Martindale Retrospectives: United Kingdom, Ireland, and Colombia Edition

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United Kingdom, Ireland, and Colombia Edition

Retrospective on Logan Herr, "Cross-Border Trade on the Island of Ireland in the Wake of Brexit"

from *The United Kingdom on the Brink of Brexit*
Perspectives on Business and Economics, Volume 36, 2018

Logan Herr '18 is a global supply chain, digital transformation, and strategy and operations senior consultant at Slalom in Los Angeles.

Herr analyzed potential solutions for the Irish border after the UK's withdrawal from the EU and implications for cross-border trade.

Has an EU–UK trade agreement been solidified since Brexit?

In August 2017, a position paper issued by the UK government outlined potential solutions for the Northern Ireland (NI) and Republic of Ireland (ROI) border. The essence of this position paper was captured in a deal called the EU-UK Trade and Cooperation Agreement (TCA), which was signed on December 30, 2020. As evidenced by this deal, many of the proposed solutions for trade have been implemented since Brexit. This deal promotes "free movement of goods, services, capital, and people" on the island of Ireland, and the UK is granted " 'zero tariff, zero quota' goods trade with its main trading partner" (Matthijs, 2020). As part of this deal, "customs checks will take place in the Irish Sea rather than on the land border" between NI and ROI (Matthijs, 2020). Additionally, an important complementary program established by the EU has been the Brexit Adjustment Reserve (2021), which provides funding to member states affected by Brexit. Ireland received the biggest allocation, €1.165 billion (Department of Public Expenditure, 2023).

How have small and medium enterprises (SMEs) and UK–EU trade fared since Brexit?

Despite efforts to lessen the impact of Brexit, many of the predicted impediments to business processes have emerged in the UK. As expected, administrative red tape is clearly hampering the operations of smaller businesses. According to a business survey (to which ~92% of respondents were SMEs) conducted by the British Chambers of Commerce in December 2022, "56% of firms face difficulties adapting to new rules for trading goods…while around 44% of businesses also reported challenges in getting visas for their staff" (Koilparamambil & Shabong, 2022). In addition to impacts on individual business, Brexit issues have permeated UK trade since the implementation of the TCA in 2021. According to a 2022 report by the Office for Budget Responsibility, "in the fourth quarter of 2021, goods imports from the EU [to the UK] were down 18 per cent on 2019 levels," and there was a "9 percent fall in goods exports to the EU" (Office for Budget Responsibility, 2022). Ultimately, SMEs and trade as a whole have suffered despite attempts to create fluid, tariff-free trade.

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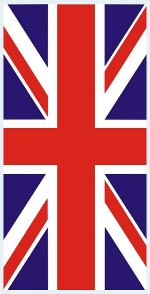
Retrospective by Alexander Damle '24
Accounting and finance



Retrospective on Katherine Wu, "Economic Consequences of UK Immigration Reform Following Brexit"

from *The United Kingdom on the Brink of Brexit*
Perspectives on Business and Economics, Volume 36, 2018

Katherine Wu '18 is a research engineer at
The Johns Hopkins University Applied Physics Laboratory.

Wu evaluated the economic role of EU citizens in the UK and predicted post-Brexit effects on the UK economy of reduced immigration from the EU.

What is the status of productivity in the UK?

While financial studies on productivity in the UK post-Brexit are ongoing, there are some key take-aways from existing analyses. Most notably, business investments remain weak, and the proposed policy lever designed to promote investment, also known as the "super-deduction," has not proven to be as successful as initially thought (Portes & Springford, 2023). Additionally, this policy lever expired in April 2023 and plans for future policy alternatives to increase business investment remain unclear. This policy lever was deemed unsuccessful mainly because of waning productivity stemming from a lack of low-wage workers. In the past, immigrants primarily assumed roles in lower-wage occupations, but Brexit made it so immigrants could no longer fill these jobs. Studies on the labor market generally conclude that immigration had positive effects on UK productivity, so a post-Brexit UK is mainly suffering from a reduced number of EU workers (Campo et al., 2018). The reduced availability of lower-wage employees has negatively affected production for many firms. Moving forward, much debate exists about whether businesses can compensate for this deficit in production over time with increased productivity, rather than simply reducing output (Portes & Springford, 2023). For the time being, however, the post-Brexit UK labor market shows waning levels of both immigration and productivity within businesses.

