

European Affairs Committee

Protocol on Ireland/Northern Ireland Sub-Committee

Corrected oral evidence: The Northern Ireland Protocol Bill

Thursday 20 October 2022

2.15 pm

Members present: Lord Jay of Ewelme (The Chair); Lord Empey; Baroness Goudie; Baroness Ritchie of Downpatrick.

Evidence Session No. 4

Heard in Public

Questions 35 - 41

Witnesses

[I](#): Conor Patterson, CEO, Newry and Mourne Enterprise Agency; Julie Gibbons, President, Newry Chamber of Commerce.

Examination of witnesses

Conor Patterson and Julie Gibbons.

Q35 **The Chair:** Thank you very much indeed for being with us today during our visit to Newry. We are going on to Belfast this evening. This evidence session forms part of the inquiry that we are currently engaged in on the Northern Ireland Protocol Bill, which has been through the Commons and is now before the House of Lords. That follows a lot of work that we have done on the protocol and its implications, were it to be fully implemented on businesses and civil society in Ireland. In that context, we thought it extremely important not just to focus on Belfast but to come to the parts of Northern Ireland where the protocol may have an impact and get the views of those who are, or will be, involved in how it operates.

We are very grateful to you for being before us today. This is a formal session and a transcript will be made. We will send it to you in due course so that you can correct any misspeakings and so on in it. We aim to finish at about 3.10 pm so that we have a few minutes before our next session. We are very grateful to you for coming to give evidence to us.

May I ask, to begin, how would you summarise the impact of the protocol

so far on businesses here with which you are involved? In particular, how would you summarise the balance between the positive, if there are any, and negative, if there are any, aspects of the protocol on businesses? Who would like to go first on those questions?

Julie Gibbons: Thank you very much, Chair. I am delighted to have the opportunity to speak to you this afternoon on behalf of the membership of Newry Chamber of Commerce & Trade. I also thank you on behalf of our business community for agreeing to spend the day in Newry to listen to the views of businesses; we appreciate it.

On the impact of the protocol as it currently operates on the businesses we represent, our membership supports the protocol and finds it a largely positive arrangement. In so far as it avoids a hard border in this area, it is working. I suppose you need to look at our history as a border town and the impact a border had on this community and on the difficult trading circumstances that businesses operated in all the way through the Troubles.

The Good Friday agreement and the implementation of the single market meant that the border could effectively disappear. That has been seen as a hugely positive impact on businesses and the wider community in this area. That is why our membership campaigned quite strongly against Brexit; it was mainly that issue of the hardening of the border that concerned them most. The protocol has given local business benefits in recent times because of the unique competitive advantage that it offers some businesses in certain sectors to access both the UK internal market and the EU single market.

Conor Patterson: If it is ok I will first reflect, like Julie, on how we got here. I am a Director of the Newry Chamber of Commerce, as well as the CEO of Newry and Mourne Enterprise Agency. Back in 2015 when it was announced that there would be a referendum to decide whether the UK should continue to be a member of the European Union, the Newry Chamber of Commerce convened an extraordinary general meeting to give our membership an opportunity to consider what if any stand the Chamber should take. In the event, one hundred per cent of our membership voted that the Chamber should support the campaign to remain in the EU because of our concerns. We saw then—though others dismissed our analysis—that this would create friction between the UK and the EU systems that would reverse the progress Newry had made economically.¹

You can date the genesis of the transformation of this region back to the Single European Act in 1992 and the removal thereafter of customs checks between North and South, followed by the ceasefires in 1994 and the negotiations, in which Lord Empey was a key figure, which led to the 1998 Good Friday Agreement. The removal of trade controls and the security border changed the political atmosphere.² The early 2000s saw

¹ Note by witness: "Thereby pushing our community back to having to cope with all the negative consequences of living on a contested border."

exponential private sector growth. We were looking just yesterday at the unemployment figures: in 1995 it was 17.5%; in 1988 it was 26.5%. It is now 2%. The economic transformation of Newry has been remarkable. We attribute that to the dissolution of barriers to trade and the movement of people.

