Brexit and the Irish Border

The Institution of Engineering and Technology

ENGINEERING POLICY GROUP FOR NORTHERN IRELAND (EPGNI)

Ulster University

engage
THE POST-BREXIT BORDER:
WHAT WE KNOW SO FAR

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QUEEN'S UNIVERSITY BELFAST

Brexit and the Irish Border
21st March 2018

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WHAT AN ORDERLY BREXIT SHOULD LOOK LIKE

Article 50

Withdrawal

• Extraction
  • Phase I
• Framework for future
  • Phase II

WITHDRAWAL TREATY

[Process then moves to Art.218]
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*Shadow Membership*

*FTA negotiations*
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**Free Trade Agreement**

**TREATY**

(needs unanimous EU27 ratification)

Also: need FTAs with others
EU has deals with
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**Implementation**

Transition into new arrangements
WHY BREXIT MEANS BORDERS

In with opt-outs…
To out with opt-ins…?
NORTHERN IRELAND/IRELAND
Subject: Joint report from the negotiators of the European Union and the United Kingdom Government on progress during phase 1 of negotiations under Article 50 TEU on the United Kingdom’s orderly withdrawal from the European Union.

Origin: Presented jointly by the negotiators of the European Union and the United Kingdom Government.

Remarks: This report is put forward with a view to the meeting of the European Council (Article 50) of 14-15 December 2017. Under the caveat that nothing is agreed until everything is agreed, the joint commitments set out in this joint report shall be reflected in the Withdrawal Agreement in full detail. This does not prejudice any adaptations that might be appropriate in case transitional arrangements were to be agreed in the second phase of the negotiations, and is without prejudice to discussions on the framework of the future relationship.

Published on the TF50 website on 8 December 2017
The commitments:

- UK will leave Single Market and Customs Union
- Guarantees 'no hard border' between NI/IRL and GB/NI
- to support North-South cooperation, the all-island economy and the protection of the 1998 Agreement

43. The United Kingdom’s withdrawal from the European Union presents a significant and unique challenge in relation to the island of Ireland. The United Kingdom recalls its commitment to protecting the operation of the 1998 Agreement, including its subsequent implementation agreements and arrangements, and to the effective operation of each of the institutions and bodies established under them. The United Kingdom also recalls its commitment to the avoidance of a hard border, including any physical infrastructure or related checks and controls.
The scenarios

1. UK/EU FTA that enables this no hard border
2. ‘Agreed solutions’ (specific for NI)
3. ‘Full alignment’ with SM and CU rules

49. The United Kingdom remains committed to protecting North-South cooperation and to its guarantee of avoiding a hard border. Any future arrangements must be compatible with these overarching requirements. The United Kingdom's intention is to achieve these objectives through the overall EU-UK relationship. Should this not be possible, the United Kingdom will propose specific solutions to address the unique circumstances of the island of Ireland. In the absence of agreed solutions, the United Kingdom will maintain full alignment with those rules of the Internal Market and the Customs Union which, now or in the future, support North-South cooperation, the all-island economy and the protection of the 1998 Agreement.
With respect to the DRAFT PROTOCOL ON IRELAND/NORTHERN IRELAND, the negotiators agree that a legally operative version of the “backstop” solution for the border between Northern Ireland and Ireland, in line with paragraph 49 of the Joint Report, should be agreed as part of the legal text of the Withdrawal Agreement, to apply unless and until another solution is found.

The negotiators have reached agreement on some elements of the draft Protocol. They further agree that the full set of issues related to avoiding a hard border covered in the draft reflect those that need to be addressed in any solution. There is as yet no agreement on the right operational approach, but the negotiators agree to engage urgently in the process of examination of all relevant matters announced on 14 March and now under way.

Rebalancing measures as are strictly necessary to remedy the imbalance. Priority shall be given to such measures as will least disturb the functioning of this Protocol.

1. Safeguard and rebalancing measures taken in accordance with paragraphs 1 and 2 shall be governed by the procedures and dispute settlement arrangements set out in Annex 3 to this Protocol.

Article 14
Protection of financial interests
The Union and the United Kingdom shall counter fraud and any other illegal activities affecting the financial interests of the Union or of the United Kingdom in respect of Northern Ireland.

