

## **Proposed abolition of intra-EU duty free sales**

### **Impact on Ireland**

#### **Introduction**

The EU proposes to abolish intra-EU duty free sales in mid 1999. The Commission takes the view, based on a decision in 1991, that tax-free selling within the EU is incompatible with the idea of the single market. However, there is a strong case to be made that since duty free sales keep transport costs down they effectively subsidise movement of people within the EU and contribute to understanding, tourism and trade among member states. In addition, the purchasing shut-down by intra-EU travellers would negate the revenue-raising impact of the broadening of the tax base implicit in the abolition of duty free sales.

As a peripheral island, Ireland has significantly higher transport costs to other member states of the EU and is the only EU member state without a land link to its neighbours.

The Irish Airports Authority generates [35]% of its total income from duty free sales. Duty free selling is also an essential part of the economies of the ferry companies that work on the Irish Sea and between Ireland and France.

#### **Impact of abolition on travel/transport patterns affecting Ireland and the UK**

In addition to employment loss in both countries the following are the likely effects of abolition in Ireland:

1. A substantial increase in landing charges at Irish airports leading to higher passenger ticket prices and freight costs. In passenger terms, this would impede both way tourism between Ireland and Britain which has grown substantially in recent years. Increased air freight costs would divert traffic between Ireland and the UK and continental Europe from air onto sea and lorry based movement.
2. Direct ferry services between Ireland and France would become uneconomic, leading to the diversion of further road freight traffic between Ireland and continental Europe onto the UK "landbridge" with consequent negative effects on Welsh, Scottish and English roads and infrastructure.



Conclusion

The proposed abolition of duty free sales will result in changed patterns of transport in and out of Ireland. A major effect of this will be substantially higher volumes of heavy goods traffic on roads in the United Kingdom.

The retention of duty free sales on the other hand will allow the continued development of low cost travel between these islands and continental Europe.



## **The Irish in Britain**

### **Introduction**

There are approximately 800,000 Irish born people living in Great Britain. There are a further 2.5 million second generation and 2.5 million third generation Irish people living in Great Britain.

A recent report in the British Journal of Psychiatry found that the mortality rate of Irish people living in Britain is now higher than the average mortality rate in England and Wales by 30% for men and 20% for women.

A report published in March 1996 on discrimination and the Irish community in Britain prepared by the Commission for Racial Equality had similar findings relating to discrimination, health issues, ill treatment under the Prevention of Terrorism Act, higher rates of custodial sentences and high rates of homelessness. The report concluded that there was an "almost completely unquestioned acceptance of anti Irish racism in British society".

About 26% of the Irish population in Britain is elderly and depression, alcohol abuse and schizophrenia are significant problems.

### **Suggestions**

To allow steps to be taken to address this issue, further information on the scale of the problem is needed. The following points are worthy of consideration:

1. That "Irish" be introduced as a category of ethnic origin on future British census of population forms so that reliable data can be collected.
2. The British and Irish Governments should cooperate together on commissioning research into the plight of the Irish homeless in Britain.
3. The recently established, and welcome, Commission on the Future of Multi-Ethnic Britain, could be used as a vehicle to gather further information on the situation of the Irish in Britain, and ultimately to put forward proposals for improving race and community relations .