

Select Committee on the European Union

Corrected oral evidence: Brexit: UK-Irish Relations

Monday 17 October 2016

2.15 pm

Watch the meeting

Members present: Lord Boswell of Aynho (The Chairman); Baroness Armstrong of Hill Top; Baroness Browning; Lord Jay of Ewelme; Lord Selkirk of Douglas; Lord Whitty; Baroness Wilcox.

Evidence Session No 6

Heard in Public

Questions 68 - 75

Witnesses

[I](#): Shane Campbell, CEO, ICBAN; Pamela Arthurs, Chief Executive, East Border Region; Bernie McCrory, Chief Officer, Cooperation and Working Together.



Examination of witnesses

Shane Campbell, Pamela Arthurs and Bernie McCrory.

Q68 The Chairman: We are now live, so I will call things to order for a formal session of the Lords European Union Select Committee. We are in Ireland this week, both north and then south, looking at the implications of Brexit for this island and more widely. We have had some interesting evidence this morning, with quite a strong emphasis on cross-border issues, but that is not our exclusive interest. We are really pleased that you have been able to find the time to give us an hour this afternoon. My colleagues and I have biogs of you, but perhaps you would like simply to introduce yourselves, beginning with Pamela.

Pamela Arthurs: My name is Pamela Arthurs. I am chief executive of East Border Region Ltd. That is a local authority-led cross-border organisation, comprising three local authorities in Northern Ireland and three in the Republic. It is along the east coast, so basically the area between Belfast and Dublin.

We came into existence in 1976, because we had back-to-back development in Ireland and Northern Ireland for many years. It was locally elected politicians who decided that we should turn our backs, face the border and talk to each other, and perhaps there would be areas of common concern. We have been in existence 40 years now, so there are obviously a lot of areas of common concern.

The key driver to all the work we have done since, which you will hear about later, has been the European Union, the fact that we have been members of the European Union, that the European Union funded the organisation. In the 1970s and the 1980s, cross-border co-operation was not important anywhere. It was not in Belfast; it was not in Dublin. While members at local and regional levels saw the need to co-operate, to work together for the good of the people, there was nothing behind that. There was no finance except coming from the local authorities themselves, who were under pressure at the time. There was also the backdrop of our political situation, which is always important. Again, the EU was useful there because it was a neutral venue and a neutral player in all that. It enabled us, as all the political parties, to work together, despite what was happening at the national level.

Bernie McCrory: My name is Bernie McCrory. I work for Cooperation and Working Together. That is a voluntary partnership of the statutory health services in Northern Ireland and the Republic of Ireland. It is particularly focused on the border region. It is the Western and Southern trusts in Northern Ireland, and the Health Service Executive in the Republic of Ireland.

The Chairman: To be clear, and forgive my relative ignorance in this, what proportion of the land border would you cover? Perhaps another



way of putting it is: how far east do you come?

Bernie McCrory: Our health service is on both sides of the border, so it is the entire border we support.

The Chairman: And yours, Pamela, is more local, with the six local authorities.

Pamela Arthurs: Yes, on the east coast, really the area between Belfast and east Dublin.

Shane Campbell: Good afternoon and thank you for the invitation. I am Shane Campbell from the Irish Central Border Area Network, an organisation very similar to Pamela's. The area we cover is the central border region, as it is known. It occupies quite a land area in the north-west quadrant of the island. There are eight council areas in ICBAN: from Northern Ireland are Fermanagh & Omagh, Mid Ulster, and Armagh City, Banbridge and Craigavon; then the Irish county council areas are Donegal, Sligo, Leitrim, Cavan and Monaghan.

Our organisation is a younger cross-border group than East Border Region. We have been going 21 years, from 1995. The reason for the establishment of our group was that the communities on both sides of the border had common problems and found that the best way to resolve those was through common solutions that they could take together. Often these communities have more in common with the communities on the opposite side of the border than they may have respectively with Belfast and Dublin. Our region is very rural by nature. It is some 750,000 people. The predominant industries are small to medium-sized enterprises. There is little foreign direct investment. Industries are around agriculture, engineering, and construction. It is an ageing population.

We are run as a company limited by guarantee, similar to East Border Region. Our board comprises elected representatives that are cross-community from Northern Ireland, cross-party from the Irish Republic and cross-border.

The Chairman: As a follow-up question, rather like I asked Bernie, does the effect of your coverage mean that you virtually join up next door to Pamela's organisation?

Shane Campbell: Yes.

The Chairman: So in both structures you are covering the whole border—499 kilometres.

Shane Campbell: Yes.

Pamela Arthurs: Yes.

