

Brexit Committee

Thursday, 14th January, 2021

MEETING OF BREXIT COMMITTEE HELD REMOTELY VIA MICROSOFT TEAMS

Members present: Councillor Flynn (Chairperson); and Aldermen Rodgers and Sandford; and Councillors Baker, Brooks, Canavan, de Faoite, Ferguson, Gormley, Kyle, Long, Magennis, McLaughlin, Newton, Spratt, Whyte and Walsh.

In attendance: Mr. J. Walsh, City Solicitor;
Mr. J. Greer, Director of Economic Development;
Ms. K. Walsh, Business Research and Development Manager;
Mrs. C Sullivan, Policy and Business Development Officer;
Mr. S. Leonard, Neighbourhood Services Manager;
Mr. R. Connelly, Policy, Research and Compliance Officer;
Ms. E. McGoldrick, Democratic Services Officer; and
Ms. C. Donnelly, Democratic Services Officer.

Apologies

Apologies for inability to attend the meeting were reported from Alderman Haire and Councillors Hanvey and McMullan.

Minutes

The minutes of the meeting of 3rd December were taken as read and signed as correct. It was reported that those minutes had been adopted by the Council at its meeting on 7th January.

Declarations of Interest

No declarations of interest were recorded.

Correspondence Received - European Commission

The Committee was reminded that, at the meeting of Council of 1st July, 2020, it had agreed that the decision of the Brexit Committee, of 11th June, be amended to the following:

“The Council notes with dismay the failure of the UK Government to request for an extension to the Brexit transition period before the end of June deadline and agrees to write to the Prime Minister, Taoiseach, President of the European

**Brexit Committee,
Thursday, 14th January, 2021**

Commission and the EU Commission's Chief Negotiator outlining our concerns; noting the ongoing COVID-19 crisis and the extreme challenges facing businesses and workers in the city; and requesting that the UK Government and the European Union work together to enable the extension of the Brexit transition period."

Democratic Services had wrote to the aforementioned persons on 28th July, 2020 to respond with any comments which they might wish to make in relation to the Council's position.

The Members were informed that a response had been received on behalf of the President of the European Commission, Ms. Ursula von der Leyen, in response to the Council's letter in relation to the Brexit transition period.

The Committee noted the correspondence.

Presentations

**Department of Finance: Ms. L. McDonald and
Mr. B. Pauley (Shared Prosperity Fund)**

The Chairperson welcomed Ms. L. McDonald and Mr. B. Pauley from the Department of Finance to the meeting.

Mr. Pauley introduced himself as the Strategic Policy Director for the Department of Finance (DoF) and informed the Committee that he was leading the future policy and finance workstream which linked into The Executive's overall EU future relations work. He directed the Members to the executive summary of the Northern Ireland Executive Future Funding Priorities – Shared Prosperity Fund paper, and highlighted the following points:

- The Executive had indicated to Whitehall, the Treasury, and the Ministry of Housing, Communities and Local Government, that it was seeking full EU replacement funding, delivered in a way that was consistent with the devolution settlement;
- That the priorities were aligned with those that were in the existing European funding programmes, so as to maintain the expenditure and deliver the same services, in the same way; and
- That the DoF had pointed out to Whitehall that Northern Ireland was different to other devolved regions of the United Kingdom, in terms of the roles and responsibility of local government.

He reported that the Department of Finance had been frustrated with engagement with Whitehall and had not been informed of plans with regard to the Shared Prosperity Fund and that there was a lack of clarity surrounding the reporting structure.

In response to a number of questions from Members regarding the Department of Finance's position on local government delivery and co-design of the Shared Prosperity

**Brexit Committee,
Thursday, 14th January, 2021**

Fund, Mr. Pauley reported that its priorities were aligned with the European funding it had been receiving from the European Regional Development Fund, the European Social Fund and the Rural Development Fund, and that local government had not been involved in delivering the funding from those programmes but that it was anticipated that a partnership approach between the Executive and local governments would be incorporated into future delivery structures. He added that local government participation in European funding had been through the Interreg programmes and that there would be opportunities to invest at a community level through the PEACE PLUS programme which will build upon the previous PEACE programmes.

