

BREXIT: **THE IRISH DIMENSION**

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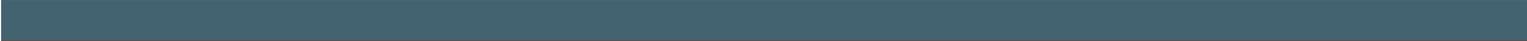




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FOREWORD

by Sir Anthony Bailey, KGCN, OBE

Anthony Bailey is Co-President of British Influence and Chairman of Anthony Bailey Ltd.



Dublin – 17 June 2016. Anglo-Irish relations have a chequered history. Too often the relationship has been marked by conflict and tragedy. But in the last two decades the atmosphere has changed; the closeness between Ireland and the United Kingdom today was beautifully expressed in the historical State Visits made by Queen Elizabeth II to Ireland in 2011 and President Michael D. Higgins to the United Kingdom in 2014. The past is not forgotten but it does not dominate the Anglo-Irish relationship as it did just a quarter of a century ago.

As a British and Irish citizen I was delighted to be asked to support this publication. In the debates of the last few months about Britain's relationship with the EU, the Irish dimension has too often appeared as an afterthought. It should not be. The people of Ireland, north and south, have a vivid interest in the question of whether or not the UK leaves the EU, for reasons of politics, culture and family ties as much as economics. The trading relationship between our two countries is of great importance (as this report shows) but keeping the border open is just as critical to many families as it is to businesses.

Like so many others with a stake in the Anglo-Irish relationship, I don't want anything to derail the progress we have seen over the last 20 years. Our mutual membership of the EU has provided common ground for the UK and Ireland to establish a new relationship, one that enables us to deal better with some of the contentious issues of the past and which has moved us forward together.

This report puts the progress of recent years in context and reminds us of the depth and scale of the contemporary relationship between our two countries, and how important our membership of the EU is to that relationship. I hope it will be read with the seriousness it deserves.



INTRODUCTION

“UK–Irish relations have never been stronger or more productive than they are today.”

David Cameron, Prime Minister

“I want Britain to remain a central member of the European Union because from our – Ireland’s point of view, this is a really critical issue.”

Enda Kenny, Taoiseach¹

When British Influence published its report in December 2015 on the likely scenarios if the UK voted to leave, the question of the impact on Northern Ireland, on Ireland and on the Anglo-Irish relationship was an issue that repeatedly came up in discussion. Politicians, diplomats and business people all expressed concern that a British exit from the European Union (EU) could have a negative impact on Northern Ireland, on Ireland and on the relationship between the United Kingdom and Ireland. They also expressed concern that this important issue was given little prominence in the debate.²

Concern focused around four main areas:

- The potential for negative impact on the very positive relations between the UK and Ireland today, leading to a return to the more difficult relationship of the past;
- The wider impact on Northern Ireland, including the peace settlement and the relationship between communities (including faith communities) in Northern Ireland and between north and south;
- The economic impact on both countries generally and on both Northern Ireland and Ireland;
- The impact on Ireland of the UK’s absence from the EU in terms of the EU’s promotion of a pro-markets, competitive policy agenda and the loss of a counterweight to French and German influence in the EU.

This paper is a response to those concerns. It has been informed by discussions in Dublin in January with several leading figures in Irish politics, media and government. But it also reflects many other conversations over the last two years in Britain and in Brussels.

The four chapters of the report look at the four main concerns we identified, beginning with a survey of Anglo-Irish relations today, noting especially how they have improved dramatically over the last 25 years.

¹ HM Government, ‘PM press conference with Enda Kenny: January 2016’, 25 January 2016:

<https://www.gov.uk/government/speeches/pm-press-conference-with-enda-kenny-january-2016>

² Nicholas Kent, *Brexit: What would happen if the UK voted to leave?*, British Influence, December 2015, p. 21:

<https://view.publitas.com/british-influence/brexit-what-would-happen-if-the-uk-voted-to-leave/>

It then examines the impact of Brexit on Northern Ireland. Here the issue of the border looms large, as does the inter-related question of trade with the south. But the political consequences within Northern Ireland, particularly the implications for the peace settlement are an important issue examined here too.

In the third chapter we consider the potential impact of Brexit on Ireland, including looking at its consequences for the Irish economy.

Finally, the paper looks at how the Anglo-Irish relationship could work after a British exit from the EU, including the question of what sort of relationship Ireland would like the UK to have with the EU.

Any discussion of Anglo-Irish affairs tends to occur in the shadow of history. This affects the language people use – is it Ireland or the Republic of Ireland? Is it Northern Ireland or the six counties? Was the Easter Rising a reaction against colonial oppression or a treacherous rebellion during wartime? Throughout this report we have sought to steer clear of the arguments of the past and to look to the better future that both Enda Kenny and David Cameron were pointing to when they spoke in Downing Street in January. Indeed, it is the way in which our mutual membership of the EU has enabled both countries to move on from picking at the scabs of history to a relationship in which we look forward together, that is the lasting message of this paper.

Nicholas Kent

London, June 2016



CHAPTER 1

ANGLO-IRISH RELATIONS TODAY

“[...] no one who looked to the future over the past centuries could have imagined the strength of the bonds that are now in place between the governments and the people of our two nations, the spirit of partnership that we now enjoy, and the lasting rapport between us. No one here this evening could doubt that heartfelt desire of our two nations.”³

HM Queen Elizabeth II

INTRODUCTION

When Her Majesty The Queen spoke those words in Dublin Castle during her historic State Visit to Ireland in May 2011, she was acknowledging the difficulties of the past while recognising the strength of the current Anglo-Irish relationship. When the President of Ireland, Michael D. Higgins, made his return State Visit to the United Kingdom in April 2014, he too noted the strength of the current relationship:

³ Speaking at the banquet to mark her State Visit to Ireland, 18 May 2011

We have moved on from a past where our relations were often troubled, to a present where – as you have indicated – Ireland and the United Kingdom meet each other in mutual respect, close partnership and sincere friendship.⁴

Except perhaps at formal occasions such as these there is remarkably little comment about the extent to which the relationship between Ireland⁵ and the United Kingdom has changed beyond all recognition over the last 20 years. This transformation, from what Sir John Major has called a “sour and edgy” relationship between the two governments to a positive, constructive and mutually fruitful one has taken place in the context of both countries’ membership of the European Union.

Today, Britain and Ireland are the closest they have been since 1922. Indeed, the biggest problem may well be that, particularly on the British side, this dramatic improvement in relations is taken for granted. Amongst today’s British politicians there is a diminishing awareness of how bad relations were in the past, how much British (and Irish) politics were overshadowed by the Troubles and the poisoning effect they had on relations between the two countries. The role of the EU in rebuilding the Anglo-Irish relationship is a barely understood phenomenon within the UK political elite, let alone amongst the wider population. There is a real danger that in the debate about Britain and the EU, the way the Anglo-Irish relationship has been helped by mutual membership, and how it could be hindered by the UK leaving the EU, will not be properly discussed.

The relationship between Britain and Ireland is multi-faceted; that between the two governments is only a small part of a much larger relationship that stretches across the economies of the two countries, the ties of kith and kin (which run deep), to the police and crime agencies of the two countries. These relationships sit alongside long-standing social, cultural and sporting links. In this chapter we examine the economic, political and security aspects of the current UK-Irish relationship but it must be acknowledged that these occur in the context of the wider historical, family and other relationships just mentioned.

ECONOMY

The UK and Ireland have long had a close trading relationship. Indeed, this was the main factor in Ireland applying for EEC membership at the same time as the UK in 1961 (see below).

Today, there is extensive trade between the United Kingdom and Ireland; by value of total trade, the UK is Ireland’s largest trade partner.⁶ The UK receives the largest share of Irish services exports – just under 20 per cent. In 2014, the UK received more services exports from Ireland than the next three largest destinations for Irish services exports

⁴ President of Ireland, ‘Toast at State Banquet, Windsor Castle’, 8 April 2014:

<http://www.president.ie/en/media-library/speeches/toast-by-president-higgins-at-state-banquet-windsor-castle>

⁵ The official name is “Ireland” but to avoid confusion from time to time it is necessary to refer to the Republic of Ireland to make clear that it is the country and not the island of Ireland which is being referred to.

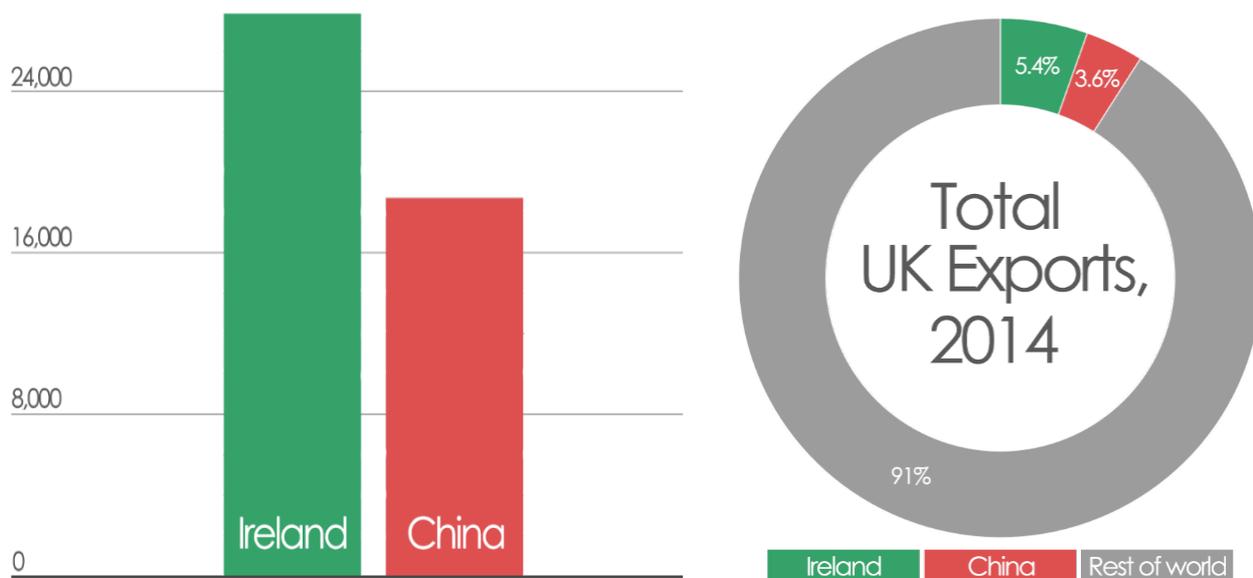
⁶ globalEDGE, ‘Ireland: Trade Statistics’, Michigan State University, 18 November 2015:

<http://globaleedge.msu.edu/countries/ireland/tradestats>

combined; the value of Irish services exports to the UK is increasing at an average rate of £2.1 billion a year.⁷

The UK is the second largest destination for Irish goods exports after the USA, which receive an average of 15 and 22 per cent, respectively.⁸ However, the UK receives more Irish exports overall *i.e.* goods and services combined, than the USA – 17.45 per cent and 15 per cent in 2014, respectively. The UK also exports more to Ireland than it does to China, £27.86 billion and £18.72 billion, respectively in 2014.⁹

UK exports to Ireland and China by value and percentage of total exports, 2014 (£million)



POLITICS

The course of Anglo-Irish relations was unhappy for a long period after 1922. While the creation of an independent state in the south of Ireland responded to nationalist demands, the divided nature of the island of Ireland and the circumstances of the split with the United Kingdom meant a normal relationship was difficult for many years. The wounds were too deep for that and were worsened by the disputes that followed.

