

DÁIL ÉIREANN

AN COMHCHOISTE UM GHNÓTHAÍ AN AONTAIS EORPAIGH

JOINT COMMITTEE ON EUROPEAN UNION AFFAIRS

Dé Máirt, 27 Aibreán 2021

Tuesday, 27 April 2021

Tháinig an Comhchoiste le chéile ag 6.30 p.m.

The Joint Committee met at 6.30 p.m.

Comhaltaí a bhí i láthair / Members present:

| Teachtaí Dála / Deputies | Seanadóirí / Senators |
|--------------------------|-----------------------|
| John Brady, | Regina Doherty. |
| Dara Calleary, | |
| Marian Harkin, | |
| Seán Haughey, | |
| Brendan Howlin, | |
| Ruairí Ó Murchú, | |
| Neale Richmond. | |

Teachta / Deputy Joe McHugh sa Chathaoir / in the Chair.

EU Protocol on Northern Ireland-Ireland: Engagement with the Minister for Foreign Affairs

Chairman: Fuair mé leithscéal ón Seanadóir Vincent P. Martin. Ar son an choiste, ba mhaith liom fáilte a chur roimh an Aire, Teachta Coveney, agus a chomhghleacaithe go dtí an cruinniú inniu. I welcome the Minister, Deputy Coveney, and his colleagues from the Department of Foreign Affairs. We are looking forward to this exchange this evening regarding the protocol and where things are at.

All witnesses are reminded of the long-standing parliamentary practice that they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable, or otherwise engage in speech that might be regarded as damaging to the good name of the person or entity. Therefore, if their statements are potentially defamatory in relation to an identifiable person or entity, they will be directed to discontinue their remarks. It is imperative that they comply with any such direction. For witnesses attending remotely from outside the Leinster House campus, there are some limitations to parliamentary privilege, and as such they may not benefit from the same level of immunity against legal proceedings as witnesses who are physically present in the building. Witnesses participating in this committee session from a jurisdiction outside the State are advised they should also be mindful of their domestic law and how it may apply to the evidence they give.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official either by name or in such a way as to make him or her identifiable. I remind members of the constitutional requirement that they must be physically present within the confines of the place where Parliament has chosen to sit, namely, Leinster House or the Convention Centre Dublin or both, in order to participate in public meetings. I will not permit members to participate where they are not adhering to this constitutional requirement. Therefore, any member who attempts to participate from outside the precincts will be asked to leave the meeting. In this regard, I ask members partaking via Microsoft Teams to confirm they are on the grounds of the Leinster House campus prior to making their contribution to the meeting.

I call on the Minister to make his opening statement.

Minister for Foreign Affairs (Deputy Simon Coveney): I was glad to receive the Chairman's invitation to appear before the committee in what is an important week for the EU-UK relationship. This week we will finalise the ratification of the EU-UK Trade and Cooperation Agreement. The European Parliament today completes its scrutiny of the agreement. I hope and expect it to be endorsed by the European Parliament when the result of its consent vote is announced tomorrow morning. This will allow for the final formalities to be completed.

Dáil Éireann, of course, adopted by acclamation a motion of support in January. Ratifying the agreement will put a full toolbox at our disposal to make the best of the new framework for EU-UK co-operation. The agreement provides for 23 dedicated committees and working groups, under an overall EU-UK partnership council to oversee the implementation of all aspects of the EU-UK relationship, with a view to making them work as well as possible. These will become forums where the EU can come together with the UK to iron out the practical details of how we co-operate on issues from trade to aviation to law enforcement. Ireland and all EU member states will have the right to participate in these meetings as part of the EU delegation. We hope that the work of these joint bodies can begin as soon as possible. We look

forward to engaging in them fully in support of our interests and values.

This week's developments are something of a milestone in opening up new paths for us to maximise the potential of the agreement. They also serve as a timely reminder of what the agreement has gained for us and, importantly, what it avoided. It is not so long ago that the daily newspaper headlines questioned whether an EU-UK agreement would be possible at all. Members of the committee are all too familiar with what a no-deal outcome would have meant for this island. In addition to tariffs and quotas, such an outcome would have severely constrained co-operation in key sectors such as transport, energy and policing. The ESRI found that, over the long term, a trade deal would almost halve the negative impact on our GDP of no deal.

The agreement does not, nor could it, replicate the *status quo ante*. It means, however, that these important forms of co-operation and trade can continue, although in a new framework. The adjustment to the new reality created by the UK's decision to leave the EU, and with it the Single Market and customs union, has been challenging. There can be no doubt that the Government's years of long planning and major investment in financial supports and infrastructure were entirely justified. While we have mitigated against the worst possible outcomes, we were always clear that no level of preparation could have entirely allayed the effects of Brexit. Our fishers, hauliers, as well as our importers and exporters, are at the sharp end of the unavoidable changes brought by Brexit. We continue to engage with these sectors closely. The Government remains wholeheartedly committed to providing all of the support and guidance it can as we navigate these challenges together.

The EU-UK Trade Cooperation Agreement is, of course, not the only treaty that establishes new EU-UK arrangements. The withdrawal agreement, including the protocol on Ireland and Northern Ireland, also provides a vital framework that is of particular importance for this island. The protocol is the only solution to the problems created by Brexit for the island of Ireland. We firmly support ongoing contacts between the EU and the UK on its full implementation.

The Government respects and has listened to the concerns voiced by some on aspects of how the protocol operates. From my own engagements with the European Commission Vice-President, Mr. Maroš Šefčovič, I know the EU is doing everything possible to reflect these concerns and, working with the UK, to implement the protocol in a way that impacts as little as possible on people's everyday lives and trade. I welcome particularly the recent commitment to the joint EU-UK engagement with Northern Ireland stakeholders in the weeks ahead on the issues involved. Last week we saw the start of that engagement with the business community and other leaders.

I firmly believe that by acting together within the framework of the protocol, the EU and UK can find solutions to the outstanding issues. I welcome the recent constructive engagements between Vice-President Šefčovič and Lord Frost. Finding a sustainable and collaborative way forward is ultimately to the benefit of all communities in Northern Ireland, as well as to the EU and UK as a whole. It will also foster stability that, given recent concerning disturbances in Northern Ireland, is needed now more than ever.

All committee members want to see the protocol and the EU-UK Trade Cooperation Agreement operate as effectively as possible. I look forward to the committee members' interventions and to answering all of the questions they may have. I thank the Chair and, as I say, I am at his disposal for questions for as long as is necessary.

Deputy Seán Haughey: I thank the Minister for that overview of the EU-UK Trade and Cooperation Agreement and the Northern Ireland protocol. The British Prime Minister has spoken about “getting the barnacles off” the Northern Ireland protocol and “sandpapering” it into shape, whatever that means. The UK Government has unilaterally extended the six-month grace period, resulting in the EU taking legal action. Checks on goods coming into Northern Ireland across the Irish Sea ceased for a time. Are there many outstanding issues to be resolved with the protocol? Is the Minister confident these operational difficulties can be resolved by way of pragmatic solutions? Would it be fair to say businesses in Northern Ireland are slowly coming to terms with the protocol and how it is operating and with figuring out just what is involved in it?

I refer to the recent disturbances in Northern Ireland, as mentioned by the Minister. Brexit and the Northern Ireland protocol are cited as one of the reasons for these disturbances, although we know the situation is more complex than that. The DUP has a five-point plan to do away with the Northern Ireland protocol. I am conscious of developments in the DUP this evening so I do not want to say anything to interfere with that. It would appear the DUP not attending meetings of the North-South Ministerial Council is part of its plan. Is it the Minister’s understanding that it is boycotting meetings of the North-South Ministerial Council? That would be a disappointment, given those meetings are so important for the shared island initiative. Are there any plans for a meeting of the British-Irish Intergovernmental Conference? Following on from that, would the Minister agree that all parties and both Governments must renew their commitment to the provisions of the Good Friday Agreement and make it work so that the hard-won peace we have can be maintained?

