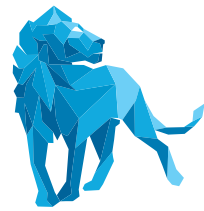


POLITEIA



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**THE IRISH BORDER, BREXIT AND THE EU
THE ROUTE TO
FRICTIONLESS TRADE**

RAY BASSETT

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Brussels, London, Rome & Warsaw.



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He was involved in the Good Friday Agreement negotiations as part of the Irish Government Talks Team and participated throughout the discussions, including the final session at Castle Buildings in Stormont.

Dr Bassett, who worked as a scientist (biochemist) before entering the diplomatic service, is a columnist on the *Sunday Business Post* and a regular contributor to TV and radio shows in Dublin, London and Belfast.

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COMMENTARIES

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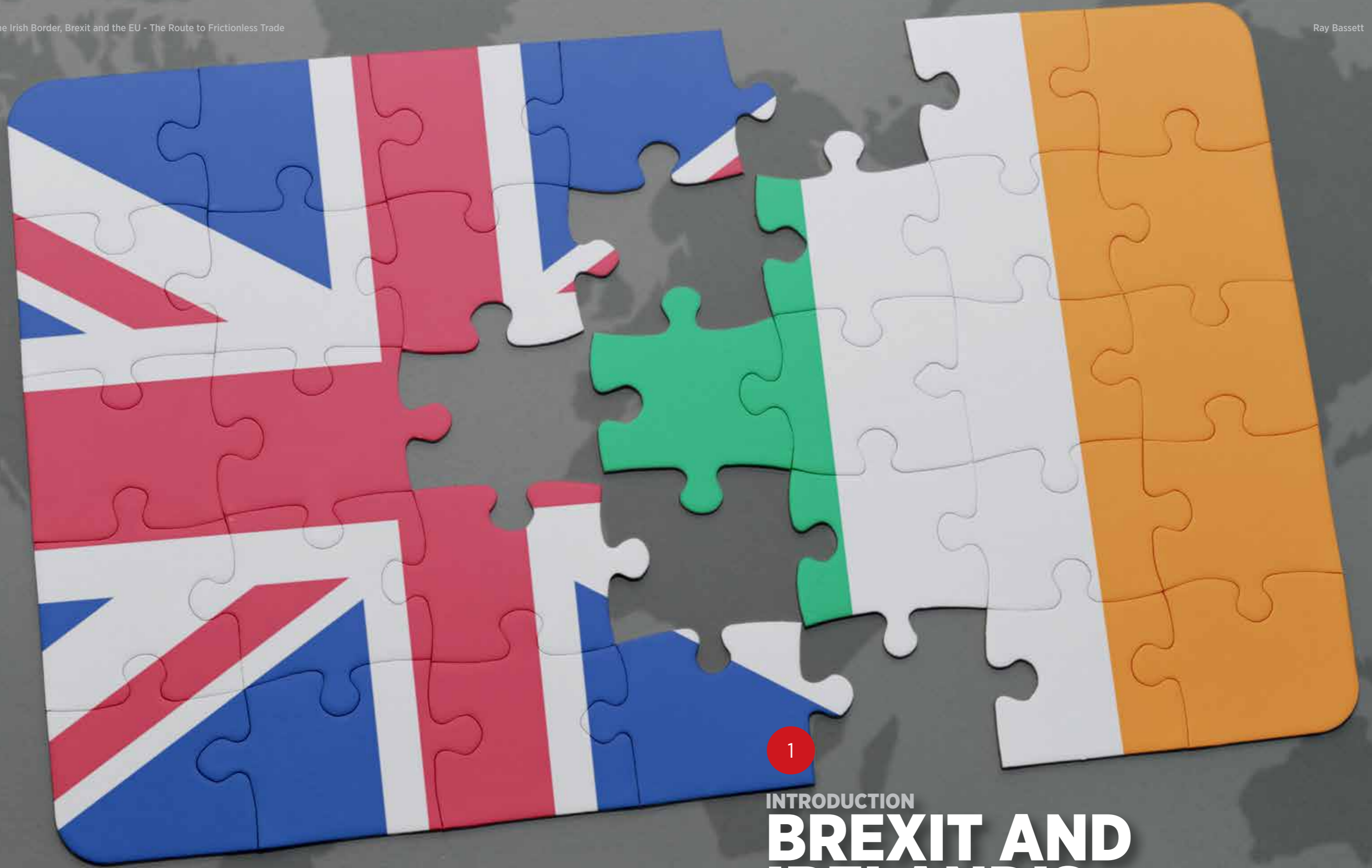
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1

INTRODUCTION

BREXIT AND IRELAND'S INTERESTS

In Ireland, the 2016 Brexit referendum result in the UK was a huge shock. Despite the rhetoric at the time, there was little or no real preparation, either psychologically or materially, for a pro-Brexit outcome.

Ireland had nailed its colours to the EU mast, right from the outset, with no plan B. This led it to making a disastrous decision during the Cameron re-negotiation with the EU, not to assist the UK to get any meaningful concessions. Such concessions might have made it easier for the Remain side to win. It was a gamble and one which backfired badly. This followed the earlier decision not to support David Cameron when he tried unsuccessfully to block the appointment of Federalist Jean Claude Juncker as President of the EU Commission in 2014. Cameron had argued that this appointment would make it more difficult to keep the UK in the EU.

The Irish public service, both politicians and officials, in both cases got it horribly wrong. This cohort, through constant meetings and connections with the EU, is considerably more pro Brussels orientated than the general Irish population. It was only too willing to believe the over optimistic briefings that both Brussels and the British establishment had given them in private.

A similar pattern of excessive pro EU sentiment could also be seen in the British public service in the run up to the referendum. Hence, the confusion in Dublin in the immediate aftermath of the result. In addition, the Nationalist community in Northern Ireland did not engage heavily in the referendum, the lowest turnout of any constituency in the United Kingdom was West Belfast, where fewer than 50 per cent voted. The

overall result was greeted with dismay and surprise in Nationalist circles in the North.

Brexit is very serious business for Ireland. There is no other EU member State which is as economically, culturally, linguistically and geographically intertwined with the UK, as Ireland. According to the Department of Foreign Affairs and Trade in Dublin, there are over 500,000 Irish born citizens resident in GB, compared to just over 17,000 in Spain, the country in the EU with the second highest number of Irish born. It is estimated that there are under 10,000 Irish born living permanently in France. In many respects, Ireland and the UK form a single labour market, a shared cultural space and a long history of interactions and migration between our two islands. Almost every home in the Republic of Ireland has access to British TV stations and radio, which have large audiences there. British newspapers circulate widely. Culturally the country is heavily within the Anglophone sphere.

Ireland enjoys the full benefits of the Common Travel Area (CTA) with Britain and its people are not treated as foreigners in UK immigration law, a position which has historically been true since the creation of the Irish Free State. It is overwhelmingly the net beneficiary of bilateral arrangements with its neighbouring island. By adopting an aggressively antagonistic position on British proposals in the Brexit discussions, Ireland is placing that relationship in danger. There is scarcely a family on the island of Ireland who does not have kinship ties with GB. No one on the island of Ireland will thank its political leaders if the result of their efforts is a restriction on the rights our people have enjoyed for centuries in Britain. In future economic crises in Ireland, where will young people move for employment if the

CTA is terminated? The tiny numbers of Irish living in mainland Europe, in comparison to the Anglophone world, demonstrate that there is no real popular identification with Europe.

Economically, the UK is vital for Irish interests. With close to 50 per cent of Ireland's beef exports going to the UK (280,000 tons according to Irish government's latest figures), and the UK taking between 40-50 per cent of exports from Irish owned SMEs. Much of these exports originate away from Ireland's affluent east coast, in places where alternative employment would be difficult to access. In addition, the UK is Ireland's trade portal for the rest of the world.

