

# BREXIT PLAN

No hard border  
Protect the  
all-Ireland  
economy





# Introduction

The people of Ireland did not agree to Brexit and the imposition of hard border on the island of Ireland. On the contrary, the people of the north voted to remain in the European Union and that vote has been ignored by the British government.

Sinn Féin campaigned against Brexit because it undermines the Good Friday Agreement, harms the rights of citizens and damages our economic interests.

In the aftermath of the Brexit referendum we campaigned for an alternative - for a special status for the north that would avert the need for a hardening of the border and protect our economic interests and our peace agreements.

That position is now the policy of the European Union and the Irish government.

In December 2017, Leo Varadkar told us that he had secured a deal that was a "cast iron" guarantee to protect Irish interests, our economy, our agreements and the rights of our citizens.

The Withdrawal Agreement and the Backstop were the legal outworking of that "cast iron" guarantee. It was an agreement between the British government and the EU and it remains the absolute bottom line and cannot be renegotiated, undermined or time-limited.

The British government has reneged on its commitment to provide for a 'backstop' as part of the Brexit Withdrawal Agreement and if a hard border cannot be mitigated as part of that process, then the Good Friday Agreement must become the absolute 'backstop' for the people of Ireland.

This paper looks at the steps the Irish government must put in place to safeguard Irish interests in the event of a crash out Brexit; including a unity referendum. It also looks at the impact of Brexit on



trade and the danger it represents for Irish businesses and jobs, as well as the supports that must be put in place to minimise damage to the Irish economy north and south.

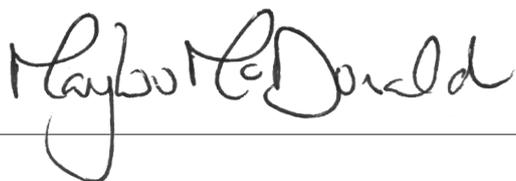
The Taoiseach has consistently stated that there will be no hardening of the border and our agreements must be protected.

Instead of a hard border, the people - north and south - should be given the opportunity to remove the border once and for all.

That is the democratic thing to do and it is the right thing to do.

It is not only prudent, but imperative that the Irish government begins to plan to give effect to the promise of the Good Friday Agreement, to plan for a referendum and to plan to win a referendum.

That is why we again call on the government to convene a forum to begin planning for Irish unity.



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**Mary Lou McDonald**



The Irish government's Brexit plan can be summed up as a policy of leaving it to the EU and market forces. It is a negation of responsibility on the part of the state and fails to address one of the most urgent issues facing the people of Ireland.

Brexit is disruption. There is no doubt about this – the only question is by how much.

Ireland will be the country most affected by it apart from Britain – in ways that are out of proportion to anything that may be experienced by the rest of the EU. Because of this, it is not possible to apply a contingency plan drawn up to suit France or Germany or Italy and expect it to work for Ireland.

We need bespoke solutions – our situation demands it. This is the case whether there is a soft or hard Brexit.

The EU has taken the decision that in the event of no deal all twenty-seven remaining states will initiate the same plan. This is the same logic it used with the bank crisis and subsequent austerity – a logic that had disastrous consequences not only for the Irish state but for Greece, Portugal and Spain as well.

There is no 'one-size-fits-all' solution to a no-deal Brexit.

The response that is needed is one that while cognisant of our EU responsibilities, nonetheless addresses the singular problems facing Ireland – namely the threat Brexit poses to exporters, the all-island economy, the Good Friday Agreement, and the border.

There is a need for direct government support for those importers and exporters that trade exclusively with Britain. The vast majority of these businesses are small to medium-sized enterprises (SMEs) and as such are lacking the scale of resources to easily change practices that were many years in the making – and to do so before the end of March 2019.

The government is demanding the impossible of our SMEs and when challenged on it, Fine Gael hides behind the EU rulebook. This is not good enough. We need a plan that is directed at the issues facing Ireland, not just those facing the EU.

This document is Sinn Féin's contribution to this process – its focus is one that is urgently needed to tackle the free market fundamentalists in the political and economic establishment. Their ideology failed us with the banking crisis, and with a hard Brexit it would fail us again.

Sinn Féin's proposals are in addition to those already announced by government. We believe in a dual strategy for dealing with a no-deal Brexit. The first is to mitigate its effects in the short-term through state measures, and second to overcome the disruption through medium to long-term investment in capital and social infrastructure. Brexit does not just affect business – it affects communities and people as well. Any Brexit strategy worth its salt needs to reflect and address this reality. This holds whether there is a deal or not.

Finally, the people of the north must be given a say in their own future – either it is with an isolated and inward-looking Britain or it is with a reunified Ireland. Brexit puts a border poll – a referendum on Irish unity – firmly on the agenda.

We need to look at EU-wide responses and how they can be translated into an Irish context. Part of this process is reflected in the upcoming Brexit Withdrawal Bill, which addresses issues relating to



reciprocal health, social protection and pension payments, proper licences for rail and bus drivers, aspects of the tax system, and licences relating to the single electricity market.

But the bill does not deal with the other aspects of Brexit – namely the need to protect the Good Friday Agreement in all its parts, the security of the all-island economy, the rights of Irish and EU citizens in the north, and the significant disruption to businesses and communities that will come about because of it. The only concession to agri-food being an extension of industrial grants to non-industrial and horticultural sectors.

It is clear that with Brexit there is an EU element, an Irish social and economic element, and of course a specific northern aspect with the protection of the Good Friday Agreement and no hardening of the border.

All three are important; all three are necessary; yet only one – the EU element – dominates the government's current plans. This is unacceptable and indicative of the lack of vision and preparation that Fine Gael has brought to the table – aided and abetted by an irrelevant and self-serving Fianna Fáil.

The government's response to Brexit needs to be debated and expanded upon. This document is part of that process. It is time for the government to stop riding on the coat-tails of Brussels and work for the people of Ireland.

# Key Points

- Establishment of a €2bn Brexit Stabilization Fund

## Supports for SMEs in vulnerable sectors

- An Agri-food fund of a fixed-term duration to be set up under the European Agricultural Guarantee Fund to address currency fluctuation issues
- Increased support for marketing and promotion through additional funding for critical state agencies
- Overhaul Brexit loan scheme
- Easing EU state aid rules to allow the government to directly intervene to support exporters through a employment subsidy scheme; grants for plant renewal and expansion; supports for farmers while new markets are developed.

## Targeted capital investment

- Upgrading of ports at Rosslare, Cork, Waterford, Drogheda, and Shannon-Foynes
- Increased investment in road and rail network

## Public Services and workers' rights

- Increased investment in health, education, childcare, and public transport to mitigate cost of living and lower pressure on wages
- Immediate commencement of public housing construction to tackle the rent and home purchase crisis
- Mitigate the practical impacts of Brexit on all Ireland cooperation in areas such as health and education
- Strengthen the rights of employees and trade unions to counter any threat of a Brexit 'race-to-the-bottom'

## Irish Government protections for the north

- Voting rights in EU elections
- A bilateral agreement to secure the Common Travel Area
- Timeline for a Border Poll shortened in the event of a hard Brexit
- Protections for the all-island economy including funding for City of Derry Airport, A5 motorway, Magee University.

# Fine Gael's plan – A negation of responsibility

On 19 December 2018 the Irish government published its contingency action in the event of a no-deal Brexit. It was 'short on the kind of detailed response that might be required', padded out by 'appending the European Commission's latest no deal plan... and by adding a diary of government preparation events and public meetings that are taking place around the country'.<sup>1</sup> It is 'an absolute masterpiece of official vacuity' that 'tells you absolutely nothing, other than the fact that Ireland intends to create some extra lorry parking and inspection posts at its major ports.'<sup>2</sup>

Even an Taoiseach Leo Varadkar had to admit it was light on detail, telling journalists at a briefing that there would be 'more information in the middle of January about further contingency actions that are going to take place'.<sup>3</sup> In other words, the government launched a plan in December to tell us about a plan that will be launched in January. The heads of bill that arrived deals in the main with technical matters related to EU rules and aspects of the common travel area. It does not address the key disruptions to businesses and communities.

We know that the government had only asked Dublin Port on 15 November 2018 for its plans for a no-deal Brexit – four months from the actual deadline.<sup>4</sup> Meanwhile, Irish exporters have been pointed towards an online course run by the Department of Business, Enterprise, and Innovation – as if the problems raised by Brexit can be fixed through the click of a mouse.<sup>5</sup> Enterprise Ireland has held a series of information talks – the focus of which has been on small businesses coming up with solutions themselves to a no-deal Brexit. The Irish state is essentially acting as links to a Wikipedia page – spending its time pointing somewhere else instead of producing practical solutions itself.

This is not just incompetence; it's actually part of the plan. The EU has said it does not want any member state to tackle issues 'that could have been avoided by preparedness measures and timely action by the relevant stakeholders'.<sup>6</sup> This puts SMEs in an impossible place. A no-deal Brexit is entirely outside of their control. The government has done little to plan for it. Yet, any problems that arise because of this lack of central planning on the part of government will be somehow the fault of small businesses and citizens.

