

# DÁIL ÉIREANN

## ROGHCHOISTE SPEISIALTA AN TSEANAID UM AN RÍOCHT AONTAITHE DO THARRAINGT SIAR AS AN AONTACH EORPACH

## SEANAD SPECIAL COMMITTEE ON THE WITHDRAWAL OF THE UNITED KINGDOM FROM THE EUROPEAN UNION

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*Dé Luain, 14 Meitheamh 2021*

*Monday, 14 June 2021*

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Tháinig an Roghchoiste le chéile ag 3 p.m.

The Select Committee met at 3 p.m.

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Comhaltaí a bhí i láthair / Members present:

Seanadóirí / Senators	
Malcolm Byrne,	
Timmy Dooley,	
Robbie Gallagher,	
Tim Lombard,	
Vincent P. Martin,	
Joe O'Reilly,	
Niall Ó Donnghaile,	
Mark Wall.	

I láthair / In attendance: Senator Emer Currie.

Seanadóir / Senator Lisa Chambers sa Chathair / in the Chair.

## **Business of Select Committee**

**Chairman:** I remind members to make sure their mobile phones are switched off and their devices are muted unless they are contributing to the meeting. Apologies have been received from Senator Flynn. We have no correspondence to consider today. I propose we adopt the draft minutes of our meeting on 8 June with the Irish MEPs. Is that agreed? Agreed.

### **Impact of Brexit on the Food and Drink Industry: Discussion**

**Chairman:** There are two items on the agenda for today's meeting and each will be subject to discussion for one hour. Session one will take place between 3 p.m. and 4 p.m. and session two will take place between 4 p.m. and 5 p.m. I wish to advise that witnesses giving evidence from within the parliamentary precincts are protected by absolute privilege in respect of the evidence they give to the committee. This means a witness has a full defence in a defamation action or in regard to anything said at a committee meeting. However, witnesses are expected not to abuse this privilege and may be directed to cease giving evidence on an issue at the Chair's direction. Witnesses should follow the direction of the Chair in this regard and are reminded of the long-standing parliamentary practice to the effect that, as is reasonable, no adverse commentary should be made against an identifiable third party or entity. Witnesses who are to give evidence from a location outside the parliamentary precincts are asked to note they may not benefit from the same level of immunity from legal proceedings as a witness giving evidence from within the parliamentary precincts, so they may consider it appropriate to take legal advice on this matter. Privilege against defamation does not apply to the publication by the witnesses, outside of the proceedings held by the committee, of any matters arising from the proceedings.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on 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 that are only allowed to participate in this meeting if they are physically located on the Leinster House campus. In this regard, I ask all members to confirm this when they make their first contribution. If they are directed to cease giving evidence by the Chair in regard to a particular matter, they must respect that direction.

Our witnesses for the first session today are Mr. William Lavelle, head of the Irish Whiskey Association, Mr. Conor Mulvihill, director of Dairy Industry Ireland and Dr. Mike Johnston, chief executive of the Dairy Council for Northern Ireland. I welcome all our witnesses and thank them for giving their time to discuss a very important issue, one that is of particular interest to Senator Lombard. I was going to invite our witnesses to make their opening statements first but I understand they wish to take their opening statements as read and proceed directly to a question and answer session. Is that agreed? Agreed. Senator Lombard is first.

**Senator Tim Lombard:** I welcome our witnesses to the meeting. It is very important we have this engagement. I know Mr. Lavelle and Mr. Mulvihill in particular can give us a real insight in to the dairy and whiskey industries and the issues affecting people on the ground.

I will direct my first question on the dairy industry to Mr. Mulvihill. There has been a lot of talk about milk coming through the North to dairy processors in the Republic. A lot of this milk originated in Northern Ireland itself. Going forward, there are concerns about country of

origin and how we can make sure third country status will not apply to some of these products. It is one of the more significant issues in the context of an all-Ireland approach to food. Where does Mr. Mulvihill believe the difficulties lie? What needs to happen so that we can arrive at a sustainable and practical solution? It is a significant issue for the dairy industry and for how it can cope. Mr. Lavelle might respond to something similar about this all-island approach to the whiskey industry itself? On the issue of products moving North and South in particular, how might that have an input, particularly regarding the whiskey industry? We have seen huge issues pertaining to transport and ports, which also will affect the industry. However, how we work to come up with a suitable compromise so we can have that process solved is very important for the industry itself. Where does he believe the growth is going to come, taking into consideration these issues regarding Brexit?

**Mr. William Lavelle:** I thank the Senator for the question. Hopefully, members will have had an opportunity to read the opening statement. To reiterate from an Irish whiskey viewpoint, Ireland is the home of whiskey. We have been making whiskey for longer than any other nation in the world even through the bad days for Irish whiskey during the last century. There were only two distilleries left on the island, one in the North and one in the South. We have had an integrated all-island industry for centuries. On everyday basis, that means that whiskeys that are produced in one distillery are potentially tankered across the Border to be matured in the other jurisdiction, either North to South or South to North. We have blended whiskeys. Over 95% of all Irish whiskey sold around the world is blended whiskey. That means that there are two or three different component whiskeys. Many of those blended whiskeys might contain components from distilleries on both sides of the Border. From a bottling point of view, we could have Irish whiskey that is fully produced in either the North or South, but then could go across the Border to be bottled. That is the everyday reality of our industry. It has been like that for decades and, in some cases, centuries.

The problem we have now is in terms of trade to the rest of the world, trade outside of the EU and the UK that is governed by trade agreements. There are rules of origin in those trade agreements that define which whiskeys benefit. We have an anomalous situation whereby Irish whiskey, produced fully in this jurisdiction, will qualify for the benefits of the EU trade agreements. Irish whiskey produced fully in Northern Ireland will qualify for the benefits of UK free trade agreements. However, those Irish whiskeys that are produced on an all-island cross-Border basis will fall between the gaps. They may not qualify for the benefits of either trade agreement. This is because the rules of origin, which are in EU trade agreements, have basically been unchanged for 40 years. They have a strict definition of what qualifies for those agreements.

In real terms, Irish whiskey produced completely in this jurisdiction has a 0% tariff going to South Africa. South Africa is a top-ten market. Northern Irish whiskey produced 100% in Northern Ireland has a 0% tariff, under the UK agreement. However, if there is a blend of whiskey from distilleries North and South or if there is whiskey distilled in the North and matured in a bonded warehouse over the Border, that attracts a tariff of 154 cent per litre. In summary, the Northern Ireland protocol is very important. The clear message is that the Northern Ireland protocol needs to be protected. The Northern Ireland protocol protects cross-Border supply chains from tariffs and checks. However, those supply chains, in the cases of certain trade agreements and certain markets, are being made more difficult, because we cannot rely on those supply chains to export. Therefore, a distillery down here that buys malt whiskey from the North may as well stop doing that if they want to export it to South Africa because they will be hit by a tariff.

One of the more intangible impacts is that companies have stopped sending products across the Border to be bottled, because by bottling it on the other side of the Border they will potentially gain tariffs. The failure to update rules of origin, put simply, undermines the all-island economy by making cross-Border supply chains unviable. This is not in the case of every trade agreement, every good or every movement, but it is the case in too many. That is why we need a much more flexible approach from the EU to change the rules of origin.

We do not expect the EU to go back and retrofit 76 trade agreements overnight. That would be too big an ask. There are a number of trade agreements that they should look at, and there is no excuse for new trade agreements going forward. The EU is negotiating trade agreements with Australia. It is the first negotiation post Brexit. Why cannot the EU move and look at rules of origin that are suitable for now, and not the same rules of origin that they were negotiating back in the 1970s with Switzerland? I will hand over to my colleague Mr. Mulvihill from Dairy Industry Ireland.

**Mr. Conor Mulvihill:** I thank Mr. Lavelle. I will try not to delay because everything that Mr. Lavelle said applies to the dairy industry, North and South, on the island. I will share my time with Dr. Michael Johnson at the end.