The Chairman: That is really helpful. In a sense, you have explained the work that you do already, which is a question I was going to ask. It



would be helpful, first of all, if you could just confirm whether all your funding is EU-directed or whether some of it is seconded from county councils and other local authorities, or other sources. The follow-on question then is to say a bit more about the projects you are involved in, not just the baseload, but the running costs of what you are doing and the implications of Brexit.

Bernie McCrory: From my point of view, there is a very small hub, known as the CAWT Development Centre. There are a number of locations, but there are only 12 people who actually work there. All those salaries are funded by the statutory health services on an equal basis, north and south.

The Chairman: So you do not have EU funding directly, except in so far as there is infrastructure funding.

Bernie McCrory: Yes, for projects, but we do a lot more work, other than EU-funded work. We do commissioned work from the two departments of health. For example, we led on the radiotherapy centre, the original project.

The Chairman: This was in Derry/Londonderry.

Bernie McCrory: Yes. Some 10 years ago, for example, it was recognised that people from Donegal had to go to Dublin to have their radiotherapy. In some cases, young mothers were opting not to have it rather than leave families for six weeks. Essentially, we built a relationship between Donegal and the Belfast City Hospital. That allowed people to go and receive their treatment and come back on the same day. That in fact forced a spatial analysis of Belfast City Hospital, which told us that the capacity, even for Northern Ireland, would expire this year. That enabled the development as it is today.

The Chairman: Are there any particular current projects that might be at risk from Brexit?

Bernie McCrory: Interreg V is very much at risk—the new funding. Thankfully about 85% of the new projects that have gone before have been mainstreamed from within the statutory services. It would certainly inhibit any new planning, because people in the border region have to compete with the regional priorities. That is where EU funding and so on is so useful to pump-prime new projects.

The Chairman: It is a similar question to either of you, as representing the cross-border authorities.

Pamela Arthurs: From the funding perspective, it is important to say that, yes, the local authorities fund us, but that is only part of our core work. We need the additional monies coming in in order for the organisations to survive, and that has been EU funding to date. From our perspective, we have focused, as organisations, on the obvious



cross-border one, which is the territorial co-operation, which requires both member states: the UK and Ireland.

The two territorial co-operation programmes are Interreg and the special Peace programme, in which the EU recognised the special nature of our situation here. That is worth about £500 million as we stand. Not one penny of that has had a letter of offer. It has been committed, but there is a problem at the moment because of Brexit. That is an immediate impact. We are waiting on various projects. We have put them through the Interreg steering committees, but not one penny has been released. I can talk about that later.

But that is only one element. It is very important to the work that we do, but the border region, north and south, has benefited from billions, in terms of EU funding for our distinct cross-border co-operation and with some parts of Scotland. If we were to lose EU funding in its totality, that would be a major issue for the border region. That is where we are unique from the rest of the UK. It is that whole border problem that we have always had.

This is a modern, prosperous area, which is still peripheral: it is still disadvantaged, there is still an awful lot of work to be done. There are still the issues around cross-border co-operation not being easy. Those issues are still there. I have worked for 20 years in cross-border co-operation. That is what makes us extremely nervous about leaving the EU: will that money come in through the UK?

We know there are competing interests out there: our farmers, our fishermen and the economics. This genuine cross-border co-operation has done so much, not just for cross-border co-operation but in terms of peace in Northern Ireland and the border counties. What will happen to that softer form in future? Given the competing interests, we have heard about all the money that there will be once the UK leaves, but quite frankly, we are not entirely convinced here that there will be the amounts of money.

The Chairman: Just for the record, you are still waiting for that bridge, are you not?

Pamela Arthurs: Yes.

The Chairman: I do not want to put words into your mouth, but presumably it would become even more questionable in future if there were not the EU money at all.

Pamela Arthurs: It would not happen.

The Chairman: Shane, what about your end of the border?

Shane Campbell: The figure for EU funding that has come into the border region is somewhere in the region of €3.5 billion for programmes. It is €17 billion in total when you consider the Common Agricultural Policy. That covers a range of projects that we as groups and



organisations have been involved in, whether they are development projects or actual capital projects. It has been hugely important. Some 8% of the GDP of Northern Ireland comes in through EU funds. A lot of that is spent in the border regions that we work in, because that has been the key area of EU policy: that it supports cross-border co-operation.

Our share in that is some €50 million of projects in the past, some 90 different projects in total, working with a range of partners from both sides of the border. Our work is now moving towards transnational Interreg projects. Aside from the Interreg that we have between Northern Ireland, the Republic of Ireland and western Scotland, we are looking towards the development of projects with partners from the Atlantic area, being an EU programme. That includes Spain, Portugal, France, as well as Ireland and the UK. Other projects are in the Northern Periphery Programme, opening us up to other areas of Europe and other members, because of the benefits of learning and sharing information.