A case in point is with food importers. In an interview with the Irish Times, Justin Leonard, a fruit and veg wholesaler, pointed out that he sources mushrooms, cooking apples and juices from the north. All these products, in the event of a no-deal Brexit, will become non-EU produce and as a result subject to checks and tariffs. 'It is not going to be a case of jumping in your car and coming down the M1 across the Border from the North' he said.<sup>7</sup> He does not know what will happen, and with the government saying that it has no contingency plans for the border in the event of a hard Brexit, how can they expect him plan to have one? Over ninety percent of his produce comes from the EU, mainly through Britain.

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1 Stephen O'Brien, 'Leo's nightmare scenario'. *Sunday Times* (Irish edition), 23 Dec 2018.

2 Peter Foster, 'Unicorns don't just abound in London'. *Brexit Bulletin*, 20 Dec 2018.

3 O'Brien, 23 Dec 2018.

4 Simon Carswell, 'Department only sought Dublin Port's hard Brexit plan last month'. *Irish Times*, 24 Dec 2018.

5 Carswell, 24 Dec 2018.

6 Government of Ireland, *Preparing for the withdrawal of the United Kingdom from the European Union 29 March 2019*. Dublin: Stationary Office (Dec 2018): 69.

7 Simon Carswell, 'If it is delayed, it goes off: What Brexit means for Irish food importers'. *Irish Times*, 24 Dec 2018.



This raises problems in terms of getting fresh produce to Dublin. The expected hold-up in traffic between Dover and Calais, for example, will have a knock-on effect on goods to and from Ireland.

The solution is to have goods transported directly to and from the rest of the EU. This requires serious investment in our ports – as well as in shipping and road haulage. How is this responsibility of a fruit and veg wholesaler in Smithfield? How is it in any way within his power to arrange such a fundamental shift in the way goods are shipped? Both the EU and the Irish government know this, yet both are pretending that there is a simple ‘market’ solution. There is not. Brexit requires a state response, including state investment.

Yet even here the Irish government is ideologically incapable of action. When asked about the announcement by Irish Ferries that it is to cancel its route from Rosslare to France, the Minister for Transport Shane Ross said it was a ‘completely commercial decision’ and that he could not ‘interfere with a commercial decision’.<sup>8</sup> The potential closure of one of the main routes from Ireland to France is not a concern of the government and not part of its Brexit contingency planning. This is free market fundamentalism, and it is madness. There needs to be an acknowledgement on the part of the EU and the Irish government that Brexit brings a different dynamic to each member state. There needs to be flexibility for that within an overarching framework and general principles response.

Enterprise Ireland has admitted that up to 25,000 jobs could be lost under a no-deal scenario, yet the government’s approach so far has been to treat online surveys and information stalls as a viable response to this very real threat. This is not good enough. We need proper solutions and a proper approach. This means taking on board the concerns of stakeholders, mitigating where possible the effects of Brexit, and investing in the future to overcome the structural changes in supply and trade that Brexit will bring.

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8 Fiachra Ó Cionnaith, ‘I can’t interfere with ferry decision, says Ross’. *Irish Examiner*, 20 Dec 2018.

# Supports for SMEs in vulnerable sectors

Brexit 'is likely to cause a structural, rather than cyclical, change in the Irish economy.'<sup>9</sup> Any response, therefore, needs to be structural in nature. It cannot be merely about getting over the immediate 'shock' as Brexit, in whatever form it takes, will fundamentally affect the nature of Irish import and export dynamics. Furthermore, small to medium-sized businesses (SMEs) 'are likely to be disproportionately affected by a shock to supply chains as they comprise the majority of importers in certain sectors.'<sup>10</sup> Under a no-deal scenario the Irish State's GDP could fall by up to seven percent over eleven years – yet even under the 'best case' scenario, where Britain effectively remains in the customs union and elements of the single market, GDP could fall by nearly three percent.<sup>11</sup> On top of this, the cost of tariffs and associated costs could see a rise in inflation of between two and three percent.<sup>12</sup> These predictions are based on a 'no change' scenario – that is, Irish supply and export chains remain the same. It shows the danger of not engaging in a systemic, structural reorientation away from Britain and towards other suppliers and markets. This will require serious state investment – the type of investment that Fine Gael has no interest in delivering.

## Agri-Food

According to the Department of Finance the Irish goods sectors most exposed to Brexit are agri-food and fisheries, chemicals and related products, and machinery and transport equipment.<sup>13</sup> They account for seventy-two percent of Irish exports to Britain with meat and dairy products under the largest threat due to the high tariffs that would occur in a no-deal scenario.

Meat and fish products entering Britain, for example, would be subject to an average tariff of 59.2 percent, while dairy products would incur an average tariff of 46.6 percent.<sup>14</sup> This is because agri-food and fisheries products are subject to both a tariff rate charged as percentage of the price (Ad Valorem Tariff) and a separate tariff on the weight of goods and products (Weight based Tariff).<sup>15</sup>

In terms of beef – our single largest agri-food product export to Britain – the tariffs would amount to '€3/kg plus 12.8 percent of value; a charge of 65 percent on average, across the whole carcass.'<sup>16</sup> According to Joe Burke of Bord Bia, Britain has 'an annual import requirement of approximately 400,000 tonnes of beef, of which Ireland supplies almost 70 percent' and 'is the only imported beef supplier to the three largest UK supermarkets: Tesco, ASDA and Sainsbury's, as well as to McDonalds and Burger King.'<sup>17</sup> The highly concentrated nature of beef sales outside the Irish state – 50 percent go to Britain and the north alone<sup>18</sup> – is a significant fault line in terms of Irish exports post-Brexit, regardless of whether the outcome is soft or no-deal.

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9 Department of Finance, *Brexit: Analysis of Import Exposures in an EU Context*. Dublin: Dept. of Finance, 2018: 4.

10 Finance, 29108: 4.

11 Copenhagen Economics, *Ireland & the Impacts of Brexit: Strategic Implications for Ireland Arising from Changing EU-UK Trading Relations*. Dublin: Dept of Business Enterprise and Innovation, 2018: 6.

12 M. Lawless and E. Morgenroth, *Brexit and Irish Consumers*. Dublin, ESRI, 2018: 1.

13 Department of Finance, *UK EU Exit: Trade Exposures of Sectors of the Irish Economy in a European Context*. Dublin, Depart. of Finance, 2017: 8.

14 InterTradeIreland, *Potential Impact of WTO Tariffs on Cross-Border Trade*. InterTradeIreland: Dublin, 2017: 7.

15 Enterprise Ireland, *Brexit: WTO Tariff Briefing Document*. n.d. <https://www.prepareforBrexit.com/wp-content/uploads/2018/01/Brexit-WTO-Tariff-Briefing-Final-Version-2.pdf> Accessed 28 Dec 2018.

16 Gillian Dufficy, 'WTO tariffs would have a crippling effect on beef', *Agriland*, 2 July 2017.

17 Dufficy, 2 July 2017.

18 Dufficy, 2 July 2017.

As a result, WTO tariffs would have a crippling effect on Irish agri-food – a sector that directly employs around 175,000 people.<sup>19</sup> When employment in inputs, processing and marketing is included, the agri-food sector accounts for around 250,000.<sup>20</sup> It accounts for 53 percent of all exports by indigenous Irish manufacturers, with Britain and the north the destination for over one-third of all Irish agri-food goods.<sup>21</sup> In terms of income, Britain and the north is the destination for over 39 percent of the value of Irish agri-food exports and over 40 percent of the value of agri-food imports.<sup>22</sup>

Outside of trade, a no-deal scenario would affect future CAP payments, as Britain is a net contributor of around £10 billion to the EU budget. This is based on the presumption that the British government would not honour its fiscal obligations outside of an overall agreement. Even with an Agreement, the British contribution will reduce significantly over the years.

The agri-food sector will need immediate support to mitigate the effects of a hard Brexit while the development of new markets – and the expansion of already-existing ones – takes place. The EU must also ensure that were no-deal to persist indefinitely, there is no cliff-edge with regard to CAP payments. Such a shock to the system would have a devastating effect on Irish agriculture and must be resisted.

The Irish Farmers Association (IFA) has outlined its Brexit priorities for agriculture,<sup>23</sup> key elements of which should be taken on board by the government. These include:

- **A strong CAP Budget Post 2020**
- **Support for Market Disturbance**
- **Flexibility on EU state aid rules to help small businesses while they find new markets**
- **Increased support for marketing and promotion**
- **Providing Structural and Adjustment Support**

The IFA expands on its final point, making the argument that,

‘Any changes to the trading relationship between the EU and UK that reduce market access, and increase barriers to trade, have the potential to disrupt trade flows, reduce the value of exports, and, ultimately negatively impact on farm incomes and employment in exposed sectors.

The EU must make available structural and adjustment funding to the farming and food sectors that are negatively impacted due to changes in the relationship that is negotiated between the EU and the UK.’

This is important as the government’s strategy is predicated on the premise that the market disruption

19 Department of Agriculture, Food and the Marine, *Annual Review and Outlook for Agriculture, Food and the Marine 2018*. Dept. of Agriculture, Food and the Marine: Dublin, 2017: vi.

20 Teagasc, ‘Agriculture in Ireland’. n.d. <https://www.teagasc.ie/rural-economy/rural-economy/agri-food-business/agriculture-in-ireland/>. Accessed 28 Dec 2018.

