

Ray Bassett | June 2017

AFTER BREXIT, WILL IRELAND BE NEXT TO EXIT?

A Policy Exchange Report

About the author

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He changed career from clinical biochemistry to the Irish Diplomatic Service, serving in Belfast, London, Canberra, Copenhagen and Ottawa. Bassett was part of the Irish Government Talks Team during the Belfast (Good Friday) Agreement negotiations. He went on to serve as Irish Joint Secretary to the British Irish Intergovernmental Conference in Belfast, 2001-2005. He subsequently headed up the Irish Consular Service and the Irish Abroad Unit, which deals with relations with the Irish Diaspora. He spent his last six years in the Diplomatic Service as Irish Ambassador to Canada, Jamaica and the Bahamas. Since his retirement in October 2016, he has become a columnist with the Sunday Business Post.

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Summary

The decision by Britain to leave the European Union poses problems for all 27 remaining member States and none more so than Ireland. There is no other EU member more intertwined economically, historically, geographically and culturally with the United Kingdom. For those in the UK, who would have looked to Ireland as some form of benign EU sanctuary, the actual position is not nearly as positive. The huge choice facing Ireland is whether, given the circumstances, the country can live with the likely post Brexit arrangements and so stay a full member of the European Union;

or whether a radically different relationship with the EU is required, including the possibility of an Irish departure from formal membership, an Irexit. To date, there has been precious little serious debate on this fundamental choice facing the country, in the event of the EU not agreeing to a full free trade deal with the United Kingdom.

Whatever the outcome of the Brexit negotiations, there will be a price to pay. For Ireland, there is really no upside to Brexit. Officially, Ireland has already made its choice. The Irish Government remains determined to stick with what it calls “Team EU”. The question to be raised is what price is Ireland willing to pay to stand in solidarity with the remaining 26 EU countries? If the Irish Government is willing to pay that price, will the Dáil, and possibly the population in a referendum, be equally willing to do so?

As outlined in the following sections, there is a very strong case for an alternative course. Namely, opting to remain with the United Kingdom in a customs and free trade area, while negotiating as favourable as possible trade and investment terms with the remaining 26 member states. Access to the Single Market need not be synonymous with full membership of the EU. In addition, the EU itself is facing huge problems and the future direction of that body is hard to predict and though uncertain, it is unlikely to be to Ireland’s taste or in its interests

The post general election scenario, where the Democratic Unionist Party (DUP) holds a balance of power at Westminster, strengthens the forces in London that are anxious to avoid the disruption that a physical border would entail in Ireland. The DUP are reported to be pressing for a “significant” central role in the Brexit negotiations. The new Irish Taoiseach, Leo Varadkar, is reputed to enjoy a good personal relationship with DUP leader Arlene Foster. This should facilitate strong cooperation between both parts of Ireland on this issue.

With the triggering by Prime Minister, Theresa May, of Article 50, and the opening of the Davis/Barnier negotiations in Brussels, the process of Brexit has formally begun. While the details of Brexit remain to be determined, now is the time for Ireland to choose its future path, that choice which will have profound consequences for all those living on the island of Ireland.

This Paper argues that simply sitting on the side lines and allowing the EU to negotiate for Ireland is essentially untenable. The first duty of the EU negotiators is to act on behalf of the European Union as an Institution. This is prioritised in their Guidelines, approved by the European Council. The type of deal that Ireland's interests requires, however, including free trade with the UK, is directly in contradiction with the Union negotiators mandate that anything relating to Ireland and her border which emerges from the Brexit negotiations, must "maintain the integrity the Union's Legal Order", i.e., no exceptions to the customs union.

In the circumstances, the Ireland must give serious consideration to other options, including Irexit.

Background

The Irish political class never really countenanced that Brexit would occur. There was a general assumption that the referendum might produce a close result but that the Remainers would carry the day. Hence, there was initial confusion in Dublin after the vote, as the Irish Government apparatus scrambled to come to terms with the unexpected outcome. Initially, there was hope that the result could be reversed but this dissipated over time as the British Government's policy of "Brexit means Brexit" began to sink in.

The decision of the main Opposition Labour Party to accept the result of the Referendum, removed all lingering uncertainty about the reversibility of the process. Brexit is going to happen.

In the Republic of Ireland, the reaction to the vote was to instruct all Irish Ambassadors around the world to put out the clear and unambiguous message that Ireland was "sticking with Team EU", regardless of the outcome of any subsequent EU negotiations with the British. This was done to quash immediately any speculation that Ireland's position inside the EU might be in doubt. In retrospect, it was a mistake to commit Ireland to such a blanket policy. It

essentially advertised that Ireland had no bottom or red lines in the discussions and that the EU would do Ireland's negotiations for it, as simply one part of a united 27 remaining countries. This in no way reflected Ireland's special relationship with the United Kingdom.

Complacency about the outcome of the referendum extended to the Nationalist community in Northern Ireland where there was no serious effort to mobilise an anti-Brexit vote. The view was that the whole Brexit issue was a row within the Tory party and need not concern Ireland. They also surmised that, in the end, the Remainers would carry the day and local Nationalist politicians were not going to waste their resources in securing an anti-Brexit vote. Hence, there was a low turnout in Nationalist areas and less than 50% of the electorate in West Belfast even bothered to exercise the franchise. In Derry, a city which would be hugely affected by a decision to leave the EU, only 57.18% voted, compared to a UK average of 72.2%. In fact, no constituency in Northern Ireland even reached the UK average.

If a determined effort had been made, particularly if backed by a strong Irish Government commitment and cooperation with local parties, a pro EU vote in Northern Ireland of well over 60% would have been obtained. When the Brexit result became known, anxiety spread in the Nationalist community who subsequently came out in big numbers in the recent Assembly election, partly in a belated attempt to recover the position. Although anger with the Democratic Unionist Party (DUP) and with its leader, Arlene Foster, also played a big role. The prospect of a new physical border and disruption of links with the Republic changed the outlook.

On the Unionist side of the community, the picture was more mixed. The UK General Election on 8 June 2017, gave the DUP an enhanced role at Westminster. The DUP, while pro Brexit, wish to avoid the complications that a physical border would bring. In particular, the party does not want any development that could lead to any differentiation between Northern Ireland and the rest of the UK. Their supporters dislike the prospect of any enhanced security at British ports/airports for arrivals from Northern Ireland or any disruption to North/South business links in Ireland. The absence of a free trade agreement between the UK and EU would probably entail both.

Now the island of Ireland faces a difficult dilemma as the practical implications of Brexit are gradually starting to become clear and they don't make for comforting reading. The policy of placing all the Irish eggs in one basket (the EU) is making less sense every day. This policy of leaving it to Brussels seems so out of place with the national interest that it begs the question as to why the Irish are so determined to hold on to the EU apron strings. The answer lies in the way that the European Union has worked with Irish political and public service leadership over

the years. Constant meetings in Brussels, involving Ministers and senior officials, have made these groups much more Eurocentric than the population at large. Politicians and officials value their seats at the EU table. A similar effect was evident among UK officials leading up to the referendum. A compliant and generally supportive media, especially the influential Irish Times, has helped give the impression of a very pro-EU country.

This Eurocentric view, however, does not permeate the general population. During the banking crisis and the subsequent deep recession in Ireland, young people, North and South, headed for the old emigrant destinations - Britain, USA, Canada, Australia and New Zealand. While a small number went to mainland Europe, the vast majority of those who migrated did so to Anglophone countries, much as their forbearers did in times of past crises. It was a formidable demonstration of where the Irish felt culturally more at home.

While Ireland was benefitting financially from EU transfers, there was a general acceptance that the country and its citizens needed to be classified as good Europeans. However, there was never any deep pro-European identification - the connection was essentially based on material gain and not on any emotional or symbolic attachment. Once Ireland became wealthier and eventually a net contributor to the EU budget, attitudes became more measured and public support weakened.

In addition, Ireland, apart from the United Kingdom, does not have any natural allies in the EU, "no kith and kin". It is not active in many of the international groupings. Even within the EU, most countries belong to separate interest groups, such as the Nordic Council, The Commonwealth, Francophonie, Visegárd, Arctic Council, NATO, Benelux, etc. (Table 1). Ireland is a member of none of these. This lack of participation in other international fora means there is a tendency in Dublin to think in very narrow EU terms, often guided to a position by the EU Commission. Hence, the instinctive response is to take on the Commission's view on new proposals unless there is a public outcry back home.

The Brexit process and its outcome represents a catastrophic failure for Irish Government policy. There was an astonishing lack of wider vision nor appreciation of the need to support David Cameron during his attempted re-negotiation. While it is debatable, whether Ireland could have made much difference to the eventual outcome, the country's national interests cried out for a pro-active response and for Ireland to act as an intermediary between the Cameron Government and the EU. It was at this point that Ireland should have detached itself from Team EU and indicated strongly that its interests and those of the EU, in this instance, were not the same. This would have strengthened Ireland's case in the event of actual Brexit. In fact, the opposite occurred, Ireland was to the fore in resisting Cameron's demands and any opposition of that policy

within Irish Government circles was frowned upon. Dissenting voices were most definitely not welcome. Ireland was firmly aboard the Team EU train and heading for a crash, Brexit.

Despite this huge error of judgement, the authorities in Dublin carried out no post mortem - nobody was hauled over the coals, there were no political resignations, no officials cast out into the wilderness and the Irish official line in Brussels continued as before, namely strict adherence to Team EU. The same failed formula, Team EU, is to be rolled out again in the Brexit negotiations. In Science, the definition of stupidity is to repeat the same experiment over and over again and expect a different result. Hopefully, it is not too late to re-think the position and do so more in terms of the Irish national interest and less on how to be the best boy in the EU classroom.

History of Irish Involvement with the EU and EEC

When Ireland initially applied for membership of the Common Market, it did so very much on Britain's coattails. When the French President, General de Gaulle, vetoed the British application for membership in 1963 and again in 1967, there was no real prospect of Ireland continuing on its own. Its application went into cold storage. Ireland joining, without Britain, simply did not arise in any serious manner.

