

# The Case Against Brexit



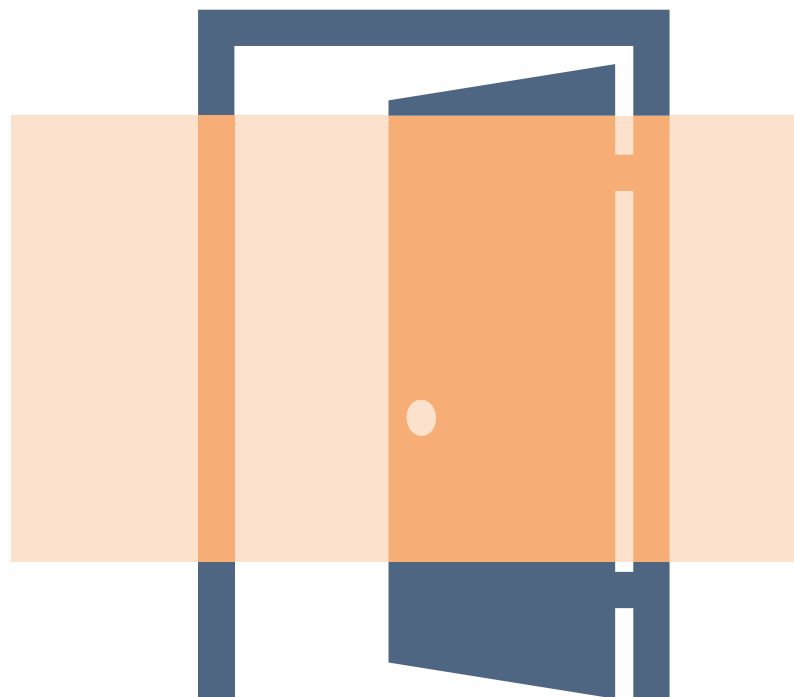
**CONGRESS**  
**BRIEFING**



# Background

This is a critical debate for Congress given our position as the largest civil society body on the island. While Brexit will clearly have a more direct impact on Congress affiliates and members in Northern Ireland, no part of the island will remain untouched or unaffected. Brexit would have significant implications for members' living standards, for employment and for workers' rights in both jurisdictions.

The establishment of a new EU land border on the island, in the event on Brexit, is perhaps the starkest representation of this possible new reality.



# Unions State the Case

The Northern Ireland Committee (NIC) of Congress has clearly stated its opposition to a possible Brexit, along with its intention to campaign to remain within the European Union.

A March 3 statement from NIC-ICTU said:

*“We are calling upon workers and their families to use their vote in the EU referendum and to vote to remain, for the stability of the economy of Northern Ireland, for the security of their jobs and for their rights as workers. Leaving the EU would be a huge threat to our private sector exporters in particular, and would act as a major disincentive for any prospective foreign investors setting up here.”*

The NIC said this should **not be seen** as approval or endorsement of the EU’s policy direction in recent years, particularly its adherence to self-defeating austerity and the ongoing **erosion of Social Europe**.

*“From our viewpoint, we are deeply concerned with the neoliberal direction the EU has taken under the Council of Ministers and the ECB in recent years. We do not think that austerity from Brussels is better than austerity from Westminster or Stormont. However, we will not win by walking away.*

*“We are still dedicated to building a Social Europe, and we will argue that we should stay and fight for an EU that respects its working people and protects their dignity...”*

The NIC statement highlighted the loss of EU funds that would inevitably follow a Brexit:

*“Those who claim that NI will be ‘compensated’ by Westminster for what we will lose in EU funding for our farmers, our infrastructure and our peace process should examine how Tory ministers behaved during the Fresh Start negotiations last year. This is the same Westminster government that refused to protect our welfare system for the most*

*vulnerable citizens, including victims of the conflict. Anyone who thinks the same ministers will continue the same level of support that the EU provides at present is living in Cloud Cuckoo Land.”*

The views of the NIC were echoed by **TUC General Secretary, Frances O’Grady** who addressed the possible impact of Brexit on Northern Ireland in a recent speech:

*“More than 100,000 private sector jobs in Northern Ireland – one in seven – are linked to trade with the European Union. Brexit would put these at risk – especially in sectors like finance and manufacturing.*

*“There is also the threat to workers’ rights. Many of the employment protections we take for granted – parental leave, equal treatment for agency workers and part-timers, paid holidays – are underpinned by EU law.*

*“Ultimately, the Brexit camp has to answer this question: if we left the EU, can they guarantee that the Conservative government will keep and protect these employment rights? I certainly wouldn’t trust them to.”*

The TUC’s fears in relation to jobs and an erosion of workers’ rights have been echoed by the vast majority of unions in Northern Ireland.