21 Food Drink Ireland, ‘Food Industry: Sector Profile’. n.d. [https://www.fooddrinkireland.ie/Sectors/FDI/FDI.nsf/vPages/Food\\_Industry~sector-profile!OpenDocument](https://www.fooddrinkireland.ie/Sectors/FDI/FDI.nsf/vPages/Food_Industry~sector-profile!OpenDocument). Accessed 28 Dec 2018.

22 Government of Ireland, ‘Brexit Fact Sheet, Irish Agri-Food Sector January 2018’. <https://www.agriculture.gov.ie/media/migration/publications/2018/BrexitFactsheetJan2018290118.pdf>. Accessed 28 Dec 2018.

23 IFA, ‘Brexit priorities for Irish agriculture’. n.d. <https://www.ifa.ie/brexit/brexit-priorities/> Accessed 31 Dec 2018.



brought on by Brexit is the same as that caused by a change in consumer preferences. That is why its focus has been on information days with no real energy given to the structural changes demanded by Brexit. It wants to believe that Brexit is simply a supply and demand issue - a consumer choice rather than a fundamental realignment of economic and political relations between Britain, the Irish state, and the EU. It cannot accept it has to intervene in a positive and nurturing way because its ideology will not allow it to do so.

In terms of new opportunities, one potential area of redeployment relates to our sheep industry. Britain is the largest producer and exporter of sheep meat in the EU. It currently ships just under 90 percent of its lamb exports to other EU states, with France purchasing over half of British lamb sold in the EU.<sup>24</sup> Under a no-deal scenario, British lamb in the EU would be subject to WTO tariffs of 40 percent while Irish lamb in the EU would of course be subject to none. This gives rise to 'a glimmer of hope of a positive impact of Brexit' due to the potential for additional sales of Irish lamb to continental EU – although this has to be balanced against the negative impact of a hard Brexit on Irish cattle prices and the dependence of Irish sheep farmers on CAP direct payments.<sup>25</sup>

It is clear then that of all Irish export industries, agri-food is the one most at risk from a hard Brexit. This is on top of decades of under-investment in the regions outside Dublin. Any Brexit plan must take into account the threat to exports and CAP payments, as well as the effect that loss of rural income will have on already under-resourced communities. This is why Sinn Féin argues for government support, market diversification, and investment in regions as key elements of state Brexit strategy – a holistic approach that is sorely lacking at the moment.

This will involve relaxing state aid rules in order to allow the government to make payments to agri-food SMEs that export primarily or exclusively to Britain in order to help them survive while they readjust to new markets. We would call on the EU to provide this financial support as an indication of their commitment to protecting the all-island economy in a no-deal scenario. There is also a need for

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<sup>24</sup> Kevin Hanrahan, Trevor Donnellan and Fiona Thorne, 'The potential impact of Brexit on the Irish Sheep Industry and wider agricultural economy', Teagasc, n.d. 34-36. <https://www.teagasc.ie/media/website/rural-economy/Kevin-Hanrahan-paper.pdf>. Accessed 28 Dec 2018.

<sup>25</sup> Hanrahan, Donnellan, Thorne: 43.

an Agri-food fund of a fixed-term duration, set up under the European Agricultural Guarantee Fund, to address currency fluctuation issues.

## Trade and SMEs

The import exposure of the Irish State to Britain is four times higher than any other state in the EU. Around twenty-four percent of all imports are from Britain. Cyprus, is the next largest exposed, at six percent.<sup>26</sup> For France and Germany it is only four percent. In terms of Irish exports, thirteen percent are sent to Britain – almost double the rate as for France and Germany.

Yet these figures belie the imbalance within them, as it is Irish SMEs that are most exposed to shocks to the British market. 'The SME sector represented 93 percent of the c.31k firms importing goods to Ireland in 2016, or 62 percent (€45bn) of the total value of imports.'<sup>27</sup> Furthermore, 78 percent (11,000) of importing firms are micro enterprises, with 96 percent being either micro or small sized firms. With €13bn in goods imported, these firms represent a considerable share of the total value of wholesale and retail imports (53 percent).<sup>28</sup> Micro enterprises have less than ten employees, while small enterprises have 10-49 employees. Medium-sized enterprises are defined as having 50-259 employees. It is clear then, in terms of imports, that micro to small enterprise – those that employ 49 people or less – are the ones most exposed and most at risk in a no-deal Brexit scenario.

Martina Lawless, in a paper written for the ESRI and the Department of Business, Enterprise and Innovation, mapped out the level of exposure that Irish SMEs have to Brexit in terms of imports as intermediate inputs for further processing – that is, goods not for consumption but for production. She found that:

- Foreign-owned firms are more dependent on imported inputs overall but Irish-owned firms are more dependent on the UK as the source of imports;
- Irish-owned companies are therefore more exposed to potential disruptions to import trade arising from Brexit;
- More than half of overall imports from the UK by Irish-owned firms are intermediate inputs, with another third being food products;
- Over 20 percent of imports of Irish-owned firms are either completely or very highly reliant on imports from the UK;
- Over half of total imports used by Irish-owned firms are sourced in the UK;
- Larger firms tend to import a wider variety of products, both overall and of intermediaries;
- The vast majority of foreign-owned firms have a low reliance on the UK as an input source.<sup>29</sup>

She also found that a number of sectors have almost a total reliance on Britain for intermediate

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<sup>26</sup> Finance, 2018: 16.

<sup>27</sup> Finance, 2018: 22.

<sup>28</sup> Finance, 2018: 22.

<sup>29</sup> Martina Lawless, *Intermediate Goods Inputs and the UK Content of Irish Goods Exports*. Dublin: ESRI, 2018: 1

goods – in particular the minerals sector which contributes almost 20 percent of total Irish imports from Britain.<sup>30</sup> According to Lawless, Irish exports in the minerals sector (petrol and other fuel oils) will be negatively impacted by Brexit, as will firms that export ‘consumer articles such as watches, reading glasses, toys and furniture as well as photographic equipment and some surgical instruments [as well as ]sweets and flour’.<sup>31</sup>

In terms of energy, Britain ‘is the only country with which Ireland has gas and electricity connections and, in particular, the electricity market has existed on an all-island basis since 2007’.<sup>32</sup> As with the Common Travel Area, the Single Electricity Market (SEM) is underpinned by legislation in both jurisdictions, in particular a 2006 Memorandum of Understanding between Britain, the north and the Irish state. There are, nonetheless, complications that would arise in the event of a no-deal scenario – for example if Britain were to leave the EU Internal Energy Markets (IEM). The Moyle interconnector which runs from the north to Scotland would no longer connect directly to the SEM unless arrangements were put in place. The Irish state is heavily dependent on Britain for its gas supply and will continue to be so for the foreseeable future.<sup>33</sup> This raises issues regarding security of supply, and puts a greater urgency on the development of renewables and other non-carbon-based forms of energy going forward.

## Proposals

With regard to trade, in March 2018 the Department of Finance came to the following conclusions with regard to Brexit:

‘Ireland’s deep linkages with the UK economy on both the exports and imports sides make it clear that Brexit is likely to cause a structural change in the Irish economy, not simply a cyclical variation in trade. A permanent shift in trade could have implications for the economy’s production function, with potential negative impacts on productivity, labour supply and capital investment. Any such changes will require close monitoring, given the role of potential output in the fiscal framework.’

The Department is correct to emphasise the structural nature of the disruption Brexit will bring. This is why Sinn Féin proposes a two-prong approach in dealing with the challenges of Brexit. The first is to mitigate the impact on SMEs in the most exposed sectors – in particular agri-food and retail – while beginning the process of lessening the reliance that Irish SMEs have on Britain as a market and supplier, and refocusing Irish business on alternatives.

Sinn Féin believes that the employment subsidy scheme should be reintroduced for micro and small businesses (less than 49 employees) in export sectors most affected by Brexit – that is, agri-food and fisheries; chemicals and related products; and machinery and transport equipment where Britain is the prime or exclusive export market.