I refer to the protocol again and to the unique opportunities for Northern Ireland presented by same in terms of new investment and jobs. The Central Statistics Office has published trade statistics for Ireland for the first two months of this year. These statistics indicate that trade between Ireland and Northern Ireland showed a dramatic improvement and this was in Northern Ireland’s favour. What can the Irish Government do to highlight the benefits of the Northern Ireland protocol to Northern Ireland as part of our foreign policy objectives?

Chairman: We are trying to keep it to five-minute blocks but the Deputy has used a lot of the time. It is like “The Krypton Factor” as the Minister has about a minute and a half to answer five questions, but we will show a wee bit of latitude.

Deputy Simon Coveney: It would not be a great situation if we used all of the time for questions and did not get any answers. If I miss something now, I will try to pick it up in the next round because there will be similar questions from many Deputies.

The British Prime Minister has described their approach to trying to amend elements of the protocol and its implementation in colourful language, as he often does, when he talks about barnacles and sandpaper. What he means is he wants to try to make it more acceptable and to smooth over some of the areas that have caused significant political friction. In principle, both the UK and the EU want to try to do that together where they can. They also have to, and the EU in particular has to, ensure they do that within the confines of the protocol itself. These discussions are not a renegotiation of the protocol. It is about using the flexibilities that are there to the maximum extent possible to try to find a pragmatic and flexible way of implementing the protocol that minimises the impact on trade in Northern Ireland on goods coming from Great Britain. There is no friction at all on goods going the other way.

The unilateral action of the British Government was deeply unhelpful. It set back relation-

ships significantly at a time when there was some momentum in discussions between both sides to try to find ways in which, for example, grace periods could be extended and other flexibilities could be found to try to deal with some of the pragmatic frustrations in Northern Ireland linked to the implementation of the protocol earlier in the year. Unfortunately, unilaterally announcing an extension to grace periods and other unilateral actions around soil, plants and so on were actions that undermined trust and relationships and that have ultimately resulted in the EU preparing a legal action. It is to be hoped that will not be needed, but unless trust can be rebuilt, which it is being, the EU will have no choice but to look at those options.

What is outstanding? The discussions on the relationship between Vice-President Šefčovič and Lord Frost have improved significantly and it is important to say that. Their technical teams have been working closely together to try to itemise what parts of the protocol can be managed in a way that, first, allows the implementation of the protocol to be robust and to protect the integrity of the Single Market and, second, can be done in a way that minimises disruption to trade. There are about 26 issues that have been itemised in that discussion so far and about 20 of them can be resolved through technical negotiation. Then there are about half a dozen issues that are much more political and more difficult to deal with. Those issues may involve negotiation and changes in approach that can allow the protocol to be implemented more easily.

If one takes, for example, the most high profile of those issues, namely sanitary and phytosanitary standards, SPS, we know that previously the EU had effectively offered what it terms as “dynamic alignment” for the UK with EU SPS standards. There would have been no need for checks on live animals, foodstuffs, plants or soil if there was an SPS dynamic alignment agreement across plant health, food and animals. The UK Government decided not to do that. It does not like the idea of dynamic alignment because it does not want to be tied to EU rules and EU rule-setting. Instead, it proposed an agreement around equivalence of standards and that the EU would recognise UK standards as equivalent to the EU. That was unacceptable to the EU for understandable reasons. I hope the negotiating teams will be able to look at this space and see whether there is a middle ground position between dynamic alignment and equivalence on SPS standards. Such a position could dramatically reduce the number of tests that are required on goods coming into Larne and Belfast ports from Great Britain into the Northern Ireland market and into the Single Market via Northern Ireland. That is something that is a political decision and not just a technical one that both sides need to try to make progress on.

There are a few other areas of discussion, such as where medicines get approval and for how long. The EU wants to ensure there are no barriers to medicines finding their way into Northern Ireland, particularly in the middle of a pandemic. At the same time, we cannot have a situation where medicines are being approved in the UK for Northern Ireland and then sold on into the Single Market where there is essentially a UK approvals mechanism providing medicines into the EU Single Market and bypassing the European Medicines Agency. Obviously, that cannot be facilitated. How do we secure stability of supply of medicines into Northern Ireland but not in a way that undermines the integrity of the EU Single Market on medicines? Likewise, there is a series of issues on tariffs, steel being perhaps the best example. Again, we are trying to ensure that Northern Ireland can have access to steel but that it would not be used as a vehicle to import steel into the EU Single Market and avoid tariffs in doing so. There are some issues around that as well.

Issues less linked to the protocol but that are linked to the broader trade and co-operation agreement that I think relate to Northern Ireland that need further discussion are around country of origin labelling and the consequences for goods produced in Northern Ireland that are

effectively British goods being able to benefit or not from EU trade agreements that need to apply from a country of origin perspective to EU-produced goods. That is a big issue for some in the agrifood sector, particularly around the dairy industry where a very significant portion of Northern Ireland's milk is processed south of the Border and in many cases is in a mixed milk pool with milk in the Republic of Ireland that is turned into powders, butters, cheeses, yoghurts, infant formula and a whole range of other things. Country of origin issues need further discussion and negotiation. That is also true of other supply chain issues, where, for example goods that originate in the EU that go to a distribution centre in the UK and are essentially re-boxed or repackaged and redistributed back into Ireland, into the Single Market, whether or not tariffs apply to those goods - at the moment they do - because they are no longer considered EU goods because the integrity of those goods are not monitored in the EU Single Market when they are re-boxed or re-badged in the UK, but nor are they UK goods because they are not produced in the UK. The goods are effectively stateless and, therefore, tariffs apply. There is a whole range of issues that need discussion in a way that is facilitated by pragmatic partnership between the EU and the UK to try to find solutions to many of these issues. If we could find a way forward on sanitary and phytosanitary controls, SPS, that could significantly reduce the inspection burden on goods coming into Northern Ireland ports from Great Britain which would be a win for everybody. Hopefully, it is something we can see some progress on.

I will make no comments on the DUP other than in the context of the North-South Ministerial Council. Yes, there was an issue about a DUP Minister not being present at a transport North-South Ministerial Council but the meeting subsequently happened and there was a Minister present. There is a potential issue about an agricultural North-South Ministerial Council meeting tomorrow but we will have to see what happens with that later this evening.

Of course the Good Friday Agreement is our Northern Star in terms of trying to protect its institutions and foundation as the basis of relationships, respect and institutional interaction both within Northern Ireland, North-South on the island of Ireland and also east-west between the British and Irish Governments. To that effect, we are hoping to have a British-Irish Intergovernmental Conference at some point in the coming weeks and months because there are many issues that Dublin and London need to be talking to each other about in the context of Northern Ireland and the relationship between these islands.

Finally on the opportunity for the Northern Ireland protocol, it is not something that is being discussed yet but believe me, it will be in time. I refer to the business opportunities for Northern Ireland where they have a foot in both markets. Anyone producing goods in Northern Ireland has unfettered access into the GB market and completely unfettered access into the EU Single Market for goods. That has got to be a significant business opportunity for Northern Ireland, which I hope that, when over time we address, in a pragmatic and flexible, way the political differences and tensions around the protocol, can be a source of optimism, investment and opportunity for businesses in Northern Ireland.

Chairman: I appreciate the Minister covered a lot of ground as he had a lot of questions. I might recommend that members narrow their contributions down to one or two questions. We will try to get a little bit more engagement between the members.

