

# Ireland and the negotiations on the UK's withdrawal from the European Union

## The Government's Approach

May 2017





# **Ireland and the negotiations on the UK's withdrawal from the European Union under Article 50 of the Treaty on European Union**

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# Introduction

Brexit poses unprecedented political, economic and diplomatic challenges for Ireland.

That is why, for the past year and a half, the Irish Government has handled the issue of Brexit in a manner that is pro-active, concerted and strategic. The Government has ensured a coherent whole-of-government response to identifying, prioritising and articulating our key concerns.

This work – one of the largest undertakings of the Irish Government over the last fifty years – has ensured that our priority concerns are now clearly understood throughout the EU. The proof of this work has been seen early in the Brexit process, with clear references to our specific Irish issues in the UK's Article 50 letter, in the European Parliament Resolution on the Brexit negotiations and most recently, in the EU Negotiation Guidelines agreed by the European Council on 29 April.

With the formal process for exiting the EU now underway, it is timely for the Government to publish this detailed Position Paper for the forthcoming negotiations. Building on our work done to date, this document comprehensively sets out the positions and priorities that will underpin our engagement in the Brexit process as it unfolds over the next two years. The specifics of key negotiating points will crystallise in the period ahead and the Government will work to ensure that Ireland's interests are protected as we negotiate as part of the EU 27.

Brexit presents challenges to our peace, and challenges to our prosperity. Brexit is a British policy, not an EU policy or an Irish policy. The Government believes it is bad for Britain, for Europe and for Ireland. Given the challenges it presents for this island, it is vital that Ireland prepares thoroughly for its consequences, both at a national level and as part of the EU.

It became very clear early in the Government's analysis of Brexit that the economic impacts of Brexit would be deep and extensive across the economy and society as a whole. Therefore our work has prioritised analysis and engagement on sectoral issues and how we can best manage the impact on the people, the businesses and the communities of Ireland.

This work will continue – through the All-Island Civic Dialogue process, through the ongoing conversations we are having with industry and society, through the engagement with our fellow EU partners and through our own internal Government analysis and co-ordination that involves all Departments and so many of our Agencies. Brexit will be with us for quite some time, as it has been already.

Our headline priorities are clear: minimising the impact on our trade and economy, protecting the peace process and the Good Friday Agreement, maintaining the Common Travel Area with the UK, and securing Ireland's future in a strong European Union. All of these underpin the most fundamental objective of all –ensuring the continued wellbeing of our citizens.

Our work confirms that membership of the European Union has underpinned our national values, helped our economy to prosper, not least by unhindered access to a vast single market, and assisted our transition to a less isolated society that is more equal and open. It also underscores the unequivocal conclusion that Ireland's interests are best served by remaining a fully committed member of the EU, working with our EU partners to deliver more for our citizens. At the same time, we will maintain our close relationship with Britain, which reflects our unique economic, political, cultural and people-to-people links. These two essential objectives need not in any way be mutually exclusive.

In these negotiations, Ireland will be negotiating from a position of strength as part of the EU Team of 27 Member States. In recent months the Irish Government has undertaken an extensive programme of dialogue with our EU partners and with the EU institutions. There have been over 400 discussions to date at either political or senior official level, and this interaction will continue as the negotiations begin in Brussels. The EU's chief negotiator, Michel Barnier, the EU institutions and our fellow Member States have shown great understanding and support for the significant challenges we face and for Ireland's unique position and concerns. Ireland's specific priorities are a central element of the EU's overall negotiating objectives and we will be working with our EU partners to ensure that the wellbeing of all Member States and our citizens is protected.

In this position paper, we are setting out in more detail the Government's approach to the negotiations ahead. We are seeking to explain the various factors and issues that will be at play and what Ireland's position will be. While the focus of the paper is primarily on the withdrawal negotiations, and the conclusion of an exit agreement with the UK, which will include addressing a number of Ireland's specific and unique concerns, we are also looking ahead to the negotiations that will shape the future relationship between the UK and the EU, which are also of critical importance to this island.

The negotiations Ireland faces are among the most important in the history of the State. We recognise that there is a desire to have clarity and certainty on every detail of the future EU-UK relationship as quickly as possible. But we need to be realistic about the process we are heading into, and the time it will take to reach a full conclusion. We need to be calm, clear-eyed and strategic.

The Irish Government is ready. Analysis and consultation is well underway. Our key priorities and positions are clear. We have in place a team of experienced diplomats and officials. Together with our EU partners, we will be successful in getting the best possible deal for Ireland and the EU.

# Executive Summary

On 29 March 2017, the UK Prime Minister, Theresa May, formally notified the European Council of the UK's intention to leave the EU. This marked the formal commencement of the process set out in Article 50 of the Treaty on European Union – the withdrawal of a Member State from the Union.

Published after the adoption by the European Council of the EU's Negotiation Guidelines, the purpose of this position paper is to reflect the findings and outcomes of the extensive preparatory work and consultations undertaken to date by the Government at EU level and on the island of Ireland and to demonstrate how these will be brought to bear in Ireland's approach to the negotiations.

In particular, this position paper will focus on the immediate task in hand – the negotiations on the UK's withdrawal from the European Union under Article 50 of the Treaty on European Union. The future EU-UK relationship is of critical importance to Ireland, but will be the subject of a separate negotiation between the EU and the UK. However, in line with the phased approach agreed by the European Council on 29 April, discussion on the future relationship may, on an informal basis and in part, run alongside the formal exit negotiations. Therefore, in parallel, we will continue to prepare for those discussions and negotiations. In this regard, the position paper sets out some overriding principles and objectives for Ireland, which will be elaborated in greater detail across all sectors in the coming months.

This paper is organised under a number of sections, dealing with the key Brexit issues:

- Developments since the UK referendum
- The Article 50 Process itself
- Issues within this process that are unique to Ireland
- Key issues for agreement within the Article 50 process – namely the financial settlement and the rights of EU and UK citizens and their families
- The EU Negotiation Guidelines
- Matters pertaining to the future relationship between the EU and the UK
- Managing the impact on the Irish economy and society

## Developments since the UK referendum

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"Brexit" is neither Irish Government policy nor European Union policy. It is the policy of the British Government and, while it is deeply regrettable, we have no option but to accept it as a reality. What is absolutely clear is that the UK's withdrawal from the EU will have profound implications for Ireland.

It is against this backdrop that Ireland has been preparing intensively for the process of the UK's withdrawal from the EU. We began our contingency planning well in advance of the UK referendum, involving coordinated analysis of all the issues across Government and extensive consultation, including through the All-Island Civic Dialogue, and with a range of stakeholders.

A Cabinet Committee on Brexit, chaired by the Taoiseach, ensures a whole-of-government approach to the identification of Ireland's particular concerns and our priorities for the Article 50 ("withdrawal") negotiations as well as for a future EU-UK relationship. This committee will remain active in monitoring progress during the negotiations and in guiding the approach of the Government.

In parallel, the Government has been engaging with all of our EU partners with a view to ensuring that our unique priorities and concerns are clearly understood by them in advance of the negotiations. This has also been essential in building our own understanding of the concerns and perspectives of other Member States and of the EU Institutions. To date, over 400 engagements have been undertaken by Ministers and senior officials with our EU27 partners and the EU institutions. The impact of this outreach has been clear in the explicit recognition of Ireland's unique concerns in the EU Negotiation Guidelines and the European Parliament's Brexit resolution.

The notification letter sent by Prime Minister May to President Tusk on 29 March, along with her address to the



House of Commons on the same date provided some clarity in relation to the UK's proposed approach to the negotiations. The inclusion of Irish-specific concerns was welcomed by the Government. The notification letter drew largely from comments made by Prime Minister May in January, which were repeated in the British White Paper, where the specific and historic relationship between Britain and Ireland was highlighted.

At EU level, there has also been significant activity to prepare for the Brexit negotiations. Given the centrality of the European Council, its President, Donald Tusk, consulted extensively with EU leaders to prepare the Negotiation Guidelines which were successfully agreed by the European Council on 29 April. The European Commission, through the office of Chief Negotiator Michel Barnier, will lead on the negotiations, under the direction of the European Council; their instructions (known as "directives" or "mandate") will build on the guidelines and will be agreed by Member States through the General Affairs Council on 22 May. The European Parliament will also have an important role to play in the negotiations and remains active.

Ireland is prepared for the negotiations and will engage fully and intensively with a view to pursuing our national interests and priorities. We will negotiate constructively but firmly and we will be urging our EU partners to take the same approach. Ireland's priorities are best advanced from a position of strength as a trusted and respected member of the EU27 team.

## Article 50: The Process Itself

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Article 50 of the Treaty of the European Union will govern the negotiations on the UK's withdrawal from the European Union. It is important to underline that Article 50 only deals with the withdrawal of a Member State from the EU and does not provide for the negotiation of an agreement on the future relationship between the EU and the UK. It is vitally important that the withdrawal of the UK from the EU is done in an orderly manner. In order to provide legal certainty and to avoid any 'cliff edge effect', including with regard to trade, customs and key sectors, transitional arrangements should be agreed as part of the withdrawal agreement. There will need to be a constructive approach to the negotiations on all sides. Within this, the Government will be vigorously pursuing and defending Ireland's national interests.

While the European Commission will be the Union's negotiator in this process, in line with the Treaties and as agreed by Heads of State or Government at their meeting on 15 December 2016, the Council, including Ireland, will be actively engaged in all of the negotiating steps, and the European Council - that is, the Heads of State or Government of the 27 Member States - will ultimately approve any final deal that is negotiated.

As a member of the European Council, the Taoiseach together with his fellow Heads of State or Government, adopted the Negotiation Guidelines at the meeting of the European Council on 29 April. The Minister for Foreign Affairs and Trade and the Minister of State for European Affairs will be involved in the subsequent adoption by the General Affairs Council (GAC) of more detailed negotiating directives, also known as the mandate. The Commission will report very regularly to both the European Council and the General Affairs Council, which will constantly monitor the progress of negotiations and can add to or amend the Guidelines and negotiating directives at any time. Senior officials from Dublin, together with Ireland's Permanent Representative to the EU and his staff in Brussels, will be actively participating in negotiations at official level which will feed into political-level decision making at the GAC and the European Council. It will be the Member States, acting in the Council, which will formally approve the final withdrawal agreement, with the consent of the European Parliament. Irish MEPs have already been very active in explaining to their colleagues what is at stake for Ireland.

## Article 50: Issues Unique to Ireland

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The UK's decision to leave the EU has raised a number of specific and very significant issues which are unique to Ireland, in particular in relation to Northern Ireland, the border and the Common Travel Area (CTA). These issues have been identified as matters to be addressed as part of the Article 50 process and in the withdrawal agreement between the EU and the UK. The outcome of the UK referendum poses particular challenges in Northern Ireland. The Government will ensure that the Good Friday Agreement is fully respected and protected in the withdrawal process and that the gains of the peace process are preserved. The statement approved by the European Council on 29 April includes an explicit acknowledgement of the possibility of a change in the constitutional status of Northern Ireland, as provided for in the Good Friday Agreement and in accordance with the principle of consent, and that the EU Treaties will apply to the unified Ireland.

The Government has made clear its priority that there be no visible, "hard" border on the island of Ireland. This will require a political and not just a technical solution, as well as recognition that the land border on the island represents a unique and unprecedented set of circumstances. The Government will also ensure the protection of the rights of those in Northern Ireland who choose to exercise their right to hold Irish, and thus EU, citizenship, and will advocate for continued EU engagement in Northern Ireland.

Both the Irish and British Governments have indicated their intention to maintain the Common Travel Area (CTA) after the UK withdraws from the EU. The CTA pre-dates Ireland and the UK joining the EU and is not dependent on EU membership. The CTA is particularly important in the context of the Northern Ireland Peace Process and relations on the island of Ireland. It facilitates the vast numbers of people who commute across the border and to and from Great Britain for work, business, trade, education, health, family or other reasons. For this reason, the recognition of “existing bilateral arrangements” in the EU Negotiation Guidelines is important, given that it speaks to the fundamental importance of the Common Travel Area in underpinning relationships across these islands

## Article 50: The financial settlement & the status of citizens

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In addition to the issues that are specific to the island of Ireland, three particular issues have been identified for consideration in the Article 50 negotiations on the withdrawal of the UK from the EU. These are the financial settlement relating to the UK’s commitments to the EU budget; the protection of the rights of EU and UK citizens and those of their families; and the orderly transfer of the EU agencies and facilities currently located in the UK.

The financial settlement is not a bill for exiting the EU. Rather it is a matter of the UK fulfilling its obligations, based on commitments into which it has entered. The Government believes that negotiations on this issue should be approached in a constructive, fair and measured way. The negotiations should initially seek to establish and agree principles and a methodology and, from this, the actual size of the settlement will emerge. A financial settlement reached in a fair and transparent manner on the basis of an agreed, objective methodology will be an important first step towards a positive future relationship between the EU and the UK. It will also – and this is essential – ensure that planned spending, including in regard to the Common Agricultural Policy (CAP), can continue.

Another key issue which will need to be resolved during the negotiations is the protection of the rights of EU and UK citizens and those of their families. It is estimated that in the region of 3 million EU citizens are resident in the UK and 1.2 million UK citizens are resident in the EU. These figures exclude Irish citizens in the UK, and UK citizens in Ireland, both of whose status and rights are protected under the Common Travel Area arrangements as well as under EU law. It is the Government’s position that all EU and UK citizens, who are understandably very anxious about the future, should be provided with as much legal certainty and clarity as possible on their rights and entitlements at an early stage in the negotiations, and that both sides should be generous in putting the interests of citizens first. This is of immense importance in human terms but it would also be an important confidence building step in the negotiations. The Government will advocate for a strong and unified EU position on safeguarding the rights of EU citizens and their family members in the UK and vice versa to be provided as soon as possible. Any agreement on this issue should be wide, ambitious and comprehensive, and as such should cover continued access to services.

In addition to the two issues outlined above, another matter to be resolved during the withdrawal process will be the orderly transfer of the seats of the EU agencies and facilities currently located in the UK. This is essentially a practical issue. The two agencies in question are the European Banking Authority (EBA) and the European Medicines Agency (EMA), which are currently based in London. It will be for the EU 27 Member States to decide where these bodies will relocate to within the EU. The Government believes that Ireland would provide an excellent location for the EMA and the EBA and has decided to bid for the relocation of both agencies. A further technical issue will be the need for certainty as regards legal issues or disputes existing at the moment of UK withdrawal.

## EU Negotiation Guidelines

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On 29 April 2017, on foot of the letter of notification from the UK on its intention to withdraw from the EU under Article 50 of the Treaty on the European Union, the European Council adopted Guidelines setting out the EU’s position on the negotiations with the UK on its withdrawal from the EU. As the Guidelines themselves state, they “define the framework for the negotiations under Article 50 TEU and set out the overall positions and principles that the Union will pursue throughout the negotiations”. They therefore provide an over-arching political framework for the Article 50 negotiations and establish the political direction for the EU in the forthcoming negotiations process.

Importantly, it has been agreed that the Guidelines will be updated by the European Council as required, as negotiations progress, and most particularly before discussions on a future EU-UK relationship would begin.

The Guidelines detail the core principles that will shape the EU’s approach to the negotiations, and, where necessary highlight specific priority issues which need to be addressed. Critically, this includes significant strong language on the unique Irish issues. The European Council Guidelines present a clear and unified vision of the EU’s approach to the Article 50 negotiations. They are open and constructive in tone, and provide a pragmatic framework for the negotiations, which Ireland wholly supports.

## The future relationship between the EU and the UK

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While Article 50 is primarily concerned with agreeing on the orderly withdrawal of a Member State from the EU, it also states that the withdrawal agreement should take account of the framework for the future relationship between the EU and the State in question. In accordance with the phased approach agreed in the EU Negotiation Guidelines, it is therefore likely, once sufficient progress is being made in the withdrawal negotiations, that discussions will then begin in parallel on the scope and shape of the EU's future relationship with the UK.

Both the UK and the EU share the objective of establishing a close partnership after the UK's departure. This partnership could be underpinned by one or more agreements. There is a shared desire to have an ambitious and comprehensive Free Trade Agreement between the EU and the UK, if possible. The future partnership could involve agreements in many other areas of mutual interest such as cooperation on foreign and security policy, development cooperation, justice and home affairs, research or civil aviation, to name just some.

In addition to many sectoral issues, the negotiations will also need to address some extremely important horizontal questions, including how the implementation of an agreement would be monitored and enforced.

Given that such agreements entail the consideration of a broad range of very detailed and complex issues, it is highly likely that the negotiation of an EU-UK future relationship agreement will take some considerable time, almost certainly beyond the two years provided for the conclusion of the withdrawal process. In light of this, and given that a future relationship agreement cannot be formally finalised and concluded until after the UK has departed, transitional arrangements should be agreed in order to provide certainty and continuity to citizens and businesses and to ensure an orderly transition from exit to a future EU-UK partnership.

## Economic & Sectoral Implications

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There is no question that Brexit poses very significant and serious challenges to Ireland's economy and trade, as well as across a range of other sectors. While in recent years we have been diversifying increasingly to other markets, Ireland is still heavily reliant on the UK as a trading partner. A number of key sectors will also be impacted significantly, including, but not limited to, Agri-food, Fisheries, Financial Services, Transport, Energy and Tourism. Enterprise and Trade more generally, and most notably Irish-owned companies, as well as the Regional and Rural Economy will be affected.

The great bulk of these issues will be addressed not in the initial Article 50 withdrawal agreement but in the subsequent EU-UK future relationship agreement or agreements, and also in the context of any transitional arrangement designed to bridge the gap between the exit agreement and the future relationship agreement or agreements.

To mitigate these risks, the Government is taking a five pronged approach: to continue to prudently manage our economy and the public finances to enable us to meet future challenges; to negotiate effectively as part of the EU 27 with the objective of reaching an agreement that sees the closest possible relationship between the EU and the UK while also ensuring a strong and well-functioning EU; to continue supporting business and the economy through Government measures, programmes and strategies; to explore existing and possible future EU measures that could potentially assist Ireland in mitigating the effects of the UK's withdrawal on specific Irish businesses and economic sectors while also, in the light of developments, making a strong case at EU level that the UK's withdrawal represents a serious disturbance to the Irish economy overall and that we will require support; and to maximise fully any economic opportunities arising from the UK's decision to leave the EU.

# 1. Developments since the UK Referendum

On 23 June 2016, after 43 years of membership, the UK voted to leave the European Union (EU) by 51.9% to 48.1%, with a turnout of 71%. Northern Ireland, Scotland, and London voted to remain by 56%, 62% and 60% respectively. Wales and the rest of England voted to leave by 52% and 60% respectively.

Well in advance of the referendum, there was a deep awareness in Ireland of the profound implications - for Ireland and for the EU - of a 'Leave' vote. This resulted in a lot of early activity, including pre-vote contingency planning across Government to identify major risks and mitigation measures.

During the nine months between the referendum and the invocation of Article 50 on 29 March 2017, there were significant developments as Ireland, EU partners and EU institutions readied themselves for the start of the formal negotiations. The Irish Government pre-referendum efforts continued and intensified throughout this period and beyond.

## The Government's Immediate Response

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On 24 June 2016, the Government published the **Brexit Contingency Framework** identifying key policy issues to be managed by Government Departments arising from the referendum vote in the UK to leave the EU. The Framework, coordinated by the Department of the Taoiseach, was based on inputs from Government Departments which identified the key strategic and sectoral issues arising. Among the key issues identified were: the EU-UK negotiations themselves, British-Irish relations, Northern Ireland, Trade, Investment, North-South and Border Impacts, Competitiveness and Macro-economic issues, Research/Innovation funding and Energy.

In July 2016, a **new Cabinet Committee on Brexit**, chaired by the Taoiseach, was established to co-ordinate the Government's preparations and oversee our response. The Cabinet Committee meets regularly to discuss the economic impact of Brexit, planning for the EU-UK negotiations and our programme of engagement on Brexit with EU partners, the EU Institutions, and the British Government and the Northern Ireland Executive or, in its absence, the political parties in Northern Ireland.

There was a plenary meeting of the **North – South Ministerial Council** on 4 July 2016 in Dublin Castle. At that meeting the Government and the Northern Ireland Executive agreed to work closely together to optimise North-South planning in the phases preceding and following the United Kingdom's withdrawal from the European Union. It was also agreed that full sectoral audits would be carried out by Departments North and South to identify the possible impacts, risks, opportunities and contingencies which might arise following the UK's withdrawal. Also in July, an extraordinary summit of **the British-Irish Council** took place in Cardiff to discuss the outcome of the referendum. This meeting was attended by the Irish and British governments and representatives of the devolved institutions in Northern Ireland, Scotland and Wales, together with representatives of the Isle of Man, Guernsey and Jersey. On 25 November 2016, a further meeting of the Council took place to take stock of developments.

**At official level, key restructuring took place.** In August 2016, a new Division in the Department of the Taoiseach was established to bring together elements of the former EU, International and British-Irish/Northern Ireland Divisions. In relation to Brexit, this new Division's role includes providing overall coordination and strategic oversight on key issues, supporting the new Brexit Cabinet Committee, and supporting the Taoiseach in his roles and responsibilities, including as a Member of the European Council. An EU Division with overall responsibility for co-ordination of EU policy, and the operational lead on the EU-UK negotiations, was re-established in the Department of Foreign Affairs and Trade. The Department's Ireland, United Kingdom and Americas; Legal; and Trade Divisions, and key missions abroad, are also being strengthened to focus on Brexit-related work. The Departments of the Taoiseach and of Foreign Affairs and Trade work extremely closely together, and with the Brexit teams established in all other Government Departments and Agencies. Key enterprise agencies have resourced Brexit units, tasked with putting in place response programmes.