The “economic war” between the two countries in the 1930s, a dispute over payments required under the 1921 Treaty which led to the imposition of import duties on each other’s goods (to the far greater detriment of Ireland), was not resolved until 1938.¹⁰

⁷ Central Statistics Office, 'International Trade in Services', 18 December 2015: <http://www.cso.ie/en/releasesandpublications/er/its/internationaltradeinservices2014/>

⁸ Alan Barrett *et al.*, *Scoping the Possible Economic Implications of Brexit on Ireland*, Economic and Social Research Institute, Research Series Number 48, 5 November 2015, p. 8: <http://www.esri.ie/pubs/RS48.pdf>

⁹ Office for National Statistics, 'United Kingdom Balance of Payments - The Pink Book: 2015', 30 October 2015: <http://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/compendium/unitedkingdombalanceofpaymentsthepinkbook/2015-10-30>

¹⁰ See Houses of the Oireachtas, 'Emergency Imposition of Duties (No. 1) Order 1932, 25th July 1932', 20 September 2015: <http://www.oireachtas.ie/parliament/about/libraryresearchservice/onlinecataloguecollections/documentslaidthroughthedeacdes/1930s-theeconomicwar/>; see also Eoin McLaughlin, *Economic Impact of the Irish Revolution*, University of St. Andrews, Discussion Papers in Environmental Economics 2015-13, 14 May 2015: <http://www.st-andrews.ac.uk/media/dept-of-geography-and-sustainable-development/pdf-s/DP%202015%2013%20McLaughlin.pdf>

This Anglo-Irish trade war was soon followed by the Second World War, in which the Government of Ireland chose to remain neutral. Its neutrality was controversial in the United Kingdom and not supported entirely at home; 70,000 Irishmen served in the British armed forces and 5,000 of them were killed (and this followed the service of 210,000 Irishmen in the First World War).¹¹ Irish soldiers who left their nation's army to join British forces during World War Two were treated as deserters and not pardoned until 2013.¹²

Joining the European Communities appealed to Irish politicians in the early 1960s because it had the potential to end Ireland's isolation, to modernise its largely pre-industrial economy and to get the country out of what Garret Fitzgerald (later Foreign Minister and Taoiseach) called Ireland's "neurotic relationship with Britain".¹³ But it was the trade dependence on the UK that was the biggest reason why Ireland applied for EEC membership in 1961. At that time two-thirds of Irish exports, most of them agricultural products, went to the UK. Maintaining access to the UK for exports was crucial; gaining access to the rest of the EEC was also valuable and joining had the concomitant benefit of the Common Agricultural Policy, which would mean higher prices for Irish food exports.¹⁴

The British application to join the EEC was twice rebuffed by de Gaulle in the 1960s; on each occasion the accession negotiations with Ireland were suspended as well. The two countries successfully joined in 1973, having worked together during the accession negotiations. It was perhaps a surprise to both that they found, once in the EU, that they often shared the same views about the policy and direction of the organisation.

As Ireland made a rapid transition from an agricultural economy to a knowledge-based one, it supported, like the UK, a competitive, free market and outward-looking EU. Foreign direct investment was a key factor in the rapid expansion of the Irish economy after it joined; maintaining national jurisdiction in areas such as company taxation was, as a result, as important to the Irish Government as it was to the British. Although the Common Agricultural Policy (CAP) was of great benefit to Ireland when it joined, it was an Irish Commissioner, Ray MacSharry, who was responsible, with British support, for one of the biggest waves of CAP reform in 1992.¹⁵

The economic benefit to Ireland of EU membership has been huge. As one of its leading figures has observed, Ireland went from being a poor country with a falling population, its income just two-thirds of the EEC average at the time of accession, to one forty years

¹¹ 'In service to their country: moving tales of Irishmen who fought in WWII', Geoffrey Roberts, *Irish Examiner*, 29 August 2015: <http://www.irishexaminer.com/lifestyle/features/in-service-to-their-country-moving-tales-of-irishmen-who-fought-in-wwii-350818.html>; in relation to the First World War, see Professor Keith Jeffrey, 'Ireland and World War One', BBC History, 3 October 2011: http://www.bbc.co.uk/history/british/britain_wwone/ireland_wwone_01.shtml

¹² See 'Ireland pardons Second World War soldiers who left to fight Nazis', John Bingham, *Daily Telegraph*, 7 May 2013: <http://www.telegraph.co.uk/news/uknews/defence/10041215/Ireland-pardons-Second-World-War-soldiers-who-left-to-fight-Nazis.html>; and 'WWII Irish 'deserters' finally get pardons', Chris Buckler, *BBC News*, 7 May 2013: <http://www.bbc.co.uk/news/world-europe-22425684>

¹³ Brendan Halligan, *A Small State in a Large Union: The Irish Experience*, Institute of International and European Affairs, 1 September 2014, pp. 4-5: <http://www.iiea.com/ftp/Publications/2014/Small%20State%20in%20a%20Large%20Union%20-%20Brendan%20Halligan%20-%20Sep%202014-Final%20version.pdf>

¹⁴ *Ibid.*, p. 3

¹⁵ Desmond Dinan, *Ever Closer Union: An Introduction to European Integration* (London: Palgrave Macmillan, 1999), pp. 342-343

later whose population has increased by fifty per cent, whose GDP per capita is 126 per cent of the EU average, and whose GNP has quadrupled in real terms.¹⁶

Inevitably there were (and are) areas of difference between the two countries within the EU. Ireland, as a small country, has tended to go along with the broad thrust of Franco-German leadership in the EU.¹⁷ For example, it joined the single currency when Britain did not do so. Partly this tendency to support EU integration came from the very strong popular support for EU membership in Ireland (the country voted by 83 per cent to 17 per cent to join) but also from a realisation that a small country like Ireland has only limited influence.¹⁸ The need to hold referendums on new EU treaties has, however, meant a more complex situation in more recent times, with the country's overall support for membership being tempered by concerns about some particular EU policies (such as the Charter of Fundamental Rights).¹⁹ Despite these domestic political arguments, Ireland has tended to avoid being outvoted in the Council of Ministers, unlike the UK which has become more dissenting in recent years.²⁰

But for all those differences, there is a great deal more that the two countries have in common. The role of the EU in facilitating better relations has been attested to by those on both sides of the Irish Sea. Sir John Major has written about how being in the EU was helpful to the peace process:

There is no doubt that our joint membership of the EU was helpful. Ministers met regularly on mutual ground and on non-Irish matters, and this familiarity eased disputes and bilateral tensions.²¹

From the Irish perspective the neutral ground of the EU helped the two countries to see what they had in common:

[The EU] demonstrated that the two states had much in common, and it helped to reduce the traditional psychological gap between a global power and its much smaller neighbour.²²

The strength of the political relations between Britain and Ireland today was demonstrated by a joint statement from the two Prime Ministers in March 2012 in which they committed their two countries to work together over the next 10 years. Much of their statement was about bilateral concerns, including the Northern Ireland peace process, trading links, research and science, but it also expressed their joint commitment to work together in the EU:

¹⁶ Halligan, *supra* n. 13, p. 5

¹⁷ For further details of the Irish approach to relationships within the EU, see Halligan, *ibid.*

¹⁸ *Ibid.*, p. 3

¹⁹ See Oliver Hawkins *et al.*, *European Union (Croatian Accession and Irish Protocol) Bill [Bill 76 of 2012-13]*, House of Commons Library Research Paper 12/64, 1 November 2012, p. 43: <http://researchbriefings.files.parliament.uk/documents/RP12-64/RP12-64.pdf>; and Sybe de Vries, Ulf Bernitz & Stephen Weatherill (eds.), *The EU Charter of Fundamental Rights as a Binding Instrument: Five Years Old and Growing* (Oxford: Hart Publishing, 2015)

²⁰ Wim Van Aken, *Voting in the Council of the European Union: Contested Decision-Making in the EU Council of Ministers (1995-2010)*, Swedish Institute for European Policy Studies, 2 October 2012, p. 50 *et seq.*, has dendograms illustrating the gulf between Ireland and the UK in Council voting: http://www.sieps.se/sites/default/files/2012_2rap_1.pdf

²¹ Sir John Major KG, *John Major: The Autobiography* (London: Harper Collins, 1999), p. 439

²² Tom Arnold & James Kilcourse, 'Political Implications for Ireland' in Daithí O'Ceallaigh & Paul Gillespie (eds.), *Britain and Europe: The Endgame: An Irish Perspective*, Institute of International & European Affairs, 25 March 2015, p. 133: http://www.iiea.com/ftp/Publications/Britain-and-Europe-The-Endgame_DigitalVersion.pdf

Our two countries have shared common membership of the European Union for almost forty years. As partners in the European Union we are firm supporters of the Single Market and will work together to encourage an outward-facing EU, which promotes growth and jobs.²³

They went on to list some of the areas where they wanted to work together in the EU, including the further development of the Single Market, reducing the burden of regulation and the promotion of financial services.