On the scale of the Irish dairy industry, it is a €15 billion all-island industry with €6.5 billion of exports. That underpins jobs across every parish on the island. The Northern Ireland protocol has saved that, let us be blunt about that. However, there are tweaks to the Northern Ireland protocol, as Mr. Lavelle has outlined, that can help it. Milk is a fungible product - I did not know that word until two years ago. For example, if 1l of milk comes down from the North to be processed in the South, it gets mixed all over the place. It is made into butter, into cheese and, way beyond that, it goes into infant formulas, specialised nutrition and foods for special medical purposes. People who are on ventilators as we speak are having all-island dairy products, not just in Ireland, but across the world. Irish cream liqueur, where whiskey and dairy actually meet, is an all-island product with milk from all around the place. There are 1 billion l of milk coming from North to South alone, that in turn goes into products with about 4 billion l of equivalent of milk. A huge proportion of our milk therefore is of a mixed nature and, on Mr. Lavelle's point, loses its originating status. The Northern Ireland protocol protects that on the island of Ireland, on the island of Britain, and in the EU, but it does not protect the export of those products to where the EU has existing free trade agreements, FTAs. Those members who follow this - and I know Senator Lombard in particular has been very strong on this - know Irish dairy is actually a rest-of-world product. Those FTAs are, therefore, integral to the continued support and success of dairy farmers, North and South. This is an anomaly that the EU can fix, with political will. I will hand over to my colleague, Dr. Johnson, to bring a Northern view.

**Dr. Mike Johnston:** I thank the committee for the invitation to meet with it this afternoon and for the interest that it shows in this very important issue. From our point of view, we are very supportive of the Northern Ireland protocol, but it is not perfect. There are elements of it that need to be fixed. However, please do not kill the Northern Ireland protocol because it has allowed us to continue with the trade flows, by and large uninterrupted. We are supportive of the Northern Ireland protocol and of the efforts of the Minister for Foreign Affairs, Deputy Simon Coveney, and his colleagues in trying to keep this particular issue of the island of Ireland to the fore. The problem that we have had is that the Irish Sea dimension of the Northern Ireland protocol has dominated the thinking and negotiations. Despite the best efforts of Mr. Lavelle, Mr. Mulvihill, and myself, over the past 18 months at least, to say that there is another issue here to be addressed, so far here has not been the necessary political energy into dealing with

this island of Ireland issue. From a dairy industry point of view, it is every bit as important as the Irish Sea dimension, and maybe even more important.

From a Northern Ireland dairy industry perspective, there are a number of additional points I would like to share with the committee. First, there is no segregation of milk. We do not have the facilities to segregate milk, either in Northern Ireland or in the Republic of Ireland. There is just no facility there. That would require quite a bit of time. It would require a lot of investment if we were forced into doing that. The other major issue is that, here in Northern Ireland, we do not have sufficient processing capacity to be able to manufacture all the milk that is produced in Northern Ireland. Approximately one third of the milk produced here is transported south from manufacturing into a range of products, many of which are then sold on into third country export markets.

It is interesting to reflect on why that has happened. It is not just something that has come out of the ether over recent years. This has been going on for 20-plus years. It has been facilitated by the Good Friday Agreement. The drivers of this have been the need to improve efficiency in manufacturing and to add value for the benefit of dairy farmers throughout Ireland. We have been able to do this because we have been operating to the common EU sanitary and phytosanitary, SPS, standards, we continue, under the Northern Ireland protocol, to have free movement of milk and dairy products on the island of Ireland, and we have a good working relationship between the departments of agriculture North and South in terms of the documentation that is required and the audits that are done. That is all done with the agreement of and acknowledgement by the European Commission.

Therefore, we have unique circumstances here in the North where we have a lack of processing capacity in particular. As Mr. Mulvihill said, we need the political will and political decision to say that mixed-origin product that is manufactured in the Republic is designated as an EU product. If we can do that and get to that stage with that political decision having been taken, it then becomes a case for civil servants within the Commission, it is hoped, to work with the industry throughout Ireland to determine which free trade agreements, FTAs, we need to tackle first and see if we can get a plan together. We are very supportive of the points that both Mr. Lavelle and Mr. Mulvihill have made.

**Senator Timmy Dooley:** I thank the witnesses for the three presentations. They are certainly helpful to us. I have a couple of points for Dr. Johnston. He referred to the Northern Ireland protocol and said it was not perfect. Is there anything else he would like to say about the protocol or any aspect of it we might address? While it might not directly relate to the subject matter today, is there anything further he might have?

Mr. Mulvihill and Mr. Lavelle made it clear there is a serious issue here. Would they agree that if we saw more teasing out of issues like this, it might be easier to move away from the rhetoric associated with the Border, or where the border exists at the moment in terms of trade, whether it be the Irish Sea or elsewhere? I thought I had followed things reasonably well but I had missed this particular aspect until Senator Lombard had talked to us about it. Perhaps the witnesses would comment on that, please.

**Senator Robbie Gallagher:** I thank the three contributors for their useful information. The Chair outlined at the outset that the purpose of these engagements with the likes of the witnesses and others is for us to formulate a report at the end that we can send to Government. That will happen shortly. The Chair will probably outline a few more details on that in her own contribution.

I have a couple of quick questions on the aspects the witnesses would like us to include in this report, from their own collective perspective. Dr. Johnston outlined his enthusiasm, if I can put it that way, for the Northern Ireland protocol. It is disappointing the loudest voices we hear from Northern Ireland are those that are very much against the protocol. It is refreshing to hear comments from the business community and the farming sector on that. While far from perfect, it is probably the only show in town and it needs to be adjusted rather than thrown out the window. It is good to hear that.

From Mr. Lavelle's perspective, the EU has some homework to do in relation to its business. I would very much like that to happen. From the point of view of Derry, I and Senator O'Reilly come from Border communities. We can see milk tankers traversing the roads North and South every day of the week. The witnesses calculated in their own contributions the difficulties we face here. It is vitally important for agriculture and food production in the Border region generally that we get this issue sorted. I ask each witness to give their top three points in terms of this discussion.

**Dr. Mike Johnston:** To deal with Senator Gallagher's points, the Northern Ireland protocol has strong support within the agrifood sector in Northern Ireland, simply because we recognise that, without it, we would be in great trouble. Certainly, if we did not have the protocol, dairy farmers and their local communities throughout the island of Ireland would be a lot worse off than they are at the moment. We are therefore supportive of the protocol. It needs to be tweaked, but we certainly do not want to see an end to the protocol.

To deal with Senator Dooley's points about what is not perfect from a northern perspective, by far the big issue for us is the island of Ireland issue we are discussing. To give some other insights into points we are trying to get resolved with the British Government, there are what are called support health attestations, SHAs. These relate to products that come from Great Britain to Northern Ireland. Products of animal origin, for example, have to be accompanied by an export health certificate, EHC, which is signed by a vet in Great Britain. The UK Government, at the back end of last year, recognised there would be significant costs involved in that and so they put in place what is called a movement assistance scheme, MAS. Under that movement assistance scheme, the cost of those vets signing the export health certificates is covered by the UK Government. If, however, there is a Northern Ireland product in that, so let us say, for example, there is butter from Northern Ireland that is sold to a bakery in Great Britain and that bakery is selling that product back into Northern Ireland, before the vet can sign the export health certificate for that bakery product to come back to Northern Ireland, he has to have this support health attestation from a vet in Northern Ireland. Unlike the cost of the export health certificates signed in Great Britain, in Northern Ireland the cost of these SHAs for the vets is having to be dealt with by the companies.

We are trying to get the UK Government to include the cost of those SHAs under the movement assistance scheme. That is just one of the things on which we are trying to work because the fact that companies in Northern Ireland have to bear those costs is hitting their competitiveness, particularly in the context of trying to compete with other companies in Great Britain. That will give the committee a little bit of an insight on that issue. The costs that are now involved in operating the protocol are raising increasing concerns.

