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Assembly

Committee for The Executive Office

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On top of that, my team and I have been frequently reaching out to civic society and the business community in Northern Ireland, which we occasionally did together with Lord Frost. The dialogue that I have had with those groups has been very fruitful to date. I will do my utmost, together with my team, to continue that engagement.

As you said, Chair, agreements between the EU and the UK provide us with a solid basis for the close and stable partnership that we would like to see develop. In order to reap the full benefits of the agreements that we have jointly concluded, full and faithful implementation is crucial. Understandably, I imagine that you are most interested in the protocol on Ireland/Northern Ireland. The protocol, as I am sure you know, was the most difficult part of the entire negotiations. It was agreed by the current UK Prime Minister and Lord Frost, who, at the time, was the chief negotiator. Everyone knew what we were talking about. At that time, it was already quite clear that Brexit would have consequences and that changes were inevitable. After years of detailed negotiations, the protocol was the only possible solution that we found to avoid a hard border on the island of Ireland, to ensure peace and stability in Northern Ireland and to protect the integrity of the EU single market.

The protocol explicitly states that it protects the Good Friday Agreement "in all its dimensions". The very first article of the protocol states that it has no impact whatsoever on:

"the constitutional status of Northern Ireland".

It is a trade arrangement that is designed to solve serious and practical problems that have been caused by Brexit and the kind of Brexit that was chosen by the UK Government. It is democratic and gives a voice to Northern Ireland. Every four years, you, as Members of the Legislative Assembly, will be able to decide whether articles 5 to 10 of the protocol continue to apply through the consent mechanism. In the meetings of the Joint Committee, the First Minister and deputy First Minister speak and contribute. The protocol also provides for automatic, dynamic alignment in order to ensure that the UK authorities have all the relevant information that is necessary for implementation. It also establishes the joint consultative working group, and all relevant information is exchanged through that group on new and relevant Acts and instruments for the implementation of the protocol at all stages. Nobody has yet suggested a better workable alternative.

The protocol needs to be fully and correctly implemented. At the same time, our approach has been and remains solution-oriented, constructive and flexible. The protocol is a unique solution that the EU has never offered before. It has outsourced the control of part of our border to a third country and has demonstrated the pragmatism that it is occasionally and wrongly accused of lacking. It has spared no effort in trying to mitigate problems that have arisen in the implementation of the protocol, and has explored and put on the table practical and permanent solutions. Naturally, however, there are limits to what can be achieved. I would like to assure you that nothing that the EU does is arbitrary. Its actions are well thought-through. Its way of working may be complex, but it is inclusive. The EU listens to the directly elected European Parliament and its member states. The regular meetings with both during the negotiations resulted in the EU's very clear and entirely reasonable mandate. It works on that basis.

The full implementation of the protocol is the EU's fundamental starting point. On that basis, it can discuss which permanent flexibilities it can agree to in its implementation. In line with protocol, the Commission has identified pathways to a good number of flexibilities and has presented the UK with papers. For example, papers have been presented on sanitary and phytosanitary (SPS) measures, and the Commission is looking at ways of addressing the issues of tagging animals, assistance dogs and high-risk plants. The EU heard about those issues from its UK partners at the beginning of this year, and it has already offered and proposed the solution. The EU is working with the same intensity on other issues, such as value added tax (VAT) on second-hand cars and tariff rate quotas on steel. It is also working with that intensity on measures to continue the supply of medicines to Northern Ireland. That is a very sensitive and important area and issue, and it is extremely important that we sort that out. We are willing to consider taking bold steps if the UK Government demonstrate a clear and concrete commitment to implementing the protocol in full. The supply of medicine is a particular issue, to which, as I said, I am acutely sensitive. We want to ensure that citizens in Northern Ireland have full access to all the medicines that they need, and we are ready to move ahead fast. It will not be easy, as it will require a change to our EU rules, but I am committed to make that important effort if it requires legislative change on our side.

Ultimately, our work is about making sure that peace and stability in Northern Ireland are protected while preserving the integrity of the EU single market, including Ireland's place in it and while having

as little impact as possible on the daily lives of citizens in Northern Ireland. Like you, therefore, I want to see the necessary checks reduced to the absolute minimum.

One measure that would address some concerns and could be negotiated very quickly is the so-called Swiss-style veterinary agreement. The UK continuing to apply EU SPS rules would do away with the vast majority of checks in the Irish Sea and would not require checks elsewhere — say, in Northern Ireland — including for travel with pets, for example. The New Zealand-style equivalent would not do that.

The Commission published a table, which I will show to you. You will not see it well from a distance, but I can tell you that the green part is the EU-style/Swiss-style veterinary agreement. Green means that no checks are required, and you have the equivalent different types of agreement when you see how many checks still need to be performed. So, even if a vets-type equivalence agreement is put on the table, it will not resolve most of the problems about which the communities in Northern Ireland are concerned.

In many contacts with Northern Irish stakeholders, I have had positive feedback to our idea of the Swiss-style veterinary agreement, which, as I said, will alleviate most checks and facilitate east-west trade flows between Great Britain and Northern Ireland.