The joint statement was a significant development, not least because it was agreed by a Conservative Prime Minister in the UK; it marked a new phase in Anglo-Irish relations that vividly demonstrated how both countries have moved on.

SECURITY

Part of the reason for the improved political relationship is the ending of the Troubles in Northern Ireland and the often rancorous relations it led to between London and Dublin. Mutual membership of the EU helped to normalise the security relationship between UK and Ireland, as the European Arrest Warrant (EAW) has over the last decade removed the political element in extradition proceedings.²⁴

Prior to the EAW extradition proceedings between the UK and Ireland were based on the 1957 Council of Europe Convention on Extradition, which, crucially, allowed its member countries to refuse to extradite on the grounds that the offence was “political”. This defence was repeatedly used by terrorist suspects sought by the UK from Ireland during the Troubles.²⁵ The EAW does not have this loophole, enabling the UK and Ireland to handle terrorist offences as they would any other serious offences. The majority of the extradition requests made by the Northern Ireland authorities after the introduction of the EAW have been to Ireland.²⁶

Withdrawal of the UK from the EU would mean that it would no longer be part of the EAW; as Ireland has repealed the legislation that allowed the use of the 1957 Convention, a new procedure for extradition between the two countries would have to be agreed. Given the politics involved in that, in both the two parts of Ireland and in the United Kingdom, that is unlikely to be easily or quickly negotiated.

²³ HM Government, ‘British Irish relations, the next decade: Joint statement by the Prime Minister David Cameron and the Taoiseach, Enda Kenny’, 12 March 2012: <https://www.gov.uk/government/news/british-irish-relations-the-next-decade>

²⁴ See Joanna Dawson & Sally Lipscombe, *The European Arrest Warrant*, House of Commons Library Briefing Paper 15/7016, 2 June 2015, p. 24 *et seq.*: <http://researchbriefings.files.parliament.uk/documents/SN07016/SN07016.pdf>; and House of Commons European Scrutiny Committee, *Second Special Report of Session 2013-14: The UK's block opt-out of pre-Lisbon criminal law and policing measures: Government Response to the Committee's Twenty-first Report of Session 2013-14*, HC 978, 16 January 2014, pp. 22-23: <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmeuleg/978/978.pdf>

²⁵ Described in Gordon Gillespie, *The A-Z of the Northern Ireland Conflict* (Plymouth: Scarecrow Press, 2009), p. 100 *et seq.*

²⁶ This issue was extensively discussed by the House of Lords European Union Committee when it considered the possibility of the UK exercising its block opt-out from EU justice and home affairs measures in 2013: see *13th Report of Session 2012-13: EU police and criminal justice measures: The UK's 2014 opt-out decision*, HL 159, 23 April 2013, p. 91: www.parliament.uk/documents/The-UKs-2014-Opt-Out-Decision1.pdf

CONCLUSION

The strength of the Anglo-Irish relationship today reflects not only the efforts the two countries' governments have made to move away from the divisions of the past but the way in which mutual membership of the EU has enabled them to reconcile most (if not all) of their differences. It is this strong relationship that many of those who oppose Brexit in both Ireland and the UK fear will be threatened if the UK votes to leave. In the next two chapters we explore the implications for Northern Ireland and then for Ireland of a UK vote to leave.



CHAPTER 2

THE IMPACT OF BREXIT ON NORTHERN IRELAND

“When we take a step back and with the perspective of history we can see just how far we have come. We now live in a new era. You only have to look around to see the progress that there has been, not just in the physical structures that didn't exist a decade ago, but in the lives of our people.”²⁷

Peter Robinson, former First Minister of Northern Ireland

INTRODUCTION

When Peter Robinson MLA stood down as First Minister of Northern Ireland in January 2016 he used the above words in his resignation speech. The fact that someone from the

²⁷ Northern Ireland Assembly Official Report (Hansard), Monday 11 January 2016, vol. 111, no. 1, p. 2: <http://data.niassembly.gov.uk/HansardXml/plenary-11-01-2016.pdf>

Unionist tradition felt able to make those remarks is a reminder of the remarkable progress that has been made in Northern Ireland since the Good Friday Agreement.

On both sides of the Irish Sea, and north and south of the border within Ireland, there is concern about the potentially negative impact of a British exit from the EU on Northern Ireland. There is also concern more widely, as was demonstrated in March 2016 when former US President Bill Clinton, who played a role in the peace process in Northern Ireland, observed that:

It's Northern Ireland that will really get whacked if Britain withdrew from the European Union. And I hope they don't because it's too easy to believe that the only solution to the problems in the world is to hunker down.²⁸

This impact could be felt in several ways:

- in trade and economic terms – notably for agriculture in the province;
- in terms of the management of the currently open border between the two parts of Ireland;
- in political terms because of the potential for a renewed sense of isolation in the Catholic/Nationalist community if the border with the south is no longer open; and
- in terms of security because of the way mutual membership of the EU, and the European Arrest Warrant in particular, have enabled the normalisation of the policing and extradition relationship between the two countries.

In this Chapter each of these areas are considered, beginning with the impact on the economy; continuing with the complex question of the land border within Ireland; and concluding with a section on the potential impact on the peace process.

THE IMPACT ON THE ECONOMY OF NORTHERN IRELAND

At the turn of the twentieth century Northern Ireland was a centre of manufacturing of global importance. Its economy has been described as being at that time “an innovative industrial powerhouse of global significance.”²⁹ The construction, launch and subsequent sinking RMS Titanic was an unfortunate symbol of the decline of Northern Ireland’s heavy industries.³⁰ By the end of the twentieth century the decline of manufacturing across the Western world had hit Northern Ireland exceptionally hard, its effects accelerated by the loss of investment that followed the outbreak of the troubles in 1968/69.³¹ Today, Northern Ireland is the poorest performing part of the UK economy, with predictions that it will be outperformed by all other UK regions in 2016. With growth

²⁸ Quoted in ‘Bill Clinton Warns Brexit Would “Whack” Northern Ireland in Referendum Intervention’, Ned Simons, *Huffington Post*, 31 March 2016: http://www.huffingtonpost.co.uk/entry/bill-clinton-warns-brexite-would-whack-northern-ireland-in-eu-referendum-intervention_uk_56fcebfae4b069ef5bffd3a

²⁹ O’Ceallaigh & Gillespie, *supra* n. 22, p. 183

³⁰ The dock where she was built is now a successful visitor attraction in Belfast: <http://titanicbelfast.com/>

³¹ See Portland Trust, *Economics in Peacemaking: Lessons from Northern Ireland*, 9 May 2007, Chart 1: www.portlandtrust.org/sites/default/files/pubs/epm_northern_ireland.pdf

anticipated at just 1.4 per cent in 2016, lower than 2015, and substantially lower than the UK average of 2.0 per cent, Northern Ireland's performance remains disappointing.³² It is also far worse than Ireland's economy, which is predicted to grow by a far better 5.5 per cent in 2016.³³

The economic situation in Northern Ireland was expected to improve after the Good Friday Agreement. In some respects it did, but the global financial crisis led to a sharp reversal of fortune. Despite having the smallest private sector of any of the UK regions, Northern Ireland experienced the proportionately highest loss of private sector jobs after 2007.³⁴ Since then employment has recovered, to almost pre-crisis levels, but productivity and output have not.³⁵

The danger of Britain leaving the EU is that it would leave the Northern Ireland economy even more exposed: isolated from its second biggest market (Ireland) by border controls; and dependent on a UK that would be likely to be poorer after Brexit and pre-occupied with other issues. A potential loss of foreign direct investment is an additional (and serious) risk for Northern Ireland; the region has been second only to London in attracting FDI to the UK, with over 800 international companies now located there.³⁶

Like the rest of the UK, Northern Ireland would lose access to a range of benefits that derive from EU membership:

- as mentioned above, the loss of privileged access to the EU Single Market of 500 million in 27 other countries, including Ireland;
- loss of EU regional aid funding, worth around £1 billion to Northern Ireland in the current funding period;³⁷
- science and research funding, which amounts to 15 per cent of the UK science budget; and
- funding for infrastructure projects, such as the North Sea-Mediterranean Corridor project, that is improving the transport system, enabling businesses to get their goods (and staff) more easily to other parts of Europe.

A key point for Northern Ireland's businesses is that any alternative trading relationship the UK manages to negotiate with the EU after Brexit is likely to involve it having to comply with the EU's business rules and regulations (as Norway and Switzerland largely do) but without any effective say over them. This would leave Northern Ireland's businesses at a disadvantage to their southern Irish competitors who would still be able to influence EU

³² Esmond Birnie & John Compton, *Northern Ireland Economic Outlook: Measuring the extent of recovery*, PwC, 21 January 2016: <http://pwc.blogs.com/northern-ireland/2016/01/employment-not-the-sole-measure-of-economic-performance-pwc.html>; HM Treasury, Budget 2016, HC 901, 16 March 2016: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508193/HMT_Budget_2016_Web_Accessible.pdf

³³ Birnie & Compton, *ibid.*

³⁴ Cited in Northern Ireland Economic Reform Group, *The Case for a Reduced rate of Corporation Tax in Northern Ireland*, May 2010, p. 1: http://www.ergni.org/reports/report_corporation_tax_may_2010.pdf

³⁵ Birnie & Compton, *op. cit.*

³⁶ See Invest NI for further details: <http://www.investni.com/invest-in-northern-ireland/why-northern-ireland/track-record.html>

³⁷ See Northern Ireland Local Government Association, 'EU Funding 2014-2020', 7 January 2016: <http://www.nilga.org/EU-Home/EU-Funding-2014-2020.aspx>

regulations and policy through their Government and their MEPs in the European Parliament.

One of the sectors most dependent on UK membership of the EU is Northern Ireland's farming industry. The most recent survey of farm incomes in the region found that no less than 87 per cent of average farm incomes depends on direct payments under the CAP.³⁸ Levels of subsidy vary across farm types, with pig farms receiving a lot less and cattle and sheep farms receiving more.³⁹

There is no agreement among leave campaigners as to whether subsidies for farming will be provided after Brexit. UKIP has pledged to replace the CAP farming subsidy for the UK pound for pound out of the British exchequer. But other anti-EU campaigners have suggested that all of the UK's contribution to the EU should be spent on the NHS; this would removing £3.5 billion in support from UK farmers overnight - £235 million of it from Northern Ireland's farmers.