That has been key to us. It means, as a small region, that you are able to look outside of your borders. Our work is essentially about breaking down borders. That is what cross-border co-operation is. It is breaking down the physical borders, which we do not have now. It is breaking down even what we talk about as the borders of the mind. In the past few years, we have seen huge advances in cross-border co-operation on this island.

The question is: what is the impact of Brexit? Brexit erects the borders. Brexit is taking us backwards. As Pamela says, we see ourselves as being quite unique in that regard, in comparison to the issues that have been debated elsewhere in GB about the movement of people. That is something that we are promoting here, which is the lifeline of our communities: the movement of people and the movement of goods. Any hardening effect of that border would have a detrimental impact on the social and economic development of our regions.

The Chairman: That is very helpful. I have one little question at this stage, as much for information as otherwise. Other parts of the European Union have similar problems. Possibly nobody here would know it intimately, but the one we would know is the link between Kent and Pas-de-Calais. Are you aware of any of these local links? Have you been in contact with any of them or picked their brains on things? Is that something you discuss? Do you meet at the European level as well, doing this kind of thing?

Pamela Arthurs: Yes. We have been members for many years of the Association of European Border Regions.

The Chairman: Yes. That is what I was feeling after. I could not remember the name.

Pamela Arthurs: Yes, the AEBR. We have colleagues, as we would now call them, because we have met them regularly. We have discovered that



we have common links and challenges as border areas. In fact, we were surprised to find the one we did not have, compared with most of our colleagues across Europe, was a language barrier. At least we have that in common here.

In terms of the link you speak about, I do not have knowledge of it. We would have relationships now, through the transnational programmes, with some parts of Scotland, Wales and the UK. We are involved in a number of those. From my organisation's perspective, we have 14 projects now, to the value of €114 million. A lot of those have been, as I said, approved, but they are not starting yet because the letters of offer have not been released on the cross-border programmes. Mostly it is because of the Irish concern in terms of what will happen in the middle of these programmes if the UK leaves. I would say those are legitimate concerns.

It is having an immediate impact. There is no money on the ground. For example, there is one of the projects providing €18 million for SMEs. Some 1,408 small businesses will avail of that funding. Many of them have been affected as we speak, because of the currency fluctuation since Brexit. That money needs to get out there.

With this two-year window we are talking about, where all the money may cease—we do not know—we really want to at least avail of that money, which has been approved, in the short term. We want to get that up and running and give some time to work out what is happening post the two years.

The Chairman: Shane, without going through it all again, is it the same experience for you or different?

Shane Campbell: Brexit introduces uncertainty in our planning and our development work. We are working with European partners. As a lead partner on a cultural development project, we are trying to provide an assurance that we can develop a project that will deliver on certain outputs for five member states over the next number of years. Yet we do not know whether funding will be supported for that project, because it will not get an approval until after the Autumn Statement. We do not know what pressure we will be under to spend and by what stage.

We also are unsure of the risk as we go in as ICBAN, with our office in Enniskillen, as a UK partner, and how we will be scored by others. Is it a risk or is it fair to be conceived as a risk? Our other partners, in Spain, Portugal et cetera, have those uncertainties as well. The uncertainties we have are therefore replicated or felt by others.

The Chairman: Bernie, are you involved in any international machinery?

Bernie McCrory: We have been involved in the Northern Periphery Programme with Canada, Norway, Sweden and so on, on a recruitment and retention programme for staff. Essentially, the health service is about delivery on the island of Ireland and on the west coast of Scotland. While



we take cognisance of things like patient mobility directive, and we have the option to send patients out of area to another European country, it has not really taken off. It is more that we deliver services on the ground so people from either side of the border can access them more locally than they normally would if we were working on a back-to-back basis.

The Chairman: It is really helpful to have that perspective.

Q69 **Lord Selkirk of Douglas:** Can I ask two questions? First, how significant has common UK-Irish EU membership been in building co-operation in the border regions?

The Chairman: That is distinct from the funding specifically, although that obviously comes in.

Pamela Arthurs: I feel that it has been critical. As I said earlier, the EU has been a neutral player in our peace process. It allowed space for our politicians here, who had difficulties in terms of working together, to grab a coffee or something in Brussels, to start a dialogue and to start working together. More importantly, alongside that came the commitment from the EU, which was our Peace programme. No other part of the EU has that commitment. In order to fund the Peace programme, all the member states had to agree to that, and they did. That is certainly an example of the commitment there was.