I am very well aware of the UK Government's initial concerns but remain optimistic that we can find a solution that would work for everybody, most of all for the people of Northern Ireland. We can also have a temporary agreement — that is in addition to my initial proposal — until the UK chooses to opt for different SPS standards — let us say, if it is allowed to conclude a very important free trade agreement with another partner.

I am sure that you are aware that, on 17 June, we received a request from the UK Government to extend the grace period on chilled meat. First, the Commission welcomes the UK's choosing to work on that issue jointly. Some have accused the Commission of not always acting jointly. Let me repeat once again what I have said many times before: the Commission did not invoke article 16 of the protocol. The mere consideration of including in the text of a draft regulation a reference to the safeguard provision of the protocol was a genuine mistake, for which the president of the Commission, Ursula von der Leyen, has expressed regret and apologised in public.

In any case, the events of 29 January cannot put our determination to the full and faithful implementation of the protocol in question, and our commitment to the Good Friday/Belfast Agreement is unwavering.

Talking repeatedly as though we had triggered article 16 irresponsibly fans the flames; rather, we must do everything from every side to de-dramatise the rhetoric and find the solutions. Unfortunately, the unilateral measures that the UK Government took back in March contradict the much-needed spirit of joint action and clearly violated what we had agreed. As you will know, the Commission launched an infringement procedure on those measures on 15 March, and, without satisfactory steps by the UK to remedy those measures, we will have no choice but to step up those legal proceedings. So, it is good that the UK is pursuing a different avenue on chilled meat.

On 18 June, the Commission issued a statement reiterating our openness to finding solutions in line with the protocol. We made clear that, for that to happen, the UK must fully implement the protocol, which is the solution found to protect the Good Friday/Belfast Agreement, the functioning of the all-Ireland economy and the integrity of the EU single market.

In the past few days, I have been in intensive contact with the European Parliament and EU member states on that request. As you know, we have an inclusive legislative process in the EU, and, while I cannot announce today the EU's formal agreement to the UK Government's request, after all the internal contacts that I have had, I remain confident that we can find a solution within the next 48 hours that will address both sides' needs and concerns.

I hope to bring such optimism to Northern Ireland more in the future. We have been gravely concerned at the negative rhetoric about the protocol, which is, after all, an instrument to protect peace and stability and will trigger safeguard measures under the protocol if it damages the political, social or economic fabric of life in Northern Ireland.

Let us not forget that this is the impact of Brexit and the choices made by the UK Government, not of the protocol nor the European Union. The protocol actually limits considerably the impact of Brexit in

Northern Ireland. In fact, the protocol creates opportunities when combined with Northern Ireland's unique selling points, dual market access; an advanced legal system; some of the best universities in Europe; advanced telecoms infrastructure; a pro-business environment; competitive operating costs; and proximity to major markets. All those points make Northern Ireland a unique market in which to invest. Those elements, when combined, provide a powerful incentive to attract investment from overseas, so it is no wonder that Invest NI has identified over 30 new potential inward investment opportunities since the beginning of this year.

My idea of an investment conference in Northern Ireland with businesses from member states to demonstrate those advantages and opportunities has already had a positive response from the people to whom I have spoken in Northern Ireland and from the European Union. I know that several of you have also promoted those advantages and opportunities, and I want to reassure you that they are very real. That cannot be said often enough.

In addition to that, we will continue to support the PEACE PLUS programme with the UK and Ireland, together with co-financing those amounts to approximately €1 billion for the projects in Northern Ireland. I hope that I have shown that our approach is guided by pragmatism, stability and constructive engagement. Supporting Northern Ireland for such a pragmatic solution is welcome and contributes to de-dramatising the delicate situation.

My goal has always been and continues to be to move decisively on to a result-oriented path to permanent solutions in the interests of all communities in Northern Ireland and for peace and stability.

Chair and honourable members, thank you very much for providing me with the opportunity to address you, to explain our thinking, our approach and our absolute commitment to the people of Northern Ireland and to peace, stability and the prosperity of an all-island economy. Thank you very much for listening to me. I am ready for debate, questions on the statement or for advice that you would like to give us here in the European Union.

The Chairperson (Mr McGrath): Vice President Šefčovič, thank you very much for that detailed opening presentation, which has provided us with an excellent résumé of where we are. It has given us an indication of what is still outstanding and some of the journeys that will take place in the next few days with regard to the protocol.

We will move now to questions. We will work our way round the room, and one member is joining us remotely. I will begin.

You referenced it, but many of us want to have a Swiss-style SPS system. That is certainly my position. That would remove many of the checks that are required at ports. The checks have caused a lot of concern to people, but my difficulty is that the very people who say that we should not have checks also object to our having a Swiss-style deal. Can you explain again the virtues and positives of such a Swiss-style SPS system?

Dr Šefčovič: Chair, thank you very much for the opportunity to come back to that very important issue. I understand why it is so pressing and such an important issue. I will once again show you the slide, and, of course, we are very happy to send it to you.

