HOUSE OF LORDS

Select Committee on the European Union

Uncorrected oral evidence: Brexit: UK-Irish relations—follow-up

Tuesday 30 January 2018

1.45 pm

Watch the meeting

Members present: Lord Jay of Ewelme (The Chairman); Baroness Armstrong of Hill Top; Baroness Brown of Cambridge; Earl of Kinnoull; Lord Selkirk of Douglas; Baroness Suttie; Lord Whitty; Baroness Wilcox.

Evidence Session No. 5 Heard in Public Questions 33 - 42

Witnesses

I: Rodney Doyle, Director Markets and GM SEMO, EirGrid; Dr Ann Hogan, President, Irish Medical Organisation; Joe Healy, President, Irish Farmers' Association.

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Examination of witnesses

Rodney Doyle, Dr Ann Hogan and Joe Healy.

Q33 **The Chairman:** Welcome to you all. We are members of the House of Lords European Union Committee. We are having talks today in Dublin and tomorrow in Belfast, and we are going to Derry on Thursday, partly to see the border, which is a very important part of our trip. Thank you very much indeed for sparing the time to come to see us this afternoon. The impact of Brexit on different aspects of industry and society seem to us to be as important as the government-to-government relationship, and we are very glad indeed to have this chance to talk to you.

To get the conversation going, what are your principal concerns about the Brexit negotiations, and how may they affect the activities in which you are concerned?

Joe Healy: Thank you very much. It is an honour to address you this afternoon. I am president of the Irish Farmers' Association. I will cut straight to the chase. There is no country in the EU with the potential to be as badly affected by Brexit as Ireland, and there is no sector within Ireland with the potential to be as badly affected by a bad Brexit as agriculture. I say that because we are an exporting nation from an agri point of view. We have a small population, and agriculture is the largest indigenous industry in Ireland. We export 90% of our beef, for example, but before I go into that I should say that, for the past number of years, 35% to 40% of our agri-food products have been exported to the UK. Last year, we had total exports of agri-food products worth €13.5 billion, 35% of which went to the UK.

Looking beyond that—I go back to beef—90% of all the beef we produce is exported, and half of it is exported to the UK. Forty-five per cent of it goes on to the EU markets and 5% goes on to international markets. Half of what we send on to the EU markets travels through the UK to get there.

There is huge cross-border activity. About 400,000 lambs come from Northern Ireland to the south for slaughter each year, and a similar number of pigs travel from the south up to the north each year. Eight hundred million litres of milk—just shy of 1 billion litres of milk—cross the border for further processing. Baileys, which I assume you have all tried at some stage, goes back and forth across the border five times from when it is milked until it is in the bottle as we all know it. Anything that affects that market is obviously a huge issue for us.

Going right back to the start, when we issued this document, which some of you may have seen, our priorities were that the closest possible trading relationship between the EU and the UK would be maintained. Just as important as that is maintaining the value of the UK market. What I mean very clearly by that is that there is not much point in having access to a market that can be undermined by cheaper foreign imports from countries, were the UK to go off and do a deal with them.

Perhaps I can turn to a few comments that Minister Gove and Minister Davis have made in the past few weeks. In his statement to the Oxford Farming Conference, Minister Gove said, "We are confident of building a new economic partnership with the EU that guarantees tariff-free access for agri-food goods between each other's borders". Great, we love that language. But then, a couple of sentences later, he said, "Pursuing new trade opportunities outside the EU can make the UK more competitive with the EU". I fail to see where they can marry.

That was probably bettered by David Davis yesterday when speaking to this Committee. I do not want to repeat what you heard yesterday, but Minister Davis said that the joint report on the Article 50 negotiations allowed the UK the flexibility to diverge from EU rules. In our eyes, this is a totally unacceptable attempt by the UK to rewrite the December agreement and escape its commitments. The Brexit Secretary reportedly said that although Britain and the EU would enjoy full regulatory alignment at the moment of Brexit, they could diverge as they went on.

We either make a deal and keep that deal, and say what we mean, or we are only making fools out of each other. Where does that remark yesterday leave the agreement that we thought we had reached in phase 1? How can you continue into phase 2 and negotiate with people who, regardless of what is said and agreed, seem to take their own meaning out of it?