Deputy Brendan Howlin: I will confine myself to two questions on that basis. I thank the Minister for his very detailed first set of responses. This committee has been very actively engaged in looking at the outworking of the Trade and Cooperation Agreement since it was published. Rather than focusing on minutia, I would like a broader perspective from the Minister on the tone of the commentary coming both from the EU and the UK. I was struck today

by the reported comments of President von der Leyen to the European Parliament as it debated the ratification of the agreement. She said quite emphatically that the Trade and Cooperation Agreement has real teeth and that vigilance will be required and that the EU will not hesitate to take action if there are breaches. I thought it was a fairly belligerent assertion of the strength of the agreement. The Minister already spoke of the British Ministers unilaterally making decisions outside the confines of the agreement and the co-operation and understanding of their partners and Ministers making statements, basically air brushing the EU out of issues now, except to make disparaging comments about the EU in relation to vaccine roll-out. President von der Leyen said that history would judge what our future relationship will be, but we have to set the tone of history, do we not? What is Ireland's role in that? The Minister talked about the EU-UK partnership council. Will he share his vision of Ireland's role in that and how we can ensure that there is a really constructive future relationship between the EU and the UK?

My second question relates to some of the difficulties experienced by industry. Understandably the Minister's comments have been largely on industry in Northern Ireland but the UK, as he rightly said, made the decision to prioritise regulatory divergence over alignment and that has caused problems. I was contacted by a very substantial company in my constituency which has a real problem with the export health certification, EHC, of all animal product origin. It is the most significant individual change. The Department of Agriculture, Food and the Marine proposes to manage that certification by way of veterinary certification. That requirement to a vet-certified EHC is taking approximately ten days whereas the competitor companies producing the same product in the Netherlands and Germany, also exporting into the United Kingdom, have a turnaround of less than five days. That is putting Irish companies at an enormous disadvantage. My question, then, relates to companies in the Republic of Ireland exporting into the UK. Is the Minister proactively ensuring that difficulties such as the one I mentioned are overcome and are these part of the Šefčovič-Frost dialogue?

Deputy Simon Coveney: To answer the second part first as it is quite specific, yes, I have been speaking to a number of businesses around the turnaround time. I do not want to start naming them now. One is in the Deputy's neck of the woods. It exports very large volumes of food on a daily basis and has distribution warehouses in the UK that are part of quite a sophisticated supply chain that comes from Macroom to Wexford and onto the UK. It is just one of many companies that will be relying on an efficient turnaround of veterinary certificates in order to be able to sell food into the UK.

Deputy Brendan Howlin: Does it need veterinary certificates? That is the question.

Deputy Simon Coveney: Yes. My understanding is that the Department of Agriculture, Food and the Marine has committed to making sure that we can match what is in place in other European countries. In the Netherlands, as I understand it, the turnaround time that is being committed to is four days. Currently, we anticipate that it will take ten days here so we will have to get that timeline down. I am in the middle of a conversation on that and we will work with the Minister, Deputy McConalogue, who is aware of this issue, and his Department. It essentially means making sure we have enough vets to enable us to have faster turnaround times and we can do that. To use a term that is somewhat overused, there was an abundance of caution in terms of the timelines that were promised at the start but our food industry is far too big not to be competitive on something like this, where the State needs to facilitate a faster turnaround time.

On the Deputy's first question regarding the more fundamental issue of the relationship between the EU and the UK, there are serious trust issues when it comes to Brexit and the pro-

tol, fuelled by the British Prime Minister's comments. He has spoken about the "ludicrous" trade provisions in the protocol and has said that some of the provisions are "absurd" but this is the deal that he signed up to and which his negotiators negotiated that he is now thrashing. That is politics, in terms of the language that is sometimes used. In return, the EU uses very legalistic and rigid language but that is driven by the experience of the British Government changing its approach in the autumn, openly admitting that it was going to break international law in a targeted and specific way. It also comes from the British decision at the start of March to essentially act unilaterally which, in the EU's view, is completely contrary to the obligations under the protocol. There is a real wariness in Brussels because of the unpredictability of the British Government's approach to some of these issues. I hope that, over time, the relationship between Lord Frost and Commission Vice-President Šefčovič can address some of those trust issues. We are very lucky to have Maroš Šefčovič in that role because I have found him to be extraordinarily interested and diligent on Irish issues. I have had many hours of discussions with him and he rings me after every significant meeting he has to make sure that he is not missing something from an Irish and EU perspective. We are very lucky to have him.

Equally, Lord Frost is somebody who is on top of the detail and has proven to be a trusted negotiator by the UK Prime Minister. It is really important that the two individuals that lead for both sides develop a relationship of trust. That relationship will need time to develop, given how it started, which was not good, but it is improving. I was in London two weeks ago and had a very good meeting with Lord Frost and worked through some of these issues in advance of him travelling to Brussels. Relationships are improving but there are still real issues with regard to trust. That would have been clear to anyone listening to the debate in the European Parliament today on whether it should ratify the trade and co-operation agreement, TCA. There is still a lot of soreness around the story of Brexit, its negotiation and the relationship between the two sides but I hope that will heal over time.

From an Irish perspective, we need the EU and the UK to be close partners in so many areas because if they are not, it puts Ireland in a very difficult space, as we found out repeatedly during the course of the Brexit negotiation process and as we are now finding out in the context of the implementation of the protocol. In my view, the protocol is the best way of limiting the disruption of Brexit on this island to the greatest extent possible but from a political perspective in Northern Ireland, it is very complicated. We will do everything we can to try to improve that relationship but there is an onus on the British Government, in particular, to do the same. There is also an onus on the EU, which has made mistakes, particularly with its threat to trigger Article 16, although it reversed engines very quickly on that mistake, within three or four hours. One does not see the EU acting unilaterally in the way that we have seen happen, unfortunately, on the other side. We need to focus less on blame and looking backwards and more on trying to find solutions, pragmatism and flexibility where possible, and on looking forward. We have an agreement now and we need to do what we can to make it work but both sides have got to own that agreement and not try to disown elements of it because they find them hard to sell.

Chairman: Deputy Richmond is next, followed by Deputy Calleary.

Deputy Neale Richmond: I thank the Minister for that comprehensive overview. A lot of the questions I had prepared have already been posed. I will try to flesh out some of the Minister's answers to Deputy Howlin. Deputy Howlin mentioned the fact that Commission President von der Leyen spoke today about the EU having teeth in terms of the enforcement of the TCA. We all share the hope that the agreement is ratified by vote tomorrow morning. Judging by the tone of the debate in the European Parliament, it will be ratified but taking those comments into

account, it is very reassuring to hear that the Minister is speaking so regularly to Vice-President Šefčovič. What role, formal or informal, does the Irish Government have *vis-à-vis* the implementation and monitoring of the TCA and the protocol aspect of the withdrawal agreement? The Minister referenced the wobble in relation to Article 16 in January and when we met the Minister of State, Deputy Byrne, previously at this committee he referred to the possibility of developing an early warning system or something less formal. What is the role of the Irish Government, given that no other member state is more affected by the TCA and the protocol? The Irish Government's proactive role in the European Council and the Minister's own proactive role has been vital throughout the Brexit process.

There has been much talk about the implementation of the protocol. To be frank, it has clearly been politicised on the ground in Northern Ireland for obvious reasons but there has been talk about a possible EU-UK veterinary agreement and an agreement on SPS which will move the UK closer to EU standards and that would make a lot of the checks required under the protocol redundant. Does the Minister have an opinion or an update on that? Is it a possibility?