The green part of the slide shows the EU-Switzerland veterinary agreement. You can see that no checks are needed for all sorts of goods and products. If you look at the EU-New Zealand-type agreement, you can see that quite a lot of checks still need to be done. The difference is that what we are trading with New Zealand is covered by 11 pieces of legislation only. Of course, we were in a single market with the UK for 47 years, and there are more than 100 Acts. You can imagine how many more checks would need to be done if you would like to go for some kind of equivalence to the New Zealand-type agreement. The last part of the slide shows the other third countries, and you can see that everything is checked. That is a very simple comparison for the sake of the argument and for targeting my message better.

The advantages of such a solution are so predominant that I hope that we can engage our UK partners to discuss it. What I hear from the UK is that it has great reservations because of dynamic alignment. However, we were in a single market for 47 years, our legislation is still very similar, and it should not be such a big problem to overcome that difference.

I know that the UK Government do not want to have their hands tied, because there might be a big free trade agreement coming with important partners — for example, the United States of America.

However, we know that such agreements take time to negotiate — very often several years — and if, in the end, there is a need to align UK SPS rules with those of the US, we would understand that. We would say, “OK. In that case, we will go back to the checks and controls”.

However, we can use this time to bridge over the current situation. I hope that we can build up the infrastructure, hire and train personnel and finally get real-time access to the IT system so that checks can be performed more smoothly, faster and be completely non-intrusive to the people of Northern Ireland.

That is the position that we presented to our UK partners. I hope that we can jointly solve the chilled meats issue within 48 hours. We will then have three months for another attempt at solving that. We are approaching it with an open mind and have a ready-made recipe for how we can sort out at least 80% of the checks and controls that are otherwise required by the protocol. I hope that, with your help, we can find good solutions to this very important issue.

The Chairperson (Mr McGrath): Thank you very much for that. That seems a very reasonable perspective, for two reasons: the option of a Swiss-style agreement; and the option to use that in the short term. If people disagree with and do not want checks, this is an opportunity to provide a way in which they will not have to have them. It is about providing a solution, and it is very welcome.

You said that there are positives for Northern Ireland in having dual market access because of its location. You mentioned the investment conference. Would the EU be able to assist with that? I believe that Northern Ireland will become a place where many businesses would like to establish themselves, which would lead to jobs and prosperity. However, we will have a job of work to do to sell that. Would the EU be prepared to help us with that?

Dr Šefčovič: Absolutely. We need to go in that direction. To be honest, I had hoped that, now that it is the summer, we would be already planning that conference. We have been guiding EU trade delegations and investors to come to Northern Ireland, because Northern Ireland is unique. I referred to your fantastic universities, strong telecom sectors, excellent workforce and many other elements that are so important for investors. On top of that, you are the only place in the world operating in two important markets at the same time: the biggest trading bloc, which is the EU, and the important market of the UK — and it is cost-free. Unlike Norway, for example, you do not have to pay for access to this biggest trading bloc.

On top of that, for the access of goods from Northern Ireland to the EU single market, there are no import duties due for the companies involved. There are none of the customs formalities that would otherwise be applicable. No regulatory compliance checks or controls are needed, never mind all the issues that relate to other customs formalities, VAT and so on and so forth. Actually, it is a huge advantage to have access to the single market and, at the same time, unfettered access to the UK internal market. We are already starting to see that commercial distribution hubs will increasingly be located in Northern Ireland, just to benefit from all those elements. I sincerely hope that it will bring new growth, new jobs and new investment opportunities to Northern Ireland.

When I discussed this issue with business leaders from Northern Ireland and Europe, they agreed with everything that I said. Of course, they also highlight one very important fact: for all this to materialise, we need political stability, legal certainty and predictability, which is the case for investors all over the world when deciding to make important investments. It should be our joint task to add these three important elements. We will be ready to engage with you and your business community to organise an investors' conference in the autumn. I know that there is an interest in that. A concrete pipeline of projects has been created by Invest NI, and that would be an excellent topic for discussion.

The Chairperson (Mr McGrath): Thank you for that. As a result of Brexit, a service border remains on the island of Ireland, because the protocol is dealing with trade and goods. That may debunk somewhat the argument that the only border is down the Irish Sea. In your view, what future is there for the service industry on the island of Ireland as a result of Brexit? Can the EU do anything to help?

Dr Šefčovič: Investments and the creation of distribution hubs or logistical centres come with a lot of services, and many people will be required to ensure that all those new opportunities are properly used and that they evolve and develop. I am very optimistic about the service industry in Northern Ireland.

The best response to this question is found in the discussion of concrete projects. As you know, I was previously involved with the Energy Union and now work on the European Battery Alliance. It is important to have a lot of theoretical discussion and debates about the legal framework and investment opportunities, but talking about a concrete project really focuses the mind. Where will it be? What type of business is it? What is the level of investment? How many people will you employ? What additional businesses will be created by the big investment? That puts everything into perspective and focuses the minds of business leaders and political leaders. You always have to create an appropriate economic, legal and political environment that is conducive to such investment happening. It would therefore be good for that discussion to be part of the framework of the investment conference in the autumn.

