
The Challenges of Brexit: An Irish View

A Talk at the David Hume Institute, Edinburgh, 10 July 2017

Opening Remarks:

It is a pleasure for me to be here with you in Edinburgh this evening, having spent three wonderful years here as Ireland's first Consul General in Scotland, between 1998 and 2001.

I am delighted to be here as a guest of the David Hume Institute, named after one of the great Scottish figures of the European enlightenment, and I would like to thank Ray Perman, Director of the Institute, for inviting me to deliver this evening's lecture.

It is a pleasure also to speak at the University of Edinburgh, a place with which I have had considerable connections over the years. Indeed, my daughter and son are both graduates of this outstanding educational institution.

In my remarks tonight, I will reflect on the UK's impending departure from the EU, and on its implications for Ireland and for British-Irish relations.

My London Assignment:

I have spent an enjoyable and eventful four years in London and will leave for Washington next month.

I have had the privilege of experiencing an historic State Visit by our President Michael D. Higgins in 2014, the first such visit to the UK by an Irish Head of State, which put a seal on the burgeoning friendship between our two countries. The President's visit built on the hugely positive impact made by Queen Elizabeth's visit to Ireland in 2011.

From London, I have observed two referendum campaigns and two General Elections, which is far more political excitement than one might expect to encounter during a single diplomatic assignment. I will leave with many wonderful memories of my time here, but also with a sense of sadness and regret about developments this past year.

For me, the UK's decision to leave the EU has led to an unfortunate state of affairs. It is a misfortune for Ireland on account of our unique relationship with the UK, for the EU which will lose an important, influential Member State and, in my opinion, for the UK, where, whatever the ultimate consequences of Brexit may be (and that remains unclear), the prospect of leaving the EU has clearly divided people and created considerable uncertainty as regards this country's future direction.

There is an irony in the fact that Britain's move to leave the EU has come at a time when bilateral relations between Ireland and the UK have never been better. After a century of ups and downs between us, the past 20 years have been a revelation in a positive sense. Buoyed by the success of the Good Friday Agreement and our close partnership within the EU, a comfortable relationship has evolved between our two neighbouring countries. Political and economic ties have strengthened with considerable interaction between our two Governments and substantial two-way flows of trade, investment and tourism between us to the benefit of our two economies.

Sadly in light of this hugely positive backdrop, whether we like it or not the horizon is now clouded by the uncertainties generated by the UK's exit from the EU and the lack of clarity about the future course of the UK's relations with its European neighbours.

In Ireland, our ambition at this stage is to make the best of what we see as a bad situation. We will seek to minimise the negative effects of Brexit for Ireland, for Irish-UK relations, and for the EU of which Ireland will continue to be a committed member.

In short, we want Britain to retain the closest possible relationship with the EU after it ceases to be a member. And let me be clear. We want Britain to succeed as we have a big stake in a Britain that is prosperous, outward-looking and on good terms with its neighbours. We will do what lies within our power to facilitate a good outcome to the coming negotiations.

But this result will not be easy to achieve and an agreeable outcome is not within Ireland's gift. It will require lots of effort on both sides and a willingness on the UK's part to explore compromise solutions. These will not necessarily please everyone in this country where there are some heated opinions about Europe coupled with a not insignificant degree of misunderstanding about the Union's aims and ethos.

I confess that I have grown more than a little weary of encountering seemingly well-informed people who, when asked to identify an 'interfering EU regulation' to which they object, point 'voting rights for prisoners' and other human rights obligations 'imposed' on Britain, apparently oblivious to the fact that these stem from the UK's membership of the Council of Europe and not the EU!

Ireland and the European Union:

Attitudes towards the EU in Ireland have over the years tended to differ markedly from those found in the UK. We simply do not have a persistent and dedicated anti-EU faction in politics and in the media of a kind that is so visible here. There

are many reasons for this, but allow me to list just two.

The first is the manner in which EU membership has manifestly benefited Ireland. In 1973, Ireland trailed the then eight other member states in economic terms. Our wealth levels were not much more than 60% of the EU average. Today, albeit in a much larger EU, we are comfortably above the EU wealth average. Of course, the UK has also benefited significantly from EU membership, if not as dramatically as in the case of Ireland.