**Domestic political engagement has remained strong** since the referendum took place. There have been a number of dedicated debates in both Houses of the Oireachtas as well as numerous PQ and other exchanges. On 22 September 2016, the Dáil Business Committee organised a Symposium focussing on "The Economic Implications of UK Withdrawal from the European Union" which was also attended by Irish MEPs. In the same month, the

Oireachtas Joint Committee on European Affairs commenced hearings on the perspectives of Member States on the UK's withdrawal from the EU. In March 2017, the Seanad Special Select Committee on the Withdrawal of the United Kingdom from the European Union was established. (Government Statements on Brexit and the EU are at Annexes 4 and 5 respectively).

On 18 November 2016, a plenary meeting of the **North – South Ministerial Council**, hosted by the then Northern Ireland First Minister and deputy First Minister, took place in Armagh. The agenda focused on Brexit-related issues. Importantly it was agreed that ongoing discussions on Brexit will be guided by a number of common principles related to the border between North and South, peace funds, and the free movement of people and goods. The Council also announced the establishment of a new high-level working group of officials to co-ordinate views on Brexit and to consider what common positions existed between the Government and the Northern Ireland Executive.

In November 2016 an **All-Island Civic Dialogue on Brexit** was established, with the inaugural plenary session taking place at the Royal Hospital Kilmainham. This all-day event, which was hosted by the Taoiseach and the Minister for Foreign Affairs and Trade, marked the start of a series of public consultations with a broad range of stakeholders. Following the success of the first Dialogue meeting, fourteen All-Island Sectoral Dialogues took place in a range of locations across the country. A second plenary session was held in Dublin Castle on 17 February 2017 which took stock of the progress made by the first plenary and the fourteen All-Island sectoral dialogues. It also provided a further opportunity to capture the views of many of those most directly affected from across the island. To date, over 1,200 representatives from a range of industry and civil society groups have taken part in the All-Island Civic Dialogue process.

On 15 February 2017, the Taoiseach delivered a keynote speech to the Institute of International and European Affairs on **'Ireland at the heart of a Changing European Union'** (see Annex 3) which set out Ireland's strategic approach to the UK's decision to withdraw from the EU and how Ireland has prepared for the negotiations between the EU and the UK within the context of Ireland remaining a strong and committed member of the EU. The Irish Government also published *Brexit: Ireland's Priorities* which outlined the four issues which are top of Ireland's Brexit agenda. This 20 page document has been used extensively by Ministers and officials in their programme of engagement with EU partners and institutions.

## EU Developments

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### European Commission

On 27 July 2016, President Jean Claude Juncker appointed former Vice-President of the European Commission and French Foreign Minister, Michel Barnier, as Chief Negotiator of the Task Force for the Preparation and Conduct of the Negotiations with the UK. Michel Barnier's Task Force is made up largely of European Commission officials, including two EU officials from Ireland. The Task Force will have the leading role on behalf of the EU in negotiations with the UK under the political guidance of the European Council. In October 2016, Mr Barnier visited Dublin where he met the Taoiseach, the Tánaiste, the Minister for Foreign Affairs and Trade, and the Minister of State for European Affairs. Dublin was one of the first capitals visited by Mr. Barnier in his Brexit role. In February and March 2017, the Taoiseach and the Minister for Foreign Affairs and Trade had further meetings with him in Brussels. This engagement has been very constructive with a very high level of understanding within the Commission of Ireland's particular position and concerns. Mr. Barnier has repeatedly emphasised the importance of addressing the unique circumstances facing Ireland during the course of the negotiations.

### European Council / Council of the EU

The European Council and the Council will play a significant role throughout the negotiations, notably in determining and as necessary adjusting the EU's negotiating position and agreeing the final deal once negotiated. On 24 June 2016, the Secretary General of the Council of the EU established a special Task Force on Brexit. Didier Seeuws – previously chef de cabinet to former President of the European Council, Herman Van Rompuy – was appointed as head of this Taskforce.

In the immediate aftermath of the referendum, the Heads of State or Government (EU 27) met on 29 June, when they discussed the implications of the UK's decision, and established some basic principles, including that of no negotiation before the formal triggering of Article 50, and the indivisibility of the four freedoms of movement (people, goods, services and capital) underpinning the Single Market. In October, Prime Minister May attended her first meeting of the European Council and informed other leaders of the UK government's intention to trigger Article 50 by the end of March 2017. On 15 December 2016, leaders of the EU 27 agreed on the internal arrangements for handling the Article 50 negotiations. This included a clear declaration on the role of the Member States, through the European Council and Council, in setting political direction throughout the negotiations.

Upon receiving the letter of notification from the UK on 29 March, European Council President Donald Tusk made a statement on behalf of the EU 27 which regretted the UK's decision to leave the EU but made clear that the EU was ready for the withdrawal process (see Chapter 2 for more detail on the Article 50 process). President Tusk then convened a European Council meeting on 29 April, where agreement was reached on the EU's Negotiation Guidelines (see Chapter 5 for more detail on the Negotiation Guidelines).

## European Parliament

The European Parliament will also play an important role throughout the negotiations. On 8 September 2016, former Belgian Prime Minister and leader of the Alliance of Liberals and Democrats (ALDE) political group, Guy Verhofstadt MEP was appointed as the Parliament's co-ordinator for the negotiations. On 6 April 2017, the Parliament's Conference of Presidents also agreed to establish a Steering Group on Brexit to assist Mr Verhofstadt in his work.

The overall position of the Parliament in relation to the withdrawal agreement has already been set out in a resolution, which was adopted on 5 April 2017 by a large majority of MEPs. Looking ahead, the Parliament will ultimately be required to vote, by simple majority, on the withdrawal agreement with the UK. The Parliament's Constitutional Affairs Committee (AFCO), chaired by former European Commissioner, Danuta Hübner MEP, will prepare a report and make a recommendation to MEPs in advance of the vote.

## Engagement with EU partners and EU Institutions

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The Government identified early on the importance of comprehensively explaining to our European partners Irish priorities in this negotiation process. To that end, a diplomatic initiative involving a major programme of engagements with EU counterparts began immediately after the referendum.

To date, there have been over 400 engagements at either political or senior official level with our EU partners, including the EU institutions. These have included bilateral meetings between the Taoiseach and Chancellor Merkel in Berlin on 12 July 2016 and 6 April 2017; with President Hollande in Dublin on 21 July 2016; with President of the European Council, Donald Tusk, in Dublin on 7 September 2016 and again in Brussels on 2 March 2017; with Cypriot President Anastasiades in Dublin on 17 September; with Prime Minister Muscat in Dublin on 28 November and again in Valletta on 3 February; with Prime Minister Rajoy in Madrid on 12 January 2017; with Prime Minister Szydło in Warsaw on 9 February; with Prime Minister Michel in Brussels on 22 February; with President of the European Commission Juncker on 23 February; with President of the European Parliament Antonio Tajani on 2 March; and with Prime Ministers Rutte and Ramussen on 21 April. The Taoiseach has also met and had informal exchanges with his EU counterparts at meetings of the European Council. The Minister for Foreign Affairs and Trade has met or spoken to all his EU counterparts and, in addition, has met with key stakeholders within the EU Institutions including Michel Barnier and Guy Verhofstadt in Brussels. Minister of State for European Affairs Dara Murphy is also actively engaged with his EU opposite numbers and has undertaken a very substantial series of visits to EU Member States. Other key Government Ministers have travelled across Europe, holding bilateral meetings with their counterparts to explain Ireland's position in key sectors and have also availed of their regular EU-level meetings in Brussels and Luxembourg to hold one-to-one meetings to discuss Brexit.

Complementing these efforts, senior officials from the Department of the Taoiseach, the Department of Foreign Affairs and Trade, and other Departments, continue to have regular meetings with their counterparts in other EU Member States. They have also met on numerous occasions with the Cabinet of the President of the European Council, the General Secretariat of the Council and the European Commission's Task Force, as well as with key interlocutors in the European Parliament. Ireland has also taken part in a series of technical seminars for all EU27 Member States, which have been led by the Task Force.

Ireland's Permanent Representative to the European Union and his colleagues have been centrally and constantly involved in communication with the EU Institutions and with their counterparts from other Member States. Our Embassies in all other Member States have also been extremely active in explaining Ireland's priorities and reporting on views in their capitals.

Finally, the Taoiseach has met British Prime Minister May three times, and the Minister for Foreign Affairs and Trade has met Secretary of State for Exiting the EU, David Davis, and Secretary of State for Northern Ireland, James Brokenshire. There has also been contact at official level through existing structures for British-Irish dialogue. In keeping with the principles agreed by the EU 27, these discussions have focussed on specific Irish issues, and the EU Institutions have been kept fully informed.

# The UK Government's Approach

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On 17 January 2017, PM May delivered a **speech at Lancaster House** laying out the general plans for UK's departure. This was followed by publication of the **UK Government's White Paper on Brexit** on 2 February 2017.

On 29 March 2017, the UK Government formally notified the European Council of its intention to leave the EU, formally triggering Article 50 and the Brexit negotiations process. In its notification letter and in Prime Minister May's accompanying speech in the House of Commons, the UK government set out its approach to the forthcoming negotiations, which largely recalled many of key points made in the White Paper but also developed its positions on some matters.

Overall, the tone of the notification letter is constructive and positive. It contains unequivocal language on the UK's wish for *"the European Union to succeed and prosper"* post-Brexit, as well as a firm intention *"to remain committed partners and allies"* and to establish a *"deep and special partnership"*. It also makes clear that the UK is determined to reach agreement and fully appreciates the risks posed by failure.

The letter of notification reiterates the UK's wish to address the unique circumstances that pertain to Ireland. There is a strong emphasis on the *"unique relationship"* between these two islands. Importantly, the letter confirms: *"we want to avoid a return to a hard border"*, as well as committing to the maintenance of the Common Travel Area, and to upholding the Good Friday Agreement. The notification text drew largely from comments made by Prime Minister May in January, which are repeated in the British White Paper, where the specific and historic relationship between Britain and Ireland was highlighted.

## Prime Minister May's Letter of Notification under Article 50 TEU

*"v. In particular, we must pay attention to the UK's unique relationship with the Republic of Ireland and the importance of the peace process in Northern Ireland. The Republic of Ireland is the only EU member state with a land border with the United Kingdom. We want to avoid a return to a hard border between our two countries, to be able to maintain the Common Travel Area between us, and to make sure that the UK's withdrawal from the EU does not harm the Republic of Ireland. We also have an important responsibility to make sure that nothing is done to jeopardise the peace process in Northern Ireland, and to continue to uphold the Belfast Agreement."*

In addressing the importance of achieving a comprehensive agreement with the EU, the text of the notification letter notes: *"We will need to discuss how we determine a fair settlement of the UK's rights and obligations as a departing member state, in accordance with the law and in the spirit of the United Kingdom's continuing partnership with the EU."*

Achieving *"an early agreement"* on the citizens' rights issue has also been prioritised by the UK. In the accompanying House of Commons statement on 29 March, Prime Minister May used similarly strong language to underline the importance of *"guarantee[ing] the rights of EU citizens who are already living in Britain, and the rights of British nationals in other member states"*.

It is clear that a key UK objective is to progress discussions on the future EU-UK relationship **alongside** the Article 50 negotiations: *"we believe it is necessary to agree the terms of our future partnership alongside those of our withdrawal from the European Union"*. On that future relationship, the UK's letter of notification confirms that the UK *"does not seek membership of the single market"* and further that the principle of *"no cherry picking"* has been accepted by the UK.

Instead of seeking Single Market access the UK will look for a *"bold and ambitious Free Trade Agreement"* between the two parties which should be of *"greater scope and ambition than any such agreement before it"*. The UK believes that this can be achieved more easily given that regulatory frameworks and standards are already aligned with EU law. The UK is also open to agree a mechanism to manage the evolution of these frameworks and standards, speaking to the concerns of many EU member states with regard to the need to secure a level playing field and avoid regulatory divergence.

The letter does not explicitly refer to the UK's approach to its membership of the Customs Union, a key concern for Ireland. However, the White Paper and the Prime Minister's January speech both state that the UK will leave the EU's Common Commercial Policy and the Customs Union's common external tariff, which are essential elements of the Customs Union. Prime Minister May has suggested that a new customs arrangement might be agreed with the EU

and has referred to some type of associate membership of the Customs Union as a possibility. This is an area that will require further clarification as the negotiations unfold. The UK has also stated clearly that it wishes to agree Free Trade Agreements with countries outside the EU, and of course with the EU itself.

The UK also wishes to avoid a *“cliff edge”* and supports the active consideration of *“implementation periods”* which would provide certainty to citizens and businesses. The language here echoes that used in the February White Paper which notes the importance of a *“phased process of implementation”* and emphasises the importance of *“a smooth and orderly exit”*. In addition, the text of the letter is also categorical on the disadvantages of failing to reach a deal, stating *“we must therefore work hard to avoid that outcome”*.

Most recently, a UK general election has been called for 8 June, with Prime Minister May stating in the House of Commons on 19 April that *“a general election is the best way of strengthening Britain’s hand in the negotiations to come.”* It remains to be seen if any further or amended negotiating objectives are advanced in the election campaign.



# 2. Article 50: The process itself

Article 50 of the Treaty of the European Union will govern the negotiations on the UK's withdrawal from the European Union. Article 50 was first introduced by the Lisbon Treaty in 2009 and sets out the procedure for a Member State to withdraw from the EU, if it decides to do so. This chapter explains in more detail this procedure and the rules that will guide it. It also sets out Ireland's approach to the issues of process rather than the substance of the negotiations, which is dealt with in other chapters.

## Article 50 – Treaty on European Union (TEU)

1. Any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements.
2. A Member State which decides to withdraw shall notify the European Council of its intention. In the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with that State, setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the Union. That agreement shall be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union. It shall be concluded on behalf of the Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament.
3. The Treaties shall cease to apply to the State in question from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in paragraph 2, unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period.
4. For the purposes of paragraphs 2 and 3, the member of the European Council or of the Council representing the withdrawing Member State shall not participate in the discussions of the European Council or Council or in decisions concerning it. A qualified majority shall be defined in accordance with Article 238(3) (b) of the Treaty on the Functioning of the European Union.
5. If a State which has withdrawn from the Union asks to re-join, its request shall be subject to the procedure referred to in Article 49.

It is important to underline from the outset that Article 50 only deals with the withdrawal of a Member State from the EU. The terms of its future relationship with the EU once it leaves the EU and becomes a third country (i.e. a non-EU country), is primarily governed by Article 218 of the Treaty on the Functioning of the European Union which sets out the EU's rules for conducting negotiations between the EU and one or more non-EU countries or international organisations. Therefore, there is highly likely to be at least two agreements between the EU and the UK: one on the withdrawal of the UK from the EU, which will deal with terms of this withdrawal and disentangling the UK from the EU body of law (i.e. *acquis*) and its institutions and agencies; and subsequently an agreement or agreements which set out the terms for the UK's relationship with the EU as a third country. While the scope of the second agreement(s) has yet to be determined, it is likely to include a Free Trade Agreement (see Chapter 6).

## Article 50 Process: The Steps

There are five broad steps to the process as set out by Article 50:

### Step 1

An EU Member State must notify the European Council of its intention to leave the Union. The UK fulfilled this step by Prime Minister May, on behalf of the UK Government, sending a letter to President of the European Council, Donald Tusk, on 29 March 2017.

## Step 2

Once the letter of notification is received, the European Council must adopt negotiating guidelines. These guidelines are agreed by consensus and define the overall principles that the EU follows during the negotiations based on the common interest of the EU and its Member States. These Guidelines were agreed by the European Council on 29 April 2017.

It is useful to note that the withdrawal agreement must be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union (TFEU).

### Article 218(3) – Treaty on the Functioning of the European Union

The Commission, or the High Representative of the Union for Foreign Affairs and Security Policy where the agreement envisaged relates exclusively or principally to the common foreign and security policy, shall submit recommendations to the Council, which shall adopt a decision authorising the opening of negotiations and, depending on the subject of the agreement envisaged, nominating the Union negotiator or the head of the Union's negotiating team.

## Step 3

After the adoption of the Guidelines by the European Council, the European Commission is tasked to present to the Council of the European Union (Council of Ministers, which in this case will be the General Affairs Council) a recommendation to open the negotiations as well as draft negotiating directives based on the European Council's guidelines. This process is underway and is scheduled to be concluded by the General Affairs Council on 22 May.

## Step 4

The Council meets to authorise the beginning of the negotiations with the withdrawing Member State by formally appointing the EU's negotiator and adopting the negotiating directives or mandate for the Union's negotiator. Article 50 stipulates that the adoption of the negotiating mandate is by qualified majority as defined by Article 238(3)(b) of the Treaty on the Functioning of the European Union (72 per cent of the 27 Member States which equates to 20 Member States representing 65 per cent of the population of the EU 27).

At a meeting on 15 December 2016, Heads of State or Government of the EU 27 agreed that the responsible Council formation for agreeing the mandate is the General Affairs Council (GAC). At this meeting, the EU 27 leaders also invited the Council to nominate the European Commission as the Union negotiator and welcomed the appointment of Michel Barnier as the Chief Negotiator by the Commission. It is likely that this step will be completed before the end of May 2017.

For the purposes of Steps 2 and 4, the member of the European Council or of the Council representing the withdrawing Member State does not participate in the discussions or the decisions. Therefore, the UK was not present at the European Council when the Guidelines were discussed and agreed, nor will they attend the GAC when the negotiating directives are being approved, or any of the preparatory bodies. These meetings of the EU 27, which are entirely confined to Brexit issues, are, since the UK notification, formal meetings of the European Council or Council, and so subject to their rules of procedure.

## Step 5

The Member State concerned will leave the European Union on the date of the entry into force of the withdrawal agreement between it and the European Union, or two years from the date Article 50 is triggered, whichever is sooner, unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period. This allows a two year period for the negotiation, ratification and entry into force of the agreement. At the end of negotiations, the Union negotiator (i.e. the Commission) will present a proposed agreement to the Council and the European Parliament. The European Parliament must give its consent to the proposed agreement by a vote of a simple majority, including Members of the Parliament representing the withdrawing Member State. The Council must conclude the agreement by a special qualified majority vote (QMV), as described above. In practice, it is certain that every effort will be made to achieve consensus among the EU27. The withdrawing Member State must also ratify the agreement in accordance with its own constitutional arrangements.

Given the timeframe necessary for ratification and entry into force, the expectation is that the negotiations on the withdrawal agreement will run up to October/November 2018.

## How the negotiation will work

At their meeting on 15 December 2016, the Heads of State or Government of the EU 27 agreed that the European Council will be permanently seized of the negotiations. The European Commission will systematically report to the European Council and the GAC throughout the negotiations. COREPER (the committee of Permanent Representatives) and the informal Sherpa grouping (advisers to the Heads of State or Government) will prepare these meetings. COREPER will supervise a dedicated Working Party with a permanent Chair and representation from the EU 27 Member States, to ensure that the negotiations are conducted in line with the European Council Guidelines and the Council's negotiating directives.

The 27 Member States will therefore be very closely involved in preparing, monitoring and directing the negotiations, giving constant guidance to the Commission as the Union's negotiator, assessing progress and revising the guidelines and negotiating directives when necessary.

## How Ireland will engage

Ireland will be actively engaged in all the negotiating steps. As a member of the European Council, the Taoiseach will be centrally involved in providing the political direction for negotiations, as evidenced most recently by the adoption on 29 April of the negotiating Guidelines. The Minister for Foreign Affairs and Trade and the Minister of State for European Affairs will be involved in the adoption of the negotiating directives as members of the General Affairs Council. The Taoiseach and the Minister for Foreign Affairs and Trade and the Minister of State for European Affairs will thereafter be regularly engaged as the negotiations progress and at political level will represent Ireland among the twenty-seven Member States who will need to approve the final withdrawal agreement. On a day-to-day basis, Ireland's Permanent Representative to the EU and other staff of the Permanent Representations in Brussels will be actively participating in the various preparatory bodies, as set out above.

This work will be guided by the Cabinet Committee on Brexit, which is chaired by the Taoiseach, and involves all relevant Ministers. Their work is supported by an interdepartmental group (IDG) on Brexit which is chaired by the Department of the Taoiseach and is made up of senior officials from all relevant Government Departments. Under the IDG, six work streams have been established to prepare the detailed analytical work on the sectoral issues of most importance to Ireland. These work streams have already completed comprehensive analysis of these issues and the potential impact of Brexit and will continue this detailed work with a view to informing Ireland's position. The Department of Foreign Affairs and Trade, in close consultation with the Department of the Taoiseach, will coordinate Ireland's participation in the Article 50 negotiations and has a dedicated EU-UK Unit. The Departments of the Taoiseach and Foreign Affairs and Trade work closely with all Government Departments which also have dedicated Brexit Units.

## Conclusion of the Article 50 Process

The Treaties will cease to apply to the withdrawing state in question from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification by that state of its wish to leave the EU (unless the period is extended as set out above). To allow for the various ratification procedures to be completed by the EU and the withdrawing state within the two year period, the negotiations themselves on the withdrawal agreement will run for approximately 18 months. With the two year period for the conclusion of an exit agreement beginning on 29 March 2017, and to allow enough time for ratification procedures to be completed by the end of the two year period and for the agreement to enter into force, the negotiations on the withdrawal agreement will need to be completed by October/November 2018.

Assuming that the period of two years is not extended, the UK will leave the EU on 29 March 2019, either on the basis of an agreement or without an agreement (a so-called 'disorderly exit').

In the event of no agreement, the EU Treaties will simply cease to apply to the UK the moment it leaves the EU. This is what has been termed the 'cliff-edge effect'. In regard to trade, the relationship between the EU and the UK would fall back to general pre-existing World Trade Organisation rules.

Such a scenario would have serious implications for Ireland in terms of our trade with the UK, above all in regard to agricultural products, where much higher tariffs would apply than on many other goods, but also with regard to how the border on the island of Ireland was managed in terms of custom controls as well as controls with regard to animal and plant health.

