all the certification and costs associated with complying with the regulation of the protocol.

Q304 **Chair:** Minister, they are complying with the regulations of supplying from GB to the single market into Dublin. They have decided to only fill out one set of paperwork. They could easily have decided, "We are going to serve the whole of the island of Ireland market by landing stuff from Scotland into Belfast", if they so wished.

**Conor Burns:** Then you speak to the societal challenge on this. Representatives of the Unionist community are looking at this and saying, "There is now deliberate direct diversion of trade and the sense that Northern Ireland is being treated as a place set apart from the rest of the United Kingdom". That is a huge challenge, as much as the technicalities.

Q305 **Chair:** It is not by state diktat, but by free market corporate choice. You are not seriously saying that Ministers of the Crown are going to say to companies, "You can only sell to here, there or there". That is not how you direct the market.

**Conor Burns:** I am saying that, in the United Kingdom's internal market, you should be able to move goods that are not going anywhere near the European single market freely, unfettered, without restriction. That is what we are going to propose.

Q306 **Chair:** How does the protocol stop them doing that?

**Conor Burns:** The costs associated with the protocol make it unviable for many companies to supply into Northern Ireland from Great Britain. I gave you three examples. I could have carried on. There are multiple companies that have simply decided. When I went to Greens in Lisburn—



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we are talking about shortbread again—it used to have four or five varieties of shortbread. It now only has one. The others have decided that it is not economically viable for them. They cannot make a profit in supplying to Northern Ireland if they have to comply with the terms of the protocol.

**Chair:** Any shortbread maker in Northern Ireland, take note. Boost your domestic supply, because you have a captive market of people who eat shortbread.

**Mr Campbell:** I do not think that leads from the point though, Chair. The point was that individual personnel—ordinary members of the population who are resident in Northern Ireland, part of the United Kingdom—could only get purchases of this item of foodstuffs if they went via Dublin. The company that was going to supply them would not do it directly to Northern Ireland because of the paperwork that the protocol necessitated. That meant that they could get it through Dublin, but not directly.

**Chair:** The customer who wanted shortbread could still get shortbread.

**Mr Campbell:** If they went through that circuitous route, which nobody else needs to do in the UK. That is the point.

**Chair:** The wholesaler in Dublin could move it north.

**Mr Campbell:** It could if it wanted, yes, but chose not to.

**Chair:** You could therefore walk into a shop in Northern Ireland and buy that.

**Conor Burns:** That is technically deemed to be a movement within the single market.

Q307 **Mr Campbell:** I want to move on to a final question. We all want to see the return of a functioning Executive. You have alluded to that, and I hope that everyone now knows what is standing in the way of that. I hope that that matter can be dealt with. I hope that it will not be too long, but, whatever length of time it takes, we will have to work to get that done.

In the absence of that, in the interim period until we get to that stage, what is your view of the fact that we have a series of Executive Ministers who are still in place? Just this week, we had the example of the Education Minister, who announced a summer grant scheme for pupils in school. Before that, we had the Health Minister, who announced issues regarding waiting lists on the NHS. What is your view of Ministers in the Executive at the moment who are waiting on the Executive to be reformed and what they should be doing in that interim period? Are there steps that they can take, in conjunction with the NIO, to try to smooth things for people in Northern Ireland, within the ambit of their responsibilities as caretaker Ministers?



**Conor Burns:** I have a couple of observations on this. The first one is that, although there is not a new Executive in place, as a direct consequence of the decision we took to bring forward the Northern Ireland (Ministers, Elections and Petitions of Concern) Bill, now Act, we are not, in that sense, in a deep political crisis in Northern Ireland. Post-election, those Ministers who held their seats remain. There is nomination available for those who lost their seats to fill those vacancies. There is still the semblance of a Government in place in Northern Ireland. It has laid down what Ministers can and cannot do in this interim period, as we look to the creation of an Executive.

I would be pretty clear, and I think that the Secretary of State would say the same, that we do not see it as our role to now start looking for elaborate mechanisms to override governance in Northern Ireland and, in effect, to create a new form of governance in Northern Ireland, where the UK Government steps in and works to help Ministers take decisions that should be rightly taken by a new Executive, based on the election results from May. I am not sure that I want to say too much more than that.

Q308 **Mr Campbell:** I understand that. I understand, Minister. That is why I said "within the ambit of their current responsibilities as caretaker Ministers". Is it helpful if Ministers are not seen to be carrying out those limited responsibilities when others are?

**Conor Burns:** How decisions are to be taken is laid down. Caretaker ministers could not engage in vast policy innovation that had not been agreed in the decision-making mechanisms that are laid down. We deliberately took that piece of legislation through to create this 24-week pause mechanism, if you like, in order to create the space in the event that something like what we are experiencing now happened. Northern Ireland still has a Government in place. Ministers can continue to run their Departments and implement previously agreed decisions, but they cannot go off and start great new policy innovation until there is a new Executive properly in place with the mandate of the May elections.

Q309 **Mr Campbell:** Do you think that caretaker Ministers should get on with doing what they can do?