Article 15
Subsequent agreement
Should a subsequent agreement between the Union and the United Kingdom which addresses the unique circumstances on the island of Ireland, avoids a hard border and protects the 1998 Agreement in all its dimensions, become applicable after the entry into force of the Withdrawal Agreement, this Protocol shall not apply or shall cease to apply, as the case may be, in whole or in part, from the date of application of such subsequent agreement and in accordance with that agreement.

Article 16
Annexes
Annexes 1 to 3 shall form an integral part of this Protocol.
A new customs partnership with the EU, aligning our approach to the customs union in a way that removes the need for a UK-EU customs border.

And recognising the unique circumstances in Northern Ireland, and our shared commitments to avoiding a hard border, we should consider further specific measures.

...So for smaller traders -...we would allow them to continue to operate as they do currently, with no new restrictions.

And for larger traders we would introduce streamlined processes, including a trusted trader scheme that would be consistent with our commitments.

Both of these options for our future customs arrangement would leave the UK free to determine its own tariffs with third countries - which would simply not be possible in a customs union.

I recognise that some of these ideas depend on technology, robust systems to ensure trust and confidence, as well as goodwill - but they are serious and merit consideration by all sides.”
We have, however, had no visibility of any technical solutions, anywhere in the world, beyond the aspirational, that would remove the need for physical infrastructure at the border. We recommend the Government bring forward detailed proposals, without further delay, that set out how it will maintain an open and invisible border. These proposals should provide detail about how customs compliance will be enforced if there is regulatory and tariff divergence between the UK and Ireland.
ASK THE CUSTOMS EXPERT

- Why have a customs border?
- Can you have an invisible customs border?
- Can the UK decide just to not to have a customs border?
Stephen Kelly
CEO, Manufacturing NI
E = Soft Border
Figure 1: NI Non-financial business economy: aGVA 2016 and trends by broad industry 2008-2016

2016 NI Non-Financial Business Economy
total aGVA £21,540m
% share of total GVA

ROI: [VALUE]
EU: [VALUE]
NI: [VALUE]
GB: [VALUE]

EU Target: 20%
Our roadmap to manufacturing success is built on...

Create the most competitive region in Europe in which to start, sustain and grow a manufacturing business, thus creating wealth and work.
“... when manufacturing grows, the whole economy grows with it.”
Northern Ireland’s cost base has been rising higher relative to manufactures across the world.
What’s happened since the referendum?
Lots of hedging

7 of our 10 top food buyers moving to UK supply – import substitution

38% of manufacturers planning on moving production from NI

Corporates making firm plans, SMEs working heard to secure new customers

All desperately looking for firm commitments to make investments
Regardless of a good, bad or no deal, 3 out of 4 manufacturers believe they will be worse off post-Brexit.

The burden of Brexit will be borne by the sector – tariffs, NTBs, regulation.

There will be added cost and complexity. There will create casualties.
We should be pitching in the Boyne, Liffey, Shannon and not just Silicon Valley!
The most honest man in the UK
Outside of the Customs Union and Single Market... there must be controls.
A UK / EU Trade Agreement will have less access, more checks than currently enjoyed.

Treasury analysis shows the UK economy being smaller – worst case, UK -3% (£80bn) and NI economy -12% than it would have been.

NICS analysis said to have a worse outcome than Treasury’s analysis.
- Non-Tariff Barriers will be established between UK and EU
- Potential for added Customs cost and complexity
- Potential for Tariffs on goods sales to EU
Whilst UK focus is on tariffs, little commitment is given on non-tariff barriers. **FULL** cost of each Country of Origin certificate is £478!
# Full COO admin costs (based on SA sale)

**INSURANCE**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 ORIGINAL CERTIFICATES</td>
<td>0.25% TOTAL VALUE £100.00</td>
</tr>
<tr>
<td>3 COPIES</td>
<td>£7.50</td>
</tr>
<tr>
<td>3 SAUDI REPRESENTATION LETTERS</td>
<td>£15.00</td>
</tr>
<tr>
<td>LETTER OF CREDIT INSURANCE SHOULD COVER (110%)</td>
<td>£175.00</td>
</tr>
<tr>
<td>STAFF TIME PREPARING DOCUMENTATION</td>
<td>2 HOURS AT £20 PH £40.00</td>
</tr>
</tbody>
</table>