In April, delegates to the Northern Ireland Committee’s Biennial Delegate Conference overwhelmingly passed a motion in opposition to Brexit.

The motion was submitted by the Union of Shop, Distributive & Allied Workers (USDAW) and pointed out:

*“Conference is in favour of a social Europe with employment protections and workers’ rights.*

*“Thousands of jobs in Northern Ireland rely, directly or indirectly, upon close links with the EU. Conference expresses concern that exit from the EU could put these jobs at risk.*

*“Political and economic co-operation between Northern Ireland and the Republic of Ireland facilitated and supported by both being members of the EU, helps to support the peace process. This co-operation benefits both Northern Ireland and the Republic of Ireland.*

*“UK exit from the EU could disrupt the cross-border links and could undermine this important part of the peace process.*

*“Conference believes it is in the political and economic interests of workers in Northern Ireland for the UK to remain in the EU.*

*“Conference calls on the Northern Ireland Committee to campaign in the run-up to the forthcoming referendum to urge workers in Northern Ireland to vote to remain in the EU.”*



# Peace Process & Human Rights

Concerns have been expressed about the threat of the UK withdrawing from the European Convention on Human Rights (ECHR), which has long been a target for the same forces which campaign for Brexit - this despite the fact that the ECHR has nothing to do with the EU and was an initiative of British lawyers after World War II.

Nonetheless, a campaign of misinformation on the convention and its rulings has made it an easy scapegoat for politicians and press opposed to equal access to human rights. The only European state untethered from the ECHR is Belarus, hardly an exemplar.

Additionally, the ECHR is specifically referenced in Article 2 of an annex to the Good Friday Agreement, endorsed in joint referenda on both sides of the border in May 1998; and, after it was ratified, both governments lodged the agreement as a treaty with the United Nations.

The Committee for the Administration of Justice (CAJ) notes that in the section of the agreement guaranteeing the rights of minorities, the British government commits to *“complete incorporation into Northern Ireland law of the European convention on human rights, with direct access to the courts, and remedies for breach of the convention, including power for the courts to overrule assembly legislation on the grounds of inconsistency.”*

The CAJ and other human rights campaigners oppose any move to tamper with or dump the ECHR as this would undermine Northern Ireland’s peace settlement, and have called on the Northern Ireland Secretary of State to *“clarify the government’s position as to whether it intends to breach the Belfast/Good Friday agreement in this way. Such a step would make the UK an international outlaw and significantly roll back the peace settlement in Northern Ireland.”*

# Economic Impact

To date, the most significant analysis of the likely impact of Brexit on Northern Ireland has been carried out by Nevin Economic Research Institute (NERI)<sup>1</sup>.

The NERI paper pointed out that NI accounted for just 2% of the UK population, was the “*most peripheral region of the United Kingdom both geographically and politically*” and the only UK region to share a land border with the EU.

It concluded that the impact of a Brexit in the short-term would be overwhelming negative and that Northern Ireland was “*likely to be the region most affected by a UK exit from the EU.*”

The NERI research highlighted a number of key areas in which this would be felt: **Trade, Jobs, Foreign Direct Investment** and in the **Energy** sector.



<sup>1</sup> ([http://www.nerinstitute.net/download/pdf/brexit\\_wp\\_250416.pdf](http://www.nerinstitute.net/download/pdf/brexit_wp_250416.pdf))

# 1. Threat to NI Trade

Northern Ireland trade with the EU comprises mainly of Agri-food, textiles, transportation and other smaller manufacturing sectors.

Some 56% of Northern Ireland goods and services exports go to the EU, with two thirds of that destined for the Republic of Ireland.

In 2014, EU goods exports from Northern Ireland amounted to £3.6bn, compared to £2.3bn for non-EU goods exports.