While the growth of US multinational firms in the Republic has assisted in greatly lessening Ireland's traditional dependence on the UK market (now around 15 per cent of the total), more than 80 per cent by value and over 90 per cent by volume of Irish total exports, use the UK transport system to reach markets worldwide. It is simply fanciful to imagine that Ireland could reorganise its trading patterns to avoid sending the bulk of its goods through the land bridge in Britain to world markets.

Hence, it is overwhelmingly in Ireland's interest that the UK and the EU agree to friction-free arrangements across a wide range of areas. Rationally, Ireland should be the UK's strongest ally inside the EU, pressing for the best possible terms and a successful Brexit. There are numerous other examples of the importance of British links to Ireland economically.

The question has to be asked as to why it is not the case that Ireland is following its national interest.

Ireland and its political leaders, Leo Varadkar, the Taoiseach, and the Tánaiste (Deputy PM), Simon Coveney, have adopted a confrontational and at times unhelpful line which risks repeating the same mistake as was made in the Cameron renegotiation, with similarly adverse consequences for Ireland. The answer lies partly in the historical legacy of the division of Ireland into two states, together with a large misplaced dose of Europhilia.

There is currently little optimism on the possibility of an early breakthrough in the vital area of agreeing future trading arrangements between the EU and the UK. The original Chequers proposals (July 2018) were rejected by the EU's chief negotiator, Michel Barnier and EU leaders at their 18 October Salzburg meeting. Since then the UK parliament has made clear that it will rule out the proposed Withdrawal Agreement. It is apparent that neither the EU Commission's Backstop proposal, namely to retain Northern Ireland inside the Single Market nor the alternative to keep the entire UK in an EU customs union arrangement, is acceptable unless a reasonable end date is included. Time is rapidly running out and there needs to be a sensible compromise that caters for the requirements of both sides, one that will offer a clear way forward on future partnerships.

This analysis explores constructive arrangements for cross border trade between the UK and Ireland. It explains why it is strongly in Ireland and the UK's interests to maintain frictionless trade and a soft border on the island of Ireland and considers various options proposed for the border, including Britain's proposals for a technological solution and trusted trader schemes. Such arrangements would build on existing practice.





2

BREXIT, THE BORDER AND THE BELFAST/GOOD FRIDAY AGREEMENT

In February 1923, Winston Churchill wrote, describing the aftermath of World War 1 and the changes that the Great War had wrought on the international scene, in the following way:

“ The position of countries has been violently altered. The modes of thought of men, the whole outlook on affairs, the grouping of parties, all have encountered violent and tremendous change in the deluge of the world. But as the deluge subsides and the waters fall short we see the dreary steeples of Fermanagh and Tyrone emerging once again. The integrity of their quarrel is one of the few institutions that have been unaltered in the cataclysm which has swept the world.

These two Ulster counties, Tyrone and Fermanagh, had been forcibly incorporated into the new Northern Ireland State against the expressed wishes of the majority of their people. Local government administration had to be suspended at the time. The difficulty of drawing a border between the new Free State and Northern Ireland was proving hugely difficult, even at that time.

Many of those who found themselves north of the new border, including districts in Derry, South Armagh and South Down, were bitterly resentful at their exclusion from the new Irish State. Periodic outbreaks of violence, followed by periods of uneasy peace, characterised much of the history of Northern Ireland.

National Identity and the Good Friday/Belfast Agreement

After 30 years of violence and 3,500 deaths, countless injuries, both physical and psychological, as well as tens of thousands of people passing through the prison system, the Good Friday Agreement (GFA), brought unprecedented stability. It was overwhelmingly endorsed in referenda, in the North (71 per cent) and the Republic (95 per cent).¹

The beauty of the Agreement is that it allows for huge ambiguity in a conflict which was essentially about identity. Under the terms of the Agreement, Nationalists in Northern Ireland could mentally ignore the border; get their Irish passports in the local Royal Mail Post Office, play in any sport for an Irish team,

It was also the Free State Government of William T Cosgrave who instigated a physical customs border in Ireland. Against the wishes of the PM of Northern Ireland, Sir James Craig; Edward Carson; the British Government and much of the Dublin business community, a new customs border was established on 1 April 1924. The thinking behind this ill-conceived initiative was that it would force the UK authorities to move the border economically into the Irish Sea. Unlike the situation today, Belfast was the main business centre in Ireland at the time and supplied much of the goods used throughout the island. When reading the State papers of the day, there is a haunting similarity to some of the false arguments being currently proposed.

There has been much recrimination, over the years, about the historical role of the Dublin Government, which was perceived among Nationalists in the North, as having abandoned them to the new State of Northern Ireland, which was very hostile to their interests. It was only with the outbreak of the ‘Troubles’ in Northern Ireland, that the Irish Government, in reality, took an active and hands on approach to the interests of its own citizens in the North. Today, all 5 of the border Westminster constituencies, Foyle, West Tyrone, Fermanagh and South Tyrone, Newry and Armagh and South Down have Sinn Féin MPs. There are no Unionist MPs for the border areas.

engage in all Ireland cultural organisations, travel to work across the border daily, etc., and feel part of what has been described as ‘the Irish nation’. This was psychologically important and greatly ameliorated their sense of alienation from the Northern Ireland State, and to some extent, the State institutions in the Republic.

Unionists in Northern Ireland saw the GFA from a different perspective. They welcomed the end to a violent campaign to remove their home from the United Kingdom and a recognition that constitutional change could only come through the consent of a majority. They greatly welcomed the stability that the GFA brought.

Because of demographic changes in Northern Ireland, most Nationalists believed that it was only a matter of time until their ‘side’ would achieve the majority position. In many regards, both communities in Northern Ireland were content to park the sovereignty issue for the time being. In the meantime, Northern Ireland would be governed in a way which gave ‘parity of esteem’ to both aspirations and identities. This would be bolstered by what is reputed to be the toughest anti-discrimination laws in Europe.

In any case, the lines of national identity have always been blurred in Ireland, with many Irish people while regarding themselves as British, also having an Irish identity, and with most Irish people not regarding the English, Welsh and Scots as foreigners. The blurring of citizenship and identity in the GFA which allows people in Northern Ireland to identify themselves as Irish,



British or both, as well as the recognition of the close and special relationship between Britain and Ireland, in effect, reflected the reality of the complex situation.

Ambiguity v Clarity: The GFA and the EU

It should be conceded that the departure of the UK from the EU has potential adverse implications for the continuation of the present beneficial arrangements at the border. However, these potential difficulties can be overcome if all sides are determined to be practical and not let politics get in the way of possible solutions. The creation of a new EU/third country boundary between the Republic and Northern Ireland will bring with it a whole series of new challenges which will require some novel solutions.

While ambiguity is a corner stone of the GFA, the European Union’s approach is in the opposite direction. Its published bottom line is that any arrangements, post Brexit, agreed on the island of Ireland must ‘maintain the integrity of the Union’s Legal Order’. This restriction, if pursued to its logical conclusion, greatly limits the possible range of solutions. The EU, which has now deemed itself as a guardian of the GFA, is not actually a party to the Agreement, which was signed only by the UK and Irish governments. **In fact, there was very little mention or discussion of the EU during the negotiations which concluded with the Good Friday Agreement. There was no actual EU participation in those Talks.**

The question of a ‘frictionless’ border was avidly seized upon by Brussels, as a way of putting

pressure on the British Government, especially on the issue of a financial settlement. With a British Government extremely anxious to reach an accommodation with the EU on the terms of the divorce settlement and transitional arrangements, the UK agreed to the following in the December 2017 Agreement:

“ In the absence of agreed solutions, the United Kingdom will maintain full alignment with those rules of the Internal Market and the Customs Union which, now or in the future, support North-South cooperation, the all island economy and the protection of the 1998 Agreement.

