

Introduction:

I would like to thank the members of the Committee for inviting us to speak with you today. My name is John McGrane, I am the Director General of the British Irish Chamber of Commerce and I am joined by my colleagues Paul Lynam, our Director of Policy and Cillian Molloy, our Policy Associate.

The British Irish Chamber of Commerce is the only organisation representing business activities with interests across our two islands. Our raison d'être is to champion, protect and grow the trade between the UK and Ireland – a trade that Pre-Covid and Brexit, was worth more than €90 billion a year and sustained over 400,000 jobs evenly spread across the communities of Britain and Ireland.

Before I speak on the initial impact Brexit, I want to give due credit to our civil servants and public representatives for the diplomatic triumph in securing a trade deal that many commentators described as impossible. Because of this Deal, there are zero tariffs and zero quotas on trade between the UK and the EU in all goods that comply with the appropriate rules of origin. The Agreement also sets out preferential arrangements for the trade of services.

However, there is no such thing as a 'Good Brexit'. The UK is out of the Single Market and Customs Union and therefore the seamless trade enjoyed between Ireland and the UK has been disrupted. While we must bear in mind the unprecedented challenges that businesses are facing with Covid-19, it is clear that the first four months of Brexit have indeed been challenging for UK-Ireland trade.

- Exports of goods to Great Britain are down 12%.
- Imports are down a worrying 53%.
- The Agri-food sector is of particular concern, with exports down 35% and imports down a whopping 65%.

The disparity between the significant but not catastrophic fall in exports compared to the collapse in imports could be explained for the following reasons:

- Firstly, there was a substantial amount of stockpiling which took place in advance of January, but we are not naïve enough to suggest that is the most significant reason for the reductions.
- Secondly, it has been evident to us for some time, that generally speaking Irish traders have been better prepared than their British counterparts.
- Finally, a key factor in the disparity between Irish exports to the UK and UK exports to Ireland has been the temporary easements on customs procedures put in place by the UK Government. By contrast, Ireland was bound by the terms of the Union Customs Code and applied full customs procedures to imports and exports.

As a consequence, we saw significant disruption to supply chains resulting in empty shelves in some of Ireland's most reputable supermarkets. Thankfully, it seems that most of these challenges have now been overcome. However, it is imperative that Irish exporters and UK importers use the time afforded to them by the UK Government's decision to extend customs easements until October and January or we could face similar problems as was seen in January and February of this year.

Furthermore, we do hope that the EU and the UK will conclude a comprehensive Veterinary Deal - as such a Deal would significantly reduce the frequency of physical checks required on goods of animal origin.

The Specialised Committees established under the Trade and Cooperation Agreement offers an opportunity to address potential divergences and challenges within sectors between the UK and EU. Accordingly, the Chamber is redesignating our Policy Fora to effectively input into these Committees to advocate against unnecessary regulatory deviations that could lead to increased barriers to trade.

Closer to home, we acknowledge the unprecedented efforts made by Government Departments, Agencies, and our Ports in preparing for Brexit. Going forward, we have a few suggestions that we would like considered.

- ✓ **A UK-Ireland Port and Transit Forum should be established.** This Forum would be open to all major stakeholders from the UK and Ireland Port and Transit sector. It would allow for streamlined communications, sharing of best practices along with information exchange and as well as a platform to address issues of mutual concern.

- ✓ **A Single Access Window for Customs should be set up.** To limit the bureaucratic burden traders would only have to deal with one entity for all administrative, customs and licencing requirements. In the absence of such a one-stop shop, a designated Senior Point of Contact should be allocated to the largest traders to avoid unnecessary delays.

- ✓ **Cork Port should get a designated Border Inspection Post:** Given the strategic importance of Dublin Port and the elevated importance of Rosslare Port in a post-Brexit context there is an opportunity to increase the connectivity of Ireland's other ports as alternative gateways to trade (and tourism). It is recommended that this approach be adopted to ensure no Port is overburdened as a consequence of Brexit.