Mr Stewart: Dr Šefčovič, thank you very much for taking the time to engage with us today. It is really important. I also thank you for engaging with my party leader, Doug Beattie, whom you met last week. We thank you for taking that time. On the back of that meeting, it will come as no surprise to you that my party and I fundamentally oppose the protocol. We did not back Brexit, and we certainly do not back the protocol and its outcomes.

It is my firm belief that rigorous implementation of the protocol damages Northern Ireland, creates a democratic deficit, negatively impacts on trade with our biggest market and damages the delicate balance of political relations here. Unfortunately, despite all the engagement from you and the EU, it feels as though those concerns are not being heard. Among the unionist community in particular, there are genuine, powerful, legitimate concerns about the impact of the protocol.

Will you demonstrate how you are hearing those concerns? How is the European Commission listening to the concerns of the unionist community in Northern Ireland, and what are you doing to show that they are being heard?

Dr Šefčovič: I very much appreciated the discussion with your leader, Mr Beattie. We had a very open-minded and sincere discussion. If you will allow me, it is important to highlight again that the first article of the protocol is about our full respect for the constitutional arrangements of the UK. Clearly, through not only the protocol but our concrete support over the past 20 plus years and the PEACE programme, we have demonstrated that we are your friend. We have always been at your side, and we acted only when you requested us to act. For us, therefore, peace, stability and no hard border are absolute, fundamental principles that we have respected throughout the negotiations, and they remain paramount for us today.

On the issue of democratic deficit, our negotiating partner is the United Kingdom, and we have to respect that. As I said, we respect the constitutional arrangement of the UK. However, I underline that I am now talking to you. I am ready to be your partner and your guest. I am ready to engage with you when you feel that it is appropriate. The European Parliament is very much looking forward to establishing a special partnership between the EU and the UK Parliament. There is a strong interest in having a special Northern Ireland subcommittee, which, of course, the EU would very much welcome, but it is up to the UK to decide how to craft the structure of the parliamentary dimension of our work.

The last thing to highlight is the formation of the Joint Consultative Working Group, which has had at least three meetings, if I am not mistaken. So that you are properly informed and engaged, we want to inform you in advance, and also on an ongoing basis, of what is being prepared and discussed and what new legislation is in the pipeline. If you come up with additional ways in which we can improve our collaboration — ways that, of course, respect the UK's constitutional arrangement — we are ready to engage. I know that Members of the European Parliament would also love to have contact with you. We will be ready to look at all issues that you put on the table, because, after looking at the protocol for four years from all angles, it is our strong conviction that the protocol is the only viable solution to protect peace and stability and to avoid a hard border on the island of Ireland.

Mr Stewart: Thank you for that. I simply cannot accept your argument that the protocol protects the Good Friday Agreement. I am very proud of the Good Friday Agreement and the role that the Ulster Unionist Party played in it. My party, the architects of that agreement, and I believe that the protocol damages the Good Friday Agreement. As recently as last month, the Fianna Fáil Chair of the Irish Seanad Special Select Committee on the Withdrawal of the UK from the EU, Lisa Chambers, said exactly the same thing when questioned by my party leader. How can you argue that it upholds and protects the Good Friday Agreement when so many people argue that it drives a horse and cart through the middle of it, given that it puts a border between Northern Ireland and the rest of the United Kingdom?

Dr Šefčovič: Once again, I must highlight our position very clearly. The articles of the protocol itself say that it protects the Good Friday Agreement or the Belfast Agreement "in all its dimensions". That was clearly our position. That was very high in our minds when we entered negotiations on the whole protocol. That was the opinion of our UK partners, who negotiated not only the withdrawal agreement and the Trade and Cooperation Agreement (TCA) but the protocol, line by line. We concluded that the protocol was definitely the best way forward. Therefore, it was not only approved by the British Prime Minister but overwhelmingly supported in the UK Parliament. That is also how the ratification and agreement were done, as I said, by the UK.

Nothing in the protocol prevents the UK from ensuring unfettered access for goods moving from Northern Ireland to the rest of the United Kingdom market. The UK Government have prioritised their right to diverge from EU standards. Thus, some controls are unavoidable in order to ensure that goods entering Northern Ireland, and, therefore, the single market, do not fall below the agreed standards. That reality has been clear from the very start. The UK Government explicitly negotiated and signed up to that, and it is enshrined in the treaty as part of international law.

We also have to bear in mind the direct link between the level of checks required and the UK's policy on divergence. Therefore, I come back to the proposal that I referenced several times this afternoon, which is the SPS agreement. As I said, that would resolve 80% of the problem that we are discussing today.

Ms Anderson: Thank you, Vice President Šefčovič. I have joined remotely to avoid there being too many members in the room. Go raibh maith agat. Thank you for this exchange of views. It is unusual for an EU Commissioner, who is accountable only to the European Parliament, to appear before a regional Assembly, let alone a Committee of a regional Assembly. As a former MEP, I appreciate your engagement. I will make only one comment and ask only one question, because I know that other members are keen to get in.