EU negotiators have maintained that this means that in the absence of any other agreed solution, Northern Ireland would remain in the Customs Union and Single Market when the rest of the UK departs, described as the ‘Backstop’ option by the Irish Government. This would essentially pass over the economic management of the area to Brussels. While the EU and Irish Government’s interpretation of the meaning of alignment almost certainly represents some overreach in World Trade Organisation terms, the UK Government, possibly suffering from buyer’s regret, heavily disputed this interpretation.²

¹ The Belfast (Good Friday) Agreement, signed on 10 April 1998, (<https://www.gov.uk/government/publications/the-belfast-agreement>)

² Draft Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, EU Commission, 19 March 2018, p.108, p.110 (https://ec.europa.eu/commission/sites/beta-political/files/draft_agreement_coloured.pdf)



3

THE POLICY OPTIONS

The possibility of the UK departing the European Union in March 2019 without a deal has loomed larger recently. The rejection of the Chequers proposals by the EU followed by its initial refusal to change the proposed Withdrawal Agreement and include an end date for the backstop essentially ended the attempts by the UK to appease Brussels. The impasse this has created means that Ireland's worst nightmare has become a possibility, even if the overall likelihood remains that some compromise will be reached in the end.

The UK has made it clear that in the event of a no deal, it intends to keep the border soft and will be opposed to erecting a physical customs border on the island

Options

Therefore, if we accept the bone fides of all sides in wanting to avoid a hard border on the island of Ireland, what are the various options, available to the negotiators in putting together a possible deal?

Firstly, it has to be recognised that the Irish border, however invisible to the naked eye, does exist. There are differing excise, personal taxation, currencies and VAT rates between North and South. However, despite the presence of low-level smuggling of oil products to the North and alcohol products to the Republic, neither Government has felt the necessity to have physical border checks. Any proposed new arrangement, post Brexit, needs to ensure that there is no undue hardening on that position.

It also has to be recognised that there are already differences between Northern Ireland and GB in areas such as animal and plant health. The clear veterinary view in the UK and Ireland is that it makes sense to have distinct animal health strategies on the island of Great Britain (GB) and on the island of Ireland. Again, it would be very undesirable

Brexit In Name Only - BRINO

Brino, Brexit in Name Only, (or alternatively Beano, Brexit Existing as Name Only), is very much the preferred solution of the European Union and indeed the Irish Government. It was also the preferred approach of much of the British establishment. They hoped that the UK would stay in the Customs Union

of Ireland. As an independent State, it will have the ability to carry out that policy successfully. Ireland, unfortunately, will be subject to Brussels and may not be able to match that offer. Hence the British advice to firms who engage in cross-border trade to speak to the authorities in Dublin, since it will be the Republic of Ireland which may be forced to introduce new physical restrictions on trade. This is an embarrassment for Ireland because any EU attempt to resurrect the border will lead to chaos. There is simply no real possibility of re-erecting peacefully the type of security arrangements which existed during the Troubles. One of the great achievements of the Good Friday Agreement was the total removal of these forts. This has helped restore stability in Border communities.

politically, greatly to increase the current divergence between Northern Ireland and the island of Britain, for the same reasons as a hard land border would be undesirable.

Against that background and depending on the outcome of the overall EU/UK agreement on future trading arrangement, the following are, at least in theory, options.

- Britain to remain in the Customs Union (BRINO)
- The Chequers' proposals – Now superseded by the Withdrawal Agreement
- The so-called Backstop
- The No Deal Option
- Ireland opts for an EFTA type arrangement with the EU (Ch IV)
- Technological solution (Ch IV)

and the Single Market. This would mean that Brexit was essentially symbolic in nature and without substance.

Much of the early negotiation tactics by Brussels was geared towards inducing the UK down this line. Of course, the EU and many Europhiles in the member

states felt that the whole Brexit process could be reversed, and the UK would recant and come back to the EU fold, pushing the concept of 'A People's Vote'. If that were not possible, then BRINO was the next best thing. In fact, those British Remainers pursuing the BRINO line needlessly complicated the early Brexit discussions, as Brussels and the various capitals kept a weather eye on political developments in Westminster. There was little point in being generous to the UK, if a hard-line policy stance strengthened the EU Commission's own allies in London.

However, from a British point of view, it would seem a pretty pointless exercise for the UK to absent itself from all the decision-making process in the EU but still be prepared to accept completely rules which the EU alone decided. A variation of this concept is the so called Norwegian model whereby the UK remained in the European Economic Area (EEA) or in a bespoke bilateral deal with the EU.³ It is also clear that in some variants of the customs union membership, including the UK belonging to the EEA, the EU would expect the UK to abide by the four fundamental freedoms of the Treaty of Rome, freedom of movement for people, capital, goods and services. It would also keep the European Court of Justice (ECJ) heavily enmeshed in the UK legal system, again without a British member of the Court's judiciary. Also, it should be recognised that there is a tendency with all EU institutions, including the ECJ, to engage in mission creep and gradually enhance their own powers at the expense of the national Governments. This would inevitably lead to friction, post Brexit, in a BRINO type arrangement.

The EU of course favours this option as a means of keeping control of the UK and restricting the UK's ability to plot an independent path and become a serious competitor to the EU.

This type of future relationship between the UK and the EU would be in direct opposition to the reasons why a majority of British voters opted for Brexit, including return of sovereignty, the independence of the courts, as well as national immigration controls, etc. Indeed, one of the main attractions of Brexit, is that it will allow the UK to establish an independent

international trade policy, something that is particularly neuralgic for the EU.

It is of course true that the British Labour party has chosen a variation of this as its preferred policy option. It talks about 'a customs union' as opposed to the EU customs union, without in any way really clarifying the differences. But the suspicion must be that this is purely a tactical position, viewed primarily as something which is likely to attract support from diehard Remainers in the Conservative Parliamentary party and hopefully bring about a general election. In reality, it must be doubtful that any new Labour Government would wish to be shackled by restrictive EU regulations which would curb their freedom of action. The Opposition Leader, Jeremy Corbyn, and his chief lieutenant, John McDonnell, are hardly likely to welcome the EU Commission and ECJ vetting their radical economic plans.

More recently the Labour Leader has hardened his stance on accepting EU oversight of British Government policy. Mr Corbyn was quoted in *The Guardian* on 21 December as stating

“ I think the State aid rules do need to be looked at again, because quite clearly, if you want to regenerate an economy, as we would want to do in government, then I don't want to be told by somebody else that we can't use state aid in order to be able to develop industry in this country.

The Irish Government, of course, would greatly welcome the UK staying in the Customs Union, as it would undoubtedly alleviate the problems of a potentially hard border between the North and the Republic and also allow for continued unfettered free trade across the Irish Sea, something that economically is much more important to Ireland than the North/South border.

In reality, these proposals have been overtaken by events, including the proposed withdrawal agreement.

³ Another option could be EFTA membership (European Free Trade Association), with its existing four members, Norway, Switzerland, Iceland and Liechtenstein of which the UK was a founding member, but left in 1973 to join the then EC. It can agree FTAs with third countries. The EFTA-EU Free Trade Agreement covers tariff-free trade for some products (including agriculture and fish), but does not cover services or non-tariff barriers (eg divergences in regulatory standards). It includes free movement between its member states. Although EFTA countries are outside the EU Single Market and not bound by the four freedoms and Customs Union, three of its current members, Norway, Iceland and Liechtenstein submit to these by being members of the EEA.

The Northern Ireland Protocol

As the only part of the UK sharing a land border with an EU member state, the livelihoods of the people of NI and Ireland are linked.

THE PROTOCOL IS THEREFORE ABOUT MORE THAN JUST THE BACKSTOP – IT IS ABOUT PROTECTING LIVELIHOODS IN BOTH NORTHERN IRELAND AND IRELAND

- The continuation of the **Common Travel Area**
- UK commitment not to diminish rights, safeguards and equality of opportunity as guaranteed under the **Belfast (Good Friday) Agreement**
- Continued legal underpinning of the **Single Electricity Market** in Northern Ireland and Ireland
- Commitment to **protect North-South and East-West cooperation** across political, economic, security, societal and agricultural contexts

The backstop

Neither side wishes to see the backstop enter into force – the PD sets out our determination to establish alternative arrangements for ensuring there is no hard border on a permanent footing.