Ms. McDonald advised the Committee that the position paper was reflective of all Northern Ireland government departments, agreed by the Executive, and not just a Department of Finance position.

Mr. Pauley, in response to a further question from a Member, stated that the Executive was compiling a budget using its own resources, in order to account for the funding gap between the discontinuance of European funding and the commencement of the Shared Prosperity Fund, and was looking at ways to continue to finance productivity and skills.

The Chairperson thanked Ms. McDonald and Mr. Pauley for their presentation and they retired from the meeting.

Following further discussion, the Committee agreed to request, that the Chief Executive raise the Shared Prosperity Fund at the next meeting of Solace, in that the Council was calling for inclusion in its co-design and delivery.

NI Retail Consortium: Mr. A. Connolly

The Chairperson welcomed Mr. A. Connolly Director of the Northern Ireland Retail Consortium (NIRC) to the meeting.

Mr. Connolly reported that he had consulted with various different sectors to obtain their perspectives on the impact on business, following the end of the transition period.

He reported that the retail sector's main concern was with pre-notifications and the tracing system, and that late information had led to businesses training employees on the new procedures less than 24 hours before implementation. He added that there were some choice issues, but stressed that there were no food shortages and that any items which were missing from shelves was due to various different issues such as suppliers not being prepared to send goods to Northern Ireland and overbuying due to the pandemic. He further reported that although there had been issues, the sector was in a better position than it had been at the beginning of the month.

He pointed out to Members that there had been concern regarding the introduction of export health certificates, and stated that the Northern Ireland Retail Consortium had asked the EU and UK authorities to work with them to provide solutions and simplify processes.

**Brexit Committee,
Thursday, 14th January, 2021**

He stated that there was a lot more work to do to ensure Northern Ireland business was competitive and to continue to give choice and affordability to Northern Irish consumers.

A Member asked Mr. Connolly if the issues were a result of the implementation of the grace period not being at an acceptable level or if they were due to businesses not being informed of the measures needed to be undertaken to deliver goods to Northern Ireland. Mr. Connolly reported that there were several factors contributing to the availability and choice issues, including the cost of export health certificates, implementation of new information systems, and lack of accessible information. He further reported that he had consulted with the large supermarket chains who had stated that, without simplifications, it could become unworkable.

In response to further questions from Members with regard to logistics and the supplies for the construction and medical sectors, Mr. Connolly advised that he would be working with the Consumer Council to ensure Northern Irish consumers and businesses were not being adversely affected. He stated that he did not anticipate any changes or issues with the supplies of medicines to hospitals and added that there had been various issues within the construction sector, with suppliers to Northern Ireland not being aware of the protocols that had been put in place, but that he expected it to resolve quickly.

Following further discussion, the Committee thanked Mr. Connolly for his presentation and he retired from the meeting.

Update on Relationship between UK and EU

The City Solicitor presented the Committee with an update in respect of the following report:

“1.0 Purpose of Report or Summary of main Issues

The purpose of this report is to update Members on papers that are currently available summarising the key features of the new relationship between the UK and the EU. Members should note that this is an evolving situation and that it is to be expected that new and updated documents will become available over time.

2.0 Recommendations

Members are asked to note this report.

3.0 Main report

Key Issues

As Members are aware at 11 pm on 31 December 2020, the transition period ended and the United Kingdom left the EU single market and customs union. On 24th December 2020 UK

and EU negotiators agreed the EU-UK Trade and Cooperation Agreement. The agreement sets out preferential arrangements in areas such as trade in goods and in services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in European Union programmes. It is underpinned by provisions ensuring a level playing field and respect for fundamental rights. A copy of the EU-UK Trade and Cooperation Agreement can be found at: https://ec.europa.eu/info/relations-united-kingdom/eu-uk-trade-and-cooperation-agreement_en

It should be noted that Foreign policy, external security and defence cooperation is not covered by the Agreement. In addition, the Trade and Cooperation Agreement does not cover any decisions relating to equivalences for financial services, the adequacy of the UK data protection regime, or the assessment of the UK's sanitary and phytosanitary regime for the purpose of listing it as a third country allowed to export food products to the EU.