This has been said in the Committee, but it needs to be repeated to avoid doubt and to ensure certainty: the majority of people in the North of Ireland opposed Brexit. Reflecting that position, the majority of Members in the Assembly have repeatedly supported the protocol, as it is necessary to mitigate some of the worst impacts of Brexit on the island of Ireland. Do you agree, Commissioner, that, in order to protect the all-island economy and to protect Ireland and the Good Friday Agreement, the protocol was an inevitable consequence of what the majority of us view as the unmitigated disaster of Brexit?

Dr Šefčovič: Thank you very much, Madame. I very much like the sign behind you that says "No Coffee, No Workee". That is also how I conduct myself in my office.

I come to your very important question, and I will be open about this: the negotiations about the protocol were the hardest part of all the discussions and negotiations that we had with the UK. We were trying to square the circle, if I may use that expression. From my perspective, the result was an unparalleled leap of trust and confidence and an enormous effort to make things work. You cannot find this anywhere else in the world: to ask the UK authorities and Northern Irish authorities to perform the checks on goods coming to Northern Ireland.

I want to use this opportunity to thank wholeheartedly the professionals who are working on those border crossing points. They developed a very good, professional relationship with our minuscule group of experts, who advised them how to do things better. We very much appreciate that. We went to that extent because we are so aware of the sensitive and delicate situation in Northern Ireland. We know the delicate balance that the leaders of Northern Ireland managed to find when the Good Friday/Belfast Agreement was signed. At that time, I worked in a national capacity as a diplomat for my country, Slovakia. I followed it closely because I knew as I watched the TV that I was seeing history in the making. I was seeing people get beyond the years of the Troubles. Enormous compromises and true leadership were demonstrated by all the leaders involved.

The same leadership is required now. We have to face the inevitable consequences of Brexit. The first part is done, and we found the best possible solution with the withdrawal agreement, the TCA and the protocol. Now, we have to fully implement the protocol in a way that underlines again that constructiveness and ingenuity in looking for good solutions for the people of Northern Ireland, which will allow us to continue to have no hard border between Ireland and Northern Ireland and will bring prosperity, new jobs and investment to Northern Ireland. That was the idea. That was our goal, and I hope that we will be able to demonstrate that by the concrete actions that I mentioned.

As you know, the first half of our relationship with the UK was not easy. We have been extremely surprised by the unilateral actions taken by London. Despite that, we have been working flat out to find solutions. We even have to change legislation, and all member states and the European Parliament have to agree. We are looking for a solution for medicines, for assistance dogs, for tariffs and quotas for steel, for VAT on second-hand cars, for tagging animals and for sheep scrapie. I could go on. What we are doing is genuine, and I hope that you will take that at face value. We want to find a solution, and I believe that solutions are reachable. They are possible. We have only one goal: to have prosperity on the island of Ireland, to bring new opportunities for people in Northern Ireland, to avoid a hard border and, of course, to protect the integrity of our single market.

Why are those controls so important? It is because we are talking about public health and animal health. In Northern Ireland, you know that very well, because checks such as phytosanitary controls are now and always were the case. They were always a feature of goods moving from Great Britain to Northern Ireland, because the island of Ireland is a single epidemiological unit. I remember very well the Reverend Ian Paisley famously asking how it could be distinguished whether the cows were from the North or the South. He said, "Our cows are Irish". That is what we want to do in practice in the form of the protocol, and I hope that we will be able to achieve that.

The Chairperson (Mr McGrath): I suppose, Vice President, that some of the SPS checks and elements of the protocol need to be there for the free flow of coffee, which is something else that, at today's meeting, we all agree is very important.

Mrs Dodds: Thank you, Vice President, for taking the time to engage with us today. It is hugely important that you hear from Members of the Northern Ireland Assembly.

I have a number of questions to which I would like answers. You talked about the first article under the new arrangements with the United Kingdom, and you said that the arrangements do not undermine the constitutional status of Northern Ireland. It is staggering that, in a recent court case on the impact of the protocol, our own Government argued that the protocol implied a repeal of article 6 of the Act of Union. The constitutional impact is very real and very worrying.

However, the element I want to focus on and that I would like your views on is consent. You repeatedly say — in my many years in the European Parliament, I heard it repeated many times that the Commission and the Parliament are all united on this — that you support the Belfast Agreement. You even include it, in all its parts, in the text. That agreement includes the principle of consent, and stability in Northern Ireland is best secured when we have consent from all its people. Here in the Northern Ireland Assembly, that means that, on these huge issues, consent should be drawn from both communities. Vice President, you must realise that, today, you are at the Northern Ireland Assembly, where no representative — not one — from the unionist community gives consent to the Northern Ireland protocol. That is a very serious position for us to be in, and it is one that Europe should take seriously. I want you to explain to people in Northern Ireland why you do not look for consent from the unionist community and why you persist in ignoring the unionist community. Is it because we are not important? Is it driven by Dublin? It is time that we have —.