**CHAMBER OF COMMERCE COSTS**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>LETTER OF CREDIT REQUIRED INVOICE ATTESTED BY N IRELAND CHAMBER OF COMMERCE</td>
<td>1 ORIGINAL £35.00</td>
</tr>
<tr>
<td>3 COPIES</td>
<td>£7.50</td>
</tr>
<tr>
<td>LETTER OF CREDIT REQUIRED CERTIFICATE OF ORIGIN ATTESTED BY CHAMBER OF COMMERCE</td>
<td>1 ORIGINAL £35.00</td>
</tr>
<tr>
<td>1 COPY</td>
<td>£2.50</td>
</tr>
<tr>
<td>MILES TO BELFAST RETURN DOOR TO DOOR</td>
<td>60 MILES £27.00</td>
</tr>
<tr>
<td>HOURS TRAVELLING DOOR TO DOOR</td>
<td>2 HRS £30.00</td>
</tr>
<tr>
<td>PARKING</td>
<td>£3.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>£478</strong></td>
</tr>
<tr>
<td><strong>FIRST TIME</strong></td>
<td><strong>£300</strong></td>
</tr>
<tr>
<td><strong>AMENDMENTS</strong></td>
<td><strong>£100</strong></td>
</tr>
<tr>
<td><strong>SASO - PER SHIPMENT</strong></td>
<td><strong>£240</strong></td>
</tr>
</tbody>
</table>
Political agreement between EU and UK Government on 8 December and again on 19 March.

A ‘fudge’ to keep things moving.
More firms trade cross border than across the Irish Sea, but that trade is worth more.
- However, 74% of NI imports come via GB.
- But, what is it? Fuel oil, electricity, cars, white goods, Tesco?
- How much of it would be subject to Customs checks?
- A Veterinary border already exists.
A Bridge rather than the Border?
There will be a unique settlement, should we not make the most of it?

EU offering NI to remain in SM and CU – there is no risk to NI to GB Trade, so can we ensure no risk to GB to NI Trade?

UK, for now, say no to that, but will that position be held? First the fishermen...

Should we really be worried about the ‘Backstop’ option?
Downing Street have been very keen to provide early clarity, certainty for business to stall contingency plans.

However, despite being more likely to be mobile, we must wait (perhaps until it’s too late - October).

So, plans will be hardening.
We continue to be used by both sides to either blunt Brexit or achieve the impossible deal.

Both side keen to appear to care, but are our interests really that important to either side?
What do you want from these negotiations?
What are you doing to get it?
Dr Eoin Magennis
Ulster University, Economic Policy Centre
Brexit and the Border Corridor

Dr Eoin Magennis
Senior Economist and Local Government Lead

Institute of Engineering & Technology (NI) Brexit workshop
Belfast, 21 March 2018
Contents

- Socio-economic profile of the Border Corridor
- An integrated island economy or Border Corridor? Where might Brexit matter?
- Forecasts out to 2027/2030
- Final thoughts
Economic Profile of the Border Corridor
What makes up the Border Corridor?

<table>
<thead>
<tr>
<th>NI Council areas</th>
<th>Republic of Ireland Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armagh, Banbridge &amp; Craigavon</td>
<td>Cavan</td>
</tr>
<tr>
<td>Causeway Coast &amp; Glens</td>
<td>Donegal</td>
</tr>
<tr>
<td>Derry City &amp; Strabane</td>
<td>Leitrim</td>
</tr>
<tr>
<td>Fermanagh &amp; Omagh</td>
<td>Louth</td>
</tr>
<tr>
<td>Mid Ulster</td>
<td>Monaghan</td>
</tr>
<tr>
<td>Newry, Mourne &amp; Down</td>
<td>Sligo</td>
</tr>
</tbody>
</table>
NI Border Councils – increasing population continues

Growth varies across the Council areas

Population trends in NI Border Council areas, 2001-2016

Source: NISRA and UUEPC analysis
Rol Border Counties – trend of increasing population reversed
Older population in area (15% of total)

Source: CSO and UUEPC analysis
Productivity in Border Councils has lagged a poor NI average…

Indices of GVA per person, 2001-2016 (NI=100)

Source: NISRA and UUEPC analysis
... similar lag in RoI Border Counties though behind a stronger national average
Lower than average participation rates in NI Border Councils…
A gender and older males issue?

Source: NISRA and UUEPC analysis
...similar story in the Border Counties even with the recovery

Across all age and gender cohorts

Labour participation rates in Border Counties and ROI, 1998-2016

Source: CSO and UUEPC analysis
Firms sectorally mixed in the Border Corridor with more product-based than services.