Barriers to movement and trade pre-dated the so-called Troubles.³ From the early 1920s, we had hard border, not least between 1939 and 1945 when the two jurisdictions on this island took divergent paths during the Second World War. This region knows all about what a hard border means. We actually had GIs manning a border patrol post at Cloughoge, which is in the southern part of Newry where the British Army had a very major control post in the Troubles.⁴

We have been fortunate to be part of the subsequent transformation generation. We do not want that to be put at risk.

In conclusion, we did not ask for this. Here in Newry, we have benefited from east-west and north-south trade. But if it came to a choice, the challenge of putting contested controls on a land border with almost 300 crossings would be the worst of all options. My objective as a business leader has been to encourage all parties to come to a negotiated settlement that can liberalise trade in all directions as far as is possible, but especially North/South trade from which Newry benefits so much. We do not want to put at risk the dual-market access which the Protocol gives us.

Q36 The Chair: Thank you very much for that. I will follow that up by asking you both one other question. There is a tendency to think of this as a static discussion. In fact, it is a dynamic discussion. Businesses are changing and circumstances are changing. In a changing world, how important is the protocol, given everything else that is happening as well?

Julie Gibbons: We try to survey our membership pretty regularly about the issues they are having to deal with that are pertinent and front of mind. There was a time when the primary concern was probably over the protocol and Brexit, but as businesses have become familiar with the protocol and how to trade with it in place, they are now pointing to the cost of living crisis, energy shortages and the labour shortage in particular, which in this area is exacerbated by the pandemic and as a by-product of Brexit, because businesses along the border would have employed a lot of EU nationals who have left and not been replaced. The shortage of labour and appropriate skill has been cited as one of the main obstacles to growth in this area.

² Note by witness: "That in turn made southern shoppers more comfortable coming to Newry, attracted new investors and a wave of returnees who came back to Newry to settle and start new businesses."

³ Note by witness: "For most of the 20th Century, Newry endured very high unemployment and haemorrhaged people and investment because it was smothered by a hard border."

⁴ Note by witness: "All that tension was resigned to the history books we thought by the inter-governmental collaboration enabled by joint EU membership which led to the Good Friday Agreement."

There is also political uncertainty, regardless of where it comes from. At the moment, there seems to be uncertainty layered upon uncertainty, with our Executive and with what is happening in Westminster. Uncertainty is never good for business planning or investment. Members have cited changes in their investment strategy. In my business, which is an insurance business, we have US investors watching the environment very closely, as are any other international investors.

The other thing raising its head for businesses is the prospect of a 25% corporation tax rate, in the face of businesses in the Republic having a 12.5% corporation tax rate—50% of that. Businesses along the border are acutely aware of what sort of disadvantage that will cost them. As civic leaders, we are concerned about how that will impact the case for investment in this area and, if there is a choice to make, how that will be affected.

The Chair: Thank you. That was very helpful.

Conor Patterson: I will add a few points. The business community in this region has I believe led the way in this part of the island in taking advantage of international trade opportunities and innovating. We have the highest start-up rate per capita in these islands. Our larger private sector employers are all home-grown; we were not the beneficiaries of significant foreign direct investment. It was directed elsewhere by central government. However, after the Good Friday Agreement the EU facilitated investment in significant infrastructure which turbo-charged free movement of goods and people—for example, the motorway to Dublin, the dualling of the road north to Banbridge, the Newry train station and the Warrenpoint Port.

This was an investment dead zone for most of the 20th century. It was an area of very high unemployment and emigration. Most of our generation and our parents—my own included—were liberated economically in Britain. I was conceived in Britain and born in Newry. Two of my children were born in Britain. I owe Britain a lot. We did not ask for the Brexit chaos that has unfolded. It was forced upon us. As to where we are now, the *News Letter* in Northern Ireland—I believe it is the world's oldest still existing daily newspaper—reported a business survey last summer, based on hard metrics, which concluded that the local economy in Northern Ireland which would recover most quickly from the pandemic and which was therefore the most dynamic local economy was the Greater Newry economy. We have come to this position not just because of the open border but because of our enterprising open-minded culture, living in a dual currency zone where almost everyone does arbitrage calculations in their heads daily and has a euro pocket and a sterling pocket in their purse or wallet.