Furthermore, the EU rules governing key sectors such as fisheries, aviation and energy, as well as cooperation in the area of justice and security, would no longer apply to the UK and thus to its co-operation with its former partners. It would mean serious disturbance for people and businesses and undermine the ability to cooperate closely with the UK on combatting terrorism and international crime. This scenario would remain the case until such a time as the EU and the UK agreed a new relationship agreement. (For further information on economic issues and sectoral implications, see Chapter 7.)

The aim of the Article 50 negotiations will be to avoid such a cliff-edge. Ireland supports the objective of the EU that the withdrawal negotiations should result in a withdrawal agreement and that a disorderly exit must be avoided. To this end, it is important that the UK also shares this objective and acts responsibly.

## Ireland's Position

- The Government will be vigorously pursuing and **defending Ireland's national interests**.
- There should be a **constructive approach** to the negotiations throughout and on all sides.
- It is vitally important that there is an **orderly withdrawal** of the UK from the EU.
- In order to provide certainty and continuity for people and businesses, a **transitional arrangement**, bridging the gap between a withdrawal agreement and a future relationship agreement, will be necessary and should be provided for. The most effective way of providing this certainty and continuity is for the UK to continue to apply as many of the existing regulatory and market access arrangements as possible during the transition period.

# 3. Article 50: Issues unique to Ireland

The UK's decision to leave the EU has raised a number of specific and very significant issues which are unique to Ireland. These relate to Northern Ireland and the Peace Process, and to the Common Travel Area. These issues have been identified as matters to be addressed as part of the Article 50 process and in the withdrawal agreement between the EU and the UK. This chapter sets out the context to these issues, their fundamental importance for Ireland, with a focus on specific implications, and the Government's objectives in terms of the Article 50 negotiations and the withdrawal agreement.

Longer-term, Ireland will retain its uniquely close economic, political, cultural and people-to-people links with Great Britain. With official Irish-UK interaction within the EU coming to an end, the fullest use will be made of the various structures for dialogue between administrations, including the annual summits between the Taoiseach and the UK Prime Minister, the British-Irish Intergovernmental Conference and the British-Irish Council (both established under the 1998 Good Friday Agreement), links with devolved UK administrations and other relevant arrangements. Such links will complement continued strong trade, tourism and investment links as well as the positive community and cultural relations built up in recent decades.

The Good Friday Agreement provides for interlocking political institutions which reflect the totality of the relationships on the islands. In addition to devolved government in Northern Ireland, these institutions provide frameworks for cooperation<sup>1</sup> between both parts of the island, including the North South Ministerial Council and the North South bodies<sup>2</sup>, and between Ireland and Britain (referenced above). Cooperation on our island is ever more crucial in the context of Brexit. The North-South Ministerial Council (NSMC) has had a strong Brexit focus in the past year in working to identify impacts, risks, opportunities and contingencies for the island arising from the UK's departure from the EU. In November 2016 the NSMC agreed to a set of common principles to guide future work. Once a new Northern Ireland Executive is formed this work will continue in even greater depth and detail.

## Northern Ireland and the Peace Process

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The transition from violent conflict to peace and political stability in Northern Ireland stands as a positive example of the European peace project. The Good Friday Agreement of 1998 is the foundation of the Peace Process in Northern Ireland, and was resoundingly endorsed by the people on both parts of the island. It is the overarching framework for deepening peace, political engagement and reconciliation in Northern Ireland and has also contributed to increased economic prosperity on the island as a whole.

The outcome of the UK referendum raises particular challenges in Northern Ireland, not least as the electorate in Northern Ireland voted to remain while the UK as a whole voted to leave. The preservation of the gains of peace over the past 20 years must be a priority for the EU in the upcoming negotiations with the UK and we must ensure that there is no disruption to the integrity of the peace settlement achieved through the Good Friday Agreement.

The EU provides fundamental support to the deepening of peace and reconciliation which is relied upon and supported by people, North and South, and across all communities. It has directly underpinned the Northern Ireland Peace Process in several ways:

- By providing a valuable context where Ireland and the UK could work in partnership and develop a broader relationship outside the framework of bilateral relations.
- By facilitating an island with an open border, common trading and regulatory standards, a shared framework of inter-governmental co-operation and a sense of shared European identity which provides a crucial reassurance to the minority nationalist community in Northern Ireland.
- By direct financial supports administered through the Special EU Programmes Body which has offices in both Ireland and Northern Ireland.
- By providing a supporting legal framework that reflects and develops the rights and equality provisions of the Good Friday Agreement.

<sup>1</sup> These areas of cooperation are: agriculture; education; environment; health; tourism; and transport.

<sup>2</sup> These are: Waterways Ireland; Food Safety Promotion Board; Special EU Programmes Body; North/South Language Body; InterTradeIreland; Foyle, Carlingford and Irish Lights Commission; and also Tourism Ireland.

Ireland, with the support of EU partners and the EU institutions, will ensure that, to the extent possible, the UK's departure has a minimal impact on all of these areas and indeed that any new arrangements allow continued EU support to the reconciliation process within Northern Ireland and in the border regions. In doing so, it will draw from the ideas and contributions made by stakeholders across the island, including through the Government's All Island Civic Dialogue process on Brexit, launched in November 2016.

## Good Friday Agreement

The 1998 Good Friday Agreement sets out the totality of the relationships across these islands, establishes institutions to underpin them and contains provisions in relation to human rights and equality, citizenship and identity, including the principle of consent in relation to the current and future constitutional status of Northern Ireland. It is enshrined in an international agreement that is registered with the UN.

The Government's policy continues to be grounded in our role as co-guarantor of the Good Friday Agreement and active pursuit of its full implementation, along with subsequent agreements such as the St. Andrews Agreement (2006) and the Stormont House (2014) and Fresh Start (2015) Agreements. The objective of this policy remains sustained peace, enhanced reconciliation and political progress in Northern Ireland; increased cooperation between both parts of the island and between Ireland and Britain.

A key element of the Good Friday Agreement is its recognition of the identities, ethos and aspirations of the two communities in Northern Ireland, and a commitment by the relevant sovereign government to treat both on the basis of equality and parity of esteem.

As this Agreement is the foundation for the settlement in Northern Ireland, active measures will be required to safeguard it and its institutions after the UK departure from the EU. In this regard, there have been welcome initial statements from the EU institutions and our EU partners recognising that the unique circumstances of the island of Ireland should be reflected in negotiated outcomes from the exit process; this document offers a considered view of some steps that could be taken to achieve this objective.

In seeking practical solutions, with our EU partners and with the UK, to the challenges that Brexit poses, we will need to be mindful of considering fully the needs and concerns of the main unionist and nationalist communities in Northern Ireland, and of the need to ensure that any proposed solutions will be in line with Ireland's obligations, interests and rights as a Member State of the EU.

## Specific Implications

What follows is a description of some specific areas of impact in the context of Northern Ireland and the Peace Process. Some aspects of the issues raised can be considered during the negotiations for arrangements for the UK's withdrawal; some aspects will more properly belong to other parts of the process.

### Shared Land Border<sup>3</sup>

Any reintroduction of a visible, "hard" border on the island of Ireland would have a deeply adverse impact on Northern Ireland and in particular on the people who frequently cross the border or live in close proximity to it. Free movement of people across the island continued after Irish independence in 1922. There has been no customs border since the completion of the EU Single Market in 1992.

Prior to the Good Friday Agreement, security checkpoints on the border, and accompanying military installations, which had been built and reinforced from the 1970s onwards, were potent symbols of division and conflict in Northern Ireland and were frequent targets for attack. The disappearance of physical border crossings and checkpoints is both a symbol of and a dividend from the success of the peace process. Peace on the island has brought about considerable normalisation of relationships between the British and Irish Governments, between communities in Northern Ireland and between North and South. People's daily lives in Northern Ireland and in the border region have been transformed. Any reversal of this transformation would have considerable adverse economic, social, political, security and psychological impacts on people both in border communities and on the island as a whole.

Increasing economic stability and prosperity is an integral part of deepening peace and reconciliation; cross-border trade and the free movement of people on the island are fundamental to that positive change. The achievement of peace and the operation of the institutions of the Good Friday Agreement have greatly facilitated the development of the all-island economy. While Brexit will pose significant challenge for the North/South bodies for cooperation on the island, they also have the potential to act as channels through which to mitigate some of the impacts Brexit may bring. Brexit presents critical risks for key sectors that operate on an all-island basis, including food, retail, tourism, fishing, and energy (see Chapter 7). Any restrictions on trade will have profound impacts on all-island relations and on the economy across the island, and consequently for the peace process. With on average 30,000 border

<sup>3</sup> Chapter 7 deals in more detail on the trade and economic aspects of the border issue. This chapter's focus is on the political and social aspects.

crossings each day for work and study<sup>4</sup>, and very many other personal journeys, the social consequences and impact of a hard border on the daily lives of people cannot be understated.

### Constitutional Status of Northern Ireland

The Good Friday Agreement marked a fundamental shift in the relationships within Northern Ireland, on the island of Ireland and between the UK and Ireland in political, legal and constitutional terms. It has the ultimate democratic legitimacy of approval by referendum in Northern Ireland and in Ireland, where historic changes to Articles 2 and 3 of the Irish Constitution were passed as part of the Agreement. Its careful balance and core principles of partnership, consent and parity of esteem are crucial to the settlement and must be fully preserved regardless of the UK's status with regard to the EU.

Subject to the consent of majorities of people in both North and South, the Agreement explicitly allows for the possibility of a change in the constitutional status of Northern Ireland, to become part of a united Ireland rather than remain as part of the UK. This principle of consent is fundamental to the peace settlement of the Good Friday Agreement. As agreed by the European Council on 29 April, the possibility of such a constitutional change in the future, which would result in Northern Ireland's being in the EU as part of a united Ireland, has been acknowledged in the framework of the arrangements relating to the UK's exit from the EU.

### Statement approved by European Council on 29 April 2017

The European Council acknowledges that the Good Friday Agreement expressly provides for an agreed mechanism whereby a united Ireland may be brought about through peaceful and democratic means; and, in this regard, the European Council acknowledges that, in accordance with international law, the entire territory of such a united Ireland would thus be part of the European Union.

### Citizenship Provisions

As part of the Good Friday Agreement, the British and Irish Governments *“recognise the birthright of all the people of Northern Ireland to identify themselves and be accepted as Irish or British, or both, as they may so choose, and accordingly confirm that their right to hold both British and Irish citizenship is accepted by both Governments and would not be affected by any future change in the status of Northern Ireland.”*<sup>5</sup>

This important provision of the Agreement applies to c. 1.8 million people born in Northern Ireland. Those among this group who exercise their entitlement to Irish citizenship are in a unique category as they are not part of the Irish emigrant population, nor are they Irish citizens who have exercised their right of free movement to another EU Member State (or, upon UK departure, to a third country). Rather, they will form a distinct and large group of EU citizens who derive their EU citizenship by reason of their birth in a specific territory soon to be outside of the EU. Under the terms of an international agreement they also have a specific right to identify themselves by reference to their citizenship of an EU Member State (Ireland) rather than by reference to the (soon to be) third country, the UK, in which they reside.

Given the unique citizenship arrangements for those living in Northern Ireland, it is important that those in Northern Ireland who do exercise their entitlement to Irish citizenship will continue to enjoy their rights as EU citizens.

### Human Rights provisions

Human rights protections form a vital part of the institutional underpinning for the peace settlement and serve to build and maintain confidence for communities across Northern Ireland. There is a very specific framework of human rights protections under the Good Friday Agreement. These protections were manifest in the incorporation of the European Convention on Human Rights (ECHR) in domestic legal systems, North and South, as provided for in the Good Friday Agreement. The ECHR system is separate and distinct to the European Union, and the current process of the UK exit from the European Union has no impact on the UK's participation in that Convention system. The UK Government's White Paper on withdrawal from the EU confirms that it has no plans to withdraw from the ECHR.

However, the Good Friday Agreement was agreed in the context of both Ireland and the UK being members of the EU and the EU has provided a supporting framework of rights that has benefitted the people of Northern Ireland. The EU (including the Court of Justice of the EU) has been a leader in the furtherance of equality in a manner that is consistent with the provisions of the Good Friday Agreement. A range of significant rights and equality protections are, in practice, given effect through EU regulations and directives, such as in the area of employment law and equality rights, as well as being enshrined in the EU Charter of Fundamental Rights.

<sup>4</sup> <http://cso.ie/en/interactivezone/visualisationtools/infographics/>

<sup>5</sup> While through the Good Friday Agreement both the Irish and the British Governments confirm the right of the people of Northern Ireland to hold both Irish and British citizenship, it is the respective legislation that governs entitlement to citizenship.

Consequently, the departure of the UK from the EU will have a significant impact on the human rights landscape in Northern Ireland. A future divergence of rights, North and South, as a consequence of Brexit, is a key concern, as is the loss of the EU as a driver for the equivalence of rights.

## Ireland's Position

- **Avoid a hard border** on the island of Ireland
- Acknowledgement by the EU and the UK of the need to **respect the provisions of the Good Friday Agreement** through the withdrawal process and thereafter
- **Continued EU Engagement in Northern Ireland**
- Protection of the **unique status of Irish Citizens in Northern Ireland**

## Approach to the Withdrawal Negotiations

### Objective: **Avoid a hard border on the island of Ireland**

As the most tangible symbol of the Peace Process, the invisible border on the island of Ireland, is essential to the continuing normalisation of relationships. This is a horizontal issue involving multiple aspects of the withdrawal negotiation process and will require a multifaceted approach in the negotiations.

At the heart of this objective are the daily lives of the people who share this island. The withdrawal agreement should create no impediment to the free movement of people on the island and should create no circumstance where the normalisation of people's lives that has come with the Peace Process is undermined.

The avoidance of a hard border will require flexibility and creativity on the part of both the UK and the EU. Within the EU, Ireland will make clear its expectation that there will need to be a political and not just a technical solution and a recognition that this issue of the land border represents a unique and unprecedented set of circumstances. In line with the Negotiation Guidelines agreed by the European Council on 29 April, the EU's approach will provide for the objective of avoiding a hard border on the island of Ireland, consistent with Ireland's obligations as an EU Member State and while fully respecting EU law.

The closer the trading relationship between the UK and the EU, including Ireland, the less challenging the task of avoiding a hard border should be. All possible avenues in the EU acquis will have to be explored to facilitate free movement of people, goods and services on the island and it may be necessary to consider additional measures.

### Objective: **Acknowledgment by the EU and the UK of the need to respect the provisions of the Good Friday Agreement through the withdrawal process and thereafter**

Our EU Member State partners and the EU institutions are fully aware and supportive of the importance of respecting the provisions of the Good Friday Agreement. Formal acknowledgement by the EU in the agreed Negotiation Guidelines of the fundamental role of the Good Friday Agreement represents an important step to reinforce this support. This is further strengthened by the statement agreed by the European Council on 29 April, acknowledging the possibility of such a constitutional change in the future, which would result in Northern Ireland's being in the EU as part of a united Ireland.

In line with the Guidelines, the EU's approach to negotiations will be designed to ensure that the provisions of the Good Friday Agreement will not be negatively impacted by the withdrawal process. The withdrawal arrangements should provide that the unique circumstances of Northern Ireland and the primacy of the Good Friday Agreement be fully taken account of in the future EU-UK relationship.



## **Objective: Continued EU Engagement in Northern Ireland**

The EU has played a vital role in the peace process and this should be recognised and preserved in the context of a UK exit. The unique constitutional, historic and geographic circumstances, as well as the particular citizenship issues, all point to the need for continued EU engagement in Northern Ireland beyond the UK's withdrawal from the EU. Ireland and the UK are currently partners in three EU-funded cross-border Cooperation Programmes with a total value to €650 million over the period 2014-2020. The programmes are important drivers of regional development in a cross-border context and allow for practical support of the peace process and the advancement of the Good Friday Agreement. EU involvement has allowed for the realisation of projects that may otherwise have become mired in political disagreement. Removal of this constructive influence and of the funding itself would have a significant impact on the ongoing reconciliation work in Northern Ireland and the border region.

In this respect, the withdrawal agreement should provide for continued EU support for and contribution to the Northern Ireland Peace Process and to future development of the region. This includes providing for the continuation of UK and EU support to PEACE and INTERREG, as well as support for the range of EU-funded programmes, where the diminution of current commitments under the 2014-2020 Multiannual Financial Framework would have a substantial impact on the prosperity and well-being of people on this island.

Work beginning on successor programmes under the next Multiannual Financial Framework (MFF) also needs to ensure that they will allow for continued participation by Northern Ireland in a range of EU-funded programmes with a cross-border dimension.

## **Objective: Protection of the unique status of Irish Citizens in Northern Ireland**

Under the Good Friday Agreement the people of Northern Ireland have the right to identify themselves and be accepted as Irish or British or both. This means that people in Northern Ireland are not required for example, to self-identify as British in accessing public services. This arrangement should not be disturbed by the UK's withdrawal from the EU. With limited exceptions, people in Northern Ireland have the right to hold citizenship of Ireland and are therefore entitled to EU citizenship, including after the UK exits the EU. They are unique as a distinct and large group of people entitled to EU citizenship by virtue of their birth in a specific territory, recognised under the terms of a peace settlement and international agreement, which will be outside the EU. Irish citizens residing in Northern Ireland should continue to enjoy their rights as EU citizens across the Union notwithstanding the UK's departure from the EU.

Throughout the withdrawal process, the Government will seek to ensure that the rights currently enjoyed by Irish citizens in Northern Ireland as EU citizens are not diminished.

The withdrawal agreement should contain no impediment to Irish citizens in Northern Ireland accessing programmes and services across the Union to which they are eligible, including those as may be provided for in any arrangements on the future relationship between the UK and the EU.

## **Common Travel Area**

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The Common Travel Area (CTA) long predates Irish and UK membership of the EU and its origins lie in Ireland's independence from the UK in 1922. It is not dependent on membership of the EU. The CTA is a bilateral arrangement largely defined by its reciprocal application across a number of measures for citizens of both countries, principally in, but not limited to, the immigration area, allowing for free movement between Ireland and the UK, and social security. Free movement of people between the islands of Great Britain and Ireland – and also between North and South – has been in place since Irish independence (apart from during and immediately after the Second World War, when travel restrictions between the two islands were imposed).

The status of Irish citizens in the UK is provided for in the Ireland Act 1949 which states that Ireland "is not a foreign country for the purposes of any law in force in any part of the United Kingdom". The status of Irish nationals was maintained under the Immigration Act 1971 and the British Nationality Act 1981. The Irish Government made an order (Citizens of the United Kingdom and Colonies (Irish Citizenship Rights) Order 1949, which provides that UK citizens enjoy in Ireland similar rights and privileges to those enjoyed by Irish citizens in the UK.

As a result of Irish citizens being considered habitually resident in the UK, they also have access to health and education services and certain voting rights. In part reflecting Ireland's and the UK's common law system, many of the arrangements and rights are implicit, deriving from the status of Irish citizens in the UK and UK citizens in Ireland, and therefore have not been the subject of specific legislation or agreement. Recognition of the CTA in EU law is provided for in Protocol No.20 to the Treaty on European Union and the Treaty on the Functioning of the EU, having been originally introduced by the Treaty of Amsterdam.

## Specific Implications

### Northern Ireland

The CTA arrangements exist alongside and complement the particular position of Northern Ireland. The CTA underpins the provisions of the Good Friday Agreement, including by enabling people of Irish identity not to have to assert British citizenship in Northern Ireland to enjoy their rights. The CTA also has a vital role for the peace process in facilitating mobility of people across the island.

### Movement of people

The CTA facilitates the vast numbers of people who commute across the border and to Great Britain for work, business, trade, education, family or other reasons. As an example, 87 air routes are operated by 8 airlines between the Ireland and Great Britain, with 9 passenger ferry routes also operating. There are 841 flights to Great Britain a week out of Dublin Airport alone. Within this, the Dublin-London air route is Europe's busiest and the world's second-busiest, with 368 flights a week during the 2016/2017 winter schedule. The CTA is a key enabler of the tourism industry, with tourism promoted internationally on an all-island basis by a North/South Body established under the Good Friday Agreement and supported by the Irish Government and the Northern Ireland Executive.

### Access to services

The CTA is important for maintaining access to services in Ireland and the UK for its respective citizens including access to social welfare benefits, housing support, education and health services. This includes access to services in the context of people moving across the border on either a North/South or East/West basis.

## Ireland's Position

- Secure acknowledgment from EU partners and institutions that the long-standing **bilateral CTA arrangements with the UK will be maintained** (in conformity with EU law).

## Approach to the Withdrawal Negotiations

**Objective: Secure acknowledgment from EU partners and institutions that the long-standing bilateral CTA arrangements with the UK will be maintained (in conformity with EU law).**

In view of the role that the CTA plays in facilitating interaction of people on the islands of Great Britain and Ireland, in personal and business contexts, its continued operation is fundamental to Ireland's interests and those of Irish citizens.

Continuation of the Common Travel Area after the withdrawal of the UK from the EU is a priority for both the Irish and the UK Governments. Ireland will remain outside the Schengen area given this stated objective of maintaining the CTA. Protocols 19, 20 and 21 to the EU Treaties will continue to apply. Analysis by the Irish authorities has not identified any obvious legal barrier to the CTA being maintained bilaterally in a manner consistent with Ireland's EU obligations. Ireland will continue to fully uphold its obligations as an EU Member State in this context.

We will also advocate for a strong and united EU position on safeguarding the rights of EU citizens and their family members (as set out in Chapter 4).

# 4. Article 50: The financial settlement & the rights of citizens

In addition to the issues unique to the situation on the island of Ireland (see Chapter 3), two particular issues have been identified for the negotiations on the withdrawal of the UK from the EU under Article 50 of the Treaty on the European Union. These are: (i) the financial settlement relating to the UK's commitments to the EU budget; and (ii) protecting the rights of EU and UK citizens and their families. This chapter deals with these issues and sets out Ireland's position on them for the forthcoming negotiations.