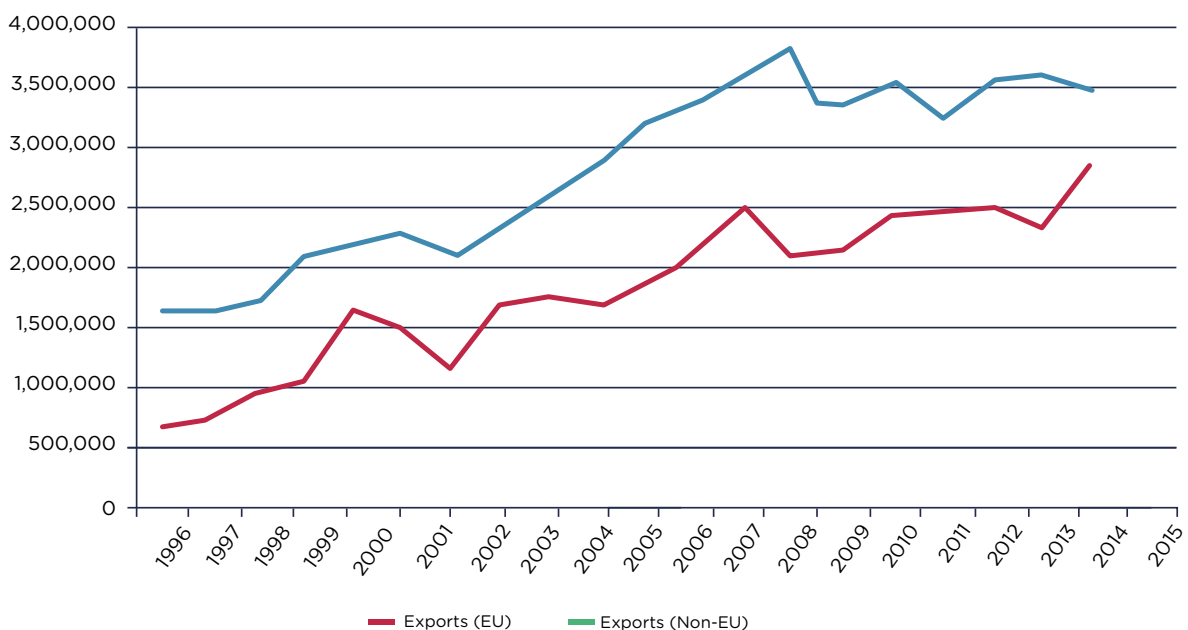
In terms of goods exports the EU trade has outstripped non-EU trade for almost 20 years.

The sectors most affected by any 'trade disruption' would be Food and Agriculture and Manufacturing. This would be particularly difficult for the Food sector as it has experienced significant growth in recent years, despite the onset of recession in 2008.

In addition, the sector would suffer in relation to food standards, in the event of Brexit, as the UK would no longer be subject to the standards that apply in the Single Market, especially in relation to the use of pesticides and genetically modified crops. This would have adverse consequences for NI Agri-food trade, with the Republic of Ireland and across the EU.

The critical concern for key sectors such as Agri-food and manufacturing is that it remains unclear how they might expand markets elsewhere to compensate for lost EU trade, in the event of a Brexit.

**Northern Ireland Goods Exports Destination 2015.**  
Source: NERI





## 2. Threat to Jobs

Clearly, trade losses would have a major negative impact on jobs and employment across an economy that is still emerging from conflict.

Critically, the NERI research revealed that the Northern Ireland labour market is focused on output in areas that are more heavily traded with the EU, leaving it more exposed and vulnerable in the event of the UK's exit from the EU.