**Conor Burns:** I know where you are tempting me to go with this, Mr Campbell, and I do not really want to say any more than that the rules around what Ministers can and cannot do are laid down. All this would be resolved. They can innovate to their heart's content if there is a new Executive up and running on the mandate that the people of Northern Ireland gave in May.

Q310 **Mr Campbell:** Yes, but you know why that is not the case.

**Conor Burns:** Yes. I was also very clear in the opening, and I will say it again, that it is for the United Kingdom Government to negotiate or legislate to resolve the issues around the protocol. We will do that whether the DUP is in Government or not. We are doing that because it is the right thing to do for the United Kingdom and for Northern Ireland.



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With respect, we are not doing that because it is the right thing or the wrong thing for the DUP.

We believe that you should go back into Government and give the people of Northern Ireland that proper, democratically legitimate Executive, and get the Assembly, at a very minimum, up and running, so the people's elected representatives in Northern Ireland can have their voice heard within the Chamber at Stormont. We will carry on dealing with the protocol regardless.

Q311 **Mr Campbell:** We believe that you should have done this anyway, Minister.

**Conor Burns:** We are doing it.

Q312 **Mr Campbell:** Yes, I know, but you should have done this a very long time ago.

**Conor Burns:** We believe that you should get back into Government straight away.

Q313 **Mr Campbell:** To conclude, Ministers have restricted responsibilities. Some of them seem to be carrying them out. I hope that we are getting towards a restoration, if we can get the protocol issue resolved. In terms of companies that are currently looking at the impasse that is causing them problems because of the protocol, are you taking any interim steps, apart from the negotiations that the Secretary of State is having, to try to assist those companies, some of which you were alluding to there?

**Conor Burns:** The biggest assistance is to resolve the challenge around the protocol itself. It is worth noting that the protocol is not at the full stage of implementation yet. If it was fully implemented, for example, you would require four pages of documentation to send a parcel from Great Britain to Northern Ireland. There would be in the region of £280 for certificates for jabs for pets to move from England to go on holiday in Northern Ireland. There would be the removal of the ability of businesses to self-certify, meaning that, in a container of supermarket goods, every single one of those products would need to be certified by an external authority. That would be absolutely crippling on supply and demand.

**Mr Campbell:** Of course, we knew all this 18 months ago, Minister.

Q314 **Chair:** Mr Campbell and I are in danger of agreeing on this one, which may be a "hold the front page" moment; I don't know. Minister, with the greatest of respect, we have had David Frost, when he was in office, in front of us, confirming clearly, in black and white, that Her Majesty's Government co-authored all this, negotiated all this and understood entirely what it all meant.

It is stretching credulity, almost beyond the point of snapping, to suggest that the British Government, with all their sophistication, access to expert advice and understanding, and so on and so forth, should suddenly wake up with some sort of lightbulb moment and go, "Oh, dear God, look at all



this. I wonder who agreed to all that. Oh, we did, but let us just pretend that we did not know what it all meant". To suggest that we would have signed something, in honour, working on the assumption that the other party would not hold us to our obligations as we would them, one would hope, is stretching it a bit, is it not?

**Conor Burns:** There is no snapping at this end. I am very happy to explain and defend the position that the Government are adopting. As I say, it is based now on nearly 18 months of actually seeing how the thing is working.

Q315 **Chair:** No, I get that. Nobody ever said that the protocol was perfect. That is why the joint committee was created in order to—it was a phrase that we used to use about 18 months ago—iron out creases and address the unforeseen problems, but through the working of the joint committee. That is fine and nobody has ever said that the protocol is like the 10 commandments, cast into tablets of stone. Likewise, one cannot say with any degree of veracity that the British Government did not understand what it was all about and therefore claim surprise.

**Conor Burns:** You can say that there was a degree of surprise at the scale of the implementation versus the perceived risk.

**Chair:** Really?

**Conor Burns:** Yes. That is absolutely fair, to say that we did not believe that the EU would insist on the full panoply of checks on product moving to stay within the Northern Ireland marketplace, to be sold and consumed in Northern Ireland, which poses zero risk to the single market.

**Chair:** That is what the agreement said.

**Conor Burns:** By the way, there is very little evidence of product moving into the single market that would pose a risk.

**Chair:** I agree, yes.

**Conor Burns:** For the moment, we remain the nation on earth most aligned with the EU's regulatory model, having just transposed 50 years of EU law into UK domestic law.

It is also fair, Chair, to point out that, when we signed this—I am sure Lord Frost would have made these points—we signed the protocol cognisant of the provisions of article 16 and of article 13(8). The article 13(8) provisions made specific reference to being able to change the protocol by agreement or, indeed, even wholly to replace the protocol with a successor agreement. We signed it with self-amending clauses within it, if the lived experience of the protocol proved to need that.