With the resignation of De Gaulle, the applications of Ireland, Denmark and the United Kingdom were revived and on 1 January 1973, these three countries joined the European Economic Community (EEC). Norway, which had been included in the accession negotiations, rejected membership in a referendum, despite overwhelming Parliamentary support in Oslo; an early demonstration of the gulf between a pro-European elite and a more sceptical general population.

Ireland is today a much-changed country from 1973. It has a much more diversified economy and its relationship with the rest of the World has greatly changed. It has grown much richer, more liberal and more confident. It has greatly benefited from EU membership, both financially and socially. There are, in consequence, very few who would disagree with the original decision to join the EEC in 1973.

One of those major changes includes its relations with the United Kingdom. Much of the old Anglophobia in Ireland, especially in the Republic, has dissipated. As bilateral relations between Britain and Ireland have blossomed, the old prejudices against the Irish have largely vanished. There is no doubt but that common membership of the European Union, as well as the Peace Process in Northern Ireland, were very helpful in bringing about the rapprochement.

While relations with Britain, particularly since the period of Tony Blair's Prime Ministership, have warmed, Ireland's love affair with the EU appears to be going in the opposite direction. Initially, the connection to Europe was regarded as liberating, freeing up the country from its old obsession with Anglo-Irish relations and allowing for deeper new international connections. However, such a feeling was very much of its time. Nowadays, Irish people instinctively have a much broader outlook on the World than their forbearers. They have lost much of the old colonial cultural cringe and don't need to define themselves as simply not being British. On the other hand, there are growing complaints about Brussels interference and a feeling that EU membership is now actually a limiting factor. While the Irish public have grown more internationally aware in recent years, the Irish State's profile in international relations has declined heavily as the country has simply followed the EU line on many specific issues.

The Irish were very comfortable with the old concept of the European Economic Community (EEC), where interactions were essentially intergovernmental and economic/social. The desire was to push this model into "an ever-closer union" and ultimately this political union did not sit well with the Irish population. In two referenda on European Treaties, Nice and Lisbon, the Irish electorate rejected the centralising tendencies of the EU. In both cases, the Irish people were required to vote again, to get the "right" result.

- On 7 June, a referendum was held in Ireland to seek approval for the Treaty of Nice, which had been concluded in December 2000. The electorate voted by 53.9% to 46.1% against ratification of the Treaty, which proposed to implement a range of institutional and other reforms to facilitate the expansion of the EU up to 27 members. After securing a number of national opt outs, Ireland voted to accept the Treaty by a wide margin 18 months later. However, it was clear that Brussels never had any intention of allowing Ireland's initial referendum to thwart the adoption of the Nice Treaty.
- In 2008, in another referendum, the Irish electorate rejected the Lisbon Treaty. Turnout on this occasion was 53.1%; with 53.4% voting No and 46.6% voting Yes. Then the recession hit and Ireland's voters in 2009 were threatened with Armageddon if they did not accept the Treaty. A frightened electorate did so.

Looking back on the two referenda, it might have been better for Brussels to have heeded these canaries in the mine as warning signs not to push further with the European project, without strong popular backing. If they had done so, they probably would not now be facing the unpleasant consequences of Brexit.

There has been a strong history of Euroscepticism in Ireland, especially against moves towards a Federalist Europe. It is worth noting that the Irish were by no means unique in rejecting European Treaties. When asked, French, Dutch (twice)

and Danish voters have also rejected EU treaties. But, like the Irish, their views were essentially ignored as the march towards centralisation continued.

The nadir of Irish relations with Europe was the infamous Bailout in 2010 when the European Central Bank (ECB) essentially forced the Irish State, and hence the Irish people, to take over the private debts of Irish banks and, particularly painful, the debts of the rogue Anglo-Irish bank. This was done to protect banks and investors in other EU countries who had unwisely lent money to these Irish banks. The ECB wanted to prevent a general loss of confidence in European banking, similar to the effect of the Lehman Brothers collapse in the US. It was a wholly despotic manoeuvre and one that showed no real interest in the welfare of the citizens of Ireland, who saw huge private bank debts thrust upon them and the public purse. This was patently unfair.

Ireland's relationship with Europe would never be the same again. For many who had previously been pro EU, it was a painful lesson on the true nature of the EU and its power structure. Any notion that the EU comprised of 28 equal States was lost in that episode.

Depth of the Irish British Relationship

Any examination of the best policy option for Ireland, post Brexit, must include consideration of present British/Irish connections and the consequences of undoing some of these connections.

The Irish/British relationship is one of the closest between two sovereign countries. Neither country regards its citizens as foreigners. Both countries allow each other's citizens to vote in Parliamentary elections and immediately access social benefits in each other's jurisdictions. The countries have been joined in some form of political association for nearly 700 years.

That political relationship was often fraught and fractious. However, in recent years the old animosities have died away, especially since the signing of the Good Friday (Belfast) Agreement, which largely settled the mechanisms whereby each country could bilaterally pursue its interests, as well as bringing the last round of civil disturbances in Northern Ireland to an end. The two Administrations worked very closely and successfully with the political parties in Northern Ireland to bring about that agreed settlement.

The excellent working relations in the Northern Ireland Peace Talks have been mirrored by work in the EU. At the Council of Ministers and in EU working groups, the two countries have found that there is a huge commonality of interests between Britain and Ireland. This has become more pronounced as issues relating to the Common Agriculture Policy (CAP) became less dominant in Brussels. Ireland has moved from being a net recipient of EU funding to being a net

contributor, albeit on a much smaller scale than the UK. Hence, Ireland has become much more conservative in relation to any proposed increase in budgets for the EU.

Despite the globalisation of the Irish economy, the United Kingdom is still by far Ireland's main trading partner, accounting for nearly 30% of the country's merchandised imports. The trading relationship with the UK is particularly important in the energy sector, where Ireland is heavily dependent on UK energy supplies. In 2012, UK imports accounted for 92% of the total gas used in Ireland and 93% of refined oil products¹.

The Corrib gas field, which came online in 2015, has reduced but not eliminated the dependency on UK gas imports. In any case, production from the Corrib field will be short lived – the total recoverable gas is thought to be 17 billion cubic metres, which equates to 3.5 years of total gas usage in Ireland. Once Corrib is depleted, Ireland will again become fully dependent on transit of gas supplies via Britain.

Any disruption to gas supplies has the potential to cause significant disruption to the Irish economy. Research indicates that the cost of a natural gas outage (e.g. in the event of the gas interconnector failing) would result in an economic loss to the Irish economy of €350-€640 million per day². Ireland's strategic 90-day reserve stocks of oil, operated by the National Oil Reserves Agency (NORA), are largely physically held in the UK. After Brexit, this will have to change.

The electricity market in Ireland is fully integrated with Northern Ireland in a Single Electricity Market. Significant changes are being made to this market in order for it to conform to European Network Codes, which come into effect in 2018. There are significant benefits of these arrangements in terms of the overall efficiency of the system, particularly for Northern Ireland. Looked at in isolation, Northern Ireland has a significant electricity deficit. Disentangling the current set of arrangements following Brexit will be difficult, and highly undesirable.

While the USA has replaced the UK as the biggest single export market for Irish exports, it is the nature of Ireland's exports to the United Kingdom that causes the greatest concern in a Brexit situation. The country's SMEs, tourism and its food and drink sectors, all employment rich areas, are the most heavily dependent on the UK. These companies are generally locally owned and source their raw materials in Ireland. Hence, their activities have a much bigger multiplier effect in the economy than the more high-tech FDI enterprises, which are less dependent on the British market. The SME companies tend also to be more regionally based and concentrated in less economically advantaged areas of the country, where alternative employment is not as readily available as it is in the affluent east coast belt around Dublin. They are vital for the health and balance of the economy. It is in the area of agri-food where Ireland is most vulnerable to shocks in the post Brexit situation.

In a hard Brexit environment, import duties on agricultural products under simple World Trade Organisation rules could be up to 50% and would essentially end the centuries' old trade between Ireland and Britain in food.

The President of the Irish Farmers Association, Joe Healy speaking on RTE (Irish National Radio) on 19 January 2017 said:

“The UK is an important trading partner for us. 40% of agri-food products go to the UK. That’s worth about €5billion alone. We export 90% of our beef, with half going to the UK. Our dairy products that are exported to the UK have a value of slightly less than €1 billion.”

He added that it was “almost impossible” to find markets where farmers would get the same returns as they currently do from the UK market.

In 2016, 55% of Ireland’s exports from the construction and timber sector went to the UK, as well as around half the country’s exports of clean energy technology. The bulk of Ireland’s exported small electrical goods go to the UK. Also, many of the Irish SMEs, which export to the UK, lack the linguistic skills and international business experience to diversify into new markets on mainland Europe.

For Britain, any disruption of trade with the Republic would be serious, though of a lower order of magnitude than for the Republic. Ireland is the UK’s 5th largest export market, after the USA, Germany, France and the Netherlands and is more important than China. It is the UK’s largest market for food and drink exports and its second most important market for clothing, fashion and footwear. Because of its energy exports to Ireland, the UK enjoys a large trade surplus with the Republic.

However, the real cornerstone of the British/Irish relationship is the connections between its peoples. Irish and British settlers have moved between the two islands for millennia and this continues to this day. The Irish Department of Foreign Affairs and Trade, estimates that 9,664 Irish born people were resident in France in 2013, with 17,529 in Spain; while the number of Irish born (from both North and South, all Irish citizens) in the UK was well in excess of 600,000. This means that more than 35 times the number of Irish live in Britain than in any other EU country, a powerful demonstration of the ethnic links between the two islands. Millions of Britons have at least one Irish grandparent, something the two football associations in Ireland (FAI and IFA) have been glad to exploit to strengthen their international teams. Recently, the Irish Minister for Foreign Affairs, Charlie Flanagan spoke of Ireland being part of the EU family and about our partnership with the UK. Given the pattern of historical migration, he appeared to get these descriptions mixed up. It is vital for Ireland that this intimate relationship with Britain is maintained and that Irish people are able to work freely in Britain.