Active businesses by sector in Border Corridor, 2014

- Mining and quarrying (B) 3.3%
- Manufacturing (C) 2.1%
- Transportation and storage (H) -1.5%
- Construction (F) 2.2%
- Utilities (D) 2.1%
- Water and waste management (E) 5.2%
- Wholesale and retail trade (G) 1.9%
- Information and communication (J) -5.1%
- Financial services (K-642) -5.2%
- Professional and scientific (M) -3.3%
- Administrative services (N) -1.5%
- Education (P) 0.2%
- Accommodation and food (I) 3.0%
- Accommodation and food (I) 3.0%
- Real estate (L) 0.1%
- Lower concentration of employment in Border Corridor

Source: NISRA, CSO and UUEPC analysis
What an economic profile of the Border Corridor tells us

- Border councils in NI and Rol tend to lag their national or regional averages across many measures including: productivity, labour participation rates, household incomes.

- Some of this can be explained by the economic structure across the corridor – sectors in which firms operate, size and ownership of firms, extent of innovation and export activity, etc.

- However, variability across the Border Corridor – eg: productivity levels higher in some places than in others.

- Brexit – local fears dominate, sometimes asymmetrical ones, and the sense of being ‘bypassed places’ continues.
An integrated island economy or Border Corridor? Where might Brexit matter?
‘…protecting North/South areas for cooperation…’

Real or rhetorical?

- List of 144 ‘areas of cooperation’ compiled by (for) Barnier Taskforce in Autumn 2017 covering the Good Friday Agreement sectors (12) and the many outworkings of these
- Strong emphasis here on two things – access to services and regulation of living conditions/environment – which are critical to the Border Corridor
- Cooperation has developed from ground up rather than from policy entrepreneurship and role of the EU (funding) has been important – perhaps equal to NSMC
Areas in which Brexit might impact
25-30,000 commuters cross the border daily and another 70,000 journeys.

<table>
<thead>
<tr>
<th>Route</th>
<th>AADT, 2015</th>
<th>% of total</th>
</tr>
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<tbody>
<tr>
<td>Newry/Dublin</td>
<td>22,960</td>
<td>24%</td>
</tr>
<tr>
<td>Derry/Donegal</td>
<td>37,150</td>
<td>40%</td>
</tr>
<tr>
<td>Strabane/Donegal</td>
<td>17,030</td>
<td>18%</td>
</tr>
<tr>
<td>Other (Central)</td>
<td>19,400</td>
<td>22%</td>
</tr>
</tbody>
</table>
Migration – internal and external issue

Border Corridor received a third of the island’s new migrants since 2002

- Since 2002 over 300,000 non-UK/ RoI nationals based in the Border Corridor have applied for a NI/PPS number:
  - 47% of the total NI applications
  - 18% of the total RoI applications

- Manufacturing and Hospitality highly reliant (25%+ of workforce) on migrant labour and concentrated in the Corridor.

- Recruitment issues for employers and their ability to fill vacancies from the local labour market.
GB and Ireland dominate 75% of sales outside NI
...but different balance in the Border Corridor

- 33% of goods and services from the RoI Border Counties go to UK markets, twice the RoI average
- 18% of external sales from the NI Border Councils go to RoI, 5pp higher than NI average

Source: BESES, NISRA & UUEPC Analysis
Emphasis on trade shares and tariffs…

A Manufacturing story?

Manufacturing Employment as a % of County Total, All-Island, 2016

Source: NISRA, CSO & UUEPC analysis
... and an agri-food one given unique levels of integration...

Strong concentrations in processing across the Corridor

Agriculture Employment as a % of County Total, All-Island, 2016

Source: NISRA, CSO & UUEPC analysis
...uniquely exposed to Brexit risk?
Are the risks on the processing/market side rather than production/extraction?