There was no money prior to the EU for any of the type of work we were doing. At the national level, our political situation was not conducive to cross-border work. The EU enabled us to have a genuine bottom-up approach, with local people starting to talk together. Maybe only 10 years ago, the President of Ireland invited the board of East Border Region to Áras an Uachtaráin, and a number of our members had never crossed the border; they lived in Bangor, in County Down.

We are not there in terms of all this peace and stability. The huge uncertainty as to how Brexit will work out is really concerning. We do not have a plan or a way forward, and that is a big concern. Where are we going?

Lord Selkirk of Douglas: May I follow this up with the associated question about Treasury funding? For example, I understand funding guarantees for infrastructure projects have been offered by the Treasury up to the year 2020. I would be most grateful if you could give us your view as to what the impact is on such projects, including the A5 western corridor, the Ulster canal and narrow water bridge, and the north-west gateway initiative.

Pamela Arthurs: The Chancellor made two statements. Initially, when he made his first statement, we breathed a huge sigh of relief, because we thought, "This helps the current agreed programmes". But it actually did not help us. Obviously, we are talking about cross-border co-operation, so you need both Ireland and the UK to sign all these letters of offer. Ireland's attitude was, "Well, it is fair and well that the UK



will say that it is funding". Initially it was anything agreed before the Autumn Statement. The Irish said, "That is not a deadline for us". They were not working with us on that.

They see a number of difficulties. They are concerned that there is an agreed programme between two member states for seven years in the middle of the funding cycle. If one of those partners leaves, where does that leave us? Even if the UK continues to fund, it is now a non-member state. That is an illegal programme, because the legal programme agreed was between two member states. You therefore need to have a consultation and agreement around that new programme. How long will that take? What form will it have? Ireland wants to protect the project partners, particularly those in the Irish Republic. The Chancellor then had a second statement, which was all the funding, but that is the problem with issuing these letters of offer.

I met with Irish officials in the Department of Public Expenditure and Reform a few weeks ago, who said, "We want to preserve these programmes". Again, Ireland is a victim in all this. It did not want to leave; it still does not. It has three major programmes: Interreg A, Peace and Ireland Wales. They are all gone now, not through any fault of the Irish as such. The Irish want to protect the project partners and the programmes. They would like to see further programmes, which could happen, depending on the negotiations. That is the issue: the Irish saying, "We want to have more guarantees".

The other problem we have is: if, post-Brexit, the UK partners on the projects do not follow the EU rules, could there be clawback from the EU and would the Irish be liable? It could happen. All these things need sorting. That is the immediate detrimental impact that is affecting us.

The Chairman: Is that pretty well mirrored by your experience?

Shane Campbell: I would come back to the question about commonality and its significance. Pamela has covered all the detail there in the second part, but I would add that, in our opinion, commonality has made co-operation on the island easier and more fruitful, because of common arrangements, laws and requirements, and a common approach to peace in Northern Ireland and the border counties. Northern Ireland and Ireland have a similar position when it comes to matters of agriculture. We have just discussed the approach that is taken to the common funds for Interreg and cross-border co-operation.

The significance of it is that, in the absence of funding for cross-border co-operation, we go back to when the original cross-border groups were set up: East Border Region and North West. It was very much a piecemeal approach to cross-border co-operation. The funding and the example Europe has brought in, with the principle of co-operation, has meant we have been able to take a more strategic and bigger approach to addressing the challenges along this land border.



We are at a point now where north-south relations are, in my opinion, as good as they have ever been. It would be a disaster for both jurisdictions on this island to move away from that. An example we would give is our work on telecommunications and improving connectivity in the border region. It is seen to be as much of an issue on each side of the border and the common link is addressing, in the round, EU state aid principles and requirements and being able to share that. How do we develop common approaches in future if the regulations and policy issues are quite different between both?

The Chairman: I presume, if only as a debating point with the Chancellor and others, you must be rather chafing at the bit when interest rates are so historically low and borrowing for a good infrastructure project, whether it is a new ward or a new bridge, is something you would all really like to get on with. Is that fair?

Shane Campbell: Absolutely.

Bernie McCrory: Yes.

Pamela Arthurs: Yes.

Q70 **Baroness Browning:** The UK Government have said there will be “no return to the hard borders of the past” and that the common travel area will be retained. You have already given us an indication of how the soft border relationship has been of benefit, in very practical terms. What would the impact be if the current soft border arrangements were undermined?

Bernie McCrory: It would be hugely detrimental to both sides of the border. There are frontier workers—nurses, for example—who cross the border routinely, every day, to go to their work. I personally cross the border five times in the morning to get to my work and five times in the evening. That is how easy it is now, compared with years ago. When I started off as a very young nurse, I can remember an ambulance going from Northern Ireland, sitting at the border and waiting for the ambulance from the Republic of Ireland to come to the bridge, and the patient moved across. Now we routinely have ambulances, whether they are from the National Ambulance Service in the Republic of Ireland or the Northern Ireland Ambulance Service from Northern Ireland, picking up a patient where it makes sense to do so, if they are closer.