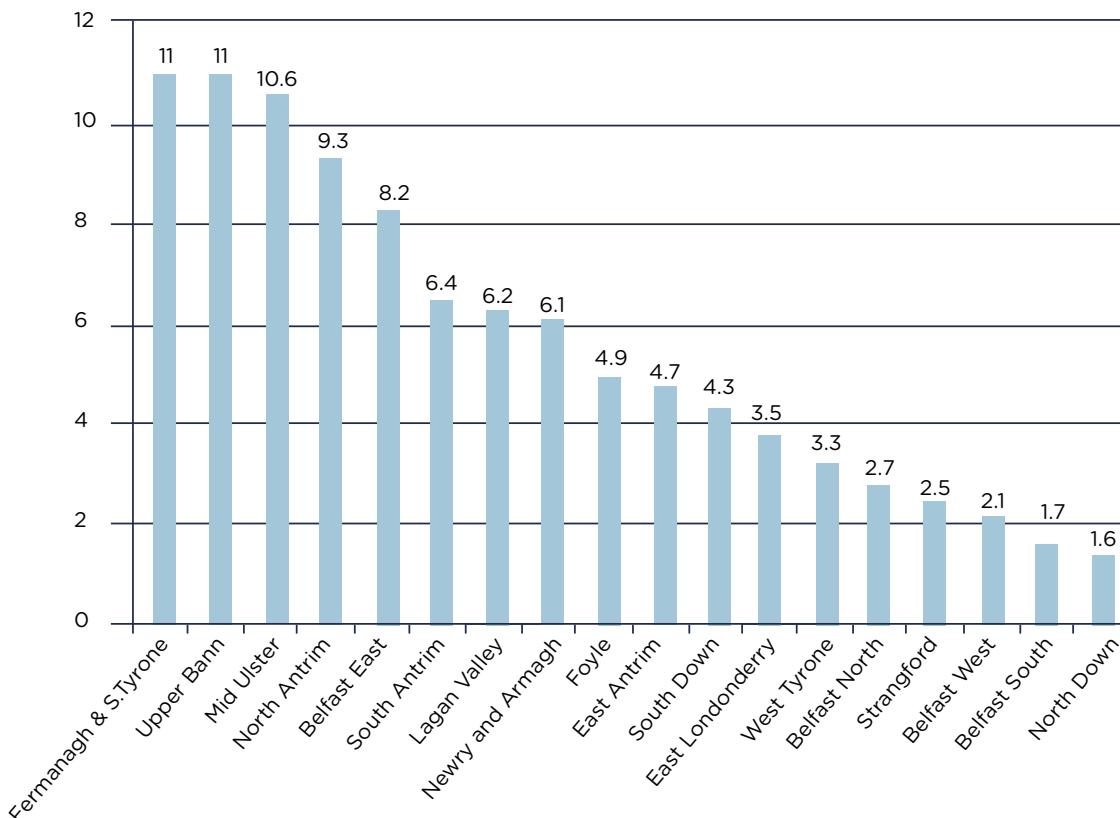
Manufacturing jobs are concentrated in areas with high levels of exports that predominantly flow to other EU countries. Therefore, a disruption to EU trade could lead to a significant reduction in jobs in that sector.

Given that the highest proportion of manufacturing jobs are in rural areas such as Fermanagh and South Tyrone, Upper Bann and Mid-Ulster, these are likely to suffer disproportionately in the event of a major loss of trade, even in the short term.

Typically, these enterprises tend to employ higher levels of female staff whose jobs would be at risk from any reduction in EU trade.