The Chairman: He might mean that it would stay the same until after the transition period, and then there would be a kind of freedom.

Joe Healy: We are very clear that Ireland and the EU cannot allow the UK off the hook. There can be no flexibility or deviation away from full alignment within the EU rules. We have to maintain full alignment within those rules. This is what we signed up to: maintaining full alignment with the rules of the internal market and the customs union to support the all-island economy. To me, what was agreed in phase 1 is very clear and what Secretary of State Davis said yesterday is not in alignment with that. For any negotiations to progress, people need to say what they mean and only sign up to what they mean. I would like that very clear message from the Irish Farmers' Association to be taken back to Secretary of State Davis.

Q34 **The Chairman:** Thank you very much for that. I suspect that we will come back to some of those points later. In the meantime, Dr Hogan, perhaps you could say a little more about the implications of Brexit for the health sector. We have heard a little about this in other evidence and I think it has concerned us.

Dr Ann Hogan: We are concerned that Brexit could have a major impact, particularly for the 1.6 million people who live in the border area, because of the possible impact on the cross-border collaboration in a number of health sectors, some of which has been funded by EU Interreg funding, which is guaranteed until 2020.

There are large things, such as the radiation oncology service and the cardiology service—the STEMI service—in Altnagelvin, which covers Donegal as well as the west part of Northern Ireland. There is cross-border co-operation in relation to children's cardiac services, which is high-tech but fairly low volume, where children from the north can come to the Crumlin hospital for their surgery.

There are relatively smaller things such as collaboration in the GP out-of-hours service in certain border areas, such as Inishowen and County Monaghan. Dermatology clinics are provided at Daisy Hill, Craigavon and Cavan & Monaghan Hospital on a joint basis, and ENT services are provided in a number of locations along the border on a cross-border basis.

They are specific things that we hope will be continued, because everybody is benefiting from them. There is the more general entitlement, particularly of frontier workers, to access to health services on both sides of the border, and the EU arrangements, whereby citizens of the EU are entitled to seek health services in another state. I suppose because of the proximity of the UK to here, quite a few Irish people avail themselves of that at the moment. There are also the arrangements through the European health insurance card whereby you can avail yourself of services if you are temporarily visiting another member state.

On a range of fronts we are concerned that all these services are facilitated to continue without difficulty. There are also areas where there is an absolute need for cross-border co-operation, such as public health and preventing the spread of infectious disease.

The Chairman: Is your particular concern that there will be border controls or some kind of impediment to people moving quickly from one side to the other to get the treatment they need?

Dr Ann Hogan: There is that. It is also that these services will continue.

The Chairman: Because of the Interreg payment.

Dr Ann Hogan: Because they were set up by EU funding, yes.

Q35 **The Chairman:** Thank you very much. We will come back to some of those points, too. Mr Doyle, do you want to comment? We have heard quite a bit about the energy sector and its all-island nature, so it is particularly interesting to us to hear from you about what your concerns might be.

Rodney Doyle: First, thank you very much for having us here today. It is great to be here and it is great that you are reaching out and taking the opportunity to hear from people such as us.

As you have heard, we do not just have co-operation between north and south, we have a single electricity market on the island. All generators operate in that same single electricity market. Therefore, when we talk about co-operation, et cetera, we have a seamless market that has operated for the last 10 years very successfully on both sides of the border. The two regulators came together and put in place what is referred to as the SEM Committee, which is a governing body on which the two regulators sit together. It also has two independent members, and it oversees the market as a whole. It really has been a success story.

The Chairman: When was that put together?

Rodney Doyle: It was post the Good Friday agreement. It was not part of the agreement itself, but it came afterwards. It started in 2007, and it has operated very successfully since then and continues to operate right now. We also have plans to implement a new market, which will align us further with how arrangements currently operate in Britain and in the rest of Europe. As things stand right now, Britain and Europe are very much in sync in how their electricity markets operate. Our market was of a slightly different design, and we are now aligning.

From our perspective, in order that things can move on seamlessly, we would like to maintain the all-island market approach. We have had great support north and south of the border to do that and to implement the new market. It has been of huge benefit to both sets of customers and has introduced new competition into the market. We would like to continue to trade with our partners in Britain and across Britain into Europe.