For emergency vehicles, it would be a terrible retrograde step to set up a border. For the day-to-day work that people have to go to, it would cause long delays. The cost of it would be disproportionate to any benefit that it may bring. It would affect business, the agrifood industry and all the day-to-day work we do, whether it is health, education or whatever. People now cross the border and do not perceive it. It is natural to shop and to socialise, and it makes sense economically for people to sometimes do those things in another jurisdiction.



Pamela Arthurs: It would be absolutely disastrous for us. The other thing that concerns us is around the common travel area. Indeed, the Prime Minister and the Taoiseach have talked about the common travel area. We had a deputation in Brussels last week where it was made fairly clear to us that it is not within the gift of Ireland or the UK to decide what the border will look like—the other 26 member states will decide. It will be an open door: it will become an international border when Brexit happens, and it is for those 26 member states to decide that. That is what concerns us. At the weekend, Tusk said that the only alternative to a hard Brexit is no Brexit. We will be impacted more than any other part of the UK.

It scares us. We would appeal to anyone who will listen to us that we want some kind of flexible arrangement. We have too much to lose here in Northern Ireland. As Shane says, we do not have the migration problem. That has not been the issue for us, but we have many other difficulties and challenges, and a hard Brexit would return us back many years. We would worry about our whole peace process and all that. How would you police the border? It was very difficult to police it during the Troubles. Why would it be any better now? We have something like 150 border roads, in a small area.

Quite frankly, it is a minefield when we start to think about the implications. I am not even talking about trade, tariffs or anything like that. It is just frightening.

Shane Campbell: Briefly, we would welcome a soft border. That is what the communities of the border region and in the main are saying. It is not the hard border that has been raised at EU level. We were debating outside: was it 18,000 or 24,000 people a day who cross the border for day-to-day tasks, be they cultural, as Bernie talks about, for work or for education purposes? It must be somewhere in between. At the end of the day, it is a significant number of people.

We have quite a number of students transferring from Ireland to Northern Ireland and from Northern Ireland to the Irish Republic for their education. That is something that has benefited us for a number of years. A return to the hard border would see us return to the social and political disintegration that we experienced with the militarised approach to the border in the Troubles, over those 30 years.

Cross-border co-operation is key to some 13 districts along the border, which includes many areas of the UK. Any hardening of legislation or policy issues will severely impact on the ability for economic and social co-operation, in the interests not just of Ireland but of the UK.

The Chairman: If I can pick up something Bernie said about health services, there is a certain family interest in maternity services on my part. I presume, if one takes your description of literally handing over the patient from one ambulance service to another, you have two implications there. One is the immediate one, which is that more blue light cases die because of difficulties, either in the actual transit or



eventually. Secondly, to some extent resources are wasted because you cannot optimise the pattern of provision if you have to duplicate everything. You are nodding, but is that the sort of thing you had in mind in terms of the damage done?

Bernie McCrory: Absolutely. To give you an example, with the last round of EU funding, we received about £9 million for acute hospital services. Patients in Cavan and Monaghan in the Republic of Ireland had no ENT service. They had to go to Dublin. There were children who waited four years, for example, for their first appointment. We were able to spend a relatively small amount of money: there was a very good ENT service in the Northern Ireland Southern Trust, so we appointed two more ENT consultant surgeons into the existing team of four. That meant there was a team of six, who rotated into Monaghan General Hospital, where they did out-patients and day cases. Then the patients crossed the border for more complex services to Craigavon and Daisy Hill in Newry. That service has been sustained into the future.

Basically, we are able to manage the scarce skill base of clinicians. It is very difficult to recruit clinicians into the border region; you certainly will not recruit one or two into a rota, because it is not even legal. We find that young doctors gravitate towards regional centres, because there would not be the infrastructure in some of the more local hospitals. That is one way of doing it. If we work together, instead of back-to-back, we have all those economies of scale.

Q71 **Baroness Wilcox:** Following on from that, I would ask you for a few more observations about the impact of Brexit on cross-border co-operation in such areas as police and security, social welfare provision, the Irish energy market and healthcare provision, but particularly for police and security.

The Chairman: And anything we have missed. I think we have healthcare pretty clear now.

Pamela Arthurs: Policing the border is something that may continue irrespective of Brexit, because the police services work together pretty well as I speak. It would just make sense that they continue to do so. It is just my opinion—it is not my area of expertise—but my thinking is that that would continue. But associated with that is crime. We have had long years of smuggling and all that across our border. I suspect that that will become more apparent, if Brexit happens.