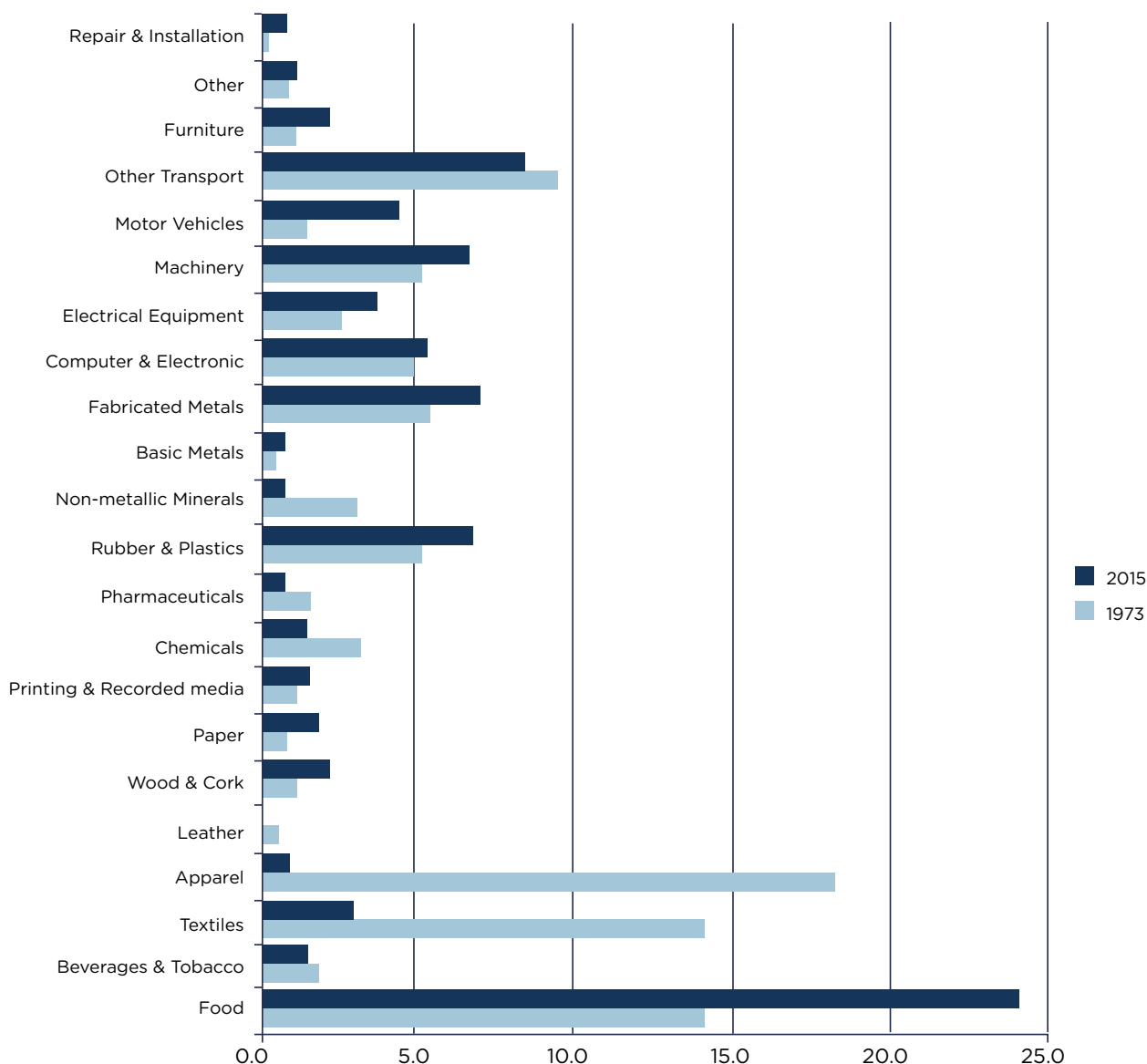
There would also be significant job losses in the Community Sector, given its dependence on EU funding and, as the NIC has pointed out, it is highly unlikely that Westminster would move to make up that shortfall.

### Northern Ireland Manufacturing Jobs by Parliamentary Constituency 2013. Source: NERI



## Northern Ireland Manufacturing Jobs by sub-sector 1973 & 2015.

Source: NERI



### 3. Threat to Investment & Energy Supply

A British exit from the EU would severely diminish the attractiveness of Northern Ireland as a location for Foreign Direct Investment (FDI), while simultaneously boosting the attractiveness of the Republic, as a location.

Energy imports from the Continent would be put at risk in the event of Brexit, while the

resulting uncertainty would almost certainly militate against investment in the renewable energy sector, by the EU and global energy firms.

The prospects for further developing the all-island energy market - let alone its continued survival - would be severely undermined by a Brexit.

## 4. Threat to EU Funding

Northern Ireland is budgeted to receive in excess of €3 billion in EU funding, from 2014 to 2020. Undoubtedly, funds that have not already been drawn down by the date of a possible Brexit will be lost forever.

These funds are hugely significant.

For example, CAP funding for farmers is estimated at some €2.1 billion, while the EU will also contribute some €228.4m towards rural development over the next six years and some €500 million for research, SMEs and the Green Economy.

Again, it seems highly unlikely that this shortfall will be made up by Westminster and the result will be major losses for a key sector of the domestic economy like agriculture.

Northern Ireland's community sector would also be severely impacted. It is estimated that the region has received close to €1 billion in PEACE/ ERDF funding since 1995, with hundreds of millions also directed to the border regions under the INTERREG Programme.

The immediate loss of funding would likely devastate the community sector, resulting in thousands of job losses.

For a society still emerging from conflict this clearly represents a substantial and serious risk, and one that is made all the more damaging because it appears to arise merely to satisfy an ideological whim on the far right of British politics.



# Workers' Rights

It is clear – if not always explicitly stated – that a key motivating factor for the pro-Brexit campaign would be the ability to control and rewrite employment legislation in the UK.

That would inevitably lead to an erosion of existing rights as many positive measures introduced by the EU over the years would no longer apply in the UK or would simply be rolled back, as the TUC has explicitly warned.<sup>2</sup>

This would include critical directives on: Paid Leave, Consultation & Information, Health & Safety, Working Time, Equality Legislation, Part-Time Workers and Agency Workers.