It is great to hear that the British-Irish Intergovernmental Council, BIIGC, is due to meet soon. One can talk about Ireland's role in improving the EU-UK relationship but in terms of the crucial Anglo-Irish relationship, constant and consistent meetings of the BIIGC and the North-South Ministerial Council are more important now than at any time since the Good Friday Agreement was signed. There must be a push to formalise those meetings. It should not be the case that the BIIGC would only meet on an *ad hoc* basis when required. Such meetings should simply be in the calendar. In that way, we de-dramatise them and ensure that the relationships between politicians and between Government officials remain constant.

Deputy Simon Coveney: I wish to acknowledge Deputy Richmond's role in a lot of the public debate on many of these issues. On his last point, we are very keen to have regular BIIGC meetings so that they are not seen as something that is triggered in an emergency situation or when there is a problem to be solved. What we were working towards with the previous British Government under Teresa May as Prime Minister, and with David Lidington in particular, was putting in place a schedule of BIIGC meetings two or three times a year. The idea was that they would be scheduled months in advance so that they would not become an issue. They would just be a procedural thing whereby the Governments meet and discuss the issues of the day. Sometimes, these discussions concern serious, difficult issues; other times, they are planning and policy discussions. If we put these meetings in a regular cycle every year, then we are using the institutions of the Good Friday Agreement as they should be used. Instead, what has happened with the BIIGC is that there have been very few meetings. The last one was in 2019 and was really useful. It confirmed the memorandum of understanding that is now the basis for the definition of the common travel area and a whole range of other things linked to that in terms of social welfare, pensions, education and other things that we have now legislated for. The 2019 BIIGC meeting in London was a most useful one.

We would like to "de-dramatise", to use a term that has been used throughout the Brexit process, what the BIIGC is all about, as opposed to every time a meeting is triggered, it raises hackles in certain political parties because they do not like the two Governments talking about Northern Ireland with them not being present or whatever. Just like we should have North-South Ministerial Council meetings as a matter of procedure, we should also have BIIGC meetings as a matter of procedure. Even if there could be two a year, that would be very welcome, as it would be with the other formats such as the British-Irish Council, BIC, and so on.

As regards the protocol, I make no secret of the fact that in my view it is very much in the in-

terests of the UK and the EU to put in place a veterinary and SPS agreement that can effectively ensure there is a guarantee of common standards in the two jurisdictions that prevents the need for inspections at ports. It is a no-brainer, as far as I am concerned, in terms of the pragmatic facilitation of trade. Unfortunately, many of the issues linked to Brexit are approached not from the basis of pragmatism but on the basis of interpretations of sovereignty and so on, and Britain needing to be able to do its own thing and change without having to consult the EU. Therefore, so far, the concept of dynamic alignment with EU rules in any sector has been rejected as a way of reducing trade barriers.

I hope we can find another way of doing this that the British Government can support. I am even conscious of the fact if I am advocating too strongly for this approach, it may make it more difficult for some to agree it because it is the Irish Government's position and therefore there must be something that is not quite right about it. That is not the case here. For many years on this island, we have co-operated on animal and plant health and we have had pragmatic arrangements, even within the European Union together, between Britain and Ireland in relation to some checks. In my view, there is a real opportunity here to change the implementation of the protocol quite significantly, within the confines of the protocol, by putting in place a veterinary and SPS agreement for animal and plant health. The estimates are that the number of checks could be reduced by up to 80% by doing so. Not only would that benefit Northern Ireland in terms of Larne and Belfast, but it would also benefit Dublin and Rosslare and anywhere else where goods are coming in, whether it is Cork, Waterford or Foynes or anywhere else. From our perspective, we want the fewest possible barriers to trade in the Irish Sea. This is an area on which I will continue to try to advocate for change.

In terms of the trade and co-operation agreement, and the role or influence of the Irish Government in the trade and co-operation agreement versus the protocol, first, it is an EU-negotiated agreement, not a bilateral negotiation between Ireland and the UK. We never allowed it to become that, which was a wise thing to do in my view. It is an EU-UK agreement and an EU-UK implementation plan, which of course requires consultation with political, business and community leaders in Northern Ireland as well as the Irish Government, because we are all impacted by it. However, I must say, just as was the case with Michel Barnier, where there was an incredibly close relationship between his negotiators and the Irish Government to make sure we fully understood the implications of all decisions that were being made, that kind of relationship of trust has very much carried over into our relationship with Vice President Šeřčovič on the protocol in particular. The trade and co-operation agreement is different. It is much broader. It is as much about trade between France and the UK as it is Ireland and the UK. We clearly have a say there, but it is a much stronger one in terms of shaping the approach on the protocol than it would be on any future negotiations around the trade and co-operation agreement.

Just to give the committee a sense of how the trade and co-operation agreement and the protocol have changed the trade environment between Ireland and the UK, Central Statistics Office, CSO, figures show that the value of imports from the Great Britain for January and February 2021 was 57% lower than in the first two months of 2020, while the value of exports to Great Britain in the same period had decreased by 12%. On the other side of that coin, roll on-roll off volumes on direct routes to and from continental EU ports increased by 74% in those two months. Therefore, we are seeing quite a dramatic impact on supply chains in terms of how they function. It is too early to draw definitive conclusions from that because there was a lot of stockpiling in November and December in anticipation of a no-deal scenario and therefore looking to avoid tariffs. Literally every warehouse in the UK was full of product that was essentially being stockpiled. That explains some of the dramatic fall-off in trade in the months

of January and February, but undoubtedly, the trade and co-operation agreement and the new realities of, and barriers to, trade are also part of that story.

Deputy Howlin will have more accurate figures on this, but I think that there are 36 direct ferry trips being made each week from Rosslare alone, primarily into France, but into mainland Europe, bypassing the UK. Last December, that figure was six. It is now 36, so it has increased sixfold, which is quite extraordinary. Whether that will be sustained indefinitely into the future or we can get back to a point where the UK land bridge is being used as the most efficient way to get goods to and from the rest of the EU Single Market, and whether we can get back to the kind of supply chains that would have served us before 1 January 2021, remains to be seen. Certainly, an SPS and veterinary agreement would make some of those things much easier, but for now Irish companies are adjusting to the new realities as well as they can, but it certainly has been quite difficult for some sectors.

Chairman: I thank the Minister for his comprehensive answers. There are still a number of members who wish to speak. We are good for time, so we should not be under too much pressure. I call Deputy Calleary, followed by Deputy Brady.

Deputy Dara Calleary: I thank the Minister for his time. I acknowledge the role played by his officials right across the remit of his Department over the past five years and his own contribution in his time there. It has been extraordinary.

I wish to raise a few points. The Minister briefly mentioned the triggering of Article 16 and stated the EU moved very quickly to reverse its position. What impact did that have on the protocol?

I note the Minister emphasised the positive personal relationships that he has with Vice-President Šefčovič and previously with Mr. Barnier. Do we not need, as Deputy Richmond referred to and what Mr. Barnier said, something more formal than depending on personalities getting on? What changes were implemented as a consequence of the triggering of Article 16 to ensure that, as well as the very important relationships and personal connections, there is actually a mechanism to avoid that happening again?

The Minister spoke in his remarks of constructive engagements between Vice-President Šefčovič and Lord Frost. He went through the practical elements of those and there does seem to be progress.

We would like to “de-dramatise”, to use a term that has been used through Brexit, what the BIIGC is all about, as opposed to every time one is triggered, it raised hackles in certain political parties because they do not like the two Governments talking about Northern Ireland without them being present or whatever. Just like we should have North-South Ministerial Council meetings. The Minister also mentioned that there are half a dozen political issues. Will the Minister give us a flavour of these? Are they quite complicated? What are the chances of resolving them? With regard to a sustainable and collaborative way forward, the Prime Minister is knocking the barnacles off the deal. Does he understand how experienced the Minister is in barnacle management through sailing? Does this type of language not suggest that we still have difficulties with language and difficulties regarding the need for constructive diplomacy in resolving all of these issues in all of our best interests?