But the Protocol provides for a **legally operative backstop** that guarantees that there will be no hard border if the future relationship is not ready by the end of the IP.

The backstop has been driven by three key objectives

- NO HARD BORDER ON THE ISLAND OF IRELAND
- CONTINUED NORTH-SOUTH AND EAST-WEST COOPERATION
- PROTECTING THE BELFAST (GOOD FRIDAY) AGREEMENT

The backstop is an **uncomfortable arrangement** which is why both Parties are committed to a future relationship that means that it either does not come into effect or is superseded quickly.

If the future relationship is not going to be ready by 1 January 2021, the UK has **two choices**: request an extension of the IP or activate the backstop.

UK-wide customs arrangements

The Protocol maintains the **constitutional and economic integrity of the UK**, in part through UK-wide customs arrangements.

UK-WIDE CUSTOMS ARRANGEMENTS

- This means that there can be **no separation of the UK's customs territory**
- No **tariffs, quotas or checks on rules of origin** between the UK and the EU
- UK will harmonise on **state aid, maintain existing environmental, social & employment standards, and some tax practices**, and maintain a robust **competition regime**
- There are **no commitments to pay budgetary contributions** of any kind to the EU

The backstop delivers a **basic set of trading arrangements**. But both sides are clear these would represent a **suboptimal outcome** compared to those envisaged in the PD.

Protecting the economic integrity of the UK

NI will be subject to parts of the EU acquis, but **only those that are strictly necessary to avoid a hard border** between NI and Ireland, including with respect to VAT and SPS rules.

THE PROTOCOL ALSO PROTECTS THE INTEGRITY OF THE UK

- Legal recognition of NI's place in the UK's internal market** and a guarantee of full access to GB market for NI goods.
- The Government could **temporarily maintain** applicable rules UK-wide to minimise checks required prior to the future relationship starting. Checks always carried out by UK or NI authorities.
- The Government will bring forward proposals on the **role for the NI Assembly** before commencing any backstop powers.

Extract of Northern Ireland Protocol from proposed Withdrawal Agreement

The real question relating to the Chequers proposals was the relative silence of the Irish authorities on the issue. These proposals were overwhelmingly in the country's interests, yet the Irish Government did not endorse them. It was a classic example of the failure of Dublin to act in the country's own national interest. It chose instead to

remain subservient to Brussels, a sad state of affairs.

The Withdrawal Agreement incorporated much of the Chequers' proposals but has been undone by the inclusion of the Backstop, which is developed further below.

The So-Called Backstop and the Withdrawal Agreement

The Backstop is so called because it is the supposed fall-back position on the Irish border in the event of all else failing. This, on the face of it, would appear to indicate that if the UK cannot come up with a solution to this issue to Ireland and to the EU's satisfaction, then there must be full alignment of policies in the two parts of Ireland. Essentially, this means that Northern Ireland would have to remain subject to the EU's regime - it would be annexed economically by Brussels. It would require a customs border in the Irish Sea between two parts of the UK. This would be against a background where Northern Ireland is fully integrated into the UK's single market and the island of Great Britain is by far its largest outside trading partner. As we have seen that Northern Ireland focus has now been extended to oblige the whole of the UK to remain in an EU customs union, under the Northern Ireland Protocol of the proposed Withdrawal Agreement which was proposed without any end date.

no appetite in Britain, including the leadership of the Opposition Labour Party, for the type of approach that Dublin was pursuing. If the text of a declaration is in collision with reality, then the chances are that reality will win out in the end. Therefore, expect the Backstop to be watered down in each negotiation session or even removed from the Withdrawal Agreement.

After the December 2017 agreement in Brussels, the Irish Taoiseach, Leo Varadkar, in a moment of self-congratulations, claimed that the Backstop was now 'rock solid, bullet proof and cast iron'. He is now less ambitious, stating that 'a backstop' (undefined) would have to be included in any final agreement. He has even conceded that it might not be in the main text but included in an attached protocol.

If Ireland and the EU, however, push the hard Backstop option to finality, then the British will have to go for No Deal. This will mean a hard border, not just North/South, but for the vast bulk of our exports which access the world through the UK transport system.

To quote the Irish-American tennis player, John McEnroe, when disputing a line call at Wimbledon, 'Are you serious?'

If it is being used as an incentive by the EU to get the British to take some unpalatable medicine elsewhere, then it is a fairly blunt weapon. I have stated previously that in any game of bluff, there has to be a reasonable possibility of having one's bluff called. Anybody looking at the situation cannot help but conclude that Ireland would not bring the house down in a single-minded pursuit of a political goal, if this was to do huge damage to its own economy. Any hard border in the Irish Sea and North/South would hurt Ireland a lot more than it would Britain. As the main Irish business organisation IBEC stated,

It has been argued that the Irish interpretation of the Backstop would run foul of international regulations in GATT. No State runs different tariff levels to international trade for different parts of their jurisdictions.

Whatever about the interpretations of international regulations or the specific meaning of what was agreed in Brussels in December 2017, it should be realised that this form of Backstop is undeliverable by Theresa May. This is not just because she needs the support of the DUP at Westminster. In reality, no British Prime Minister could agree to full internal custom barriers inside the UK against part of its territory. It was noteworthy that no major British political figure, pro- or anti-Brexit, has openly supported the Backstop option. In addition, the UK House of Commons passed an amendment to the new Customs Bill which specifically outlawed any special treatment of the North for customs purposes. It should be noted that the amendment was passed without division. There was absolutely

The Chequers' proposals / Withdrawal Agreement

The Chequers Proposals, initially published in July and outlined later in the British White Paper, were closely aligned to the BRINO option, and subsequently developed for the Withdrawal Agreement. They allow for full free trade in goods until an alternative was developed for the Irish border issue and a future trade agreement was achieved, hence no need, in the interim, for a physical border in Ireland, and also free trade across the Irish Sea. These features, coupled with the continuation of the Common Travel Area, make them very attractive from an Irish point of view.

However, the proposals stood no real chance of being accepted in their proposed form. They would, in reality, severely curtail the UK's ability to conclude trade deals with non-EU countries, despite claims to the contrary by the British Prime Minister. They would

be unacceptable to many Conservative Party MPs. It would also mean that the UK would have no real input into the formulation of industrial standards but would have to accept what Brussels decided.

Also, the EU Commission has made it clear that it is strongly opposed to the Chequers idea of splitting trade in goods from trade in services. It would also oppose a Brexit deal which conferred much of the benefits of EU membership on the UK without free movement of people. The Commission regards itself as the guardian of the *acquis communautaire*, (the accumulated body of European law), much as the ideologues of the Vatican and the Kremlin once stood guard on their own orthodoxies in the past. Hence, Chequers, and its plea for flexibility on the EU side, is an affront to the Brussels establishment.

“ Ireland’s geographic position, with the use of the UK as a land bridge to other EU states, and the reliance on UK suppliers and markets, in addition to the land border with Northern Ireland, means it is uniquely exposed to the cost, complexities and disruptions associated with applying and administering a customs border. The economic implications are potentially enormous.

In addition, I believe that the Backstop option, with the implication of a border in the Irish Sea, presents the same dangers to the Good Friday Agreement that a hard border on the island of Ireland represents. It would psychologically cut off Unionists from their fellow citizens in Britain. The Irish Government signed up to the concept of parity of esteem for both traditions in Northern Ireland, not just for Nationalists. The aggressive pushing of the hard Backstop option would appear to conflict

with the spirit, if not the letter, of the Good Friday Agreement.