**Mr. Conor Mulvihill:** I will continue on that issue. It speaks to the questions asked by Senators Dooley and Gallagher. I have recommendations for Ireland, the EU and London. The first is to ensure that everyone is on the same page in terms of understanding that some sort of SPS agreement needs to be hammered out now. Vice-President Šefčovič has been clear in

recent days that such an agreement will solve 80% of the issues relating to the Irish Sea. That is a no-brainer and it needs to be progressed.

As regards the Government, there needs to be clarity regarding island of Ireland labelling such that items are identified as Irish or products of Ireland. It has to be clear that this can be stated on the packaging in which a product from the island comes. We in Dairy Industry Ireland sometimes get questions from authorities in the South regarding such labelling. It would be anathema if it is not copper-fastened and clear that the island of Ireland is our brand.

As regards the EU side, I did not mention in my opening statement that all members of the committee will have heard from a dairy perspective of intervention and private storage aid, which are market tools that are used by the EU when, invariably, dairy markets go a bit south. At the moment, things are very good for processors and farmers, thank God, but, as all present are aware, that will not be the case forever. The EU is stating that mixed island of Ireland dairy products cannot access intervention and private storage aid, which is a crazy situation. It is in the gift of the EU to solve that.

My final point, which is for all parties, is that within the EU-UK Trade and Cooperation Agreement there is an infrastructure of committees to solve all these issues which heretofore have not been solved. For example, there is an SPS committee. We are now six months into the agreement and that committee has not even been convened, never mind formed properly. Those are my recommendations.

**Mr. William Lavelle:** I thank the Senators for their questions. As regards the protocol, the Irish drinks industry, not just the Irish whiskey industry, operates on an all-island basis and, as such, is highly committed to the protection and ongoing maintenance of the protocol. Approximately two years ago, we calculated that there are 23,000 truck movements of alcohol across the Border each year. That could be whiskey moving between distilleries for blending, but it could also be beer moving from South to North for canning or bottling. We are a wholly integrated all-island industry and the protocol plays a critical role in protecting those cross-Border supply chains from checks and tariffs, which is critically important.

Senator Dooley referred to negotiation. It is critical here. Mr. Mulvihill referred to the network of committees that have been set up under the EU-UK Trade and Cooperation Agreement. They need to be leveraged and used to overcome as many of these issues as possible. Indeed, some of the issues we are discussing in the context of rules of origin will only be addressed through negotiations between the European Union and trading partners. In the same way that the UK, when it was negotiating its continuity trade agreements, was able to negotiate safeguards for goods with EU inputs, negotiation is critical here.

That brings me to my most important ask of the Government, which is that we need it to be a champion for reform of rules of origin. We are disappointed that the European Commission to date has not seemed willing to push the reform of rules of origin in upcoming and new trade negotiations. There seems to be reticence on the part of the European Commission in that regard. I acknowledge the very positive statements of the Minister for Foreign Affairs, Deputy Coveney, and the Minister for Agriculture, Food and the Marine, Deputy McConalogue, on these matters, but we need the Government to push much harder in Brussels to ensure that the Directorate-General for Trade takes a different approach when it comes to thinking about rules of origin in the post Brexit environment. We cannot continue negotiating trade agreements in the same way that we did in the 1970s now in the post-Brexit environment. If we are committed to the Good Friday Agreement and protecting an all-island economy, a different approach is

needed on rules of origin. Ultimately, it is the Government that needs to champion that in terms of engagement with the European Commission.

**Senator Niall Ó Donnghaile:** I thank and welcome our guests. I also welcome the very firm commitment to the protocol that they have expressed. I am not entirely surprised by that. I acknowledge that the protocol is by no means perfect, but I think all present can agree it was certainly the least worst option for a range of sectors for a range of reasons. I listened to our guests with interest because I am by no means an expert in this sector and, as such, have found it particularly useful to listen to the representatives of the various sectors that have appeared before us. I am not sure I would refer to these issues as anomalies posed by Brexit. Rather, I would refer to them as further negatives delivered as a result of Brexit. For me, what we are hearing today exposes the folly, danger and consequences of Brexit, but it also starkly exposes the folly of having two different jurisdictions on the island. That is an important point.

Our guests referenced the engagement with the Government and the need for it to take a firmer position with the EU institutions. Have the various sectors had any engagement themselves with the EU institutions through the various committees that exist there?

Mr. Mulvihill made a point regarding the product of Ireland brand. I assume that he is referring to items coming from across the entire island, including items that might originate in the North and be bottled or mixed in the South. Is it his opinion that items from anywhere in the Thirty-two Counties should have the right to avail of and use that brand on a global stage? I ask him to address that issue further.

**Senator Malcolm Byrne:** I thank the contributors. In terms of our recommendation, I agree with Mr. Lavelle regarding the rules of origin and the need for substantial reform of those rules. He may wish to comment on this. The issue has come up at the committee, particularly in the context of flour, as colleagues will know. Are there specific comments Mr. Lavelle or the other witnesses wish to make on that issue? It is important in the context of our recommendations with regard to negotiation and future trade talks on the part of the Government.

I have raised several points at the committee regarding the data adequacy decision and situations where data is being traded across the Border. Obviously, if a significant amount of product, whether that is milk, whiskey or raw materials, is going across the Border, then a lot of data is being stored on either side of the Border. Given the concerns that are being expressed, I ask our guests to address the potential impact that would be caused if it were to be determined at EU level that the data regime of the UK was not satisfactory.

Finally, and in relation to Senator Ó Donnghaile's point prior to mine, on the question of island of Ireland labelling, the drinks industry and the food industry more generally, where do the witnesses see the future marketing of food and drink from the island of Ireland going? Obviously, we have seen Tourism Ireland market the island very successfully on a tourism basis. I ask for the witnesses' view of how we are going to market food and drink from the island in the post-Brexit scenario.

**Chairman:** While we are resolving technical issues with Senator Joe O'Reilly, I call Senator Currie, who is joining the meeting today as a guest member.

**Senator Emer Currie:** I thank the committee for accommodating me today. I raised in the Seanad when we were discussing Brexit the issue of the impact on the food and drink sector. The whiskey and dairy whiskey industries are exemplars of all-island co-operation. I very

much hope we can resolve the issue.

We have spoken about the protocol. It is great to hear at first hand from the representatives of the industry that they are largely positive in respect of the protocol. It does need to be tweaked, but generally they are supportive of it. When the representatives talk about all-island co-operation and the fact there are economic savings to be made with different parts of the supply chain being delivered by different parts of Ireland, that is a positive we want to protect.

I have heard the witnesses talk about the future of free trade agreements and championing rules of origin. On the issue of labelling, how do we champion island of Ireland products going forward? I ask the witnesses to delve into the consequences of Brexit. Mr. Lavelle referred to tariffs. Perhaps the witnesses could speak more on the consequences, both in the short and long term, of these issues not being resolved.

**Mr. William Lavelle:** I thank the members for their questions. They asked a number of questions, so I will try to be as direct as possible in answering them. Senator Currie asked about some of the tangible impacts of Brexit. I can already tell members there have been impacts in terms of companies who have ceased using bottling plants and lines on the other side of the Border, because to do so would risk attracting tariffs. For example, a company in the South using a bottling line in the North and which then exported on to South Africa, which is a major market, can no longer do so. You might say that the bottling could be moved back South. Excuse the pun, but another big issue facing the whiskey industry currently is a bottleneck in bottling capacity. We do not have enough capacity. Simply asserting that the bottling can be moved back across the Border could result in a three or four-month delay in getting goods bottled. Therefore, the choice that companies enjoyed for decades in respect of how they bottle their goods has been removed.