We also believe that state grant aid for plant renewal and expansion, and the introduction of enabling

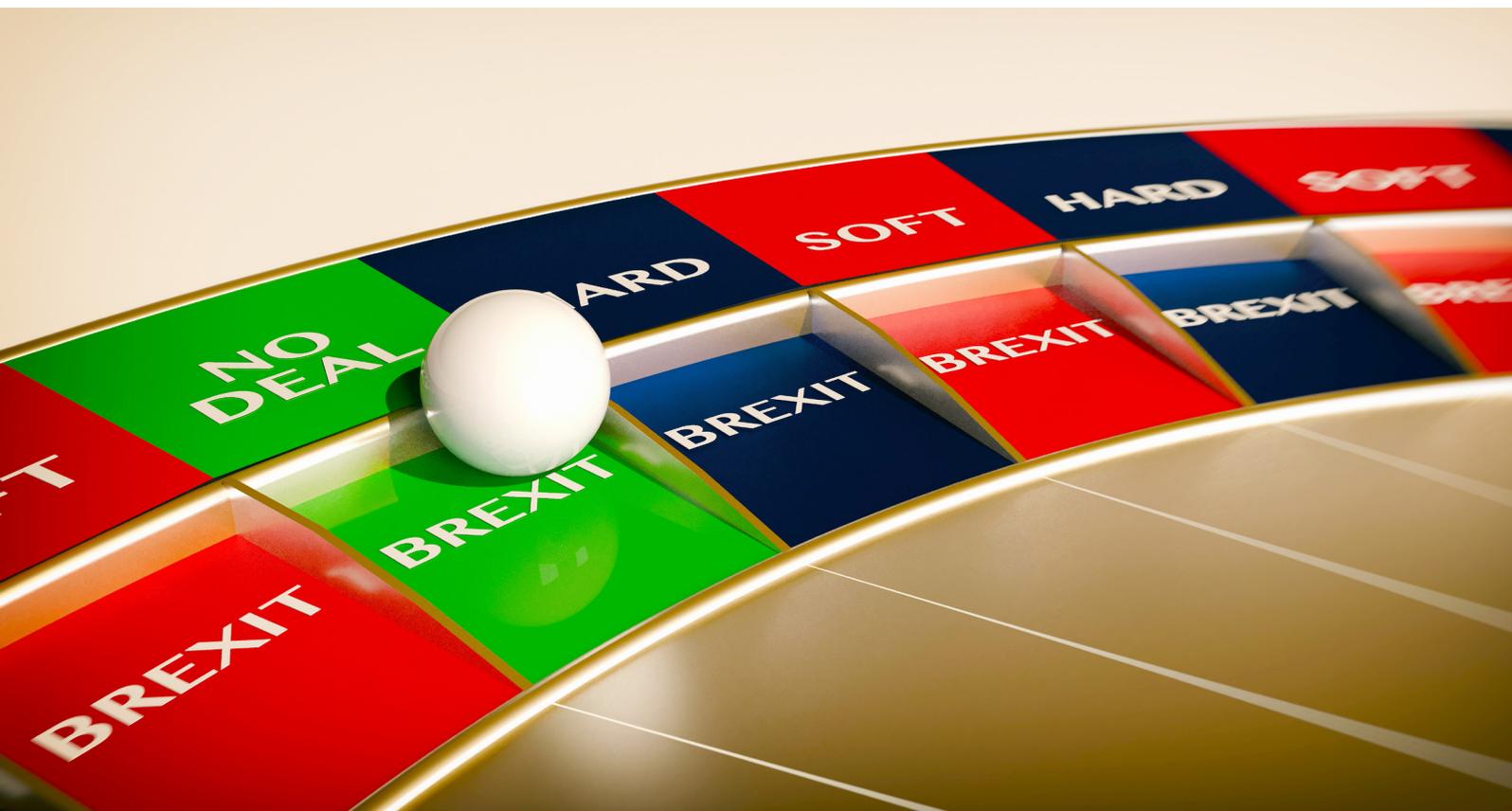
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<sup>30</sup> Lawless, I.

<sup>31</sup> Lawless, 18.

<sup>32</sup> Lawless, 23.

<sup>33</sup> Muireann Á. Lynch, *Re-evaluating Irish Energy Policy in Light of Brexit*. Dublin: ESRI, 2017: 6.



technologies, should be made available for micro to small enterprises that have Britain as their main or exclusive market. This is to help them meet the challenges of changing their market as well as the pressures of competing with British companies in Britain, which they will have to do for the foreseeable future.

Sinn Féin would also overhaul the Brexit loan scheme. The current scheme is not working for SMEs. The interest rate needs to be lowered, as well as the cutting of administrative red tape.

# Capital Investment

In terms of infrastructure, Brexit will exacerbate the current over-reliance on Dublin and its catchment area. We need a regional balance. This is not just about keeping more in the regions outside Dublin; it is also about acknowledging that adding more pressure to Dublin's social and economic infrastructure is not sustainable in the medium to long term.

There is an incredible laziness in terms of Irish state planning that simply piles everything within the confines of the M50, crosses its fingers and hopes for the best. This has to change. It is blindingly obvious that any action plan for Brexit must allow the regions to development as that is the only sustainable project possible. This means investment. This means jobs. This means communities. This means a future for the main streets of our regional towns and cities.

## Ports and Transport

In 2016, according to Irish Maritime Development Office (IMDO), the roll-on /roll-off (RoRo) traffic through Irish ports 'amounted to 1,073,403 freight units, or circa 15 million tonnes, with 83% of this traffic, or circa 12.5 million tonnes' going through British ports with the remainder passing through Britain en route to other European ports.<sup>34</sup>

In other words, Irish importers and exporters use Britain as a landbridge to EU and international markets. It is a strategically important route and one that would be subject to severe strain in the event of a no-deal Brexit.

In December 2018 the British government signed up to the Common Transit Convention as a non-EU member, coming into effect on 29 March 2019. According to Adrian Flynn, general manager of the Freight Transport Association Ireland, this will 'significantly reduce the amount of red tape and any delays at the borders for Irish goods transported to the continent through the EU landbridge'.<sup>35</sup>

However, the convention 'does not cover regulatory checks on agri-food products and may not fully clear expected post-Brexit congestion at ports'.<sup>36</sup> This is acknowledged by the Irish government when it says that 'in a no-deal scenario it is anticipated that the landbridge, at least in the initial period, may be subject to severe delays. Dover-Calais has been identified as a particular bottle neck'.<sup>37</sup>

Yet in response the government merely says that it 'continues to engage with shipping companies to explore new connectivity and capacity options in response to Brexit'.<sup>38</sup> It does not, however, tell us what those plans are.

Given Minister Ross' statement that decisions on routes and capacity are 'purely commercial decisions' it appears that once again the government does not have any plans and is hoping that market forces will sort it all out. The issue is that the systemic discord that Brexit will bring requires a systemic, co-ordinated response, and this can only come from the state.

There is a wider issue with regard to road haulage as in a no-deal scenario the number of trucks that pass between Britain and the EU would be limited to an international system of quotas. At best, hauliers

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<sup>34</sup> Irish Maritime Development Office, *The Implications of Brexit on the Use of the Landbridge*. IMDO: Dublin, 2017: 12.

<sup>35</sup> Simon Carswell, 'Post-Brexit red tape to be cut as UK signs up to transit accord', *Irish Times*, 19 Dec 2018.

<sup>36</sup> Carswell, 19 Dec 2018.

<sup>37</sup> *Preparing*: 40.

<sup>38</sup> *Preparing*: 40.



in the north will get only 60 permits, according to the Freight Transport Association.<sup>39</sup> As of yet the Irish government has not received any clarity as to whether southern-based hauliers would be subject to these quotas if they pass through Britain. It is incredible that this is the case

Around three million tonnes of Irish goods are transported via the landbridge – roughly one million in imports and two million in exports.<sup>40</sup> The average journey time is twenty hours. It is up to forty hours via direct route to EU continental ports. The relative speediness of the landbridge suits the agri-food sector which is depended on quick delivery due to the time-sensitive nature of its products. Yet regardless of the type of Brexit that is finally achieved, it is clear that Irish trade needs to reorientate itself towards more direct routes. This cannot be done at a sector-wide level – it needs government direction and investment in our ports, road and rail system outside of the M50.

The need for Irish hauliers to shift towards a direct route to continental EU has been acknowledged by the EU itself in its transport proposals for a no-deal Brexit. The EU Commission in August adopted a proposal to revise the routing of the North Sea-Mediterranean corridor to connect Dublin and Cork with the Belgian ports of Zeebrugge and Antwerp and the Port of Rotterdam in the Netherlands. The plan, however, does not include routes from Ireland to France – it appears for political not logistical reasons<sup>41</sup> – and this should be addressed by the Irish government.

There is up to €31 billion available from the Connecting Europe Facility fund for major upgrading of ports and roads that are part of the North-Sea-Mediterranean corridor, and part of this money should be

<sup>39</sup> BBC News, 'Northern Ireland haulage firms face no-deal disaster', 22 Jan 2019. <https://www.bbc.com/news/uk-northern-ireland-46946162>

<sup>40</sup> Irish Maritime Development Office: 2; 8.

<sup>41</sup> Laura Greenhalgh & Joshua Posaner, 'French ports cut out of EU trade route after Brexit', *Politico*, 14 Aug 2018. <https://www.politico.eu/article/Brexit-french-ireland-ports-cut-out-of-eu-trade-route-after-Brexit/> (accessed 28 Dec 2018).

used for ports at Cork, Waterford and Rosslare, as well as for the upgrading of the road and rail links to them. Drogheda Port Company should be moved out of the town centre to Tom Roes Point, allowing it to develop more and take pressure off Dublin. In addition, the proposed development at Shannon-Foynes, the state's largest bulk port for non-container freight, needs to be prioritised as a matter of urgency. The chief executive of Shannon Foynes Port Company, Pat Keating, said that it 'could take further capacity on completion of a general cargo terminal' and by doing so ease congestion at Dublin.<sup>42</sup> Yet there is no mention of any of this in the government's plan.

It is not enough for the government to say that haulage re-deployment is a 'purely commercial decision' when the EU itself accepts that serious investment is needed. Again, this has to happen regardless of the type of Brexit that is eventually arrived at.

The Irish state needs to support ports, shipping companies and transport service providers to help them prepare for Brexit. It also needs to look at rebalancing development in the state, to tackle the over-reliance on Dublin and to support the regions through investment in our ports in Waterford, Rosslare, Cork, Drogheda, and Shannon-Foynes. The road and rail network to these ports must be upgraded where needed.