In terms of energy, again, it is not my area of expertise, but if we are not part of the single electricity market, that would have an impact, as our energy would become more expensive. Prior to the vote, we had a number of presentations from the energy providers in respect of that, and it was clear that the UK will have higher rates because of tariffs, et cetera. That would be my contribution.

Bernie McCrory: I would like to say something about emergency planning. Over the past 15 years, led by the cross-border health service,



we have trained British Army, Irish army, RAF and Irish Air Corps personnel and all the emergency services—ambulance, police and so on. We started off very small, testing major incident plans in the hospital but using local police, army and so on. We have now moved very significantly on, through working and building those relationships. For example, the British Army can come once a year or so and train in the Curragh Camp in County Kildare, and, vice versa, we have Irish army and Irish Air Corps coming to train in Northern Ireland.

It is a completely joined-up security initiative. I would be very worried, if we had Brexit, that we would lose that. For the first time since 1922, we have British Army personnel in the Curragh Camp base, receiving humanitarian relief training and BATLS (Battlefield Advanced Trauma Life Support) training to enable them to go wherever they have to in the world. They are very well trained. That started just a couple of years ago. We have so significantly developed that and it would be a tragedy if it was to stop.

Shane Campbell: I have a comment, in relation to energy, on the interdependencies between the EU, the UK, Ireland and Northern Ireland. Again, it is not my sector of real knowledge, but I suppose we see a potential risk in that equation, given the importance of energy to these islands. It is similar with regard to the policing of the border. Imagination is needed as to how best to manage the situation. That 310-mile stretch of border, with some 150 different crossings of different types and sizes, has a huge volume of people and local, regional and national business traffic. As reported in the media, surely there are digital and technological means by which we can monitor and police the traffic going across the border, without needing significant levels of hard policing or any militarised presence.

Q72 **Lord Jay of Ewelme:** Continuing this theme, one of you mentioned already the possibility of customs controls of some kind. There is also the possibility of having electronic means of custom control, which would mean you had the controls away from the border. The first question is whether you have any views on that. Secondly, as a broader question, if there is to be—and you made a very powerful case for it—a soft border or a clever electronic border that does not impinge on people crossing every day, I suppose that would have to be advocated by the Government in Dublin and they would need to get EU approval to do that. Are you and will you be talking to them, as well as to people north of the border, about that?

Pamela Arthurs: Absolutely. One of the MEPs, Mairead McGuinness, was talking to our deputation in Brussels last week. She is a member of the Fine Gael party, the party in power in Dublin, but is also vice-president of the European Commission. She made it very clear to us that whereas Ireland obviously wants to work with Northern Ireland and we want to get the best deal here, it is a team player. It is part of the EU project and that is where it is coming from as well. It is a very difficult situation.



If I can throw in something we have not talked about, one of the industries that will be decimated here is agrifood and agriculture for farmers. I know it is not a big sector in the whole of the UK, but here it is. Again, we were given an example in Brussels by people in Commissioner Hogan's cabinet, who said that 60% of the milk in Northern Ireland goes across the border and is processed in the Republic, primarily in Cavan. A major infrastructure has developed around processing that. It is then sold into the EU. When Brexit happens, they will not be able to sell to an EU country because the country of origin is non-EU. What will happen to our milk here? It is 60% of it. Also, the infrastructure in Cavan is geared to take that volume, and it will not be there.

The Chairman: We should tell you that we took evidence on the whole agrifood sector this morning. It is useful to have your unprompted corroboration.

Shane Campbell: I agree. I have nothing further to add on the question of technology other than what I said before. I am sure there are pros and cons to the idea of digital passport technology, given the amount of information that is held already, while there is no infringement of rights. We should embrace the technological means we have between all the states involved, to make it that bit easier.

Q73 **Lord Whitty:** You have talked about the health service and public services, and you talked just then about agriculture. These small firms in the border region presumably cover a multiplicity of industries and sectors. Can you say a little more about that and how they are most likely to be affected? Do they trade cross-border? Do they have personnel who move across the border to work?

Pamela Arthurs: I will take one example of a number of not just small firms, but bigger SMEs that move their goods through Warrenpoint harbour. Warrenpoint harbour is in Northern Ireland, but there are a number of firms along the border in the Republic whose lorries come across. In a situation where you have tariffs or anything like that, that will not happen. Those firms in the Republic will have to go down to Cork or somewhere like that. Warrenpoint, the fifth largest port in the UK, will potentially flounder after a few years because of that.

In terms of the small businesses, yes, our biggest export is to the Republic. That will lead to major issues. The currency differential has already made a difference. I talked to some of the banks in Newry and their small business customers immediately after the referendum. They had agreed relatively large contracts in euro and they were not making a profit, because of the way the pound fell against the euro. It works the other way.