Under the Withdrawal Agreement proposals, the dangers of the UK being trapped indefinitely in a Backstop arrangement or alternatively having to agree to an unfavourable future trade deal was graphically illustrated by the comments of French President Macron, who threatened to veto any future trade deal unless French fishermen were given favourable access to the rich British fishing grounds. This type of approach could, in effect, mean no exit from the Backstop unless Britain conceded on a whole range of issues. It would place the UK in a seriously disadvantaged position for future trade talks with the EU.

This option, in its most stark form, has no chance of being implemented.

The No Deal Option

For the Irish to push the UK into a position where it would have to walk away from a deal with the EU over the border would be simply insane, given the economic implications.

In a No Deal situation, Ireland would find itself physically cut off from mainland Europe, with its primary trading route to the rest of the world, the land bridge through the UK, subject to new restrictions. Its main market for the country’s indigenous industries, especially food and drink, would be in jeopardy. It would also have created a situation where its insistence on the Backstop was the main reason why the Withdrawal Agreement was unacceptable to the UK. This undoubtably would stoke up resentment inside the UK against Ireland. This could have long term implications for the Common Travel Area.

In Northern Ireland, a No Deal outcome, especially one where the Backstop was the primary cause, would deepen communal divisions and make the

pro-British part of the population there even more convinced that Irish Governments would not take their welfare, or their Britishness, into consideration in any future constitutional arrangements for the area. Political progress in Northern Ireland has traditionally depended on London and Dublin working together. This was the basis of the Good Friday Agreement. The present level of distrust between the British and Irish Government not only makes future progress more difficult but endangers the whole basis on which the Good Friday Agreement was built, namely the two countries as partners and mutually supportive.

Ireland has it within its powers to assist the UK and EU avoid a No Deal scenario. It could unilaterally push the EU to put a time limit of two years on any Backstop arrangement. Given the desire on all sides for a reasonable settlement, this would help the British Government get the Withdrawal Agreement through the House of Commons and allow the discussions on a future trading arrangement to be completed inside the two-year transition period.



4

HOW TO MAKE BREXIT WORK - IRELAND'S OPPORTUNITIES

Ireland EFTA type arrangement with the EU

The Irish Government has placed huge importance on maintaining a 'frictionless' border on the island of Ireland. This is understandable, given the history of the border and also the need to preserve the stability engendered by the Good Friday Agreement. However, Dublin has completely placed the onus on the British Government to come up with a solution. It has worked on the basis that it was the UK's decision to leave the EU that caused the problem and hence has absented itself from making any suggestions. Its only contribution was to ask the British Government to stay in the Single Market and Customs Union, something that Prime Minister Theresa May and her Cabinet have ruled out as not reflecting the wishes of those who voted for Brexit.

The Irish Government even initially refused to enter into direct talks with London on the matter, instead choosing to work only through the EU negotiators. They have belatedly gone back on that refusal as the possibility of forcing the UK to stay in the Customs Union has receded.

However, one option which has not been seriously considered to date is that Ireland should itself agree to depart the EU Customs Union to preserve frictionless movement of goods and people with the UK. Since Ireland is the main beneficiary of the current arrangement, this is surprising. The Irish Government could ask the EU for a special arrangement, so it could stay in the EU but outside the EU Customs Union but maintaining, as far as possible, a customs union with the UK. If this were not possible as it breaches the need to 'maintain the integrity of the Union's Legal Order', then membership of the European Free Trade Area (EFTA) or some similar arrangement which allowed Ireland to continue its membership of the EEA, on the lines of Iceland, Norway and Liechtenstein, could be considered as an option.

If avoiding a hard border in Ireland is so important politically, then there is an onus on the Irish Government carefully to examine all options for its avoidance. This option certainly has its attractions for all the parties concerned: Ireland, the UK and the EU.

There is no doubt that Ireland has benefitted economically and culturally from its membership of the EU. However, the attractiveness of full membership, once the UK departs, will have been reduced considerably.

The UK is still Ireland's most important trading partner. The Welsh port of Holyhead alone took 425,000 HGV vehicles on the Irish Sea route in 2016 and is now the second busiest ferry port in the UK, second only to Dover. Other Welsh and English ports receive large volumes of Irish goods on their way to markets around the world.

While it would be possible to establish some streamlined customs arrangements with the UK, many of these goods will ultimately pass through the English Channel ports to EU countries and be subject again to custom procedures. It would be much better to have one set of customs to deal with, rather than two.

In addition, as Ireland has prospered economically, it has moved away from being a net recipient of EU funds. The Irish net contribution in 2018 is estimated at approx. €1bn and rising, soon to top €1.3bn, similar per capita to the UK's present contribution. This is even before the EU proposes measures to fill the gap in the budget left by the UK's departure. These measures are likely adversely to affect Ireland, as the EU will be seeking larger payments from the present net donors, as well as cuts to the Common Agricultural Policy (CAP), an area where Ireland gets most of its receipts from the EU (around two thirds). Norway, a country in EFTA with a similar population to the Irish Republic, pays the EU approx. €400m p.a. for full access to the EU's Single Market. This figure is less than half the current Irish net contribution.

In addition, the Irish have always mistakenly looked on the EU as an economic project. As the more grandiose political schemes of Europhiles like Macron, or the SPD in Germany, become more apparent, then Ireland will have less enthusiasm for Brussels. In addition, it should be admitted that much of the Euro enthusiasm in Ireland has traditionally been a form of Anglophobia. With the UK no longer there, the love affair with Brussels will increasingly cool, as Ireland is forced to give up even more of its sovereignty.

This will be particularly true when the EU seeks to curb Ireland's attractiveness to Foreign Direct Investment (FDI), because of its corporation tax rate of 12.5 per cent. The move to a common consolidated corporation tax (CCCT) would force even the most Europhile Irish politician to reconsider the country's

continued participation in the Euro project. If Ireland was outside the EU, then the ability of Brussels to dictate its tax rates would be eliminated. The EFTA type arrangement would, of course, maintain full and free access to the Single Market.

An EFTA type arrangement would greatly suit Ireland in the fishing area. Ireland is allocated an even smaller per cent of the total fish caught in its own rich fishing grounds, than the UK is in its waters. Once the UK regains control of its maritime resources, other EU countries will be looking at enhanced quotas off Ireland as compensation. In an EFTA type arrangement, Ireland could, like Norway, greatly revive its fishing communities and, in conjunction with the UK, end the huge over fishing which is going on at present around our islands. For Ireland, this is important because 90 per cent of the country's exclusive economic zone is actually maritime, by far the highest in the EU.

If Ireland were to opt for an EFTA style deal with the EU, this would relieve the UK of the need to solve the thorny issue of the Irish border, as Ireland could maintain the present customs union with the United Kingdom, thus preserving the mutually beneficial arrangements between the two islands. The downside for Ireland would be its exclusion from the decision-making process in Brussels. However, with a voting share of between 1-2 per cent in the Council of Ministers, it is arguable whether Ireland, at present, has much of a say in EU law making.

Technological Solution

If all the other options are ruled out, we come to the technological solution by a process of elimination. The UK has ruled out continued membership of the Customs Union, Ireland will not consider the EFTA route, the EU demands that we must stick rigidly to its Legal Order and the Backstop is not really an option.

The technological solution is essentially based on the British paper of last August. In addition, there are no simple off the shelf solutions available which can be copied from places like the US/Canadian border or Norway/Sweden. Having crossed the Canadian frontier many times, it is not a simple straightforward matter and trade and individuals can be held up for hours at times. Something similar would lead to chaos and possibly civil disorder in Ireland. It

In addition, there are attractions to the EU for agreeing Ireland's exit to an EFTA linkage. The usefulness of Ireland in the negotiations has now passed, with the UK agreeing to a generous financial settlement. To countries on the European mainland, Germany, France, the Netherlands etc., it is doubtful whether the huge difficulties in finding a solution to the Irish border are worth the candle. As the EU showed in its notorious bailout for Ireland, it was more than willing to dispense with Ireland's national interests when faced with wider EU considerations. Given the small size of the Irish economy, relative to the whole EU, it is extremely doubtful that it is in the EU's interest to allow the Irish Backstop to scupper the wider deal.