In terms of the all-island economy, it is necessary for the Irish government to press ahead with funding for the A5 motorway, to invest in Derry airport and Magee College as regional hubs for the north-west. The role of regional airports across the island must also be examined and encouraged as a way to counter the east coast imbalance that currently exists. We need to invest in our regions. Brexit makes this an urgent and immediate necessity.

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<sup>42</sup> Simon Carswell, 'Brexit: Role advanced for Shannon Foynes port', *Irish Times*, 28 Dec 2018.

# Public Services and Workers Rights

## Cost of Living

In order to face the challenges of Brexit we need to ensure that the problems in our social infrastructure are addressed as well. Sinn Féin does not believe they can be treated differently from issues of imports and exports. That type of narrow thinking is deep within the bones of the Irish state and must be rooted out if we are to have any chance of re-orientating our society towards equality and fairness.

Brexit could lead directly to price increases for basics such as food and fuel which will put already hard pressed families in even greater difficulties. Any Brexit plan must include plans to lower the cost of living through the effective delivery of public services and supports.

Brexit will be used by Fine Gael and Fianna Fáil to withhold investment where it is most needed. They will do this because they are not interested in public service but private profit for the well-connected. The challenge of Brexit is not only to mitigate its effects but to ensure it is not used as a Trojan horse for further dismantling of our shared social services and infrastructure. This is also an issue that directly affects foreign direct investment. The American Chamber of Commerce published a report back in November 2017 that 'said that expanding and newly arrived companies are finding it particularly hard to house staff because of a shortage in city-centre apartments', citing housing as one of the most critical "pressure points" when looking to recruit to expand their Irish operations.<sup>43</sup> A report by PWC in September 2018 stated that almost 'half of Irish business leaders see the lack of affordable housing as a key impediment to expanding their businesses'.<sup>44</sup> It went on to say that 'maintaining Ireland's competitiveness is critical in the light of Brexit and other geopolitical uncertainties and the survey highlights the rising cost of doing business, available talent and residential housing as key concerns'.<sup>45</sup> Recruitment agencies have also referenced the lack of affordable accommodation as a block on growth.<sup>46</sup>

We need, therefore, to invest in health, education, housing, and childcare. At a time when corporate tax receipts continue to exceed expectations, the state is in a position to invest in essential non-recurring projects needed across society, and in no area is this approach needed more than in the severe shortage of housing.

The Irish State cannot continue as a cash cow for corporate landlords and speculator. We need to make rents more affordable and building houses. To do this, Sinn Féin would introduce an emergency three year refundable rent relief for all renters. The relief would be worth 8.3% of the annual cost of renting capped at €1,500 per year. This would give every renter a months rent back into their pocket, which would act as a stimulus to the wider economy. The total cost of the relief would be €265m in a full year.

The emergency rent relief would be accompanied by an emergency three year rent freeze reviewed annually. Existing tenancies would have their rent frozen at their current levels. All new tenancies would

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43 Simon Carswell and Sarah Bardon, 'US firms warn housing crisis could harm Ireland's competitiveness', *Irish Times*, 4 Nov 2017.

44 Eoin Burke-Kennedy, 'Nearly half of Irish business leaders see housing as impediment to growth', *Irish Times*, 20 Sept 2018.

45 Eoin Burke-Kennedy, 20 Sept 2018.

46 Paddy O'Connell, 'I have 20 years' experience as a recruiter - but I feel more like an estate agent these days', *Fora*, 6 Oct 2018. <https://fora.ie/readme/housing-crisis-overseas-workers-ireland-4270887-Oct2018/>

be capped at the Residential Tenancies Boards standardised rent index by County or Local Electoral Area as appropriate.

As an example of what is achievable, in its alternative budget for 2019, Sinn Féin proposed to deliver 14,890 public homes, 153% more than delivered by Government this year and double their 2019 target. We would provide an additional 2,850 social homes, consisting of 1,500 new builds, Part Vs and acquisitions, 950 vacant units via Buy and Renew and 400 units of traveller specific accommodation. This would bring the total number of social houses delivered in 2019 to 10,260. We would also deliver 4,630 affordable homes of which 1,435 would be cost rental and 3,195 would be affordable sale.

We would also provide greater security of tenure by amending S34 of the Residential Tenancies Act to remove grounds 3 (sale) and 4 (use by family member) and provide tenancies of indefinite duration; prohibit landlords from seeking more than one months rent and deposit in advance of a new tenancy; implement the recommendations of the 2018 Oireachtas Housing Committee report on regulation of the short term letting sector; remove the restriction on Institutes of Technology to borrow for the purposes of providing on or near campus student accommodation; amend the Residential Tenancies Act to ensure that all purpose built student accommodation is covered by its rent review and dispute resolution provisions; and introduce rent certainty after the three year rent freeze linking rents to an index such as the Consumer Price Index.

Our health service must be protected post-Brexit. Sinn Féin's vision for a modern, world-class health system is one which is free at the point of use and available to everyone based on medical need, not ability to pay. The current system has been failing citizens at a cost to our society, our economy and our health. Moreover, the HSE has been shaken by inexcusable scandals which have betrayed the trust of citizens, particularly women, in their most vital public service.

The governments should work together to ensure funding for pilot projects relating to cross-border healthcare is available following Brexit and the British government should ensure that the Shared Prosperity Fund adequately replaces the cross-border health-care related funding of the INTERREG programme.

The British government, cooperating with the Irish government, should also establish a taskforce to catalogue the EU regulatory regimes that underpin cross border health cooperation, and make recommendations as to their replacement.

Education and research is key to future productivity and growth. The drought of public funding imposed by Fine Gael and Fianna Fáil on our Universities and Institutes of Technology has forced our public seats of learning into a slide down the global rankings. As a result, a debate has developed which attempts to shift the responsibility for funding our higher education from our government to already struggling citizens. In primary and secondary schools across the state, this drought of investment has seen class sizes continue to increase. For rural schools, still struggling under the impact of cuts to staffing and essential services, this is felt even more acutely. This underfunding has also had an impact on staff morale. This is not helped by the fact that thousands of teachers continue to be paid less than their colleagues for the same work. Sinn Féin would bring this practice to an end within two years. For the first



time in many years, no Irish university can claim a place among the world's top 100, outpaced by those whose governments have chosen to invest.

Now is the time to Invest to reduce staff-to-student ratio in primary and secondary schools, ITs and Universities; slash the Student Contribution Charge for students and families; increase capitation rates to primary and secondary schools and core funding to Universities; increase Back to School Allowance; reverse staffing cuts to small schools; and reverse changes to distance criteria in the student grant. We also need to halve the cost of childcare by increasing the subsidy for the Affordable Childcare Scheme.

There are also practical measures that should be taken by both governments to mitigate against the worst effects of Brexit on all Ireland cooperation in the education sector including that, in consultation with the relevant sub-national authorities and Universities, they should commit to a funding regime that protects access to first, second and third level education for non-national students (including for non-residents).<sup>47</sup> They should also work together to ensure that universities in the north are not isolated from all-island and EU opportunities following Brexit.<sup>48</sup>

## **Workers Rights**

A no-deal Brexit will be used by unscrupulous employers as a pretext to cut wages and conditions. The establishment parties of Fianna Fáil, Fine Gael and Labour embraced austerity to bail out banks at

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<sup>47</sup> De Mars et al, 2018: 11-12.

<sup>48</sup> De Mars et al, 2018: 11-12.

the expense of everyone else. The funding for key public services was slashed. The end result was a dramatic deterioration in the ability of people to cover their costs of living. The establishment parties not only failed to protect workers but consciously and deliberately introduced policies which increased levels of deprivation, inequality and in-work poverty. These policies were bad for workers and bad for society in general.

Brexit will be used in the same way, as an excuse to weaken workers rights.

Recent comments by the Minister for Finance Paschal Donohoe show his intent to blame public sector workers for any future fiscal issues brought about by the inaction of the government to prepare for Brexit, This must not be allowed to happen. Similarly, it is incredible that, in the 21st century, trade union officials can be physically blocked from meeting their members in the workplace, especially given the crucial role trade unions play in workers' rights, pay and conditions.

It must be remembered that despite the rhetoric, trade unions add to social cohesion. A society where workers are protected through legislation and collective organization is one where decent levels of care and community thrive and survive. Trade unions have an important role to play in ensuring that 'workers get not only a fair share of the proceeds from growth but enjoy decent working conditions' and that this is achieved through 'social dialogue that can peacefully resolve individual and collective disputes'.<sup>49</sup> A no-deal Brexit has the potential to increase social fracture. Workers rights play a role in tackling this, and need not only to be protected but enhanced.

Sinn Féin drafted legislation that would have allowed trade unions to work out a reasonable time with an employer for access to trade union members in terms of collective agreements as well as wider workplace issues. This was rejected by both Fine Gael and Fianna Fáil who voted against it in the Dáil. We have seen in recent years some unscrupulous employers using the law to stymie trade unions. It is time to bring some necessary balance to the situation. Trade unions need the right to meet with their members in the workplace. It is essential to ensure that workers rights are protected. Employers who value their employees have nothing to fear from strengthened Labour laws. Those who seek to bully and routinely to ignore industrial relations laws and trade unions do so to protect their interests over those of their employees.