Migration to the UK has traditionally been an option for Irish people in times of economic difficulties. This has been a recurrent experience throughout Ireland's modern history. If the EU and the UK Brexit negotiations result in an impasse, with consequent effects on the Common Travel Area, then this centuries-old "safety value" will be shut off. Where will young Irish people migrate to in such circumstances? No Irish Government would wish to see this connection disrupted

At every level of society, there are huge interconnections between the two countries. The two countries share English as their main language, Ireland inherited its Westminster style Government and public service from the British, as well as its use of Common law, its University structure, etc. Having been joined together for so long in a single administrative unit, it would be extremely difficult to even enumerate the multiple linkages. Any impediment to these links, which are at all levels of society, would be extremely disruptive and, given their scale, almost impossible to calculate.

Effect of Brexit on Ireland

Clearly, the outcome of the Brexit negotiations will have an effect on Ireland. There is, obviously, a sliding scale of possible outcomes, none of which are particularly palatable. Clearly, in Ireland's case, a full free trade agreement between the EU and the UK would be the optimum result. However, it appears unlikely at this stage.

The Irish Department of Finance has undertaken some initial economic modelling of the possible effects on the Irish economy of ending of the country's free trade arrangements with the UK. Now there is, of course, well founded scepticism about the accuracy of economic modelling. Nevertheless, the Department's findings make for pessimistic reading and may have sobered up the Eurocentric outlook of Irish politicians.

As the main areas of concern, the Department identified:

- Food and Beverage;
- Electrical Equipment;
- Materials manufacturing; and,
- Traditional Manufacturing.

The Department has also estimated that Brexit could result in a lowering of Irish GDP by 3.5% over 5 years, and 3.8% over ten years. However, the biggest effect would be in the jobs market where, as a direct result of Brexit, Ireland would have 40,000 less people in employment and average wages lowered by 3.6%.

In June this year, Ireland's leading Think Tank, the Economic and Social Research Institute (ESRI) put the number of potential job losses at 49,000 and estimated

that the exchequer would lose €600m over 3 years. The ESRI claimed that their estimates were on the conservative side and losses could be greater.

The Irish State, of course, will make laudable efforts to diversify export markets for small and medium sized Irish companies. This will simply be impossible in areas like cheddar cheese, an essentially Irish/British food and there is little or no demand for exports elsewhere. Ireland exports the bulk of its cheddar cheese production to the UK.

The EU has included in its negotiation mandate that future Irish/British arrangements must maintain the “integrity of the Union’s legal Order”, which includes the customs union. This clearly spells out that there will be no open border in Ireland and between the Republic of Ireland and Britain, should the UK leave the Customs Union. Earlier suggestions that Norway and/or Switzerland operate frictionless borders with the EU, which could be copied in Ireland, have been shown publicly to be groundless. On 8 March, Irish State television RTE, through its European Editor, Tony Connelly, reported from the Swedish/Norwegian Border. The programme showed that far from being frictionless and hassle free, this relatively benign border requires considerable paper work and often results in delays of hours in the clearance of goods. Where the EU Customs Union meets a third country, there is inevitably considerable bureaucracy which costs time and money.

Irish trade with the UK, valued at €1.2bn per week, will be hugely affected. There is simply no mechanism in the EU customs regime at present that can cope with an Irish/British trading relationship post Brexit without massively damaging economic relations between the two countries. As mentioned elsewhere, the customs issue has even wider implications, with 80% of total Irish exports going through the British transport system. There is serious potential for disruption to the smooth running of Ireland’s exports both to the UK and elsewhere.

One area where there is serious concern within Ireland is the future of its fishing industry post Brexit. The UK and Ireland have extensive fishing grounds, making up a sizeable proportion of the total EU waters. The withdrawal of the UK from the Common Fisheries Policy may mean that Irish fishermen could no longer fish off the west coast of Scotland, nor in British waters in the Irish Sea where they have traditionally gone at certain times in the year. Some Irish fishermen have concerns that fishermen from Britain and Northern Ireland will not be curtailed by EU quotas and will take a much bigger share of what is often common stock.

Probably more threatening is that fishermen from other EU countries, who may be excluded from UK waters, will almost certainly seek new and alternative fishing quotas off Ireland. This scenario is a recipe for trouble in Ireland’s rich fishing grounds.

Another industry threatened is the thorough bred horse industry. The links between Ireland, Britain and France are unique in Europe. The horse breeding industry is worth in the region of €1bn annually to the Irish economy. Speaking to

a Senate committee in Dublin on 6 June, the Chief Executive of Horse Racing Ireland, Brian Kavanagh, told the assembled Senators.

“When it comes to exporting our racehorses – especially those destined for the jumps market – there is no replacement market for Britain and so unlike many other Brexit-hit sectors, we simply cannot adapt our product to suit new markets... “Royal Ascot, Cheltenham, Aintree and Epsom cannot be replicated in another country.”

He added that any disruption to the Irish/British links would be very damaging to the British industry and “catastrophic” for the Irish side.

The departure of the UK will leave a large hole in the EU budget. The UK is one of the largest net contributors to the Budget (£8.5bn or almost €10bn). Unless the EU decides to cut back on its programmes and/or does some budget tightening, the shortfall will have to be found elsewhere. Ireland is today a small, but rapidly increasing, net contributor and could find its net contribution rising sharply. It has been, however, reassuring that Germany has indicated that it will support a cutback in EU activities post Brexit, rather than simply ask the remaining EU countries to fill the Budget gap.

After the UK departs from the EU, Ireland will be the only English-speaking country left, apart from Malta which also has English as one of its official languages. One of the main reasons why Britain attracts so many immigrants is its language; English is the main foreign language in many East European countries. While Ireland will never attract the same number of arrivals, it is probable that Ireland will see a major increase in immigrants from Eastern Europe once the option of migrating to Britain is closed off. To date, there has been relatively little opposition to immigration in Ireland, where it is still seen as beneficial. However, a large increase in new arrivals could change attitudes.

While the Common Travel Area would appear to be protected by Protocol 20 of the inelegantly named “Treaty on the Functioning of the EU” that specifically recognises the right of the UK and Ireland to “make arrangements between themselves relating to the movement of persons between their territories”, there is a danger that post Brexit those seeking to immigrate illegally to the UK may see Ireland and the land border with Northern Ireland as a potentially weak link in the UK Immigration control system. Unless this potential danger is tackled, it will have implications for the Common Travel Area. It will require much deeper and more public cooperation between immigration officials in both countries, including the positioning of UK immigration officials at Irish airports and ports and similarly Irish officials at UK transport hubs. The Republic’s authorities will be very anxious to ensure that the dreadful scenes from the “Jungle” refugee camp in Calais are not repeated on the border outside Dundalk.

Even with good cooperation, tensions can and will arise. There has been considerable annoyance in Dublin recently at what they regard as unfair comments by the PSNI Chief Constable, George Hamilton, that weaker

immigration checks in the Republic could provide a route for international criminals to enter Britain. Whatever the true situation, the issue of backdoor immigration into the UK from Ireland is bound to become an issue post Brexit. A member of the Muslim community in Dublin, claimed in a TV interview that she met two of the London Bridge Jihadist attackers in Dublin, Khuram Butt and Rachid Redouane. This emphasized the need for the closest possible cooperation on in the public safety area. In the security area.

Also within the European Union, the English language has become dominant, paradoxically the lingua franca. However, in a post Brexit EU with only 5 million native English speakers, the English language will no longer have a strong case to be the language of the institutions. The French Government, no doubt, will have strong views on the matter. Commission President Jean-Claude Juncker was quoted on 5 May as triumphantly claiming that already “English is losing importance in the EU”, hardly a comforting thought from linguistically challenged Irish politicians and officials.

Post Brexit, Ireland’s enhanced peripherality

In deciding the best course for Ireland in the Brexit negotiations, the Dublin authorities must take into account that the departure of the UK will greatly enhance Ireland’s peripherality, relative to the remaining member States. If Ireland stays with Team EU, this will be one of the main adverse consequences.

As the Brexit debate took place in Britain, many in Ireland, particularly those in financial circles openly boasted about attracting many of the large financial, insurance and legal firms from London to Dublin. The Department of Finance and the Industrial Development Authority (IDA), along with politicians and some pro EU economic commentators in the media, were particularly vocal and triumphalist on the matter. However, as the process commences, these promised new investment flows into Dublin have not yet materialised to any great extent. These new jobs, it was hoped, would partially make up for the significant loss of Irish employment in other areas, especially in the agri-food sector.

The financial flight from London has been much smaller than the pessimists estimated. IAG and Lloyds are planning moves to Luxembourg and Brussels. HSBC has indicated that it may move 1,000 of its staff to Paris, depending on whether London can keep its membership of the EU banking passport facility. This facility is open to banks in the EU and the European Economic Area (EEA). Clearly, the scale of any move from London will depend on the final outcome of the Brexit negotiations. IAG is reported as saying it wants to be physically close to its client base in mainland Europe. However, there is some indication that a small number of American banks in London, seeking a presence in the Eurozone, are considering opening an office in Ireland, or expanding an existing operation. This may not involve many new jobs. One thing is clear, at this stage, Ireland does not look like

it is a leading contender to take a major share of the financial businesses which may leave London.

The decision of the EU Commission that euro-clearing can continue in London, post Brexit, on certain conditions, greatly lessens the need for the re-location of financial institutions away from London and hence the potential benefit for Dublin is diminished.

Another reason for this relative lack of Irish success is geography. When Brexit finally takes place, Ireland will find itself on the extreme western fringe of the European Union. The centre of gravity of the Union will have shifted further eastwards. The Republic of Ireland will represent four fifths of an off-shore island, which is positioned behind a larger off-shore island that is no longer a member of the European Union. Ireland will suffer from a major physical dislocation from the main centres of power and influence in the EU.