Ireland is situated in the middle of Anglophone North Atlantic countries, with the UK to the east and Canada to the west. It will be separated from the rest of the EU, not only by water but also by the UK. Geographically, historically and linguistically it will be an oddity in the EU. If a free trade area is established by the USA, Canada and the UK, it would be a much more natural fit for Ireland, than to be left as a small English-speaking state on the periphery of a centralising EU Superstate.

Better to take matters into our own hands and seek EFTA membership, even for a period, to assess the country's future options post Brexit.

should be factored in that the greatest resistance to a hard border lies in the strongly Republican districts just North of the boundary line. It would be a nightmare trying to construct and maintain any new permanent structures. Nobody wants a fixed line of confrontation in the middle of the peaceful Irish countryside.

It should also be remembered that there was no existing prototype for the Good Friday Agreement. It was constructed for the particular circumstances of Northern Ireland but drew on the lessons learned from other international settlements.

Therefore, the authorities will have to construct something unique. It will not be perfect and will

not be to anybody's 100 per cent satisfaction. As a seasoned negotiator, the late David Ervine of the Progressive Unionist Party (PUP) said during the GFA Talks, everybody should get what they need, not what they want, and there should be parity of pain and satisfaction all round.

The first step is to remove any question of using the border for immigration control. The UK has already indicated that it will focus its efforts, to limit immigration of EU nationals, at the employment level. There is already very good cooperation between the immigration authorities, including sharing information on visa applications, informal liaison officers regularly at Belfast and Dublin airports etc. This could continue and be enhanced.

These immigration arrangements should in theory continue as before. They can be maintained as long as the UK does not impose visa restrictions on any of the remaining 27 states. This is unlikely, especially in the short to medium term. The other proviso is that Ireland stays out of the Schengen arrangements and maintains its own mini Schengen with the UK, Isle of Mann and the Channel Islands. The present commitment to the maintenance of the Common Travel Area should assist Ireland to successfully ward off pressure from Brussels on Schengen.

The next area to exempt is, as indicated by the August British paper, local traffic and agriculture. These make up to 80 per cent of trade transactions on the Irish border. They are characterised by high volume and frequency but low value transactions. However, exempting these will require a level of flexibility from the EU which is not evidenced to date.

However, the exemptions appear to be compliant with GATT regulations.

David Collins, who is Professor of International Economic Law at City, University of London, and an acknowledged WTO specialist, has pointed out that, in a free trade deal type, along the lines of the recent EU/Canada Comprehensive Economic and Trade Agreement (CETA),

“ The land border between the UK and Ireland need not have any physical infrastructure and as such should not represent a political obstacle to a UK-EU FTA. Article XVIII of the GATT and

the Trade Facilitation Agreement of the WTO require that WTO members must minimize customs procedures as far as reasonably possible. Moreover, special arrangements to streamline borders (as between Northern Ireland and the Republic of Ireland) such as those involving regular trader exemptions and technology, are permitted under the exemption for border traffic under Article XXIV of the GATT.

Also, the UK has already indicated that, in a limited number of areas, including energy, animal and plant health, transport etc., it makes perfect sense to align the regulatory requirements throughout the island of Ireland. This can be achieved, in part, through the mechanism of the North/South implementation bodies which have operated on an all island basis in several areas since 1999 and are based on the North/South Strand of the Good Friday Agreement.

The remaining element, which in reality means large firms with a defined number of employees or turnover, can be accommodated by a trusted trading arrangement. While any British Irish operation on the border would be *sui generis*, one model which would be worth looking at is the Australian one.

The main features of the Australian Trader Programme (ATT), which is rapidly growing, includes,

- A single point of contact between the Australian Border Service and the Trusted Trader Business. Communications are normally electronic.
- A composite monthly return submitted by the Trusted Trader, rather than returns on every cargo.
- A single consolidated return for multi types of goods rather than a different declaration for different goods type.
- Regular discussions between the companies and the Australian Border Service.
- Use of a special Logo, clearly designating the goods as coming or going to a Trusted Trading company
- Priority for these companies in any dealing with the Border Service.

All trusted trader systems operate on a self-assessment and self-regulation basis. Responsible companies will not wish to violate the law, and this would be backed up by a system of audits and on-site inspections, much as the present VAT system operates.

In addition, there could be a further requirement that all HGV operators on the island of Ireland install a special tracking device in their vehicles so that the customs authorities could check whether any company returns tallied with the physical evidence of the tracking device. These types of arrangement could be modified over time, as experience is gained in where the snags will arise and where it works well. However, if operated with a coordinated mutual recognition programme by the two customs services, it may be sufficient to facilitate all parties desire to avoid a hard border.

It is noteworthy that many custom officials, both Irish and British, privately are confident that they could successfully operate such a system. There would, of course, still be a need to have some monitoring of

vehicles crossing the border on the main routes, but this could be achieved through technology, with the use of cameras. There are already cameras installed on the main Dublin/Belfast highway, just south of the border city of Newry. These are unobtrusive, and taken with the other arrangements, might be adequate enough to avoid any new installations.

There may also have to be some limited checks at ports connecting Ireland, both North and South, with Britain. These would constitute a similarly unobtrusive arrangement to ensure that areas which remained aligned on an all island basis, and where there was some divergence with Britain, were also monitored. It is also likely that this system would require some spot checks at mainland European ports on Irish vessels to ensure the system was not being abused as a back door into the EU.

As with the present EU/Swiss model, a supervising committee, comprising expert representatives of the EU and the UK could meet regularly to monitor its operation and advise authorities on the need for any changes.

5

CONCLUSION

In the end, it is hoped that a free trade agreement will be concluded between the UK and the EU, allowing for full tariff-free trade in goods between the two entities. In such circumstances, it is likely that there will have to be a separate protocol on customs arrangements on the island of Ireland. The contents of the protocol will, of course, greatly depend on what is covered in the main agreement. However, the issue of the Irish border is key for any Irish Government. The spectre of past betrayals haunts the corridors of power in Dublin. Hence the declaration by the Taoiseach Leo Varadkar that he is determined that his Government 'will never again leave Northern nationalists and Northern Ireland behind.'

Therefore, the problems with the Irish border issue are that they are essentially political in nature. The relevant importance of North/South trade to the overall Irish and British economies is relatively small. However, with so much history and political capital invested in maintaining the Good Friday Agreement, the importance of solving this matter is out of proportion to the economic gains.

This emotive issue has been used as a weapon by those wanting to thwart the result of the Brexit referendum, including leading members of the British establishment. This is a very uncomfortable position for Ireland. Whatever the outcome of the Brexit process, Irish and British people will have to live alongside each other. Our history has been characterised on occasions by poor and short-term decision making. This is a time when Ireland should, by all logic, be working hard to ensure a beneficial outcome which restores the excellent relations between the two countries. Ireland needs to be the foremost advocate for comprehensive free trading arrangements between the EU and the UK. Unfortunately, the border issue has gotten in the way. We need to solve this matter as soon as possible, and by a method which does not seek to scupper the referendum result. The history of ignoring and reversing referenda results in the EU is shameful. We certainly do not need another example.

In addition, Ireland must keep its options open. Until recently it was almost taboo, close to treasonous, for anybody in Ireland seriously to question the country's slavish devotion to the EU, yet there are very few in Government circles who have a deep understanding of what the 'Project' is all about. I think we can

confidently predict, as elsewhere in the EU, there will be growing disenchantment with Brussels and the desire of Europhiles for a United States of Europe. The whole sustainability of the European Union, as presently constituted, is in serious long-term doubt. Ireland needs to be on the right side of these historical developments.