The Agriculture Minister in the Assembly, Michelle O'Neill has said:

It is my belief that the Treasury would not be willing to see a continuation of support for farmers at current levels, given they have a long held view that this type of funding does not represent value for money.⁴⁰

The Ulster Farmers Union is staying neutral in the referendum debate but its President, Ian Marshall, has said: "As of now, no compelling argument has been made that Northern Ireland agriculture would be better off outside the EU"; and he believes that this is "a challenge to which those in favour of Brexit need to respond."⁴¹

The EU is Northern Ireland's farmers' biggest export market outside the UK, taking some 30 per cent of their exports.⁴² This is particularly important for the export of beef and lamb. Brexit would put at risk easy access to the Single Market and with that the current advantageous position with regard to exports to the EU. As the President of the Ulster Farmers Union has said:

It is a very attractive proposition to be able to trade freely with the European Union. Renegotiating that would certainly be a concern, because we would potentially have to renegotiate all those trading arrangements, and we have concerns about what those may look like after Brexit.⁴³

³⁸ Department of Agriculture and Rural Development, *Farm Incomes in Northern Ireland: 2013/14*, 20 March 2015, p. 15: <https://www.dardni.gov.uk/sites/default/files/publications/dard/farm-incomes-in-northern-ireland-2013-2014.pdf>

³⁹ *Ibid.*

⁴⁰ Quoted in 'How much the EU funds NI agriculture: Should we stay or should we go?', Kathryn Torney, *The Detail*, 10 March 2016: <https://www.thedetail.tv/articles/the-eu-s-common-agricultural-policy-should-we-stay-or-should-we-go>

⁴¹ *Ibid.*

⁴² Cited by Wesley Aston, Chief Executive, Ulster Farmers' Union in House of Common Northern Ireland Affairs Committee, *Oral evidence: Northern Ireland and the EU Referendum*, HC 760, 16 March 2016, p. 10, Q. 708: <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/northern-ireland-affairs-committee/northern-ireland-and-the-eu-referendum/oral/30906.pdf>

⁴³ Ian Marshall, President, Ulster Farmers' Union in *ibid.*, p. 12, Q. 719

One of the most important developments since the Good Friday agreement has been the development of a far larger tourist industry in Northern Ireland. Visits to Northern Ireland fell dramatically at the start of the troubles and did not recover for some years. They increased sharply after the Good Friday Agreement.⁴⁴ With over four and half million trips a year, £751 million spent by visitors and 58,000 people in tourism-related jobs, tourism is now a significant part of the local economy.⁴⁵ This tourism is dependent on the peace of recent years being maintained and the border with Ireland staying open (so international visitors can visit both parts of Ireland easily). The difficulty a closed border would present to tourism is demonstrated by the fact that 67 per cent of visitors from outside the UK and Ireland to Northern Ireland arrive at ports in Ireland.⁴⁶

The future of the border between North and South in Ireland is of great importance to Northern Ireland because changes in its operation could have a major impact on its economy. But the border issue is about far more than economics.

THE BORDER BETWEEN NORTH AND SOUTH

The border issue

The division of Ireland in 1922 created an international border out of the boundaries between the counties. Running for almost 500 kilometres, it twists and turns and in some places even runs through property.⁴⁷ Although a boundary commission was set up after partition to propose changes, its report was later shelved by agreement between the two governments.⁴⁸ The way chosen to deal with the complication of a border that divided what had once been a single territory, was the establishment by the two governments of the British Isles Common Travel Area (CTA).

The Common Travel Area

Created in the 1920s, the CTA comprises the UK, Ireland, the Isle of Man and the Channel Islands. Access to any one part of it enables access to the rest of the area. So within the CTA no passport is required to move between the islands, or across the land border within Ireland. This approach, which is similar to the later Nordic Passport Union or the Schengen area inside the EU, enables the difficulties caused to families and businesses by the border area to be minimised without compromising the fundamental sovereignty of the countries involved.⁴⁹

⁴⁴ See Northern Ireland Statistics & Research Agency, *Northern Ireland Annual Tourism Statistics 2014*, 28 May 2015, p. 7, Figure 3: <https://www.detini.gov.uk/sites/default/files/publications/deti/2014-Annual-publication.pdf>

⁴⁵ *Ibid.*, pp. 1, 12

⁴⁶ *Ibid.*, p. 6

⁴⁷ See Irish Borderlands, 'The Irish border: towns, villages and topography', 27 November 2015: <http://www.irishborderlands.com/irishborder/index.html>

⁴⁸ See KJ Rankin, *The Provenance and Dissolution of the Irish Boundary Commission*, Institute for British Irish Studies, Working Paper No. 79, 2006: https://www.ucd.ie/ibis/filestore/wp2006/79/79_kr.pdf

⁴⁹ A description of the Common Travel Area and its legal basis can be found in Scottish Government, *Scotland in the European Union*, 27 November 2013, Annex 7: <http://www.gov.scot/Publications/2013/11/5894>

From 1923 until 1993, when the border was rendered completely free from any customs-related checks (because of the EU Single Market), road and rail crossing was affected by border controls. These controls increased during the period of the Troubles and have declined since the Good Friday Agreement. But the border has rarely been free of controversy, partly because of its impact on the daily lives of those living close to it, but also because of its political symbolism. In addition, in recent years the CTA has been by some participants in the increasingly fractious debate about immigration in the UK as being a weak link through which illegal immigrants can enter the UK.

During the passage of the Borders, Citizenship & Immigration Act 2009 the-then Labour Government sought to give itself the power to reintroduce immigration controls for the CTA, including on the border in Ireland. The reasons for this were given as being:

- reducing the number of “imported asylum cases”;
- increasing border security;
- reducing the number of illegal immigrants; and
- reducing cross-border crime, including organised crime.⁵⁰

But as the Home Office Impact Assessment admitted, it could not quantify any of these suggested benefits. In the event, the proposed Clause 46 of the Bill was heavily defeated in the House of Lords and then withdrawn by the Government in the Commons.⁵¹

The debate in the period 2007-2010 about the possibility of reintroducing border controls provided a reminder that CTA was not based on an international treaty but an agreement between the two governments which could be amended relatively easily. It also highlighted the belief of some in the Home Office that the land border between North and South within Ireland is a weak point in the UK’s border controls which it would be useful to close.

The border after Brexit

If the UK left the EU, the future of the CTA would be in doubt. This is because:

- the EU expects all Member States with a border or borders with non-EU countries to police those borders vigorously, so the Irish Government would be under pressure to place controls on the land border because it would be the external border of the European Union;
- although the CTA is an immigration arrangement, Brexit would in any case require the reintroduction of customs controls on the land border, making the carrying of some form of identity document in practice a necessity;

⁵⁰ From the Home Office Impact Assessment cited in Immigration Law Practitioners Association, *Borders, Citizenship and Immigration Bill House of Lords Committee Part 3: Clause 46 Common Travel Area: Citizenship: Amendments 108A to D, 108BA and stand part*, 31 March 2011: www.ilpa.org.uk/data/resources/12902/09.03.249.pdf

⁵¹ See Northern Ireland Human Rights Commission, *Briefing Paper on the Common Travel Area Reforms for the Tynwald Standing Committee on Constitutional Matters*, 16 April 2010: <http://www.nihrc.org/uploads/documents/advice-to-government/2010/common-travel-area-reforms-for-tynewald-standing-committee-on-constitutional-matters-april-2010.pdf>

- the possibility of Scotland leaving the Union would add the further complication that a new country would have an external border with the UK and, in the Northern Irish context, Scotland is the departure point for many travellers from the UK into Northern Ireland;
- the possibility that immigrants who had entered Ireland could enter the UK via the CTA, could lead to calls to close the border within the UK.

The first of these will be a major concern for both governments, and the Northern Ireland Assembly. The EU has been seeking to tighten controls at its borders in response to the high levels of people trafficking, irregular migration and asylum-seekers of recent years. Leaving the UK-Ireland land border open would run entirely counter to that strategy.

From the UK perspective, one border issue would be that, if border controls were not reintroduced within the island of Ireland, citizens from other EU countries could freely move to Ireland and then cross the border into Northern Ireland and on to the UK mainland.

Unless the UK was able to negotiate entry to the EU's customs union, border controls would in any case be required on the land border as these were only abolished because both the UK and Ireland are in the Single Market. The introduction of customs controls would immediately disrupt business traffic across the border, as goods coming from the UK would be potentially subject to tariffs, rules of origin requirements and other such controls and goods from Ireland would be subject to whatever national controls the UK government decided to introduce.

The economic disruption caused by customs controls in Europe has largely been forgotten over the last 23 years but the recent suspension of the Schengen agreement between several countries has shown the damage that customs controls can do to cross-border trading. A recent report found that the reintroduction of controls in the Schengen area could cost €110 billion over a decade.⁵² Other studies have found that GDP losses from reintroducing border controls can be severe, not least because they disrupt the European value chain; that is, they make it harder for companies to make a product or provide a service in one country using parts or services imported from other countries. Some industrial sectors are highly reliant on this sort of cross-border trading, for example the automotive and aircraft industries.⁵³

With 17 per cent of Northern Ireland's farmers' exports going to Ireland (and a considerable trade in agricultural products in the other direction too), the reintroduction of customs controls would be disruptive for the farming sector. The President of the Ulster Farmers Union has made this point in evidence to a House of Commons Select Committee:

⁵² 'The EU's €110 billion problem: slow death of Schengen risks new crisis for Europe's battered economies', Mehreen Khan, *Daily Telegraph*, 7 February 2016: <http://www.telegraph.co.uk/finance/economics/12143376/EUs-110bn-problem-save-Schengen-economic-crisis.html>

⁵³ See Global Economic Dynamics, *Departure from the Schengen Agreement: Macroeconomic impacts on Germany and the countries of the European Union*, Bertelsmann Stiftung, 22 February 2016: https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/NW_Departure_from_Schengen.pdf

Anybody who is old enough to remember that will know that that was very complicated and very tedious for businesses, and very often it was businesses that operated on both side of the border. It was not just about Northern Irish companies trading with southern Irish companies; it was about businesses that were operating on both sides of the border. That presents difficulties, and we would be fearful, in the event that we exit, that that would potentially be the situation again. Ultimately, there would be more cost.⁵⁴

Farmers would not be the only part of the food chain adversely affected by the re-imposition of border controls; 65 per cent of Northern Ireland's food and drink exports go to the south.⁵⁵

The possibility of the Union dissolving as a result of Brexit and Scotland becoming an independent state outside the UK only complicates the picture further. Not only would the UK have a second land border with an EU Member State but one of the major routes for people to travel to and from Northern Ireland (*i.e.* via the Scottish west coast ports) would be disrupted. Although the Scottish government argued before the 2014 referendum that Scotland would be able to stay in the EU and in the CTA, that was on the basis that the rest of the UK would continue to be an EU country.⁵⁶

For many families the re-imposition of border controls within the island of Ireland would be highly disruptive to everyday life. Families would find themselves separated from one another, as well as from employment, shopping and educational opportunities. Border controls would divide communities, including the faith communities who have been an important part of the peace process, and families. Although accurate figures are difficult to obtain (because of differences between the censuses in Ireland and in Northern Ireland), research suggests that mobility to work between north and south in Ireland is relatively high compared to the European average.⁵⁷ Cross-border travel for shopping, visiting family and friends and for other purposes is on a far larger scale; for example, 14 million cars a year cross the border between Newry and Dundalk.⁵⁸ There are also movements for the purposes of study and to access health care.