The Chairperson (Mr McGrath): Sorry. We need questions, and I appreciate that you asked a number of questions that he might want to answer.

Mrs Dodds: I have a number of questions. It is time that the issue was dominated by the consent of both communities here.

I will turn very quickly to trade and trade flows from Great Britain to Northern Ireland. You know very well that those are vastly more important than any other trading relationship that we have, yet the Northern Ireland protocol adds complexity and cost. I will quote you two figures. At a House of Lords Committee meeting recently, Marks and Spencer indicated that the Northern Ireland protocol would add £30 million to the cost of its doing business with Northern Ireland and the Republic of Ireland. A haulage firm indicated that the Northern Ireland protocol would add between £50 and £350 per pallet to the cost of its bringing goods from GB to Northern Ireland.

It is hugely detrimental, and we need complete and permanent solutions. I know you are, in good faith, trying to get us to October, but that is not the way to do business for businesses in Northern Ireland. How do you intend to get some complete and permanent solutions that are acceptable for Northern Ireland?

Can I also reference —?

The Chairperson (Mr McGrath): Diane, sorry, but I am going to have to call you now. There are about nine questions there. We have two minutes left and six members who need to speak. You have used most of your five minutes.

Mrs Dodds: That is grand. Thank you.

The Chairperson (Mr McGrath): If the Vice President can answer the questions asked thus far, we can move to another member.

Dr Šefčovič: Thank you very much. I very much appreciate the sincerity and openness in Madame Diane Dodds's remarks. Her first remark was about the constitutional order or arrangement of the UK. I have stated very clearly, as has Lord Frost in Westminster, that the protocol in no way violates the constitutional order of the UK. We are in complete agreement on that. I assure you that we have no interest in interfering in domestic policies or the internal debate. We have absolute respect for all communities in Northern Ireland. Therefore, we went to such a length to accommodate the different interests, as I described several times this afternoon. We take very seriously your concerns and the point that you put on the table.

You know very well that, in 2024, the Northern Ireland Assembly will clearly have a say in whether to continue with the protocol. In the meantime, as I said — I cannot speak on behalf of the UK, of course — from the EU side, I can tell you that there is absolutely an extended hand for these exchanges with the Northern Ireland Assembly to really use the joint consultative group for very intense meetings and discussions where we can really inform you of what is being planned and of what is happening and where we can listen to your concerns.

As I said to you, given that you are a former Member of the European Parliament, I am sure that you have a lot of contacts in Strasbourg and Brussels. It will not be a surprise to you to hear that many of your former colleagues would love to have more intense and direct contacts, be that in the form of a parliamentary assembly or a special subcommittee for Northern Ireland. We would like to do all that, and, hopefully, that communication will help us to clarify many of the issues that we are discussing today.

You mentioned Marks and Spencer. I know that you have different chains that are not so worried about the situation because they have already invested in making sure that they have distribution hubs and centres in Northern Ireland. Taking on board what you mentioned about Marks and Spencer, I will say that we have been working with Lord Frost's predecessor, Michael Gove, on a trusted trader scheme. I think that we have been very generous in how the scheme would be applied in the UK. We are still waiting for more concrete data coming from our UK partners so that we can assess it. I think that we demonstrated a lot of flexibility to make sure that shelves in Northern Irish supermarkets are well-supplied.

Finally — I am sorry to repeat myself — the solution to the issue would be an SPS agreement. As I said, we would then have no problem with minced meat, chilled meat, sausages and checking animals and pets. I think that it is such an obvious choice, and I hope that we can find a way forward on this very important issue with Lord Frost and between our teams.

Mr Lunn: Thank you very much, Dr Šefčovič, for talking to us today. It is much appreciated. You mentioned steel tariffs and VAT on second-hand cars several times today. Back in January, Michael Gove assured us and was quite unequivocal that that problem had been solved, yet, quite clearly, it has not been solved. We have a very vibrant steel industry here and a considerable trade in second-hand English cars. Can you update us on that? Is there any sign of movement or agreement on it?

Dr Šefčovič: Thank you very much, sir, for your question. Concerning the tariff rate quota on steel, it is very important for you to know that we have prepared amendments to our legislation to address the initial request from the UK Government that steel products imported from Great Britain into Northern Ireland be covered by EU quotas. After that, the UK request then expanded to steel from the rest of the world imported into Northern Ireland and to other goods such as, for example, lamb, and it ended up with a request that covers all goods subject to quotas, in particular agricultural goods.

We are really open to finding solutions to all UK requests, but the UK Government should understand that the scope of the request has to be stable before it can be solved. We really need to know what we

are looking at. I am sure, given that you know so much about the steel industry, that you understand that we have no problem whatsoever in trade and with movements of steel between GB and Northern Ireland, but, of course, you understand that we have to be quite vigilant about steel coming from the rest of the world, especially from destinations against which we had to introduce, let us say, different anti-dumping measures and so on.