Q316 **Chair:** Let me ask you this question, which maybe mirrors what Mr Campbell was driving at as well. If the scenario and the backdrop are as



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hideous as people would have us believe, it seems a very lackadaisical way of addressing that to embark upon—let us set aside the merits of it—at least an 11-month timetable of legislation. The Bill would go through our House, the upper House and then come back again—ping-pong. It is not in the manifesto, so it is not subject to the Salisbury convention. When the Session falls, the Bill will fall. If there is no carry-over motion, it may have to start again.

Article 16 exists to address all of the hideous analysis that some people have put before us in good faith.

**Mr Campbell:** Some of them.

Q317 **Chair:** If it is all so monstrous, why not just trigger Article 16?

**Conor Burns:** The provisions of Article 16 are temporary.

**Chair:** They are.

**Conor Burns:** They do not provide the longer-term certainty.

**Chair:** If we have all this societal stuff and this trade diversion stuff now, trigger it.

**Conor Burns:** A successor agreement or legislation would provide that certainty. I do not want to pre-empt any decisions colleagues will make. There will be a Cabinet decision on the precise timeline on the different elements of this. Where we are unshakable is in our resolve to rectify it. We have tabled, as I say, Chair, very detailed proposals to the Commission on how we think that could be done across the fields of trade, customs, SPS, regulations, tax and governance.

**Chair:** The Government are to be commended for doing so.

**Conor Burns:** The optimal solution to this is a widened EU negotiating mandate and an agreement between the UK and the Commission to recalibrate the interpretation and implementation of the protocol.

Q318 **Chair:** We go back to the point you and I were discussing a moment or so ago, which is that the UK Government believe they have this great product that addresses all the concerns while protecting the integrity of the internal market and the single market, which is absolutely imperative, and yet they seem incredibly bashful about getting on a plane, helicopter, train, car, coach, bus or whatever and taking it around the capitals of Europe to sell it in order to get the national Governments to inform the debate within the Council and the Commission to change the negotiating remit of Vice-President Šefčovič.

It does seem strange that there is none of this ballsy salesmanship going on that one would expect. We have this great product. Let us sell it. Let us get people to buy into it.

**Conor Burns:** I refer back to what I said earlier. That really is a question more appropriately addressed to a Foreign Office Minister rather than a



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Northern Ireland Minister. I am vigorously selling our message internationally.

**Chair:** You are doing so very well, if I may say so.

**Conor Burns:** I am doing that in the US. As I say, we are regularly in touch with colleagues in the Government in Dublin. I cannot really say too much more than that.

Q319 **Sir Robert Goodwill:** It was good news that the Northern Ireland economy is growing, but of course we are no longer in an era of economic growth at all costs because we need to shrink our carbon footprint at the same time. How can the Northern Ireland Office, working with decision-makers and businesses in Northern Ireland, ensure that as we grow the economy and create jobs, we can meet our climate change obligations?

Specifically, where projects are bidding for funding from the towns fund, the levelling-up fund and all of those other ways that we can fund projects in Northern Ireland, how can we ensure they do that in a sustainable way that meets our climate change obligations?

**Conor Burns:** That is a very good question, Sir Robert. I would ask colleagues to add to what I am going to say on this. There is a very vibrant green economy in Northern Ireland. As UK Government, not NIO, we have been directly supporting, in particular, the hydrogen space through the Department for Business, Energy and Industrial Strategy.

**Sir Robert Goodwill:** I was going to ask about hydrogen next.

**Conor Burns:** There are a number of companies that we have given support to. Mr Paisley pointed me towards Wrightbus. In fact, I first met them when I was Trade Minister. It is now exporting—

**Sir Robert Goodwill:** The Committee has been there and seen that innovative technology.

**Conor Burns:** It is absolutely fantastic, up in the great Ballymena, where I was in a park on Friday afternoon. There is a lot we are doing there. The Secretary of State for Business, Energy and Industrial Strategy did a joint visit with me where he formally opened the office of Catagen in Belfast, which is one of the leading hydrogen companies in Northern Ireland.

Catagen is a classic example of what we used to talk about in the industrial strategy as the use of universities as an innovator and driver of growth. You had a professor and a PhD student who went out, set up this company and patented technologies. There is a huge amount going on in the green space in Northern Ireland. Do you want to add to that?

**Stephen Rusk:** I would add that what the UK Government are doing is building on what the Executive are doing in terms of their strategy for the green economy and their greener energy plans.



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The Minister has mentioned that BEIS has been bringing forward funding, especially in the hydrogen space but in other areas of green innovation as well. There are a number of companies. The Minister mentioned Catagen. Terex, Hillside Combined Renewable Systems and others besides those two are doing really interesting things that we, as UK Government, are supporting.

Our funding in this area is supplementing the funding that the Executive are also putting in to make this kind of change. We are continuing to look for companies and listen to where there are opportunities for new innovation to make sure Northern Ireland manages to at least punch at its weight in this area of a huge amount of growth in the coming years.

**Conor Burns:** Just to put a figure to the scale of what we are talking about here, the Department for the Economy in Northern Ireland thinks that the green economy is generating £1 billion in revenue in Northern Ireland and supporting 5,900 full time equivalent jobs. There is a lot more that can be done.

I am trying to remember the name of the ferry company. Was it Artemis?