Another matter to be resolved during the withdrawal process will be the orderly transfer of the seats of the EU agencies and facilities currently located in the UK. The two agencies in question are the European Banking Authority (EBA) and the European Medicines Agency (EMA), which are currently based in London. It will be for the EU 27 Member States to decide where these bodies will relocate to within the EU. The Government has decided to bid for the relocation of both the EBA and the EMA to Ireland. Another technical issue which will need to be addressed during the withdrawal negotiations will be arrangements to ensure legal certainty for all court procedures pending before the EU Court of Justice (ECJ) upon the date of withdrawal that involve the UK or natural or legal persons in the UK.

## The financial settlement

A key issue for the Article 50 negotiations and to ensure an orderly withdrawal from the EU by the UK is the question of the UK's commitments to EU expenditure. As a member of the EU, the UK made commitments together with the other 27 EU Member States when agreeing the EU's Multiannual Financial Framework (MFF) in 2013, which runs from 2014 until 2020. It is important to emphasise that a financial settlement to cover the UK's commitments should not be seen as a bill, for exiting the EU. Rather it is a matter of the UK fulfilling the financial and legal commitments which it has made as an EU Member State.

### What is the EU budget?

The EU spends around €140 billion per year across all Member States, most of it to support sustainable growth and the preservation and management of natural resources.

Though the budget is agreed annually, the EU also has a more strategic long-term approach to budget planning known as the "Multiannual Financial Framework" (MFF). The current MFF was agreed by the EU Member States, including the UK, in 2013 and outlines the EU's financial commitments up to the year 2020.

For the period 2014-2020, the MFF sets a maximum amount of **EUR963.5 billion** for commitment appropriations and EUR 910 billion for payment appropriations. The MFF 2014-20 is divided into six categories of expense ('headings') corresponding to different areas of EU activities:

#### 1. Smart and Inclusive Growth

- a. **Competitiveness for growth and jobs:** includes research and innovation; education and training; trans-European networks in energy, transport and telecommunications; social policy; development of enterprises etc.
- b. **Economic, social and territorial cohesion:** covers regional policy which aims at helping the least developed EU countries and regions to catch up with the rest, strengthening all regions' competitiveness and developing inter-regional cooperation.

#### 2. Sustainable Growth: Natural Resources:

includes the common agricultural policy, common fisheries policy, rural development and environmental measures.

## What is the EU budget? continued

### 3. Security and citizenship:

includes justice and home affairs, border protection, immigration and asylum policy, public health, consumer protection, culture, youth, information and dialogue with citizens.

### 4. Global Europe:

covers all external action ('foreign policy') by the EU such as development assistance or humanitarian aid with the exception of the European Development Fund (EDF) which provides aid for development cooperation with African, Caribbean and Pacific countries, as well as overseas countries and territories. As it is not funded from the EU budget but from direct contributions from EU Member States, the EDF does not fall under the MFF.

### 5. Administration:

covers the administrative expenditure of all the European institutions, pensions and European Schools.

### 6. Compensations:

temporary payments designed to ensure that Croatia, who joined the EU in July 2013, does not contribute more to the EU budget than it benefits from it in the first year following its accession.

The EU budget only finances projects in policy areas where all EU countries have agreed that, if they join together at Union level, they can achieve better results at lower cost than if they acted at national level.

The EU budget is funded from three main sources:

- Member State contributions, based on a percentage of their Gross National Income.
- Import duties on goods entering from outside the EU.
- A percentage of each Member State's domestic VAT resource.

## The EU's Budget and the UK's Commitments

The legal basis for the MFF is established under Article 312 of the Treaty on the Functioning of the European Union (TFEU). It is not the annual EU budget but the framework within which the annual EU budget is agreed. It provides a framework for financial programming and budgetary discipline and ensures that EU spending remains within agreed limits. It enables the EU to pursue common policies over a time which is long enough to be effective, while providing certainty for beneficiaries of EU funds and national budgetary authorities. The current MFF runs from 2014 to 2020; it was agreed unanimously in 2013 after negotiations lasting two and a half years. Within the MFF, the annual EU budget is in the region of 1% of the income generated by EU Member States each year.

The EU budget is proposed by the Commission, and then adopted by co-decision: both the Council and the European Parliament must agree it.

## Ireland & the EU Budget

Since acceding to the European Communities in 1973, Ireland has been a significant net financial beneficiary to the tune of approximately €42 billion. The bulk of Ireland's receipts have been in the area of the Common Agricultural Policy but the Structural Funds were hugely important in the modernisation of our economy in the 1990s, and access to research and enterprise funding is of increasing importance. Given our strong and growing economy, Ireland has now moved into a net contributor status and in 2015 made a net contribution of approximately €33m. It is expected that Ireland will become a larger net contributor to the EU budget in the coming years.

**Table 1: Irish Contributions and Receipts EU Budget 2010-15 (€m)**

YEAR	Public Sector Receipts €m	Direct Management Receipts €m	Total receipts	Payments to EU Budget €m	Net Receipts
2010	1885.3	80.4	1965.7	1352.4	613.3
2011	1950.2	80.2	2030.4	1349.7	680.7
2012	1837.7	108.8	1946.5	1393.2	553.3
2103	1672.9	113.0	1785.9	1726.2	59.7
2014	1419.7	83.9	1503.6	1685.5	-181.9
2015	1770.9	147.7	1918.6	1952.1	-33.5

The UK is currently a significant net contributor to the EU budget. According to the 2015 Financial Accounts, total EU expenditure in 2015 amounted to approximately €145 billion and the UK's gross contribution (post-rebate) was approximately €21 billion with its net contribution being approximately €14 billion. By 2019 more up-to-date figures will be available.

Any gap in the EU budget caused by the UK's withdrawal from the EU could result in increased contributions from the remaining 27 EU Member States; reductions in EU funding for programmes or projects foreseen under the current MFF or even the cancellation of projects; or a combination of these. This could therefore have a significant impact on the EU budget and the current MFF and potentially a significant impact on both Ireland's contributions and receipts.

A resolution of the question of the UK's financial commitments as part of the Article 50 agreement could be one of the most complex and difficult aspects of the negotiations. The MFF Regulation does not provide for a Member State withdrawing from the EU. The UK's withdrawal therefore represents uncharted territory for all involved.

It should be noted that discussions on the next MFF, or a possible adaptation of the current MFF, to take account of the UK's withdrawal will take place outside the Article 50 negotiations.

### Ireland's Position

- Ireland wishes to see constructive negotiations on a settlement of the UK's legal and budgetary commitments, leading to a fair and balanced outcome.
- While noting the political controversy which this question has generated in the UK, Ireland shares the view that the EU may legitimately, and not in a punitive spirit, seek the UK to honour its obligations, based on commitments which it has entered into. Like all other Member States, we have a strong interest in the full funding of programmes under the Multi-Annual Financial Framework, including the CAP.
- Ireland believes that the negotiations should initially seek to establish the principle that a financial settlement is required, then move on to seeking to agree the necessary methodology of calculation. From this, the actual size of the settlement will eventually emerge. The settlement should cover all legal and budgetary commitments.
- Ireland wants a financial settlement reached in a fair and transparent manner on the basis of an agreed, objective methodology that will enable a positive future relationship between the EU and the UK and which reflects the UK's legal and budgetary commitments.

## Protecting the rights of EU and UK citizens and their families

The EU Treaties provide for far-reaching rights for EU citizens and their family members who reside and/or work in an EU Member State other than that of their citizenship. All EU citizens have the right to live, to work or to study in any EU Member State and to be joined by their family members. These rights are underpinned by EU Regulations and Directives and many of these rights also extend to nationals of the European Economic Area (Iceland, Liechtenstein and Norway) as well as Switzerland.

It is estimated that in the region of 3 million EU citizens are resident in the UK and 1.2 million UK citizens are resident in the EU. In general, the rights and protections these citizens enjoy under EU law are far more comprehensive than would be enjoyed by citizens from non-EEA countries residing in the EU (or post-withdrawal, the UK). Any curtailment of these rights would therefore represent a serious disruption to the lives of those citizens concerned.

## What rights and protections do EU citizens currently enjoy?

Subject to the provisions of EU law, the following are the main rights and entitlements enjoyed by EU citizens and their family members when residing or working in another EU Member State.

### Free Movement of Persons

- EU citizens may reside in another EU Member State without any conditions or formalities for up to three months
- EU citizens may reside in another EU Member State indefinitely if they are employed, self-employed or otherwise have sufficient resources to sustain themselves
- EU citizens and their family members residing legally in another Member State benefit from equal treatment with citizens of that State in areas such as social benefits and access to education and are entitled to permanent residence after five years (some limitations apply, for example in the case of students).

### Free Movement of Workers

- EU citizens are entitled to look for a job in another EU country and to work there without a permit.
- EU citizens enjoy equal treatment with citizens of the state in which they are residing in access to employment, working conditions and all other social and tax advantages and may continue to reside there after the employment has finished.
- The Professional Qualifications Directive gives EU citizens, with the relevant qualifications, the right to have that qualification recognised, and, thereby to work in another member state.

### Coordination of Social Security

- EU citizens are covered by the legislation of one country at a time and thereby are not required to pay contributions in more than one country
- EU citizens have the same rights and obligations as the citizens of the country where they are residing (principle of equal treatment or non-discrimination)
- EU citizens, when claiming a benefit, are assured that account will be taken of previous periods of insurance, work or residence in other countries if necessary
- EU citizens entitled to a cash benefit from one Member State may generally receive it even if living in a different Member State (principle of exportability)
- EU citizens residing and working in in another member state have a right to access health services in that Member State
- EU citizens on a temporary visit to another member state have a right to access emergency health care in that Member State

The withdrawal negotiations will focus on guaranteeing, on a reciprocal basis, the rights of EU citizens already resident in the UK as well as UK citizens already resident in the EU. They will also focus on safeguarding the pension and other entitlements of EU citizens who have worked in the UK in the past (and UK citizens who have worked in the EU in the past) and whose social contributions may be reckonable under EU law. Although sometimes referred to as “acquired rights”, through the withdrawal agreement it will be necessary to put in place agreed principles and mechanisms by which the rights of EU citizens currently residing in the UK and, on a reciprocal basis, the rights of UK citizens living in the EU, can be guaranteed.

Another important element of EU integration that greatly facilitates the free movement of persons is the mutual recognition of professional qualifications among EU Member States. The EU system for recognition of professional experience is provided for under EU legislation, and could cease to apply to the UK after its withdrawal from the EU. This will not only represent a potential limitation on future mobility between the EU and UK but will also create uncertainty for EU citizens in the UK whose job security and future career development will rely on the continued recognition of their professional qualification.

Guaranteeing the status and rights of citizens will also rely upon solutions being found for other cross-cutting issues that arise from the fact that the UK may no longer be bound by EU law nor within the direct jurisdiction of the EU Court of Justice once it withdraws from the EU. One example relevant to this context is data protection.

Political leaders across the EU27 and in the European Parliament, as well as in the UK have publicly recognised the importance of this issue, which impacts directly upon the lives and livelihoods of over 4 million citizens. This represents a positive starting point from which an early agreement in principle may be reached.

### Speaking to the Committee of the Regions on 22 March, Michel Barnier, the European Commission's Chief Negotiator said:

*"Guaranteeing their rights as European citizens, in the long term, will be our absolute priority from the very start of the negotiations. Our watchword will be: "Citizens first!"*

*The issues at play are complex, whether they are residency rights, access to the labour market, pension or social security rights, or access to education. We will work methodically on each of these points. We will not leave any detail untouched, and we are already working with all Member States on this.*

*It will take time, several months certainly. We must do serious legal work on this with the United Kingdom. But we can and we should agree – as soon as possible – on the principles of continuity, reciprocity and non-discrimination so as not to leave these citizens in a situation of uncertainty."*

The conclusion of a comprehensive agreement, with appropriate enforcement provisions, is, however, likely to be a lengthy and difficult process. The practical realisation of these rights across the EU Member States requires a very high degree of coordination and integration of systems and policies. Replicating these in a bilateral agreement with the UK will be a complex exercise.

Because of Common Travel Area (CTA) arrangements the number quoted by the UK Government when estimating the number of EU citizens resident in the UK generally does not include Irish citizens.

As EU citizens, Irish citizens in the UK enjoy the rights provided for under EU law in parallel with those enjoyed by virtue of the CTA. Indeed, many of the rights and entitlements of Irish and UK citizens under the CTA have, over time, been subsumed within or overtaken by instruments setting out EU free movement and associated rights. In some instances, EU law may provide for rights not covered by the CTA.

Consistent with its parallel objective of maintaining the CTA, Ireland will advocate a strong and unified EU position on safeguarding the rights of EU citizens and their family members in the UK. This is not only in our national interest, but is entirely consistent with the high level of support in Ireland for the principle of free movement of persons within the EU.

### Ireland's Position

- Ireland believes that an early agreement on the principle **of reciprocal protection of citizens' rights** is highly desirable and achievable. It is very important both in human terms and in building confidence in the negotiating process
- Recognising the very detailed nature of the issues at stake, we wish to see as much **legal certainty and clarity as possible provided at an early stage of the negotiations to EU citizens and their families** residing in the UK and for UK citizens residing in the EU.
- Ireland believes that an agreement on **the rights of citizens should be wide, ambitious and comprehensive**, including the persons to be covered and the scope of the rights covered, and the cut-off point beyond which the agreement would not apply to newly arrived citizens.
- As highly detailed negotiations proceed, we **will be alert to any developments which might possibly affect Irish citizens currently living in the UK and UK citizens currently living in the EU** and, in particular, their non-EEA family members.
- Ireland supports that an agreement on this issue should also include ways to ensure the continued **mutual recognition of professional qualifications**.

# 5. About the EU Negotiation Guidelines

On 29 April 2017, on foot of the letter of notification from the UK on its intention to withdraw from the EU under Article 50 of the Treaty on the European Union, the European Council adopted Guidelines setting out the EU's position on the negotiations with the UK on its withdrawal from the EU. The Guidelines were discussed in detail by the various preparatory bodies at EU level, including by Sherpas (EU Prime Ministers' special advisors) and Permanent Representatives to the EU and by the General Affairs Council of Ministers on 27 April, where Ireland was actively represented. The purpose of these Guidelines is to provide the over-arching political framework for the Article 50 negotiations. These will in turn inform the parameters of the operational negotiating mandate of the European Commission, as lead negotiator for the EU, to be agreed by General Affairs Council on 22 May which will also decide on the formal launch of the negotiations with the UK.

The Guidelines therefore establish the political direction for the EU in the forthcoming Article 50 negotiations process. As the Guidelines themselves state, they "define the framework for the negotiations under Article 50 TEU and set out the overall positions and principles that the Union will pursue throughout the negotiations". Importantly, it has been agreed that the Guidelines will be updated by the European Council as required, as negotiations progress, and most particularly before discussions on the framework for a future EU-UK relationship would begin.

The Guidelines detail the core principles that will shape the EU's approach to the negotiations, and, where necessary, highlight specific priority issues which need to be addressed. Critically, this includes significant language on the unique Irish issues. The summary below presents the key issues which emerge from the Guidelines, including the Irish-specific text.

The European Council Guidelines present a clear and unified vision of the EU's approach to the Article 50 negotiations. They are open and constructive in tone, and provide a pragmatic framework for the negotiations, which Ireland wholly supports.

## Irish Specific Issues

There is significant text included on Ireland and the issues unique to Ireland which is very constructive and mirrors the Government's priorities as articulated by the Taoiseach on 15 February. There is an unambiguous recognition of "the unique circumstances on the island of Ireland", an acknowledgement that "flexible and imaginative solutions... including with the aim of avoiding a hard border" are required, and that protecting the Good Friday Agreement and the peace process "will remain of paramount importance". In addition, the recognition of "existing bilateral arrangements" is also critically important, given that it speaks to the fundamental importance of the Common Travel Area, a headline Government priority.

Read together with the equally strong and welcome language on Irish issues in the European Parliament's Brexit resolution, which was adopted overwhelmingly by the MEPs on 5 April, it is a clear articulation that Ireland's EU partners, as a result of the Government's unprecedented diplomatic effort, have a strong understanding of the particular and unique challenges which Brexit poses for the island of Ireland and support Ireland's priorities as a central plank of the EU's priorities for the withdrawal negotiations with the UK. It is a concrete expression of solidarity by EU partners – they wish to support Ireland in every way possible throughout these negotiations to achieve solutions to the complex problems posed.

### EU Guidelines – Paragraph 11

The Union has consistently supported the goal of peace and reconciliation enshrined in the Good Friday Agreement in all its parts, and continuing to support and protect the achievements, benefits and commitments of the Peace Process will remain of paramount importance. In view of the unique circumstances on the island of Ireland, flexible and imaginative solutions will be required, including with the aim of avoiding a hard border, while respecting the integrity of the Union legal order. In this context, the Union should also recognise existing bilateral agreements and arrangements between the United Kingdom and Ireland which are compatible with EU law.



## Wider negotiation points

In terms of wider negotiation points – also of great strategic importance to Ireland – the Guidelines state clearly the EU’s principles and objectives for the forthcoming negotiations with the UK. They reiterate the core principles that will frame the EU’s approach to the negotiations, recalling long-held positions which Ireland strongly supports including: the indivisibility of the four freedoms; the importance of protecting the integrity of the Single Market and; that there can be no ‘cherry picking’ in the negotiations.

Importantly, the Guidelines propose a phased approach to the negotiations, beginning with the priority issues for the withdrawal agreement, and if “sufficient progress” is made on these issues (see below), a willingness to open informal discussions on the framework for the EU’s future relationship with the UK. Determining when the point of “sufficient progress” is reached will be a matter for the 27 Heads of State and Government on the basis of a recommendation from the European Commission. Crucially, the Guidelines also propose a transitional arrangement to bridge the period between the withdrawal agreement and any future relationship agreement, in order to offer certainty and continuity for citizens and businesses alike. Ireland strongly supports this approach as practical and fair, with an appropriate lead role for the Member States in determining when key milestones have been met.

The Guidelines also set out the EU’s proposed approach to an agreement on an orderly withdrawal or phase 1 of the negotiations, highlighting the priority issues for the Article 50 negotiations, which – in addition to the specific language on Ireland presented above - includes the rights of EU citizens living in the UK and the UK’s financial commitments. Ireland fully supports these priority issues and appreciates their fundamental importance to the EU as a whole and to each individual Member State.

Finally, in terms of phase 2 of the negotiations, the Guidelines express a wish for a close and ambitious partnership with the UK once it leaves the EU, aligning once more with a key Irish objective in the negotiations that there should be the closest possible relationship between the EU and the UK (see Chapter 6 for more detail). It also makes clear, in accordance with the EU Treaties, that while an “understanding” on the future relationship could be “identified” in the Article 50 negotiations, a formal agreement must await the UK’s departure. The Guidelines set out key principles that must be respected in order to ensure that there is a level playing field and that the EU’s legal order and financial stability is protected. As an EU Member State and to ensure our economic sustainability and development, this is of fundamental importance to Ireland.

### Ireland’s Position

The Government is satisfied that the Guidelines provide the necessary strong political framework for the complex negotiations process ahead, and establish clear parameters for the more operational European Commission mandate (to be agreed by Member States at the General Affairs Council on 22 May). The outworking of the negotiations and the ultimate solutions lie somewhat down the road, but these Guidelines set Ireland and the EU on the right path to achieve an optimal outcome for the EU, for Ireland and for our citizens. Of particular importance are the following key aspects of the Guidelines:

- The first priority is to achieve **an orderly withdrawal of the UK** from the EU and the Guidelines set out a strong framework to achieve this;
- The inclusion of persuasive and detailed language in relation to **Ireland’s particular concerns and priorities**, including on protecting the Good Friday Agreement, avoiding a hard border and maintaining the Common Travel Area, is especially welcome;
- The strong language on putting citizens first in terms of minimising disruption and securing an ambitious agreement on citizens’ rights is very important in terms of offering EU citizens currently residing in the UK and UK citizens currently residing in the EU and their families a degree of certainty;
- The approach agreed on the UK’s financial commitments is sensible and lays the foundations for a constructive engagement with the UK on this issue;
- The pathway set out in the Guidelines to opening discussions with the UK on a future relationship, including with regard to trade, and the wish to have effective transitional arrangements, are also important in view of Ireland’s wish to minimise the implications of Brexit for our trade and economy. The fact that the decision on when to move to this phase, based on sufficient progress on the withdrawal issues (Phase 1), will be for the Taoiseach along with colleagues in the European Council, is also very positive;
- In terms of a future relationship agreement with the UK, the strong language on ensuring a level playing field - (including with regard to issues such as environmental and labour standards, tax and state aid, on seeking appropriate enforcement and dispute resolution mechanisms, on managing potential regulatory divergence and protecting the EU’s legal order, including the Single Market) is vital for Ireland and for continued economic sustainable development at the heart of a strong and well-functioning EU.

# 6. The Future Relationship between the EU and the UK

While Article 50 is concerned with agreeing on the orderly withdrawal of a Member State from the EU, it also states that the agreement should take account of the framework for the future relationship between the EU and the withdrawing state in question. Once sufficient progress is made in the negotiations for concluding the withdrawal agreement with the UK, it is hoped that parallel discussions begin before too long on the scope and shape of the EU's future relationship with the UK (for more information on the process, see Chapter 2).

As confirmed in the Negotiation Guidelines, there is now broad consensus on the EU side that the negotiations should be sequenced in a dynamic way, with specific exit issues as set out in Chapters 3 and 4 addressed first, with a move to discussions on longer-term issues once sufficient progress is deemed to have been made. This would not require the prior completion of the withdrawal negotiations.

Both the UK and the EU share the objective that a close partnership between the EU and the UK be established after the UK's departure. This partnership could be underpinned by one or more agreements. There is a shared desire to have an ambitious and comprehensive Free Trade Agreement between the EU and the UK, covering not only goods but also services, to the greatest extent possible.