Again, that is a very appropriate example. We are working on it, but the more that we progress, the more things come to the table, so we need to know the scope of all the issues that we have to resolve. I am sure that we will find a good solution for Northern Ireland and GB, as well as for the EU.

I will say one more sentence on VAT on second-hand cars. That, again, is a very complex and technical issue. We are looking for a solution that will make sure that people in Northern Ireland will not pay more for the purchase of second-hand vehicles and, at the same time, will in no way undermine the market in Ireland or the rest of the single market.

Mr Lunn: Thank you very much.

The Chairperson (Mr McGrath): OK. I appreciate, Dr Šefčovič, that we have exceeded our time, but we have a few more members who have just one question each. Are you happy enough for us to continue?

Dr Šefčovič: Absolutely.

The Chairperson (Mr McGrath): Thank you very much indeed. That is really appreciated.

Mr Sheehan: I represent Sinn Féin. It is important to emphasise and re-emphasise the positives in the protocol. As already stated, the majority of representatives in the Assembly support the protocol, which has opened up significant business opportunities for us and our economy.

In your opening contribution, you referenced the fact that Invest NI recently advised that 30 investors are considering investing here in the North of Ireland. Would you agree that the protocol has opened up unique and significant business opportunities in our access to the British and European markets?

Dr Šefčovič: Chair, would you like me to answer, or should I wait for other questions?

The Chairperson (Mr McGrath): If you could answer, that would be appreciated.

Dr Šefčovič: With this answer, I can indeed be very brief. I referred to the arguments in my previous remarks. I will just add one very important element. Northern Ireland is in the unique situation of having this ample access to the markets of the UK and the EU, which, we should not forget, means access to 500 million potential customers with what might be the biggest purchasing power in the world. Those are the two markets that have no comparative parallel in the world. Not only do they have 500 million customers but they have strength of purchasing power. The fact is that, as you know, the EU is either the number one or number two trading partner for all economies, so we are definitely the number one or number two in all markets in foreign direct investment.

The same applies to the destination. It is a huge advantage for Northern Ireland to have access to both markets, cost-free, because they offer unique opportunities for different business models, distribution hubs and all the investment projects that have already been gathered into the pipeline of projects by Invest Northern Ireland.

Mr Robinson: I thank the Vice President for appearing before us. We have heard from the EU Commission time and again that the protocol was necessary to protect the 1998 Belfast Agreement and to provide stability in Northern Ireland. The protocol has clearly failed to do so on all counts. Neither the UK Government, the EU nor the Irish Government have upheld the principle of consent or ensured parity of esteem throughout the process, and that has resulted in the unionist community, which I belong to, being completely ignored and tension escalating day by day in recent months. Vice President, what is the EU Commission doing to rectify that worrying situation in Northern Ireland? In my humble opinion and with respect, we do not need any more honeyed words. The bottom line is that the protocol needs to be scrapped in its present form, as it drives a wedge between Northern Ireland and Great Britain.

Dr Šefčovič: Thank you very much, sir, for the clarity of your words. My presence in the discussion today is a clear demonstration that we are listening and that we want to listen to you. For the reasons that you mentioned, we are doing everything possible to show that we are looking for the solutions that will minimise the direct consequences of Brexit for the people of Northern Ireland. I mentioned several times today the different flexibilities that we are working on.

Also, you made a point that I agree with. To make the protocol a success, we need to work jointly — I mean the UK, EU, Ireland and the communities and parties in Northern Ireland — to find concrete answers to very concrete questions that I fully recognise are legitimate. I am absolutely convinced that we can do that only if we work together and really look at a constructive approach to the problem and at what the best solution could be. I listened very carefully to everyone and did not hear a better solution or alternative to the protocol. I understand that we have a difference of opinion politically on the matter, but I am absolutely sure that we fully agree on the necessity to find the best possible solution for the people of Northern Ireland, who want to live in peace and prosperity, do not want a hard border between Ireland and Northern Ireland and would, I am sure, appreciate being able to profit and benefit from unparalleled access to the EU single market and the internal market of the UK.

Ms Sheerin: Thank you, Vice President, for joining us this afternoon. We know already — Europe has told us — that, in the context of a united Ireland, the North of Ireland would assimilate back into the EU, which is a commitment that I obviously welcome and think is a pragmatic approach. How do you foresee the North's unique relationship with the EU developing?

Dr Šefčovič: If it comes to there being a "unique relationship", as you very nicely put it, there are several features that you will not find anywhere else in the world. The EU and UK will forever be neighbours and share the same values. Until now, we have shared most of the legislation that we are discussing today because the UK was part of the single market for 47 years. Northern Ireland will continue to benefit from the biggest single market in the world and, at the same time, enjoy unfettered access to the rest of the UK market. Combined with your excellent universities and very well-educated workforce, those are ingredients for something that can really turn the protocol into an economic success that will benefit the people of Northern Ireland.

Mr Stalford: Dr Šefčovič, you said several times that you are here to listen. Please listen to me: we do not, will not, have not and never will consent to the provisions of the protocol. It was imposed on our heads, perhaps in dalliance with the Government at Westminster, but let me assure you that not a single unionist representative in this place endorses a provision of the protocol.