The other implications are in reality about tariffs. In respect of blended whiskeys, producers have supply chains that go back decades. There are certain types of whiskeys that people are blending. Certain regions have specialised in certain types of whiskey. If producers cannot make the choice to blend whiskey with components from different distilleries because of tariffs, they will have to redesign and reformulate their products. Should we be saying to an all-island industry that we now want them to operate as two separate industries, North and South? It is not something we want. As I have said, we have operated as an all-island industry for centuries and we want to continue doing so.

A question was asked about the level of engagement we have had with the EU. I will respond and then I will hand over to Mr. Mulvihill and Dr. Johnston to answer the other questions. We have used every forum possible over the past 12 to 18 months. As an Irish whiskey industry, we have got support from our European representative body, Spirits Europe, which has written to the EU Commission Directorate General for Trade, which in turn has raised the issue at civil dialogue groups in Brussels. As an association, we have engaged directly with Directorate General for Trade and the senior and relevant officials. Unfortunately, at every stage, the position has been disappointing. Taking the example of the EU-Australia trade agreement that is currently being negotiated, it would be the perfect first opportunity for the European Commission to show that rules of origin will be changed in the post-Brexit world. We are being told that the same rules of origin that have been put forward for the 40 years are being proposed and the EU is not willing to reopen any existing trade agreement on foot of Brexit. That position is disappointing and makes it difficult for all-island industries. We ask this committee to make a very strong recommendation to Government that it needs to be a champion for the all-island economy and cross-Border supply chains. To do that, we need to recognise that, alongside the

protocol, reform of the rules of origin is required. The two things go hand in hand.

**Mr. Conor Mulvihill:** To follow on from Mr. Lavelle's point, the one group that we have not mentioned in Europe is the Directorate General for Health and Food Safety, DG SANTE, which has jurisdiction over food standards. It needs to be brought into the conversation. It is not an entirely contiguous example, but there have been previous cases, such as in respect of the island of Cyprus, which is another divided island, where the EU has introduced flexibilities to make things work. The island of Ireland is a single epidemiological unit that is underpinned by the protocol. Therefore, we want these things, both from an origin and food safety point of view, to be delivered 100%. It should be noted the Irish food economy is based on food safety, first and foremost.

To address Senator Currie's question on the consequences of the issues not being resolved, when we are trying to sell product against, for example, New Zealand or US producers in south-east Asia, who do not know where Ireland is, they are already using it against us. There are two food safety issues in Ireland. That is already being used against us as we speak, in terms of those consequences.

In response to Senator Ó Donnghaile's and Senator Byrne's questions regarding the front-of-pack labelling, origin from a trade perspective and front-of-pack labelling, that says, for example, "Irish whiskey" or "Irish premium liqueur", should not be confused. Both of them are covered by EU legislation on geographical indicators which are normal things. For example, Irish creamery butter is something that is known far and wide. As we know, it is a premium product all around the world. Therefore, we want it to be clear that butter from anywhere on the island can be advertised on the packet as Irish creamery butter. We have run into some significant headwinds in recent months regarding that issue and when, for example, there is Northern Irish input into such products. To be fair, and to commend the Department of Agriculture, Food and the Marine and the Department of Health, and the Minister for Agriculture, Food and Marine in particular, it has been very much addressed and progress has been made. However, the issue should be highlighted.

Finally, and Dr. Johnston might refer to it in his response, we are all talking about the Good Friday Agreement. That agreement allows both product and people in Northern Ireland to be British, Irish or both. In Limerick, there is a phrase, which states, "You want to be jam and jam on it." It could relate to how producers want to label a product. If producers in Northern Ireland want their product to be British to give them a competitive advantage in the GB market, best to luck to them. The flexibility, as given under the Good Friday Agreement, needs to be provided in respect of front-of-pack labelling. I will hand over to Dr. Johnston.

**Dr. Mike Johnston:** I agree entirely with all the points that both Mr. Mulvihill and Mr. Lavelle have made. I will throw in a few extra bits and pieces.

In terms of engagement with EU institutions, both Mr. Mulvihill and I have written individually and jointly recently to EU Commission President von der Leyen, and indeed Vice-President Šefčovič, drawing their attention specifically to this island of Ireland issue. We have not had a response yet from President von der Leyen. We received a response from Vice-President Šefčovič but I think he got the wrong end of the stick and we responded to him. In addition, through a Brexit business working group here in Northern Ireland, I have had one meeting with Vice-President Šefčovič. I used the opportunity to highlight to him the importance of this island of Ireland issue and the need for the EU Commission to make a political decision that will, in effect, designate that mixed origin product as being EU which will then start to allow us to do

the necessary work both on the free trade agreements and the dairy industry have accessing to the market support measures.

In terms of the impact, what Mr. Mulvihill has said is spot on. From a commercial point of view, one of the reasons for a free trade agreement is to give preferential access to a market, on a collaborative basis, in terms of quotas and tariffs. Without free trade agreements we are going to be at a competitive disadvantage when compared with other countries like New Zealand and the United States where they have free trade agreements and their companies have a competitive advantage in these markets.

Finally, Senator Byrne made an excellent point about the future marketing of food on the island of Ireland. It is one of these issues that raises its head from time to time and then disappears under the carpet again. We need to address this matter in our new environment. As Mr. Mulvihill has said, it is a single epidemiological unit. Ireland is Ireland once one goes into third countries.

I think that it would be terribly helpful if the Irish Government, for example, could take the initiative, provide leadership and establish a forum where we could actively start to consider this issue to see if there are opportunities for that sort of marketing approach that, let us be honest, will benefit producers and local communities throughout the island of Ireland in terms of improving the revenue that we gain from export markets. That is a very valid point that is worth pursuing.

**Senator Joe O'Reilly:** I thank the three guests. Today's session has been extremely enlightening and will obviously have an impact on our report and it portrays and deals with a very grave aspect of Brexit. We all agree with Senator Ó Donnghaile's initial piece that Brexit is one of the great tragedies of our time. I must say, to use that awful cliché, we are where we are and must try to cope.

I am anxious to illustrate where this matter could have real impact. I live in the town of Bailieborough in County Cavan. One of the best employers in the town is Lakeland Dairies. It is a very large employer in the town and it is quality employment on which many kids' education and mortgages depend. The entire commercial life of that town and the wider community depends on the co-op. Somewhere between 46% and 50% of the milk used by the co-op comes from across the Border. Lakeland Dairies manufactures the various powders and Emmet's Cream, etc., so the rules of origin issue would apply there. Lakeland Dairies is a stark example and the Town of Monaghan Co-operative Society is another stark example. I presume that there is potential for Glanbia, which is a major plant in Virginia, County Cavan, to be impacted. Food processing is the major employer in the region and provides quality jobs. I say all that to illustrate the potential for serious impact. I know it is very difficult for the witnesses to analyse. We do not contemplate failure. How can co-operative societies continue their business assuming that we do not succeed? I reiterate that we are not working on the premise that we will not succeed.

Obviously there should be changes in rules of origin at EU level. I support and hope that when we reach the report stage we incorporate that aspect. I would like to think that we would have the committees under the EU-UK Trade and Cooperation Agreement, TCA. They should be up and running and active.

As I listened to Dr. Mike Johnston from the Dairy Council Northern Ireland it struck me very forcibly that people like him should be very directly influencing and advising the political

leaders in Northern Ireland in their approach to the protocol. It appears from this vantage point that the political leadership in the North is out of step with the sectoral interests, trade organisations and the Dairy Council Northern Ireland. I ask Dr. Johnston to comment on what can be done to rectify the situation. Obviously we have a role at all intergovernmental levels but I would like to hear his view and get the stark reality for real people in real income and living situations. It would be good to get all of that on to the agenda, remove emotional politics from the debate on the protocol and reduce the debate to clinical hard facts and learn what it would mean to the lives of real people. I ask him to comment on how we could go about achieving that.

If I understood correctly, the veterinary agreement is not relevant to today's discussion. I believe that the veterinary agreement would be a huge factor in resolving the entire issues with Brexit and agricultural exports, but more predictably to the UK in that instance.