We understand how to trade. We are an open economy. That is the model we propose to all of you, so that Britain regains its deserved place in the world as a leader by example not just in terms of democratic practice but in business. The reality is that the places that are most profitable to trade with are those closest. It is a straightforward gravity

model, and in my 30 years working with businesses I have observed the reality of that and how it works. By way of example, for the vast majority of our businesses, their immediate home market includes the near Irish Republic as well as Northern Ireland.

Q37 **Baroness Ritchie of Downpatrick:** Thank you, Julie and Conor. You are both very welcome. For the record, I have met and had discussions with both of you in the past. I have two questions. What is your overall assessment of the UK's approach to the protocol, including bringing forward the protocol Bill? Do you think the Bill represents a viable means to address the issues that have arisen under the protocol?

Julie Gibbons: As a chamber, our members are confused by the UK Government's decision to introduce the protocol Bill, which aims to rewrite an agreement they had secured with the EU. That underscores my point about certainty. We accept that there are certain issues with east-west trade, but most businesses in Northern Ireland are trying their best to work through them. As the surveys issued by the likes of Manufacturing NI demonstrate, what we are experiencing here and observing in Newry is the protocol becoming less of an issue as people trade their way through it.

We do not believe that the Bill is a viable means to address the issues that some businesses have with the protocol, as it is fundamentally working for our members. The Northern Ireland Protocol Bill might make it easier for GB companies to trade with Northern Irish customers, but it offers very little for the cross-border element of trade within Northern Ireland. In fact, we fear it may be likely that it could remove our access to the EU single market, which, as I have said before, is a significant competitive advantage for our membership and places us in a stronger economic position. We must be mindful of the fact that, as a region, we have lagged behind in that regard over the years.

Baroness Ritchie of Downpatrick: Thank you. Conor.

Conor Patterson: With respect to the UK Government's approach, before the negotiation of the protocol, we had an attempt by the then UK Government under PM Theresa May to cut a deal with the DUP in the face of the concerns of the Irish Government and the non-unionist community in Northern Ireland blatantly placing the UK Government in one camp adopting a strongly anti- Irish stance and abandoning its position as an honest broker, a position which the UK Government had sought to promote, certainly in the last 20 years of relative peace. The underlining of "unionist" by members of the Conservative and Unionist Party continues to unnerve the nationalist community. The so-called "weaponising" of the Brexit issue with respect to Northern Ireland is arguably more attributable to that line of thinking in the Tory party and the legacy of that, than it is to the Irish Government.

The protocol was not a construct of the Irish Government or the non-unionist community in Northern Ireland. It was a proposition made by the

UK Government that was then negotiated between the UK Government and the EU.

I believe that the UK Government's reputation internationally is being badly damaged. It negotiated an international treaty and is now seeking to unilaterally amend it with the Northern Ireland Protocol Bill. That is a concern for us. If the UK Government is prepared to unilaterally renege on this international treaty, what other international treaties might it be prepared to break?

For us, the Northern Ireland Protocol Bill just does not make sense. The proposed dual regulatory regime for example. How would a company's status be authenticated? How would it be credibly determined which business was in which regime, particularly when it came to agri-foods such as milk? All milk produced in Northern Ireland that is exported to the Irish Republic pools into one milk pool. If there was an issue with just one producer, that could affect the credibility of the entire pool of milk.

Equally, green and red lanes might make sense for the big supermarkets, but the white van men and women that trade across the Irish Sea only infrequently, they would likely be defaulted into the red lane to face rigorous controls. We do not think that that makes sense, not least for a Government which is concerned about friction between GB and Northern Ireland.

We think the answer is in a trusted trader scheme negotiated between the UK Government and the EU and working with business organisations such as our own and others that we have collaborated with to make that system work. We are ready and willing to do that.

We have had the privilege to be part of a business partnership that is cross-community and cross-sectoral, that represents all geographies in Northern Ireland and we are all of the same view. There is no clarion call by those business representatives saying that this protocol needs to be disassembled. Yes it needs amendment, but not unravelling. That is our concern about the Northern Ireland Protocol Bill: that it envisages the unilateral rewriting of the negotiated agreement with the EU which was drawn up to prevent the return of a hard border on the island of Ireland.