Sectoral share of cross-border goods trade

- Food drink and tobacco: 49%
- Textiles clothing leather: 3%
- Wood and wood products: 4%
- Pulp paper and publishing: 4%
- Chemicals and chemical products: 7%
- Rubber and plastic products: 7%
- Non metallic mineral products: 4%
- Basic metals and-products: 5%
- Mechanical Engineering: 4%
- Electrical and optical equipment: 3%
- Transport equipment: 4%
- Manufacturing not elsewhere: 1%

Effect. Of Trade Weighted Tariff Rates on Agri-Food products by Trade Direction

- Meat & Fish
- Dairy products
- Live animals
- Milling products
- Animal Foodstuffs
- Beverages

- Application of WTO tariffs would reduce 2016 cross-border trade by 9%
- NI to Ireland trade reduction falls from 19% to 11% with 10% Sterling devaluation.
- Largest impact on dairy and meat.
Importance goes beyond shares of trade given the non-tariff barriers

- Need to consider numbers, size of firms and their supply chains
- CSO record 880 businesses in Ireland engaged in cross-border exporting and importing worth >€650k p.a. with most exporting more than half their output to NI
- NISRA estimate almost twice as many firms (c.4,280) selling goods to the South than do to GB. Half of the value is sold by firms of <50 employees.
- Most cross-border goods trade is in ‘intermediates’, the shares higher in almost every sector than in trade with GB
How prepared are businesses?
Informality becoming increasingly important

**PLANS FOR BREXIT**
Businesses were asked about their plans to deal with Brexit.

Whilst just **8%** of cross border businesses have made formal plans in preparation of Brexit, the survey shows informal planning activities have increased.

- **41%** discussed with other businesses
- **22%** sought advice from financial advisor
- **34%** held internal meeting
- **28%** sought advice from trade associations/government

Ulster University Economic Policy Group
Forecasts to 2026
NI currently lagging behind UK and RoI growth

Economic Activity UK, RoI GDP and NICEI, 2008-2017 (2008 Q1 =100)

Source: DfE
What are the forecasts telling us for NI, UK and Ireland?

Consensus of ‘lost growth’ under any Brexit scenario*

- Broadly accepted that NI is likely to be the ‘worst impacted’ of the UK regions – perhaps 1-2% of GDP less than the UK position
- Variety of forecasts for the UK economy under Brexit (GDP to be 3% and 7% less by 2030 than it would have been) – even the moderate forecasts result in a employment losses in NI over the decade
- In the same timeframe the Irish economy would see GDP between 2.8% and 7% less than it would have been.
- Hard to escape the conclusion that minimising the impact is key

*Scenarios vary from new FTA with the EU to ‘no deal’ and WTO rules
What are the job forecasts for the Border Corridor?

Growth depends on an ‘orderly’ Brexit

Source: UUEPC analysis
Final thoughts on Brexit and the Border Corridor
The Border Corridor has been the key site for a quiet story of integration and cooperation …which has ebbed and flowed with the history of the Border

- However, Brexit was always about much more than economics…
- And nowhere is this truer than at the Irish border where the ‘five freedoms’ have a deeper meaning
- Current debates around the Irish border centre on various solutions (exemptions, technology and alignment)
- None (bar a full interpretation of the last) will avoid a return of borders
Thank you … Questions

Dr Eoin Magennis

E: e.magennis@ulster.ac.uk
Allie Renison
Head of Europe Trade and Policy
Institute of Directors
“Brexit and the Irish Border” Conference

Can we have a Smart Border?
21st March 2018
Allie Renison, Head of Europe and Trade Policy
Institute of Directors
SETTING THE SCENE – HARD BORDERS, SMART BORDERS

**A HARD BORDER IS USUALLY DENOTED BY PHYSICAL CONTROLS AND INFRASTRUCTURE, USUALLY WITH SOME PROVISION FOR CHECKS AT OR SHORTLY BEFORE/AFTER A BORDER CROSSING ON PEOPLE AND/OR GOODS**

**THE EU’S EXTERNAL FRONTIERS ARE DELINEATED BY THE OUTER BOUNDARIES OF ITS CUSTOMS UNION – NORWAY AND TURKEY AREN’T INCLUDED**

**THERE ARE TWO DIMENSIONS TO CHECKS THAT CAN OCCUR AT THE EU’S EXTERNAL FRONTIERS – SECURITY/SAFETY AND CUSTOMS/REGULATORY COMPLIANCE**
SMART BORDER EXAMPLE #1 – NORWAY/SWEDEN

**PRE-EXISTING BILATERAL BORDER COOPERATION AGREEMENT (1959) THAT HAS DEEPENED/STRENGTHENED OVER TIME – WITH SOME INFREQUENT COMPLICATIONS**