All these movements would be affected by re-imposition of border controls. The disruption would be greater if customs controls required the searching of vehicles and the production of documents to identify goods being carried from one jurisdiction to another (as would be usual at an international border but which has been abolished within the EU since 1993).

⁵⁴ House of Common Northern Ireland Affairs Committee, *supra* n. 42, p. 17, Q. 734

⁵⁵ HMRC, 'Regional Trade Statistics', 7 June 2016: <https://www.uktradeinfo.com/Statistics/RTS/Pages/default.aspx>

⁵⁶ See Scottish Government, *supra* n. 49

⁵⁷ PwC/Indecon, *Study of Obstacles to Mobility*, North-South Ministerial Council, 2001, pp. 3, 36, 37, 57: <http://borderpeople.info/wp-content/uploads/2014/10/obstacles.pdf>

⁵⁸ See Border People, a website set up by the two governments to reduce barriers to crossing the border in Ireland: <http://borderpeople.info/about-us>

Finally, given the scale of public concern in the UK about immigration (and indeed the way it has played into the debate about EU membership) it would be highly likely that once it had left the EU, the UK would look again at the CTA because of fears that it could become a backdoor route to illegal migration.

The uncertainty around the future of the CTA after Brexit was demonstrated in April 2016 when there were conflicting statements from prominent supporters of Brexit on the question of whether border controls would have to be reintroduced within the island of Ireland. Lord Lawson expressed the view that “there would have to be border controls but not a prevention of genuine Irish from coming in, from crossing the border”, he told the BBC. But Northern Ireland Secretary of State Theresa Villiers MP dismissed this, claiming that “There would be no need to erect border controls between the UK and Ireland after we Vote Leave”. She also claimed that the Common Travel Area would continue if the UK voted to leave.⁵⁹ However, that would require not only the consent of the Irish Government but also that of the EU as a whole, as this arrangement would differ substantially from that previously offered to non-EU countries bordering the EU. The European countries with an open border with the EU, in the manner of the CTA, are countries (such as Norway and Switzerland) that choose to belong to the EU’s Schengen passport-free area even though they do not belong to the EU. It hardly seems likely that the people of the UK, having voted to leave the EU, would then vote in a further referendum (which would be required under the European Union Act 2011) to join the Schengen area.

The border issue and the politics of the island of Ireland

The border between North and South has a political and psychological importance far greater than its physical consequences. The border is a reminder to nationalists that their dream of a united Ireland is not a reality. It acts also as a kind of a psychological barrier, separating the two parts of Ireland in more subtle ways.

The reinstatement of a “hard” border between North and South could have consequences that go beyond the economic disruption and the local difficulties for those living in border areas. The CTA has enabled freedom of movement between the two parts of Ireland in a way that has helped to improve community relations. The former Taoiseach, John Bruton, has explained this point:

My real worry about the CTA is that the war that went on between the IRA and the British government over thirty years ostensibly was about a united Ireland - but a united Ireland was never really on the agenda. What it was really more about was respect for the Catholic/Nationalist minority in Northern Ireland - of them having equality of esteem [...] And in a way, for the northern Nationalists, the present situation is good. They’re happy as a general rule [...] But part of that happiness is that they have complete

⁵⁹ Lord Lawson and Ms Villiers quoted in ‘Theresa Villiers claims “no need to erect border controls after Brexit”, Connla Young, *Irish News*, 12 April 2016: <http://www.irishnews.com/news/politicalnews/2016/04/12/news/villiers-claims-no-need-to-erect-border-controls-after-brexit-482963/>

freedom of movement within Ireland and a sense that the Irish government is there, is in involved.

But as Mr Bruton went on to say, if the border was hardened after the UK left the EU:

that would make the Nationalist community in Northern Ireland feel more isolated and they might feel they were being reverting to the sort of beleaguered status which they felt they had for forty years. This could conceivably lead to a resurgence of violence.⁶⁰

He concludes by reminding us that “the IRA has not completely disappeared”. As another Irish commentator, the academic Brigid Laffan, has observed, “the conflict is at a non-violent stage.”⁶¹ These comments are a reminder that the peace process is fragile and a complete cessation of terrorist violence in Northern Ireland still eludes us.

THE POTENTIAL FOR IMPACT ON THE PEACE PROCESS AND NORTHERN IRELAND'S POLITICS

“In respect of the [...] peace process in Northern Ireland: well, the guns are silent [...] we should not put anything like that at risk.”⁶²

Enda Kenny, Taoiseach

Events during 2015 showed how fragile the peace process can be, almost eighteen years after the Good Friday Agreement, when the power sharing arrangement experienced serious problems.⁶³ As John Bruton suggested in the context of the border issue, anything that makes Nationalists in Northern Ireland feel more distanced from Ireland could undermine the peace process.

Polling for the Belfast Telegraph and others has found clear majority support for the UK staying in the EU in Northern Ireland; in early April 2016 the figures were 60 per cent for remain and 32.75 per cent for leave. This overall result masks divisions between communities with Unionists far more likely to be in favour of the UK leaving the EU than nationalists and republicans.⁶⁴ The Ulster Unionist Party has endorsed the UK remaining in the EU but the Democratic Unionist Party (DUP) leadership are hostile.⁶⁵ This apparent divide on sectarian lines may in fact show that voters are simply endorsing the position of the party they usually support – as the academic expert on polling, John Curtice, has

⁶⁰ John Bruton in conversation with Nick Tyrone, *British Influence*, January 2016

⁶¹ Prof. Laffan is Director & Professor at the Robert Schuman Centre for Advanced Studies, European University Institute, Florence; she was speaking at the The UK in a Changing Europe conference, 'The EU & the UK: External Perspectives on UK Membership of the EU – Past, Present & Future', King's College London, 26 April 2016.

⁶² HM Government, *supra* n. 1

⁶³ 'Stormont crisis: How the story unfolded', *BBC News*, 13 November 2015: <http://www.bbc.co.uk/news/uk-northern-ireland-34176740>

⁶⁴ 'Poll results: How does Northern Ireland public rate politicians ahead of Assembly elections?', Bill White, *Belfast Telegraph*, 13 April 2016: <http://www.belfasttelegraph.co.uk/opinion/debateni/bill-white/poll-results-how-does-northern-ireland-public-rate-politicians-ahead-of-assembly-election-34624972.html>

⁶⁵ 'Ulster Unionist party supports staying in the EU', *Belfast Telegraph*, 5 March 2016: <http://www.belfasttelegraph.co.uk/news/northern-ireland/ulster-unionist-party-supports-staying-in-eu-34514128.html>

noted.⁶⁶ But the suggestion of a sectarian divide on the issue of EU membership would not be helpful in the aftermath of a Brexit vote, as both parts of Ireland tried to deal with the consequences for them of a UK decision to leave.

The EU's role in the peace process

The EU has played an important role in the Northern Ireland peace process in five ways:

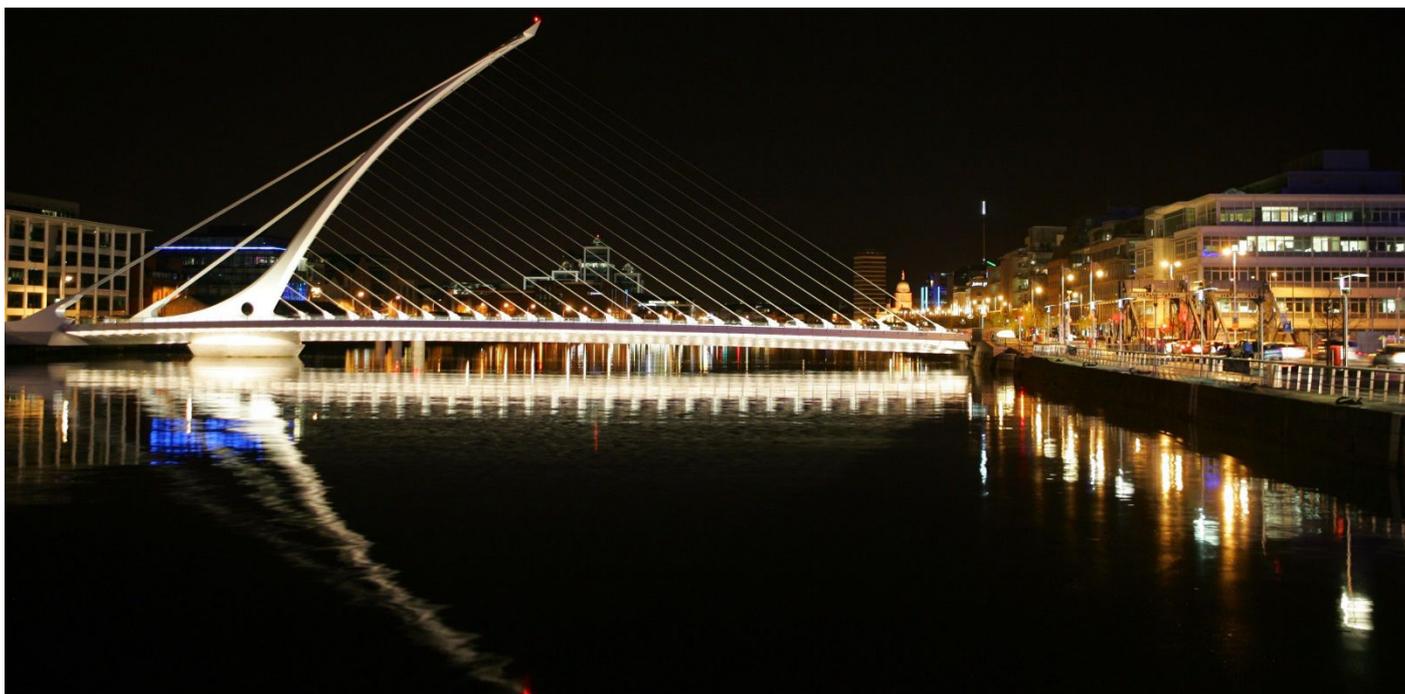
- as previously noted, it provided a neutral place for British and Irish Ministers to meet and discuss matters of mutual concern, helping to turn a hostile relationship into a positive one;
- it promoted the growth of the Irish economy; a more prosperous Ireland had more to lose from the continuance of the troubles and much to gain from peace in the north;
- it enabled the normalisation of the crime, justice and security relationship between the two countries; in particular, it took the politics out of extradition;
- the EU funds specific programmes in Ireland, north and south, to foster greater community co-operation and cross border links; and
- it removed the customs and excise controls on the inner-Ireland border, facilitating the easier movement of goods and people.