The presence of the second largest economy in the EU next door, the most dynamic in growth of the larger countries in recent years, has represented a major plus for Ireland. Even the financial services centre in Dublin (IFSC) has gained considerably from its close proximity to the largest financial services centre in the World, namely London. The Dublin-London air route is reputed to be the second busiest international inter-city air route, second only to Hong Kong to Taipei; a major testament to the commercial closeness of the two capitals. London's Heathrow and its huge network of air routes is often Ireland's gateway to Asian, Latin American and African cities.

This new enhanced peripherality post Brexit will also affect Irish trade with the Remaining members of the EU. Irish trade with mainland Europe overwhelmingly travels through Britain via ports in western England and then through the English motorway system to the Channel ports. It arrives in mainland EU through Rotterdam, Antwerp, Rouen etc. In fact, 80% of Ireland's total exports pass through the UK transport system. Similarly, post Brexit, Ireland will be at the end of the pipeline in respect of energy products, such as gas. As noted above, the vast majority of gas used in Ireland is imported from Britain, mainly through two sub-sea pipelines to Scotland.

No Irish authority has yet indicated how this can be maintained without disruption both at the point of entry into the UK, and later when the exports bound for Mainland Europe, re-emerge into the EU customs Union. Apart from the potential for huge time delays at either end, there will be extra costs on the administrative side. Also, there will have to be regular inspections as no national custom regime can simply accept that goods travelling through its territory are safe from contraband, solely on the basis of enhanced technology. There will always be the need for human inspections. This will disadvantage Irish trade and involve extra expense. Any special deal on customs clearance for Irish goods would not survive a major infringement.

Many of Ireland's seaports are not equipped to deal with cargos from outside the EU. The change in the status of trade with the UK, Ireland's biggest trading partner, will necessitate change and new financial outlays at those ports.

The Future Direction of Europe, where is the Irish Position?

With so many negatives attached to disrupting the centuries old connections within our islands, why is official Ireland so wedded to staying inside the EU? Is the EU option attractive enough to overcome these disincentives? Any decision making must also examine where the EU is heading and if Ireland wants to be part of these potential developments. It may well be that there is currently a lack of understanding and discussion within the country as to what Ireland is really signing up to.

The EEC, which Ireland joined, was a very different animal to the current manifestation. It was a very benign institution, primarily concerned with the elimination of trade barriers and promoting cooperation among its Member States. It consisted of Nine members, including West Germany. Although pre-unification Germany was the biggest economic power in the EEC, it was not predominant and it behaved in a very collegial manner. France had not fallen heavily behind Germany in economic terms. The UK was a constructive, if occasionally restless, member of this exclusive club.

The Nine consisted of like-minded countries, all fairly well developed economically, with strong democratic traditions. Ireland soon found itself very much at home in those surroundings. The rotating Presidency ensured that every country felt part of the club. There was no permanent official who acted as President of the European Council and chaired the Heads of Government meetings; nor any EU official as High Representative for Foreign Affairs and Security, with a role to "speak for Europe". Those positions fell to the Head of Government of the rotating Presidency. Irish Taoiseachs, and indeed all other Heads of Government, revelled in their role as Chair of the European Council. It all worked remarkably well and there was very little public antipathy to the concept.

However, Federalists within Europe could not leave well enough alone and proceeded to make ambitious plans for a greater concentration of powers in Brussels. New Treaty after New Treaty all pushed in one direction, namely the transference of power from the National Governments and Parliaments to a central EU authority. A whole raft of new areas became subject to majority voting in the Council. This has coincided with a growing alienation of sections of the European population with Brussels. As this concentration of power grew in the

centre, and with the Enlargement process bringing in a host of new members, Ireland's ability to influence decision making in Brussels waned considerably.

An analogy is sometimes made to Ireland's history in the Eurovision Song Contest. Here Ireland, prior to the admission of many East European countries, regularly won the contest. In recent years, Ireland's contribution to the contest has been reduced to insignificance.

The loss of influence has been seen in the European Parliament. The concept of a directly elected European Parliament makes no sense unless the aim is a United States of Europe. The democratic element in the EU is provided for by the individual governments and their parliaments. For a country like Ireland to agree to transfer powers to an institution like the European Parliament where it has little or no say, given the relative sizes of the Member States, is bizarre to say the least. However, Ireland has been enthusiastic about giving up its powers to this unwieldy body.

Throughout the gradual erosion of power of the Nation States, there has been remarkably little public discussion or controversy in Ireland. The loss of the Nice referendum caused the Irish establishment to create the National Forum for Europe in Dublin Castle which operated from 2001 until 2009. The Forum's mandate was to examine in a very public way, issues relating to the European Union. While the Forum did good work under its able Secretary General, Wally Kirwan and its Chair Senator, Maurice Hayes, it never really caught the public attention and while well intentioned, did not result in the type of fundamental debate that was needed about the future direction of Europe. It was overwhelmingly pro EU and the loss of the Lisbon referendum in 2008 showed that its deliberations had not impinged on the public consciousness. In short, it was not successful in bridging the gap between official Ireland and the electorate.

This lack of real debate has continued. The present Irish Government has also been remarkably quiet about the future development of the EU. It has never publicly spelled out what its concept of the EU actually entails. This gives the impression that it has put virtually no thought into how it sees Europe developing in the future. The Irish policy in Europe has been very short sighted and gives the impression that it is solely about extracting the maximum short term monetary value from membership.

The President of the European Commission, Jean Claude Juncker on 1 March this year, in a White Paper, listed five possible scenarios for the EU in the wake of Brexit (Table 2). As far as can be ascertained, the Irish Government has made no comment on the five possible approaches, though it is clear the Irish public would prefer the looser free trade area arrangement over the more grandiose schemes, favoured by France and Germany. While opinions throughout Europe were split

on the way forward, there seemed to be unanimity that the White Paper was a poor document and an inadequate response to the growing crises in the EU.

The European Union is at present in a state of flux. While Brexit is the immediate and most urgent issue, there are plenty of others. While the EEC, and later the EU, have faced problems in the past, the scale and depth of the current crop seem by far the most serious since the 1960s.

There have been or are scheduled elections in a number of countries, all of which represent problems from an EU prospective. In the Netherlands and Austria, there is a general shift towards a more euro sceptical position, even in the mainstream parties. In Germany, the prospect of victory for Social Democrat Martin Schultz looks destabilising in its own way. Shultz is a convinced Federalist, who openly advocates a Political Union of Europe, something which would drive many moderates into the Euro sceptic camp. The Austrian Chancellor, Cristian Kern and the Swedish Prime Minister, Stefan Lofven, have called for a curtailment of freedom of movement and a Dutch Parliamentary Committee is to examine whether the Netherlands should continue to use the Euro. Hungary and some of the Visegárd countries are restless about migration. Poland feels completely alienated to the point of planning obstructionist tactics, while in Italy, opposition parties, led by the Five Star Movement, are calling for an Italian referendum on the Euro, Greece lies economically destroyed by austerity, Portugal and Cyprus are slowly recovering from financial crises, etc. There is a lot going on and very little of it is comforting for Brussels.

A danger is that the Federalists will decide post Brexit that the problems in the EU are such that we need “more Europe”. It echoes the old Maoist slogan that China needed a purer form of Communism at the start of the Cultural Revolution. This call for more Europe will grow stronger if the present divide between the EU and the USA grows more pronounced. Many in the European External Action Service (EEAS), the EU’s own diplomatic corps, bemoan their lack of access to military resources and would dearly wish for the creation of an EU army, under the control of Brussels. They regard NATO as too dominated by the Americans. When Brexit takes place, will Ireland and some like-minded countries be able to prevent the creation of an EU military force? If not, will Ireland willingly see its sons and daughters go to the Middle East to fight in a future EU sponsored military conflict in places like Iran, Yemen, etc.? Such conflicts would have very little popular support in Ireland.

The Federalists will also push to remove from the Member States the autonomy they presently enjoy in fiscal matters. Is Ireland again ready to cede even more budgetary powers to Brussels in a post Brexit era? Already the EU’s attempt to dictate how Ireland funds its domestic water supply is encountering serious

problems. Does the country want future rows with Europe over purely domestic Irish issues?

The election of Francois Macron as French President has strengthened the likelihood of a new and further lurch towards EU Federalism. Already Macron has talked about a relaunch of the EU, with further Treaty change, something that even France opposed in the past. He has spoken of reviving the Paris-Berlin axis as a driving force for further integration.

In such an uncertain scenario and as Ireland ponders its future post Brexit, Ireland needs to clarify how it sees the EU evolving and also what role, if any, it seeks to play in that development. It also needs to have an alternative plan to holding on tight to the European Commission for salvation. Ireland needs to be prepared for further discord and disharmony in Europe. This is hardly the time to irrevocably cast your lot in with Team EU.

Many older people in Ireland still remember with gratitude the part the EU played in the modernisation of social attitudes in Ireland. At accession in 1973, Ireland was the most conservative country of the nine members of the EEC. In the meantime, Ireland has greatly changed and no longer needs an outside authority to push it into giving women and members of the LGBT community their civil and human rights. The Irish referendum in May 2015, which approved same sex marriages, showed just how much Irish society has changed. It should be noted that another EU country, Slovenia voted against a similar proposal in a referendum in December 2015. The election of Leo Varadkar as Taoiseach is a further illustration of these trends.

Irexit and the Euro

If Ireland makes the choice that post Brexit it cannot continue with full membership of the EU and hence the Eurozone, the fact that the country gave up its own independent currency could raise serious questions about the viability of an Irexit. This question inevitably is raised when discussing the various alternatives. While it could be theoretically possible to make some arrangements with the ECB to continue using the Euro in an Irexit situation, a formal break with the EU would give the country the opportunity to reassess its continued usage of the multi-national currency.