It will be as part of any future partnership agreement or Free Trade Agreement that many of the economic, trade and other sectoral concerns and challenges for Ireland raised by Brexit (see Chapter 7) will be addressed. Any transitional arrangements will also play an important role in ensuring continuity and certainty in these areas. The closeness of our relationship with the UK means that we have a particularly strong interest in reaching a satisfactory agreement on these issues. We will stress to partners that this requires our concerns to be recognised and addressed satisfactorily within the framework of the overall negotiations.

On the side of the EU, the negotiation of such an agreement is expected to be governed by Article 218 of the Treaty on the Functioning of the EU and, when it comes to trade, in line with Article 207 of the Treaty on the Functioning of the EU, which sets out the EU's common commercial policy and the procedures for concluding trade agreements with third countries. Under these arrangements, the Council of the EU, made up of representative of the 27 Member States, will need to authorise the opening of these negotiations with the UK and therefore an additional mandate will be required. In accordance with the Treaty, the European Commission will lead these negotiations.

The Council's decision to conclude an agreement would in principle be reached by qualified majority vote. But if, as seems highly likely, this future relationship agreement includes matters which either require unanimity within the Union, or matters within the competence of the Member States themselves, then the agreement of all Member States would be required. Furthermore, if matters falling within Member State competence are included, national ratification procedures must be completed.

While discussions should begin on these issues within the two-year period for the withdrawal process, a formal agreement could only be concluded and ratified once the UK has left the EU and become a third country.

Moreover, given that such agreements involve a broad range of very detailed and complex issues, it is highly likely that, even leaving aside the legal impossibility of a full agreement before the UK's withdrawal, the discussion and negotiation of the substance of the future relationship will take some considerable time, almost certainly more than the two years envisaged for the completion of the withdrawal agreement.

In light of this, transitional arrangements will be required, in order to provide medium-term certainty and continuity for citizens and businesses, to ensure an orderly transition from exit to a future EU-UK partnership by allowing sufficient time for negotiation and implementation of arrangements (see Chapter 2 for more detail).

While substantive sectoral and trade issues are of most concrete concern to most citizens, businesses and other bodies, there are important legal and administrative issues of a horizontal nature that will need to be resolved in a future relationship agreement or agreements and, as appropriate, with regard to transitional arrangements. They include access to the EU's Single Market; regulatory conformity; ensuring a level playing field; dispute resolution; and regulation of data.

It is certainly possible that, before entering into specific sectoral issues, the negotiations will need to confront these issues.

## Single Market Access

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The UK has confirmed that it will not seek membership of the Single Market but has also stated its desire to maintain the freest possible access to the Single Market for its businesses. It has also identified priority sectors for the UK beyond goods, including financial services and network industries. However, even if the closest possible Free Trade Agreement is concluded, it cannot mean continued participation in the Single Market which requires respecting the four freedoms comprising that Market as enshrined in the EU Treaties. The four freedoms include the free of movement of people, an issue of particular concern to the UK, as well as free movement of goods, services and capital. The overall implications of the difference between membership of and access to the Single Market will need careful discussion. Future migration policy is not on the agenda so far, but the UK's plans in this area will no doubt be important for the overall mood of the talks and the context in which an overall balance is assessed.

## Regulatory Conformity

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In her statement to the House of Commons on 29 March, Prime Minister May accepted that that British businesses trading with or operating in the EU will have to align with EU rules. In addition, as part of the 'Great Repeal Bill' the UK intends to convert existing EU law into UK law and, as a result, the UK's regulations will be firmly aligned with the EU rules on the day the UK leaves the EU. The UK has pointed out that, unlike in normal trade negotiations where partners try to narrow regulatory and other differences, it and the EU will be starting from the same position. This is of course the result of over four decades of UK membership of the EU. The question will arise, however, as to how far the UK, which will not be bound by EU law once it departs and which will not be part of the EU decision-making process, will wish to over time exercise its own right to legislate and regulate in ways which could mean divergence between UK and EU regulations. The smoothest possible trading relationship will therefore require mechanisms to monitor and, if possible, resolve such regulatory divergence. Issues relating to regulatory equivalence in the financial services sector, and in regard to other services, may be particularly challenging to manage.

## Level Playing Field

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As the Taoiseach stated in his IIEA address, while we wish to see the closest possible future relationship between the EU and UK, this must be based on a level playing field. In this context, ensuring regulatory convergence and equivalence between the EU and the UK with regard to standards relevant to economic activity, such as environmental, and employment standards, will be essential. Of particular concern will be state aid rules. The aim will be to ensure that UK businesses do not gain an unfair competitive advantage over EU, including Irish, businesses. This has been highlighted as a major objective by many partners, and in particular those who, like us, have a close but also competitive relationship with the UK. The future development of the UK's corporate tax law and practice has also been highlighted by some as a matter needing to be addressed.

## Dispute Resolution

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All EU trade agreements with third countries since 2,000 include a dispute resolution mechanism. Such mechanisms are essential for ensuring that agreements can be enforced and any disputes between the parties can be settled fairly and in accordance with the agreement. They provide an effective means of settling disagreements on whether a country has acted in conformity with its international obligations and help to develop the interpretative understanding of the agreements. Importantly, by preventing retaliation before a dispute settlement procedure has been completed, trade damaging unilateral action is avoided.

It will therefore be important that any future trading agreement concluded with the UK includes such a mechanism. This mechanism can be within the WTO framework or can be a bilateral dispute resolution mechanism compatible with WTO rules. Agreeing on these mechanisms can be difficult and can involve very detailed and complex issues. There is also the question of the role of the Court of Justice of the European Union in arbitrating on the application of trade agreements by the EU.

The question of dispute resolution extends well beyond trade, and indeed embraces the fair implementation of all aspects of the future partnership. It may be particularly sensitive in regards to matters affecting the fundamental rights of citizens, such as police and intelligence service co-operation against terrorism and organised crime.

## What are Dispute Resolution Mechanisms?

Dispute resolution mechanisms are set up in most trade agreements to ensure the agreements can be enforced and that disputes can be settled.

There are two types of dispute settlement used in EU trade policy:

### 1. Dispute settlement at the World Trade Organisation

The Understanding on Dispute Settlement at the WTO provides WTO Members with a set legal framework for resolving disputes that arise in implementing WTO agreements.

Ideally disputes are resolved through negotiations. If this is not possible, WTO Members can request a Panel to settle the dispute. The Panel's report can also be appealed before the WTO Appellate Body on questions of law. If a Member does not comply with the recommendations from dispute settlement, then trade compensation or sanctions, for example in the form of increases in customs duties, may follow.

Many WTO members, including the EU, make active use of this system so that violations of trade rules are corrected. However, the EU only initiates a dispute settlement case where other ways of finding a solution have not been productive.

### 2. Resolving differences between States under international trade agreements

Often known as bilateral dispute settlement, the EU includes a mechanism in all its trade agreements concluded after 2000 so that the countries concerned can resolve their differences on the basis of this mechanism. This mechanism allows these countries to use a dispute settlement mechanism specifically designed to deal with disputes arising under the agreement. The system allows for the rapid settlement of disputes and is modelled on the WTO dispute settlement system.

## Regulation of Data

Cooperation within the EU and among EU Member States across of range of policy areas and sectors, including with regard to the functioning of the Single Market, financial services, police and justice cooperation and the common foreign and security policy, relies on the secure exchange of information. This is facilitated through the EU's data protection and control rules, as very recently updated. Once the UK leaves the EU, it will not be protected or covered by these rules. A solution will need to be found in the context of any future relationship agreement or agreements to how the UK could meet the EU standards with regard to data protection and control. This is of particular importance for Ireland in the context of co-operation against organised crime and terrorism, and in the maintenance of the sharing of information which is an essential aspect of the Common Travel Area.

## Ireland's Position

- Ireland wants the closest possible relationship between the EU and the UK, including in relation to trade, and therefore agrees that discussions between the EU and the UK on its future relationship and a possible free trade agreement should begin as soon as possible once sufficient progress has been made on the withdrawal issues.
- An EU-UK Free Trade Agreement should be comprehensive and ambitious and as wide as possible in its scope. The Government will be firm in arguing that such an agreement must protect the key sectors of the Irish economy given the unique circumstances on the island of Ireland and the importance of our economic relationship with the UK.
- A strong and well-functioning EU Single Market is essential to economic growth and job creation and to Ireland's continued economic development. Therefore, a Free Trade Agreement with the UK should ensure that the integrity of the Single Market is protected.
- A Free Trade Agreement should also promote regulatory conformity, ensure ways to manage potential regulatory divergence, and impose the disciplines needed in order to ensure a level playing field.
- Such an agreement should also include a robust dispute resolution mechanism and associated enforcement process, and these or similar mechanisms will also be necessary to ensure that agreed rules and undertakings in other areas are honoured.
- The EU-UK future relationship should also entail continued strong cooperation in a range of other areas such as combating terrorism and international crime, research, fisheries, the mutual recognition of qualifications, and civil aviation, to mention just some.

# 7. Managing the impact on the Irish economy and society

Given the unique political, social, and economic links between the UK and Ireland, as well as Ireland's unique geographic situation, it became clear early in the Government's analysis of potential impacts of Brexit that these would extend to each and every sector of the economy and wider society.

Consequently mitigating the effects of Brexit has been a core part of the Government's comprehensive contingency planning over the past year. In advance of the UK referendum, all Government Departments undertook significant Brexit risk analysis. This analysis fed into the Government's Brexit Contingency Framework ensuring that on 24 June 2016 the Government had a first, detailed analysis of the risks and opportunities of Brexit for Ireland<sup>6</sup>.

Since the referendum Brexit teams across all Government Departments have continued to deepen their analysis and engagement on sectoral issues. Under the IDG, six work streams (including a range of subgroups dealing specifically with economic and trade issues) have undertaken detailed analytical work. This work has been completed by a range of external consultations. Likely impacts have been identified, with a focus on sectors which will be confronted by particular challenges. This chapter first looks at the particular issues for Irish trade and the wider economy. The chapter also sets out other Brexit related societal challenges across a range of sectors. Annex I details Government actions taken to date to support businesses and the economy. As the Brexit process advances, these actions will be expanded and developed further.

A significant part of the Government's efforts to identify the key sectoral challenges to be addressed was the consultation process progressed through the All Island Civic Dialogue process, and particularly at the fourteen sectoral events. These events identified key themes/ issues to be addressed in the context of Brexit preparations. These are set out in Annex II.

Below is a summary of some of the key headline issues that emerged from our analysis and engagement.

## Overall trade & economic issues

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The Government has identified minimising the impact on trade and the economy as a key priority following the decision of the UK to leave the EU. It is important to recognise that as a result of the Government's careful management of the economy, Ireland is facing into the challenge of Brexit in a strong economic position:

- The economy grew by 5.2% last year and further growth of 4.3% is expected this year;
- There are now more than 2 million people at work for the first time since 2008;
- Our unemployment rate is projected to average 6.4% for 2017 and 5.8% for 2018;
- The Government's Debt/GDP ratio is on a firm downward trajectory (forecast level of 73% for 2017) and Ireland is on course to have a balanced budget in 2018.

However, it is widely acknowledged that due to the close economic and trading relationship between Ireland and the UK, amongst all EU Member States Ireland could be most adversely affected by the UK's withdrawal from the EU. While in recent years we have been diversifying increasingly to the other markets, the Irish economy is still heavily reliant on the UK as a trading partner with 17% (€39bn) of all exports destined for the UK and 14% (€30bn) of all imports sourced from the UK in recent years. This reliance is even greater for some sectors and in particular for the agri food sector, where 39% (€4.8bn) of our agri food products are exported to the UK and 47% (€3.7bn) are sourced from the UK. ESRI and Department of Finance modelling highlight that Brexit's impact on the Irish economy could be severe in the medium to long term. In a worst case scenario where the UK exits the EU without an agreement, trade between the EU and UK would resort to a World Trade Organisation (WTO) tariff regime. In this event, the ESRI<sup>7</sup> has forecast that Ireland's GDP level will be 3.8% below baseline after ten years<sup>8</sup>. In this scenario, while the economy, including jobs market, will still be growing, it will be doing so at a slower rate.

Although Brexit represents the single biggest imminent threat to the Irish economy, Ireland's position as one of the most globalised economies in the world means that we must also be vigilant to the potential threats from other

6 <http://www.merrionstreet.ie/MerrionStreet/en/ImageLibrary/20160624Contingency%20Plan.pdf>

7 ESRI (2016), 'Modelling the Medium to Long Term Potential Macroeconomic Impact of Brexit on Ireland'

8 It is important to note that the ESRI's figures do not take account of the implementation of potential Brexit mitigating policies.

potential global and EU economic headwinds. Brexit will be embedded in the Government's economic decision making and its prudent but ambitious management of the economy.

The Government will remain proactive in developing and adapting our policies irrespective of future circumstances in order to ensure that Ireland's economy continues to remain competitive. A key element will be to continue to prudently manage our economy and the public finances to enable us to meet future challenges. In that regard, important steps have already been taken to prepare the economy as part of the 'Getting Brexit Ready' focus of Budget 2017. The best and most immediate policy under the Government's control to counter the likely negative economic impacts of Brexit is to prudently manage the public finances in order to ensure that Ireland's economy continues to remain competitive in the face of potential future economic headwinds. In this context, Budget 2017 signalled a lower debt target of 45% of GDP for the mid-to-late 2020s. This will help to provide an additional fiscal 'shock absorber' capacity to the public finances to help withstand any shock including the impact of Brexit. This will complement the contingency or 'rainy day' fund to be established following the achievement of a balanced budget in 2018 which will help provide a further counter-cyclical buffer. Government policy will continue to improve economic structural factors such as innovation capacity, the quality of infrastructure, costs of doing business and productivity across all sectors. This is critical to increasing the competitiveness of indigenous enterprises and enhancing Ireland's attractiveness as a location for mobile investment.

Brexit has been part and parcel of the Government's economic contingency planning over the past year. Since the referendum Brexit teams across the Government have continued to deepen their analysis. We have identified where we are likely to face impacts, including in sectors likely to be confronted by particular challenges. Analysis of impacts has been framed in the context of the UK no longer being a member of the Single Market and, for all intents and purpose, the Customs Union. Further work will be undertaken by the Department of Jobs, Enterprise and Innovation to deepen our analysis of the sectoral implications of Brexit on a cross-border basis.

The trade impacts represent the primary channel through which Brexit's economic effects will emerge. While much is still unknown in terms of the future relationship between the EU and the UK, any future trading relationship could see Irish business subject to a new tariff regime and non-tariff barriers which would raise the cost of doing business and reduce the competitiveness of Irish exporters operating within the All-Island economy and exporting to Great Britain.

Research has indicated that Brexit could result in differing trade effects. The ESRI note that trade impacts could differ significantly across sectors, products and firm types as merchandise trade is heavily concentrated in some sectors and products<sup>9</sup>. 39% of food and live animal exports and 55% of traditional manufactured goods are bound for the UK.

As highlighted by sectoral analysis undertaken by the Department of Finance, the economic sectors most impacted by Brexit generally comprise indigenous enterprises that are small in scale, are significantly dependent on the UK as an export market, have deep links with the rest of the economy, have high levels of regional and rural employment (including around the border), and have relatively low profitability.

North South trade links are a key component of Ireland's trade with the UK. The latest research from InterTradelreland has estimated the value of trade in manufactured goods and services in 2015 at €6.839 billion. This all-island trade dynamic is a key component of the all-island economy and the Government is providing InterTradelreland with additional resources to support SMEs, especially in the border region.

The significant levels of trade between North and South on the island often involve highly integrated supply chains, especially in the agri-food sector. There is considerable concern that these supply chains and cross-border trade would be affected by the imposition of any border controls, the establishment of tariff or non-tariff barriers or other additional administrative arrangements.

While the Great Repeal Bill envisaged by the UK Government will see all EU legislation transposed into domestic UK law on the day the UK leaves the EU, Irish business and industry are concerned by the potential for regulatory drift and divergence. Although regulations and standards should not be impacted immediately post-exit, over time differences could emerge if the UK takes a different path to the EU. Less demanding regulation and a lowering of standards could put UK firms at a competitive advantage whilst further advantages could emerge from the UK's future ability to support its industries and business through the use of State Aid. Origin labelling could be a significant issue in terms of additional costs, possible disruption of supply patterns and consumer preference.

## Agri-Food

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As set out earlier, the dependence of the agri-food sector on the UK export market is significantly greater than that of the economy as a whole. Within the 39% of all agri-food exports going to the UK, over 50% of our beef and

<sup>9</sup> Ireland's top 10 exports to Britain from 3,200 product types account for 31% of total exports. With trade concentrated in a few product types, including packaged medicines, powders used to make Pepsi and Coke, boneless beef, cheese, computer storage units, processed chicken dishes, increased trade barriers would have a more pronounced impact on trade volumes (ESRI 2015).

more than one-third of our dairy exports go to that market. The importance of the UK market is further illustrated by the fact that 80% of our cheddar and 90% of our mushrooms and forest products are exported to the UK.

It should also be noted these products, which are of such critical importance, would attract the highest tariff rates should a WTO tariff regime apply to the trade between both jurisdictions.

The trade could be further compromised by the requirement to maintain an equivalence of standards in both the North- South and East- West trade.

While many of Brexit's economic impacts may not emerge until after the UK's exit from the EU, it should be noted that the agri food sector has already been impacted by the UK Brexit decision. The value of food and drink exports to the UK fell by over €500m in 2016 as a result of the drop in the value of sterling against the euro. In addition many jobs were lost in the sector, particularly in the mushroom sector where a number of operators had to cease trading. Budget 2017 attempted to address the impacts with a range of support measures. The more medium- to long-term impacts of Brexit include the potential disruption that will arise from new trading arrangements and possible tariffs; changes to regulations and standards; possible border controls and certification; and the related areas of veterinary and health certification.

Concerns about the land bridge with the UK, the status of goods in transit and the impact of customs checks on the cross-border transit of goods are also shared by the wider Irish exporting community. As the UK is one of Ireland's most important sources of intermediate and consumption goods, the aforementioned concerns could increase import costs (consumer products and supply chain components). This creates the risk of a potentially inflationary impact which would see Irish consumers face higher product prices and the cost base for Irish manufacturers rise.

The UK has clearly stated that one of its objectives on leaving the EU will be the ability to negotiate trade agreements with other countries outside the EU. This could present additional competitiveness challenges for Ireland's traditional UK market suppliers.

## Irish-Owned Industry

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Brexit poses significant challenges to the development of Irish owned industry and in particular to the regions which can be dependent on small, medium and large Irish businesses for job creation

In particular, there are regions which are heavily dependent on a small number of larger Irish companies, often in traditional, labour intensive but very competitive sectors such as food, construction and manufacturing/engineering. There are a number of industry subsectors and major employers whose exports to the UK make up in excess of 40% of their total exports.

The 1,500 Enterprise Ireland (EI) client companies recording exports to the UK employ 100,000 full time employees across all regions of Ireland with exports of over 7 billion. Some 62% of EI client employment is located in the regions.

Exports to the UK represent 37% of total gross Enterprise Ireland client exports. This has reduced from 45% over the past 10 years. However, the UK is and will remain the most important export market for the development of EI client companies. The UK is strategically important for first-time Irish exporters and for many SMEs. Even for larger companies in certain sectors the UK is their only export market.

As well as immediate challenges around currency concerns and UK market sentiment, Brexit represents a longer-term challenge for these companies to 'scale' so as to remain competitive in the UK, and to develop new products and new markets through ramped up investment in skills, innovation and market development.

## Seafood

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The potential vulnerability of the agri-food sector is matched by that of the seafood sector. The seafood and fishing industries are uniquely exposed, given the sharing of fishing grounds with the UK. All of the important commercial fish stocks on which we rely are shared with the UK and one third of all landings of fish by Irish vessels come from UK waters. Key concerns include the potential loss of existing access to fishing grounds in UK waters and a possible attempt by the UK to significantly increase its current quota shares of these fish stocks at the expense of Ireland and other EU Member States.

## Transport

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As a small, open island economy on the periphery of Europe, transportation and connectivity are indispensable drivers of national and regional economic activity. Broadly speaking transport concerns relate to Brexit's potential impact on future maritime and air connectivity and on the movement of goods by road into and/or transiting Northern Ireland and the UK (including the UK landbridge). Brexit could increase the cost and administrative burden of cross-border transit of goods on the island of Ireland and present infrastructure challenges for ports. The UK landbridge is fundamentally important for Irish exports and imports with significant trade flows from and to Ireland transiting the UK by road. The aviation sector contributes €4.1 billion to Irish GDP and aviation links with UK are a central component of the Irish economy by facilitating international tourism, business travel and exports. Brexit could have implications for the traffic rights of EU airlines, including Irish airlines, and UK airlines both between the UK and the EU, and the UK and third countries post Brexit. Brexit also could have implications for ownership and control rules for airlines, including Irish airlines, in which UK nationals currently have substantial shareholdings.

## Tourism

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Minimising and mitigating the risks to the transport sector as a result of Brexit will be intrinsically linked to minimising the risks to tourism sector, which is marketed internationally on an all-island basis by Tourism Ireland.

Sterling's devaluation will also present competitiveness challenges for Ireland's strong tourism sector as a destination. The decline in the pound will see Ireland face increased competition for outbound UK tourists and UK regions like Scotland will become competitors in price sensitive third-country source markets.

## Energy

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Access to a secure supply of energy is critical to driving Ireland's economic performance. Ireland's energy interconnections to the EU via the UK and heavy reliance on the UK as a source of energy imports raises the possibility of Brexit posing security of supply challenges. Brexit could pose a potential threat to the functioning of the all-island Single Electricity Market, which enables Ireland and Northern Ireland to maximise market efficiencies and ensures security of electricity supply at an affordable cost for consumers.