Since shortly after the first PIRA ceasefire in 1994 the EU has run a specially funded programme to support the peace process (an earlier programme had promoted cross-border initiatives since 1989). In its current version, the Peace IV programme, which runs from 2014-2020, finances various initiatives within the island of Ireland in order to foster better community relations and to promote cross-border co-operation and engagement.⁶⁷ Brigid Laffan has described the EU's role in the peace process as "the silent presence that made a difference."⁶⁸ The EU programmes would presumably cease if the UK left the EU but the loss of other aspects of British-Irish co-operation would be more important.

⁶⁶ Discussed in Rachel Ormston, *Disunited Kingdom? Attitudes towards the EU across the UK*, National Centre for Social Research, 2 December 2015, p. 15: <http://whatukthinks.org/eu/wp-content/uploads/2015/12/Analysis-paper-3-Disunited-kingdom.pdf>

⁶⁷ For a summary of the projects available, see Special EU Programmes Body, 'PEACE IV Programme: Overview', 11 April 2016: http://www.seupb.eu/2014-2020Programmes/PEACEIV_Programme/PEACEIV_Overview.aspx

⁶⁸ Laffan, *supra* n. 61



CHAPTER 3

THE IMPACT OF BREXIT ON IRELAND

INTRODUCTION

In its published assessment of the strategic risks faced by Ireland in 2015, the Irish Government identified the UK leaving the EU as one of its top geo-political risks. It saw the UK leaving the EU as putting at risk:

- the pursuit of Irish objectives within the EU, particularly as regards trade and the Single Market because the UK is currently a key ally on these issues;
- bilateral relations with the UK, including the economic and trading relationship between the two countries; and
- community relations in Northern Ireland and impacting on North/South relations within Ireland.⁶⁹

The economic, political and other aspects of Anglo-Irish relations described in Chapter One explain why the Government of Ireland takes the possibility of the UK leaving so seriously. This chapter focuses on two of these issues: the implications for Ireland in terms

⁶⁹ Department of the Taoiseach, *National Risk Assessment 2015: Overview of Strategic Risks*, 11 August 2015, pp. 19-20: http://www.taoiseach.gov.ie/eng/Publications/Publications_2015/National_Risk_Assessment_2015.pdf

of its relationship with the EU; and the economic impact of Brexit. The question of Ireland's political relationship with the UK, including its relationship with Northern Ireland, was considered in chapter two.

IRELAND & THE EU AFTER BREXIT

The frank assessment that Ireland's position within the EU could be weakened by Britain leaving is a recognition, as Chapter One noted, that despite all the differences of the past, the two countries have much in common when it comes to the policy agenda of the EU. The explicit reference in the National Risk Assessment to a "fundamental change" in the UK's relationship with the EU putting at risk Ireland's negotiating position in the EU on issues such as the deepening of the Single Market and trade, and the fact that it was listed as the first of the three elements making up the risk of the UK leaving, demonstrates the seriousness with which the Irish Government views Brexit.

With the Irish economic recovery since the global financial crisis well underway (see below), its government will want to ensure that the EU pursues a path that protects Ireland's status as a knowledge economy, highly dependent on foreign direct investment (FDI). Ireland therefore does not want the EU to adopt measures such as a common rate of company taxation or a financial transactions tax that would remove its competitive advantage. It does want the completion of the transatlantic trade and investment partnership with the USA, not least because the US is a vital market for Irish goods and services and a critical source of FDI.

In these circumstances it is easy to see why the Irish Government's clearly states that its preference is for the UK to stay in the EU. The current Taoiseach, Enda Kenny, has said that it is "clearly" in Ireland's national interest for the UK to remain in the EU and that his government, whilst respecting the UK domestic debate, it was "impossible to remain silent on an issue which impinges so directly on Ireland's national interests."⁷⁰

As the former MEP and Ministerial adviser in Ireland, Brendan Halligan, has noted, the country has always been acutely aware of its relatively weak position, as a small country, within the EU and the need for it to accept that the organisation's leadership has been dominated by France and Germany for much of its existence. This means that, if forced to choose, Ireland has not gone with the UK: "if it comes to a choice between British policy on the one hand and Franco/German policy on the other then Ireland automatically opts for France and Germany."⁷¹

Superficially, this would suggest that Ireland could continue after Brexit with its historic approach, with little having changed; the reality is more complex. The UK's presence within the EU has been a force for a more competitive, trade and economic focused Union, one which has been a global force for trade liberalisation and opposed protectionism. Ireland has agreed with that agenda and supported it. Would the EU's

⁷⁰ Quoted in *supra* n. 69, p. 140

⁷¹ Halligan, *supra* n. 13, p. 7

centre of economic gravity shift in a more protectionist, less liberal direction if the UK left? A study by Open Europe found that protectionist EU countries would be able to exercise a blocking minority in the Council of Ministers if the UK left the EU.⁷² A Joint Committee of both Houses of the Irish Parliament last year noted that as a result of the UK leaving “the individual power of the larger member states would increase, including France and Germany”.⁷³

The Institute of International & European Affairs (the leading think tank on European affairs in Ireland) has noted: “[...] the EU without the UK would likely be a less comfortable place for Ireland.”⁷⁴ But that doesn’t mean that Ireland would or should follow the UK and leave the EU. In the words of the authors of the above report: “The advantages of EU membership, however, would continue to far outweigh the costs of following the UK into ‘splendid isolation’.”⁷⁵

Ireland would have to cope without the UK, seeking new allies inside the EU to pursue its agenda. As a member of the eurozone, Ireland has opted for greater EU integration than the UK already. Notwithstanding domestic concerns about the EU’s Charter of Fundamental Rights, EU defence policy and some other issues, Ireland has continued on a more integrationist path than the UK in recent years (although it has not joined the Schengen area but that is largely because of the land border with the UK). This trend is likely to continue regardless of whether the UK stays in the EU or not.

ECONOMIC IMPACT

Between 1995 and the 2008 worldwide financial crash, Ireland earned itself the nickname of the “Celtic Tiger” due to its exceptional economic growth. This growth was almost 10% annually between 1995 and the end of the century. Even after 2000 the Irish economy grew at a rate of over five per cent a year - well above international trends.⁷⁶ Unemployment fell in six years from 16 per cent to four per cent – the first time in its modern history Ireland had experienced full employment.⁷⁷ There was a structural shift in employment too, from the agricultural to the non-agricultural sector, with the share of employment in the latter increasing from 33 per cent in 1993 to 46 per cent in 2007.⁷⁸

But in 2008, when the global financial crisis hit the developed world, it hit Ireland harder than most. Ireland’s GDP fell eight points between 2007 and 2009 to -4.10 per cent at its worst, as the economy sharply contracted.⁷⁹ Unemployment went in the opposite

⁷² Raoul Ruparel, ‘How would Brexit impact Ireland?’, Open Europe, 15 April 2015: <http://openeurope.org.uk/today/blog/how-would-brex-it-impact-ireland/>

⁷³ Houses of the Oireachtas Joint Committee on European Union Affairs, *UK/EU Relationship: Implications for Ireland*, 23 June 2015, p. 33: http://www.oireachtas.ie/parliament/media/committees/euaffairs/Agreed-Report-UK-EU-Future-Relations_Updated.pdf

⁷⁴ O’Ceallaigh & Gillespie, *supra* n. 22, p. 145

⁷⁵ *Ibid.*

⁷⁶ Dublin Business School Irish Studies, ‘The Celtic Tiger’, 10 December 2012: <https://dbsirishstudies.wordpress.com/2012/12/10/the-celtic-tiger/>; for a more formal analysis of the period 1994-2000, see Dermot McAleese, ‘The Celtic Tiger: Origins & Prospects’, *Policy Options Politiques*, July/August (2000): www.tcd.ie/Economics/staff/dmcaleese/Web/mcaleese.pdf

⁷⁷ Patrick Honohan, *What went wrong in Ireland?*, Trinity College Dublin (prepared for the World Bank), 30 May 2009, pp. 1, 6: <http://www.tcd.ie/Economics/staff/phonohan/What%20went%20wrong.pdf>

⁷⁸ *Ibid.*, p. 1

⁷⁹ Trading Economics, ‘Ireland GDP Growth Rate: 1997-2016’, 7 May 2016: <http://www.tradingeconomics.com/ireland/gdp-growth>

direction, reaching 15 per cent by 2011.⁸⁰ One of the most significant features of the 'Celtic Tiger' period had been the property boom in Ireland, particularly in and around Dublin. There were dramatic increases in both the price and supply of housing before 2007. House prices quadrupled between 1996 and 2007 and completions of new homes rose from 19,000 in 1990 to 50,000 in 2000 and then rose again to an astonishing 93,000 in 2006.⁸¹ When this housing bubble burst, its effects were felt in the wider economy, as well as in the housing market.