Our concerns would be anything that might impact how that trade happens today and any departure that Britain might have from it. More specifically, I believe that when Brexit happens, trade in electricity will continue, but how that trade will be governed is the big question mark over it at the moment. We need to get to a place where more detail comes out so that we can understand how that trade will be governed, and then all the other parties involved can start to make concrete plans for how they will react to whatever differences crop up because of Brexit.

The Chairman: Have you had any indication at all as to how either Government or both Governments think that might be handled after Brexit, or are you looking completely in the dark at this?

Rodney Doyle: We have had great support from both regulatory authorities and from the Governments north and south in terms of our engagement. There is great support for continuing with an all-island approach to the electricity market, even post Brexit. But that will obviously require the co-operation of both Europe and Britain to allow that to happen. Energy has been mentioned on a number of occasions as being important because it feeds in so heavily to businesses and ultimately into consumer and business costs and jobs, et cetera.

Like everyone else, we are very concerned. It was positive to hear the other day that an interim period is being considered and is likely to be in place. That is a huge positive, because if changes are going to happen there is a lot of work to be done during that interim period such that the impacts of any changes that come in can be considered and steps taken to try to minimise them. There is no doubt that if there is a change in how Britain's electricity markets operate, it will be less efficient than it is currently, because we have spent the last 10 years implementing a design that people spent a long time putting in place because it was seen to be the most efficient design. If we are going to move away from that, we will need to do a fair bit of work to ensure that we minimise the impact of that.

It is also worth saying that Britain was right at the heart of the design of the internal energy market. It was one of the leaders in that design. So the design that has been implemented is very much aligned with what Britain had wanted. It was a very strong voice for the very practical implementation of the very well-designed market that is operating today. Any departure from that is a movement away from something that Britain had a heavy part in designing in the first place.

Q36 **Baroness Brown of Cambridge:** Are there any implications of coming out of the Commission's trading scheme—the EU ETS—for the combined electricity market?

Rodney Doyle: Today, the EU ETS, and for that matter any environmental requirements, operates out of Europe. The impact for us, or for any generators seeking to trade into Ireland or from Ireland into Britain, may be an all-island one, in that if there is a change in how any of those arrangements are applied between the rest of Europe and Britain, it can change the competitive forces.

That is where the question comes in. If we all went from today and promised to make no further changes, we could all move forward, but the ETS is something else; as soon as a change is made in any jurisdiction that another decides not to adopt, you have a potential difference in the competitive forces between the two, which would then require an action to equalise the competitive forces to allow them to operate.

Baroness Brown of Cambridge: Are the allowances allocated to the system in Ireland, or are they allocated separately to Ireland and the UK?

Rodney Doyle: They are allocated separately.

Baroness Brown of Cambridge: Are they at the moment?

Rodney Doyle: From that perspective, yes, exactly. Each unit gets its own allocation.

Q37 **Baroness Suttie:** To a fairly large degree, you have already covered the process for cross-border co-operation. So that I can understand the process a little more, you have said that Baileys crosses the border five times. What would your practical concerns be if there was a move towards a harder Brexit? What would the blockages be that would cause you concern?

Joe Healy: You are into a completely different scenario, because you would have a border. We met the Revenue a couple of weeks ago, and it said, "Let's be real about this. We can't have a third country without checks, regardless of the politics". It was very clear on it. It said that there would have to be checks, as we would be going from one jurisdiction into another, and that the level of bureaucracy and time delays would increase, as would the level of costs—for sectors that are already under pressure and unable to carry any further costs.

If we face a hard Brexit, I know your question was about Baileys—

Baroness Suttie: Just because that was the example that you gave.

Joe Healy: —but let us take the beef sector as an example. At the moment, farm incomes are extremely low and direct payments account for over 100% of the average farm income. People might say that farmers would be better off leaving their land idle, but there is the issue of the public goods associated with what farmers do for the environment and for the promotion of tourism in keeping the areas looking well and presentable to tourists.

I have pointed out some of the fears, risks and costs associated with a hard border. Particularly if the UK goes its own way and does its own trade deals, that border will have to be quite strict. There are 300 kilometres of border there that will have to be policed one way or another, because it will be a third country bordering an EU country. There is the whole issue of the labelling of ingredients. It will require a huge amount of work, and I would say that quite a bit of it might be left unsustainable or uneconomic to continue with.

