



How Ireland and the EU can fight the economic impact of Brexit north and south



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Brexit poses a huge threat to the economic future of the people of this island in terms of a land border on the island, the north being forced out of the single market, barriers to trade, potential devastation of agriculture, not to mention the implications for the peace process and the Good Friday Agreement.

The Irish government approach to the Brexit negotiations to date has been totally inadequate and lacking any detail. The document published earlier this month was a commentary rather than containing a pro-active detailed strategy to deal with the special and unique circumstances faced by the island of Ireland, the needs of our farming community, all Ireland trade and the huge challenges in relation to future trading arrangements between the EU and Britain.

The government needs to take a far more ambitious and assertive stance in relation to the negotiations. Sinn Féin has published a number of documents in relation to securing special status for the North within the EU and protecting farming and agri-food and this document sets out what we believe the economic priorities should be for the Irish government. These include:

- Secure Special status for the north to protect all-Ireland trade and agriculture and the free movement of workers.
- A Trade Deal with Britain.
- Ensuring EU energy and Infrastructure programmes look at the needs of the island of Ireland as a whole.
- A range of fiscal measures to mitigate the disastrous impact of Brexit including:
 - » Changes to EU Fiscal Rules.
 - » Securing an exception to State Aid rules.
 - » Leveraging the Structural Funds to fight Brexit's impact.
 - » A new Brexit Solidarity Fund.
 - » Broadening the scope of EGF.

ACHIEVING DESIGNATED SPECIAL STATUS FOR THE NORTH WITHIN THE EU

Designated special status within the EU will allow for the economic prosperity, trade relationships and jobs of the entire Island of Ireland to be protected and enhanced together.

It is the type of imaginative and innovative approach that has been called for by the European Union itself. Yet, incredibly, the Taoiseach and the government have refused to advocate for this position.

The challenge posed by Brexit must be met with the urgency and strategic vision that it demands. Special status will ensure that the whole island of Ireland can remain within the EU together.

CHANGES TO EU FISCAL RULES TO ALLOW FOR MORE INVESTMENT

Sinn Féin has long argued that the EU Fiscal Rules would stifle essential investment and starve public services of the funding needed. We have been proved right.

The impending effect of Brexit demands that at a minimum, what flexibility there is in the rules is maximised for Ireland immediately.

PROPOSAL:

- Sinn Féin believes Brexit constitutes an “exceptional circumstance” and the EU should now allow for a derogation, as per the rules, so as to allow the Irish government adequate scope to invest north and south in order to protect against the fallout from Brexit, but also invest to put the country in prime position to thrive thereafter.

EXCEPTION TO EU STATE AID RULES

State Aid as a rule is banned by the EU Treaties, However like the Fiscal Rules exceptions are permitted in some cases.

The Treaty leaves room for a number of policy objectives for which State Aid can be considered compatible. Sinn Féin believes that Ireland should be exempted from State Aid rules for spending and investment required to offset the damage of Brexit.

PROPOSAL:

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

A TRADE DEAL WITH BRITAIN

Any final EU deal with Britain should prioritise a trade arrangement with Britain that reduces to the lowest level possible the administrative and financial burdens for trade and business between our island and theirs without compromising worker, consumer and environmental protections and consistent with our economic and social objectives.

Regardless of the political outcome of Brexit, Britain and Ireland will remain important trading partners. Any temptation for the EU to “punish” Britain must be resisted.

PROPOSALS:

- Secure a comprehensive trade deal between the EU and Britain with the lowest level possible of administrative and financial burdens for trade and business between our Ireland and Britain.
- Ensure that a trade deal is in place prior to British withdrawal from the EU.

LEVERAGING THE STRUCTURAL FUNDS TO FIGHT BREXIT'S IMPACT

Ireland, north and south, has benefitted to a great extent from EU funding down through the years including through the specific PEACE programme.

When these programmes were planned on a multi-annual basis they did not take into account any likelihood of Britain leaving the EU. Geographically and economically the basis on which Ireland was treated in that planning has now changed significantly.

The EU funding stream is not just about regional development. Science and research also benefit and must continue to do so.

PROPOSALS:

- Secure a lower rate of co-financing for match funding for regional development programmes. This would allow some projects to benefit from a higher percentage of EU funding with only a smaller share having to be found by the State.
- Allow north-south cooperation to be treated as a qualifying combination for inter-regional programmes.
- Establish a taskforce, in the future, like the Barroso taskforce but with an all-island mandate to work with national actors to secure the maximum level of funding.
- Secure a commitment to the ongoing existence of the PEACE programme beyond 2020 in the north and border counties of the South.
- Ensure that Ireland's scientific and research community will not miss out in opportunities for EU funding due to Brexit.

MAKING SURE THE EU'S STRATEGIC INFRASTRUCTURE PLANS DO NOT EXCLUDE OUR ISLAND ECONOMY

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

This new reality must shape a rethink of how these energy and infrastructure plans must take account of Ireland. Ireland north and south, cannot afford to be left behind in strategic infrastructure.

Peripheral areas such as Mediterranean islands and the northern periphery are considered as special cases in EU planning. Unfortunately, post-Brexit Ireland's position will become more like these areas than before.

PROPOSAL:

- Review the EU's Transport and Energy infrastructure programmes so that projects involving Ireland north and south are prioritised and an examination of these programmes to see what additional needs the island of Ireland requires.

NEW BREXIT SOLIDARITY FUND

A new fund should be established on an EU wide basis to step in wherever evidence is shown that Brexit has caused economic disruption and damage. The fund should be pro-active anticipating sectors and regions likely to be hurt by Brexit and to fund investment and diversification programmes in these sectors and places.

This could be funded from underspend from across the other programmes or through a re-profiling of existing Budget lines.

PROPOSAL:

- Establish "The Brexit Solidarity Fund" a new specific EU fund, to fund investment and diversification programmes in sectors and regions likely to be severely impacted by Brexit.

GLOBALISATION ADJUSTMENT FUND- MAKING IT FIT FOR BREXIT

The European Globalisation Adjustment Fund provides support to workers who have lost their jobs as a result of major structural changes in world trade patterns due to globalisation or those who have lost their jobs as a result of the global economic and financial crisis.

The EGF can fund up to 60% of the cost of projects designed to help workers made redundant find another job or set up their own business.

PROPOSAL:

- The European Commission should initiate legislation to be brought before the European Council and European Parliament to broaden the scope of the EGF to allow applications to include workers made redundant due to Brexit.