Chairman: I am conscious of my previous intervention. We are okay for time.

Deputy Simon Coveney: It is a bit like the protocol. There are certain parameters within

which we have to work.

Chairman: Some members might want to come in with more questions.

Deputy Simon Coveney: I do not want to over-comment on knocking off the barnacles. I know what the Prime Minister was getting at. He wants to try to smooth the implementation, which has been very jarring for some people in terms of tension on certain issues, such as bringing plants into garden centres in Northern Ireland in the springtime and the time delays in ports. Some people would make a very strong case that the grace periods need to be a lot longer than they have been. There is a range of issues.

The difficulty is that sometimes in politics we can use deliberately ambiguous language and different people can take what suits them from these messages. It is much harder to do this on something such as trade, which is very black and white with regard to the legal responsibilities on protections of an EU Single Market and the precedent being set if we do not implement the rules in a rigid and consistent way. This is why the protocol is there. It would not be there if it did not really need to be. We cannot have a situation where other countries in the EU are suspicious that there is, essentially, an unguarded back door into the EU Single Market through Northern Ireland. They will not tolerate that. Some in the Chamber have been in the European Parliament and they will understand why. Countries such as France, Germany, the Netherlands and Belgium and many others value the protections provided by the Single Market and the need to protect the integrity of the Single Market for everybody staying in the EU. We cannot create a double standard just because of a difficult political negotiation with the UK. This is why the solution became the only one left on the table. It was because of the kind of Brexit the British Government insisted on pursuing that Northern Ireland had to be treated in a slightly different way to the rest of the UK by a de facto extension of the EU Single Market for goods to prevent the need for any border infrastructure on the island of Ireland. The price of this was limited checks in the ports of Larne and Belfast. Now we have to try to find a way to implementing this in a way that can be accepted.

I do not want to overplay the positivity about negotiations between Lord Frost and Vice-President Šefčovič. There was a reasonably good meeting the week before last in Brussels but there are still serious outstanding issues. Both negotiators are under some pressure to deliver. Certainly from Vice-President Šefčovič's perspective, he needs to ensure the EU is seeing follow-through on the commitments to which the UK has signed up, which to me seems a perfectly reasonable ask. He is willing to show some flexibility in timelines on the implementation. I do not want to comment too much on British politics but certainly there are also political pressures on Lord Frost and expectations around this.

As I have said, from what I can remember there are 26 issues and five of six which are political and contentious. I mentioned some of them earlier with regard to SPS arrangements, steel, tariffs, country of origin issues and ensuring no impediments to the supply of medicines into Northern Ireland. There has been an issue regarding VAT on second-hand cars, which was quite contentious. Again, both sides are looking at what is possible and what is not. This gives the committee a flavour of some of the technical issues. Then, of course, there are discussions on grace periods on issues such as veterinary health certificates and for how long the grace periods are acceptable.

Likewise, with regard to raw prepared meats such as minced meat and sausages, there is no third country in the world that exports prepared raw meat into the EU Single Market. It just does not happen. The UK is looking for an exception to this rule. The EU is stating it cannot

do this without creating a precedent for a range of other countries that would like the same provisions. At present, there is a grace period, which means sausages and minced meat come into Northern Ireland, but this grace period will end at some point. When this will happen and what will happen after it are the types of issues under discussion. These are not easy issues to resolve, even though they were resolved in the protocol when it was signed up to and in the implementation plan for the protocol, which was also signed up to by the British Government in December. They have been reopened and the EU is trying to be as pragmatic and reasonable as possible but it can only go so far.

With regard to Article 16, this was a mistake that should not have happened. It would not have happened if there had been normal consultation. It was a very unusual week when it happened. The European Commission was under a lot of pressure about the lack of supply of vaccines, particularly from AstraZeneca, and the focus of the discussion was very much not the protocol at all. It was around trying to secure consistent supplies of vaccine that were being produced in the EU but some of which were being exported out of the Union by companies that were not fulfilling commitments to the Union. Unfortunately, the protocol got caught up in that debate on the basis of the fear of some supposedly legal expert that if there were to be any limitation on export of vaccines because of the protocol they could travel through Northern Ireland and into Great Britain in a way that could not be managed. This was flawed thinking on many levels quite frankly but that is how it happened

In my view, although I do not know for sure, even Vice-President Šefčovič did not know this was being proposed. Certainly Commissioner Mairead McGuinness did not know. This was managed by quite a small circle of people and mistakes were made. Once we heard about it we acted very quickly. We got on the phone and spoke to all of the people who needed to be part of the conversation and it was reversed within four hours. Unfortunately, the issue lit a flame under people who were opposed to the protocol and we have not managed to dampen down those flames since, quite frankly. I do not think this was the only issue but it was the trigger that allowed some people to take a very aggressive stance against the protocol and against the EU's approach to Northern Ireland more generally. This is a significant frustration within the Commission. It certainly contributed to the negative environment that is there.

The Deputy's final question was on the fact that we cannot rely on relationships. This is totally true. We cannot have relationships between an Irish Government and EU institutions based on the personalities that happen to be in the privileged positions at the time. The only reason I make the point on personal relationships is that we are fortunate with the two key negotiators for the EU. Michel Barnier has a real understanding and passion for Ireland that started long before Brexit discussions. It goes right back to when he was a Commissioner. Likewise, Vice-President Maros Šefčovič is genuinely interested in Ireland and the complexity of politics on the island of Ireland, and that helps. Of course, many of these relationships are between my officials and their counterparts in the European Commission; this is not solely reliant on two individuals or, for example the Taoiseach's relationship with President Von der Leyen, which is also a very good relationship. It is an institutional linkage and we have invested heavily in ensuring we have a team in Brussels that can reinforce those relationships and we will continue to do that.

Deputy John Brady: I thank the Minister for his opening statement and for answering questions members wished to put to him. I want to home in on two specific areas. The majority of people in the north of Ireland voted against leaving the EU, and this is widely acknowledged. Many view the Irish peace process as a European success story. I agree with the Minister's

comments on how the Good Friday Agreement is like our northern star and that it is critical we protect all the institutions. That must be foremost in all our actions going forward. The trade and cooperation agreement offers protections to the peace process by providing special status for the North. However, there is the question of the resulting democratic deficit that has been part of the fallout from the entire process, and whereby we see elected representatives in the North having no role or voice in shaping legislation that they are now essentially bound by. There is a major role for the Minister and Government in calling for, advocating and, indeed, negotiating for dialogue between the EU and elected public representatives and civic society in the North. It is also important the EU be made to understand this dialogue is important and will contribute to reducing the tensions we have unfortunately seen being played out on the streets of the North in recent weeks, and in offering an opportunity for the people of this island to define their future with the EU together. On that democratic deficit, what role does the Minister see being put in place to ensure the voices of political leaders, parties and civic society in the North can be heard within the EU, in terms of helping to shape the EU legislation they will ultimately be bound by?