Before we joined the EU, we were unhealthily dependent on the UK market and on a fairly narrow range of export products. Today, ours is one of the most open economies on the planet and we have diversified our trade ties with the EU²⁷ (roughly 40% of our exports), the US (20%), the UK (20%) and the rest of the world (20%). Over the years, we have attracted substantial quantities of inward investment, from companies drawn to Ireland by our position within the EU single market.

The second factor that endears us to the EU is our desire to be part of a rules-based organisation in which we play a part in setting those rules. This means that we are comfortable with the principle of shared sovereignty. We are willing to be subject to the rules of the single market because we recognise the added value to Ireland of having untrammelled access to such a large market of 500 million consumers. And the single market has proven its value to Ireland. The fact is that our economy has undergone a remarkable transformation on the back of the opportunities available to us since 1993 by being part of the Single Market. We know that we are a small country that benefits from working with others, and are comfortable with this idea.

From our point of view, it is unfortunate that the UK now finds itself unwilling to accept the full implications of EU membership and wants to forge a 'deep and special partnership' to put in its place. We hope they are successful, but there is no guarantee that this can be achieved.

In Ireland, we have embraced the four freedoms of the single market and, for the first time in our history, we now play host to significant numbers of nationals of other EU Member States - in percentage terms at least as many as in the UK - and to many people from outside the EU as well. This has not given rise to any significant public resistance and, perhaps because of our own national experience, immigration is not a major subject of political debate as it has clearly become elsewhere in Europe. We do not have any Eurosceptic or anti-immigrant party. In the latest opinion poll on the subject, some 88% of our population favoured continued EU membership even after the UK leaves.

Our Approach to the UK-EU Negotiations:

We approach these vital negotiations between the EU and the UK with a lot at stake. Our Government has acknowledged that the impact of Brexit on Ireland is larger than for any other EU Member State and that it therefore poses 'unprecedented economic, political and diplomatic challenges' for us.

Let me be clear: Ireland will be part of the EU team in the UK-EU negotiations. We will line up as one of the 27 EU Member States who will constitute the EU after the UK's departure. We will, of course, have our own interests to protect and we will want the negotiations to arrive at a sensible set of arrangements between the UK and the EU that will minimise disruption for us.

Michel Barnier and his team will conduct the negotiations on our behalf and for the last year we have been very active in engaging with them so as to ensure that our interests remain front and centre in this process. And our EU partners have taken our views on board. In the negotiating directives, our interests are fully reflected. They contain a commitment to the Good Friday Agreement and acknowledge that the unique circumstances on the island of Ireland 'will require flexible and imaginative solutions' so as to avoid a hard border in Ireland. The EU document also acknowledges the Common Travel Area and Ireland's 'unique geographical situation.' Issues to do with the island of Ireland are among a handful of topics being addressed in the first phase of the negotiations and on which 'sufficient progress' needs to be made before the negotiations can move on to deal with future relations between the UK and the EU.

This comprehensive endorsement of Ireland's concerns gives the lie to those who suggest that our interests are set to be overridden by the Commission or the other Member States. Ireland's unique exposure to Brexit is recognised by our partners and they stand beside us in our determination to manage these successfully.

Ireland's Interests:

Ireland has benefited greatly from EU membership and plans to continue to do so in the years ahead. For the past 44 years, Ireland has been an EU member alongside the UK. It will be a wrench for us when our nearest neighbour no longer shares our experience of EU membership. This will put a wedge of sorts between us and we will need to work hard to avoid adverse effects from this separation.

Geographic proximity means that we have a very intensive set of connections with Britain. There are 700,000 Irish-born people in Britain and millions of Irish descent. I welcome the British Government's recent confirmation that the status of Irish people in Britain, based on the 1949 Ireland Act, will be unaffected by the UK's departure from the UK.

While the British market now accounts for less than 20% of our goods and services exports, for Irish-owned companies it is our number 1 market, accounting for 40% of those companies' exports. For some firms in the agri-food sector more than 80% of what they produce goes to the UK. Moreover, almost half of all our food exports are destined for the UK while some 40% of the food we import is sourced from Britain.