Last year, a number of UK MPs—I know Vicky Ford was one of them—and MEPs from the UK, Finland and Belgium were over with Jim Nicholson, and we visited a farm of one of our members, who has land both sides of the border. When they saw it—

Baroness Suttie: We are doing that on Thursday.

Joe Healy: It is a great exercise, because hearing the farmer and other farmers talk about how they can go from A to B now in a couple of 100 metres, compared to when there were borders and it was a round trip of up to eight miles, really brings it home. We would prefer not to have to go back to it.

Baroness Suttie: What about the specific, practical things that cause concern in health?

Dr Ann Hogan: I have mentioned a lot of things already, but I have not mentioned the mutual recognition of qualifications in medical professions. Historically, a lot of Irish doctors have emigrated either for ever or for a brief period to the UK for training. Currently, there are over 3,000 Irish-trained doctors registered with the General Medical Council in England in the UK and over 700 doctors registered with the Medical Council in Ireland who trained in the UK. We are concerned that the mutual recognition of qualifications may become an issue.

We also know there are 13,000 Irish healthcare staff working in the NHS. We are concerned that, if other EU nationals leave the UK on Brexit, Ireland will become a kind of hunting ground for NHS staff and we will lose some of the staff we need to run our health service.

Other issues that we are concerned about are access to and the cost of medicines. Something like 65% of the medicines that come into Ireland come through the UK. Our HPRA—the Health Products Regulatory Authority—has been working very closely with its counterparts in the UK to try to minimise the adverse effects of that, but we are concerned about it.

Rodney Doyle: I did not really touch on the fact that we have two electricity and gas interconnectors between Britain and Ireland. Today we trade across those interconnectors using the same trading mechanism that is used across Europe. We provide system security support to Britain and Britain provides it to us. One interconnector is between Northern Ireland and Scotland and the other is between Dublin and Wales. They play an additional part in system security. Tomorrow, if they were not trading, both islands could certainly maintain their system security, but it is more that it is additional system security and is a very useful tool.

They have been operating seamlessly and successfully for a number of years now. Businesses have been built off the back of people trading across those interconnectors between the two markets. If there was a harder Brexit, as you say, if we could no longer trade as we do today, we would have to start to figure out very quickly how we are going to trade in this new world, how we will be governed, how we account for all the seam and edge effects we benefit from at the moment. If additional costs are introduced, that will knock on down to consumers and businesses.

That is really where you would be concerned. I am sure that when you talk to businesses, and when we do, too, we find that they are looking at their import costs, and energy is a big one, particularly for energy-intensive industries. They are trying to keep those costs down and we see any increased costs as a major negative. We want to avoid that, because today it works very well. When the new market comes in May this year, it will work even better again. We do not want to move away from that. We would like to maintain the positives that we have gained.

Q38 **The Earl of Kinnoull:** I think that a bit of the ground in this question has already been covered. Of interest to us is the minimum necessary mitigation of Brexit that could be done for each of your sectors. We would like an idea about what we should recommend for each sector, so that the minimum of mitigation is dealt with in the various agreements, assuming that there cannot be a completely smooth agreement, which of course we would all hope for.

Dr Ann Hogan: From the health point of view, it is, first, to ensure the continuation of the existing collaborative projects in whatever the final arrangement is and the basis on which they would continue. For the more day-to-day issues, any border controls may delay patients crossing the border who need treatment, or delay staff working on one side of the border and living on the other side of the border in getting to work. We need to look at how that can be mitigated. It depends on the sort of border controls there might be. We have heard a lot of talk about keeping the arrangements as they are at the moment, but we just do not know. There is a need to plan, to look at all possible future scenarios and to have the arrangements ready for the scenario that might result at the end of the negotiations.

The Earl of Kinnoull: You would add mutual recognition of qualifications.

Dr Ann Hogan: Absolutely, yes.