A successful economy is one that values those who contribute to it. A successful employment rights infrastructure is one that operates on the basis of equality and a level playing field between worker and employer. There is no level playing field if workers cannot be fairly and properly represented by their trade union. In far too many sectors, the odds are stacked in favour of the employer. This has resulted in instances of abuse and exploitation.

The best way to avoid industrial disputes is to have genuine engagement and respect for all sides. The most effective way to avoid workplace conflict is to resolve disputes at the earliest possible opportunity. What better place than the shop floor or place of employment? The right of trade union representatives to engage with trade union members in the workplace should not be feared by anyone, including

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49 OECD, *Perspectives on Global Development 2012: Social Cohesion in a Shifting World*. Paris: OECD Publishing, 2011: 164.

government; rather, it should be embraced. It is a right afforded to workers in many countries that are competitive and that lead the way in workers' rights.

Similarly, trade unions need the right to be heard. The current voluntary system has worked for some but has failed many. Some unscrupulous employers refuse to recognize trade unions and engage in campaigns of bullying, harassment and intimidation. This cannot be said of all employers; the vast majority are decent. However, for those who are not, we must ensure that appropriate laws are in place. Those who are unscrupulous operate as they do because they can and because the current system allows them to. Decent employers should have no truck with such tactics and neither should any government interested in the rights of workers. A voluntary system of trade union recognition allows unscrupulous employers a hiding place. If an employer has nothing to hide, then it has nothing to fear.

The right to join a union is a fundamental human right which can only be realized through collective bargaining between employers and unions. However, a right is not a right unless it is recognized as such in law; anything less than that makes it merely an aspiration.

At the moment, all citizens have a legal right to join a trade union, but there is no legal requirement on employers to recognize that decision for collective bargaining purposes. This means that employers can effectively pick and choose who they will deal with when it comes to the legal rights of their employees.

There is no point in having industrial relations machinery in place if one side in the dispute has an effective veto over the other side in terms of who should represent them.

Sinn Féin believes that in order to protect workers rights post-brexit, trade unions need the legal certainty right to represent their members.

Brexit will have a particular impact on those workers who cross the border to work. Both governments should work together to establish a shared understanding of post-Brexit in-work conditions, should establish a taskforce to catalogue and monitor the practical impediments to cross-border work, including for cross-border businesses, for individual workers, for part-time workers, and for the self-employed and should ensure mutual recognition of qualifications continues.

# Protections for the North

## Border Poll

The government's line that it has no plans for the reintroduction of border checks on the island of Ireland does not tally with its stated commitment 'to protecting the integrity of the Single Market and Customs Union'.<sup>50</sup> 'In the case of a no deal scenario', it says, 'goods entering the EU from the UK will be treated as imports from a third country and goods leaving the EU to the UK will be treated as exports.'<sup>51</sup>

It goes on to state that '[a]ll relevant EU legislation on imported goods and exported goods will apply, including the levy of certain duties and taxes (such as customs duties, value added tax and excise on importation), in accordance with EU commitments under the rules of the World Trade Organisation'.<sup>52</sup>

No exception is made for the north in the document. None.

The government says it is being strategic by not outlining its plans for the north – but this does not hold up. The plan is there in black and white. It is to apply tariffs and regulatory checks in all cases, as required by the EU and the World Trade Organisation.

There will be border controls north and south under this contingency plan. This holds unless and until the government produces a plan that shows how it will deal with single market requirements.

Prior to the Good Friday Agreement, security checkpoints on the border, British Army military installations, which had been built and reinforced from the 1970s onwards, were symbols of division and conflict.

The demilitarisation of physical border crossings and checkpoints is both a symbol of and a dividend from the success of the Peace Process. People's daily lives in the border region have been transformed.

As the most obvious symbol of the peace process, the invisible border on the island of Ireland is essential. Any reversal of that will have huge adverse economic, social, political, security, but also psychological impacts on people both in border communities and on the island as a whole.

This is why we need to put the issue of reunification to the people of Ireland in a referendum. Fine Gael and Fianna Fáil are trying to avoid this issue by pretending that in a no-deal scenario there will be no issues in terms of north-south trade and movement. It is patently not the case. The whole purpose of a backstop is to avoid such an outcome. In the absence of a comprehensive trade deal and a backstop, Irish reunification is the only practical solution to the border issue.

If the British government insists on crashing out of the European Union there will have to be a referendum because the British could not inflict that level of jeopardy and damage on this country and imagine they would not put the constitutional question to the people of the north.

A no deal situation would be catastrophic for the economy and society of the north. It would see it crashing out of the EU with no terms of departure, over an economic cliff-edge with supply shortages and many businesses unable to trade, job losses, possible recession, no access to the EU single market and a physical hard border being put in place in Ireland.

In such a context, a referendum on Irish reunification, as provided for in the Good Friday Agreement,

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<sup>50</sup> *Preparing: 24.*

<sup>51</sup> *Preparing: 24.*

<sup>52</sup> *Preparing: 24.*



is the sensible, logical and entirely rational response which, if passed, would see the North readmitted to the European Union.

Even if the backstop is agreed the growing appetite throughout Ireland, north and south, for Irish reunification means that the option of calling a referendum on Irish unity needs to become a key focus of any Irish government in the time ahead.

## Common Travel Area

Both the Irish government and the EU maintain that there cannot be any bilateral agreements between individual member states and Britain. However, in the case of Ireland one such agreement exists: the Common Travel Area (CTA). It is recognised in the EU treaties and according to the British and Irish governments it will continue to apply after Brexit.

The CTA, though, is not an international agreement and 'does not... impose international legal obligations on its members.'<sup>53</sup> It is a 'hotchpotch of laws'<sup>54</sup> and it needs to be given a stronger international legal basis if it is to continue post-Brexit. In the absence of a formal, international

53 Sylvia de Mars, Colin Murray, Aoife O'Donoghue and Ben Warwick, *Discussion Paper on the Common Travel Area*. NIHR: Belfast, 2018: 7.

54 Imelda Maher, *The Common Travel Area: More Than Just Travel - A Royal Irish Academy - British Academy Brexit Briefing*. RIA: Dublin, 2017: 3.



agreement between the Irish State and Britain on the CTA, it is entirely possible for it to be changed unilaterally. That is a real possibility in a no-deal scenario.

In the words of the 2018 report commissioned by the NI Human Rights Commission (NIHRC) and the Irish Human Rights and Equality Commission (IHREC):

There is not a single legal agreement establishing the CTA. The core arrangements for travel and residence between the CTA's members can be altered by any one of them without breaking international law and the rights and obligations which are so often linked to it can be altered by domestic legislation by any CTA member... In short, the CTA is written in sand, and its terms are much more limited than is often believed to be the case.<sup>55</sup>

Yet all that the government says is that the 'work required to maintain the Common Travel Area and its associated reciprocal rights and privileges is at an advanced stage, both at home and bilaterally between Ireland and the UK, to ensure that all the necessary provisions are made in both jurisdictions so that the CTA can continue to function effectively.'<sup>56</sup> All well and good but what are these provisions? Why haven't they been brought before the Oireachtas before now? Why the secrecy about something that affects the movement of Irish citizens north-south and east-west? Has the government addressed the concerns raised by stakeholders? Has it even engaged with expert opinion? We do not know as the government has not produced anything concrete.

As it stands, both Britain and the EU recognise that there are two elements to the CTA. The December 2017 Joint Report states that Britain 'confirms and accepts that the *Common Travel Area and associated*

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<sup>55</sup> De Mars et al, 2018: 9.

<sup>56</sup> *Preparing*: 34.

*rights and privileges* [my emphasis], can continue to operate without affecting Ireland's obligations under Union law in particular with respect to free movement for EU citizens.<sup>57</sup> The CTA is not one single agreement but a combination of core and associated rights. There is, therefore, an 'important difference between the more solid and more agreed aspects of the CTA, and those areas which are premised upon the CTA but which are matters of practice, custom and dialogue rather than specific agreement.'<sup>58</sup> The CTA covers not just Britain and the Irish State of course, but the Isle of Man and the Channel islands as well.

Both Britain and the Irish State have domestic legislation that confers in each other's citizens the right to enter and remain in each other's jurisdictions. This is based on an informal agreement in 1952 covering CTA member nations and is a core term of the CTA.

The agreed aspects of the CTA – that is, elements of the CTA that have built up over the years through custom and practice - include:

- **Reciprocal health care arrangements such as cross-border treatment.**
- **Right to work.**
- **Rights in work.**
- **Family and other benefits for legal, habitual residents in the CTA**
- **Access to education at primary and secondary level.<sup>59</sup>**

In addition, 'EU law currently facilitates many CTA-related arrangements, but these protections relate directly to EU concepts (such as freedom of movement) and not to the CTA. Many of these measures stand to be altered or fall away after Brexit (depending on the terms of the deal).'<sup>60</sup> The fragile nature of the CTA is also highlighted by Imelda Maher in her report for the Royal Irish Academy where she writes that,

"The CTA can be maintained post-Brexit in a narrow and technical sense of allowing British and Irish citizens free movement, and even the more extensive rights associated with it. The threat to the CTA is the broader context of the withdrawal of the UK from the customs union, potentially requiring regulation of imports and exports at the one shared land border between the UK and the EU: that between Ireland and Northern Ireland and at ports. The land border is the only border where the CTA reaches its full potential, is the most fragile politically and is a key achievement of the Good Friday Agreement. An invisible border is not possible where goods cannot move freely and customs requirements need to be addressed. Some

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57 Joint Report: *Negotiators of the EU and UK Government, Joint Report from the Negotiators of the European Union and the United Kingdom Government on progress during phase 1 of negotiations under Article 50 TEU on the United Kingdom's orderly withdrawal from the EU* (2017), para 54.