After the shock of the financial crisis, the Irish economy has recovered well. Indeed, the European Commission has described the strong growth of the last two years as "a remarkable rebound".⁸² But the very nature of the Irish economy today, highly dependent on multinational companies, makes it particularly vulnerable to external shocks.⁸³ With recovery still under way, the departure of the UK from the EU could be the kind of external shock that does cause real difficulties.

As explained in Chapter One, there is extensive trade between the UK and Ireland. The UK is the largest destination for Irish services exports and the second largest export market for Irish goods, after the USA.⁸⁴ Thirty per cent of Irish imports come from the UK – around 10 per cent of all UK exports to EU countries.⁸⁵ In 2014, the total value of the export of goods and services from the UK to Ireland was £27.86 billion.⁸⁶ Overall goods trade between Ireland and Northern Ireland is quite small and studies have suggested that it is at a lower level than would be expected for two trading partners sharing an island.⁸⁷

Of course the UK and Ireland would continue to trade with one another should the United Kingdom leave the European Union, not least because of their proximity to one another and long-standing ties. The volume of trade would also be affected by a number of factors that can only be partially assessed at present. For example, the kind of trading arrangements that the UK was able to negotiate with the EU as a whole would be critical. The kind of trade policies, including tariff levels, adopted by the UK outside the EU would also have important implications for Ireland. A factor in Ireland's decision to apply to join the EEC was that once within the Common Agricultural Policy it would get higher prices for its food and farming products. If the UK, which would no longer be in the CAP, adopted a policy of importing cheap food from outside the EU, this could disadvantage the Irish agriculture sector by forcing it to lower its prices.

There have been two significant studies looking at the economic consequences for Ireland of Brexit. The first of these was published by the Institute for International &

⁸⁰ Karl Whelan, *Ireland's Economic Crisis: The Good, the Bad and the Ugly*, University College, Dublin (paper presented at Bank of Greece conference on the Euro Crisis), 24 May 2013, p. 5, Figure 3: www.karlwhelan.com/Papers/Whelan-IrelandPaper-June2013.pdf

⁸¹ *Ibid.*, p. 6

⁸² European Commission, *Country Report Ireland 2016, Including an In-Depth Review on the prevention and correction of macroeconomic imbalances*, SWD (2016) 77 final, 26 February 2016, p. 1: http://ec.europa.eu/europe2020/pdf/csr2016/cr2016_ireland_en.pdf

⁸³ *Ibid.*

⁸⁴ Central Statistics Office, 'International Trade in Services', 18 December 2015: <http://www.cso.ie/en/releasesandpublications/er/its/internationaltradeinservices2014/>

⁸⁵ HM Government, 'Doing business in Ireland: Ireland trade and export guide', 15 January 2016: <https://www.gov.uk/government/publications/exporting-to-ireland/exporting-to-ireland>

⁸⁶ *Ibid.*

⁸⁷ See Barrett et al., *supra* n. 8, p. 25

European Affairs in Dublin in Britain & Europe: The Endgame – An Irish Perspective, a major study of the implications for Ireland of a UK withdrawal from the EU.

In his study of the economic impact on Ireland for the Endgame report, Edgar Morgenroth noted that the “key economic linkages” between Ireland the UK are trade in goods and services, foreign direct investment, energy and labour movement. He estimated that UK policy Brexit would be likely to include:

- restrictions on the free movement of people;
- an attempt to compete more vigorously as a financial market centre;
- a reduction in restrictions on food and agricultural products; and
- a possible tougher stance on fishing and offshore natural resources.⁸⁸

Morgenroth analyses the impact on UK-Irish trade, utilising a gravity model. From this he suggests that if the UK were to leave the EU but have a bilateral trading agreement with the EU similar to those negotiated by other countries (which he acknowledges would be a worst case scenario), then trade in goods between the UK and its EU partners would be 21.6 per cent lower than if it stayed in the EU.⁸⁹ The trade flows between the UK and Ireland might be more or less impacted but that cannot be calculated because of the absence of studies of differential impacts. For Ireland, such a fall in trade would imply a reduction in total Irish exports of 3.6 per cent but for the UK it would be higher at 10.6 per cent.⁹⁰

In relation to services, while there are studies which show that trade agreements have a similar effect on services trade as on trade in goods, Morgenroth expresses doubt about the validity of applying the gravity model to services because of the absence of detailed analyses. If the calculations applied to goods, as above, were applied to services, he estimates this would mean Ireland losing 4.1 per cent of its services trade, while the UK would see its services trade fall by 8.6 per cent.⁹¹

In terms of foreign direct investment, Morgenroth identifies a possible gain for Ireland after Brexit if the UK is not able to negotiate continued privileged access to the Single Market. In such a situation, he postulates, overseas investors might well seek an alternative English speaking, low tax country within the EU to locate in. Research shows that EU membership increases FDI from outside the EU by 27 per cent and increases even more FDI between EU Member States (62 per cent). The UK leaving the EU could therefore trigger a fall in FDI that “would constitute an opportunity for Ireland.”⁹² But this would not work for all sectors of the economy (e.g. car makers, who would be unlikely to locate in Ireland) and Irish

⁸⁸ O’Ceallaigh & Gillespie, *supra* n. 22, pp. 146 *et seq.*

⁸⁹ Gary Hufbauer & Jeffrey Schott, ‘Fitting Asia-Pacific Agreements into the WTO system’ in Richard Baldwin & Patrick Low (eds.), *Multilateralizing Regionalism: Challenges for the Global Trading System* (Cambridge: Cambridge University Press, 2009) cited in O’Ceallaigh & Gillespie, *ibid.*

⁹⁰ O’Ceallaigh & Gillespie, *ibid.*, p. 152

⁹¹ *Ibid.*

⁹² *Ibid.*, p. 155

investors in the UK could see the value of their investments fall as a result of the UK leaving the EU.

The second major study was published by the Economic & Social Research Institute (ESRI), Dublin in November of 2015. This found that bilateral trade flows between the UK and Ireland could fall by 20 per cent or more in the event of Brexit.⁹³ It identifies the agriculture, food and drink and the basic metals sectors as some of those most at risk because of their higher dependence on the UK as an export market; nearly 40 per cent of agriculture, food and drink exports go to the UK and almost 45 per cent of basic metals exports.⁹⁴ As Ireland is a bigger export market for Northern Ireland businesses than the latter is for those in the south, it is the Northern Ireland businesses that it finds would suffer most after Brexit.

An important point made by the ESRI report is that Ireland could be adversely affected not just by the change in trading relations with the UK but also by the likely fall in UK GDP too. They note their own model found that a one per cent reduction in UK GDP reduced Ireland's GDP by 0.3 per cent, this would trigger a rise in unemployment of 0.2 per cent and fall in government income of about 0.1 per cent. As various studies have shown a fall in UK GDP per capita of between 0.6 and 6 per cent as a result of Brexit, the impact on Ireland could be significant.⁹⁵

The ESRI study also notes Ireland's dependence on goods imports from the UK, a difference from its relationship with other major trading partners. This reliance is on intermediate and consumption goods. Any increase of UK tariffs, or the introduction of new non-tariff barriers, would result in higher prices in Ireland.⁹⁶

The impact on services is considered to be potentially greater than for trade in goods. As with goods exports, there would be likely to be differential impacts depending on the sector. For example, more than half of transport services exports from Ireland go to the UK, and insurance (at 23.2 per cent) and other financial services (27.5 per cent) are also large-scale exporters to the UK.⁹⁷

Sectoral impact

As the Endgame and ESRI studies suggested, the impact of Brexit will vary considerably from sector to sector. Some would be likely to sustain little or no impact but others would be affected quite significantly. Those sectors that look to be most vulnerable should the UK leave the EU are agriculture, the food and drink industry, textiles and energy.

⁹³ Barrett *et al.*, *supra* n. 8, p. V

⁹⁴ *Ibid.*, p. VI, p. 15

⁹⁵ *Ibid.*, pp. 2-3, citing studies by Ottaviano *et al.* and the Ifo Institute; the six per cent figure comes from HM Government, *HM Treasury analysis: the long-term economic impact of EU membership and the alternatives*, Cm 9250, 18 April 2016: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/517415/treasury_analysis_economic_impact_of_eu_membership_web.pdf

⁹⁶ *Ibid.*, p. 10

⁹⁷ *Ibid.*, p. 18

Food & farming

As noted above, almost 40 per cent of Irish agricultural, forestry and fishing exports go to the UK.⁹⁸ In addition, over 30 per cent of food and beverage exports go to the UK (considered in more detail below). As the ESRI report points out, the agricultural exports are particularly concentrated in certain counties of Ireland, so there would be likely to be a differential impact if these exports were reduced as a result of Brexit.⁹⁹

A key question for the agricultural sector would be the openness of the border with Northern Ireland (considered in the previous chapter) and whether or not tariffs (or indeed non-tariff barriers such as new product standards) are put in place on goods exported from Ireland to the UK.

Trade in food and drink between the UK and Ireland is substantial. Ireland is the UK's largest export market for food and drink products, with a value of over £3 billion in 2014; the next nearest competitor is France with just over £2 billion.¹⁰⁰ Ireland is the third most important import market for these goods for the UK, with imports worth almost £4 billion a year. For Ireland it is the concentrated nature of its food exports which matter: for many Irish food products the UK is the destination for over 50 per cent of exports.¹⁰¹ This makes the producers particularly vulnerable to any changes in the trading relationship between the UK and Ireland.

Textiles, leather & footwear

This sector is one of those in Ireland most dependent on exports to the UK, with over 30 per cent of its products being exported there. The arrangements for UK-EU trade after Brexit would be important for this sector as the places high tariffs on imported clothing from outside the European Economic Area; at present the average is 12 per cent per.¹⁰² If the UK were to introduce this sort of tariff level on imports from the EU, this would hit the Irish textile and leather goods sector hard.