The issues that have been raised here today are very real and I know how real they are for our area, etc. Insofar as the witnesses can direct us further, what specific actions can we take? Where do we come in not only in terms of our report but within our respective political parties and within the Parliament? How can we bring about a situation where the TCA committees commence, get the protocol properly negotiated in practical terms and where the rules of origin at EU level are changed? I was disappointed to hear that it is almost an article of faith, if I understood what was said earlier, and that they are not moveable on it. How immovable are they and can we do anything about it?

The community that I come from in Cavan-Monaghan would be very disappointed if I did not make the point that real lives and everything, including incomes, futures of families, mortgages and education is contingent on this in the community. This is not an abstract, academic discussion for the people in the my community and I thank the Chairman for giving me an opportunity to speak.

**Chairman:** I thank the Senator for his wise words and it is good that he referred to the impact on the citizen, and people.

Everyone who had indicated a wish to contribute has done so and we are fast approaching the hour. I will make a couple of remarks and then the three witnesses can make closing comments. As was mentioned by Senator Gallagher, we are coming towards producing our interim report, which we will be publishing next month. At every meeting, we ask our witnesses what specific recommendations they would like to see reflected in that report. I gather from listening to the responses of all three of our witnesses today that they want to see the rules of origin issue pushed at Government level and at EU level. Their asks or proposals are extremely reasonable. They ask that new free trade agreements be dealt with in a different manner which involves a new way of looking at rules of origin. Seeking to incorporate a new interpretation of rules of origin when free trade agreements come up for renewal is a very pragmatic approach to take to the issue. It may be of interest to note that Commissioner McGuinness is to come before a meeting of the committee tomorrow morning. We will get a chance to raise that matter directly with our commissioner on behalf of the witnesses.

We would all agree that the dairy and whiskey industries are of great importance with regard to our exports. As Senator Joe O'Reilly pointed out, this touches every part of the island. In my own county of Mayo, a number of new whiskey distilleries have popped up in recent years. They are creating local employment and feeding into the local tourism and hospitality industry. It is really important that we support the sector. It is only common sense that an all-island ap-

proach should be taken to the issue. It does not make sense to leave it the way it is. It is actually quite farcical. It is one of the many fallouts of Brexit with which we unfortunately have to deal.

I will go through the witnesses in reverse order, starting with Dr. Johnston before moving on to Mr. Mulvihill and Mr. Lavelle, for their closing remarks before we wrap up.

**Dr. Mike Johnston:** I will reinforce Senator Joe O'Reilly's point on the importance of, for example, Lakeland Dairies. It is not only important to Cavan and Monaghan. Lakeland Dairies buys approximately half of the milk produced in Northern Ireland. It has four processing plants here. It is a very important part of the dairy industry here and in Northern Ireland.

In summing up, the single most important issue for us is the island of Ireland issue. This is because of its great importance to dairy farmers throughout the island of Ireland and the rural communities with which they are involved. It is the single most important issue for us. We are very grateful for the work the Minister, Deputy Coveney, and his colleagues have been doing to keep this issue to the fore and to get the EU to address it in the way we believe necessary. We need a decision at the political level within the EU to designate that mixed-origin product as an EU product. If we could do that, it would break the logjam and allow us to get on and find the solutions. In the first instance, however, we need that decision to be taken at the political level.

**Mr. Conor Mulvihill:** To follow on from Dr. Johnston, Senator Joe O'Reilly referred to the beautiful factory in Bailieborough, County Cavan. In County Cavan alone, there is also a facility in Virginia, another in Cootehill operated by Abbott and a Chinese company has also established a new factory in Carrickmacross on the basis of the availability of all-island milk. That is in one county alone. It depends on how one counts, but there are 53 or 54 milk processing sites across the island. There is a lot of focus on Google, Facebook and the pharmaceutical industry but they are not setting up in Carrickmacross or Bailieborough. There are milk processing sites across the island.

In homage to the leaving certificate students who may be doing physics papers later, I will mention a concept in physics known as Schrödinger's cat. The idea is that there is a cat in a box and one does not know whether it is dead or alive. The analogy I am making is that, if this origins issue is not sorted out, we do not know whether the milk products are to be Irish, British or nothing at all. Schrödinger's milk is appearing in Ireland. One can get away with that to a degree with a litre of milk but, when dealing with infant formula and food for special nutritional purposes, the origin is absolutely fundamental to what one is selling. This goes back to Dr. Johnston's point on epidemiological food standards and so on. This needs to be sorted. The solutions are there. We are focusing on the EU at the moment. If we can get the EU moving, we can unlock a lot more.

**Mr. William Lavelle:** There has been much mention of Bailieborough in Cavan. I would be shot by my own members if I did not mention Terra Spirits and Liqueurs based in Bailieborough. I am sure the Senator will drop in to the company shortly. It is a very good spirits and bottling company based in Bailieborough.

The Chair's summation of the issue was very good. We really need the Irish Government to be the champion for reform of the rules of origin. The all-island economy has grown significantly since the Good Friday Agreement. We want to protect that all-island economy and to grow it further. In doing that, we are looking at the matter from an economic viewpoint and leaving out politics, issues of sovereignty and all of that. An all-island economy makes sense. Critical to that are cross-Border supply chains. The protocol protects those supply chains but

there is no point in having such supply chains if we are to penalise companies that use them by imposing tariffs that would not apply if they were to use goods sourced solely in either this jurisdiction or in Northern Ireland. We need cross-Border supply chains to be protected through reform of the rules of origin.

Irish whiskey has seen growth of 140% over the past decade. The bulk of that growth came from continental Europe and North America. As we are already seeing, the decade ahead of us it going to be one of market diversification. We hear a lot from the Government and the EU about market diversification. We are going to see more of our growth occurring in more markets, particularly in Asia, Africa and potentially Latin America. We either have EU free trade agreements with many of these markets or such agreements are coming down the track. It would be terrible for us to end up in a two-tier or even a three-tier scenario whereby there would be Irish whiskey from the State of Ireland, Irish whiskey from the State of Northern Ireland and Irish whiskey produced on an all-island basis, this latter product being the poor relation because it is the one subject to tariffs. That is the reality of what we are facing if we do not sort out the issue of rules of origin. We would be most grateful for anything the committee can do to amplify our asks as industry representatives. I thank the Cathaoirleach and the Senators.

**Chairman:** I thank Mr. Lavelle and complement him on his backdrop. It is a great display of a selection of whiskeys. It shows the wealth of talent in distilling in the country.

**Mr. William Lavelle:** It beats a bookshelf.

**Chairman:** It is very apt for this afternoon's discussion in any event.

**Senator Robbie Gallagher:** I wonder if there is one for everyone in the audience.

**Chairman:** I could not possibly ask that.

**Mr. William Lavelle:** We will see.

*(Interruptions).*

**Chairman:** I thank our witnesses, Mr. William Lavelle, head of the Irish Whiskey Association, Mr. Conor Mulvihill, director of Dairy Industry Ireland, and Dr. Mike Johnston, chief executive of the Dairy Council for Northern Ireland. We very much appreciate their time. They will see a lot of what they have discussed this afternoon included in our report next month. We will briefly go into private session so that we can change over to the next session and bring in our next witness.

*The select committee went into private session at 4.08 p.m. and resumed in public session at 4.09 p.m.*

### **Rail Connectivity Post Brexit: Aughey Screens**

**Chairman:** The agenda for the second hour of today's meeting is to explore the potential for increased rail connectivity post Brexit, North and South, with a particular focus on a high-speed rail link from Letterkenny to Derry and Dublin via Omagh and Monaghan. With us today we have Barry Aughey, general manager of Aughey Screens. I understand he has a presentation to make to the committee. Once he has finished, we will go back to the members for a session of questions and answers.

**Mr. Barry Aughey:** I thank the committee for the invitation to address this meeting. I believe the PowerPoint presentation has been shared with the members. I will make a brief statement and, if needs be, we can go through the PowerPoint presentation if members have questions.