58 de Mars et al, 2018: 7.

59 de Mars et al, 2018: 10.

60 de Mars et al, 2018: 10.

technical and ad hoc inspections at some distance from the physical border can be achieved but are not full solutions, raising the spectre of a physical border that could have implications for the movement of people as an indirect consequence.<sup>61</sup>

It is worth noting that any checks on the movement of goods on the island of Ireland will have implications not only for the GFA but also for the CTA. The 2017 Joint Report states that Britain and Ireland '*may* [my emphasis] continue to make arrangements between themselves relating to the movement of persons between their territories...'<sup>62</sup> This clearly shows that the CTA is not guaranteed even under what has been agreed so far – the '*may*' instead of '*shall*' confirms it. The CTA could very easily fall if checks on goods on the island of Ireland are reintroduced. This is an issue that needs to be addressed.

In terms of solutions, Sinn Féin supports in the main the recommendations of the NIHRC and IHREC with regard to the protection of the CTA. These include:

- The British and Irish governments should agree a Common Travel Area treaty encompassing common travel rights, residency rights and related rights to education, social security, work, health, and security and justice.
- Both governments should agree to a 'notification requirement' whereby each government and devolved administration would notify the others of changes that would have a bearing on the CTA.
- The British government should update the language of immigration provisions facilitating the CTA to clarify the place of Irish nationals within the UK's modern immigration system.
- Both governments should develop and fund a public information campaign, providing jargon-free information about the practical rights for individuals in the CTA
- The Irish government should clarify its position on the Schengen Area due to the border challenges that would result from Irish membership of the bloc.
- Both governments should ensure early cooperation with and consultation of the administrations of Guernsey, Jersey and the Isle of Man.
- They should consider the position within the CTA of those who are neither UK nor Irish nationals, having especial regard to those who would not enjoy citizens' rights.
- Both governments should restate their political and material support for CAWT (Cooperation and Working Together) initiatives, and commit to continued working through the North-South Ministerial Council.
- They should establish a taskforce to catalogue and monitor the practical impediments to claiming social security across the CTA, with especial attention to cross-border living.

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61 Maher, 2017: 6.

62 Joint Report, 2017: para. 54.



- Both governments should cooperate on issues of health, education and rights for workers in the CTA as outlined earlier.
- The PSNI and Gardaí should work on contingency plans for justice cooperation in the absence of EU structures (including without the current EU-wide ability to share information).
- Both governments should restate their political and material support for the British-Irish Intergovernmental Conference and Joint Task Force.<sup>63</sup>

There is simply no international legal guarantee that the CTA will continue in its present form in the event of a no-deal Brexit. The Irish government must secure this legal guarantee as a matter of urgency – especially given the fact that the bilateral nature of the CTA is already recognised by the EU. There is nothing in terms of EU law or the EU Commission Brexit negotiation strategy that precludes this bilateral approach – in fact, the terms of the CTA demands it. The government must produce an international agreement with Britain on the CTA in line with the recommendations above and before the March 2019 deadline – regardless of whether there is a soft Brexit or not. It is incredible that it has not done so before now.

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63 De Mars et al, 2018: 11-12.



**RESPECT THE REMAIN VOTE**

**WARNING!**

**IF THERE IS A HARD BORDER  
THIS ROAD MAY BE CLOSED  
FROM MARCH 2019**

**BORDER COMMUNITIES  
AGAINST BREXIT**

**BORDER  
COMMUNITIES  
AGAINST  
BREXIT**

- » **HARD BORDER**
- » **CUSTOMS CHECK POINTS**
- » **TRAFFIC DELAYS**
- » **CLOSURE OF LOCAL  
BORDER ROADS**
- » **ECONOMIC DEVASTATION**

**RESPECT THE  
REMAIN VOTE**

# EU Parliament Elections and the North

Sinn Féin believes that the citizens of the six counties of the north should continue to have representation in the European Parliament post-Brexit in line with the commitments made by all parties to no diminution of rights; that this can be achieved via the two extra seats that are due to be allocated to the Irish State as per the decision of the European Council on 28 June 2018; and that the north should be a dedicated constituency for the purposes of the election of the two MEPs

On 23rd June 2016 the people of the north voted to remain in the EU. They did so because it is in their best interests politically and economically. Brexit poses a huge threat to the future of the people of Ireland in terms of a potentially reinforced land border on the island, the north being forced out of the European Single Market, barriers to trade, potential devastation of agriculture, not to mention the implications for the Peace Process and the Good Friday Agreement.

The people of the north want to know they can exercise their rights as citizens of an EU member state post-Brexit. This will require additional measures to the trade issues that are currently being discussed, and one of these is the ability of the people of the north to continue to elect MEPs to the European Parliament. This is a proposal that has cross-party support.

The leader of Fianna Fail, Micheál Martin, in January 2018 called for the north to keep its EU political representation, adding 'why would people object to Northern Ireland continuing to have representation in the European Parliament?' The Fine Gael MEP Seán Kelly said in June 2018 that 'the idea is "worth exploring" and something he has no difficulty with given that the majority of people in Northern Ireland voted to remain in the EU in the referendum two years ago.'<sup>64</sup> There is a general acceptance that the north is a unique case.

The Good Friday Agreement is the defining document and agreement which sets out the relationship between the people of this island and the people of these two islands and that includes the people in the North. We must all embrace the reconciliation phase of the Peace Process. To reach out, to listen and to find the common ground.

That requires leadership. That requires being able to reach out the hand of friendship and it requires being able to negotiate, agree and deliver political accommodations. The EU has a role, and continues to play a role, in the Peace Process, and it is imperative that this is continued. One way of securing this relationship is to maintain the representation of the north in the European Parliament.

There can be no diminution of the rights of citizens of the north post-Brexit. This has been acknowledged by both Britain and the EU in the December 2017 Joint Report which outlined the joint commitments of both parties.

In relation to the north, the Joint Paper said:

"52. Both Parties acknowledge that the 1998 Agreement recognises the birth right of all the people of Northern Ireland to **choose to be Irish or British or both and be accepted as such. The people of Northern Ireland who are Irish citizens will continue to enjoy rights as EU citizens, including where they reside in Northern Ireland** [our emphasis]. Both Parties therefore agree that the Withdrawal Agreement

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64 Conor McMorrow. 'Extra European Parliament seats for NI 'worth exploring' – Kelly'. *RTE News*. 13 June 2018.

should respect and be without prejudice to the rights, opportunities and identity that come with European Union citizenship for such people and, in the next phase of negotiations, will examine arrangements required to give effect to the ongoing exercise of, and access to, their EU rights, opportunities and benefits.

This sentiment was echoed by Taoiseach Varadkar following publication of the Joint Report when he made the following promise to the people of the north:

"I want to assure you that we have protected your interests throughout these negotiations. Your birth right as Irish citizens, and therefore as EU citizens, will be protected. There will be no hard border on our island. You will never again be left behind by an Irish government."

The Taoiseach's remarks have particular significance with regard to voting rights and procedures for the people of the north post-Brexit, as such procedures are a matter of Irish law. This was made clear by the President of the European Commission, Jean-Claude Juncker on 22 June 2018 when he said that 'eligibility to vote and stand as candidates in elections to the European Parliament is determined by Irish law...' The responsibility to ensure continued representation for citizens of an EU member state resident in the north falls to the member states of the EU – in this case, the Irish State.

In January 2018 the Human Rights Consortium (HRC) published a paper entitled *Brexit, Human rights and Northern Ireland*. The HRC is a not-for-profit coalition of civil society organizations from across the north. It was established in 2000 and has 'almost 170 member organizations from a range of community and voluntary grassroots groups, NGOs and Trade Unions, drawn from all sections of the community'. It pointed out that,

'Chapter V of the EU Charter sets out a range of EU citizens' rights – all of which are at risk in Brexit. For example, the right to vote and stand as a candidate in elections to the European Parliament in Member States in which she or he resides (under the same conditions as nationals of that state), is dependent on residing in a member state of the EU. After Brexit, even though Irish citizens in Northern Ireland will retain their EU citizenship as a birthright, they will not be able to vote in European Parliament elections unless they are resident in an EU state (unless some special arrangement is envisaged for Irish citizens who reside in Northern Ireland).'

The reason why Irish citizens in the north will be unable to vote in European elections is because the Irish State does not allow Irish nationals not resident within the State to vote in any elections. It is the norm across the EU to allow for such voting, and there are only five other EU states that deprive their nationals of the right to vote in national elections if they are living outside the jurisdiction, and only Britain and the Irish State deprive their nationals of voting in European elections even if they are resident in another European state. However, under the terms of the Good Friday Agreement, the rights of citizens in the north need to be protected post-Brexit, and this includes the right to participate in European elections.