**Stephen Rusk:** Yes.

**Conor Burns:** It is an amazing company. The Secretary of State visited them last week; I visited them several weeks ago. There is some really exciting stuff happening in Northern Ireland in this space.

Q320 **Sir Robert Goodwill:** So far as hydrogen is concerned, 95% of the hydrogen used in this country is produced from natural gas. It is blue hydrogen as opposed to green hydrogen, which is produced directly through electrolysis. Are we able to try to nudge that in the right direction? Many would consider that we cannot be reliant on hydrogen that is just derived from natural gas.

**Conor Burns:** That is exactly where the companies we have been supporting in Northern Ireland are going. They are developing the technology to have a much greener hydrogen generation process. The hydrogen fund is targeting exactly those companies that will have those technologies to take this to the next generation.

Q321 **Sir Robert Goodwill:** We are talking about hydrogen for fuel cells in vehicles, but Northern Ireland has one big advantage over the rest of the UK, in that its natural gas network was more recently installed and would lend itself better to either hydrogen or hydrogen blends in the system.

Are the Government looking at that as a way of trialling how we can green our domestic heating, for example, by having greener gas coming into houses rather than everybody having to switch to a heat pump?

**Conor Burns:** Again, Sir Robert, that is a very good question. I recently met—I am trying to remember the name—the Northern Ireland hydrogen association.



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**Stephen Rusk:** It is Hydrogen NI.

**Conor Burns:** Well done. We had a round table with them in Belfast. There was a point about the network and the viability of that network, which is much more developed than in other parts of the UK.

A lot of this is in the devolved space, but one of the things I did for them after that was get in touch with the head of the Northern Ireland Civil Service, Jayne Brady, to ask her whether she would have a meeting with them to see what could be explored through the Northern Ireland Government and look at whether there was a possibility of trialling that. It is not for us to tell them to do that, but I act as a connector there in my own network.

**Sir Robert Goodwill:** One way to help that would be to ensure that any new appliances that are installed are dual fuel. If we did make that switch, people would not then have to adjust their boilers.

**Conor Burns:** Yes, exactly.

Q322 **Claire Hanna:** Thank you to the Minister and the witnesses. We had strong evidence last week about the opportunities to grow and diversify the workforce. We particularly talked about green jobs and the need to broaden out our definition and understanding of what we mean, as well as jobs in technology, in caring and in other sectors. How can UK Government investment address this?

You could also just touch on how it might address inclusion in terms of gender and some of the issues that Stephen Farry touched on around NEETs, adults with learning difficulties and other harder-to-reach potential workers who were assisted through European programmes and who may now have additional opportunity due to the labour market being in the place it is in.

**Conor Burns:** I will ask Stephen to lead on that one.

**Stephen Rusk:** Much of what you are asking about is in the devolved arena.

**Claire Hanna:** It is.

**Stephen Rusk:** There are different things that the Government could do. There is supporting the Executive in its policy development and making sure that we learn from what is going on right across the UK in terms of the different approaches there.

There is also the potential of the new funds. Some of the funding in the shared prosperity fund will still deal with social capital issues. While it might not exactly replicate the projects and programmes that were delivered under the structural funds, there is still a real opportunity for us, working with the Executive and with partners at a more local level, to identify opportunities to invest in these ways. In the same way as we are



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in the other areas, we are open to providing that additional support, where it makes sense.

It is also worth noting that built into the city deals is a commitment to make sure we are using each of these opportunities not just to give shiny jobs to people with shiny CVs but to build that pipeline and encourage opportunities for people from all backgrounds. There is loads to do there. You know as well as I do the level of economic inactivity and social disconnection that we need to address, and the deep levels of deprivation. That is where we need to work together with partners on the ground in Northern Ireland, to set the investment plan for the shared prosperity fund and deliver things like the city deals.

**Q323 Sir Robert Goodwill:** When the committee was in Londonderry, we met some very innovative high-tech companies that were manufacturing robotics et cetera. One of their complaints was that while they were big enough companies to have to pay the apprenticeship levy, there was not the same mechanism in Northern Ireland that we have here in England, for example, for that to be drawn down and used to train people in that company.

At the moment, the money just goes to Stormont and gets mixed in with everything else. Is there anything we can do to encourage them to deploy that? They feel they are paying this levy, but they are not getting the benefits directly.

**Conor Burns:** They are right. It is paid directly. They get the Barnett consequential funding.

**Sir Robert Goodwill:** They do not get it. That is the point.

**Conor Burns:** The Executive get it, yes. When I said "they", I meant the Northern Ireland Government. It is another example, Sir Robert, of why we desperately need a functioning Executive. This is exactly the sort of thing that businesses in Northern Ireland should be lobbying Ministers in Northern Ireland to deliver for them. It is not for us to intervene on that. It is for local decision-making in Northern Ireland.

**Q324 Sir Robert Goodwill:** What is your view of the Northern Ireland Fiscal Commission's recommendation to devolve the apprenticeship levy? Would that have been one way to make this work better?