I raise also the issue of fishing. It was one of the most contentious issues and probably held up much of the discussions as well as the final agreement. From some of our previous engagements, the Minister indicated this was one of the areas he had hoped would be addressed first and was not foreseen to be one of the issues that would cause the most difficulty. The fisheries element of the TCA is an absolute mess. It is a bad deal for Ireland. According to the figures, the new agreement provides for a 25% aggregate reduction over the next five and a half years, of the quotas available to the EU 27 fishing fleet in UK waters. The Irish fleet takes approximately 34% of its landings from UK waters so it is obviously going to have significant fallout for our fishing fleet. It is estimated that there will be a loss of in the region of €43 million, in quota share, by 2026. There is a real threat Irish trawlers will have to be decommissioned due to the lack of access to British fishing waters. The Government must take a number of actions immediately. It must engage directly with the British Government on the issue if it has not done so. There must be bilateral discussions on access by Irish trawlers to British waters. We must reopen the discussion on the subject of quotas for Irish fishing in general. The quota for Irish trawlers must be increased within Irish waters to compensate for the loss of income due to the agreement. There is also the issue of adequate compensation, and not just for the fishing industry itself but for our coastal and inland communities. The amount being offered through the Brexit adjustment fund is quite simply not sufficient to compensate for the damage that will be done due to what is being asked of our communities. Therefore, what actions will the Government take to deal with the huge fallout for the fishing industry in Ireland? Will it consider holding bilateral talks with the British with a view to gaining more access for the Irish fishing fleet to British fishing waters? Then there is the issue of compensation. This is about our coastal and island communities but it is also broader than that; it is about their livelihoods and the fallout for entire communities as well.

Deputy Simon Coveney: I thank the Deputy for what is quite a thoughtful question on the democratic deficit issue. The opportunity and upside of the protocol for Northern Ireland is of course that it has left the EU but is still treated as part of the EU Single Market for goods. This is a unique opportunity for it where trade and business are concerned. In the context of how the rules of the Single Market develop and are discussed and debated in Brussels, there are no politicians from Northern Ireland taking part. Certainly, political leaders in Northern Ireland have an input and a say in the context of the protocol and its implementation through the specialised committee. That is very much the case. There is also a real effort by the EU side to actually have regular consultation and reach out to business leaders and political leaders to

really understand how the protocol is impacting. However, it would also be a difficult proposition to suggest that there be MEPs from Northern Ireland in the European Parliament when Northern Ireland is not in the EU. Thus there are compromises being made in the context of trying to prevent what would be a bigger problem, namely, having to put border infrastructure between North and South on the island of Ireland, which is something I do not think is doable, implementable or politically acceptable. Of course, the alternative to that is that the Republic of Ireland, and the island as a whole, would be taken out of the EU Single Market for goods by default, which we could not allow either given that it is in many ways the basis of a competitive economy for us here. The protocol, therefore, is a way of trying to manage disruption in the best way available. However, it is not perfect and we will try to do everything we can to listen to and ensure political leaders in Northern Ireland are part of the discussion so we can reflect those views in European institutions when and where necessary. The political tensions around the implementation of the protocol and so on have created an atmosphere where it is difficult to get constructive dialogue at the moment but, hopefully, that is something that can change over time and we can ensure concerns in Northern Ireland are more than reflected in Brussels.

On fishing, I am very familiar with that element of the TCA and spent many hours trying to influence that outcome. It could have been a lot worse but it still was not a good outcome. A no-deal Brexit would have been far worse for the fishing industry but we are still talking about Ireland losing approximately 15% of our total value of fish quota in 2020, which is approximately €43 million of a lost catch opportunity for our industry, which is significant. Much of this is mackerel, which is the most valuable fish stock to our fishing industry, particularly in Donegal. There is an ongoing conversation between the Government and the European Commission led primarily by the Minister, Deputy McConalogue, supported by the Taoiseach and me, to look at what we can do in the European Union to try to remedy what we regard as a burden sharing issue, whereby Ireland is being asked to carry too much of the burden versus other EU countries that have not lost the same level of percentage losses that we have. Let us wait and see where that goes.

I do not think it is a realistic proposition that we could start negotiating on a bilateral basis with the UK and access UK waters. This, of course, is part of the Trade and Cooperation Agreement, which is an EU-UK negotiation. We cannot legally start doing side deals that undermine the international trade agreement between the EU and UK when the competence on trade negotiation is at EU level rather than member state level. I do not want to raise expectations.

There are some issues on which we need to try to negotiate solutions bilaterally with the UK and Scotland, for example with regard to Rockall, but negotiating quota share and access as a side deal, and expecting that other EU interests would not notice it and that there would not be a consequence for Ireland in terms of quota allocation under the Common Fisheries Policy, will not happen. It is important to be honest about this.

Certainly within the EU, we have not yet concluded fishing discussions regarding whether Ireland has been asked to take an unfair level of the burden of fishing opportunity losses. As I said, no deal would have been far worse. What the UK Government was looking for on fishing was many multiples of what it got in terms of access to extra fish. Even so, €43 million is a lot of money to an industry that has quite tight margins and it does have an impact, not only on fishing opportunities but also on the processing sector. We have to look to compensate primarily with fish and not money. What the fishing industry wants is fishing opportunities from stocks that are well managed as opposed to money in handouts. Financial compensation may well be part of the package also.

I hope that in the coming weeks we will have a conclusion to the discussions on the Brexit adjustment fund. The Deputy said it is not a lot of money but to get more than €1 billion of a €5 billion fund means more than 20% of the overall pot is going to a country that has 2% of the population. I know we are impacted significantly more than any other country but it still represents a pretty good outcome. We will continue to negotiate to maximise the amount of money available to the country.

Deputy Ruairí Ó Murchú: I will revisit the trust issue between the British Government and the European Union. This was made much worse by the British Government's unilateral action on the grace periods. Enough voice has been given to removing barnacles and sandpapering the Irish protocol. I accept what the Minister said, that there is a read on it that it is Boris Johnson saying we need to streamline the Irish protocol and make it work, and nobody has a difficulty with this, but it also sells to another crowd, which is, I assume, is the reason he says some of what he does. It is very hard to have trust when we do not have consistency. When we are dealing with a British Government it depends where or why it is going where it is, because sometimes we fear it is a negotiation gambit, even with regard to dealing with these sorts of issues in the protocol, and sometimes we believe it is selling to its own Brexiteer wing. We are never quite clear. The only positive thing I take from this is that I do not think unionists can necessarily bank what Boris Johnson says regarding there being no referendum on Irish unity and that the union is safe. They can put that alongside all commentary from British Prime Ministers and the Tory party over the years.

What facilities do we have in the Trade and Cooperation Agreement? The Minister speaks about the EU-British Partnership Council and the 23 committees. We have what now sounds somewhat positive, which is the relationship and communication between Commissioner Šefčovič and David Frost. I add my comments on the necessity of the North-South Ministerial Council, particularly what Deputy Richmond said about the British-Irish Intergovernmental Conference being placed on the calendar, if that were at all possible, and, as the Minister would say, removing the drama from it. This would be an absolute necessity. The other difficulty with this is that it takes two to tango. The Irish Government needs to ensure this can happen.

We have already had comment on the DUP and an element of panic politics. We have seen it internally and externally. Politics should deliver for people, and I suppose this is through job and educational attainment, as opposed to circling the wagons and playing the orange card. There has been commentary, even in recent days, on the Northern economy. I do not expect the Minister to comment on this but my view is that the jobs dividend and the economic dividend the North requires will only come through Irish unity.

We can also accept that unionism is not what it was. The demographics have changed and the world has changed. We have seen the recent violence and none of it is welcome. Protests with people standing on bins is a far remove from Jim Molyneux and Ian Paisley and the huge monster rallies against the Anglo-Irish Agreement which, at the end of the day, also failed.

I welcome what the Minister said on his interaction with the business community and others. This is the start of a process. I would like information on what qualms they had. The Minister offered solutions and spoke about the positives of the Irish protocol for Northern businesses to deliver some of these jobs and an economic stimulus. How did he find the people when he engaged in the conversation? I imagine it is a very different conversation when it is removed from political considerations, particularly at the minute.