On the 29th December 2020, The Council of the EU adopted a decision on the signing of the Trade and Cooperation Agreement and its provisional application (pending a consent vote by the European Parliament in early 2021; it is envisaged that this vote will take place in February/March but at this point, there is uncertainty around the timings of this). On the 30th December 2020, The European Union (Future Relationship) Bill passed through the various stages of the UK parliament thus becoming an Act of Parliament: the European Union (Future Relationship) Act.

The UK Government have produced a summary of the Trade and Cooperation Agreement, a copy of which can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/948093/TCA_SUMMARY_PDF.pdf

The Agreement is structured into 7 Parts:

- Part 1 covers the common and institutional provisions in the Agreement;
- Part 2 covers trade and other economic aspects of the relationship, such as aviation, energy, road transport, and social security;

**Brexit Committee,
Thursday, 14th January, 2021**

- Part 3 covers cooperation on law enforcement and criminal justice;
- Part 4 covers so-called 'thematic' issues, notably health collaboration;
- Part 5 covers participation in EU Programmes, principally scientific collaboration through Horizon;
- Part 6 covers dispute settlement;
- Part 7 sets out final provisions.

Key features of the Trade and Cooperation Agreement include the following:

- **Trade:** There will be no tariffs or quotas on trade in goods provided rules of origin are met. There are increased non-tariff barriers, but measures on customs and trade facilitation to ease these.
- **Governance:** The Agreement is overseen by a UK-EU Partnership Council supported by other committees. There are binding enforcement and dispute settlement mechanisms covering most of the economic partnership, involving an independent arbitration tribunal. There is no role for the Court of Justice of the EU in the governance and dispute settlement provisions.
- **Both parties can engage in cross-sector retaliation in case of non-compliance with arbitration rulings (through suspension of obligations, including imposition of tariffs). This cross-sector retaliation applies across the economic partnership.**
- **Level playing field provisions:** Both parties have the right to take counter-measures including imposition of tariffs, subject to arbitration, where they believe divergences are distorting trade. There is also a review mechanism where this occurs frequently.
- **Subsidies/state aid:** Both parties are required to have an effective system of subsidy control with independent oversight. Either party can impose remedial measures if a dispute is not resolved by consultation.
- **Fisheries:** 25% of the EU's fisheries quota in UK waters will be transferred to the UK over a period of five years. After this, there will be annual discussions on fisheries opportunities. Either party will be able to impose tariffs on fisheries where one side reduces or withdraws access to its waters without agreement. A party can suspend access to waters or other trade provisions where the other party is in breach of the fisheries provisions.

**Brexit Committee,
Thursday, 14th January, 2021**

- **Security:** A new security partnership provides for data sharing and policing and judicial co-operation, but with reduced access to EU databases. A new surrender agreement takes the place of the European Arrest Warrant. Cooperation can be suspended by either side swiftly in the case of the UK or a Member State no longer adhering to the European Convention of Human Rights
- **EU Programmes:** Continued UK participation in some EU programmes: Horizon Europe (Research), Euratom Research and Training, ITER fusion and Copernicus (satellite system).
- **Review and Termination:** The TCA will be reviewed every five years. It can be terminated by either side with 12 months' notice, and more swiftly on human rights and rule of law grounds.

There are only two references to Northern Ireland in the summary of the trade agreement.

- The first is in relationship to passenger transport providers – ‘Services on the island of Ireland will also be able to pick up and set down passengers in both Ireland and Northern Ireland, enabling cross-border services to continue with no restrictions’
- The second is not a direct reference to NI but rather mention of conditions that seem to only apply to GB – The Agreement ‘Ends the EU State Aid regime in Great Britain and allows us to introduce our own modern subsidy system’.

The Northern Ireland Protocol

Members are reminded that on 10 December 2020, the Co-Chairs of the Withdrawal Agreement Joint Committee reached an agreement in principle to address the outstanding issues related to the implementation of the Withdrawal Agreement, in particular the Northern Ireland Protocol.

The Northern Ireland Protocol Command Paper outlines further details; as well as further information on the UK Government's work to implement the Protocol and support businesses as it comes into force. This paper was laid in Parliament on 10 December.