In retrospect, it was a mistake for Ireland to join the Eurozone. The country's two largest export markets are the UK and the USA, both outside the Zone. It was a purely political decision and in keeping with Ireland's long-standing policy of showing blinkered solidarity with the European project, an earlier demonstration of the flawed Team EU concept. The net result is that Ireland is unable to have any

influence on the value of its currency nor has any control over its interest rates. The ECB, like all EU wide institutions, must keep the bigger picture, namely Germany, primarily in mind. The Euro is, de facto, a German run currency and its operation is designed to assist the German economy. Hence, during the period of the Celtic Tiger, while Irish house prices were undergoing massive inflation, the Irish Central Bank could not use the interest rate lever to slow the economy down because the German economy was very sluggish at that time. Ireland had to endure wholly inappropriately low interest rates. The net result was a disaster and thousands of young Irish people had to emigrate as the economy subsequently crashed. As Irish Ambassador to Canada, my role was to lobby the Ottawa authorities for extra Irish visas and I witnessed, at first hand, thousands of young Irish arrive in Toronto, Calgary and Vancouver, fleeing unemployment at home. It was a terrible price to pay for some earlier poor policy decisions. It was our young people who paid that price.

In the immediate post-Brexit referendum period, the value of sterling fell heavily. Since Ireland had no control over the value of its currency, it suddenly found whole industries, which relied on the British market, in deep trouble. The example of the mushroom growing industry is often quoted in this context. The Irish mushroom industry exports more than 80% of its production to the UK and operates on low margins. It faced destruction in those initial post referendum days. Thankfully, sterling has recovered much of the lost ground in the meantime.

If Ireland had maintained its independent currency, and operated on the international currency markets much as the Danish and Swedish authorities do with their kroner, the value of the punt would have fallen to reflect Ireland's links with the UK and the economic reality of Ireland's trading relations. The country is still vulnerable to destructive currency swings, something it has no control over.

The principal argument advanced by economists today against Ireland leaving the Euro is the difficulties and cost of relaunching an Irish independent currency. There is no cost-free scenario but given the problems Ireland has in having any influence over its currency, it might be a price worth paying in the longer run. If South Sudan and Timor-Leste can launch their own currencies, surely one of Western Europe's most successful economies can do so. Ireland, of course, did drop out of a common currency, Sterling, in 1978. Hopefully, a relaunched Irish currency would hold its value, especially in the longer term, to ensure that the country's large foreign debt (a relic of the EU Bailout and its consequences), would not rise unduly because of adverse exchange rate movements. Given Ireland's good economic performance, this is not an unrealistic expectation.

While Ireland has problems with the Euro, the future of the currency itself is again coming under the microscope. The Euro, by any objective criteria, has been a disaster for millions of Europeans. On the other hand, it has been a triumph of

political will over economic reality and necessity. It is simply amazing that the Euro and Eurozone have survived the various crises. It has done so by a fierce determination of the political elite to ensure its survival. However, that underpinning may be starting to diminish as popular sentiment, especially in the wealthier Western Europe, has started turning against the concept of a common currency for 19 different countries, all with different needs and requirements.

In the Netherlands, the Dutch Parliament has mandated a Parliamentary Committee to examine whether that country should continue using the Euro, and in France, Marine Le Pen proposed reintroducing the Franc, initially at parity with the Euro to ease the difficulty of re-establishing a separate currency. She later proposed using a relaunched Franc domestically and the return of the old ECU (European Currency Unit) for international transactions. In Italy, the Five Star Movement, under Beppe Grillo, opposes Italy's continued membership of the Eurozone, as does a number of other Opposition parties.

In 2000, the Danish Government held a referendum on introducing the Euro, which was defeated with 46.8% voting yes and 53.2% voting no. In Finland, economic weakness is leading to growing demands to ditch the Euro. Finland was the only Nordic country to adopt the Euro, and the one that has suffered the greatest economic difficulties since 2008. In Poland, an opinion poll in 2012 showed that 70% of those questioned opposed Polish entry into the Eurozone and the ruling Law and Justice Party supports this position. Support for the Euro in the Czech Republic was registered this year at 21%. Greece has suffered multiple bouts of harsh economic medicine all in the interest of defending the Euro and the German centric policy of the ECB. The EU is not working. It simply cannot continue without a major redesign of the system. Even some EU Federalists are coming to the conclusion that the Euro must be abolished or radically reformed to ensure the survival of the EU itself.

A study involving Dr. Peter Nyberg, a former Finish senior civil servant, who was chosen by the Irish Government to examine the Irish banking collapse, recently looked at possible mechanisms of decoupling from the common currency. This indicated that history has clearly demonstrated that a multi-national currency cannot survive unless there is a political union. Since there is no real desire in Eurozone States for full political union, the longer-term prognosis for the Euro is grim. I hope the Irish Department of Finance has studied these findings.

Even if Ireland decides to stick with Team EU, it needs to re-examine its uncritical support for the Euro. It is yet another example of excessive Europhilia in the face of economic reality.

Ireland's Business Model

For those questioning official Ireland's complete surrendering of its future to Brussels, the issue of Ireland's present business model is invariably cited as a defence for this policy. For Ireland, free and unfettered access to the EU single (internal) market has been an essential element of that model. There is no doubt that this approach has been successful. However, as public and official attitudes change to the practise of multi-national companies moving off shore to lower their tax liabilities, Ireland can no longer be sure that the rules of the game are not about to change.

Ireland developed strongly in economic terms over the last twenty years. It is now among the countries in Europe with the highest per capita incomes, even if some of the official figures are suspect. It has been transformed. The transformation began with a major expansion in the resources available to the education sector and the consequent explosion in the number of Irish attending third level institutions. The decision of the Irish Government in the late 1960s, through its then Education Minister Donogh O'Malley, to provide free education at second level and a means tested free University education, helped greatly to change Irish society. Having a highly-educated workforce, together with favourable tax arrangements, allowed the Republic to successfully exploit access to the Single market and the new trade arrangements which followed EEC membership.

It was the country's ability to attract a disproportionate level of Foreign Direct Investment (FDI), especially from the United States, which was the vital catalyst for its economic success. In addition, the liberal use of "special" concessions to a limited number of multi-national companies was often the clincher in getting prestigious inward investments. These headline creating investments sent out a very positive message globally to those seeking locations for their expansion into Europe.

Although the Republic's Industrial Development Authority (IDA) was very effective in securing FDI, it could not have done so, in some cases, without the active cooperation of the Revenue Commissioners. This resulted in some multi-national companies paying only a small fraction of the headline 12.5% corporate tax. The Irish Government has often publicly stated that the country's low corporation tax is under attack. However, it is the company specific arrangements and the very generous ability to write off payments for intellectual property rights etc., which greatly lower the tax take from 12.5%, which are really under the microscope. In a modern era, it is hard to justify ethically some of these arrangements.

Companies flocked to Ireland to use it as a European base to export, tariff free, to the rest of the EU and also back to the US. However, here again there are dark clouds on the horizon. The international community has become much less

tolerant of aggressive tax avoidance by large multi-nationals. Already Ireland has been forced to change some of its more brazen tax dodging schemes in the face of international pressure, especially from the OECD in Paris. It has not been alone in this respect as the Netherlands and Luxembourg have faced similar pressures. In addition, there have been a number of special investigations by the European Commission, into the tax arrangements for specific companies in these countries that has included the Apple Corporation in Ireland. These audits indicate clearly that the days of murky tax deals in EU member States may be numbered.

Also, the European Commission is determined to introduce some form of common consolidated corporation tax base (CCCTB) for companies inside the EU. This would entail companies paying tax to several countries, based, in part, on where their products are sold, rather than where they are headquartered. There are varying estimates of the cost to Ireland of a CCCTB, with the EU Commission claiming that it would only reduce revenue to Ireland by 0.2%, while the Irish Business and Employers Confederation (IBEC), the local equivalent of the CBI, believe, more realistically, that the cost would be around 7.7% of total tax revenue or €3.9bn.

While Ireland, in theory, could continue to resist granting the EU more powers in the tax area, without its key ally the United Kingdom, it is doubtful whether Ireland and the Netherlands will be able to resist this pressure from France, Germany and the EU Commission in the longer run. This danger to Ireland was highlighted in a letter to then Finance Minister, Michael Noonan, from International Law Firm, Baker McKenzie. The Irish Times on 3 April 2017 obtained correspondence through the Freedom of Information Act and reported:

“The new tax regime “will decrease the incentives for companies to locate” in Ireland international legal firm Baker McKenzie has outlined, in a letter sent to the Minister for Finance on the 20th of January 2017, released under the Freedom of Information (Fol) Act.

The advisory letter claims the CCCTB proposal “advantages market over producer states by giving weight to the location of sales in the apportionment formula, which disadvantages states such as Ireland which may have a small market but are home to export-oriented enterprises”.

The paper, in the same report, quoted Dr Aidan Regan, an economics lecturer at University College Dublin who stated:

“The major veto against things like the Common Consolidated Corporate Tax Base is now gone. The European Commission have made this one of their core priorities, and it’s no surprise this came back on the agenda after the Brexit vote”

Even if Ireland managed to stop EU wide moves toward tax harmonisation, some countries may enact new domestic tax arrangements that would make Ireland less attractive from a tax efficient perspective.

In addition, the election of Donald Trump has changed the atmosphere for US companies investing abroad. It was reported that a US company in Ireland, Eli Lilly, postponed a planned €200m expansion in Kinsale, County Cork, over fears that it might antagonise the Trump Administration and also over uncertainty over future US import levies on imported Pharma. The company commenced production at its Kinsale facility in 1981 and currently over 500 people are employed at the site. This would indicate that existing investments are probably not at risk, but that in future, Ireland cannot count automatically on the old business model of attracting US FDI, based on low local tax and an acquiescing US official attitude. Thankfully, after this initial hesitation, Eli Lilly decided to go ahead with the investment.