**NO CUSTOMS UNION, BUT SCHENGEN AND SINGLE MARKET LINK**

**CONTRAST TO NOWEGIAN-RUSSIAN BORDER – UNDERSTANDING OF EACH OTHER’S REGULATORY SYSTEMS VERY LIMITED**

**PERSONNEL STILL REQUIRED EVEN WITH TECHNOLOGY TO SPOTCHECK SUSPICIOUS VEHICLES (CUSTOMS NON-DECLARATION ISSUES)**

**EU AGREEMENT WITH NORWAY ON SAFETY/SECURITY – WAVES ADVANCE ENTRY SUMMARY DECLARATION REQUIREMENTS**
SMART BORDER EXAMPLE #2 – SWISS/EU BORDERS

- Switzerland neither in Customs Union nor Single Market, although in Schengen + have free movement (Swiss are part of EU’s common veterinary space + effectively import most of EU Acquis on goods regulations – trust/low risk)
- While Customs infrastructure for commercial border crossings exists, extensive collaboration between Swiss + bordering member state customs/border force – common operations and work undertaken inside border of neighbouring countries
- Swiss also have a safety/security agreement with the EU
- For the many unmanned border crossings, cameras are used. Swiss Customs DG – either cameras or people required
SMART(ISH) BORDER EXAMPLE #3 – USA/CANADA

✔ Possibly the most relevant policy-wise to Brexit ("managed divergence” rather than progressive convergence), this border separates two clearly different customs territories with comparatively little regulatory alignment

✔ No experience of free flow of people as in Europe, and the trend since 9/11 has been to increase security checks (from US) rather than decrease

✔ Beyond people, every commercial vehicle stopped – one set of documents check and then secondary inspection for those deemed necessary

✔ FAST programme acts as a quasi-trusted trader scheme

✔ US and Canada still in pilot stage of pre-border inspections scheme (some ways behind EU and neighbouring third countries)
A SMART IRISH BORDER – WHERE POLICY + TECHNOLOGY INTERSECT

- The easiest way on paper of avoiding a hard land border post-Brexit would clearly be for the UK to stay a member of the EU’s Internal Market and in a customs union with it (per EU – “considered part of the Union customs territory”), or for Northern Ireland to do so.

- Similar option would be the backstop Option C outlined in the Joint Report, although alignment could apply in different ways. Clear political feasibility issues either way however.

- Options A + B (trade agreement and technology/facilitating solutions) are more complementary than mutually exclusive.

- The final mix will likely take from both – the more policy alignment (including on VAT) there is, the less lifting is required from an Option B standpoint.

- Sequencing issue – how much can be planned/prepared in advance relying on Option B without knowing the outline of Option A? (BIPs)
A Smart Irish Border – Practicalities and Sensitivities
(on all sides)

- Difficult to assess full extent of what would be needed without knowing policy outcome/direction – some considerations below
- Alignment to EU’s SPS regime arguably most important to avoid/minimise potential for physical controls – mutual recognition and equivalence will be hard to achieve in this space

- ANPR + unmanned border crossings – can this join-up be done remotely without the need for posts/people at the border? Tracking-based spotchecks then processed once vehicles have crossed well beyond the border. Data-sharing/intelligence-gathering agreement between Irish/EU + UK authorities needed, otherwise juxtaposed controls possibly needed at inland clearance facilities inland away from the border
- UK’s continued participation in the EU’s Safety & Security Area, via an agreement similar to Norway and Switzerland
A Smart Irish Border – Practicalities and Sensitivities (contd)

- In-land clearance facilities and any necessary checks at commercial premises, such as origin and duty-related (on a much larger scale than currently though – cost to companies?)
- AEO as currently constituted would not be sufficient – Union Customs Code under which AEO provisions would need to be amended (or UK’s new AEO classification systems mutually recognised) to allow those without any prior history of customs declarations to qualify. Not appropriate for many SMEs currently
- Other trusted trader schemes would be more useful for some traders – e.g. Approved Exporter
- UK to continue legislative alignment to Union Customs Code as it is implemented and develops – facilitated by associate/observer status in EU’s Customs Policy Group?
CONCLUSIONS

1) Technology will assist with implementing and facilitating future economic partnership. Not either/or situation

2) Sequencing issue likely to mean longer transition/adjustment period for some areas and sectors

3) Closer policy alignment/agreement will likely reduce implementation complexities and timescales

4) Avoiding a hard land border, with no physical infrastructure, will almost certainly require more heavy lifting and higher cost burden borne by businesses if UK maintains current ‘red lines’