How is labor accessibility in the UK post Brexit? Is there a shortage and are employers facing issues?

In 2021, headlines were brimming with accounts of labor shortages across various sectors and industries. Statistics show that "one third of businesses with at least ten employees said that they were facing staff shortages in early April 2022" (Sumption, 2022). Some accounts include semi-truck drivers "driving fuel tankers and stocking up retail stores; pig farmers claiming that they must slaughter thousands of animals because of a lack of abattoir workers and skilled butchers; and demands from numerous other industries – from hospitality to the care sector – for greater access to visas to supply their labour" (Sumption, 2022). The two areas of the workforce hit hardest, with the highest vacancy rates, were hospitality and health. Not only did the UK grapple with the aftereffects of Brexit, but also it had to navigate the economy through the impacts of the pandemic. These two factors had a compounding effect on the shape of the workforce in the UK. Considerable job losses caused many UK citizens to leave the country in parallel with the economy and labor market adjusting to the new immigration restrictions. Like after previous downturns, economists could have expected EU migration to recover after the pandemic thanks to EU free movement. But the new immigration system provided, "few options for migration to take up low-wage work" (Sumption, 2022). UK labor market constraints continue, causing difficulty for employers in finding able candidates.

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Retrospective by Alexander Damle '24
Accounting and finance

Retrospective on Ross Hurwitz, "Ireland: From Emigrant Nation to Asylum-Seeker Destination"

from *Ireland: Taking the Next Step*
Perspectives on Business and Economics, Volume 19, 2001

Ross Hurwitz '01, is corporate secretary & chief legal officer at bpost, a Belgian company responsible for the delivery of national and international mail.

Hurwitz examined the influx of asylum seekers in the wake of Irish economic growth in the 1990s and the effects of immigration system inefficiencies.

Since this article was published, has Ireland continued to see a rise in asylum seekers?

Ireland saw a dramatic increase in applications from asylum seekers in the late 1990s and early 2000s. To apply for refugee status or asylum, one must fear persecution because of race, religion, nationality, membership in a social group, or political opinion and be unable to seek protection in one's own country. Asylum applications peaked in 2002, followed by a steady decrease in the years since. Recent asylum seekers have come from Georgia, Algeria, and Somalia. "13,492 asylum applications by refugees were received in 2022 in Ireland—according to UNHCR. 68 percent of asylum applications have been rejected in the first instance" (WorldData.info, n.d.). In 2022, there was a spike of refugees coming to Ireland, including many citizens from Ukraine fleeing the country because of conflict with Russia. However, refugees from Ukraine are not recorded as asylum seekers. In 2022, "The figures provided by the Central Statistics Office (CSO) revealed there were a total of 67,448 arrivals from Ukraine" (Desku, 2023). Ireland has granted temporary protection to all Ukraine citizens.

Has Ireland enacted more legislation since 2001 to protect asylum seekers?

Since 2001, Ireland has passed more legislation relevant to asylum seekers. The International Protection Act of 2015 repealed the Immigration Acts of 1999, 2003, and 2004, which imposed restrictions on entry of non-Irish nationals. The International Protection Act "reforms the system for determining applications and introduces a single application procedure" (European Migration Network: Ireland, n.d.). Today, asylum seekers who have been in the country for six months or more and are still in the application process are permitted to work. "While refugees are waiting, they are entitled to direct provision. This means that [they] get: somewhere to live, meals, a weekly payment of €38.80 per adult and €29.80 per child, [and] a medical card" (Citizens Information Board, 2023). Because of the increase in asylum seekers, availability of housing and accommodations continues to be an issue. In addition to the problem of housing scarcity, application processing times are long. "Refugees were waiting an average of 23 months to hear an initial decision on their application in 2021. Even if their case was prioritized, the wait remained long: 14 months on average" (Magee, 2023). Many refugees are taking shelter in tents while they remain on housing waitlists. Makeshift camps occupied by asylum seekers have appeared in cities across Ireland. Tensions between far-right, anti-immigration Irish citizens and asylum seekers continue to grow as isolated attacks and protests occur across the country.