The whole concept of globalisation is under sustained scrutiny as governments weigh the benefits to ordinary citizens of the freeing up of trade arrangements that have mainly benefitted multi-national companies. For the last twenty years, these companies have been big enough and have had enough clout to change policies and indeed governments. In the process of globalisation, they have become inordinately wealthy. Their very success has now placed the process in danger and with the scrapping of the Trans Pacific Partnership and the proposed US/EU trade deal, their power may have indeed peaked. Also, the changes in the Investor Protection Mechanism in the Canadian/EU free trade deal (CETA) also signals a challenge to their untrammelled influence.

To a hard-pressed public, the practise of multi-national companies avoiding paying their fair share of tax by using locations, such as Ireland, has become toxic. Oxfam in its report, "Tax Battles" claimed that Ireland was the sixth worst country examined for facilitating companies in tax avoidance, behind the Bahamas, Cayman Islands, The Netherlands, Switzerland and Singapore. While the grounds on which Oxfam made this assessment can be challenged, the perception created by this report and others, is profoundly damaging. Here again Ireland needs to assess the situation or it risks being on the wrong side of a historic change in attitude.

There is little understanding in Ireland that duty free access to the Single Market can, and indeed has been, negotiated for a number of countries outside the EU, including Norway, Iceland, Lichtenstein and Switzerland. In addition, Canada through the CETA free trade agreement will now enjoy tariff free access for 98% of its exports to the EU.

North Atlantic Free Trade Association

While connections with the remaining 26 member States of the EU are of great importance, Ireland must also be aware of the wider international environment. The UK is energetically building up its capacity to undertake international trade negotiations and urgently seeking new trade agreements. There is every prospect of the emergence of an Anglophone North Atlantic free trade area, encompassing the USA, Canada and Britain. This would form part of an alternative trade strategy for the UK, should Brexit discussions with the EU turn sour. There is a strong sense of kindship in these countries with the UK. Given Ireland's geographic position, its trade links and its ethnic connections with these three countries, it would be very foolish of any Irish Government not to engage in these discussions and to have a plan B in its sights, should the Brexit discussions end in acrimony for Ireland. In addition, the ongoing instability inside the European Union, and the continued difficulties of the Euro, makes it imperative to keep all alternatives open.

Also, the trans-Atlantic relations between the United States and the EU appear to be heading into the stormy waters. For the first time, the US President has publicly put himself at odds with the European Union and even hailing the Brexit vote in the United Kingdom as a "great thing" for the United Kingdom, adding that "I thought the UK was so smart in getting out". The UK, with a favourable bilateral trade arrangement with the USA, would represent a formidable competitor to Ireland for US FDI.

On his recent trip to London, the Speaker of the US House of Representatives, Paul Ryan was quoted as follows:

"We are committed to working with President Trump and your Government to achieve a bilateral trade agreement between the United States and Britain.

"This is one of the bipartisan messages I bring with me – I bring Democrats and Republicans here to this room to this country today, to say that the United States stands ready to forge a new trade agreement with Great Britain as soon as possible so that we may further tap into the great potential between our two people."

This would be even more disadvantageous for the Irish, if the USA turned more protectionist to the rest of the World. At the meeting of the G20 Finance Ministers and Central Bankers on 18 March 2017 in Baden-Baden, US Treasury Secretary Steve Mnuchin, vetoed any reference to free trade in the final communique. This was not a good omen for a country heavily dependent on free trade with the USA and possibly outside the scope of a future USA/UK trade deal.

The UK will also rapidly negotiate free trade arrangements with other countries, such as New Zealand, Australia etc., in a relatively short time.

Brexit and the Good Friday (Belfast) Agreement

The effect of Brexit on the Northern Ireland Peace Process has received the most publicity in Ireland in relation to Brexit. While some Irish politicians and commentators seem to concentrate on this aspect of Brexit as a palliative against thinking of the wider adverse economic effects, nevertheless, there are legitimate concerns in this area. The new pivotal position of the DUP at Westminster has only added to these concerns.

The Attorney General of Northern Ireland, John Larkin, has proffered his opinion that Brexit would not have any domestic legal effect on the legislation giving effect to the GFA, the Northern Ireland Act (1998). Despite that view, serious doubts must arise about the compatibility of the GFA and a hard Brexit. The GFA is more than a dry legal document, it must be viewed in its wider political context.

The multi-party negotiations at Castle Buildings in Belfast took place with the two sovereign States, Ireland the United Kingdom, as full and active members of the European Union. This served as the basic background or foundation on which the agreement was worked out. The Agreement itself specifically states in the Intergovernmental part that two governments are proceeding...

“Wishing to develop still further the unique relationship between their peoples and the close cooperation between their countries as friendly neighbours and as partners in the European Union.”

This is a key part of the architecture on which the Agreement was based. Remove one of the supporting structures and undoubtedly the whole edifice is not as secure.

The Agreement also contains a direct reference to the European Union in the Strand Two section on North/South structures. It identifies relevant EU programmes such as Leader, INTERREG, and the Peace Programme, as possible areas for a North/South cross border implementation Body. With Brexit, this section will no longer be operable.

Apart from what is in the text of the GFA, there are wider implications. Common membership of the EU, with a common travel and customs areas, allowed the two governments to offer one of the biggest attractions of the Agreement to Nationalists/Republicans.

During the discussions in Castle Buildings in 1998 and, especially over the last fortnight of the talks, strenuous efforts were made by the two governments to get all the parties on board. One of the major attractions of the Agreement to the Nationalist/Republican side was the promise, given in exchanges by the two governments, that once the peace was secured and the threat level diminished,

there would be no need for any fixed and/or permanent installations along the border. These physical structures, which dated back to the partition of Ireland under the Government of Ireland Act of 1920, were to be dismantled. The ugly forts at places such as Cloghogue, Aughnacloy, Rosslea, the Camel's Hump in Strabane etc., would be removed from the landscape. It was a huge prize for the communities on both sides of the border. For the first time since the early 20th century, people and goods could transverse that line without any fear of official blockages. This was psychologically very important. It reinforced the Nationalist feeling of being part of the "Irish Nation" while greatly strengthening the peace process. It showed that positive engagement and dialogue worked.

This was one of the many differences between the GFA and the earlier Sunningdale Agreement which of course, among other things, did not deliver an end to border restrictions. For communities, all along the border, it was a boom. The governments quickly followed up on their promises and the forts were removed and many of the cross-border roads, which had been sealed off, re-opened.

Therefore, it was no wonder that groups, closely associated with Dissident Republicans welcomed the Brexit vote, along with some Hard-line Unionists who wished to see the changes made under the GFA reversed. The former Chief Constable of the PSNI, Sir Hugh Orde said that re-imposition of border controls would "embolden" the Dissidents. He added:

"The vision of Border controls plays into the hands of those who have yet to realise the armed struggle is over. I remember just how important "demilitarisation" was in terms of policing and the Agreement. The removal of the towers along the Border was a significant event. It represented a shift to civilian policing, and a recognition that significant political achievements had created the conditions that allowed it to happen. Any step backwards is a really bad idea."

This view has been strongly endorsed by senior members of the Gardaí in the Republic. The Garda Representation Association (GRA), which represents rank and file police officers in the Republic, has been very focal on the lack of preparedness of the Garda for a physical border.

Any difference in excise rates on either side of the border will inevitably lead to smuggling. There is already a big problem with diesel. The main beneficiaries of any renewal of smuggling will be organised criminal elements. These elements often have strong links with paramilitary organisations.

The former Irish Minister for Foreign Affairs, and also ex Minister for Justice, Dermot Ahern, who lives close to the border, described in hearings in the Irish

Senate the likely prospect of border controls as a “disaster” for the local people in county Louth on the southern side of the border.

Fixed customs/immigration structures on the border will also raise tensions within the Nationalist community just north of the border who will feel that they are again being cut off from what they regard as the rest of their own country.

There is a lot of discontent in Nationalist areas in Northern Ireland at the moment. This was manifest in the recent Assembly elections. There is also a fear in places, such as West Belfast and areas west of the river Bann, that there is a growing level of activity by Dissidents, including punishment shootings. Also, some of the Loyalist groups are showing increasing restlessness and violence. The present political disputes at Stormont are coming at a bad time. Throw in border checkpoints and it is hard not to envisage a further deterioration. Already the security threat level is at its highest and now is not the time to provide those who seek a violent path, any succour. Therefore, for the Irish and British Governments, any proposed return to physical checkpoints from the EU has to be met with a definite and flat rejection. Nationalist communities in the North have felt abandoned by Dublin in the past, so the Irish Government needs to insist that any physical border is not re-instated. A hard border is hardly consistent with the commitment in the Agreement “to strive in every practical way towards reconciliation and rapprochement” or indeed the requirement in the Irish Constitution to promote re-unification.

The concept of parity of esteem underpins the Agreement. The removal of any outward sign of the border meant that people who regarded themselves as Irish in places like Tyrone, Belfast, Armagh etc., could much better exercise that choice. They have the right, established under the Agreement, to be Irish, British or both, as they so choose and to have that right fully respected by both sovereign states.

The re-imposition of border controls, as envisaged in the negotiation guidelines prepared by EU President Donald Tusk, which stresses the need to maintain the integrity of the Union’s Legal Order, i.e. including the external customs regime, threatens the settlement.

Brexit also poses huge dangers for Unionists. The British Government in its zeal to close off immigration routes will undoubtedly also have to look at ports/airports in Britain where passengers land from Northern Ireland, as well as from the Republic. We could see a return to security checks there. This happened during the Troubles, as well as during WW11.

The Irish Government, as a co-guarantor of the GFA, fully recognised the rights of people in Northern Ireland to be British, Irish or both. Therefore, the Irish State must also be concerned at the possible imposition of a sea border between the islands of Ireland and Britain, something which would hurt Unionist interests. The

concept of parity of esteem works for both identities and it behoves both governments to protect the gains of the GFA. There is already concern among some Unionists that their welfare is not at the forefront of the minds of the Home Office officials in London. That Department's resistance, at the time, to giving people in Northern Ireland, the right to hold British passports in perpetuity, as contained in the GFA, was ample proof of that.