Q38 **Baroness Ritchie of Downpatrick:** Thank you. I am obviously aware of your position, not living all that far away. In fact, I have to put on record that in the summer I met with Conor as the chief executive of Newry & Mourne Enterprise Agency, as well as the chief executive, Tony McKeown, and members of the chamber, and some of Julie's colleagues. So I am very aware of your position.

Conversely, I would now like to look at the opposite end—the EU side. What is your assessment of the EU's approach to the protocol, particularly its response to the Bill? Obviously, negotiations have recommenced. What do you hope to see come out of that? Do you think the EU is going far enough to address the problems that have arisen under the protocol, casting our minds back to its papers—or the non-

papers, as it calls them—of this time last year?

Julie Gibbons: We have been engaging a lot with senior Cabinet Ministers from the UK, including Lord Frost when he was heading up the Brexit negotiations. We also hosted Dominic Raab at Warrenpoint port. We have also been engaging with people from the EU to put our case forward, including Vice-President Šefčovič, who visited this area.

The EU's response is, I believe, a reaction to the unilateral nature of decisions taken by the UK to undermine the legally binding commitments that both sides made to one another, based on the implementation of the withdrawal agreement and the trade and co-operation agreement.

The political uncertainty in the UK has certainly not helped, but it is very encouraging to see that the two sides are talking again. Our belief is, and our preference would be, that any solution needs to have buy-in and compromise from both sides. Fundamentally, the mood music needs to change so that it appears that both sides are acting in good faith, so that it is more about finetuning than fundamental change.

That is our view. We feel that the unilateral nature of the protocol Bill could be very damaging to the negotiations with the EU, as well as having an impact on this area.

Conor Patterson: For us, the EU has not been remote. We met Michel Barnier in Newry and Maroš Šefčovič also visited Newry and its border hinterland. The meeting between Northern Ireland's business stakeholders and civic society and Šefčovič and his cabinet took place in Newry. As Julie said, we have also met a succession of UK Government Ministers since the referendum.

The EU paper that you referred to was actually a response to a paper submitted by the Northern Ireland Business Brexit Working Group, which is the partnership grouping that I referred to.

Baroness Ritchie of Downpatrick: Are you a member of that?

Conor Patterson: We have been a member of it and have been actively consulted with by the UK Government and the EU as part of it. We share advice we feel the EU has listened.

There had to be a boundary between the two systems.⁵ Where was that boundary to be? The greater the difference or divergence between the systems, the harder the boundary or border would be. We said that in 2015. We convened a conference in Newry then. If this sounds like "We told you so", yes "we told you so". It was very straightforward.

Baroness Ritchie of Downpatrick: I think I might have been there.

⁵ Note by witness: "We feel strongly that it was obvious from the outset that these issues were going to arise. This was foreseen by those with even the most cursory understanding of how relationships between Britain and the island of Ireland and between the two jurisdictions on the island of Ireland were configured after 1998."

Conor Patterson: I had the privilege to manage a European policy Programmes and Trade unit in Aberdeen for six years with Grampian Regional Council. My day job was to assist businesses in the north-east of Scotland—a commercial centre of international significance, the headquarters of the European oil and gas industry, with food and drink also being a major sector.

My job then was to help businesses to adapt to the new incoming Single European Market, an innovation of the then John Major Government. It was actually initiated by the Margaret Thatcher-led Government, but he replaced her in a not dissimilar turnover to the one we've just been through—although frankly nothing is similar to what is happening now.

I learned then about the absolute complexity of trade. The British Standard—BS—system led the world and not just Europe. Most members of the then-European Union were having to increase their standards to meet those of Britain. And then there was the mutual recognition of qualifications—having to establish equivalence between for example, a degree in engineering in one county and a degree in engineering in another.

Removing the UK from that central influential position was always going to be fraught with complexity, because in 2016 there were 27 member states instead of the original 12 I was working with. And where were those issues going to be most keenly felt? On the island of Ireland. The island of Ireland, and this region in particular, was party to a constitutional experiment 100 years ago, which was subsequently tried again in the Levant/Palestine and in the Indian sub-continent—"partition". We know the consequences of that. For us, this was partition meeting Brexit. We said that if there was a hard Brexit, "This tension could not be resolved". The Northern Ireland Protocol Bill, which is a template for a hard Brexit, consigns Northern Ireland to long term political instability.