This would have an immediate and direct impact on workers in Northern Ireland.

However it would also likely threaten protections across the rest of the EU by creating a negative, downward pressure with member states potentially competing to achieve the 'lowest common denominator' in terms of worker protection and labour standards.

The competitive pressure arising from Corporation Tax is a case in point.

# Impact on ROI Economy

The ESRI has published a separate study on the likely consequences of Brexit for the Republic of Ireland.<sup>3</sup>

Their concerns echo those highlighted in the Nevin research, with the impact felt in trade, investment and jobs lost.

The institute estimates that trade between the UK and Ireland could plummet by as much as 20%, while the price of UK imports into Ireland would rise significantly.

In addition, trade and growth from within the UK would also suffer due to a slowdown in FDI into the UK, which in turn would slow growth and cause job losses in Ireland.

Equally, it is not anticipated that there would be any meaningful redirection of FDI into this jurisdiction as a result of Brexit, with investment more likely to be directed to larger EU economies.

UNITE has argued that a Brexit might well be followed by cuts to the UK's corporate tax rate, in a bid to attract FDI which, in turn, could create a 'race to the bottom' that ultimately harms both economies.

2 <https://www.tuc.org.uk/sites/default/files/UK%20employment%20rights%20and%20the%20EU.pdf>

3 (*Scoping the Possible Economic Implications of Brexit on Ireland*, by Alan Barrett, Adele Bergin, John FitzGerald, Derek Lambert, Daire McCoy, Edgar Morgenroth, Iulia Siedschlag and Zuzanna Studnicka (ESRI), will be published on the ESRI website on Thursday 5 November 2015)

# Job Losses in ‘Tens of Thousands’

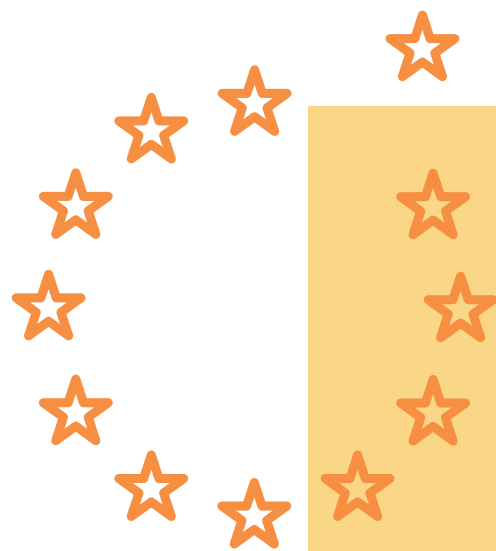
Recent SIPTU research looked at the likely job losses that could result from a Brexit.

Some 16% of all RoI manufactured goods are exported to the UK, but that rises significantly within the Agriculture, Food and Drinks sectors, which would be hit hardest by a UK decision to leave.

The combined value of exports from these sectors is in excess of €10.5 billion annually and they have grown by almost half since 2009.

They support up to 170000 jobs in this economy the majority of which are well paid and highly skilled.

A full 40% of these exports currently go to the UK alone, to the value of €4.2 billion annually, meaning a Brexit could potentially cost tens of thousands of quality jobs in this economy.



## The Border Problem

A new EU border on the island and the imposition of controls could seriously impede freedom of movement between the two jurisdictions, for both goods and people.

According to UNITE *“the imposition of passport controls at the border with Northern Ireland would be at best inconvenient and at worst a worrying regressive step in terms of facilitating cooperation between both parts of the island... the maintenance of the Common Travel Area cannot be taken for granted.”*

This would serious implications for Irish citizens seeking work in the UK and NI (and vice versa) and might also undermine the right to residency of a large number of UK born nationals in this jurisdiction and vice versa.

# Break up of the UK?

It is almost certain that a Brexit would trigger another independence referendum in Scotland and one, moreover, that is more likely to vote yes, posing serious challenges to the very existence of the United Kingdom itself.

This would also see a much weakened central government in London that is more likely to be dominated by an 'inward looking' politics.

A Brexit would shift the EU's 'political gravity' even more significantly eastwards, with major implications for future social, economic and security policy across the European Union.<sup>4</sup>

It has also been argued that a Brexit could prove to be but the first step in a more drawn out and probably irreversible process that would see the European Union itself implode and break apart into single nation states or competing federations.





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