The decisions contained in the Co-Chairs agreement in principle were agreed to at the Joint Committee meeting on 17 December. These papers set out those Decisions of the Joint Committee, and unilateral declarations by the United

Kingdom and the EU in the Joint Committee. A copy of these papers and the Command Paper can be downloaded at: <https://www.gov.uk/government/publications/the-northern-ireland-protocol>

2025 UK Border Strategy

Members' attention is also drawn to the 2025 UK Border Strategy which was published on 17th December 2020, a copy of which can be downloaded at:

<https://www.gov.uk/government/publications/2025-uk-border-strategy>

In summary, the 2025 UK Border Strategy sets out the UK Government's vision for the UK border to be the most effective in the world. The strategy states: 'A border which embraces innovation, simplifies processes for traders and travellers and improves the security and biosecurity of the UK.' The purpose of the strategy is to set out:

- The UK Government's approach to working in partnership with the border industry and users of the border to design, deliver and innovate around the border;
- a long-term Target Operating Model (TOM) for the border that describes the border the UK Government are intending to create; and
- the major transformations that government and industry will need to deliver by 2025 and beyond to implement the Target Operating Model.

For further research and briefing papers in relation to the UK relationship with the EU, Members' attention is drawn to the House of Commons Library webpage: <https://commonslibrary.parliament.uk/tag/brexit/>

The Library has published a range of briefing papers including:

- **The UK-EU Trade and Cooperation Agreement: summary and implementation**
- **The Northern Ireland Protocol & the Joint Committee**
- **Brexit: the financial settlement**
- **The UK's contribution to the EU budget**
- **End of Brexit transition: mobile roaming**
- **Brexit and state pensions**

Members will be aware that there have been various initial analyses undertaken of the UK-EU Trade and Cooperation

Agreement and there are links on this webpage to various Think Tanks and opinion pieces:

<https://commonslibrary.parliament.uk/research-briefings/cbp-9106-2/>

Financial and Resource Implications

There are no financial or resource implications relating to this report.

**Equality or Good Relations Implications/
Rural Needs Assessment**

There are no implications relating to this report.”

The Committee noted the report.

Brexit Services Review

The Policy and Business Development Officer informed the Committee that officers had been continuing to monitor the ongoing developments in relation to the implementation of the new Brexit readiness arrangements and advised the Members that an update from each critical services would be brought to the next meeting of the Committee.

The Neighbourhood Services Manager provided the Committee with an update regarding Port Health, highlighting the following areas:

- Upgrade to Corry Place completed and discussions regarding new facility at Dargan Drive;
- New staff appointed and 24 hour operation;
- Volumes through the port;
- Compliance approach (DAERA LEAD);
- Retail checks (Trusted Trader Scheme);
- Support for trade (Fish Importer Webinar 14th January);
- EU Inspectors; and
- Financial impact and charging.

The Director of Economic Development provided the Committee with an overview on support for Belfast based business, and updated Members on the following areas:

- 11,000+ VAT registered businesses in Belfast, 80% employed less than 10 people;
- 1,800 of these businesses were exporters and around 1,200 were Invest NI client companies;
- 600 exporters who would not be accessing client-managed support through Invest NI;

**Brexit Committee,
Thursday, 14th January, 2021**

- Wide range of support services available to businesses to help them address impact of UK exit from EU;
- Council's business support function, through its Enterprise and Business Growth Team and the need to understand where the team can have the most impact in terms of businesses engaged;
- Many smaller businesses work in service sectors which traded externally and were likely to be impacted by Brexit; and
- Priority groups for council support included smaller exporters, trading services and traders that import or make purchases from outside of NI.

He reported that officers were engaging with Belfast based businesses and offering support to help understand the guidance as it was emerging. He advised the Members that a piece of work was underway which would look at the free trade agreement and its context within the Northern Ireland protocol, to gain an understanding of type of support that the Council may have to offer Belfast based businesses, and he pointed out that the current free trade agreement did not address the services sector, upon which the Belfast economy was heavily reliant.

The Committee noted the update and following a suggestion by a Member, agreed to invite representation from the Special EU Programmes Body (SEUPB) to a future meeting of the Brexit Committee to discuss the proposed consultation process for the PEACE PLUS programme.

Chairperson