**Conor Burns:** I am aware of that, and I know that colleagues in Treasury have seen that.

**Stephen Rusk:** Building on the Minister's point, first of all, it is important to say that the Fiscal Commission did not expressly recommend that it should be devolved. They said it was one of the taxes that was worth looking at very seriously. What the commission has done generally is say, "These are the very interesting areas of taxation that could be devolved, and these are the issues that you would need to look at".



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On the specific point of the apprenticeship levy, whether the levy is carried out by HMRC at the behest of the Treasury or whether it is carried out by the Executive, either way the funding ends up in the pockets of the Executive and they will decide what to do with it. Devolving it would not necessarily have the impact of changing how much of that would go to, say, skills or apprenticeships.

Devolution would simply allow the Executive to vary the amount that was levied, whether that would be more or less than it is currently. It would not fundamentally alter what the Executive decide to do with the funding they receive.

Q325 **Chair:** Can we go back, Minister, to protocol operations and impact, et cetera? When do you think businesses in Northern Ireland will be able to take what everybody has recognised as the distinct advantage of having—it is the phrase we all use—one foot in each camp, one in the UK internal market and one in the UK single market?

**Conor Burns:** When do I think they—

**Chair:** When will they feel confident that they are able to take long-term decisions to maximise those opportunities? Likewise, when will investors coming into NI, possibly for the first time or to expand existing investments, have the confidence that those twin benefits will exist?

**Conor Burns:** Despite the challenges and the degree of uncertainty at the moment, investment is still coming into Northern Ireland, because the fundamentals in Northern Ireland, with its young and well-educated workforce, make Northern Ireland an extremely attractive place to invest, if you are looking to invest within the United Kingdom.

We still absolutely believe that Northern Ireland has a real opportunity to be a magnet for international investment, if we can resolve the protocol issues, keep its access to the EU single market and protect its integral place in the United Kingdom's internal market.

As to the question of when, the simple answer to that is when we reach a negotiated settlement with the EU on the protocol or, in the absence of that, when we pass the legislation on the protocol that provides that degree of additional longer-term security and understanding of what Northern Ireland's situation will be.

Q326 **Chair:** What if the result of passing the legislation is an ugly trade war?

**Conor Burns:** We are very clear that we would prefer a negotiated outcome to this with the Commission, but, at the risk of repeating myself, that will require a broadened and deepened mandate on the part of the Commission to get us to a point where we think we could credibly say that the protocol challenges are resolved.

Q327 **Chair:** What do you say to reports in the media overnight and into this morning of strong concerns from the food and agriculture sector in



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Northern Ireland with regard to the negative impacts, potentially, of the dual regulatory approach that has been trailed as one of the key points of this proposed legislation?

You will know, and colleagues here all know, how important that sector is to both the Northern Irish economy and the all-Irish economy, and the amount of to-ing and fro-ing across the border for processing and the like. That has to be a concern, surely, at a time when we are seriously considering food security post Ukraine.

**Conor Burns:** I am not sure there is a total understanding of what the dual regulatory regime would actually mean. Some are worried that it would be more complex than it in fact would be.

Q328 **Chair:** It is more to do with a change in standards. If there was a difference, for example, in the standards for foodstuffs that a dairy farmer or a beef farmer might be using, which therefore did not meet the EU requirements, it could not travel.

**Conor Burns:** The reality is that if you are going to sell into the single market, you have to follow the rules. This would only apply if those companies decided they did not want to do that.

Q329 **Chair:** That is exactly the same situation we have at the moment: the companies are deciding. In essence, if you have two regulatory regimes, it is going to be extra paperwork for farmer A to prove that his stock, which may go down to a meat-processing plant in Dublin and then come back for sale in the Northern Irish market, or vice versa, has only ever been fed, injected with or used to things that meet the standards.

That is what the agri sector is concerned about this morning. Those concerns may be unfounded or misplaced as a result of a misunderstanding of a previously unpublished Bill, which sounds as if it is going to be coming reasonably soon. If they are true, what assurance can we give to that very important sector of the Northern Irish economy?

**Colin Perry:** The Foreign Secretary said in her statement a few weeks ago that we are trying to give businesses and consumers a choice. It will not be forcing them to do one thing or another. There are undoubtedly concerns out there in that sector and, indeed, in some others, but we think we can use the choice. We need to help businesses understand how they can use that choice, once the Bill has been published.

The Minister was talking earlier about the extensive engagement that he, the Secretary of State and officials are having with the business community. We will be working with them to help them understand—

Q330 **Chair:** I understand that, and I appreciate that we are all shadowboxing, because we are talking about a Bill that I am going to guess only Mr Perry and Mr Burns have seen. I am going to see it this afternoon; I have not seen it up until now and nor have colleagues, I would suggest. I appreciate that there is an element of “this is what is being said in the media and this is what Ministers are trailing”.



If I hear what you are saying correctly, the prospectus that the Government are offering says, "There are currently a set of choices for business to make. We are going to give them another set of choices to make". Whichever choice they make, through whichever channel, it requires a certain amount of paperwork, documentation and record keeping to give a paper trail to authenticate whichever choice they have made. Is that correct?

