

## Executive Office Committee

### Briefing Note from Armagh City, Banbridge and Craigavon Borough Council

#### **Business and Trade - General**

The ABC Council area is known as the 'Food heartland' with a significant agri-food sector including several large scale producers and processors (there approx. 20 with known revenues in excess of £1million per annum). Perspective Economics estimate that there are 2,700 registered firms in NI in this sector and approx. 350 of these (13%) are in the ABC area. This accounts for around 70,000 jobs including large employers such as Moy Park and Irwins.

The 2017 'Brexit and the Border Corridor'<sup>1</sup> report highlighted:

- Food & Live Animals, Manufactured Goods (eg: timber, paper or rubber goods) and Minerals (building material and metals) – are the sectors most exposed to any changes in trade with the UK. 32 These three broad sectors account for around 40% of Ireland/UK trade but command a higher share of cross-border trade: 54% of Ireland's cross-border sales and 57% of NI's.<sup>33</sup> Therefore particular sectors - and the regions where these are concentrated – will be more exposed to any trade shocks arising from Brexit.
- The agri-food industry is a sector characterised by low margins, high levels of intra-firm competition and is perhaps the most integrated on an all-island basis.
- The evidence shows that the impact of Brexit will fall disproportionately on the Border Region and within that on a number of sectors such as indigenous SMEs which are predominant along the Border corridor.

#### **Enforcement**

- The UK has left the EU and on the 1<sup>st</sup> January 2020 the Transition Period will end. However, under the Northern Ireland Protocol, Northern Ireland will remain within the Single Market and our food products will have unfettered access to EU. Consequently NI is obligated to align with EU food legislation.
- Most of the food consumed in NI is currently imported from GB with approximately 90% being imported for retail sale. There are hundreds of thousands of consignments of high risk food<sup>2</sup> imported each year from GB into NI.

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<sup>1</sup>

<http://www.eastborderregion.com/media/uploads/Brexit%20and%20the%20Border%20Corridor%20Report.pdf>

<sup>2</sup> For the purposes of this paper high risk foods are considered those foods that are subject to mandatory SPS checks on import into NI/EU. They include products of animal origin, fish and fishery products, and certain products not of animal origin identified as high risk by EU regulation. They also include plastic kitchenware from china and Hong Kong

- On the 1<sup>st</sup> January 2021 GB will become a Third Country and in future high risk foods imported into NI from GB will be subject to Sanitary and Phytosanitary (SPS) checks at point of entry. This is to ensure they meet EU standards to protect public, animal and plant health. Such foods can only be imported through EU designated points of entry with the prescribed facilities to carry out the checks.
- These checks are carried out and enforced by DAERA (Veterinary Officers (OV's)) and Local Councils (Environmental Health Officers). DAERA are responsible for checks on live animals, products of animal origin, plant health and food marketing standards. Local Councils are responsible for checks on fish and fishery products, high risk foods not of animal origin, plastic kitchenware, organic certification and fish catch certification.

### **Community**

A report in 2018 Bordering Brexit<sup>3</sup>; which considered the impact of Brexit in the Border ICBAN border corridor area by capturing the voices of local people found that:

- The largest portion of respondents (30%) refer to a situation with a hard border; thus, the priority is open borders, no queues, no tariffs and checkpoints. A 'closed' border is the main concern, including closing roads again. Respondents write about the time it could take to cross the border, the impact on business and tourism and the inconvenience of customs checks.
- 10% of respondents cross the border out of necessity, e.g. for their job or accessing vita

### **As a border Council we therefore raise the following concerns:**

- Funding: It is essential that Councils are fully funded for implementation of SPS checks required under the NI Protocol either through cost recovery or Government Grants. Considering the high degree of uncertainty at this stage it is essential that the funding is flexible and kept under review so it can be increased if actual costs exceed current estimates. Clarity is required over longer term funding mechanism.
- It is anticipated that on 1<sup>st</sup> January arrangements will not be in place to fully comply with EU legislation. Clarity is required on the contingency arrangements, should checks not be completed, to ensure trade is not adversely effected and avoid unnecessary delays at point of entry.
- On the 23<sup>rd</sup> September the Cabinet Office published its **"Reasonable Worst Case Scenario for borders on 31<sup>st</sup> December 2020"**, which stated "On 1 January 2021, the Reasonable Worst Case Scenario (RWCS) is that 40-70% of trucks travelling to the EU might not be ready for new border controls." Clarity is required in terms of plans to manage such a scenario to ensure trade is not adversely effected and avoid unnecessary delays at point of entry into NI.

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<sup>3</sup> <http://icban.com/site/wp-content/uploads/2018/06/Brexit-at-the-Border-FINAL-Jun-18.pdf>

- Providing sufficient capacity within GB to certify high risk foods for export will be a massive challenge. Clarity is required as to what arrangements are being put in place to provide required certification, including officers and IT systems for the official certification for High Risk Foods Not of Animal Origin.
- It is essential that DEFRA, DAERA and FSA, working closely with Councils, intensify plans to support Trader Readiness for both exporters in GB and importers in NI to ensure compliance with EU import requirements.
- Can more be done to support local businesses to understand and prepare for the changes ahead.
- In the long term how do we ensure the needs of border communities are heard and met.