The imposition of controls at the Irish land border and/or between Ireland and Britain itself is a lose/lose situation for both sections of the community in Northern Ireland and indeed for people in the Republic.

However, any idea of moving the border to the Irish Sea would have to take account of the fact that Northern Ireland sends much more of its goods to Britain than to the Republic. Hence business there is unlikely to take kindly to the idea of erecting barriers to its trade with GB.

On the positive side, it is clear that both the Irish and British Governments remain committed to free movement within Ireland. The Brexit Secretary, David Davis, has reiterated this position on a number of occasions, as did then Taoiseach Enda Kenny. The EU Commission is undoubtedly sympathetic. Jean Claude Juncker and EU chief negotiator, Michel Barnier, have both spoken of this issue, again insisting that the EU is supportive of the Peace Process and wanting the land border to be as open as possible.

Hopefully, there will be a deal done in the end that preserves full freedom of movement within the island of Ireland and allows for unrestricted North/South trade, i.e. a continuation of the present arrangements. However, how this would work in practise, with one jurisdiction outside the common customs area and the other inside, remains a mystery. If it does not work, then the Irish Government will find it difficult to explain to its electorate why it would agree to endanger one of the greatest achievements of the last 25 years, the Good Friday (Belfast) Agreement.

An alternative way forward

The Brexit process has now started in earnest. It was not a situation that Ireland created for itself, or indeed wanted to happen. Nevertheless, it is something that Ireland will now have to face.

The Irish Government has chosen to stick with "Team EU", and delegate responsibility for plotting the way forward to the EU Commission. However, geography, the economy and the cultural connections between Ireland and the UK clearly demonstrate that there is an undeniable case for a special

arrangement between the two countries. Ireland has very different interests in these negotiations than EU countries such as Slovenia, Malta, Hungary, etc.

It is very hard to see how all these national interests can be catered for in a one size fits all EU negotiating position. The EU insists that the remaining 27 stand firmly united in the discussions but this may not prove possible. The one exception so far relates to Gibraltar where Spain is to be given special privileges in the form of a veto over future EU arrangements with that British territory. No doubt others will emerge during the negotiations.

Ireland can have no sympathy with the current sentiment inside the EU Institutions that Britain needs to be “punished” for its decision to leave and that, under no account can the British be “rewarded” for Brexit. Britain needs to be made an example of “pour encourager les autres”. As John Hume was fond of saying regarding this type of thinking, “an eye for an eye leaves both parties blind”.

Any retaliatory action against the British is likely to disproportionately affect Ireland. It is clearly in its interest to vigorously fight that type of warped thinking. Unfortunately, all indications from Brussels are that this impulse of being grudging to the UK, post Brexit, is deeply fixed in the mind-set of the EU Institutions. Ireland has not been prominent enough so far in championing a good deal for Britain, something that could put it at odds with Brussels. It is time for a change in Ireland’s own national interest. Ireland needs Brexit to be a success, not a damaging failure.

An early indication of the Brussels mind-set will be whether it seriously puts forward a demand for the UK to pay an exit fee of €60bn or even a higher amount. There is little chance of this being paid and if insisted upon, will only be done to prevent the EU/UK discussions from getting down quickly to trade and economic matters. While there has been some softening of the EU position on future UK trade, namely that sufficient (undefined) progress must initially be made on resolving the exit bill, it is overwhelmingly in Ireland’s interest that discussions on trade start as early as possible. It should start insisting on this.

If it cannot influence the overall EU position, there is a strong argument for Ireland to declare that it is departing from Team EU. Ireland should consider appointing a dedicated Irish Minister for Brexit who would conduct separate negotiations with both the EU and Britain simultaneously, while being present for the overall EU/UK discussions. The concept of a special Minister for Brexit has overwhelming support in the Republic, with 73% of those polled in Ireland’s prestigious Sunday Business Post supporting the idea. Namely, there should be a separate British/Irish strand to the Brexit negotiations.

What is required is that Ireland should first prioritise its future relationship with Britain. It would mean starting direct Irish-British negotiations, setting down what both countries want - essentially a continuation of the present arrangements, both between the Republic and Northern Ireland and between the Republic and the United Kingdom. This would take the form of a comprehensive bilateral agreement.

There is support for this concept. In its Report on 12 December, the European Union Committee of the House of Lords, 6th Report of Session 2016-17 entitled, "Brexit: UK Ireland Relations" the Committee proposed:

"the UK and Irish Governments to negotiate a draft bilateral agreement, involving and incorporating the views and interests of the Northern Ireland Executive, while keeping the EU itself fully informed. Such an agreement would then need to be agreed by EU partners, as a strand of the withdrawal agreement. Key objectives of any bilateral negotiation should include: maintenance of the current open land border between the UK and Ireland, as well as of the ease of movement across the sea boundary between northern Ireland and the rest of the UK; maintenance of the current Common Travel Area arrangements, and the right of free movement of UK and Irish citizens between the jurisdictions; maintenance of the right of UK and Irish citizens to reside and work in each other's countries; the retention of rights to Irish (and therefore EU) citizenship for the people of northern Ireland; in the event that the UK leaves the customs union, a customs and trade arrangement between the two countries, subject to the agreement of the EU institutions and Member States; acceptance of the Northern Ireland Executive's right to exercise devolved powers in making decisions about the free movement of EU workers within its jurisdiction; reaffirmation by both governments of their commitment to the Belfast/Good Friday Agreement and subsequent agreements, including continued support for existing cross-border cooperation; and continued eligibility for cross-border projects to EU funding programmes".

The above report notes the need to secure ongoing agreement with EU partners. While this would indeed be very desirable, the depth and uniqueness of the Irish/British relationship means that any satisfactory bilateral Irish/British agreement in the areas of trade and customs would immediately run counter to EU wide arrangements with a post Brexit UK. It would violate the EU red line that the integrity of the Union's Legal Order must be maintained.

There is already intergovernmental machinery in existence which would facilitate these British/Irish negotiations. It is contained in the Strand Three section of the Good Friday (Belfast) Agreement. This section includes inter alia:

- There will be a new British-Irish Agreement dealing with the totality of relationships. It will establish a standing British-Irish Intergovernmental Conference.
- The Conference will bring together the British and Irish Governments to promote bilateral co-operation at all levels on all matters of mutual interest within the competence of both governments.
- The Conference will meet as required at Summit level (Prime Minister and Taoiseach). Otherwise, governments will be represented by appropriate Ministers. Advisors, including police and security advisers, will attend as appropriate.
- All decisions will be by agreement between both governments. The governments will make determined efforts to resolve disagreements between them. There will be no derogation from sovereignty of either government.

If ever an issue covered the totality of relationships between Ireland and UK, it is Brexit. Hence, it would appear that the GFA is the ideal mechanism for bilateral exchanges between the two countries.

Ireland's principal needs are to preserve the rights of Irish and British people to travel, settle and work unhindered in each other's jurisdictions; to preserve the gains of the Good Friday (Belfast) Agreement; and keep free and unfettered access to the British market for its goods and services. These are all in Britain's interest also. In return, Ireland must also be prepared to fight hard to help the British get reciprocal full and free access to the EU single market.

Therefore, it might be a better approach for the two governments to first draw up a bilateral agreement under the GFA and then approach the EU to see how the agreement can be facilitated, hopefully while Ireland remains a member of the EU. This would require the EU to agree to a special status or position for Ireland within the EU.

However, if the EU cannot accommodate free Irish-British trade outside the EU customs union, then Ireland would have to negotiate a completely new set of arrangements with the EU, which could involve a formal withdrawal from membership, in effect an Irexit.

While Irish politicians and officials greatly value their seat at the table in Brussels, the general public in the Republic regard having free movement of people, goods and services with Northern Ireland and the UK generally, as much more important. There would be no tears shed over the loss of Irish seats in the European Parliament. The Irish representation in the Parliament has been reduced, since the admission of East European States, to a token presence. For Irish people, the Dáil has real democratic legitimacy and most Irish people could not even name their local MEPs.

The immediate question then arises as to whether an Irish withdrawal from formal membership of the EU would destroy the basis on which Ireland achieved its recent economic success, namely its ability to attract American FDI, to service the EU market. While there are a lot of storm clouds around and future uncertainty about the sustainability of Ireland's business model, access to the Single Market remains of vital importance. Hopefully, the European side should understand that Ireland would be a reluctant EU departee and did so out of necessity, rather than choice. Canada has concluded the Comprehensive Economic and Trade Agreement (CETA) with the European Union, which allows over 98% of its goods tariff free access to the Single Market. Surely, the EU would offer at least the same terms to a former Member State, Ireland, which had been forced by circumstances, outside its control, to depart from formal membership. Of course, any new arrangement would not be as advantageous as full membership of the EU; there is no cost-free way forward for Ireland in Brexit. However, the aim would be to get as close as possible to full and free access to the Single Market.

Ireland internally would probably wish to ensure that some current EU programmes, which have strong local support, such as Farm Supports, Erasmus, INTERREG, Leader, etc., could be taken over by the Irish Government and where they involve a cross border element, with co-funding from London and/or Belfast.

There is also a pressing need to work closely with parties in Northern Ireland. There is a large commonality of interest between the Irish Government and the DUP on the need to avoid creating new barriers within Ireland and between the two islands, Britain and Ireland. The position of the DUP in London should ensure that this approach has a sympathetic hearing on the UK Government side.

The disruption and difficulty in accommodating Brexit and a severing of the century old relationships certainly looks to be a lot more deleterious to Ireland than an agreed and non-confrontational withdrawal from the EU. Irexit may involve some Irish financial contribution to the EU but that may be negotiable. There is no doubt but that Britain would welcome such an approach.