Joe Healy: I have answered some of the questions already in relation to the question of north-south issue and crossing the border, but east-west is really what is important, because, from an agri point of view, 20% of the total trade that we do with the UK is with Northern Ireland but 80% is with Britain. Likewise, our value of exports to Northern Ireland is about €750 million to €800 million-worth. Similarly, from Northern Ireland down here, it is just 20% of their trade. That is about €570 million-worth. Obviously, as I said, we would like the closest possible trading links to be maintained between the EU and the UK and the least amount of change, which is the least-worst scenario.

We have a very close relationship with the NFU and the UFU. I spoke recently at the Welsh conference and I am going to Birmingham to the NFU conference in the next couple of weeks. It is very clear that seven out of the top-10 countries that UK farmers export food to are within the EU and nine out of the top-10 countries that they import food from are in the EU. While they would look at us as competitors, they would far prefer to compete against a country such as Ireland or France where the standards and costs of production are as high as theirs and as good as theirs, rather than having to compete with a cheap food policy in the Mercosur countries, the likes of Brazil, where we do not have great memories; remember the Weak Flesh scandal of the last 12 months. We cannot compromise on food standards.

With that in mind, our hope is that the UK remains in the customs union or the single market. Let us call it whatever we like, but it needs to be something very similar to the rules that pertain to the single market and/or the customs union.

Rodney Doyle: I suppose the asks will be similar enough across the board. If Britain were able to maintain a position in the internal energy market, that, of course, would the best-case scenario; that is what we would like. It had a central role in designing it and we would like to see it stay there, because that would have the most minimal impact. If it cannot, I suppose the next ask would be to maintain the all-island approach to energy, because we have had a very successful all-island market, with Ireland and Northern Ireland acting together. From both a policy and a cost perspective it has been a real success, so we hope that the north-south arrangements can be maintained.

If Britain steps out of the IEM, which I hope it does not, we need a set of arrangements that are as close as possible to allow for efficient trading to continue and to allow system security to be supported from country to country. There has been huge mutual benefit in it. Most of the energy companies that trade in Ireland have a presence in Britain and vice versa. New jobs have been created off the back of that, so we would hope that they would keep very close together.

The Earl of Kinnoull: There are, are there not, other examples of non-EU countries. I am thinking of Norsk Hydro, for instance?

Rodney Doyle: There are countries outside of Europe that trade in to Europe, and their individual trading arrangements are not necessarily known. I have been in the industry for a long time, but I do not necessarily know the deal that one part of the Balkans has with some part of somewhere else, wherever it links in, because they are not immediately transparent and we cannot see them.

I can go on to any website for any system operator or any market operator across the whole of Europe and see the same set of very transparent rules. A company looking to enter the energy industry and provide competition where a company is already there can see that same set of transparent rules. You want that same ease of access, whether that is as a third country or a country outside of Europe, to get a set of arrangements that are as close as possible. There is a path forward for doing that.

The other ask is that we start to see some clarity come through on where the negotiations are going and the detail to allow us to plan, and that we get that interim period rubber-stamped. That is vital. If Britain is going to step out of any of the sectors, and certainly the energy sector, we have to do work to align ourselves such that we can get there. We will be able to do that work, because everything is achievable, but we will need time to do it, so having that interim period rubber-stamped is important.

The Earl of Kinnoull: How long are you asking for, out of interest?

Rodney Doyle: Any of these changes are changes to systems, processes and procedures, so I think we would need the two years that have been talked about to do this kind of work. Obviously, the more closely aligned we are, the better, and the less time will be needed for changes. The closer we are, the better, would be my single message.

The Chairman: What might the implications of this be for relations with France? For example, there is a proposed Ireland-France interconnector. Would that be affected in any way?

Rodney Doyle: No. We have been working on the interconnector with France for a number of years and it has made good progress. We have had great support from both the French and the Irish Governments and it is progressing very well. It is our intent to continue with that project, regardless of Brexit, because it is a good, positive project and it is getting EU funding support. It is seen as one of the projects of common interest: the PCI projects. If we have restricted trade to Britain, we would look more to France and elsewhere, but I think that project stands on its own merits regardless of Brexit. We do not want to sacrifice one for the other. We would like to see continued close trade with Britain and to develop close trade with France as well through the interconnector. We would like both.

The Chairman: Are there any proposals for a Northern Ireland-Scotland interconnector?