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Retrospective by Randi Conroy '25
Finance, with mass communication minor

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Retrospective on Rebekah (Berry) Martindale, “U.S. Foreign Direct Investment in Ireland: Making the Most of Other People’s Money”

from *Ireland: Taking the Next Step*
Perspectives on Business and Economics, Volume 19, 2001

Rebekah Martindale ‘00 is director of operations and development at Main Line Classical Academy in Bryn Mawr, PA.

The author argued that foreign direct investment, particularly by US companies, was key to driving Ireland’s economic growth and that low corporate taxes, labor costs, and access to EU markets made such investments attractive.

Since 2001, has Ireland’s favorable tax system continued to attract foreign direct investment?

Since 2001, Ireland has remained a desirable country for foreign direct investment (FDI) because of its favorable low tax rates. Although the European Monetary Union’s leveling policies were threatening Ireland's economic success at the time of this article, no tax harmonization was enacted. In 2003, Ireland adopted a 12.5% corporate tax rate on international trading profits. This rate is a central component to Ireland's success in attracting FDI. The rate is the second lowest in the EU. In 2021, Ireland signed the OECD International Tax Reform Agreement, with a new rate of 15%. “This rate will only apply to multinational companies with turnover of approximately 800 million dollars or more” (New Zealand Ministry of Foreign Affairs and Trade, 2023). The OECD’s agreements are efforts made to advance equality of business opportunities. “These taxation agreements serve to promote trade and investment between Ireland and the partner countries that would otherwise be discouraged by the possibility of double taxation” (Bureau, 2023). However, this new reform agreement is not forecasted to hinder Ireland's success in attracting FDI. Because of extremely low corporate international tax rates, a well-educated workforce, knowledge of the English language, and a probusiness government, Ireland will continue to attract foreign investments.

Does the US continue to dominate FDI in Ireland?

In 2001, the US was dominating Ireland’s foreign direct investments, comprising 64% of employment by foreign firms in Ireland. Because of the well-educated Irish workforce, the English language, and low taxes, the US saw an opportunity to capitalize on Ireland’s otherwise untapped economic potential. Today, American firms account for “about 59% of Ireland's FDI during 2021” (Bureau of Economic and Business Affairs, 2023). Even during the height of COVID-19, Ireland's economy continued to surpass growth forecasts. Ireland continues to find success in attracting US investors drawn by the development of the country’s high-tech services. “There are over 950 U.S. subsidiaries in Ireland operating primarily in the following sectors: chemicals, biosciences, pharmaceutical and medical devices; computer hardware and software; internet and digital media; electronics, and financial services” (Bureau of Economic and Business Affairs, 2023). Information and communications technology, as well as big pharma, account for most of these foreign direct investments. “Amazon, Facebook, Microsoft and Google are among those that have chosen to set up their European headquarters in the country, along with life sciences, financial services, engineering and business” (New Zealand Ministry of Foreign Affairs and Trade, 2023). The United States continues to be Ireland's number one foreign direct investor, as other countries begin to invest in the country.

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Retrospective by Randi Conroy ‘25
Finance, with mass communication minor

Retrospective on Sarah Pearce, “Colombia and Venezuela: A Tense Relationship Has Hopes for Cooperation”

from *Colombia: From Crisis to Renewal*
Perspectives on Business and Economics, Volume 31, 2013

Sarah Pearce ‘13 is a professional staff member, House Appropriations Committee, Interior and Environment Subcommittee in Washington, D.C.

Pearce explored the historical tensions between Colombia and Venezuela and the contemporary potential for improving bilateral cooperation.

Has the bilateral relationship between Colombia and Venezuela established in 2013 been effective in avoiding wars and major conflicts?