Irish Democratic endorsement of a Brexit Deal

There is a danger that any unfavourable Brexit agreement that the current Government is handed by the EU at the end of the negotiations, will not get through the Dáil (Irish Parliament). The present Irish Administration is a minority one and can count only on 50 Fine Gael Deputies (MPs) and an assortment of 7 independents out of a total of membership of 158. It has a Confidence and Supply Agreement with the main Opposition party, Fianna Fáil (44 Deputies). It is regularly defeated in the Dáil on non-confidence and supply issues. Fianna Fáil

has a strong populist tradition and any Brexit agreement, even one that stretches the EU's flexibility to the limit, is likely to encounter severe turbulence when it comes before the Irish public. A flat rejection at this post negotiation stage would be a disaster and leave the Irish Government and people with little negotiating room. It would be far better to have the plan B on the shelf from an early stage.

This not just a theoretical concept. Dublin's Sunday Business Post revealed that, in an opinion poll, 56% of those questioned regarded relations with the UK as more important than with the Remaining 26 countries.

There is also the complication of a possible referendum. It is clear from speaking with public servants and politicians in Ireland that there is a great anxiety among official Ireland about avoiding the pitfalls of a referendum. There is also a strong sentiment generally among the pro Federalist forces in Europe against referenda on issues relating to Europe. This is obviously because, they find them very difficult to win. It will be argued by the pro EU elite that Britain leaving the EU will not necessitate treaty change and hence there will be no need for a referendum. This would be profoundly undemocratic.

Ireland's accession to the EU in 1973 was based primarily on its close association with Britain. Now, with that basis altered, the Supreme Court in Dublin, on previous form, will have to examine very carefully the argument that continued Irish membership of the EU post Brexit requires the mandate of a referendum. Hopefully, the outcome of Brexit negotiations will be benign. However, if this does not turn out to be the case, it would be a brave Government in Dublin who would ask the electorate to re-instate a border in Ireland and erect barriers with our nearest neighbour Britain where most Irish people have family links. The prospects of an Irish Irexit have certainly grown in recent days.

Conclusion

In summary, there are only two real possibilities open to Ireland in relation to Brexit

1. To continue with the present course of staying firmly within Team E.U. In this scenario, the Irish Government will leave it to the EU Commission, under former Commissioner Michel Barnier, to get the best deal possible. There is a lot of goodwill towards Ireland in Brussels, partly because it has kept rigidly within the EU family. It has lobbied hard with the EU Institutions and with partners in the Remain camp. The country undoubtedly has a strong case for special treatment.

The main difficulty for this scenario is that what Ireland requires, namely free movement of people, goods and services with the post Brexit UK, cannot be fitted into the present EU framework. It would require a very fundamental departure from EU structures and one which frankly the EU is not likely to sanction. It would break the central tenets of EU theology. As could be witnessed when David Cameron tried to gain UK national control of immigration, the EU risked losing Britain rather than concede on a core tenet. In the circumstances, it would seem inconceivable that Ireland would receive the deal, which it needs from the EU. Now, at this distance from the outcome, it would seem the best the EU could offer is continued recognition of the common travel area and possibly some form of compensation fund for individual industries affected by Brexit. That would be calamitous for Ireland, with the compensation payments really the equivalent of redundancy payments. If Ireland agreed to that, it would be a signal that the white flag had been raised.

It also ignores changes in international attitudes to tax avoidance and is based on the assumption that Ireland's advantage in facilitating multi-national companies to lower their tax liabilities, can continue on indefinitely. It also ignores the likely changes coming up in the EU to the whole area of company taxation.

There is also the modus operandi of the European Council in recent years to be considered - where Germany meets in side rooms with the various countries and thrashes out the details of a deal. Ireland simply does not count in these corridors, as it found out to its cost during the Bailout discussions. Will Germany now decide that for the overall good of the EU, there is a need for little Ireland to be sacrificed? It has done so before.

2. To decide, as the majority of the Irish public would agree, that the British/Irish bilateral arrangements are more important than links with the rest of the EU.

This would mean Ireland detach itself from the negotiation team of Michel Barnier and the EU Institutions. Ireland would essentially become a third strand in the discussions. Then it would agree to a bilateral deal with the British under the GFA, which recognises our unique and very beneficial bilateral relationship, and subsequently seek Brussel's agreement for that deal. It would then be up to the EU to decide whether Ireland could remain as an EU member State in those circumstances. If this is not possible, then Ireland should seek a new arrangement with the Remaining 26 member States that allows for access to the Single Market and a continuation of the good relations Ireland would hope to have with the future 26 members of the EU.

Irexit

As the balance of advantage between the two options is weighed up, there is only one conclusion, namely that the Ireland may be better off in the longer run exiting the EU. The chances of obtaining a satisfactory outcome to the present Brexit negotiations for Ireland are faint. It simply is not possible to reconcile the requirements of the country, with the EU'S need to maintain the integrity of the Union's Legal Order. Also, there is little or no popular support for the further erosion of the Nation State, something that is now becoming more likely with the UK's departure.

The election of Emmanuel Macron in France makes it more imperative for Ireland to consider departing from the Union. Macron's election has given a boost to those who want to see further integration and an "even closer union". The new President is determined to push ahead with Treaty Change and to further consolidate the Paris-Berlin Axis in running the EU. This arrogant assumption that these two countries have some divine right of power has even irked a normally docile Irish Government. The new Minister for Foreign Affairs in Ireland, and deputy leader of the ruling Fine Gael Party, Simon Coveney, was quoted on 24 June in an interview with the Irish Independent, as saying

"While I agree with the fact that the European Union needs to be bolder in terms of its impact on the world and a force for good, don't assume that the European Union can be run by two or three big countries and everybody else will just have to tow the line.

"If that's the direction the European Union goes in, it won't last, because small countries will leave.

"And that would be a tragedy, for the European Union as a project, but also for many of the countries that will be caught in that squeeze. We need to keep citizens with us."

Coveney went on to warn the EU against trying to bully Ireland over its proposed common corporate tax rate, once Brexit was completed.

This was the first occasion an Irish Minister had ever mentioned, even obliquely, the possibility of Ireland leaving the EU. It was certainly a change in tone from previous statements.

The benefits of EU membership for Ireland in the past have been overwhelming but the organisation that Ireland joined and where it once thrived, is disappearing. The conditions of membership are changing and Ireland will not be able to maintain a low tax jurisdiction, within a deepened and more highly regulated Eurozone. It may be much more advantageous to seek a path that allows it to maintain the countries' freedom to set its own tax rates, to decide on its own domestic policies while at the same time keeping close to EU norms in areas such as environmental protection, food standards etc. The case for an Irexit is growing stronger.

Therefore, given the circumstances, Irexit has to be the option for Ireland in a hard Brexit situation. In any negotiation, there must be a bottom line and if breached, the option of walking away must always be there. Irexit is a definite option for Ireland, should the EU and the EU not arrive at a satisfactory deal.

3. Whether Ireland's current politicians and public servants have the capacity or indeed the courage to consider, never mind successfully negotiate, such a radical approach as the second option, is a moot point. This remains to be seen, but if recent experiences are any guide to future behaviour, the prospects are pretty dim. However, it will be the ordinary citizens who will pay the price of the failure of its political leaders to put their welfare and that of the country first.

Ireland and its people have shown a great capacity to adopt to new conditions and overcome adversity. However, as in the Bailout situation, it has often been the young people of Ireland who have borne the brunt of those adaptations. Hopefully, the Irish Government will not sacrifice the well-being of its youth in order yet again to prove, its EU credentials.

Table 1

EU member States in other Organisations

NATO

Belgium
Bulgaria
Croatia
Czech Republic
Denmark
Estonia
France
Germany
Greece
Hungary
Italy
Latvia
Lithuania
Netherlands
Poland
Portugal
Romania
Slovakia
Slovenia
Spain
UK

Nordic Council

Denmark
Finland
Sweden
Estonia
Latvia
Lithuania

Arctic Council

Denmark - Member
Finland - Member
Sweden - Member
France - Observer
Germany - Observer
Italy - Observer
Netherlands - Observer
Poland - Observer
Spain - Observer
UK - Observer

Francophonie

Belgium - Member
Bulgaria - Member
Cyprus - Member
France - Member
Luxembourg - Member
Romania - Member
Austria - Observer
Croatia - Observer
Estonia - Observer
Hungary - Observer
Latvia - Observer
Poland - Observer
Slovakia - Observer

Commonwealth

Cyprus
Malta
UK

Lusophone Community

Portugal

Visegárd

Czech Republic
Hungary
Slovakia
Poland

Benelux

Netherlands
Belgium
Luxembourg

Table 2

EU White Paper on the Future Direction post Brexit

Scenario 1. Carrying on as Now

This involves leaving the Institutional Architecture as it is now and muddling through

Scenario 2. The EU concentrating on Completion of the Single Market and Drop all the drive for Political Union

Become simply a free trade area

Scenario 3. Allowing those who want to do more, to do so

This would preserve the EU's overall Unity but allow those who wish to forge ahead with enhanced military, tax cooperation, etc.,. It would create a Multi Speed Europe

Scenario 4: Doing less but doing it with more efficiently

This would mean limiting the areas that the EU is involved in, allowing the Institutions to concentrate of a smaller number of areas but allowing for deeper integration in these chosen areas

Scenario 5: Doing much more together

This is really the creation of a Federal Europe with the EU alone representing all Member States in places like the UN

Footnote on the Common Travel Area

Freedom of movement between the islands of Britain and Ireland has existed in different forms for hundreds of years. This was carried over into membership of the EEC. The arrangements are now reflected in three Protocols annexed to the Treaty on the Functioning of the EU.

Protocol 19, which relates to the Schengen open borders zone, provides that Ireland and the UK are not automatically covered by Schengen rules, or by proposals to develop them.

Protocol 20 allows the UK and Ireland can 'continue to make arrangements between themselves relating to the movement of persons between their territories ('the Common Travel Area')'.

Protocol 21 provides that each of the UK and Ireland may unilaterally choose to opt in to immigration or asylum legislation other than Schengen rules, or to discussion of proposals relating to such legislation.

Endnotes

1 | IEA Energy Supply Security 2014 report

2 | Scoping the Possible Economic Implications of Brexit on Ireland