Rodney Doyle: There is an interconnector between Scotland and Northern Ireland. It is called the Moyle interconnector, and it is in place today.

The Chairman: Would that be affected?

Rodney Doyle: It would depend. If Northern Ireland were to withdraw from the single electricity market, you would need a way of incorporating that interconnector into what would be the British market, the better market, and you would have to figure out how that would be done. Obviously, our preference would be to continue with the all-island market and utilise the two interconnectors, the east-west and the Moyle interconnector, on the same basis with Britain.

Q39 **Lord Selkirk of Douglas:** My question is whether you have anything to add to what you have already said. To what extent are you liaising with opposite numbers in Northern Ireland and/or Great Britain in identifying the solution to these issues?

Rodney Doyle: Conversations such as today’s are very positive for doing that. Our government departments are doing that to the extent they can in the current negotiations. From our perspective, our role is to present the information, as we have to you today, and to say what we think the potential impacts are. We cannot seek to negotiate on anyone’s behalf. That is not our role. All we can do is lay out what we think the implications would be and where we think the best solutions could lie. That is the kind of information that we are putting out there and are trying to advocate for: to stay as closely aligned as possible. Therefore, we very much engage with stakeholders in that manner.

The Chairman: What about the health sector and the agriculture and pharma sectors?

Dr Ann Hogan: We have been making every effort and taking every opportunity to highlight our concerns. We have highlighted them to the all-island civic dialogue on Brexit. With the BMA from Northern Ireland, we have made a presentation to our shadow select committee on the UK withdrawal from the EU. We are working with our colleagues in the BMA and Europe highlighting concerns to European negotiators through the European medical representative bodies—the CPME and the UEMO. Just last week, we had a successful seminar in Dublin highlighting the healthcare issues that might arise in relation to Brexit.

I suppose one of our big concerns is that the health implications might somehow fall off the agenda. Things like agriculture are huge, and the electricity market affects everybody, but the health pieces may not be as universally obvious and we are concerned that it does not fall off the agenda.

The Chairman: I was going to ask whether anybody is listening.

Dr Ann Hogan: Exactly.

Joe Healy: As I said at the beginning, we have worked very closely with the NFU and the UFU. We had a big Brexit event with the Commissioner for Agriculture, our Minister for Agriculture and First Vice-President of the European Parliament Mairead McGuinness, at Goffs, which is a big equestrian sales yard. There were about 700 or 800 people there. The president of the Ulster Farmers Union spoke at that. As I said, we were in Birmingham at their conference and in Wales at their conference. We met Secretary of State James Brokenshire. We also had a brief meeting at that conference with the then Secretary of State, Andrea Leadsom. Particularly at COPA level—COPA is the umbrella body for European farm organisations—we have tried to drive the agenda at the European level. Maybe at the very beginning the idea that the UK needs to be taught a lesson was more pronounced; let us call a spade a spade around the table here. We want to get away from that mentality.

We got buy-in from the European farm organisations, because it was one thing us talking about our €4 billion-worth of product being displaced from the UK market and looking to the European market. We were comparing that with the negative effect of the displacement of €5 billion-worth of Russian product when the ban came in there. The European farm organisations, and maybe a lot of the European politicians, were paying lip service to it. You asked that question earlier on. That was the impression that we were getting.

The Chairman: You were getting the impression that nobody was listening.

Joe Healy: It was, "We sympathise with you and we feel sorry for you, but it is not us. We're looking up". When we highlighted that €45 billion-worth of European agri-food product was going into the UK market and asked what would happen if all that went back out on to a European market that is already fully serviced, and suggested that it would have a negative and distorting effect, that got huge buy-in. At COPA level, we would have a lot of work done on making representations to the various Commissioners and politicians.

It also got buy-in from the European farm organisations, which lobbied and put those points to their own key Ministers in the various portfolios. That is some of the work that we are doing, as well as working with our own politicians here, particularly through phase 1. We refer to phase 1 as being like a semi-final. It is very important to win it; you do not get to play in the final unless you win the semi-final.

The Chairman: You have to win the competition.

Joe Healy: You have to get a successful outcome. When we talk about a good and successful outcome from Brexit, we think very sincerely that it will be good not only for Ireland and Europe but for the UK. We can have a win-win-win situation if people just get it right.