Deputy Simon Coveney: On the trust issues, in a negotiation that is complex trust builds

up over time. The breakdown of relationships at different moments during the Brexit discussions are well documented and understood at this stage. What would help from an EU perspective would be to get clarity and line of sight on, for example, physical infrastructure in ports in Northern Ireland with regard to Border control posts. It is not that they want to force more inspections, it is just that they want to make sure the infrastructure is there so that it is for real. This in many ways is a signal that the British Government and the Executive in Northern Ireland are facilitating what has been agreed and what is part of international law in the withdrawal agreement and protocol. Likewise, there are practical things that were fully committed to in December, for example, access to IT systems in Northern Ireland to understand the data around trade flows. Part of the deal in December was that the UK did not want the EU to have a significant presence in Belfast or Larne. The UK wanted that presence to be low-key, and understandably so. There is not a big EU office in Belfast with an EU flag hanging out of the wall. Instead there is a very low-key presence of trade experts from the EU, who are there not to impose checks but, effectively, to report back to the EU that the protocol is being implemented as agreed. It is important for those people to be able to access in a low-key way the data on goods that are coming and going to ensure they know that the systems are working as they should. It is important also that their security can be guaranteed in respect of some of the tension. These are practical things that can happen in a way that does not involve press releases or drama but reassures the Commission that, from a technical perspective, the infrastructure and the data are being shared and that this relationship and partnership is transparent and is working as has been agreed. The facilitation of those kinds of practical issues makes it easier for the European Commission then to show flexibility or pragmatism around things such as extensions of grace periods because there is an understanding that the British Government is fully committed to implementing the protocol. Some of those things are happening, but a bit more pace in delivering some of those elements would be helpful.

I have said it before and I will say it again: the institutions of the Good Friday Agreement are not just about the Executive and the Assembly in Northern Ireland; they are also very much about the North-South Ministerial Council. Let us face it: nationalism in Northern Ireland - certainly, many among the nationalist community in Northern Ireland - bought into the Good Friday Agreement. Many people in Ireland agreed to amend the Constitution because of the commitment to a structured engagement with the Irish Government in the context of managing an all-island, North-South relationship through the North-South Ministerial Council. It is, therefore, an absolutely essential element of the Good Friday Agreement in terms of all-island co-operation, and the idea that we could just shut that off and try to effectively isolate Northern Ireland and not to interact politically with the Republic of Ireland in the context of North-South Ministerial Council meetings very much undermines not only the letter but also the spirit of the Good Friday Agreement. That is why it is important that those meetings function and happen regularly. There are different arguments surrounding the BIIGC, but it is a really important structure for the Dublin and London Governments to interact on. That is why we continue to advocate for a BIIGC meeting, and not only that but also a scheduling of meetings in order that we do not have to essentially lobby for a BIIGC meeting for months every time before one happens. I think that message is understood, but let us wait and see where it goes.

I have had quite a few interactions - they are usually on Zoom these days - with the business community in Northern Ireland. When we lived in more normal times and I was travelling to Belfast or elsewhere in Northern Ireland almost once a fortnight for quite a sustained period, some of those interactions were with business communities such as Belfast Chamber and the Derry and Newry chambers of commerce. The business community in Northern Ireland is pragmatic. What it is looking for is certainty in order that it can then shape its business, trade

and supply chains around as much certainty as we can give it. Of course, many business people welcomed the British Government's unilateral action to extend grace periods because it meant that some of the choices they needed to make got pushed back for a period. However, the uncertainty that has created now in terms of the relationship is not good for the business environment in Northern Ireland, not good for foreign direct investment and not good for managing supply chains out into the medium term. The primary ask of the business community is that it be given a picture of how this will look. It is not interested in getting involved in the political stand-off on some of these issues. It wants these issues resolved, whether customs checks and the delays in that regard; SPS checks or future SPS agreements; health certificates; or tariffs on certain products that they had not anticipated might have tariffs applied to them because of country of origin issues. Flour is a good example of that. Because mills in the UK source grain from Canada to produce flour in the UK for the Irish market, that is not considered UK flour because of where the grain comes from and, therefore, tariffs apply. There are issues like that on which we need to work with business to try to address and accommodate.

From my perspective, the interactions with business leaders and the business community, who happen to be primarily unionist, have been very frank and positive, but there are other anxieties in Northern Ireland, obviously, that are linked to loyalism and political unionism, which we have to respect and try to understand in how we talk about these issues. However, we have to be honest too. There is no point in telling a community, a political party or somebody what they want to hear to try to reduce tension if one is not telling them the truth. We have to be respectful but also truthful about the options that are there for us in the context of the deals that have been done and international law, which is now part of the international treaty that is there.

Deputy Marian Harkin: I thank the Minister for his time and his commitment to the job at hand. Earlier he spoke about the gulf between the dynamic alignment and the equivalence when it comes to food standards, SPS checks, etc. Can he see that gulf being bridged? One of the complaints I recall from EU farmers in particular was the issue of equivalence when it came to Brazilian beef, etc., and there will be resistance from the Council member states. How can that gap be bridged? Has the Minister any thoughts on how we can take steps towards one another? My other question relates to the dairy industry, specifically the dairy processing industry along the Border. Does the Minister see any threats to the sustainability of that industry? As he knows, it is hugely important to the economies of counties on both sides of the Border. In that context, is there any possibility of a sector-specific solution, perhaps even a regional solution, under the umbrella of the protocol itself?

Deputy Simon Coveney: I need to be careful here that I do not start prescribing solutions. We have people who are a lot smarter than I am, who are technical experts on trade and concepts such as dynamic alignment versus equivalence and who are looking at this issue and trying to find a way in which EU trade rules will not be undermined. At the same time, the British Government, I hope, will look with an open mind at how it can move away from simply asking for recognition of equivalence and move towards a much more reassuring position that British standards would be effectively paralleled to EU veterinary, SPS and animal and plant health standards and so on.

There is a school of thought that asks if the wagon is hitched to the EU in terms of standards, does it undermine the capacity to do trade deals with other parts of the world? This might include doing a trade deal with the US on the use of genetically modified products or hormones in beef and dairy products and so on. There is much politics at play. I hope the upside of a veterinary agreement or an SPS agreement between the two sides would be clear. Trading in beef and

dairy products between Ireland and the UK or between the UK and France seems to make much more sense than trading between the UK and Canada, Brazil or the US, given the distances and sustainability questions. Let us wait and see where it goes. Currently there is no breakthrough in the area but if the objective of a politician or businessperson in Northern Ireland is to reduce the impact of the protocol with goods coming from Great Britain into Northern Ireland, and they want to halve the number of checks in ports, there is a way to do it if the British Government agrees to find a way with the EU to giving assurance on common standards in the area.

On the question of dairy processing, this is a reference to country of origin matters that are problematic. I probably should not name companies but everybody who understands the agricultural sector knows who they are. Some of our dairy processors source up to 40% of their milk pool from Northern Ireland. It is a big and very important supply chain for dairy farmers in Northern Ireland with regard to price guarantees and all the rest of it. All of that Northern Ireland milk can still be sold right across the EU. There is no issue at all with that. It is considered within the Union as part of the Single Market for goods. Where there is a legal problem for product that originates in Northern Ireland is with country of origin labelling. There are 60 or so EU trade agreements with other parts of the world and they apply to EU products.

Milk produced in Northern Ireland, even if it is processed south of the Border, is technically a UK-origin product. Therefore, the benefits of certain trade deals linked to certain dairy products do not apply. The processors involved may well need to ensure the milk being sourced from Northern Ireland is used for markets across the EU and so on. There are some limitations in terms of a trade deal with Japan, Vietnam, CETA or wherever for milk produced in Northern Ireland. My understanding is that so far the processing sector is getting on and adapting to the position. The ideal scenario would be if we could get agreement within the EU, which does not require British Government approval *per se*, that product from Northern Ireland under the rules of the EU Single Market for goods could be considered within those trade agreements as EU product or equivalent to EU product.