The Chairman: It might be helpful if perhaps at some stage, rather than doing it now, as that develops you might like to drop us a note about the currency moves. Again, we have heard some of this in the past. You are sensitive to dealing with both private sector contracts and public



authorities that may not be fully hedged or are perhaps reluctant to undertake them in the future. Perhaps you would like to reflect on whether you can fill us in on that.

Pamela Arthurs: We are currently doing a study, which has just started, on the impact, with firm facts and figures. We are talking here about our knowledge as such, but we are doing a study that will look at that. We would like to send you that when it is completed.

The Chairman: We are not going to lose interest in this area, I can assure you.

Shane Campbell: To use an example, Mid Ulster is one of the strongest areas in terms of light engineering and new manufacturing businesses. That is all exported beyond our shores and beyond Europe as well. A lot of those firms have concerns. We have had anecdotes, and we are doing our own surveys and research to get the hard facts on this, but the firms with these concerns are now looking to establish offices outside Northern Ireland or to move entirely outside Northern Ireland, with a view to the future. We have also seen that happening with the agrifood producers. You may have had evidence that some of the largest employers in our region are very concerned at this and have had to consider moving beyond.

Take the example of the mushroom businesses that are in southern Ireland. You may have received some evidence on that earlier. Did you?

The Chairman: We read into the record the press reports today on businesses in Tipperary, which is as far from the border as you can get in Ireland.

Pamela Arthurs: That is right. In Monaghan, three businesses have closed.

Shane Campbell: Five mushrooms businesses, actually, have already gone out of business as a result of this. The profit margins that these mushroom suppliers would have had, much of which goes towards the UK, have been wiped out as a result of the exchange rate differential. These businesses are unable to do anything at this current point in time, because they are tied into contracts.

The Chairman: Do you know where they are?

Shane Campbell: Yes we do. We spoke to them last week.

The Chairman: Perhaps you can drop us a line on that. Thank you.

Q74 **Baroness Armstrong of Hill Top:** You have alluded to this a little in some of your comments, but what practical steps do you think need to be taken to ensure the Good Friday agreement and the peace process as a whole are not undermined?

Pamela Arthurs: Do not Brexit.



Shane Campbell: In the first instance, Northern Ireland needs to have an agreed political voice. That is a piece of work that needs to be debated and discussed here. As to the UK Government, the Prime Minister and others, in terms of confidence to help our industries and our social confidence we need public reassurances from the UK. Even though Ireland is one of another 27 member states to negotiate with, it is our nearest member state and jurisdiction, and we would look towards the Irish for that support, because many of their issues in terms of trade are tied into both the UK and Northern Ireland. We need the confidence-building measures.

There is a debate today in the Assembly on special EU status for Northern Ireland. That is something we would regard as key, because, in a sense, we have had that through the UK's membership of the EU and through the support we have been able to draw on for cross-border co-operation in this area.

We hear that Northern Ireland will not be left out. Surely some measures like that need to be discussed and considered for this area, which may be different from other regions of the UK but is certainly one that is seen to be critical to us.

Pamela Arthurs: The continuation of funding so that we can continue to do the types of work we are doing is critical. As well as that, in this whole process there must be a bottom-up approach, not top-down. Where people are not involved as part of the discussion, that breeds suspicion, mistrust and all the things we have been plagued with. We on the border do not feel that, to date, we have been part of this conversation. I know it is still relatively young, but local authorities, which are big players along the border, have not really been consulted, even by our own Government here. Open lines of communication are very important.

I have no doubt that there will be an adverse impact on the peace process and cross-border co-operation. Organisations such as ours would hope and try to manage that, but given the uncertainty it is very difficult. It is very hard for us to plan when there are no plans at the top. We need a way forward; we need a plan and a direction. What does Brexit mean?

The Chairman: Indeed.

Lord Whitty: On funding, it would be useful for us to have an indication of under what EU budget head this funding arises. Is it all peace process-related?

The Chairman: Is it Interreg?

Lord Whitty: If we are looking at maintaining the funding, it would be useful to know how much comes under each of those headings.

Bernie McCrory: For me, it is Interreg—inter-regional—and, from the health perspective, that is a €53 million bid at the moment.

The Chairman: Any contributions we can have from you would be



helpful.

Pamela Arthurs: The headline would be European territorial co-operation. Within that, you have Interreg and the Peace programme. It is ETC for sure.