Rodney Doyle: Certainly on the energy side, and maybe even at representative level, the industry participants continue to have a voracious appetite for anything that is happening here. They are trying to build business plans off the back of what is happening and off the back of the small details that are coming out. They have huge concerns; they employ a lot of people. In London on Friday, the British Irish Chamber of Commerce is organising an event that we are speaking at. The Minister will open it, and one of your own MPs will also be there. There will be a huge attendance of people from within the industry—leaders, CEOs, et cetera—because they are very concerned about the detail which they can start to plan off the back of. When they understand where things are going to go, like all good business people they will plan accordingly and find a route forward. In the absence of detail, it causes huge concern, which causes problems. The sooner we know about any interim deal, or the details of the deal itself, the better, from that perspective.

The Chairman: You are not alone.

Q40 **Baroness Armstrong of Hill Top:** You mentioned the phase 1 agreement, and we would be interested in any comments you have about that. In particular, we would like to hear what you think needs to be progressed in phase 2, because it is clear, and it is part of the phase 1 agreement, that the position of the island of Ireland will be an important part of the phase 2 negotiations. What do you think they need to talk about?

Rodney Doyle: From our perspective, we welcome the fact that they could progress on to phase 2, because it was thought important to get there. But, again, I thought it lacked any real detail. Parts of it seem to be contradictory. I hope they are not, because there are some very positive statements on alignment, et cetera, and we would want to take them and go with them, because that holds out the possibility of continuing to operate to some level the way we are today.

The asks, to touch on that point again, are to see that detail come out and to confirm that there will be an interim period to allow us all to prepare and take time to implement. If there is going to be divergence, we need time to prepare for those changes. We absolutely need that interim period confirmed. If there is going to be closer alignment, and we are going to get to that place, the sooner we know that, the quicker we can go in, make plans accordingly and start to reassure boards, the people who take part in our markets and our customers. The more information that comes out of phase 2 and the more quickly, the better.

Joe Healy: The transition period is crucial, and that has to be clear. I was very disappointed yesterday with David Davis's comments. I hope it does not set anything back, but it has led our organisation to assume that his understanding of what was agreed under phase 1 is very different not only from what Irish farmers felt was agreed in phase 1 but, I think, from what the Irish public and the EU in general felt was agreed in phase 1. We need a bit of clarity on the trade deal between the EU and UK going forward. If the UK wants to go off and do trade deals itself, we need to know that a common external tariff on the import of food products will apply into the EU and the UK.

Dr Ann Hogan: From the health point of view, we feel that a cross-border committee should be established to examine all the potential effects and to come to some agreement between the two countries on the long-term cost and funding implications and some agreement as to how existing projects will continue to be funded. We feel that there is a necessity for the regulatory bodies in Ireland and the UK to work together to ensure the mutual recognition of qualifications and access to medicines, and in particular to ensure the maintenance of high standards in relation to medicines and medical devices.

There need to be arrangements to ensure that prescriptions written on one side of the border are recognised on the other side of border for people living in the border area. We regret that the North/South Ministerial Council is without a Minister in Northern Ireland at the moment. We feel that a lot of this work could be done through that.

Q41 **Lord Whitty:** You have partly covered my question on the alignment on sanitary and phytosanitary arrangements, animal welfare and so forth. You have expressed the difficulty if that were not the case in relation to imports, and if the UK did a deal with a Mercosur country or somewhere like that. What would be the operational difficulties in the agricultural sector if the worst came to the worst and full alignment did not mean full alignment, and there were differences between the north and south of Ireland and between the Republic and the UK?

Joe Healy: As you say, I have probably outlined them already. If there were not full alignment, it would create a huge problem in so far as we have all-island health status in Ireland and Northern Ireland, which is so important given that we are so reliant on exports. If a deal is to be done between the EU and the UK, if the UK wanted to go off and do deals elsewhere, equivalence of food standards would have to be a key area and a comprehensive deal would have to be done that includes the application of a common external tariff on imports of food, into both the UK and the EU.

