

British Irish Chamber of Commerce (BIRC) – Written evidence (FUI0012)

British Irish Chamber of Commerce Submission to the Call for Evidence by the House of Lords Sub-Committee on the Protocol on Ireland/ Northern Ireland

Context

The British Irish Chamber of Commerce is a member led organisation representing businesses trading across the islands of Great Britain and Ireland. We are the only such organisation to represent business activities on both sides of the Irish Sea, neutral to politics and only concerned with championing and growing UK-Ireland trade. This trade is worth more than €90bn per annum, with exports to Ireland supporting over 470,000 jobs in the UK and the inverse supporting over 207,000 jobs in Ireland.

For the sake of full disclosure, the Chamber did not support Brexit during the Referendum, but has constantly been supportive of practical solutions that would facilitate a Brexit with the least amount of disruption to UK-Ireland trade. The Chamber supported former Prime Minister Theresa May's deal, which would have avoided a border on the island of Ireland and in the Irish Sea. The Chamber did welcome the Trade and Cooperation agreement as a diplomatic triumph for the UK, EU, and Ireland in ensuring that there are no duties or tariffs on goods conforming to rules of origin. The Chamber strongly supports the Protocol on Ireland/ Northern Ireland in principle, while acknowledging that changes to it must be made to ensure its longevity. It is our view, that while being far from perfect, this agreement offers a pathway for Northern Irish businesses to maintain their trade with Ireland, Great Britain, and the EU Single Market.

The Protocol

Our members who work on an All-Island basis have told us that the Protocol has been critically important to their island of Ireland operations, allowing their integrated supply chain to work seamlessly, with production sites continuing to serve both domestic and international markets. As a case in point, a Member in the dairy industry relies on the Protocol to move millions of gallons of milk over

the border, as the sole processor of the milk of nearly 1,200 farms in Northern Ireland alone. We note that North–South trade has significantly increased since the Protocol was agreed, with Ireland’s Central Statistics Office showing exports to Northern Ireland up 54% and imports up 65% in 2021. In a recent survey by Manufacturing NI, almost two thirds of respondents rated the Protocol as their least challenging issue, with less than 1 in 7 saying it was their biggest challenge.

However, some feedback we have received from our members in Northern Ireland has involved a frustration with the Protocol. Businesses in Northern Ireland have faced the dual challenge of Brexit and Covid-19 with a remarkable level of resilience and pragmatism. Even with their frustrations, the majority are fully committed to making the Protocol work, but with changes to remove unnecessary frictions to trade. The challenges that the Protocol have caused for business include higher costs, added levels of red tape and delays in their supply chains. Issues that businesses have faced under the Protocol are real and cannot be ignored. While they realise the opportunities that can be obtained from their unique market access to both the UK and EU markets, some businesses are finding these opportunities hard to realise with the uncertainty of the current political impasse. A pragmatic approach to the Protocol is needed by both the EU and the UK to ensure that an Agreement that works in theory will work in practice.

What Needs to Change

We believe the following steps must be taken:

1. **Strengthen the role and remit of the Joint Committee:** The Joint Committee must be strengthened and empowered to react to the needs of business, to simplify processes and to identify the necessary mitigations and derogations needed to ensure the freest possible flow of trade between Great Britain and Northern Ireland.
2. **Veterinary Agreement:** A comprehensive EU-UK Veterinary Agreement would help prevent the spread of animal diseases by ensuring that neither side compromises on a minimum threshold of safety and welfare standards. Such an agreement would negate the need for current, burdensome SPS checks.

3. **Ease the burden on businesses around Export Health Certificates (EHCs):** In the absence of a Veterinary Agreement, easements around EHCs are urgently needed. Goods 'not at risk' of onward movement to Ireland and the wider EU should benefit from the removal of EHCs. The burdensome need for every consignment to require individual sign off needs to be replaced with ongoing certification for exporters in a risk-based system.
4. **Augment the channels of communication between NI stakeholders and the EU:** The EU needs to ensure that it is aware of the difficulties facing Northern Ireland businesses in adhering to all aspects of the Protocol in its current form. To address this, we believe Northern Ireland businesses should have a direct channel to EU officials to air their grievances.
5. **Realise the potential of the Protocol for Northern Ireland:** Northern Ireland is now the only place in the world with unfettered access to the EU's Single Market and the UK's Internal Market, giving it a unique trading opportunity. To do this, parties in the Northern Ireland Assembly must re-engage to form a new Executive and subsequently develop an 'Action Plan' to ensure this potential opportunity for Northern Ireland is realised. The Protocol provides an opportunity for Northern Ireland to attract investment, especially in manufacturing, as it enjoys the 'best of both worlds', through its unique dual access to the EU's Single Market and the internal Single Market of the UK. In the words of Invest NI "This dual market access position means that Northern Ireland can become a gateway for the sale of goods to two of the world's largest markets and the only place where businesses can operate free from customs declarations, rules of origin certificates and non-tariff barriers on the sale of goods to both GB and the EU."
6. **Full engagement with the Institutions of the Good Friday Agreement (GFA):** The consensus when the GFA was signed was that for Northern Ireland to reach its potential, North/South and East/West relations must be nurtured. The institutions which facilitate this cooperation are essential to the success of the Northern Ireland Protocol. All participants must be proactive in these North-South bodies such as the North-South Ministerial Council. We also maintain our view, that if UK-Ireland trade is to grow and prosper, it is important that the British-Irish Intergovernmental Conference

meets regularly, and that business and civic society have an opportunity to feed into these important dialogues.

Northern Irish businesses are not the sole casualty of ongoing wrangling. Differences over the Protocol are seeping into the wider EU-UK-Ireland relationship and are having real world consequences. There has been collateral damage to trade and to relationships – for example British researchers may be frozen out of Horizon Europe, impacting both those in the UK and their prospective research partners in Ireland and across Europe. The Specialised Committees of the Trade and Cooperation Agreement are hamstrung by protocol-related tensions, and as a result are unable to identify and remedy issues arising from the implementation and application of the Agreement, adversely affecting real world business on the ground. The Specialised Committee on Energy, for example, is stuck in its own holding pattern, unable to react to the effects of a global energy crisis on citizens and their employers.

Conclusion

Despite recent challenges, with good planning and political will, UK–Ireland trade can rebound for the greater prosperity of all people across these islands. There is a deal to be done on the Protocol, but this has to happen through multilateral effort, not unilateral action by any one side. The landing zone exists and the differences between the positions of the EU and the UK are orders of magnitude smaller than those overcome in negotiating the Protocol and TCA. The Chamber urges both sides to fully re-engage in serious, urgent negotiations to develop a settlement on the Protocol to allow businesses to do what they do best: trade; invest; and hire people. Any temptation to place the economic burden of political differences on the shoulders of businesses must be resisted.

2 June 2022