## Financial Services

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Ireland has successfully developed a large financial services sector. Further growth plans for international financial services are set out in IFS2020, the Government's Strategy for Ireland's international financial services sector. While there are potential FDI opportunities in financial services arising from Brexit there are also risks. In the near-term there are potential risks to financial stability. Issues also arise for companies who use passporting to access the UK market and vice versa depending on the outcome of negotiations. There are also credit risks to banks financing sectors negatively impacted such as those noted above.

## Education & Research

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The maintenance of the Common Travel Area for both students and staff is vital for this sector. The role of EU funding in facilitating student flows, cross-border education services and student exchange programmes, such as Erasmus, is also very important. Brexit also creates uncertainty for cross-border apprenticeships. There is also the issue around the continued recognition of professional qualifications, which is also important in the primary education sector with regard to teaching qualifications (see the section on citizens' rights in Chapter 4). The contribution of research to the economy and jobs and the importance of EU-funded co-operation with British and Northern Ireland institutions poses very significant challenges. On the up side, there is an opportunity to promote the island to researchers as a centre of excellence for research, project management and world-wide collaboration, and also as a destination for international students.

## Health

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A key issue for this sector will be to ensure that there is minimum disruption to health services and that essential services are maintained on a cross-Border, all-island and Ireland-UK basis. The health sector has a highly mobile workforce and free movement issues and the mutual recognition and assurance of professional qualifications will therefore need to be considered fully. On regulatory issues, it is clear that having a single set of rules across the



European Union is enormously helpful – to protect human health, to ensure consumer protection and to provide a level playing field for industry. A UK move away from a harmonised regulatory system in relation to food safety standards, pharmaceuticals, medical devices and cosmetics could disrupt trade between Ireland and the UK or necessitate increased certification requirements. The issue of customs is of relevance as it relates to additional food safety controls and medicines. It is unclear whether, following Brexit, the UK will be able to continue to participate to an extent in networks and organisations such as the EU Rapid Alert System for Food and Feed (RASFF), European Reference Networks on rare diseases, or the European Centre for Disease Prevention and Control. Key priorities will be to ensure continuity in the provision of health services and to avoid, or mitigate against, changes to the current situation that would have a negative impact on human health.

## Crime & Justice

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In order to protect society from serious crime and terrorism, it will be important to ensure the closest possible cooperation with UK, both bilaterally and at the EU level on police and criminal justice matters. There should be a particular emphasis on the European Arrest Warrant which facilitates effective extradition procedures, and information exchange between EU and UK law enforcement. There is also a need to maintain efficient mechanisms to deal with cross-border civil, commercial and family law matters, so that members of the public and businesses can have legal certainty and protection in cross border disputes. Continuing to co-operate with the UK to protect the external border of the Common Travel Area, while fully respecting rights of EU citizens will also be important.

## Heritage, Culture & Rural Ireland

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Brexit will have unique and very serious implications on the rural and regional economies. This impact will be seen across sectors and have been referenced in the information set out above and below. Of particular note, there are concerns about reduced investment related to uncertainty caused by Brexit as well as the challenges posed for the agri- food and tourism industries (see above). The importance of the €1.4 billion Creative Europe Programme to the Arts Community, North and South and potential loss of other EU funding is also a cause for concern.

## Children & Young People

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For young people, there is the concern about the potential day-to-day impact of Brexit with an emphasis on the importance of the Common Travel Area in maintaining family ties and educational and employment opportunities. There is also the need to guarantee the protection of children's rights, including through continued cooperation with the UK in the criminal justice sphere.

## Social Insurance, Social Welfare Rights and Entitlements and Social Welfare Pensions

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The key area of concern is the impact of Brexit on the current reciprocal arrangements for social insurance (which includes pensions) and social assistance (means tested schemes linked to residency rights) and child benefit between Ireland and the UK, including Northern Ireland; this included impacts on current rights and entitlements and concerns as to the possible erosion of rights accrued into the future. There is also a concern with regard to the future direction of social welfare policy and the potential for dissonance with, on the one hand, Ireland moving forward as part of the EU27 and, on the other, having to negotiate and manage a relationship with the UK and Northern Ireland Governments. The possibility of a hard border presents real and present hazards for people, impacting on the fabric and reality of daily life for cross-border and frontier workers, students, commuters and for families.

## Foreign Policy & Development Cooperation

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The UK and Ireland cooperate closely on foreign policy issues and development cooperation in the context of the EU's Common Foreign and Security Policy (CFSP) and the EU's Development Cooperation Policy. Within the EU, the UK plays an important role in ensuring an effective CFSP and an ambitious EU development cooperation policy, which are of benefit to all in the EU and globally. It will be very desirable that the UK remains closely associated with the EU's CFSP and development policy after it departs from the Union.

## The Government's Strategy

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In order to mitigate the risks presented by Brexit for the Irish economy and trade as well as across the range of sectoral areas, the Government is taking a five pronged approach:

- To continue to prudently manage our economy and the public finances to enable us to meet future challenges. In that context, important steps have already been taken to prepare the economy. As part of the 'Getting Brexit Ready' focus, Budget 2017 signalled a lower debt target of 45 per cent of GDP for the mid-to-late 2020s. This will help to provide an additional fiscal 'shock absorber' capacity to the public finances to help withstand any shock including the impact of Brexit. This will complement the contingency or 'rainy day' fund to be established following the achievement of a balanced budget in 2018 which will help provide a further counter-cyclical buffer.
- To leverage our position within the EU27 negotiation team, to shape the EU27 approach to negotiations which includes aiming for the closest possible future relationship between the EU and the UK. A key part of this strategy will be to promote the need for effective transitional arrangements, to allow for a smooth phasing in from old to new arrangements, in order to minimise disruption for citizens, businesses and the wider economy and society. The withdrawal agreement should recognise the unique geographic situation of the island of Ireland including in terms of the volume of goods travelling to and from Ireland and should ensure access to the Single Market for goods which transit through the UK, while respecting the integrity of the Union legal order.
- Based on ongoing cross-Government research, analysis and consultations with stakeholders, adaptive Sectoral Brexit Response Plans will be developed by all Government departments under the aegis of the Department of the Taoiseach to mitigate emerging sectoral challenges. Brexit support for business and the economy will continue to be provided through Government measures, programmes and strategies, including through Budget 2017, the Action Plan for Jobs, the Action Plan for Rural Development and the Government's Trade and Investment Strategy - Ireland Connected, Trading and Investing in a Dynamic World. Enterprise Ireland and Bord Bia have also been strengthened so they are better placed to assist food producers and exporters face the challenges of Brexit. Long-term strategies, including the National Planning Framework, the new 10-year Capital Plan, the Enterprise 2025 Policy and the Asia-Pacific and Americas Strategies currently under preparation, will also play key roles in preparing Ireland for the consequences of Brexit. For more detail on Government actions already in place to support businesses and the economy see Annex I.
- To explore existing EU measures that could potentially assist Ireland in mitigating the effects of the UK's withdrawal on Irish businesses and economic sectors while also making a strong case at the EU level that Ireland may require further support that responds to the fact that the UK's withdrawal represents a serious disturbance to the Irish economy. Active discussions are progressing with the European Investment Bank on the potential for increased investment in Ireland to back the Government's 10-year capital plan.
- To exploit fully any opportunities arising from the UK's decision to leave the EU, Ireland will continue, through the IDA, to promote the attractiveness of Ireland as a location of choice for companies and talented people who are looking to establish or expand operations in what will be the only native English-speaking country within the EU and the Eurozone. For example, Minister of State Eoghan Murphy has responsibility for implementation of the IFS2020 Strategy and will continue to implement our clear strategy for driving growth in the financial services sector and maximise any opportunities that might arise. The Government has also decided to bid for the relocation to Ireland of the two EU agencies currently based in the UK. The European Medicines Agency, with nearly 1000 staff, and the European Banking Authority, with 156 staff, will need to leave the UK once it departs from the EU.

# Annex 1: Supporting Business and the Economy

In the immediate aftermath of the referendum result Government agencies (IDA, EI, Bord Bia) commenced engagement with Ireland's economic actors and stakeholders. The IDA directly contacted all of 1,200+ clients and potential investors to work with them on the implications of Brexit. Enterprise Ireland established a hotline for exporters to answer any immediate concerns and published an extensive range of information and guidance to outline the next steps exporting companies should take. This was one of five pillars of enterprise support that EI announced (Market Diversification Support; International Sector Clustering Strategy; UK Market Support; and Management and Financial Supports). Bord Bia hosted a workshop for over 180 food and drink exporters and undertook one-to-one Brexit client meetings. In July 2016 Bord Bia held the first of its 3 currency workshops to help agri-food exporters with sterling volatility issues.

To further assist the agencies with their Brexit support work additional resources were quickly secured for Enterprise Ireland, IDA and Bord Bia, including nearly 50 people hired to help with client support work, at home and abroad. The all-island trade dynamic is a key component of the all-island economy and the Government is providing InterTradeIreland with additional resources to support SMEs, especially in the border region.

A range of Government policies are helping with Brexit preparation.

## Budget 2017

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Budget 2017 announced a series of measures and supports to assist particular sectors of the economy which may be adversely affected by Brexit:

- A €150m Agriculture Cashflow Support Loan Scheme is making funds available to farmers at low-cost to help address the impact of exchange rate volatility;
- Introduction of an income averaging "step-out" in the agriculture sector to help with expected volatility in demand for agri-food products following severe price fluctuations;
- Retention of 9% VAT rate to help tourism and hospitality sector;
- Reduced Capital Gains Tax to help entrepreneurs;
- Extension and amendment of the Foreign Earnings Deduction to help Irish exporters to diversify their export and import markets;
- Extension of the Special Assignee Relief Programme to assist businesses to relocate key staff to Ireland;
- Increase to the Earned Income Tax Credit for self-employed tax payers to encourage entrepreneurship;
- Formal reduction of Debt/GDP ratio to 45% and establishment of a 'Rainy Day Fund' (once a balanced budget is achieved) to provide cushion against shocks;
- Additional funding of €3m to Enterprise Ireland and IDA to support their work in identifying new market opportunities and attracting investment;
- Additional resources were allocated to Bord Bia (an additional €1.6m in 2016 and €2m in 2017) in order to provide Brexit-related supports to affected companies;
- Increased funding granted to the agri food sector under the Rural Development Programme and Seafood Development Programme;
- Granting of over €1.8 million to 19 seafood enterprises under the European Maritime and Fisheries Fund (EMFF) Operational Programme for the seafood sector.
- Revenue received additional funding to help scope issues and identify possibilities with the aim of minimising possible costs for business while maximising the facilitation of trade.

## Action Plan for Jobs 2017 (APJ)

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- APJ includes 20 specific actions to respond to Brexit. These actions aim to diversify export markets, improve competitiveness, realise opportunities for Ireland and support sectors under particular pressure.

## Regional Action Plans for Jobs

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The overall goal of the 8 Regional Action Plans include:

- The creation of an additional 200,000 jobs, 135,000 of which are outside the Dublin region, by 2020;
- Ensuring the unemployment rate of each region is within percentage point of the State average; and
- Increasing FDI in regional areas by up to 40 per cent.

As part of the Regional Action Plan initiative, the Government will provide investment of up to €60m to support collaborative approaches to boost enterprise and job creation throughout the country.

## Trade and Investment Strategy

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- In March, the Government launched its new Trade and Investment Strategy – Ireland Connected, Trading and Investing in a Dynamic World – which contains a range of measurable targets including to increase indigenous exports, including food, to reach €26 billion by 2020; to secure 900 new foreign direct investments; and to intensify and diversify 80% of indigenous export growth to 2020 to be outside the UK market. The Strategy will be backed up with most extensive programme of Ministerial-led trade missions.

## Action Plan for Rural Development

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- The Action Plan for Rural Development contains a range of measures to maximise the potential for economic and social progress in rural areas. In this context, advancing the National Broadband Plan; the Seafood Development Programme and boosted resources for Town and Village Regeneration will help promote balanced regional development and job creation.
- The Action Plan for Rural Development will help deliver 135,000 new jobs in rural Ireland by 2020, supporting indigenous businesses, investing €50m for collaborative approaches to job creation in the regions, and increasing FDI in regional areas by up to 40%.

## IFS 2020

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- Minister of State Eoghan Murphy is responsible for the implementation of IFS2020.
- The IFS2020 Strategy was launched in March 2015, and is being implemented through a series of annual action plans. IFS2020 is a whole of Government approach to driving the further growth and development of the IFS sector in Ireland.
- Brexit has become a key part of the context for advancing IFS and the 2017 action plan highlights the importance the government continues to place on the continued development of the sector, with a suite of 40 individual measures to be actioned in 2017 under the IFS2020 strategic priorities

## Company Supports

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### DJEI Enterprise Stabilisation

Detailed research has been done to build an understanding of the types of challenges that will arise for SMEs as a consequence of Brexit, and how Government can support them in facing these challenges. A series of structured engagements has been conducted with companies of different sizes, across different sectors and across the regions on the likely impact of Brexit. Further valuable information has been acquired through a survey of a thousand SME business owners which was completed at the beginning of this year.

Informed by this evidence base, a number of Government departments and other public service bodies are working together to ensure that the necessary supports are in place to help SMEs to meet and adapt to challenges arising as a result of Brexit. These challenges include coping with short term working capital needs arising from disruption to trade, diversification of businesses to be less reliant on the UK market, and strategically restructuring businesses over a longer period to address cost issues related to the lower value of Sterling and other trade costs that might result from a hard Brexit.

It is also critical that SMEs are adequately equipped to make informed strategic and funding/investment decisions, and work is underway to develop options for improving the level of business planning advice available to SMEs.

## Enterprise Ireland

Enterprise Ireland's strategy supporting companies to deal with Brexit is focussing on: consolidating and growing exports into the UK market; expanding the Irish export global footprint, re-orienting towards North America, Canada, Asia & the Middle-East; and expanding the EI Export Platform. Specific initiatives include:

- EI contacted each of its **1,476 client companies** that export to the UK and knows their level of exposure. These companies employ 100,000 full time employees across all regions of Ireland.
- In July 2016, EI published an '**Information Guide for Irish Exporters to the UK**' – outlining 5 Pillars of Support including; Information and Guidance; Market Diversification Support; International Sector Clustering Strategy; UK Market Support; and Competitiveness and Market Development Support;
- **International Markets Week in October 2016** was a key element of EI's outreach with more than 140 international Market Advisors from over 30 Enterprise Ireland overseas offices coming home to assist over 420 client companies develop their new global export plans in the context of Brexit. Over 1400 meetings were scheduled with clients throughout the week and over 230 people attended the Enterprise Ireland Breakfast Briefing to hear advice from entrepreneurs who have succeeded in scaling in international markets.
- **39 extra staff** will be assigned overseas and at home to support exporting companies in the context of Brexit assigned to markets that are growing and have scale (including China, India, Latin America, Africa) and markets where we are already well established but with potential for further growth (including UK, France, Benelux, Germany, USA, the Nordics).
- EI increased the number of planned **Ministerial-led Trade Missions** from July to December 2016 and an enhanced programme of trade and investment missions. In March, EI published its international events programme for 2017 to support Irish exporters which lists 145 events scheduled in Ireland and overseas to include 46 international trade visits covering sector specific markets in the US, Canada, United Arab Emirates, Spain, China, Australia, France, Germany, and Nordics. It will have a major focus on directing resources and expertise to the Eurozone markets, targeting a 50 per cent increase in exports by 2020.
- '**Global Ambition**' Communications Campaign rolled out Q1 2017 to promote Irish companies and their products and services to international buyers.
- EI is driving **competitiveness** in Irish companies through a suite of supports to reduce supply-chain costs and increase efficiencies as a means of improving operating margins. Innovation plays a major role here. The key focus is on improving capability around: Competitiveness; Markets; Marketing/sales skills; Innovation and R&D; Leadership; and Risk management and strategic financial skills. **Training** and supports in terms of management capability, leadership, marketing/sales skills, innovation and R&D is being intensified to help companies to build market share and create new market opportunities.
- In March, EI's **#PrepareforBrexit** communications campaign featuring the '**Brexit SME Scorecard**' on [www.prepareforbrexit.ie](http://www.prepareforbrexit.ie) was launched. The 'Brexit SME Scorecard' is a new interactive online platform which can be used by all Irish companies to self-assess their exposure to Brexit and areas they may need to consider preparing further on in the context of Brexit using a short diagnostic which will automatically generate a report scoring SMEs against best practice. EI is also running a series of Brexit events featuring expert speakers throughout the country to promote the tool and encourage companies to prepare for Brexit.
- EI has introduced a '**Be Prepared Grant**' which offers up to €5,000 in funding to support exporting client companies develop a Brexit Action Plan. It is designed for SMEs who would benefit from further research and the use of external expertise in developing this plan.

The **UK is and will remain a key market** for EI clients who recorded over €7.5bn in exports last year. EI will continue to actively help exporters deepen and strengthen their presence there by helping them become as competitive and innovative as possible.

The challenge, and the opportunity, is to prime businesses with potential to become global players, resilient to challenges posed by Brexit and other market regulation, through superior management, innovation and marketing capability.

## Bord Bia

Bord Bia has been implementing a strategy for supporting the Irish F&D sector under 5 strategic pillars: *managing currency volatility impacts; provision of consumer and market insight; deepening customer engagement; extending market reach; and the Irish market.* This work includes:

- Development of a bespoke **Brexit Barometer** to measure company-level exposure to the UK market and risks associated with Brexit. This covers routes to market, supply chain, currency exposure, diversification opportunities, and customs. It outlines company-specific mitigating actions to be taken to reduce risk.

- Roll out of a **Market Intensification Programme** (MIP) to provide targeted marketing supports to companies with a high dependency on the UK market. This assists with strengthening UK position and market diversification efforts. Grants totalling €655,000 have been issued for 32 companies.
- Holding of **currency workshops** focused on helping companies manage volatility through negotiation as well as financial and contractual considerations.
- Organising a programme of seminars in Dublin and London for over 100 companies **to share market insights** from leading influencers on the implications of Brexit and identify mitigating actions for the sector.
- Increase in the number of **UK buyer meetings**, working with the Irish Embassy in London.
- Increase in the number of **market and consumer insight projects** being undertaken in a dedicated centre, The Thinking House. Examples of some projects underway include UK image building for Irish food Northern Ireland Grocery Opportunities, developing Irish Beef in Germany and The Netherlands and dairy prospects in China to 2030 and consumer opportunities in South East Asia
- **Doubling of one-to-one mentoring** with UK foodservice and retail experts since the referendum result.
- Opening of **two new offices** in 2016: in Warsaw to expand our support in **Eastern Europe** and in Singapore to service eight emerging markets in **South East Asia**.

## Long Term – Strategic Economic Planning

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While many of economic issues and impacts caused by Brexit will not arise until after discussions begin ( on the future EU UK relationship and the potential negotiation of a future broader trade agreement, extensive work to prepare the economy and enterprise is underway and will continue as the negotiations advance.

- The **National Competitiveness Council** is benchmarking Ireland's performance against UK as situation evolves so as to ensure our competitiveness continues to improve and that Ireland remains an attractive place for enterprise and investment.
- Preparations are underway for a **National Planning Framework** for Ireland 2040 – this will help us to ensure we have the infrastructure and services we need for a population expected to grow by 1 million people, with 500,000 extra workers and 500,000 extra homes. It is due to be finalised this year
- A new **10-year Capital Plan** is also in preparation, which will ensure that we continue to spend resources prudently and that our investment is properly aligned with the future economic and social priorities of the country and will deliver the infrastructure we need (roads, transport, energy, schools, hospitals, higher education etc).
- Active discussions are progressing with **European Investment Bank** on the potential for increased investment in the country to back this Plan.
- We are reviewing our **Enterprise 2025 policy** to align our enterprise base and policies to reflect new international realities – to include a medium-term stabilisation and adjustment plan for those most affected by Brexit, supported by Government where necessary.
- We will continue to make **a strong case to the EU** that Ireland will require support that recognises where this represents a serious disturbance to the Irish economy

As outlined in the Programme for Partnership Government, we are currently developing new Government Strategies for the Asia-Pacific and the Americas regions.

## Economic Opportunities

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There will be opportunities for Ireland, arising from Britain's decision to leave the EU and the Government will seek to take those opportunities. Ireland will continue, through the IDA, to promote the attractiveness of Ireland as a location of choice for those companies and talented people who are looking to establish or expand operations in what will be the only English-speaking country within the EU and the Eurozone. We will, for example, continue to implement our clear strategy for driving growth in the financial services sector and we will maximise any opportunities that might arise.

Potential sources of FDI are likely to come from:

- Existing IDA Clients with a presence in Ireland who also have a presence in the UK;
- Overseas clients (US, European and Asian) who have a presence in the UK but not in Ireland;
- UK companies operating in the UK who now need certain access to the European Market;

- International clients without a presence in Europe seeking a European home.

With this in mind additional funding was provided to the IDA to:

- Strengthen its communication capacity;
- Target key markets with a view to securing investment that will lead to future jobs and opportunities for our citizens;
- Provide grant assistance to FDI companies seeking to expand or to locate here; and
- Support the IDA regional property programme.

The IDA's enhanced property capacity is also important to retain and grow the existing client base in Ireland. In 2017, the IDA will further progress its regional property portfolio by investing in 3 new Advance facilities in Galway, Limerick and Dundalk.

## **Research and Innovation**

Research and innovation is another area where there are opportunities for Ireland to deepen international collaboration both with the UK and with the rest of the EU in the context of Brexit. Building further our skills capacity in research and innovation is critical to maintaining our attractiveness as an FDI location. Science Foundation Ireland is working to:

- Strengthen bilateral relations with the UK who will continue to be a world-leader in this area;
- Target globally-renowned researchers to relocate to Ireland to build our research capacity;
- Support Irish researchers to diversify their alliances with other EU-based researchers, thus mitigating any risks of over-reliance on UK partners.