Historically, the UK has been at the forefront of developments in the EU, including reform of the CAP (accepted by all now), the Single Market, Budgetary control, scepticism of the euro etc. The disenchantment with the Brussels model is also spreading to other countries. Recent elections in the Netherlands, Germany, Austria, Slovenia, Hungary, Sweden, and Italy have all shown increasing support for a different type of arrangement in Europe. The sole exception was the particular circumstances in France, where the choice was between Macron and the National Front's Marine Le Pen and as recent polls have indicated Macron's support has largely evaporated. Therefore, Ireland would be very short sighted to tether its future to a ship which is showing distinct difficulty in staying afloat.

Ireland needs to look after its own self-interest and realise that its deep connections with its neighbour, the United Kingdom, are more valuable than temporary plaudits from Brussels for being 'the best boy in the classroom'. The further abandonment of Ireland's remaining sovereignty is what is facing the country unless it changes course.

There is no need for the Irish border question either to derail the EU/UK Brexit discussions or to determine the overall agreement. The Border question has been used by elements within the Remain camp to try and block the UK's departure from the EU. It is certainly not in the long-term interest of Ireland to be used in this cynical manner.

While there is no comparable international example that can be readily used to solve the issue, goodwill and common sense should allow for a workable solution. It could be based on major exemptions for small companies and purely local trade, as well as agricultural and food products. The remaining trade could be monitored and operated on a trusted trader system. Under these arrangements, there would be no need for any new physical infrastructure on the border. The danger is that politics, not practicalities, will get in the way.



THE LEGAL FRAMEWORK: IRELAND'S OPTIONS

A Commentary – David Collins

Ray Bassett's thoughtful and informative paper raises a number of interesting recommendations for the Republic of Ireland after Brexit worthy of serious attention.

David Collins is Professor of International Economic Law at City, University of London

Ireland's economy is of course inextricably linked to the United Kingdom, far more so than any other European Union member state, and in that sense it has the most to lose from a weakened relationship between the UK and the EU. Even worse, as Bassett sensibly observes, would be for Ireland and the UK to sacrifice their even closer mutual ties to serve the interests of the EU's economic hegemony over the region. Unnecessary barriers to trade in goods erected at the behest of the EU at the border with Northern Ireland or worse, an entirely new set of trade barriers imposed between Great Britain and Northern Ireland, effectively splitting the UK in two, would be harmful economically, politically and socially. The futility of these non-options is even more pronounced when considering that failure to achieve a Free Trade Agreement (FTA) between the UK and the EU for any reason, whether because of the Irish border, citizenship rights or continuing jurisdiction of the ECJ, is hardly a disastrous outcome. The UK can continue to engage in prosperous trade with Ireland and the rest of the EU, along with the rest of the world, under its membership of the World Trade Organization (WTO). While sub-optimal with respect to having a comprehensive FTA with the EU, the no-deal WTO scenario is not to be feared and the UK government has wisely been preparing its position at the WTO in the months since the Brexit referendum.

But there are other options for Ireland regarding its relationship with the UK and the EU which have been carefully set out by Bassett and deserve close consideration. Rightly dismissing the repugnant 'Backstop' notion in which Northern Ireland effectively splits from Great Britain to maintain regulatory alignment with the EU so as to preserve the 'frictionless' border, and Brexit-In-Name-Only in which the UK stays in the EU's customs union and single market, Bassett argues that Ireland has two best options. Both of which could yield optimistic outcomes for people in Ireland with limited challenges.

First, Bassett suggests that Ireland could consider also leaving the EU but retain close ties to the region through membership of the European Free Trade Association (EFTA) or through an arrangement which resembles it. An EFTA-style agreement with the EU, along the lines of that which is currently in place between the EU and Norway, Liechtenstein and Iceland or that between the EU and Switzerland would allow Ireland to leave the customs union but

remain in the single market. Under such conditions, Ireland would be able to set up its own external trade policy by which Ireland and the UK would be able to align their customs procedures and trade regulations, eliminating any difficulties in relation to the goods crossing the border with Northern Ireland. Bassett shows that Ireland stands to gain from leaving the EU, not only by recovering its annual payments to Brussels and its fishing rights, but also by pursuing a tax regime which is attractive to foreign investment but which stands to be curtailed by EU rules going forward. Moreover, given its small size and limited voice in EU law-making, Ireland has always been a rule-taker under the EU regime, unable to structure an economic policy which suits its domestic interests. An EFTA-style arrangement would function as an FTA and as such could fit within GATT rules on preferential trade arrangements (Article XXIV), provided it covers substantially all trade, which it would.

Secondly, Bassett explores the technological solution for avoiding the problem of the 'hard border' between the Republic and Northern Ireland with Ireland retaining its membership in the EU and in that sense keeping its status-quo. Under the arrangements proposed by the UK Ireland will be able to continue to enjoy a prosperous trading relationship with the rest of the UK even when the latter departs from the EU's customs union in line with the political will of the British people and its government which has committed to such a course all along. This can be achieved through maintaining an open border for people with no passport checkpoints, which is entirely realistic as long as Ireland stays outside of the Schengen area and agrees on visa-free travel with the UK. It also contemplates exempting local traffic and agriculture, and retaining some regulatory alignment with the EU on matters such as animal and plant health. Practical solutions including composite monthly returns on VAT rather than border checks, self-regulation, audits and occasional vehicle inspections means that the border with Northern Ireland will be, for the most part, as frictionless as it is today, with the Swiss-EU border as well as the Australian Trade Programme cited as helpful examples. Encouraging studies into the use of smart technology such as bar code scanning, which Bassett does not examine but others have drawn attention to, could also help to smooth this process. These strategies are entirely compatible with WTO rules under the GATT as they do not discriminate against goods originating from outside the EU/Ireland. In fact

they fulfil the UK's obligations under Article VIII of the GATT (regarding customs formalities) and the Trade Facilitation Agreement.

From a UK perspective, either of these options is preferable to Brexit-In-Name-Only or the cutting off Northern Ireland from Great Britain 'Backstop.' For the

Irish people, which option is preferable depends on the extent to which Ireland wishes to retain linkages to the EU. Bassett makes a case that Ireland would thrive on its own, but if it chooses to remain within the EU, this should not prevent Ireland from maintain a healthy trading relationship with the UK - its closest trading ally.



**FAMILY TIES:
THE ECONOMIC
AND POLITICAL
REALITY**

A Commentary – Liam Halligan

*Liam Halligan is an economist
and economics commentator
for The Sunday Telegraph.*

NO — ENTRY

The Republic of Ireland Act came into force in 1949. When Ireland ‘went into Europe’ in 1973 – at the same time as the UK and Denmark – the country, formally speaking, was not yet twenty-five years old. This marked the moment when the Irish people, after the long struggle for independence, were finally fully able to represent themselves diplomatically on the world stage.

Brussels-backed motorways and other structural fund spending have since been important in terms of cementing the Republic’s relationship with the European Union. But the escape from British dominance has made the EU central to the identity of modern Ireland. Despite that, as Ray Bassett highlights in this lucid and timely pamphlet, the UK remains hugely important to the Republic – both economically and culturally.

The result of the UK’s EU referendum is the latest twist in the deep and complex history of the relationship between these two intertwined nations. The good news is that Brexit is happening at a time when such relations – between Ireland and the UK, and between the six counties of Northern Ireland and the twenty-six that form the Irish Republic – are perhaps more stable than they have ever been.

In her Lancaster House speech of January 2017, Prime Minister Theresa May said ‘an important priority’ during Britain’s Brexit negotiations with the EU was the safeguarding of joint UK–Irish interests. ‘The family ties and bonds of affection that unite our two countries mean that there will always be a special relationship between us’, said May – words unthinkable from a Conservative leader until relatively recently.

The multi-faceted impact of Brexit on Ireland, though, clearly includes sensitive issues relating to North-South border. As Bassett says, ‘goodwill and common sense should allow for a workable solution’. A combination of e-border technology, exemptions for small, local cross-border flows of goods, and a more extensive ‘trusted trader’ scheme, would allow the UK to leave the EU’s protectionist customs union, delivering on the Brexit vote, while avoiding the need to erect infrastructure on the Irish land border that might spark renewed sectarian violence. Such proposals were detailed in a UK government paper of August 2017. They were summarily rejected by Brussels.