A further illustration of the intensity of Irish-UK links is provided by the fact that Dublin-London is the busiest international route in Europe with some 2,000 flights weekly on 87 routes serviced by 8 airlines. 40% of tourists visiting Ireland come from Britain.

All of this will give some indication of the extent of Ireland's interest in a positive outcome to these negotiations.

Economic Interests:

We have a major interest in maintaining our mutually-beneficial trading relationship with the UK, for while we have diversified our trade quite significantly in recent decades, the UK market remains vital to us. Already our exporters have suffered setbacks in the British market on account of the decline in the value of Sterling which has resulted in a drop of €500 million in the value of our food exports in the second half of 2016.

The intensity of our trading relations with the UK underlines the importance of geography as a facilitator of trade flows. While faraway markets of course have their appeal, there is nothing like proximity as illustrated by the fact that Ireland is a more important export market for British firms than China or India.

It is therefore vital for Ireland that the UK should succeed in forging a special relationship with the EU after it ceases to be a Member State. One way of achieving this would be for the UK to remain in the customs union which would minimise disruption to our bilateral trade. I note that there is now a greater openness here on the issue of the customs union than on the option of continued membership of the single market, which, of course, also has its advocates in the ongoing British debate about the shape of the UK's future relationship with the EU.

To those who yearn for a network of free trade agreements, I ask can these balance losses in trade with near neighbours such as Ireland? I fail to see how the UK can expect to retain its full access to the EU market while at the same time engaging in competitive trade agreements with others that will serve to curtail EU exports to the UK. Trade deals must be based on mutual advantage and cannot be a zero sum game to the benefit of one side.

Northern Ireland:

Ireland's uniqueness with regard to Brexit is best illustrated by the situation in Northern Ireland where, under the Good Friday Agreement, everyone born there to a legally-resident parent, or with one Irish-born grandparent, is entitled to be an Irish citizen and thus an EU citizen. The border in Ireland will be the only land border between the UK and the EU. Moreover, the openness of that border is one of the achievements of the NI peace process.

Our Government is determined to protect all the provisions of the Good Friday Agreement and to avoid any hardening of that border. They have the full support of our EU partners in that aim, one that is shared by the British Government.

But Brexit poses undeniable challenges in respect of Northern Ireland and relations between North and South in Ireland, for at some point in the future, that border will connect an EU country with a non-EU one.

Our EU partners and the EU Commission are highly conscious of the difficulties we face and are committed to finding 'flexible and imaginative solutions.' As I have already said, we would like the UK to remain in the customs union which, aside from its other advantages, would go a long way to resolving potential problems on the border in Ireland.

It seems to me to be a great pity that implications for Northern Ireland did not loom larger during last year's referendum campaign. Assurances given by those who argued for Brexit that 'everything will be fine', that 'nothing will change' in Northern Ireland now need to be borne out.

The European Union has played an important role in consolidating peace and supporting reconciliation. Protecting the gains of the peace process and reflecting Northern Ireland's unique circumstances is clearly in the interests of the EU27 and the UK. I hope that the negotiations will succeed to devising special arrangements for Northern Ireland that reflect its unique circumstances including facilitating its continued participation in particular EU programmes of special relevance to the unique situation there.

Conclusions:

I am neither optimistic nor pessimistic about the outlook for the UK-EU talks. In sporting parlance, it is 'all to play for' and the EU has a good track record in finding negotiated solutions to seemingly intractable problems. But for Ireland, this is not a game. It is a deadly serious challenge in protecting our economic interests, preserving the gains of the Northern Ireland peace process and securing Ireland's future within the EU.

We will remain an EU member, which is by far the best option for Ireland, but we will also want to retain our close, mutually advantageous ties with the UK. That is achievable, but not straightforward. Brexit obliges us to find new ways of retaining what we currently enjoy, a close partnership with our nearest neighbours in a friendly, peaceful and prosperous Europe. It will take some time and considerable effort to untangle the knots created by the referendum result, but this needs to be done. Our hope is that it will all end up the UK closely connected with the EU, a close as possible to where it is today, but it may be a hard road ahead to get us to the soft separation that we in Ireland certainly desire.