Q75 The Chairman: That is all very helpful and picks up themes we have already been applying. The final line of questioning, as we exhaust our time, is about consultation. David Davis, as Brexit Secretary, has identified UK-Irish issues, and the impact on Northern Ireland in particular, as one of the significantly difficult elements of the forthcoming negotiation. First of all, have we left anything out that we have not discussed this afternoon and that will need to be on that list?

Pamela Arthurs: I do not think so.

Bernie McCrory: It has been quite comprehensive.

The Chairman: That is reassuring, but, if you have an afterthought, please share it with us. Looking at the machinery, I was interested in something Shane said about the question of a united Northern Ireland voice. Is this really quite central to it, in the sense that, unless there is political consensus and an expression of that consensus in an uncompromising way, with 3% of the UK's population it will not be possible to get these messages across, not merely to a Lords Committee that has come to see you, but to a set of busy negotiators in the middle of European international negotiation?

Shane Campbell: Absolutely. It is 3% of the population and 2% of economic output. Northern Ireland's voice could get lost, obviously. We do not want it to be lost. It is incumbent that it is not just a united political voice but a united Northern Ireland voice. The debate is really only happening now. We are having a level of debate now that we should have had pre-referendum. Anyway, we are where we are, but it is absolutely critical that we have that, because of our circumstances. It is not just by way of having our say within the UK negotiations on behalf of these isles, but it is taking that small voice of the UK here to London and beyond, to another 27 member states, which could have a veto over some of the considerations we are talking about here.

We can best advance our case by being united. In this part of the world, we have dealt with some very, very difficult issues between communities over past years. This is another challenge. We get there in the end, but the challenge is time. I heard the other day somebody saying that, because it is only a two-year timeframe, or over two years, as a result we may end up with an extreme Brexit, and that is not something we can countenance here.

The Chairman: Is that pretty well agreed, Pamela?

Pamela Arthurs: Yes. It is not within our gift to make sure we have a united voice. That is for our politicians. I know that, in the outworkings of this, if it becomes apparent that Northern Ireland will not be getting a



good deal, at the end of the day you will find the politicians coming and working together practically.

The Chairman: You have to go into crisis mode before anything happens.

Pamela Arthurs: Possibly, yes, but, to Shane's point, we need to get the message to London somehow. We believe that London is concerned, yes, about the overall high-level border, but this practical impact on the ground for us, living and working, is not something that we feel is high on the priority list.

The Chairman: To use an Americanism, the way I read it is that you are the people where the rubber hits the road. You are dealing with communities that are facing this situation day by day. You are nodding. Do you want to add to this, Bernie?

Bernie McCrory: This peace process is still very fragile, in my opinion. The EU membership and the way that the EU was able to fund the Peace and Interreg programmes have helped to alleviate some of the pressures. Where people have no job or are living in very remote areas, it is not conducive to any kind of stability. I hope we can get a resolution.

The Chairman: Thank you for being so clear.

Baroness Browning: You have probably answered this. I was going to ask you where you see the leadership coming from to produce a united voice for Northern Ireland. One of the dangers, when Ministers are looking to make choices or make a particular pitch for something, is that, if they see a divided group of people with differing views, they will go through the middle and create their own view. Northern Ireland's voice would be lost under those circumstances. It seems to me, from what we have heard today, that it is essential that that united voice is encouraged. If that lies with your politicians, as you have said, how alert are they to the responsibility they have?

Pamela Arthurs: The politicians' own constituents are starting to see the adverse impacts. For example, a lot of big farmers voted to leave. My concern is that, when it starts to hurt, that is too late. When things start to go wrong, their own constituents will not be happy and will knock on their doors and say, "Why is this happening? Our business is closing". As we have spoken about, when farmers lose their EU subsidy, if they do not get that very soon from here, you will have demonstrations outside here, quickly followed by fishermen and then everybody else. That is what will happen. They have been told that there is plenty of money, but the problem we have is that we just do not see where this money is coming from.

The Chairman: As you speak on that, and as we begin to wrap up, it seems to me that there are some known channels. The three of you clearly have relationships with the Northern Ireland Executive, the Irish Government and the UK Government.



Pamela Arthurs: And Brussels.

The Chairman: And Brussels, rightly. Those are the main players. We would look to you collectively, and perhaps you can confirm this, to play a part in making sure that—to use the phrase—Northern Ireland's voice is heard.

Pamela Arthurs: Yes, absolutely.

Bernie McCrory: Yes

Shane Campbell: Yes.

The Chairman: Thank you. You have been very open with us and it has been very helpful. Can I thank you for your evidence and time? In conclusion, as this develops—and this is a living dialogue—we will be reporting quite quickly, because we need to alert the new Secretary of State and the Government in London to what is going on and the issues as we see them. We will also be taking an interest through this process, so please keep in touch. We are much obliged and grateful for your evidence and analysis this afternoon.