I am here to introduce the north-west corridor, a high-speed rail project. Post Brexit, the north-west region, which is already one of the most marginalised parts of the European Union, will become further marginalised. As we emerge from Covid and start to deal with Brexit, the Governments of both the UK and Ireland will draft and implement plans to rebuild and invest in the economies and livelihoods of all. Now is the time to think about how we can rebuild a more equitable and equal society. Infrastructure is the backbone of a strong and resilient economy. It will not just bring investment, jobs and opportunity but also will address social issues and help bring communities together. For the first time in 200 years, the younger generation is at risk of being financially worse off than their parents. A commitment to a high-speed rail project such as that for the north west will help prevent that.

The north west has been lacking infrastructural investment for more than 100 years, as is evident by the lack of rail infrastructure and a good motorway. The proposal I put before the committee relates to more than just a high-speed rail project; it is a spatial strategy, the catalyst to create opportunity for three new cities. It will bring balance to the island and the economy and accommodate population growth. It has been estimated by IBEC that the country's population will grow to almost 10 million people by 2050. It will promote a shared economy for both jurisdictions and people will come to live by the use of it. It will enhance productivity for companies while improving employees' well-being. It will bring talent and foreign direct investment to the regions. It will be the largest ever foreign direct investment on the island. It will bring life back into the towns and villages of the north west and enhance the competitiveness of Dublin and Ireland on the world stage. It will help reduce carbon emissions and lead to a prosperous society.

I will not waste any more of our guests' time. If they like, I can go through the PowerPoint presentation or address questions.

**Chairman:** I thank Mr. Aughey. With the agreement of members, I propose we go straight to the PowerPoint presentation and take questions afterwards. Is that agreed? Agreed. I invite Mr. Aughey to continue with his presentation.

**Mr. Barry Aughey:** Members should be able to see the PowerPoint presentation on their screens.

Believe that a further shore

Is reachable from here

That is a quotation from a Seamus Heaney poem, who of course was from Derry. I will address the concept of the proposal. It concerns a high-speed rail linking the north-west urban centres, in particular Letterkenny, Derry, Monaghan and Omagh, to the Dublin city region. In the case of Monaghan, it covers Cavan-Monaghan, and in the case of Omagh, it is the Enniskillen-Omagh-Fermanagh area. They are the three urban centres I mentioned that have an opportunity to grow. The corridor will bring rail connectivity to three counties on the island. Currently, five counties have no rail infrastructure and this will bring it to three of them.

On spatial strategy, there is an all-island approach of two jurisdictions with greater connectivity, social inclusion, a shared economy and sustainable population growth. As I said, there is currently no rail infrastructure to the north west. It has been considered by the European Union to be a marginalised part of Europe and this will be enhanced post Brexit. The proposed infrastructure will help create a shared economy.

The next slide shows three maps demonstrating the current infrastructure. I am not sure how well members can see them but the first map depicts the rail infrastructure in 1920, while the second depicts the existing rail infrastructure. In the latter, the entire north-west region has no rail infrastructure. The third map shows the current motorway network. Members will see that the north west has been lacking investment.

The following slide shows the route of the corridor, from Dublin to Letterkenny-Derry. The high-speed rail we propose will travel at 350 km/h on average, while the estimated travel time, non-stop direct from Dublin to Letterkenny, will amount to 46 minutes. Currently, it takes 180 minutes by car. We would like to have the ability to connect into the metro terminal at Dublin Airport because it would enable commuters to use it, given that this will be for more than just tourism. It is really for commuters, who will be able to integrate into the Dublin city region and avail of job opportunities that may lie within.

On the Letterkenny-Derry terminal, what is most significant is that at a meeting in February 2018 between the CEOs of the two local authorities, Mr. Seamus Neely and Mr. John Kelpie, it was agreed that instead of having one station or terminal in Letterkenny and another in Derry, one station would serve both urban centres. They agreed on a location close to Newtown Cunningham, a midpoint between the two urban centres. It was suggested a bus corridor would serve both urban centres direct to the train station. As such, the target area is the Derry-Letterkenny-Strabane region, which has a population of about 200,000.

The distance of the corridor is just under 200 km as the crow flies. Inevitably, however, it will not be able to travel as the crow flies, so it is estimated that it will end being about 230 km. This is an image of the map. What is most significant about this is that high-speed rail requires a straight line. The straighter the line, the faster it can go. High-speed rail can deal with climbs and valleys - up and down movement - but it cannot accommodate turning left or right or curves well. When these are introduced, speeds are greatly reduced. It is important that the line is constructed as straight as possible to achieve maximum speed and maintain safety.

I will address some of the benefits. One of the significant points about high-speed rail is it is the safest form of transport. It is very reliable and safe. It will also reduce carbon emissions, help with cleaner air as it has fewer emissions due to diesel and bring about less stress for workers travelling to the office, be it from Dublin to the regions or the regions to Dublin. Not having to deal with traffic and congestion will mean they are much more productive employees. It will also expand the pool of labour available to companies in the greater Dublin region. Likewise, it will enable people within the greater Dublin region to commute to work within the regions. Urban sprawl would be reduced. Migration is a concern in the north-west region. It will create access to talent and competitive labour. It will mean that young people can remain in their local communities while working in jobs they desire. It will bring life back into our towns and villages.

By and large, that is the proposal. There are a few more slides but, in general, I think members get the point. I am open to questions.

**Chairman:** I thank Mr. Aughey for a very interesting presentation.

**Senator Robbie Gallagher:** I welcome Mr. Aughey to the meeting and thank him for taking the time to be here. This project is hugely exciting. It has the potential to bring enormous benefits to the north west. Mr. Aughey outlined in great detail the historical lack of investment in the north west. As someone who comes from outside Letterkenny and now lives in Monaghan, I have a fair idea of that isolation. The three maps in Mr. Aughey's presentation - rail as it was once upon time, rail as it is now and the motorway network - illustrate in one clear graphic the deficit of infrastructure that exists. Mr. Aughey spoke about the benefits from reduced carbon emissions to the potential development not just of the north west but the heart of mid-Ulster, which has also suffered from lack of investment. All those areas surrounding the route of the railway have serious potential growth.

Mr. Aughey mentioned discussions between Donegal County Council and Derry City and Strabane District Council. Has he had other discussions with authorities in Northern Ireland, London and Dublin? What have these discussions led to? I understand that there may be private sector investment involved in the project. Could Mr. Aughey outline what would be the input of the private sector into this project? Would there be adequate bums on seats, if I can use that expression, to justify the investment that would be needed in this project? I look forward to his responses.

**Chairman:** If it is okay, I will bring in a second member to make sure we have enough time to get to everybody because we need to finish at 5 p.m.

**Senator Malcolm Byrne:** My questions follow on from those of Senator Gallagher. I am a great believer in using high-speed rail but it tends to be between two major urban conglomerations anywhere else it is used in the world, for example, in China, Japan or elsewhere in Europe, such as the Madrid to Seville line. My question is about the economics of the proposal. Are the numbers there for the line to be viable? Is there a danger that if we provide a rapid rail service such as this, the airports in Derry and Donegal would be made redundant?

My other question relates to experience around rail generally. Those of us in other regions are trying to get Iarnród Éireann to invest in the existing rail network. Where does Mr. Aughey suggest the funding for this project will come from? Will it be private sector investment or a combination of the State and some private entity?

**Mr. Barry Aughey:** In response to Senator Gallagher, I have been engaged with local authorities outside Donegal County Council and Derry City and Strabane District Council and I have also engaged with investors. I first looked at this project in 2015. I have been to London on several occasions to meet investors and have also been communicating with investors in New York. It would be a public-private partnership, PPP. The private sector would look to be the majority investor but it would need investment from both jurisdictions so the Irish and UK governments would need to be involved in this. It is also likely that European structural and investment funds will have an involvement.