It has been just less than a year since the arrangements for the checks were put in place, so there cannot have been that much divergence from standards. That being the case, why was the rigorous and aggressive regime of checks put in place? Several times during your contribution, you made reference to an SPS agreement. Is it possible that the checks regime is an untrammelled exercise in power to try to strong-arm the United Kingdom into signing up to such an arrangement?

Dr Šefčovič: Thank you very much for your very clear position, sir. It is part of the democratic discussions that you have had in Northern Ireland and that are taking place in the UK, and I fully appreciate and recognise it from the very clear messages that you have sent to us. I listened with care to what you said, but I cannot, under any circumstances, accept that we are trying to use Northern Ireland to punish the UK.

Mr Stalford: Yes, you are.

Dr Šefčovič: That is not true, sir. I absolutely assure you of that.

As you know, we have been having very hard negotiations with the UK. That was not because we wanted to punish the UK; it was because of the choices the UK Government made. They decided to leave the customs union, the SPS area and the single market, and they could not agree on what role, if any — the decision was none — should be played by the European Court of Justice. Therefore, the parameters of the Brexit design in London have been very tough and difficult to accommodate with what we projected from the beginning as being important to the people of Northern Ireland. Those projections are peace, the protection of the Good Friday Agreement in all its dimensions and, hopefully, the future prosperity from the opportunity that Northern Ireland will have from operating in both markets.

The negotiations have been taking so long because we have been looking for that solution, which, in the end did, indeed, square the circle. We did it with an open heart and the best possible intentions. I assure you that that has been our position up until now. We are looking for all flexibilities and the most creative solutions possible to the problems that have been created by Brexit. We will continue to do that.

I hope that you would agree that all the elements of the flexibilities that I listed in our discussion this afternoon demonstrate that we are working pretty hard and are trying to do our utmost to be constructive and a good partner for Northern Ireland, as we have been over the last 20-plus years.

The Chairperson (Mr McGrath): Thank you for that, Vice President. We are moving towards the end of the session. To conclude, some concerns have been raised in the unionist community and by others about future decision-making that will impact on us directly in Northern Ireland but to which we may not have direct input.

What are your understanding on and thoughts about how elements such as paragraph 17 in strand two of the Good Friday Agreement and article 14(b) of the protocol, which allow for discussion among various strands here, such as the North/South Ministerial Council, are able to raise issues of concern and make sure that they are addressed by you? What is your understanding of that, and what weight is placed on the remarks and decisions that would come from those forums?

Dr Šefčovič: Thank you very much for that question. It is very important, and you rightly pointed out that it was raised in several interventions by the esteemed and honourable members.

The first thing that I will underline is the importance of the parliamentary dimension of our discussions. The EU and UK Parliaments are working hard on setting up an appropriate parliamentary assembly. As I said, on the part of the European Parliament, there is definitely a strong interest in having a special subcommittee or a special way to maintain direct contact between the Northern Ireland Assembly and the European Parliament.

The European Union has a well-established practice of open and wide consultation on its legislation even before we propose it. That is one of my responsibilities. In EU-speak, we call it better regulation. When it comes to consultations on legislative proposals, the OECD ranks the EU as number one in the world.

Of course, any inputs into or positions on those consultations will be carefully studied. They will be processed and get a response from us on what we think, what can be taken on board, what is problematic and where the whole process is heading. The fact that we are having this discussion, which is very detailed and, at the same time, political, is clear proof that we are ready to listen to the views of the Northern Irish society and the Northern Ireland Assembly.

If it comes to the Northern Ireland Assembly, I am sure that you will scrutinise under your competences under the Act of devolution the policy or legislation that you like. We would be very interested in that, and please communicate any results of those deliberations to me or to the UK service that we established in the Commission.

We are, of course, very much interested in continuing this discussion on not only our political level but with our experts. That always helps to find the best possible solutions.

The Chairperson (Mr McGrath): Thank you very much for that. We could maybe meet with you again later in the year to see how matters have progressed and whether there are new viewpoints or updates. I hope that it is OK to seek that commitment to meet you later in the year.

Dr Šefčovič: Absolutely. Thank you very much once again for this open, honest and very constructive discussion. I fully respect that you are representing your citizens; therefore, I appreciate the valuable time that you devoted to today's discussion.

In the meantime, we are working hard and with trust on all outstanding issues. It will be very useful to continue our discussions and dialogue, so maybe we can schedule our next appointment for the early autumn when I hope that I can bring to the table solutions to the additional problems that the honourable members mentioned. That is what we want to do and what we are focusing on.

Once again, Chair, thank you very much for giving me the opportunity to talk to the Committee.

The Chairperson (Mr McGrath): Vice President Šefčovič, thank you very much indeed. I hope that, on the next occasion, we will be able to meet in person. Thank you very much for your time today, and goodbye.

Dr Šefčovič: Thank you very much. I hope so, too. All the best, and have a good afternoon.