**Colin Perry:** Yes.

Q331 **Ian Paisley:** Minister, thank you for your evidence. As you know, food production is the biggest business in Northern Ireland. There are 20,000 businesses feeding over 10 million people. Food security is absolutely key. We have managed to get a temporary solution on medicines for human beings, but we do not have a solution in place for veterinary requirements for animals, which is important for food security and protecting our ability to market.

One could be suspicious and say that the EU wants to block that, because it wants to damage our food market, which is in direct competition to its own. It is trying to sell directly into Britain and damage what we are doing. That would be the negative way of looking at it. The positive way of looking at it is the Government's proposal that was published last July in the command paper, where they said that a possible solution may be to remove veterinary medicines from the scope of the Northern Ireland protocol. That was a possible suggestion made in the UK command paper in July of last year.

If that were to happen in the same way as medicines for human beings have been removed from its scope, that would help businesses, and farm businesses in particular, in Northern Ireland. Given how important they are to the Northern Ireland economy, to GDP and to employment, is that a likelihood soon?

**Colin Perry:** That is a reasonable characterisation of the Commission's proposal, which dealt fundamentally with human medicines but did not really deal at all with animal medicines. It is one that the Government have been very clear that we need to resolve.

I am going to defer slightly to the Chair's use of the phrase "shadowboxing". You are right in your characterisation of what was said in the command paper. We recognise that this needs to be dealt with. We need a solution on medicines that covers both animal and human health, and the Bill will take these things forward.

Q332 **Ian Paisley:** The Bill will address them. That is very positive news, if that is the case.

**Colin Perry:** The Bill will take forward issues around the protocol.

**Conor Burns:** What we could all agree is that it would be significantly easier if we were talking after the Bill was published.



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**Chair:** Yes. We are very grateful to you, Minister, for offering yourself before us after publication. That is an offer we will bank and note.

**Conor Burns:** Where I completely agree with the point Mr Paisley is making is in terms of the quality of Northern Ireland's food and drink offer. We wanted to use the jubilee to showcase some of that.

**Chair:** You were showing the Earl and Countess of Wessex precisely that with your marvellous hamper.

**Conor Burns:** On Saturday, in Mr Farry's wonderful constituency, with the new city status for Bangor, we presented, in conjunction with Food NI, a hamper of some of Northern Ireland's best produce to each of the Royal Household. That was really to help them promote themselves internationally.

I will want to do some stuff later in the year with my US role and do a little bit of promotion of Northern Ireland's gin and whiskey sectors, because they are quite keen to break into some of the states of the United States. We will be doing some stuff with them as well. It is an incredible offer that Northern Ireland has. It is the bedrock of Northern Ireland's offer to the world.

Q333 **Ian Paisley:** Blocking veterinary pharmacy to Northern Ireland companies, which is effectively now happening, damages or could damage Northern Ireland agri-food and at the same time create opportunities for the Republic of Ireland. Therefore, we really need to move quickly on this. We are in direct competition with the Republic of Ireland when it comes to food.

**Chair:** Yes, particularly on beef.

**Ian Paisley:** It is on all animals. If we move from animals that we consume to animals that are pets, it even includes not being able to get injections for your pet animals. As a nation that loves its animals, this is very important.

**Chair:** As an owner of three dogs, Mr Paisley, I agree.

**Conor Burns:** We intend to resolve all these things.

Q334 **Stephen Farry:** I am going to repeat the challenge of asking a question in advance of the Bill being published. Unfortunately, Minister, we have you today. This is related to our current inquiry around investment. Obviously I would say that the best place for Northern Ireland was being part of the European Union, when we had free access to both the rest of the UK and the European Union at one time.

**Ian Paisley:** That ship has sailed.

**Stephen Farry:** Yes indeed, Mr Paisley.

**Ian Paisley:** It has sunk.



**Stephen Farry:** It may be resuscitated at some stage.

**Ian Paisley:** It is not coming back.

Q335 **Stephen Farry:** For today's purposes, Northern Ireland does have a relative opportunity, in that it has access to both the EU single market and Great Britain. Many people believe this is an investment opportunity for Northern Ireland. Is it the Government's view that this is a relative investment opportunity? Are the Government committed to doing all they can to promote that?

**Conor Burns:** Yes, we are absolutely of the view that this is an amazing opportunity for Northern Ireland. It is one of the reasons that, on top of the work Invest NI does, supported by the Executive, we have put additional money into opening the Department for International Trade hub in Belfast. That gives us a direct UK Government presence that can link Northern Ireland companies into DIT's and FCDO's commercial reach across the globe.

I mentioned the visit I made to Dubai relatively recently. Through the good offices of Simon Penney, Her Majesty's trade commissioner in the Gulf, I met a couple of significant sovereign wealth funds. I invited them to come to Northern Ireland to consider Northern Ireland as an investment destination when they are looking at investing within the United Kingdom. They have a £10 billion pot that they are deploying in phase one. I wanted them to consider Northern Ireland as a place within the UK to come to do that.