On the point regarding bums on seats and people, at the moment, while there is not a large number of people there, it is envisaged that people will come to use this line and live by the use of it. In time, we target 55,000 people on average using the service daily by year six. That involves commuting from Dublin to Monaghan, Omagh, Letterkenny, Derry, in between and back again. It is not about tourism and social issues. The purpose of this is to drive economic growth and create opportunity and, on the back of that, jobs and a growth in population. It is

envisaged by IBEC that there will be significant population growth by 2050. Northern Ireland is in a unique position. While there is still the protocol, which has yet to be worked through, Northern Ireland has the ability to trade in the UK and Europe, which places it on a good footing. If it can get past this protocol, there will be significant opportunities. It is envisaged that people will live by the use of this and that populations will grow in the regions around the train stations and terminals in the towns of Monaghan, Omagh, Letterkenny and Derry, as has been the case.

The other point was on the airport. I do not know what will happen to Donegal Airport. It is most likely that there will be an impact on it. There are airports in Derry and Letterkenny. I am not sure whether both would be sustained. What I do know is that transport by rail is safer, more reliable and more environmentally friendly. There would be fewer carbon emissions. It is futuristic, of its time and a lot more convenient. Does that answer the Senators' questions?

**Senator Niall Ó Donnghaile:** I thank Mr. Aughey for the presentation. It was really useful. The historical and generational neglect of the broader north-west region, including its transport and infrastructure, is so stark when seen in the terms presented.

Significant work has been done on the Dublin–Belfast economic corridor. There was a major conference just a few weeks ago that brought the councils along the corridor and other key stakeholders together. From my time in Belfast City Council, I am aware that it is quite arduous to get all the relevant people around the table to have a stake in the issue of better rail connectivity and a range of other associated economic, social and infrastructural issues. I am wondering about the status of the proposal. Is there a push to try to bring together local government representatives, political representatives and the chambers of commerce on the proposal? From my perspective as someone who has been somewhat involved with the Belfast–Dublin link, I contend that it has been quite difficult but we have certainly seen positive movement. I just want a better understanding of the status of the proposal.

**Senator Vincent P. Martin:** It is good to see Mr. Aughey, a noted entrepreneur. Entrepreneurs create jobs and help society. This is a modern man who is ambitious and resilient, working according to the principle of going big or going home. He is thinking outside the box. This proposal is very good for the island of Ireland. It is incredibly exciting. It is music to my ears because the whole north west has been bereft of rail since the authorities tragically lifted the tracks and built on many of them from the late 1950s onwards. Unfortunately, addressing this is not in the programme for Government. It is an encouraging achievement to get this far because we have many requests.

Mr. Aughey will know that we are taking the matter very seriously at this committee. He will keep going but I do not want the project to run out of momentum. We are stronger together. This phrase was used to keep Scotland in the United Kingdom but I want to apply it in a completely different way. We are stronger together. I do not want this proposal, despite the presentation having been very informative, to fade away in a whimsical way. In concrete terms, how can this Brexit committee help Mr. Aughey to make progress on this great idea and help our island with connectivity? Could all the parties go to their grassroots and have it formally agreed at Ard-Fheis level and then ask, when we have unanimity, how we can push forward the Aughey proposal, this exciting proposal?

I have been happily ensconced for many years now in the Thoroughbred County, Kildare, where I am a proud Monaghanman. I am delighted a straight line cuts through Carrickmacross because it could do with rail. There is a rail track that has been built on in Kingscourt. The

proposal is incredibly exciting but I worry about it because, unfortunately, as a seasoned campaigner for rail for many a long year I have had more setbacks than progress, to be quite honest about it. The plan we are discussing is more ambitious than many I have seen before. I know Mr. Aughey will stick at it but perhaps we could take up in private session the question of how what he has put forward can become more than just a very novel, interesting proposal. I realise that Mr. Aughey means business but it is a matter of how the Oireachtas should proceed. He has set out his proposal. As with Senator Ó Donnghaile, I would like to know the current status of the proposal. It is a game changer. It is brand new. Mr. Aughey is looking after the north west. I am conscious of the Dublin–Dundalk–Belfast rail corridor but the north west must not be isolated, especially in light of Brexit. I am going to keep a firm eye on this matter. We will be judged by our progress. I realise that this is a big issue for the next generation but we have to start making progress sooner rather than later in real terms. I thank Mr. Aughey for his presentation.

**Senator Joe O'Reilly:** I welcome Mr. Aughey. It is good to have him at the meeting. I applaud his entrepreneurial spirit and the work he does.

I do not have many questions but want to contribute to state the idea is very exciting. In a general sense, the future is with rail. Rail is coming back into fashion and will have to do so. It would be interesting if Mr. Aughey, who, I presume, is using international data, could flesh out further his view that towns would grow exponentially if the high-speed railway were up and running in that it would cause urban growth and increase the population to justify itself. That is the main point on which I believe Mr. Aughey would need to convince those in the private sector.

I presume the European Investment Bank and various bodies of that kind would be interested in the project. I was distracted for some of Mr. Aughey's presentation so I do not know whether he alluded to sources of funding at EU level. He might comment on how he is being received. It would be no harm for us, as practitioners of politics, to know what sort of vibe he is getting in general from our respective Administrations. It is certainly exciting. I can certainly see from lived experience that the region needs a fillip. The entire Border area has suffered.

It is a very interesting proposition and a good project. The future is with rail and it will have to be grasped on that basis. The only issue now is to establish the business case in all instances. Senator Martin referred to the Kingscourt-Navan rail line. Several such lines will have to come back into focus in the future.

**Mr. Barry Aughey:** Many points have just been raised. I have met backbenchers in London, Ministers in Dublin and party leaders in Northern Ireland. I have been working on this matter since 2015. I have had a positive response from Northern Ireland, local county councils and parties right across the board. I have probably had the least positive response from Dublin, which is disappointing. I had positive responses from backbenchers of the Theresa May Government and current Tory Government, local authorities and local politicians. The feedback I received from the previous Minister for Transport in Dublin, and, in particular, his Department, is that my proposal is not strategy or policy.

I will address Senator Martin's question on how the committee can help. Local authorities tell me it is in the framework document, so it is wrong to say it is not policy. However, it is believed in Dublin and the National Transport Authority that it is not committed policy. What I would like from this presentation is for this north-west corridor to become a committed policy with focus and drive. Rather than loose words in a document, it should be a focused target

and sincere objective with commitment from both jurisdictions. It needs both jurisdictions on board.

The point about people is it is a self-fulfilling prophecy. If investment is not made in the region, people will eventually leave it in pursuit of betterment. That is a fact of life. Both Governments have neglected the north-west region for over 100 years. It is time to turn that tide and invest in the region. If that is done, the area will populate very quickly. The private sector believes in the scope and ability of this project. It would like to be the majority investor so it can drive it through in a timely and cost-effective manner.

Regions such as Cavan-Monaghan, Fermanagh-Omagh and Derry-Strabane have potential for growth and good, competitive, indigenous labour that would like to stay in them. The view that, post Covid, people should be able to work from within their community or at least live in their community and work in Dublin, is becoming more prevalent. Moreover, and this is being upfront and frank with local authorities, investors would like land to be zoned to accommodate office, retail and residential development. In the short term, that is where investors will see a return.

Overall, this will be a long-term investment, with 30-year bonds to be replaced with further 30-year bonds. The private sector has a genuine interest. Infrastructure is a safe place to put money and, in the long term, will give a good return, especially rail where one can command a farebox, that is, a charge or rate for the use of it.

Ireland is a reputable country. It came out of a recession. In 2010, it went through a big recession followed by a bailout. We have demonstrated to the world we are reliable, committed to honouring our debt and that we stand up and do so. We have done so very well and have been recognised globally as a credible place to do business.