That technically requires a minor amendment to a trade agreement. There is no such thing as one side looking for an amendment without the other side looking for a corresponding change as the price. There is no appetite in the EU to start that process, given all the other matters people are trying to deal with in the context of Northern Ireland. I hope that in time we will be able to gradually change some of those trade agreements to accommodate goods produced in Northern Ireland. I have certainly been advocating for that to ensure goods produced in Northern Ireland are at no disadvantage to goods produced in any other part of the Single Market or even the island of Ireland in the context of EU trade agreements.

We can see with current dairy prices that the market remains reasonably buoyant. I hope we can improve the position over time but for now the companies involved seem to be managing. I do not think they are separating their milk pools but I presume they are using the milk pool from Northern Ireland for certain products that are primarily concerned with EU markets. That is a guess because it is a while since I spoke with some of the processing companies. That is my understanding of what is being done.

Deputy Ruairí Ó Murchú: I was only going to note the positives at the end of the Minister's contribution, as the business community is up for finding solutions with the Irish protocol rather than looking for it to be scrapped. In fairness, I probably threw far too many questions at him. How does he foresee benefits from the TCA panning out? We have spoken about the EU-British Partnership Council and the 23 added committees, along with the facility that was within the withdrawal agreement to deal with current difficulties. In fairness, the Minister has

answered comprehensively on what they are. If people are up for a solution, one is possible.

Deputy Simon Coveney: It is great to have the TCA because if we did not, we would face a no-deal Brexit. We would be asking our businesses to spend hundreds of millions of euro on tariffs to facilitate trade across the Irish Sea. It would have been a disaster and we would have been looking at enormous compensation packages for certain sectors that would have had to reorient their supply chain and the markets they target. We have avoided that, as long as the European Parliament votes to ratify the deal this evening, which I expect it will.

The TCA is essentially about putting structure on a new relationship because there is no structure based on EU membership any more for the UK. The TCA deals with facilitating trade in goods, which avoids tariffs and quotas. It also deals with trade in services, although that is not fully settled with respect to equivalence around some of those services and recognition of qualifications. There is a range of matters around provision of services that are very different for the UK. That has a big impact on Ireland as many of the services in Ireland are provided from the UK. Areas including common recognition of professional qualifications and standards is a big part of this. There is also the question of energy, which is very important for Ireland in terms of the all-island energy market. It is really important for Northern Ireland in particular. There is also the free movement of persons, which is a big issue for most other EU countries but less of an issue for us because of the common travel area. There is the question of aviation, road transport and the facilitation of haulage and so on, which is a very important matter for us. The TCA provides guarantees for that. Although it is not a good deal for us on fishing, it is better than no deal at all. There is also the question of EU programmes, including PEACE PLUS, where the guts of €1 billion will be committed to funding over the next seven years. It is the lifetime of the next multi-annual financial framework. The British Government is making a big contribution to that as well. There is also the question of dispute settlement structures and systems.

The TCA puts institutional structures around all these questions and provides as much certainty as possible for a third country outside the EU that does not want to be aligned in any of the areas that were on offer. It is considerably better than not having it, for many reasons. What was the other question?

Deputy Ruairí Ó Murchú: The Minister talked about dispute resolution. The EU-UK Partnership Council, combined with these 23 committees, obviously provides a greater facility to deal with these individual problems.

Deputy Simon Coveney: Yes, and one of the points President von der Leyen made in the European Parliament today was that if the TCA is ratified the EU has tools to respond if the UK breaks the deal. There are tools built into the TCA such as dispute resolution mechanisms and arbitration, or we could respond by applying tariffs on certain products, for example, if it is appropriate to do so. Having the TCA ratified will hopefully provide a positive platform for engagement on partnership but it also has teeth as regards retaliation, if that is necessary, but hopefully it will not be. There will be a lot of monitoring of all these sectors for compliance with what has been agreed on the TCA as well. Of course, there is also a cross-linkage between the implementation of the TCA and some of the retaliation mechanisms within it that could also be linked to non-implementation of the withdrawal agreement or protocol. Again, I certainly do not think we should be talking about threats-----

Deputy Ruairí Ó Murchú: There is a tool set.

Deputy Simon Coveney: -----but if the withdrawal agreement and the protocol do not function, that has a knock-on consequence for trade, which means there is a knock-on consequence for the TCA. If the protocol is not functioning and if the island of Ireland collectively is not guaranteeing the integrity of the EU Single Market, that has a knock-on consequence for Ireland's place in the Single Market, which, therefore, has a knock-on consequence on the implementation of the TCA as a trade agreement that protects the integrity of the Single Market while avoiding tariffs and quotas. These issues are interlinked and that point was not lost on the President when she spoke to the Parliament today.

Chairman: Deputy Haughey may ask one final question.

Deputy Seán Haughey: I have a quick question about the prospects for a UK-US trade deal. Nancy Pelosi, the Speaker of the House of Representatives, said there would be no trade agreement unless the Good Friday Agreement is implemented in full, and that presumably applies to the Northern Ireland protocol as well. Is the US Administration alert to the position of Ireland in the context of an EU-US trade deal? Is that view shared by the US Administration generally and is that something Ireland is pursuing with it?

Deputy Simon Coveney: I think the US would like to do a trade deal with the UK and that it would also be open to doing a trade deal with the EU. This is an administration that wants to reach out and build transatlantic trade partnerships, which is good news for Ireland and for the UK. President Biden has been very consistent and firm, as have the Speaker, Nancy Pelosi, and other prominent individuals in the Friends of Ireland group, such as Richard Neal, Brendan Boyle and others, who have been extraordinarily supportive through the Brexit journey. They have been very clear that if the UK was to undermine the peace process and the Good Friday Agreement by not implementing what it had agreed to implement to protect the Agreement, that would have knock-on consequences on the UK's ambition to get a trade deal across the line because there would be a lot of pushback against that.

My view on this, for what it is worth, is that we should be talking about a transatlantic trade agreement that involves the EU, the UK, the US, Canada and any others that want to be part of it. Why are we talking about bilateral relations and some sort of competition to see who can do a trade deal with the US first? We should be trying to create a trade platform based around the Atlantic with the EU, the US, Canada, the UK and other countries that border the ocean, just like the trans-Pacific trade agreement that has been put in place. We could do something comprehensive and this current US Administration under President Biden is very open to developing much closer and stronger ties, both trade and political, with Europe as a whole. It may be a way to work with the United Kingdom. Unfortunately, politically we are quite a long way off that at the moment in the language that is being used in Westminster but that would be the logical road to travel if we are looking to benefit from removing trade barriers to a big market like the US, as we have done with Canada. There is no reason the UK should not be involved in those discussions, rather than having this competitive race to see who can do a trade deal first. I do not get the logic of that. It does not build the kind of relationship I would like the UK and the EU to have in the future.

Chairman: I thank the Minister on behalf of the committee. We appreciate him being here this evening. In light of his officials being with him, I want to raise a matter but I do not want an answer on it at this time. I refer to the issue of the 40-day residence rule for live exports. The new bureaucracy is causing difficulty for Northern farmers, Donegal farmers and those in the Lagan Valley importing Scottish Blackface rams or even Scottish Galloway bulls. It is upsetting at a very practical level. There is an upset in the commerce that has traditionally and

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historically always been carried out between Ulster and Scotland. I want the Minister's officials to be aware of that when they are looking at the agricultural sector during the deliberations and talks. There are issues that are annoying and upsetting people at a practical level and we should try to reassure farmers that, through these talks and deliberations, things will be positive in the end.

Go raibh maith agaibh uilig agus beidh muid ar ais arís gan dabht.

The joint committee adjourned at 8.18 p.m. until 9.30 a.m. on Wednesday, 5 May 2021.