I had a meeting recently in Washington with a gentleman from an electric car vehicle manufacturing company, which is looking at opportunities to open a European operation. I pushed him very strongly to look at Northern Ireland, given the advantageous position that Northern Ireland has.

Q336 **Stephen Farry:** That type of example around batteries is a very good example. We have also seen, for example, some good news in terms of Wrightbus and sales to Germany. That depends on Northern Ireland, quite clearly and obviously, remaining aligned to the rules of the single market as regards goods. One area that is under speculation regarding the forthcoming Bill is around potential changes to the ultimate jurisdiction of the European Court of Justice in relation to those aspects as pertains to Northern Ireland.

Minister, if that type of measure ever came to fruition, is there a danger that it would undermine Northern Ireland's clear opportunity to sell into the single market? The uncertainty around that point, as things stand today, could also act as a deterrent to people making investment decisions. If you are an investor and today you cannot guarantee what that situation is going to be in 12 months' time, would you make an investment into Northern Ireland? That is particularly true for something like manufacturing, where products are fairly heavily regulated.



**Conor Burns:** I would reiterate what I said earlier. The fundamentals of Northern Ireland make Northern Ireland an incredibly attractive destination for investment in its own right, on its own terms.

You are asking about the governance of any changes to the interpretation or application of the protocol. I am afraid you are going to have to wait for the final published version of the Bill. The Government are clear. We have a governance mechanism for the trade continuity agreement, but when the Bill comes forward you will see exactly what the Government are proposing in the Bill. We will have the opportunity to explore that as the Bill progresses.

Q337 **Stephen Farry:** It is a legitimate concern for businesses, which may be actively considering an investment decision today.

**Conor Burns:** I recognise that businesses want—it is what businesses always want—some certainty about the regulatory regime under which they will be operating. That is why—I have repeated this a number of times—we want a negotiated solution to this with the Commission. We think that is by far the best means, the optimum means, to do that. In the absence of that, in order to provide the level of certainty that we want to deliver to businesses in Northern Ireland and across the rest of the United Kingdom, we will bring forward legislation.

Q338 **Stephen Farry:** Certainty can be read in two ways. It could be certainty as to a negative situation, which is fairly terminal for your relative economic advantage, or it could be positive certainty.

**Conor Burns:** We want a spirit of co-operation and partnership with our friends in the EU. I said right at the beginning that one of my ambitions is to drag this protocol stuff out of the politics and back into process. That is essentially what we are talking about. We are talking about how to create a system of checks and regulations that reflects different destinations of different goods and types within these islands. We have long maintained that, with a degree of pragmatism and goodwill, there should be a negotiated solution that can be found.

Regrettably, it cannot be found within the strict mandate that Vice-President Šefčovič is currently operating under.

Q339 **Stephen Farry:** With all due respect, you have said several times that you want to take the politics out of this. How does that stack against the comments that have been made quite openly by Government Ministers that part of the reason for doing this is to address some of the perceived concerns expressed by the DUP and other unionist parties, which are not necessarily reflective of majority opinion in Northern Ireland?

**Conor Burns:** I have got through this without creating any significant news so far. I have to be careful in how I answer that.

**Chair:** Go on. Sock it to us.



**Conor Burns:** From my own experience of interacting with many businesses in Northern Ireland, business representative groups and Members of Parliament, both those who take their seats and those who do not, almost everyone can give you examples of how the application of the protocol currently is having a detrimental impact on certain companies, certain supply chains, certain products and so on.

For me, it should be about changing that. I said this to somebody the other day in the States. They asked, "Are you doing this for the DUP?" I said, "I am an openly gay Catholic born in North Belfast who supports the union. I do not do things for the DUP. I do things because they are the right things to do for the United Kingdom". Fixing this will have the consequence, I hope, of restoring devolved Government in Northern Ireland, but the reason to do it is that it is the right thing to do for our country.

Q340 **Stephen Farry:** Minister, I fully concur with you about doing this in a practical and pragmatic way, although I might slightly disagree with you on exactly what that means. You may be the only saint in this conversation, but a lot of people would struggle to see that the Government as a whole are treating this in a practical way, free from wider political considerations.

**Conor Burns:** If you look at the details of what we have proposed to the Commission, you will see that they are reasonable technical fixes to the application and interpretation of the protocol, as it is operating on the ground today. They are based on the lived experience and the data that has been collected over the period the protocol has been in place.

We need to get to a point where we can say to the people of Northern Ireland that we have got to an arrangement that meets the European Union's objective of protecting the single market in relation to goods moving to the Irish Republic but crucially also reflects Northern Ireland's integral place within the United Kingdom's internal market.

We can get there. I passionately still believe we can get there. You cannot be involved in politics in the Northern Ireland arena without cleaving tight to a sense of optimism.