The constitutional basis of the EU, the Lisbon Treaty, is quite explicit with regard to the rights of

citizens to participate in the democratic institutions of the EU. This is elaborated upon in Article Ten which says:

1. The functioning of the Union shall be founded on representative democracy.
2. Citizens are directly represented at Union level in the European Parliament. Member States are represented in the European Council by their Heads of State or Government and in the Council by their governments, themselves democratically accountable either to their national Parliaments, or to their citizens.
3. Every citizen shall have the right to participate in the democratic life of the Union. Decisions shall be taken as openly and as closely as possible to the citizen."

The expression of one's rights as a citizen therefore requires access to the democratic institutions. It is not an 'added extra' but something that is fundamental to the constitutional and functioning treaty of the EU itself.

Furthermore, the right of citizenship of an EU member state contains a stand-alone right to vote in European Parliamentary elections. This was borne out by the European Court of Justice in its 2015 ruling on the *Delvigne* case where it stated that Article 39 of the European Charter of Fundamental Rights, along with Article 14(3) of the Treaty of Lisbon, meant that citizens of an EU member state had a specific right to vote in European Parliament elections. That right can be limited by national law, but the limitations must be proportionate and reasonable.

After March 2019 it will not be possible for Irish citizens in the north to vote in EU elections. This is not in any way reasonable or proportionate. Our proposal to extend the European Parliament franchise to Irish citizens in the north is consistent with state practice across the EU and in line with the democratic principles set out in the treaties.

While there are constitutional issues with regard to external voting for certain Irish elections, there are no impediments on external voting for European elections. It is a matter of legislation as to how the State interprets its EU obligations. There is not a single legal barrier, nationally or internationally, to stop the north from having a separate European Parliament constituency or for people in the north to be able to vote in European elections.

# Brexit Stabilisation Fund

Sinn Féin propose a €2bn Brexit Stabilisation Fund to come to the aid of Irish communities and small businesses, those most exposed by the prospect of a calamitous British exit from the EU, over a period of two years.

The Irish economy is exposed in a number of ways as a result of Brexit – our agri-foods sector and domestic manufacturers and exporters face significant job losses and increased barriers to the trade on which they depend.

This exposure is compounded by the legacies of neglect and inequality successive Fianna Fáil and Fine Gael government have allowed to fester in recent years.

Huge regional imbalances exist in infrastructure, high-quality and well paid jobs, and in productivity. The areas most at risk of a crash Brexit are those least able to withstand it.

Sinn Féin's Brexit response will be to directly support areas in need of most support, and in doing so address the economic and infrastructural neglect imposed upon communities and families across parts of our island for too long.

## **Sources of funding**

Sinn Féin would capitalise our stabilisation fund in a number of ways.

Firstly, we would introduce legislation to put a stop to the government and Fianna Fail's 'Rainy Day Fund' PR project which would see the siphoning off of €500m per year. Over two years, this would provide €1bn for Sinn Féin's Brexit Stabilisation Fund.

Secondly, we would put our sovereign wealth fund to use in the service of Irish communities and the island economy.

The Irish Strategic Investment Fund (ISIF) should be used to invest in capital infrastructure and in regeneration in the most neglected regions in our island, the same areas where employment is most at risk. This includes the south of our island, the west coast, and the deprived north-west regions.

We propose that €1bn of ISIF funds be used to capitalise the Brexit stabilisation fund.

By improving digital and physical infrastructure in this way we build economic capacity, attracting investment in areas most in need.

For exporters and those in agri-food production, government support and protection should come through more localised and bespoke assistance than is currently provided by government, with the aim of unlocking new and more stable markets.

Small and micro businesses in vulnerable regions identify the erosion of vibrant and diverse economic activity and footfall in small towns and villages as a major challenge. A portion of this ISIF €1bn funding may be used to form investment partnerships with local councils to invest in the regeneration of towns and communities.

# Concrete EU solidarity with a post Brexit Ireland

Alongside domestic initiatives a Hard Brexit will require ongoing solidarity from the EU in the coming years. Sinn Féin is calling for a series of measures that the EU could take to assist Ireland in the period directly after Brexit.

- **The EU Commission must accept that Brexit constitutes an “exceptional circumstance” and the EU and allow for a derogation, as per the rules, to allow Ireland adequate scope to invest north and south in order to protect against the fallout from Brexit, but also invest to put the country in prime position to thrive thereafter.**

The economic projections show that Brexit will significantly reduce Ireland’s potential for growth in the coming years. A blind adherence to the EU’s fiscal rules such as running a balanced budget going forward may not be appropriate until such time as the new post-Brexit economic reality is established. Leniency and flexibility must trump strict adherence to what are arbitrary rules at the best of times.

- **It follows too that such spending may require direct interventions that would normally fall foul of the EU’s strict State Aid Rules. Ireland should apply for and be granted dispensation to make direct investment and spending in ways that under normal circumstances would constitute State Aid to combat the impact of Brexit. An exemption exists under Article 107 (3) (b) of the Treaty on the Functioning of the European Union ; *“Article 107: 3. The following may be considered to be compatible with the internal market: (b) Aid to promote the execution of an important project of common European interest or to remedy a serious disturbance in the economy of a Member State.***

This provision for exceptional investment must be activated.

The EU’s transport and energy networks operate on the principle of core networks that connect all corners of the EU. Brexit changes the physical shape of the EU and leaves Ireland more isolated than ever.

This new reality must shape a rethink of how these energy and infrastructure plans must take account of Ireland. Ireland north and south, cannot afford to be left behind in strategic infrastructure. Peripheral areas such as Mediterranean island and the northern periphery are considered as special cases in EU planning. Unfortunately, post- Brexit Ireland’s position will become more like these areas than before.

Sinn Féin are calling therefore for an immediate review the EU’s Transport and Energy infrastructure programmes so that projects involving Ireland north and south are prioritised and an examination of these programmes to see what additional needs the island of Ireland requires.

A new fund should be established on an EU wide basis to step in wherever evidence is shown that

Brexit has caused economic disruption and damage. The fund should be pro-active anticipating sectors and regions likely to be hurt by Brexit and to fund investment and diversification programmes in these sectors and places.

The structural funds were a huge investment that allowed infrastructure development on our island catch up with our neighbours. Now with Brexit the roles of the funds must be re-examined to see how they be appropriately used to mitigate the impact of Brexit. This could be achieved through :

- **Securing a lower rate of co-financing for match funding for regional development programmes. This would allow some projects to benefit from a higher percentage of EU funding with only a smaller share having to be found by the State.**
- **Allow north-south cooperation to be treated as a qualifying combination for inter-regional programmes.**
- **Establish a taskforce, in the future, like the Barroso taskforce but with an all-island mandate to work with national actors to secure the maximum level of access to EU funding streams**

# Conclusion

- A no-deal brexit increases the imperative for a border poll; the question of Irish unity must, as a matter of urgency, be put to the people of Ireland in such a scenario.
- A Common Travel Area treaty encompassing common travel rights, residency rights and related rights to education, social security, work, health, and security and justice is needed between the British and Irish governments
- Secure a strong CAP Budget post-2020
- Establishment of an Irish Brexit Stabilization Fund
- Flexibility on EU State Aid rules for sectors most affected by Brexit
- EU structural and adjustment funding to sectors that are negatively impacted due to Brexit, as well as ensuring that port and transport infrastructure is ready to deal with the necessary structural changes
- An Agri-food fund of a fixed-term duration to be set up under the European Agricultural Guarantee Fund to address currency fluctuation issues
- Increased support for marketing and promotion through additional funding for critical state agencies to secure new and expanded markets and supply chains for Irish SMEs



- Streamline R&D credit scheme for SMEs
- Overhaul Brexit loan scheme
- Introduce an employment subsidy scheme for micro and small businesses
- State grants for plant renewal and expansion, and the introduction of enabling technologies
- Expand diesel rebate scheme for hauliers
- Increase funding for land drainage scheme
- Extend income averaging scheme to farmers whose households are supported by a second self-employed income
- The future of Rosslare Europort must be secured
- Investment is needed in ports at Cork, Waterford, Drogheda and Shannon Foynes
- Increased investment in health, housing, education and childcare systems to mitigate cost of living and lower pressure on wages
- Concrete EU solidarity with a post brexit Ireland through access to emergency and European Investment Bank funding
- North-south cooperation to be treated as a qualifying combination for inter-regional programmes
- Establishment of an all-island taskforce to work with national actors to secure the maximum level of access to EU funding streams
- Aids to the all-island economy to include the completion of the A5 motorway and investment in Derry airport and Magee College to assist the north-west region
- EU representation through the allocation of two MEP seats for the people of the north
- Strengthen the rights of employees and trade unions to counter any threat of a Brexit 'race-to-the-bottom'





# David Cullinane TD

*Sinn Féin Spokesperson for Foreign Affairs and Brexit*



[david.cullinane@oireachtas.ie](mailto:david.cullinane@oireachtas.ie)



(01) 618 3476



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[www.sinnfein.ie](http://www.sinnfein.ie)

Email: [admin@sinnfein.ie](mailto:admin@sinnfein.ie)