Given that I have the floor, can I conclude by saying that perhaps we are now seeing in the political chaos at Westminster the unravelling of that experiment in not accepting the realities of sovereignty. These same issues apply to the island of Ireland as well. The island of Ireland, if it were to be reconfigured constitutionally, could not be a stand-alone east Atlantic state set apart from the rest of the world. It would have to operate within an open trading global economy and share some of its economic sovereignty with the EU and with the island of Britain. Perhaps we on this part of this island are highly sensitised to what sovereignty means.

The Chair: Perhaps I should declare an interest that I worked for both; I worked for Margaret Thatcher and John Major—and indeed for Tony Blair on these issues. It was some time ago, but I did.

Conor Patterson: Ian Lang was the Minister then.

Lord Empey: He is a Member of the House.

Q39 **Baroness Goudie:** Good afternoon. I have two questions. In the context

of the recommendations of the talks and the recommencement of the talks between the UK and EU, how realistic is it to expect some mutual agreements with the EU? I think we have a change of civil servants and attitudes, or I would like to hope so. I am working on the basis of the last few weeks.

Do you see how we would be able to describe a potential landing zone for compromise and agreement between the two sides? We urgently need a proper agreement by both sides and not domineered by one or the other.

Julie Gibbons: Conor has already referenced the Northern Ireland Business Brexit Working Group. We have been supportive of the work it has been doing. It broadly represents the views of businesses in Northern Ireland, including the majority of our chamber members.

We echo its view that there needs to be a long-term, workable solution. It needs to be come up with by business not imposed on business. Clearly, any solution on east-west trade, which seems to be the major sticking point, needs to simplify paperwork, reduce administrative burden and be affordable to make it work.

The question is whether that will all be achievable under any political deadline that may be imposed. Our view is that this should not be rushed by politics. It needs to be worked out thoroughly and in a manner that is consulting and involving businesses so that it will be the final long-term solution.

To reiterate, whatever solution is come up with, it must not be at the expense of creating barriers on the island of Ireland or undermining the dual access that we currently have to both markets. I am certainly not an expert on the protocol or the protocol Bill, because financial services is outside the protocol. However, solutions that our members have suggested include simplifying the trusted trader scheme, perhaps considering a veterinary agreement because that sector is so impacted.

We also note that there has been a lack of knowledge generally in GB and a lack of education on GB suppliers, which remains an ongoing issue. While businesses in Northern Ireland were communicated to, encouraged to plan for Brexit and support was put in place, it appears that GB businesses that were selling or supplying into NI have not been as well prepared. A lot of the issues with east-west trade involve commodity codes, labelling and data sharing.

In conclusion, we feel that it is imperative to reach a landing zone, whatever way that is achieved. Involve businesses and do not be harried into something because of a political deadline. Ensure that whatever negotiated agreement we land on will bring stability and security and will strengthen Northern Ireland plc, which is good for these islands overall.

Baroness Goudie: Do you think it would help if we dispensed with paperwork and tried to get everything online rather than having paper checks? The more we talk about paper to various witnesses, the more it seems online might work better. It would save a lot of time and people

would know if there were errors so that things would not get turned around and sent back.

Julie Gibbons: Any way to simplify the whole process would be welcome. Paper seems a bit archaic.

Baroness Goudie: Absolutely.

Julie Gibbons: Anything that would reduce cost or simplify the administrative burden would be more than welcome. However, the fundamentals would still be important. The data gathered will still be as important, so there is no point in taking what is on paper and putting it online. It still needs to have this modicum of sense and practicality and be a workable solution.

Baroness Goudie: I think it has to be taken down a bit. It is a bit too much.

Conor Patterson: It does, but there has to be trust. The EU single market is an enormous very populous space. The offshore member state that is the Irish Republic adds further complexity because of the land border with Northern Ireland. If you take the challenge of people trafficking into and across Europe, the fact is that the entry points for traffickers are in remote places such as islands in the eastern Aegean. When a hole is punched in the fuselage of the single market wherever that might be geographically, it risks the stability of the entire structure. We have always understood that. We are now marginally more optimistic, because the soundings we are getting suggest that there has been significant movement by the UK and HMRC on the provision of trade data. Very high-quality data which can be interrogated.