The bilateral relationship has been effective in avoiding war, but frictions remain high. In 2013, despite their tense history, Colombia and Venezuela were able to recognize solutions that were in their mutual best interests, including working together to establish military security along their shared border and facilitating bilateral trade. However, their fragile bilateral relationship was not equipped to withstand major conflicts that emerged. The first happened in 2015 when the president of Venezuela closed the Simón Bolívar International Bridge, a main border crossing between the two countries, leading to the collapse of a robust cross-border economy (Riera, 2022). Then in 2018, Venezuela made military threats against Colombia, stating that if the US were to attack Venezuela, the Venezuelan army would fire on targets in Colombia and destroy the bridges crossing the Magdalena River, dividing Colombia in two (International Crisis Group, 2022). Days later, the Venezuelan army placed missiles and anti-air equipment in Táchira on its border with Colombia, increasing concern among Colombian forces (International Crisis Group, 2022). Though the threats were never acted upon, in the wake of the Caracas bombing in 2018, the Venezuelan government held the Colombian government responsible (International Crisis Group, 2022). Soon after, the new Colombian president announced he would not have an ambassador to Venezuela because he did not recognize the Venezuelan president’s administration. Nevertheless, he did continue consular relations since he deemed them necessary to discuss border disputes, demonstrating that, despite conflict, the two countries remained willing to work together. Tension continued to build in 2019, when the president of Columbia accused Venezuela of harboring a military guerilla network plotting to penetrate Colombia (Terpstra, 2019). The nations’ bilateral relationship came to a halt in 2019 when the president of Venezuela cut off all diplomatic and domestic ties with Colombia, leading all diplomats to be evacuated and consulates and embassies closed (Riera, 2022).

How have Colombia and Venezuela continued to make an effort for peace since the bilateral relationship came to a halt?

There was no bilateral relationship between Colombia and Venezuela from 2019 to 2022. But in 2022, diplomatic relations were restored following the election of the new Colombian president, Gustavo Petro, who made it one of his first acts as president to establish ties with all neighboring countries (Riera, 2022). Under President Petro, the priorities of the Colombian government were to normalize the relationship between Colombia and Venezuela, which would include increasing border security and trade to benefit border residents (Riera, 2022).

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Retrospective by Isabel Carino-Bazan ‘25
Molecular biology and economics

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Retrospective on Aidan Fennelly, "Impunity in the Wake of Conflict"

from *Colombia: From Crisis to Renewal*
Perspectives on Business and Economics, Volume 31, 2013

Aidan Fennelly '13 is a teacher in ethics and English
at the Allen-Stevenson School in NYC.

Fennelly argued that Colombia's legal system struggled to administer justice and identified issues of high rates of impunity, corruption, and inefficiency.

How has Colombia attempted to be more efficient and protect its citizens in court cases since 2013?

Colombia still has much to do when it comes to effectively working through their backlogs of court cases and protecting its citizens. Crimes remain underreported and there is insufficient monitoring of crimes and reparations for victims (World Justice Project, 2023). Two initiatives aim to help. First, in an effort to protect those at risk of violence, the Colombian government has allocated over $1M to the National Protection Unit, a branch of the Interior Ministry. However, this effort has been ineffective in protecting many persons in need, such as those in rural areas and social leaders across the country. The lack of human rights protection in court cases is due in part to the structure of the legal system and the country's corruption, issues that funding alone will not eliminate. A second initiative to improve the legal system in Colombia was launched in 2018 by the American Law Association's Rule of Law Initiative, which, in partnership with the Colombian government, has implemented several programs to strengthen Colombian legal institutions, create boundaries for human and citizens' rights, and advance public understanding of the law (American Bar Association, 2023).

Since the article was written, how has corruption and safety in Colombia compared to other countries?

Based on the Corruption Perceptions Index (CPI), Colombia has become less corrupt since 2013 (Transparency International, 2022). CPI scores are based on perceived levels of public sector corruption. Though improving, Colombia has much room to reduce corruption further: it ranks 91 out of 180 countries. According to the General Population Poll 2022, citizens negatively view fundamental freedoms and worsening corruption, and confidence in the justice system has decreased (World Justice Project, 2023). In particular, three challenges have made it difficult for the country to fight torture. First, the COVID-19 quarantines intensified crime and created more scenarios for the commission of torture or cruel and inhumane treatment by the state. Second, these inhumane acts by state agents were committed to repress social demonstrations and protests throughout the country. And, third, not all provisions of the Final Peace Agreement of 2016 had been implemented by 2022, notably the Comprehensive Rural Reform. The gap allowed armed conflict and human rights violations to persist, including a pattern of torture, especially against women (International Human Rights Office…, 2023).

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