Q42 **Baroness Brown of Cambridge:** My question is mainly for Joe Healy. In order to maintain a frictionless border, whether you like that phrase or not, the UK Government's paper envisages technology-based solutions to make it easier to comply with customs procedures, waivers from various sorts of declaration, trade exemptions for smaller local traders, trusted trader-type schemes, and online processes being done away from the border. Do these sorts of proposals provide solutions for the issues in your sector for movement across the border? Do you have thoughts about how they might work or are they all slightly mysterious?

Joe Healy: Your last point is probably what they are; they are slightly mysterious. At one stage they said that there would not be a border. The idea was floated that inspections and controls would take place in each of the processing plants. We do not want that. We do not want a border around the Glanbia plant in Kilkenny, for example, or the Dairygold plant in Cork. I would be afraid that that was where they were going to go with it, and I do not think that is on.

As I said earlier, when we met the Revenue, it was very clear that, if there is a third country in operation, there have to be controls and checks. The politicians might not want to dress it up like that, but the fact is when you are dealing with the people who will be dealing with it—the Revenue—they are very clear about what would be required. I am not so sure that anyone knows exactly how it would be manned or what technology would be used if we ended up with a hard border.

A lot of other things have happened since 23 June almost two years ago, including the movement in the exchange rate, but the biggest problem is the uncertainty that has caused for our sector. In the second half of 2016, we saw the movement in sterling. If you remember rightly, any time anyone opened their mouth in those six months, there was movement in sterling. In our beef sector, €150 million was lost to a beleaguered sector in that second six-month period. The talk about phase 1 has given some certainty. We would like to think that if we got into phase 2 with a transitional period in place, that it would create a bit more certainty. For any business, uncertainty is the enemy.

Baroness Brown of Cambridge: Do you sense that there are active discussions going on to try to identify a common vision for the border in the north and the south, or are the UK Government coming up with their ideas without that sort of engagement?

Joe Healy: If the UK is coming up with them, a lot of us are not aware of them.

The Chairman: You said that the Revenue told you that there would have to be controls. Were they saying that there would have to be controls along the border, or somewhere else but maybe not along the border, or were they not as precise as that? What seems to be in their mind?

Joe Healy: Any of us, but particularly politicians, would acknowledge and appreciate that they want to be thanked in the long run if the decisions that they take are agreed to. They will not be thanked if we end up back where none of us ever want to return to: a border. When we were at that farm on that border, the sentiment was expressed that the economy we have now is legal, and that if we go back to having a border an illegal economy will build up around it. That would bring the problems that we had before.

It is quite clear that there is no clarity. The Revenue said that we do not want to go back to that, that we should avoid that, but there is not exact clarity on what they have in mind or where they could go to ensure that the checks are good and can stand up to scrutiny, but checks there will have to be.

The Chairman: To what extent is there questionable activity going on now? One hears stories of sheep spending the first part of the day one side of the border and the second part of the day on the other side of the border and so on.

Joe Healy: There is not much to be gained from that at the moment. That is what we have seen since we started to live in harmony with one another. We have moved away from that. In the past number of years, there has not been much to be gained from those sorts of activities.

The Chairman: That has been very helpful. Is there anything else you would like to say, Dr Hogan or Mr Doyle, on your areas that we have not covered? Is there anything you would like us to take away or to emphasise in particular?

Dr Ann Hogan: The continuation of the existing collaborative arrangements with some sort of planning to ensure continuing funding of them is the most important thing for us. Nothing should be done to impede the movement of medical professionals, and there needs to be mutual recognition of qualifications.

The Chairman: Are there any questions that we might ask when we visit hospitals and so on and see both sides of the border? Will anything be on their mind?

Dr Ann Hogan: Altnagelvin hospital has two of the big cross-border collaborative projects—STEMI and radiation oncology. Over the years, and not in any official way, they would also regularly have taken patients from Donegal who were nearer to Altnagelvin than they were Letterkenny. Border controls would obviously be an issue there, because Derry is right on the border.

Rodney Doyle: I think what I would like to add has been covered: that continued approach and alignment. I am sure both sets of consumers on the island would say that the all-island approach to electricity has been a success for the last 10 years and we want it to continue to be a success for the next 10 years.

The Chairman: We are extremely grateful. You have been very clear and persuasive. Thank you to all three of you for coming to give evidence to us. It has been very helpful.