It was acknowledged in Whitehall, we understand, by experts who were listened to by some politicians, that the EU needed a baseline. If theirs is a risk-based assessment system, it needs a baseline. From that unusual trade patterns can be identified.

We think there is now potential for movement, because the complaint we would have heard from people on the EU side was that they just could not establish a baseline, a starting point and there was no trust. That does seem to be in the process of being overcome. We have to acknowledge that effort on both sides, the UK and the EU.

A lot of work can be done with business. Julie and I were talking just before we came in, recalling Y2K and the work we would have done as business organisations to upskill businesses in handling ICT. There have been subsequent campaigns funded by central government to resource business organisations to help business owner-managers to adopt best financial management practice and to be cyber-secure. In this region, we have thousands of microbusinesses that do struggle when, for instance because of a regulatory change in the tax code, there is a requirement for additional paperwork. But we have an infrastructure of support organisations, including private sector accountancy firms. They are

constantly supporting businesses helping them to adapt to new procedures. They do tax returns and audits. That is a risk-based assessment system, which works. So it is not beyond the means of the UK Government to manage the adaptation. It is all about their willingness to do it. We think that it can be done.

There is work to be done here in Northern Ireland but we think that it can be done. The real challenge is in GB, with suppliers to Northern Ireland. There is an infrastructure in Britain like that in Northern Ireland. It is for central government to invest what would be relatively modest monies relative to the cost of this ongoing crisis around the protocol to help GB-based businesses to adapt to the new system. Only a fraction of businesses in Britain trade off-island, and a smaller fraction again trades into Northern Ireland. It is not beyond the competence of the UK Government to invest in business organisations to enable them to assist businesses that wish to trade with Northern Ireland. Undoubtedly, there will be paperwork or online data to be supplied, but the hand-holding to enable businesses to adapt has been missing on the GB side.

Q40 Lord Empey: It is good to see you both. We have already covered one of the questions about what you think will be the impact on your sector and on the economy as a whole of the Government's proposals for a dual regulatory regime. I know, Julie, that you are in a service-based sector, but, as was alluded to, the milk people and others like them will be in drop-dead situations very quickly, so we have been told.

My second question is: what will be the practical impact of the Bill's provisions to disapply EU customs and goods regulations for specific goods destined for the UK or non-EU countries only, and to allow for the introduction of a system of red and green lanes? Conor, you made some points about that. Could you elaborate a wee bit on what you said about white van man or woman ending up in the red lane? Why do you say that? Of course I understand about the big supermarkets.

Conor Patterson: Ultimately, the status of being in the green lane has to be based on the provision of data and confirmation of what is in the vehicle. That is where we believe the problem is likely to arise, unless there is a framework, such as a trusted trader system. Having a green and red lane without a trusted trader framework just could not work. If there is a trusted trader framework the aim would be to have traders posting their data in advance so they could drive through the green lane unless they were transiting onto the Republic. The system will only work if it is based on the provision of credible information.

Lord Empey: Although it has to be said that it is not inconceivable that some goods coming across here from GB may be destined for the single market or might have to have a process conducted here for onward transmission into the single market.

Conor Patterson: We think that can be handled. My understanding of the political issue here is that a section of our community feels that differentiating Northern Ireland from GB by having to do this is the issue.

If we move beyond the political hyperbole to an acceptance that this is a modest administrative task, it is then for people like us who work with businesses to ask how we can minimise the impact of that administrative task, minimise the friction. Those that say there can be no distinction between Northern Ireland and GB aren't prepared to acknowledge the reality that Northern Ireland is already differentiated in multiple other ways from the rest of the UK.

Lord Empey: I agree with you that the problem is not entirely soluble due to the circumstances. However, we are trying to get our head around what can be done to minimise the issues. There is a feeling about differentiation, but that was the UK Government's proposal under Boris Johnson. You make an important point about the education of GB companies; some of us have been making that point from the start. But are you saying, Conor, that you do not have confidence in the idea of a red and green channel, or do you think that the practicalities might be overwhelming?