The Government has also decided to bid for the relocation to Ireland of the two EU agencies currently based in the UK. The European Medicines Agency, with nearly 1000 staff and the European Banking Authority, will need to leave the UK once it departs from the EU.

# Annex 2: The All-Island Civic Dialogue – Sectoral Concerns

## Agri-Food

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- Concerns include: the particular exposure of the sector to customs checks, tariffs and currency volatility; risk that UK might support a cheap food policy; the negative impact of any change to rules on country of origin; labour-supply uncertainties.
- Uncertainty about the future EU-UK trading relationship is negatively affecting business confidence.
- Need to maintain an all-island approach to animal health/disease issues.
- Need to address the broader question of national competitiveness.
- Irish Government should press for a commitment/clarity on transitional arrangements.
- Need to ensure Government Departments are adequately resourced for the task of negotiation.

## Seafood

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- The seafood and fishing industries are uniquely exposed, given the sharing of fishing grounds with the UK. Key concerns include the potential loss of access to fishing grounds in the UK zone and possible attempts by the UK to increase its current quota share.
- Links between access, quotas and the broad trade agenda were emphasised and maintaining those linkages in negotiations with the UK will be essential.
- Irish businesses need to consider market diversification to reach ambitious targets set under Foodwise 2025.
- The industry needs to be united, both nationally and across the EU, to ensure fishing is a visible priority going into negotiations.

## Prepared Consumer Foods, Horticulture, Cereals, Tillage, Animal Feed, Forestry

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- Particular exposure of the agri-food sector to Brexit.
- Currency devaluation and heightened volatility creates challenges for exporters.
- Significant concern over Brexit's "cost of doing business": potential tariffs for agri-food exports, increased transport costs & time delays, border & customs processing costs, regulatory, labelling, packaging, and standards divergence.
- Market diversification will be challenging, as the UK is the sole or major market for many in the agri-food sector. Shortage of language and innovation skills could hinder market diversification.
- Uncertainty leading to the postponement of investment decisions.
- Reliance on migrant labour in UK food industry - their future status needs to be clarified.
- Sector should focus on a campaign in the UK to highlight the qualities of reliable, safe food in order to maintain their market share.

## Jobs, Enterprise and Innovation

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- Challenge is to grow our economy while simultaneously continuing to diversify markets.
- The importance of competitiveness and market reach for companies and potential administrative burdens arising from Brexit.



- Significant concern over the imposition of a hard border, including impact of possible tariffs, restrictions on the transit of goods and the protection of workers' rights.
- Opportunities for Ireland in financial services, pharma and technology.
- Opportunities for attracting researchers.
- Innovation key to addressing challenges posed by Brexit; there are opportunities to build and deepen relationships both with the UK, and outside the UK.
- Need to focus attention on the impact of Brexit on the Regions.

## Energy

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- Risk to the security of energy supply; the negative impact of uncertainty on energy investment decisions; fear of tariffs; and concern over potential divergence of energy and climate policy between the UK and Ireland.
- Importance of investment to reduce reliance on gas and oil and the need to keep energy high on the agenda in the negotiations.
- De-carbonisation and a drive towards energy independence were suggested as potential mitigation strategies.
- Significant concern on the risks to the All-Island Single Electricity Market and there is a need to better communicate its importance to consumers. Horizon 2020 funding important for North/South cooperation on research into renewable energy.
- A number of potential opportunities for Ireland were considered including; exporting clean energy to the UK, becoming more self-sufficient in energy, and as a leader in innovation and research.

## Transport

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- Immediate vulnerability of the sector in terms of: currency exposure; the impact of uncertainty on business and investment decisions; access to labour; and the impact on regional development.
- Concerns about the land bridge with the UK and the status of goods in transit; the impact of customs checks on the cross-border transit of goods; and infrastructure challenges for ports.
- Concerns about future air connectivity with the UK, including the loss of aviation traffic rights and the right of certain major Irish airlines with majority shareholding in the UK or outside the EU to continue to operate in the EU.
- Need acceleration of investment in infrastructure and to communicate that Ireland is open for business.
- The need for increased lobbying by industry with their EU counterparts.
- Called on Government to be proactive in building alliances with other EU Member States to ensure that Ireland's unique concerns are understood.

## Tourism and Hospitality

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- The preservation of the Common Travel Area should be the primary objective and the Government should campaign hard to ensure that there is no border on the island.
- To maintain competitiveness and value for money, there should be no additional tax or regulatory burdens on industry and there should be a reduction in key operating costs such as insurance and utilities.
- Importance of all-island promotion of the tourism industry and concerns that a potential loss of EU funding would undermine product development, particularly in the border areas. There was a call for greater investment in the tourism sector, including an increased marketing budget for tourism bodies.
- The need for market diversification, including an enhanced focus on European markets.
- Sustaining access, in particular as regards future air connectivity with the UK, is crucial.

## Further Education & Training

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- Importance of the Common Travel Area for both students and staff.
- Potential impact on recognition of professional qualifications, student flows in both directions (linked to EU funding), uncertainty for cross-border apprenticeships.

- Importance of EU funding for cross-border education services, student exchange programmes, joint programmes and Erasmus engagement.
- Need to identify and deliver skills required in a 'post Brexit' context, including languages, finance, legal, contract negotiation, to mitigate the potential impact on employment.
- A long transition period is required, with the identification of both regions as a single education sector to facilitate continued mobility and co-operation.

## Higher Education & Research

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- Implications of Brexit for students and staff across the island, including choice of institution and mobility.
- Need clarification on: entitlement to education in the UK, recognition of professional qualifications, fees and access to financial supports.
- Contribution of research to the economy and jobs and the risks and opportunities for research funding, public and private, including EU funding.
- Ireland should be promoted, within the EU and internationally, as a welcoming destination for researchers and students.
- Opportunity to promote the island as a Centre of Excellence for research, project management and world-wide collaboration. Linked to this is the need to address key infrastructural needs, such as housing, childcare and other social factors.

## Primary and Secondary Education

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- Concerns included mutual recognition of teaching qualifications; capacity of schools to cater for minorities; pensions and employment rights for staff living and working in different jurisdictions.
- Need curriculum amendments to meet demands for modern languages and better knowledge of citizenship and politics in school leavers.
- Access to UK 3rd level training is important to ensure a sufficient supply of teachers.
- Importance of EU funding (particularly InterReg and Peace Funding) in sustaining cross-border co-operation beyond the immediate term. EU funding plays a vital role in widening horizons, building stability and for Irish language programmes in Northern Ireland.

## Human Rights under the Good Friday Agreement

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- The importance of upholding the Good Friday Agreement chapter on rights, safeguards and equality of opportunity, as an integral part of the Agreement as a whole.
- A potential role for the Joint Committee of Human Rights Commissions in examining/auditing the potential impact of Brexit on human rights under the Good Friday Agreement.
- An important role for civil society and academia in contributing to audit and advocacy on the rights implications of a UK withdrawal from the European Union. The value of seeking to maintain access for civil society groups to EU human rights NGO networks.
- The value of a Bill of Rights for Northern Ireland as referred to in the Good Friday Agreement, in mitigating some of the potential rights impacts of Brexit for Northern Ireland.
- The value of a Charter of Rights for the island of Ireland as referred to in the Good Friday Agreement. This would also support the provision in the Agreement on equivalence of rights on the island.
- The possibility that EU law (Articles 2, 6, 21 TEU) would support / require the inclusion of provisions on human rights and equality in the European Council guidelines for the EU-UK Article 50 negotiations and the future EU relationship with the UK as a third country. This may also be relevant for areas such as the UK's participation in EU police and justice co-operation measures and EU-UK cooperation on UN Security Council Resolution 1325.

## Heritage, Culture & Rural Ireland

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- Reduced investment related to uncertainty in the markets; challenges for the agri- food and tourism industries; data protection issues; the importance of the €1.4bn Creative Europe Programme to the Arts Community, North and South; loss of other EU funding.

- Implications for cross-border health and education sector agreements and possible disruption to the work of North-South Implementation Bodies established under the Good Friday Agreement.
- Other issues relating to the border included: the transit of goods; increased complexity regarding VAT and other taxation; difference in labour market costs North & South; risk of rural de-population if any Brexit-related opportunities are confined to the Dublin area.
- Desirability of maximising engagement by the NI Executive & need for all-island solutions.

## Children and Young People

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- Young people expressed concern about the potential day-to-day impact of Brexit and emphasised the importance of the Common Travel Area in maintaining family ties and educational and employment opportunities.
- Young people noted the importance of communicating our commitment to the European Union and the benefits of the Erasmus programme.
- Participants expressed concern over the protection of the Good Friday Agreement and its human rights provisions. The importance of EU Funding for all-island bodies was stressed.
- There was a call to guarantee the protection of children's rights, including through continued cooperation with the UK in the criminal justice sphere.

## Social Insurance, Social Welfare Rights and Entitlements and Social Welfare Pensions

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- The key area of concern was the impact of Brexit on the current reciprocal arrangements for social insurance (which includes pensions) and social assistance (means tested schemes linked to residency rights) and child benefit between Ireland and the UK, including Northern Ireland; this included impacts on current rights and entitlements and concerns as to the possible erosion of rights accrued into the future.
- Concerns were also raised also with regard to the future direction of social welfare policy and the potential for dissonance with, on the one hand, Ireland moving forward as part of the EU27 and, on the other, having to negotiate and manage a relationship with the UK and Northern Ireland.
- Possibility of a hard border presents real and present hazards for people, impacting on the fabric and reality of daily life for cross-border and frontier workers, students, commuters and for families. Contributors evidenced current impacts with regard to, for example, living standards and the impact that currency fluctuations has had on British Retirement Pension recipients.
- Government focus must be on ensuring that these social welfare rights and entitlements, which currently exist for Irish and UK citizens moving within the Common Travel Area on the island of Ireland and between Ireland and Britain, can be safe-guarded.
- The 'interconnectedness of everything' also presented opportunities across all of the different sectors but this will need strong Government-led communications, with clear and factual information provision the key. Opportunities exist to deepen existing alliances and build new ones given Ireland's very good track record at EU level in the area of social policy and social security while preserving and developing our strong attachments to the UK; in addition, there is potential to attract more talent acknowledging the pressures that this could mean for social services generally.
- Calls for Government to be joined-up in its thinking and approach and to be very clear that the social dimension remains to the fore during the negotiations: Ireland should be advocating that there is explicit articulation of social rights, entitlements and responsibilities in any agreement with the UK.

# Annex 3: Address by An Taoiseach Enda Kenny to the IIEA: Ireland at the heart of a changing European Union

Distinguished Guests,

Ladies and Gentlemen,

As we gather here today, our country is at a crossroads.

As we approach the second century of our State, we are entering a new era of our history.

We are being buffeted by strong external forces – of politics, of economics and of technology.

The greatest of these, of course, is Brexit.

Brexit poses unprecedented political, economic and diplomatic challenges for Ireland.

Challenges to our peace, and challenges to our prosperity.

How we deal with it in the months and years ahead will define the future of our island for decades to come.

We must make sure that we shape that future for ourselves.

I firmly believe that we can.

My purpose today is to explain how.

In this generation, we have come through tumultuous, often difficult, but historic times.

The successful search for peace was quickly followed by the despair of the economic crisis, and then the difficult path to recovery.

It was not too much to ask that History might now pause for breath.

But History has rarely been idle in Ireland.

We should recall that we have faced other momentous challenges in our history and we have overcome them.

The struggle for independence a century ago

The transformation of our economy half a century ago

The historic reconciliation of the peace process.

And, most recently, the achievement by the Irish people in pulling the country out of the grip of recession and onto the path of sustainable economic recovery.

We can draw on the inspiration of all of these past achievements, as we imagine what lies ahead.

As we create a new future.

Last year, as we commemorated the Centenary of the Easter Rising, we recalled the achievements of the revolutionary generation.

We also learned a lot about the Ireland of today.

We felt a deep pride in our country, her history, her culture, her people.

That pride was not stained by narrow nationalism, or fear or hatred of others.

We recalled a time of great division with our nearest neighbour.

That division was remembered in a spirit of respect, reconciliation and friendship.

It was a year of renewal – renewal of our sense of ourselves and of the values we hold dear.

It is those enduring Irish values that will guide us safely through the stormy seas in the years ahead.

The values of freedom and democracy, of openness, of tolerance, of community, of solidarity and of respect for others.

The values of Céad Míle Fáilte.

They were demonstrated in the scenes seen all around the globe from Dublin Castle when the result of marriage equality referendum was announced.

They find expression on the happy faces of so many new citizens, who have come here in recent years and are so proud to be Irish.

They are exemplified by the men and women of our Defence Forces, who serve the cause of peace and who are saving lives daily at the heart of Europe, in the Mediterranean Sea.

For our values are European values, too.

They are the common values that animate our European Union.

They are the values that bind us together as a Union of democratic states, working together for the greater good of our common European home.

As those common values come under increasing threat, so we must defend them more strongly than ever.

We cannot take them for granted.

That mood of unity in defence of European values and ideals was palpable at the recent Summit in Malta.

I hope and believe that mood of unity, and those European values and ideals, they will continue to guide us in the time ahead.

Ladies and Gentlemen,

The 1916 Proclamation recognised that Ireland's place in the world will always be defined by our relationship with Europe, as well as with the United States and with Britain.

Three years after the Rising, in 1919, the First Dáil met to formally declare our independence, right here in this historic room.

On that day, Dáil Éireann issued a Message to the Free Nations of the World on behalf of the Irish people.

It stated, and I quote:

“Internationally, Ireland is the gateway to the Atlantic; Ireland is the last outpost of Europe towards the West; Ireland is the point upon which great trade routes between East and West converge; her independence is demanded by the Freedom of the Seas; her great harbours must be open to all nations”

Of course, it was a document of its time, created in the aftermath of the terrible War in Europe and the outset of the Irish War of Independence.

But that message contained an essential and abiding truth about Ireland – we are a European island nation who will always remain open to the world.

Those relationships, especially with Britain, are very different now, 100 years later.

The world is so much smaller...and Ireland's reach is so much longer.

But our unique ties of history, of geography, and of kinship remain unaltered.

A mature, reflective appreciation of our history offers inspiration for the time ahead.

We have faced big problems before, and we have successfully turned them into opportunities.

And we have made big mistakes, too – not least the inflation and bursting of a property bubble, the collapse of the banking system in 2008 and the humiliating loss of economic sovereignty in 2010.

Throughout all this, the essential lessons of our history are the same:

- We must remain at the heart of Europe and open to the world
- We must protect the hard-won peace on our island, and
- We must pursue thoughtful, prudent but ambitious economic policies.

The Government's plan for Brexit combines these three essential elements.

#### Ireland at the Heart of Europe

To succeed as an open economy and a welcoming society, we must remain at the heart of Europe.

The foundation of Ireland's prosperity and the bedrock of our modern society is our membership of the European Union.

That will not change.

Our membership of the European Union has brought us enormous benefits, and the Irish people have consistently endorsed that membership.

It has been central to the success of our open, competitive economy.

Ireland's membership of the Single Market and the Customs Union are absolutely fundamental to our economic strategy.

It allows us to sell Irish goods and services anywhere within the Union today of over 500 million people without restrictions. It gives us the opportunity to buy goods of high quality, with the reassurances of proper standards.

It provides the freedom to transact business with strong protections for the rights of consumers and the intellectual property of our artists, scientists and businesses.

It gives us full access to EU trade agreements with other major markets, and a capacity to engage in global free trade that we could not possibly have on our own.

It allows our people to travel, work and live freely in all Member States if they choose to do so.

The EU has also been the cornerstone of much of the social progress which Ireland has experienced over the last generation.

The social dimension of the EU – respect for human rights, workers' rights, and equality - reflects a distinctly European set of values which we share here in Ireland.

Membership of the Union also allows us to address shared problems - such as international peace and security, climate change, terrorism and migration - in an integrated way. As members of a Union with other like-minded democracies who share our values and interests, we have a much more powerful voice on the global stage.

And our interests are absolutely best served from within the Union, helping to shape and influence in for the times ahead.

I utterly reject any suggestion that we would leave the European Union.

#### Protecting Peace on Our Island

Brexit is a British policy, not an Irish policy or an EU policy.

I continue to believe it is bad for Britain, for Ireland and for Europe.

But I respect the referendum result, and I recognise that Brexit is now going to happen.

Unfortunately, its most severe impact could well be felt on this island.

That is why protecting the peace process and the Common Travel Area between Ireland and Britain are priority objectives for the Government.

For many in the North, there is deep concern at the prospect of being removed from the European Union.

It is not just that there was a strong "remain" majority of over 55% in the North.

Fewer than 350,000 people voted for Brexit in Northern Ireland, out of a total population of over 1.8 million.

But every man, woman and child in Northern Ireland will be affected by the outcome.

And the vast majority of those affected are entitled to be Irish, and therefore EU, citizens.

When I hear people say the Government is too focused on the North, I urge them to consider how you would feel if Ireland was to be removed from the European Union in similar circumstances.

I ask you to reflect on the progress we have achieved together, and how much of it was due to our common membership of the European Union.

After the UK referendum, we made good progress through the North South Ministerial Council in scoping out the implications of Brexit and in agreeing joint principles for moving forward.

Those principles include:

- Recognition of the unique circumstances of Northern Ireland, bearing in mind its geography and history;
- Ensuring that the treaties and agreements between Ireland and the UK are fully taken into account;
- Protecting the free movement of people, goods, capital and services, and
- Maintaining the economic and social benefits of co-operation.

While the Government will keep to these principles, and will remain engaged with the political parties during the current election period, bringing this work forward is now undoubtedly more difficult.

With the dissolution of the Assembly, there is a very real danger that the absence of political leadership in Northern Ireland will lead to a retreat to partisan debate and an even greater marginalization of Northern Ireland's concerns.

The Brexit process will not wait for another round of lengthy talks in Stormont.

When Article 50 is triggered, the world will move on, and it will move on quickly

.Of course I will do my best to put forward the interests of the North in the Brexit negotiations.

I will defend the Good Friday Agreement, in its spirit as well as its letter.

The Irish Government will oppose a hard border, argue for free movement on this island, seek EU funding for cross-border projects and protect the rights of EU citizens, whether from North or South.

But this requires the support of all strands of opinion if we are to succeed.

We have no choice but to work together, North and South, all of us.

That said, let me be absolutely clear on one point.

It is a matter of vital national interest for Ireland that we do not return to the days of a hard border that we knew only too well.

Or indeed create a new one in the future.

This is a political matter, not a legal or technical matter.

It will have to be solved by political leadership.

It will certainly require creativity, imagination and innovation.

But we have no choice but to succeed.

I have stressed this point to every European leader I have met. In addition, all Government Ministers have engaged intensively with their counterparts to ensure that Ireland's position is well understood. Minister Charlie Flanagan and Minister of State Dara Murphy in particular have travelled the capitals of Europe to highlight Ireland's concerns.

One of my earliest discussions after the British referendum was with Chancellor Merkel in Berlin.

Across the city, over the rooftops, we could see where the Berlin Wall once stood.

After that Wall fell in 1989, one of the most divisive borders in the world continued to exist within the European Union - running from Dundalk to Derry.

That barrier, too, has thankfully ceased to exist.

It was in this city of Dublin, in 2004, that ten countries, mostly from central and eastern Europe and that had been denied their freedom behind the barrier of the Iron Curtain, rejoined our European family.

It was one of the greatest moments of unity in European history.

The European Union has always been about removing barriers, about bringing people together in peace and prosperity.

The Treaty of Rome, which we will celebrate on its 60th anniversary next month, is one of the greatest peace agreements in history.

Without it, there could have been no Good Friday Agreement.

So, I am in absolutely no doubt that the European Union, which has done so much to support reconciliation on this island, will defend the peace process and the Good Friday Agreement.

I am confident that the European Union will not bring us back to a border of division.

Ambitious Economic Policies

So, for Ireland to succeed and prosper, we must remain at the heart of Europe and we must preserve the hard-won peace on our Ireland.

The final, and enormous, challenge is to protect and grow our economy.

Brexit is a serious, direct threat to Ireland's economic prosperity.

The potential impacts are profound, right across the economy. Key sectors, such as agri-food and fishing, face particular risks and challenges. These sectors are among Ireland's priorities as the agri-food sector has traditionally been reliant on the UK export market, while fishing depends enormously on access to the waters around Britain.

Other areas, like tourism, and energy, also face significant challenges, as do many of our small and medium enterprises across the economy and across all parts of the country.

All these challenges require a hard-headed, radical and innovative response.

We need to negotiate hard for the best possible economic outcome from the Brexit negotiations.

For us, that continues to mean the closest possible economic and trading relationship between the EU and the UK, even if it will not now involve UK membership of the Single Market.

I believe that close relationship is in the interests of not just Ireland, but of all of our fellow EU member states.

From my own contacts with other leaders, I believe that there will be significant support for that position at the European Council, provided it is based on a level playing field.

It also means that, after Article 50 is triggered and discussions on the terms of the divorce commence, we will also need to have very detailed discussions on the shape of the future relationship between the EU and the UK.

And it means that, after 2019, we should have an appropriate period of transition, during which the full legal framework for that new relationship can be concluded.

Whether in London, Brussels, or anywhere else, talk of punishment or of cliff edges is deeply unwise and can only be harmful to everybody in Europe.

I recognise that there is a desire to have clarity and certainty on every detail as quickly as possible. I understand that frustration.

But we have to be realistic about the process we are heading into, and the time it will take to reach a full conclusion.

We need to be calm, clear-eyed and strategic.

Our negotiations with the UK must recognise the wider, long-term interests of Europe and all of her people.

If we believe in a vision of a bright future for our continent and for our European values, then we must place that vision at the heart of our discussions.

Otherwise, we will be playing into the hands of those who do not share those values, or that vision.



But let me also make one thing absolutely clear – Ireland will be on the EU side of the table when the negotiations begin.