The cost of funding is at its lowest point in a long time. There is a narrow window of opportunity to access funding at competitive rates, especially long-term funding. That would make this a viable project. This will need both Governments to invest in and co-operate on compulsory purchase orders, CPOs, interfaces with motorways, electricity pylons and whatever else crosses its path.

The north-west corridor is a nice project because there is no rail infrastructure. It will not impede or compete with any other rail infrastructure. It will not have a cloud hanging over it in respect of fears of the private sector taking State assets. As it is a blank sheet, it creates good opportunity. This will be a completely new line running from the greater Dublin area, preferably Dublin Airport, to Letterkenny-Derry, via Monaghan and Omagh. It will need to be straight and an entirely new construction. There will not be any reopening of old railways. That is very unlikely to happen. It will be a new, modern, futuristic structure. The target speed is 250 km/h. That is not ambitious. That has been the norm in Europe for about ten years. It is very realistic and would deliver a travel time between Dublin and Letterkenny of 46 minutes, non-stop. It is possible that travel times could even be improved on.

This is a trend. The rest of the world is investing in high-speed rail. People say it is expensive and will give reasons not to invest in it, the main one being cost. High-speed rail will always be expensive. Procrastinating will not make it cheaper. The day we invest will be the dearest day. However, over time it will fund itself and prove well worth the investment.

There were many questions but I think I have covered them all.

**Chairman:** I thank Mr. Aughey. He had quite an array of questions thrown at him and has been very good at covering them. For years, I have been heavily involved in the campaign to reopen the western rail corridor. It is a slightly different proposal in that we are looking to reopen existing tracks. Perhaps the route Mr. Aughey is taking of putting in brand new infrastructure will be quicker because I have been working on the western rail corridor campaign since 2014.

The Minister and the NTA, through Iarnród Éireann, commissioned a report from EY-DKM consultants. Those of us who want to see the rail line reopened were not overly impressed with the report. Has Mr. Aughey done a report into the viability of the proposed line? Will he elaborate on how much it will cost to get this project operational? How much of that is expected to come from the Irish Government? What level of passenger numbers needs to be reached for the project to be sustainable? Does Mr. Aughey envisage the line being self-funding? We know other rail networks in the country are heavily subsidised by the Government. They do not make profits. The same is true for Dublin Bus and the Luas but they are considered public services and we provide transport for citizens because it is part of what the State does. Does Mr. Aughey envisage the rail link he proposes will wash its own face? Does he expect it to be subvented, like other rail links?

It is an exciting proposal. As someone who lives in County Mayo, I am very aware of the deficit in transport links in the north west. We are not as well connected as other parts of the country. I believe rail is the future and agree entirely that if the rail network is built with hubs where people can connect and get to their places of work easily, they will live in those areas. We see that with the Luas line, for example. People bought homes close to Luas stops because they can get to work. It is a chicken-and-egg scenario. If we wait for people to live in places before building the infrastructure, it will never happen. Either we believe in balanced regional development or we do not. The only way to get people to live outside the main urban centres like Dublin is to make it viable to live elsewhere and still get to work. The infrastructure has to come first. People will live there if the connectivity is in place. I thank Mr. Aughey for his presentation and all the answers he has given to the committee.

**Mr. Barry Aughey:** Speed is critical. We need to achieve at least 350 km/h or better. To do that, the line must be as straight as possible. The topography of the line we picked suits it better than other options. If we were to go to Cavan and Sligo, the topography would not be as suitable. There are greater bodies of water and higher mountains. The regeneration of other rail lines is not on the agenda. This is just taking a blank sheet, creating something completely new and building it as a futuristic high-speed line. There are second and third phases, should the first phase achieve its objectives. I will not go into them now but they will definitely enhance return on investment.

The return on investment is not just from the rail line itself but from what it will do to accommodate development in the three urban centres that I have mentioned. It can wash its face but it needs Government involvement. It is proposed that the Irish and UK Governments should both get involved. It is proposed that each Government would provide between 10% and 15%, so that would be capped at 30% at most. It is also envisaged that European structural funds will help to subsidise some of the cost. The rest will be driven by the private sector. In doing so, it is believed that this can be delivered in a timely and cost-efficient manner.

I come from a background that is aware of the construction industry. I grew up in a quarry. I am a mechanical engineer. I have some patents to my name. I am familiar with the fact that if we were to go to construct this, we would do it in cells. For quarries, their markets are within

no more than 50 km. As a result, we would break this into 50 km cells. Anything that is not above ground that requires work or construction will not be done on fixed price contracts but rather fixed rate contracts. Fixed price contracts would only apply to things above ground that are tangible and predesigned, where we know what is expected.

Regarding numbers of people, to make this wash its face, we expect to need 55,000 people to use this daily. That is an average of 55,000 commuters using this facility by year 6. That is our objective. We believe it is attainable.

The costs are outlined in the PowerPoint presentation, on page 18. The estimates involved were calculated between 2019 and 2020. The net figure is €9.362 billion, a substantial amount. It covers the construction of the tracks, railway stations or terminals, the trains and the train sets, design and planning, consultation with the public, and professional fees. It is likely, given the current environment, that that cost is now outdated and therefore low. I run an engineering business in Monaghan and since January there have been three price hikes for steel. It is likely that the figure of €9.362 billion is low now. It is the result of work that we have done to date.

**Chairman:** What would be the price of a ticket?

**Mr. Barry Aughey:** The estimates relating to the 55,000 people - assuming that this is operating six years after it first starts, which, in turn, would probably be six years after we get a railway order - assume a cost of €30 return or €15 for a single-journey ticket.

**Chairman:** That is far lower than I expected.

**Mr. Barry Aughey:** The point is to have volume and bums on seats. It is the same principle as Ryanair. We do not want to have it such that people do not come to live by using it. That is our objective. We have to be competitive.

**Chairman:** Mr. Aughey has answered my questions. All of the members who indicated a wish to speak have spoken. Does Mr. Aughey have any final remarks before we finish? On behalf of the committee, I thank him for his time this afternoon. It has been one of the most interesting engagements the committee has had. It is a visionary idea and we should support such ideas. Sometimes we can play matters a bit too safely. I think it is an exciting project and I wish Mr. Aughey well in bringing that forward.

**Mr. Barry Aughey:** We have the ability to deliver this. The private sector is interested and keen to get involved. That includes investors from New York and London. They would form a syndicate so this would be a syndicate bond issue. The cost of funding is low. It is the lowest that it has been for a long time. There is a genuine opportunity that I fear may be missed if action is not taken quickly. The cost that we are talking about compared with the cost of the bailout, of Covid, or other such costs that we have endured in the last ten years, is not that great and the benefits are far greater. The opportunity will enhance the island.

I mentioned earlier that Brexit creates opportunity. Northern Ireland is in a position where it can trade with both the UK and the European Union. There is opportunity that can be built on. That in turn can help this island to be a Singapore of Europe. It needs vision, commitment, strength and conviction by leaders who are prepared to stand up, be counted, and say that they are prepared to get involved and take a risk alongside others. The project will do much more than just be a high-speed rail project. It will create much more opportunity for the island and the people of Ireland.

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If this committee could do one thing, that would be to persuade parties and Members in government to do all that they can to commit, reach out, and connect with me to try to deliver this. This presentation would then be of value.

**Chairman:** I thank Mr. Aughey on behalf of the committee and Senator Gallagher, who put us all in contact. The past hour's meeting was engaging and worthwhile. I have learned much about the potential for rail connectivity between the North and South. It is an exciting prospect. I thank Mr. Aughey for his time. Our committee will issue its interim report next month so we will touch on this issue in the report. We will take on board the points that Mr. Aughey has raised and the matters that he would like us to raise further up the line with all the political parties and none that are represented on the committee.

Our next meeting is tomorrow morning. We will engage with the European Commissioner for Financial Stability, Financial Services and the Capital Markets Union, Mairead McGuinness.

The select committee adjourned at 5 p.m. until 9.30 a.m. on Tuesday, 15 June 2021.