**Stephen Farry:** We will see how it goes.

Q341 **Chair:** Minister, I am in danger of adding the death blow to your political career that Dr Farry has just started. If I do, my apologies. Nobody can be in any doubt that you work passionately and you put your heart and soul into this because you get it. You love Northern Ireland; you love people across the community; and you want to do the best for the reputation of the United Kingdom, for the strengthening of the union of the United Kingdom and for the betterment of the people of Northern Ireland. You ought to be congratulated on that in spades.

The one message that we would love for you to take back to your ministerial colleagues is a strong and growing anxiety across various



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sections of Northern Ireland that there is an absence of empathy and understanding. There is a fear that the resolution of outstanding protocol issues and other elements are going to be used as red meat, dead cats, playthings, distractions or whatever to sate the appetite of the European Research Group, to shore up the robustness of the Prime Minister or to get the red-top editorials on side: "We are having another punch-up with the European Union" et cetera. For others, showing a bit of leg and a bit of muscle on this furthers leadership ambitions in the future.

I know you are not in that space. You need to be heard more in this area, and some of those other voices heard far less. What you have given us this morning is a very persuasive argument and rationale, and a far better tone about how these things can be dealt with and the motivation behind them, rather than just cheap headlines and tawdry politics. I hope that does not kill your political career stone dead.

**Conor Burns:** Thank you for the generosity of what you said and for your kindness. I made the point recently that I feel a special responsibility in dealing with Northern Ireland. I am accountable not just to the House of Commons at the Dispatch Box and to you at this Committee, but to family members across dining tables and elsewhere. I can assure you that their accountability, particularly given my family background, is quite robust.

I can assure you, Chair, that I spoke to the Prime Minister about all of this the other evening. He did have other matters on his mind, but he wanted to talk about this. He is in the space of wanting to fix this. I would encourage—I am sure you have—anybody who thinks there is any sub-agenda going on here to read his article in the *Belfast Telegraph*.

**Chair:** It was a good article.

**Conor Burns:** It was one of the most impressive articles, covering a whole range of issues in Northern Ireland. It showed a highly developed understanding of Northern Ireland.

**Chair:** As I understand it, my endorsement of it almost had our Chief Whip reaching for the defibrillator, such was the shock. I agree with you. It was a deep and meaningful article that is worth not just reading but rereading.

**Conor Burns:** The Prime Minister has around him people who have similar levels of family accountability in Northern Ireland. John Bew is a very sensible and shrewd adviser to the Prime Minister on these matters and there are others from Northern Ireland within his team.

From my perspective and the Prime Minister's perspective, I spent an hour with the Foreign Secretary yesterday talking about all of this. I have been deploying some of these lines in the United States. I had a very good call, for example, with Hillary Clinton, who completely understands where we need to get to with this. Sir Tony Blair intervened the other day to say that we need some movement from the Commission to unlock this,



but it is unlockable; it is absolutely fixable. Critically and obviously, it is in the interests of the United Kingdom, the European Union and the Government of the Irish Republic that we find a way to sort this with the minimum of fuss.

With that said, we cannot just sit back and wait in the hope that the mandate will broaden. That is why we will get into the legislative space. It will be to fix it. It will not be about propping up, getting headlines or appeasing any particular element within Parliament, be that inside the Government or inside Northern Ireland political parties.

**Chair:** The key currency to creating that lock is trust, is it not? We are going to turn to our last question, which may take us to calmer waters. I do not know. We are going to look to Claire Hanna to steer the barque to the harbour.

Q342 **Claire Hanna:** What are your thoughts about the Northern Ireland Fiscal Commission's suggestion of significant fiscal devolution by 2027-28? Have you had any discussions with the Executive, the Fiscal Commission or Ministers about that?

**Conor Burns:** I read the Commission's recommendations and I had a meeting with Robert Chote recently to talk about some of that. I have not yet had a meeting with Ministers about that or engaged directly with colleagues in Treasury on it. It would probably be more appropriate to wait until there is a new Executive, implementing the mandate that they were given. That is probably all I can really say on that.

Q343 **Claire Hanna:** What are your thoughts on it as a concept? Are you in favour of it? Is it a good idea?

**Conor Burns:** That is a very direct question.

**Claire Hanna:** It is. If you were going to have a meeting with him, what would you say?

**Conor Burns:** Some of the proposals are interesting. The Government will always be open-minded to ideas, if we can be convinced that they would work and would be advantageous to Northern Ireland and if, crucially, the Treasury agreed with those two criteria.

It was a very interesting report as a stimulus to debate. We started off with Stephen asking about the 10-point plan. I welcome anything that gravitates attention to economic development, job creation and growing prosperity in Northern Ireland.

**Claire Hanna:** We will push you more when there is an Executive to discuss it with.

**Chair:** Thank you. Either we have exhausted you or you have exhausted us, Minister.

**Claire Hanna:** Maybe it is everything else that has exhausted us.



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**Chair:** It may be. On behalf of the Committee, thank you. It is a busy time. We are very grateful to you for finding the time to join us this morning and for taking our questions. To your officials, Mr Perry and Mr Rusk, thank you both. Burns, Rusk and Perry does sound like a very odd law firm or a baker's that has not quite got it right. Anyway, well done. Thank you very much indeed.