We will be one of the 27. We will continue to work with the other Member States to ensure that they fully understand and address the nature and scale of the particular challenges for Ireland.

We will seek an outcome that is good for Europe and good for Ireland.

We will negotiate from a position of unity and strength.

And we will play our full part in the debate on the renewal of the European Union at this time of challenge.

The European Council, which consists of all the leaders of Member States including myself, will provide political oversight of all of these negotiations.

As we engage in tough negotiations in Europe, the Government will also take decisive economic measures at home.

We will focus on growing strong domestic markets capable of sustaining indigenous enterprise and employment, on developing a wider base of strong Irish companies which employ more of our national workforce, and on exporting to traditional and new overseas markets.

We will continue to strategically target key sectors for Foreign Direct Investment, with clear linkages to our domestic firms, our higher education sector and our talented people.

We will attract enterprises that will thrive in a single market that will still number almost 450 million Europeans, as well as in the Middle East and Asia.

Crucially, Ireland's economy will remain open: open to investment; open to trade; and open to talented people coming here to study, to work, to start a business.

The Government has already taken a number of important short-term actions.

The last Budget contained tax measures to support Irish businesses who could be affected by Brexit. As part of this, we have taken specific actions to help the agri-food sector.

We have also provided extra resources for the IDA, Enterprise Ireland, key Government Departments and our Diplomatic Service.

Crucially, we have learned from the mistakes of the past by doing this in a fiscally sustainable manner in order to avoid future cycles of boom and bust.

We have formally reduced our Debt/GDP Ratio target to 45%, far below the peak of 120% that it reached during the economic crisis.

We are on course to have a balanced budget in 2018. And we are putting in place a new Rainy Day Fund to commence in 2019. These essential actions by Government will give our country the capacity to absorb and respond to any economic shocks in the future, not least the impact of Brexit.

Now, we are moving to the next and decisive phase of our economic response to Brexit.

Firstly, we will implement 20 specific actions to respond to Brexit set out in the Action Plan for Jobs for 2017. These actions aim to diversify our export markets, improve our competitiveness, realise opportunities for Ireland, and support sectors under particular pressure, like agri-food, where the Government will continue to help industry respond to the effects of Brexit.

Next, the Government will publish a new Trade and Investment Strategy before St Patrick's Day, with targets and actions to grow and diversify markets for Irish exports and investment. This will include a focus on the many opportunities in Eurozone markets.

Based on that strategy, we will undertake the largest ever programme of Ministerial trade missions in 2017. The National Competitiveness Council will carry out research specifically to benchmark our competitiveness against the UK, as UK policies evolve for a post-Brexit environment.

Later this year, the National Planning Framework Ireland 2040 will be finalised and presented to the Dáil.

This will prepare our country for a growth in population of around 1 million people, for more than 500,000 extra people at work, for at least 500,000 extra homes, and for all the associated infrastructure, services, amenities and environmental measures that will require.

That will be complemented by a new 10-year National Capital Plan.

As a direct response to Brexit, I have asked the Ministers for Finance and Public Expenditure and Reform to prepare an ambitious multi-annual 10-year capital plan that will make Ireland a far better place in which to live and work.

That plan will make prudent and effective use of our own resources, as well as resources available to Ireland as a member of the European Union.

We are already in active discussions with the European Investment Bank, which recently opened an office here in Dublin. I am confident those discussions will lead to significant further EIB investments in Ireland.

That new Plan will show how we will invest in roads, in public transport, in energy, in water, in schools, in higher education and in hospitals and health facilities.

It will include detailed, funded plans to complete the national road network, including links between Dublin and Derry and Donegal, and to accelerate delivery of critical public transport infrastructure.

It will include substantial investment in the ports and airports that Ireland will need as a successful, global trading nation.

And it will support the achievement of our international climate change obligations and our national objectives for sustainable development and environmental protection.

Finally, the Government has commenced a review of our industrial policy, Enterprise 2025, which will also be completed this year. It will prioritise policies and investments to make Irish enterprise more diverse and resilient.

The updated Enterprise 2025 Strategy will include a medium-term stabilisation and adjustment plan for those businesses who will be most affected by Brexit.

This will set out actions to help businesses to adjust to new trading conditions with the UK, to develop new markets, to address any new logistical challenges or trade barriers and to invest in their people, products and services.

The stabilisation and adjustment measures will be supported by Government funding, where appropriate.

We will also make a strong case at EU level that Ireland will require support that recognises where Brexit represents a serious disturbance to the Irish economy.

Taken together, these Government initiatives will provide a clear, practical vision for our country a decade from now.

This needs to be a truly national effort.

The State will have to prioritise policy measures and dedicate resources to protect jobs in the sectors and regions most affected by Brexit.

The process will start with our draft budgetary plans for this year, which will be published before the end of April.

This will allow a frank and open debate on where our limited resources should be deployed, and on the choices we need to make.

I will continue to engage with other party leaders in the Dáil, both to keep them informed on developments and to actively listen to their ideas as the negotiations progress.

They too will have an ongoing role to play informing their political groups in Europe of Ireland's priorities.

Following a series of sectoral meetings across the country this Friday will see the second Plenary of the All Island Dialogue that which has helped us prepare for the challenges of Brexit.

I have also invited employer and union leaders to discussions on the impact of Brexit on our economy later this month. My objective is to develop a consensus on our national priorities, on our key vulnerabilities and on how we can collectively work together to address them.

#### Negotiation Process & Objectives

Ladies and Gentlemen, we are just weeks away from the moment when the British Prime Minister sends the Article 50 notification and begins the process of Britain leaving the European Union.

Ireland then faces the most important negotiations in our history as an independent state.

The Government will be fully prepared.

We have set out our key priorities – trade and the economy, the peace process, the Common Travel Area and the future of Europe.

We have mounted a major diplomatic campaign with all of our EU partners and the EU institutions, to ensure that our priorities are recognised and our position fully understood.

We are reaching out to Irish business to support them and to prepare for Brexit.

We have carried out detailed analysis of each sector of our economy and all the possible scenarios that we could face.

We are preparing for all eventualities.

The Government is seasoned in tough European negotiations, and our key officials can draw on decades on experience at the highest level in Brussels, London, Belfast and across Europe.

But our negotiating objectives are crystal clear.

We are firmly focused on winning the argument and on getting the best deal for Ireland.

This will require skill, creativity and imagination.

We will have to demonstrate toughness, patience and resilience.

We will remain at the heart of the European Union and open to the world.

We will protect the peace process.

We will implement our comprehensive Economic Plan.

We will be resolute and determined.

The next few years will require a supreme national effort.

But we are optimistic.

We will succeed.

# Annex 4: Government Statements

## 24 June 2016

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### **Statement by An Taoiseach, Enda Kenny TD, on the UK Vote to Leave the European Union**

Good morning,

In recent months the Irish Government has advocated for our belief that the EU is better with Britain as a leading member and that Britain and Ireland have always worked together very well, as equal partners, within the EU.

I am very sorry that the result of the referendum is for the UK to leave the European Union. However, the British people have spoken and we fully respect their decision.

I want to assure the Irish public that we have prepared to the greatest extent possible for this eventuality.

There will be no immediate change to the free flow of people, goods and services between our islands.

We have previously set out our main concerns in the event of Brexit. These relate to the potential impacts for trade and the economy, for Northern Ireland, for the common travel area and for the European Union itself.

We have engaged in detailed contingency planning for the possibility of this result. Today at Government, we agreed to publish a summary of the key actions we will now take to address the contingencies arising from the UK's decision. Our primary objective remains to protect and advance this country's interests.

I propose to further brief leaders of the Opposition on those actions later today.

The Summer Economic Statement, published earlier this week, includes an assessment of the potential economic impact of a UK vote to leave the EU.

Ireland is a strong, open and competitive economy – our ongoing economic recovery is testament to our resilience.

We will continue to implement policies that prioritise economic stability, growth and job creation.

In the immediate term, the Minister for Finance and his officials are in close contact with the

Central Bank, the NTMA and our international partners to ensure that any short-term market volatility is carefully managed. They will continue to monitor and assess developments.

The implications of this vote for Northern Ireland and for relations between North and South on this island will require careful consideration. These will be a particular priority for the Irish Government.

We will approach these issues in the same spirit of partnership that has underpinned the peace process and has transformed relationships on this island since the Good Friday Agreement.

I welcome the Prime Minister's clear statement that Northern Ireland's interests will be fully reflected in the British Government's negotiating position.

I will meet with colleagues from the Northern Ireland Executive on Monday week at the North/South Ministerial Council where we will have detailed discussions on how to best approach these new circumstances - acting in the best interests of all of the people of Ireland, North and South.

In the medium term a related concern is that of the Common Travel Area between Britain and Ireland.

For our part, the Irish Government will do our utmost in upcoming discussions to maintain the Common Travel Area and minimise any possible disruptions to the flow of people, goods and services between these islands.

We are also acutely aware of the concerns which will be felt across the Irish community in Britain. I want to assure them that the Irish Government will also have their interests in our thinking as we approach the forthcoming negotiations. It is important to remember that the position of Irish citizens within the EU will be unaffected.

The other key concern that the Government has expressed about a British departure from the EU relates to the impact on the Union itself.

Ireland will, of course, remain a member of the European Union. That is profoundly in our national interest. After more than 40 years of membership, we have built up strong bonds of partnership with all the other member states, and with the European institutions, that will continue to serve us well. We must now begin a period of reflection and debate on how we can renew the Union of 27 and equip it for the challenges ahead.

There will be a discussion of the next steps at the meeting of the European Council next week.

I will clearly set out our national position at that meeting, and I will ensure that our particular national interests are fully respected as we prepare to enter the next phase of negotiations.

These negotiations may not commence for some months yet, and will take a considerable amount of time to complete. In that regard, it is important to stress that Britain remains a member of the European Union until negotiations have been concluded.

We must take this breathing space...and use it wisely.

Finally, I would like to express my personal best wishes to Prime Minister Cameron.

We have worked closely together at a time of unprecedented warmth in relations between our two countries. He has taken a decision this morning, which he believes is in the interests of his country. I wish him all the very best for the future.

Finally I'd like to reiterate that while Ireland's future lies within the European Union, Ireland's strong and close relationship with the UK will remain.

## 17 January 2017

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### Government Statement on Prime Minister May's Lancaster House Speech

The Government has noted the contents of Prime Minister May's speech today and welcomes the fact that it provides greater clarity on the proposed approach of the British Government to the Brexit negotiation process.

Prime Minister May has made clear that she wishes to secure the closest possible future economic relationship for Britain with the EU, a goal that Ireland shares.

For Ireland, the priorities for the negotiation process that lies ahead are unchanged: our economic and trading arrangements, the Northern Ireland Peace Process including border issues, the common travel area, and the future of the European Union.

In her speech, Prime Minister May highlighted the specific and historic relationship between Britain and Ireland. In this context, she made clear that her priorities include maintaining the common travel area and avoiding a return to a hard border with Northern Ireland, both of which are welcome.

The alignment between our concerns regarding the economy and trade and the UK objective of the UK to have a close, and friction-free, economic and trading relationship with the EU, including with Ireland is also very important.

The Government notes that the British approach is now firmly that of a country which will have left the EU but which seeks to negotiate a new, close relationship with it. While this will inevitably be seen by many as a "hard exit", the analysis across Government has covered all possible models for the future UK relationship with the EU.

The Government's preparation is extensive. Important organisational changes have been implemented in Government Departments and Agencies, with additional resources provided in key areas. Preparation to date includes the contingency work done before the UK referendum, intensified analysis and scenario planning carried out across all key sectors since, and extensive stakeholder consultation and engagement including through the all-island Civic Dialogue process.

The Civic Dialogue began with a plenary session on 2 November. The next plenary session will take place on 17 February. Between these two plenary meetings, 12 sectoral events examining specific policy areas in greater detail will also have taken place. The work of Civic Dialogue process to date has reaffirmed the priority issues identified by the Government.

An extensive programme of engagement with all other EU Governments and the EU institutions, including the Commission's Brexit Negotiations Task Force, is under way. This engagement is being intensified in 2017.

The Taoiseach and Ministers will continue to meet and engage with their EU counterparts over coming weeks to emphasise Ireland's concerns and to ensure that they are fully reflected in the EU position once negotiations commence. This activity is reinforced by extensive engagement at diplomatic and official level. The Government is acutely aware of the potential risks and challenges for the Irish economy and will remain fully engaged on this aspect as the negotiations proceed.

The Government is also very aware of the potential economic opportunities that may arise for Ireland, including in terms of mobile investment. Bids for the EU agencies currently located in London – the European Medicines Board and the European Banking Authority have already been announced and the State enterprise agencies are actively pursuing opportunities for increased investment, business and job creation in Ireland.

The Government is under no illusion about the nature and scale of the Brexit challenge. But it is ready:

- The critical negotiation priorities have been identified.
- The programme of dialogue with stakeholders will continue.
- Vigilance and engagement on economic risks and challenges will be maintained.
- Economic opportunities for Ireland will be pursued vigorously.
- Engagement with other Member States and EU institutions will intensify.
- Ireland will negotiate from a position of strength, as one of the 27 Member States firmly in, and committed to, the European Union.
- And Ireland will participate fully in the discussions on the future direction of the European Union.

## 29 March 2017

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### Government Statement UK Government Notification under Article 50

Prime Minister Theresa May has today, in accordance with Article 50 of the Treaty on European Union, formally notified the European Council of the UK's intention to leave the EU. This means that the two-year exit process has now commenced.

Although we regret the UK's decision to leave the EU, it has been clear since the referendum last June that the British Government would follow this path.

As outlined in the statement issued today by President Tusk on behalf of the EU 27 Heads of State and Government, negotiating guidelines will now be prepared and, following discussions at Ministerial level, the European Council will meet on 29 April to agree them.

The guidelines will outline the main issues to be addressed in the withdrawal negotiations, and the principles and approach of the EU side.

A more detailed negotiating mandate for the European Commission will be agreed by Ministers in May, and the negotiations with the UK will begin.

It should be noted that the UK will not actually exit the EU until the Article 50 negotiations are concluded, and a withdrawal agreement enters into force. In the meantime, nothing will change, including the UK's obligations towards the citizens and businesses of other Member States.

While the Article 50 exit negotiations should also involve discussion of the future relationship between the EU and the UK, the many important issues involved are unlikely to be resolved for a considerable time.

It has been clear from the start that the UK's departure from the Union will have significant economic, political and social implications for Ireland.

The Government has been working very hard for more than two years, even before the UK referendum, to engage with all sectors across the island of Ireland, to fully analyse our main areas of concern, and to develop our negotiating priorities.

These are to minimise the impact on our trade and the economy; to protect the Northern Ireland Peace Process, including through maintaining an open border; to continue the Common Travel Area with the UK; and to work for a positive future for the European Union.

We note that our particular concerns, including in relation to the Good Friday Agreement, have been acknowledged by Prime Minister May in her letter.

Now that Article 50 has been triggered, we will publish, before the European Council meeting on 29 April, a consolidated paper providing more detail about our priorities and our approach to the negotiations ahead.

We have been extremely active at both political and official level in engaging with every one of our EU partners and with the EU institutions, raising awareness of the unique circumstances in relation to Ireland, and the need to address these in the negotiations. It has also been invaluable to gain a first-hand sense of the objectives of others. We are confident that this intensive engagement has had a very positive impact.

There is no doubt that the negotiations ahead will be very challenging. We have already taken important steps to prepare our economy, including in Budget 2017, the Action Plan for Jobs 2017, and our New Trade and Investment Strategy. The Government's enterprise agencies will continue to work with exporters and potential investors, helping them to deal with issues as they arise – making companies lean, diversifying market exposure, and up-skilling teams.

Ireland is well prepared for the challenges ahead. We will negotiate from a position of strength as an integral part of the EU 27 team, and will work with all our partners to achieve the best possible outcome.

# Annex 5: EU Statements

## 29 June 2016

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### Informal meeting at 27 - Statement

1. We, the Heads of State or Government of 27 Member States, as well as the Presidents of the European Council and the European Commission, deeply regret the outcome of the referendum in the UK but we respect the will expressed by a majority of the British people. Until the UK leaves the EU, EU law continues to apply to and within the UK, both when it comes to rights and obligations.
2. There is a need to organise the withdrawal of the UK from the EU in an orderly fashion. Article 50 TEU provides the legal basis for this process. It is up to the British government to notify the European Council of the UK's intention to withdraw from the Union. This should be done as quickly as possible. There can be no negotiations of any kind before this notification has taken place.
3. Once the notification has been received, the European Council will adopt guidelines for the negotiations of an agreement with the UK. In the further process the European Commission and the European Parliament will play their full role in accordance with the Treaties.
4. In the future, we hope to have the UK as a close partner of the EU and we look forward to the UK stating its intentions in this respect. Any agreement, which will be concluded with the UK as a third country, will have to be based on a balance of rights and obligations. Access to the Single Market requires acceptance of all four freedoms.
5. The outcome of the UK referendum creates a new situation for the European Union. We are determined to remain united and work in the framework of the EU to deal with the challenges of the 21st century and find solutions in the interest of our nations and peoples. We stand ready to tackle any difficulty that may arise from the current situation.
6. The European Union is a historic achievement of peace, prosperity and security on the European continent and remains our common framework. At the same time many people express dissatisfaction with the current state of affairs, be it at the European or national level. Europeans expect us to do better when it comes to providing security, jobs and growth, as well as hope for a better future. We need to deliver on this, in a way that unites us, not least in the interest of the young.
7. This is why we are starting today a political reflection to give an impulse to further reforms, in line with our Strategic Agenda, and to the development of the EU with 27 Member States. This requires leadership of the Heads of State or Government. We will come back to this issue at an informal meeting in September in Bratislava.

## 15 December 2016

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### Informal meeting of the Heads of State or Government of 27 Member States, as well as the Presidents of the European Council and the European Commission

We, the Heads of State or Government of 27 Member States, as well as the Presidents of the European Council and the European Commission, determined to see the Union succeed, stand ready to start negotiations with the UK as soon as the UK has notified under article 50. We welcome the intention of the UK to do so before the end of March 2017, so that we can begin to tackle the uncertainties arising from the prospect of the UK's withdrawal.

We stand firmly behind our statement of 29 June 2016 in its entirety and will continue to adhere to the principles laid down therein. We reiterate that any agreement will have to be based on a balance of rights and obligations, and that access to the Single Market requires acceptance of all four freedoms.

We intend to conduct the withdrawal negotiations in a spirit of trust and unity among us. To this end, we endorse the procedural arrangements set out in annex for these negotiations.



1. The first step following the notification by the United Kingdom will be the adoption by the European Council of guidelines that will define the framework for negotiations under Article 50 TEU and set out the overall positions and principles that the EU will pursue throughout the negotiation. The European Council will remain permanently seized of the matter, and will update these guidelines in the course of the negotiations as necessary.
2. After the adoption of the guidelines, the European Council will invite the General Affairs Council to proceed swiftly with the adoption of the decision authorising the opening of the negotiations, following a recommendation by the European Commission, and to deal with the subsequent steps in the process. The Council will also adopt negotiating directives on substance as well as on the detailed arrangements governing the relationship between the Council and its preparatory bodies on the one hand and the Union negotiator on the other. These negotiating directives may be amended and supplemented as necessary throughout the negotiations, to reflect the European Council guidelines as they evolve.
3. The Council will be invited to nominate the European Commission as the Union negotiator. The Commission's nomination of Michel Barnier as chief negotiator is welcome. To ensure transparency and build trust, the Union negotiator's team will be ready to integrate a representative of the rotating Presidency of the Council. Representatives of the President of the European Council will be present and participate, in a supporting role, in all negotiation sessions, alongside the European Commission representatives. The Union negotiator will systematically report to the European Council, the Council and its preparatory bodies.
4. Between the meetings of the European Council, the Council and Coreper, assisted by a dedicated Working Party with a permanent chair, will ensure that the negotiations are conducted in line with the European Council guidelines and the Council negotiating directives, and provide guidance to the Union negotiator.
5. The members of the European Council, the Council and its preparatory bodies representing the United Kingdom will not participate in the discussions or in the decisions concerning it.
6. Representatives of the 27 Heads of State or Government (Sherpas/Permanent Representatives) will be involved in the preparation of the European Council as necessary. Representatives of the European Parliament will be invited at such preparatory meetings.
7. The Union negotiator will be invited to keep the European Parliament closely and regularly informed throughout the negotiation. The Presidency of the Council will be prepared to inform and exchange views with the European Parliament before and after each meeting of the General Affairs Council. The President of the European Parliament will be invited to be heard at the beginning of meetings of the European Council.

## 29 March 2017

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### Statement by the European Council (Art. 50) on the UK notification<sup>1</sup>

Today, the European Council received a letter from the British Prime Minister, Theresa May, notifying the United Kingdom's intention to leave the European Union. This notification follows the referendum of 23 June 2016 and starts the withdrawal process under Article 50 of the Treaty. We regret that the United Kingdom will leave the European Union, but we are ready for the process that we now will have to follow.

For the European Union, the first step will now be the adoption of guidelines for the negotiations by the European Council. These guidelines will set out the overall positions and principles in light of which the Union, represented by the European Commission, will negotiate with the United Kingdom.

In these negotiations the Union will act as one and preserve its interests. Our first priority will be to minimise the uncertainty caused by the decision of the United Kingdom for our citizens, businesses and Member States. Therefore, we will start by focusing on all key arrangements for an orderly withdrawal.

We will approach these talks constructively and strive to find an agreement. In the future, we hope to have the United Kingdom as a close partner.

President Tusk has convened the European Council on 29 April 2017.

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<sup>1</sup> Following the notification under Article 50 TEU, the member of the European Council representing the withdrawing Member State shall not participate in the discussions of the European Council or in decisions concerning it.





## For more information

To find out the latest Irish Government developments on the UK's decision to leave the EU, do check out:

**[www.merrionstreet.ie/brexit](http://www.merrionstreet.ie/brexit)**