Energy

Ireland now imports around 76 per cent of its oil products and 96 per cent of its gas from the UK.¹⁰³ This dependence on the UK has lessened slightly in the case of oil products (down from 89 per cent five years ago) but nonetheless it poses significant risks for Ireland if the UK leaves the EU. It is true that the situation is reversed for Northern Ireland in terms of electricity, which is dependent on supplies from the south to make up for the shortfall from its own generating capacity. Since 2007, there has been all-island energy market in

⁹⁸ Barrett *et al.*, *supra* n. 8, p. 15, Figure 2.6

⁹⁹ *Ibid.*, p. 13

¹⁰⁰ See National Farmers Union, *UK Farming's Relationship with the EU*, 7 January 2016:

<http://www.nfuonline.com/nfu-online/news/nfu-reports/uk-farmings-relationship-with-the-eu/>

¹⁰¹ For examples, see Barrett *et al.*, *supra* n. 8, p. 16

¹⁰² European Commission, *The Textile and Clothing sector and EU trade policy*, 28 February 2011, p. 20:

http://trade.ec.europa.eu/doclib/docs/2011/october/tradoc_148259.pdf

¹⁰³ See Sustainable Energy Authority of Ireland, *Energy Security in Ireland: A Statistical Overview*, 14 January 2016, p. 3:

http://www.seai.ie/Publications/Statistics_Publications/Energy_Security_in_Ireland/Energy-Security-in-Ireland-2015.pdf

Ireland and there are plans to increase the number of inter-connectors to make it easier to move electricity from one country's grid to another. The potential for electricity shortages in Northern Ireland does give Ireland a degree of leverage in dealings with the UK Government over gas supplies given the importance of gas to electricity generation in the British Isles.¹⁰⁴

CONCLUSION

The possible disruption to a settled trading relationship between Britain, Ireland and the EU is of considerable concern in Ireland. Irish business leaders have been frank in expressing their worries. The Patron of the British Irish Chamber of Commerce, Niall FitzGerald, has remarked on the strength of Anglo-Irish ties and how that has changed since the 1960s. The trading relationship, as Chapter One noted, is now worth €57 billion annually, which sustains 400,000 jobs throughout the British Isles. FitzGerald sees a direct connection between that and the fact that both countries belong to the EU:

We owe much of our ability to build and maintain this many-faceted friendship to our common membership of the European Union, and many shared perspectives as to how the EU should evolve. Across trade, travel, infrastructure and industry, the European Union has been a key enabler of the unprecedented bilateral success, and it yields the possibility of even greater success in the years to come.¹⁰⁵

The evidence shows that the economic impact of the UK leaving the EU could be considerable for Ireland (and also for the UK). The UK is a critical trading partner for Ireland, and reduction in trade between the two countries would be likely to impact the Irish economy negatively. In addition, the overall prosperity of the UK affects Ireland too because of the close relationship between the two countries, including the continuing labour movement between them. The economic risks of Brexit to Ireland are very clear.

¹⁰⁴ Barrett *et al.*, *supra* n. 8, pp. 43-44

¹⁰⁵ Niall FitzGerald, 'Speech at Lord Mandelson Event', British Irish Chamber of Commerce, 15 March 2016: <http://www.britishtishchamber.com/2016/03/16/niall-fitzgerald-speech/>

CONCLUSION

“There is a lot for Ireland to consider if Britain leaves the EU...There will be a sense that the two parts of Ireland are ultimately on divergent paths: that Northern Ireland with England is heading off somewhere into the North Sea and that the rest of Ireland is heading off towards France. Whatever the border situation, the island of Ireland will be psychologically ripped in half.”¹⁰⁶

John Bruton, former Taoiseach

INTRODUCTION

These words from John Bruton highlight the anxiety in Ireland over Brexit. So far in the British debate the question of the UK's relationship with Ireland and the implications for Northern Ireland of leaving the EU has not been (understandably) the main focus of debate. But as this paper has highlighted, there are myriad ways in which a Brexit could impact negatively on both these things; that is why we have attempted to bring these issues together in a systematic way. However, the unprecedented nature of such a decision makes it difficult to produce a detailed forecast of the consequences.

This chapter summarises the main consequences of Brexit for Northern Ireland and for Ireland and then looks at the impact on broader British-Irish relations. Here a range of issues are important, including the trading relationship between the two countries, the unity of the United Kingdom (including the possibility of Scotland leaving the Union in the aftermath of Brexit), and the need for the two countries to work together effectively in many practical ways, including in security and in energy policy.

NORTHERN IRELAND

For Northern Ireland, the main consequences would be:

- the impact on its economy of the loss of the UK's privileged access to the EU Single Market, most particularly for Northern Ireland's businesses in Ireland, the rest of the EU and in those 60 countries with which the EU has free trade agreements;
- the disruption to its economy and society from the end of the Common Travel Area and the reintroduction of border controls;
- the ending of the current extradition arrangements with Ireland (*i.e.* the European Arrest Warrant);
- disruption to the peace process and to relationships within the island of Ireland as well as the end of the relevant EU-funded programmes.

¹⁰⁶ In an interview with Nick Tyrone, *British Influence*, January 2016

IRELAND

In summary, the impact on Ireland of Brexit would be:

- loss of, or disruption to, trading links with the UK as it would no longer be in the Single Market; the details would depend on what sort of privileged trading relationship, if any, that the UK was able to negotiate with the EU;
- the end of the Common Travel Area and the reintroduction of border controls on the land border within Ireland;
- potential disruption to the all-Ireland electricity market and the energy relationship with the UK;
- disruption to the peace process in Northern Ireland and damage to relationships between North and South, the extent of which can only be speculated on in advance;
- a diminution of the Irish influence in the EU because of the absence of the UK from key debates (and votes) about EU policy, especially those relating to trade liberalisation and competitiveness;
- the end of UK participation in EU justice and home affairs policy, including the end of the European Arrest Warrant, making it harder for terrorist suspects to be extradited from one jurisdiction to another;
- the end (after 27 years) of EU funded cross-border projects and programmes within the island of Ireland in support of the peace process.

BROADER UK-IRISH RELATIONS

While the impact of Brexit on the economy of Ireland and on the shared border are the dominant issues there is uncertainty over the consequences of the UK leaving for wider relationships within the British Isles. The bilateral relationship between Britain and Ireland has improved immeasurably over recent years and, as this report has shown, this is partly because of mutual membership of the EU.

No doubt the British and Irish Governments would seek to maintain their current strong relationship and it is to be hoped that they would succeed. But as John Bruton's comments at the beginning of this chapter suggest, Britain and Ireland would have chosen profoundly different paths and there could be no guarantee that current relations would remain as they are. Indeed, it is likely that some on both sides of the Irish border would not want them to do so. In addition, for those in the UK for whom leaving the EU is primarily about immigration, closing the current land border would be a basic requirement, regardless of its impact in Ireland and Northern Ireland. As we have seen, a British Government came close to effectively closing the Common Travel Area a few years ago and in more benign times than we have now.

The then Irish Foreign Minister, Eamon Gilmore, warned that “at best British detachment from Europe would slow and limit our efforts towards closer cooperation with each other. At worst it could reverse them.”¹⁰⁷ Given that the Irish market is more important to the UK economy at present than the Chinese market, no doubt the British Government would seek, in the negotiations under the EU’s exit clause (Article 50), to maintain as open a trading relationship with Ireland as it could negotiate with the rest of the EU. But with the voting balance tilted in a more protectionist direction by the UK’s departure and the undoubted anger that would follow the UK’s decision to leave, this would not be a very easy task, even if the Irish Government was supportive (as it probably would be).¹⁰⁸

It is the case that the EU has never offered a European country privileged access to its Single Market without insisting on both the free movement of people and a cash contribution from the country wanting access. Even if the EU were to make an exception for the UK, which seems highly unlikely, the UK would still have no effective say over the EU’s rules and regulations to which UK businesses would in practice still be bound.

It has been suggested that one way to deal with the risks to Anglo-Irish relations of Brexit would be to make greater use of the British-Irish Council, a body established as part of the Good Friday Agreement.¹⁰⁹ So far the British Prime Minister has not played a significant part in its work but, like the Nordic Council (a body that brings together a number of northern European countries who are not all in the EU), the British-Irish Council could perhaps evolve into a more significant body, operating at several levels, in order to ensure a strong bilateral relationship.

There would be much to talk about in such a forum, as the UK and Ireland would need to agree new extradition arrangements between them, discuss how to manage energy supplies given Ireland’s dependence on gas from the UK and Northern Ireland’s on electricity from Ireland, and how to maintain trading relations between the two countries. In all these discussions the question of how the border within the island of Ireland should be managed post-Brexit would loom large.

Scotland & the Union

The Irish dimension to Brexit is one of several important aspects of the referendum debate which concern the political and constitutional future of the UK. The future of Scotland inside the Union and Gibraltar’s relationship with Spain and the UK (partly because of the importance of Gibraltar retaining easy access to Spain and the rest of the EU) are two others. All three need to be part of the UK’s national debate prior to the June 2016 referendum.

Scotland’s position in the Union is of particular relevance to the debate about Ireland because of the close ties between Ireland, north and south, and Scotland. The history of

¹⁰⁷ Speaking to the British-Irish Association in Cambridge, 7 July 2013 cited in O’Ceallaigh & Gillespie, *supra* n. 22, p. 134

¹⁰⁸ Article 50 provides for a two-year period to negotiate the exit of an existing EU Member State; during those negotiations the departing country has no vote in the Council of Ministers on matters relating to the exit agreement.

¹⁰⁹ O’Ceallaigh & Gillespie, *supra* n. 22, pp.140 *et seq.*

the two has been intertwined, not always positively. If after a British vote to leave the EU, Scotland voted to leave the Union that would have repercussions for the Anglo-Irish relationship as it would further diminish the United Kingdom's importance in Europe and the world and complicate the trading relationship with Ireland (an independent Scotland would want to stay in the EU but goods to and from Ireland often currently pass through England and/or Wales to reach Scotland). There is also the impact on the Unionist community in Northern Ireland, which has long identified with Scotland as well as with unionism. The effect on Northern Ireland of the Union disintegrating is unpredictable but unlikely to be positive.



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PICTURES

Chapter 1: HM Queen Elizabeth II and Michael D. Higgins, President of Ireland

Chapter 2: The Giant's Causeway, County Antrim, Northern Ireland

Chapter 3: The Samuel Beckett Bridge, Dublin

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