

Statement from General Secretary Patricia King to Oireachtas EU Affairs Committee hearings on Brexit

September 23, 2016

There can be no doubt that the recent Brexit decision poses huge challenges to the economies of both Northern Ireland and the Republic. Many questions and major uncertainties are now opened up. The only thing we can be sure of is uncertainty, which will lead inevitably to economic volatility.

What of the 15% of total merchandise exports from the Republic destined for the UK? And what of the 30% of total merchandise imports to the Republic sourced from the UK (much of which is accounted for by gas and oil)?

Merchandise exports include the produce of agri-food and traditional industries with a preponderance of small firms employing a large number of workers. In fact 30% of all employment is in sectors heavily related to UK exports.

A UK outside the EU might decide to negotiate more favourable treatment of agricultural or food produce from other parts of the world, to the detriment of Irish exporters.

Swings in the value of the Euro against Sterling might not matter quite as much in Nottingham as it does in Newry - as any trader in the latter town will tell you.

Northern Ireland is in a particularly vulnerable place, its fate decided by UK national politics and the outlook is decidedly austere for the immediate years ahead. Brexit could hit Northern Ireland particularly hard given that it is the only part of the UK to share a land frontier with the EU.

Several reports have now been published outlining the possible economic and social implications post-Brexit and they paint a bleak picture.

It is clear that significant reductions in bilateral trade flows between the Republic and the UK could have major employment implications for Ireland.

This impact will be felt disproportionately in some sectors including, such as Agri-food & beverages and the larger multinational companies exporting chemical and pharma products.

- *There are likely adverse impacts on Northern Ireland exporters, with the total of exports flowing from North to South now at £3.5 billion, or just over 10% of NI GDP.*

- *The possible fall in foreign direct investment in the UK and a contraction in UK economic demand (especially in supply-linked chains from the Republic to the UK) would adversely impact on the Republic.*
- *Interconnection of electricity between the Republic and the UK - including Northern Ireland - could also be impacted. UK demand for renewable energy produced in the Republic might fall were it outside the EU, given EU climate change targets.*
- *Given the Republic's reliance on gas and oil imports from the UK an unlikely but sudden disruption in supplies could leave us highly vulnerable.*
- *Border controls, restrictions on migration and a review of residency rules are open issues post-Brexit, with implications for an estimated 470,000 Republic of Ireland born residents in the UK (of which an estimated 40,000 are in Northern Ireland). In the Republic of Ireland, there are an estimated 290,000 UK born residents (of whom about 60,000 are from Northern Ireland).*

Social Europe Sacrificed

The single most striking aspect of the response to the referendum result from Europe's political leaders is how they have failed to get the message.

The simple fact is that the result swung on working class voters who had suffered years of austerity and deregulated labour markets. 'Social Europe' was sacrificed to save 'Financial Europe'.

Workers all over Europe have paid a high price and there has been a consequential loss of confidence in the entire European Project.

EU authorities need to grasp this reality and need to urgently develop a programme of substantial public investment, together with a suite of measures to secure workers' rights and decent work.

No one should be in any doubt that the alienation felt by large numbers of British workers was a huge factor. Indeed, it would not be an exaggeration to say that this alienation is a threat to the very existence of the EU and to the democratic institutions of modern Europe.

The rise of far-right political parties across Europe is due directly to the relentless pursuit of an economic model that emphasises wage competitiveness and suppression above all other aspects of the relationship between workers and their employers.

Fatally, authorities here and in the EU continue to confuse *competitiveness* with *cheapness*. They are very different.

In the UK, this agenda was pursued with unmatched vigour through the deliberate creation of increased job insecurity, lower wages and the systematic undermining of workers organisations that could redress the power imbalance.

These decisions originated in Westminster but Europe got the blame. This strategy of precarious work favoured by business and those on the centre right is self-defeating. Sooner or later politics catches up with the economics.

The outcome of the referendum has energised the radical right across Europe and especially in the Netherlands, France and Italy with a view to winning political power on the back of similar referendums.

They trade on a toxic mix of xenophobia, nationalism and outright lies. They are exploiting the abandonment of a Social Europe that aimed to raise living standards across the EU, as opposed to driving them down.

If they succeed, they will drag us back to a Europe of competing nation states.

The only European project worth defending is one which delivers for working class people across Europe.

Nonetheless, the economic uncertainty and challenges that have arisen as a result of Brexit should not become an excuse for paralysis, nor be employed as an argument against taking bold and imaginative steps.

Governments and the EU need to abandon the disastrous policies pursued since 2009 and put in place a New Deal to generate growth and jobs. Without this, the collapse of the EU is inevitable.

It's not simply a matter of austerity. It's a failure by the state to actively intervene in managing industrial restructuring. Only the EU is big enough to do this on a continental scale. Hence the need for a massive programme of infrastructural investment - a Marshall Plan for Europe - as proposed by our German counterpart, the DGB.

The European Trade Union Confederation also proposes a policy of investment in sustainable growth which would raise skills and productivity. Congress supports this. We also support the proposal by President Juncker to build a Pillar of European Social rights, and we urge the Irish Government to do likewise.

Given our role as an all-island body, Congress is especially conscious of the role of EU institutions in underpinning the Good Friday Agreement, a binding treaty under international law.

The references to the European institutions in the GFA arguably stand alone and are independent of UK membership of the EU.

It behoves all involved in negotiations to be mindful of this international agreement that was doubly endorsed by two referendums on this island.

The negotiations on Brexit have already begun. Congress will be urging no concessions to Britain which will weaken the platform of social rights. Irish, British and European interests must be reconciled in this process.

Our government must approach this from the perspective of building a better Europe rather than a narrow agenda of 'managing Brexit'. That is a short term policy.

While the question of Brexit may have been decided on short-term considerations and anxieties, the future of Europe - and not just the 28 countries that belong to the EU - will be decided by European citizens taking charge of their own collective destiny.

Irish Congress of Trade Unions,

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