As we turn our intention to the Post-Brexit trading relationship between Ireland and the UK, I would like to firstly address the repeated mantra of 'diversification' by some as a panacea for Brexit. While diversification and market expansion are important in responding to Brexit, the Chamber urges caution against the simplification of such an approach. The UK market shares similar tastes to the Irish market, as well as language, law and culture, Irish companies have invested considerable resources and time in gaining a foothold in the UK market that cannot be easily replicated in a European or other external market.

In fact, these unique characteristics between Ireland and the UK may offer Irish businesses a strategic advantage over other EU exporters. Ireland also has the added advantage, especially in the trade of Services, whereby the Common Travel Area allows Irish people to freely travel and work in the UK. So, our message to members remains the same: have a plan to protect and grow your presence in the UK. While Brexit will slow trade growth, it will not diminish the UK's importance as Ireland's leading two-way trading partner. We have noticed, even in the

last few weeks that our members are responding to this message. They are getting information and making connections looking to trade with the UK for the first time or to expand their operations further. As a Chamber, we always advise our members who have a valuable market in the UK or Ireland or who wish to grow their sales further, to consider the feasibility of establishing an appropriate operation in the opposite jurisdiction. We have also established a new online Platform 'Kmend', which gives businesses instant access to a constantly growing market and uses advanced AI technology to continually send businesses valuable new connections and opportunities.

I'll give just two examples of sectors that are primed for further collaborative growth between the UK and Ireland. The Chamber has always said that Brexit should be a catalyst for greater collaboration in Higher Education and Research across these Islands. Good progress has been made in this area, especially in a North-South context where resources have been allocated to the development of a North-South Research Centre. We believe that this should be expanded to support researchers across all stages of their careers, and we are hopeful that further collaborative models can be developed for England, Scotland and Wales.

There is also huge potential in the Green Agenda, especially with the UK hosting COP26 in Glasgow in November. Taking Offshore Wind as an example, the UK is the most developed offshore wind sector in the world, at the same time Ireland has unparalleled potential and ambition in offshore wind energy. Irish developers are keen to engage with UK expertise throughout the supply chain as well as their contracting partners. This is an area that has significant growth potential and we have already begun making important connections across the Irish Sea.

As well as realising the potential of trade across numerous sectors, there is significant potential in growing trade across the devolved nations of the UK. I am delighted to say that the Chamber has been involved in both the Ireland- Scotland and Ireland-Wales bilateral reviews which are designed to increase trade and we look forward to working with our partners to implement these ambitious plans. We would like to see a similar initiative carried out between the Irish Government and the UK Government and we would happily support such an exercise.

It would be remiss of us not to reference Northern Ireland and the Northern Ireland Protocol here today. In December, the Chamber welcomed the agreement on the Northern Ireland Protocol. It is our view - that while being far from perfect - this agreement offers a pathway for businesses in the North to maintain their trade with businesses in the South, with Great Britain and with the Single Market. We also believe this Agreement should provide an opportunity for Northern Ireland to attract investment as the “Best of both Worlds”. A pragmatic approach is needed by both sides to ensure that an Agreement that works in theory can work in practice.

For the Northern Ireland Protocol to work, North–South cooperation is essential. To this end, we would urge all participants to be proactive in all North-South bodies such as the North–South Ministerial Council. While we would also maintain our view that if UK–Ireland trade is to grow and prosper, it is also important that the British-Irish Intergovernmental Conference meets regularly, and that business and civic society have an opportunity to feed into these important dialogues.

Senators, it is our view that despite recent challenges with good planning and political will, UK–Irish trade can rebound for the greater prosperity of all the people across these Islands. However, we must not be complacent and, we must remind ourselves that with both Brexit and Covid-19, businesses have undergone an unprecedented challenge. It is essential that businesses across these islands are allowed operate in an economic environment that allows them to do what they do best - trade, invest and grow. Any temptation to place the economic burden on the shoulders of businesses must be resisted.

Thank you again for your time, my colleagues and I are happy to take any questions you may have.