Conor Patterson: I honestly do not know what the proposal means. The Bill does not explain how that would work.

Lord Empey: The Bill is largely enabling.

Conor Patterson: So how can any of us comment and speculate? If there was good faith and a data baseline that was accepted by the EU, and if, as with the tax code, the community of business advisers understood what the system was and how it worked and if they were given the means to help, that would make a difference. A new tax innovation can be made to work if there is enough time and transparency and if the community of business advisers that support businesses understand what the system is.

We think that ultimately that will be the landing zone. It will be a system based not just on designating trusted traders which will be founded on a bedrock of trust between the two systems. Then the UK can return to its respected position whereby a UK standard is one that has currency worldwide. This is about reputation—we think that can be made to work, we need it to work. We want to put on record that it is important for us that the port of Warrenpoint, which is the second port of Northern Ireland and a significant economic hub in our region, can function. Trade there is principally east-west. But the challenge, as you know, is that 50% of Warrenpoint port's custom—I think you are talking to them already—is from the Irish Republic.

Lord Empey: We have spoken to them, yes.

Conor Patterson: We do not want to be dogmatic; it is not in the interests of our business community. We want a solution. If flexibility is back on the table in Whitehall, Downing Street and Brussels, we think this can work.

Lord Empey: Julie, do you have anything to add?

Julie Gibbons: I echo Conor's views.

Q41 **The Chair:** If you were suddenly invited to take part in the negotiations, would you have any thoughts on where we ought to go from here?

Conor Patterson: Reiterating how Northern Ireland's sovereignty framework works would be helpful to reassure people in Northern Ireland. That conversation needs to be had in London about sovereignty being multi-layered. Because the Irish Republic imports 85% of its electrical power from Britain via undersea cables, the Government of the Irish Republic has had to acknowledge that this is the reality of how the modern global economy is configured. We have to take that real world approach, this is just another form of collaborative inter-trade.

On this island the reality is that businesses led the way in setting up all-island supply chains for utilitarian reasons, not to achieve a constitutional outcome or to express a cultural preference. It just made business sense—it's that gravity model again—particularly in the agri-food sector. We have to get away from cultural triumphalism. We want this to work on a multilateral basis. As Lord Empey, who was part of the team that drew up the much-vaunted Belfast or Good Friday agreement, knows, that was about multilateralism. We want a multilateral solution. That is all I would like to say in conclusion. Good luck with your important work.

The Chair: Thank you very much.

Julie Gibbons: I reiterate what Conor has said. The businesses in this area just want to do business. We want to do it as simply as possible to benefit our community. Our hoped-for position is a negotiated agreement, made in good faith, that befits our unique circumstances, rather than unilateral action with the protocol Bill that will just set us apart, probably further than ever.

The Chair: Do you both have a sense that the views you have expressed to us this afternoon are understood by those who are negotiating on behalf of us all?

Conor Patterson: In our experience, the Irish Government are acutely aware of the sensitivities.

The Chair: What about the British Government?

Conor Patterson: Our challenge has been: which British Government? In just one year I met with both Theresa May and Boris Johnson, in Downing Street. I never envisaged that someone doing what I do would ever be in Downing Street, because until Brexit high level politics was not directly relevant to what I did. The change in direction and policy that followed the UK's EU referendum —I am not saying anything that folks around this table do not know—has brought instability to this island. What is the UK Government's position? It hasn't had one that is fixed. At least the fixed position of the EU has been relatively straightforward and reasonably open. We are just hoping that the change that has unfolded today may yield a preparedness not to go down the path of further

disagreement with EU partners and that there will be a willingness at the heart of government to get to a solution.

The Chair: Do you have anything to add, Julie?

Julie Gibbons: The people who have lived through the practical implications of implementing the protocol and who are dealing with it daily are the people who really need to be involved and advising the Government who are negotiating on our behalf. It can be quite discouraging at times when we feel that negotiations are ongoing without really grasping the finer contextual issues from this area.

The Chair: Thank you very much indeed. I apologise for cutting Baroness Goudie short. We are extremely grateful. Thank you very much for sparing the time to give evidence to us. It has been really helpful to us. We are really glad to be here and to have a chance to talk to you.