Pointing to the relatively low value of North-South trade, Bassett highlights that ‘problems with the Irish border issue are ... essentially political in nature’. With so much history and political capital invested in maintaining the 1998 Good Friday Agreement, which Bassett helped deliver of course, ‘the importance of solving this matter is out of proportion to the economic gains’. Unfortunately, as he says, ‘this emotive issue has been used as a weapon by those wanting to thwart the result of the Brexit referendum’ – not least by the EU’s Chief Negotiator Michel Barnier.

But the Irish government, too, is pursuing ‘a high-risk strategy which could backfire badly’. Dublin, as Bassett observes, is ‘doggedly insisting that UK either stay in the Customs Union or alternatively agree to detach Northern Ireland economically from the rest of the UK’. Taoiseach Leo Varadkar should remember, instead, that ‘economically, the UK is vital for Irish interests’ and Ireland’s ‘deep connections with its neighbour, the UK, are more valuable than temporary plaudits from Brussels for being the best boy in the classroom’.

Economically, the Republic of Ireland does indeed remain closely related to Britain, with the UK accounting for around €1bn of Irish trade each week and one in ten jobs across the country. Ireland has diversified since joining the EU, but not in a manner that is commonly understood. Back in the mid-1970s, around half of all Irish trade was with the UK, a share that has since fallen to around 15 per cent. But much of that diversification away from Britain has headed across the Atlantic, with the US now accounting for a quarter of Irish trade. Add in the rest of the world and, after Brexit, almost two thirds of Irish goods and services exports will be destined for non-EU markets.

While reliance on direct UK trade has lessened, some employment-heavy sectors do remain highly dependent. Around 55 per cent of Irish exports of timber and construction materials are sold in Britain, along with 50 per cent of beef exports, almost half of clean technology and electronics exports and 42 per cent of all food and drink. In purely practical terms, around four-fifths of the Republic’s exports use the UK as a ‘land bridge’, passing through western British ports and travelling by road across the UK, before leaving southern and eastern British ports, headed for the EU and global markets.

Ireland clearly has every interest – far more than any other EU member – in London and Brussels striking a comprehensive free-trade agreement, maintaining ‘frictionless’ trade flows. Yet the chances of that happening would be significantly enhanced if, as Bassett says, Dublin ‘announced that it does not want to see Ireland and the Irish border used as a weapon to thwart Brexit’ while ‘signalling it is willing to engage in meaningful discussions on practical measures to ensure no undue hardening of the present land border with Northern Ireland’.

Since 1973, Ireland has been, for the most part, an enthusiastic EU member, joining the single currency, while serving as an important example of small country success for new Eastern European member states. Despite the efforts of an overwhelmingly pro-EU political and media establishment, though, there have been signs of public discontent. The electorate rejected the Nice and Lisbon Treaties in 2001 and 2007 respectively, before being urged, on both occasions, to vote again.

Then a bailout was forced upon Ireland at a time when the country, while weak, was not technically bankrupt, in a bid to calm financial markets and prevent a break-up of the broader Eurozone. The Irish state ended up burdened with huge debts as a result – on which it is still paying the EU’s punitive rates of interest, with Brussels refusing all attempts by Dublin to pay-off or refinance these loans.

Since that bailout, Ireland has staged an impressive economic recovery, largely due to its strong trading links with the US and UK, which have both grown much faster than the Eurozone since 2010. While the Republic is unlikely to follow the UK out of the EU anytime soon, Bassett wisely points to potential flashpoints that mean the country ‘must keep its options open’.

Now a net EU contributor, Ireland’s membership bill is, Bassett reports, ‘over €800m this year and soon

to top the €1bn mark – similar in per capita terms to the UK’s present contribution’. After Britain has left, as a relatively wealthy nation, Ireland’s required payments will rise further still. The EU’s repeated challenges of Ireland’s sovereign decision to charge low corporation tax rates to help win foreign direct investment – a strategy central to the recent recovery – are also set to become more intense. And, Bassett predicts, ‘as the more grandiose political schemes of Europhiles like Macron and SPD in Germany, become more apparent, Ireland will have less enthusiasm for Brussels’.

Public pressure on ‘official Ireland’ to shift its slavishly pro-EU mindset would certainly rise if the UK concludes a post-Brexit trade agreement with the United States. The Republic would then be geographically in the middle of a UK–US free-trade agreement which it would be forbidden to join due to EU membership. A trade bloc tailor-made for Ireland, economically and culturally, would be off limits – an absurdity that would be exposed for all to see. That’s one reason Bassett suggests the Republic could eventually take the Swiss route and become part of the European Free Trade Association, maintaining much of its institutional closeness to the EU, but free to sign its own trade deals – yet another strategic suggestion that makes economic sense.

A distinguished former diplomat, who cares deeply about his country, Bassett has been widely criticized by the Irish establishment for daring to air uncomfortable truths about Dublin’s response to the UK’s Brexit vote. This has caused him personal distress. Yet he has continued regardless, speaking out against ‘rising Anglophobia’ in Ireland and imploring politicians on both sides of the Irish Sea, as he does in this essay, to get beyond ‘the poor and short-term decision making’ that has ‘characterized our history’. For that, he deserves deep gratitude and respect – not just in the Irish Republic, but among the citizens of its nearest neighbour too.

A close-up photograph of a person's hands using a stylus on a handheld PDA device. The person is wearing a white shirt and a dark tie. The background is a blurred crowd of people, suggesting a busy public event or conference. The lighting is bright, and the overall tone is professional and modern.

HOW TO TRADE ON TRUST: BAR CODES, TECHNOLOGY AND PRE-CLEARANCE

A Commentary – John Mills

*John Mills is an economist and
chairman of JML, a UK household
goods company which operates globally.*

One of the enduring tropes in the Brexit debate is that you must be in the Single Market to trade with it. This seems to be largely behind the determination of so many MPs to see the UK remaining as close as possible to the EU. The fear is that if the UK is not inside the Single Market, UK exporters will find it much more difficult to sell there, exports to the continent will decline, jobs will be lost, and the UK economy will be badly hit. There is little evidence that these fears are likely to be realised, especially on the scale alleged, and even if some are, the EU27 is likely to suffer more than the UK.

Trade between the UK and the EU27 does not take place between governments; it occurs between companies, who perceive that buying from suppliers outside their country's borders is more advantageous – i.e. better value – than relying on domestic suppliers. Will these calculations change because of Brexit? It is difficult to see why they should. Even if tariffs are re-imposed – which may not be very likely even with “no deal” – they will average only about 2.5%, although they could be significantly higher for motor vehicles and agricultural goods. If there is “no deal”, however, sterling will very probably fall far enough to offset these mostly relatively minor hurdles.

Would the paperwork involved in the UK-EU27 exports be much more complicated than now, thus adding significantly to the costs of exporting to the EU? The only material difference between the paperwork needed for the current “free movement” of shipments from the UK to the continent and future free trade (or trade on WTO terms) is that only one extra document is required. This is a certificate of origin, which in almost all circumstances presents no problem or significant costs to provide. The idea that huge additional costs and complications are entailed is simply not borne out by practical experience. The most compelling evidence for this is the success achieved by the many large economies in the world – the USA, India, Australia, Canada and Japan – all of whom sell vast quantities of goods to the EU on WTO terms.

Would the UK find that there were regulatory barriers making it much more difficult than now to sell goods from the UK to the EU? Very unlikely. At the moment, the UK and the EU27 are in full regulatory alignment and it would make overwhelming sense for this to remain substantially the position. If there were good reasons for UK regulations to divert from those in the EU, exporters would, of course, have to comply

with EU requirements. This is what exporters must do all the time with all the markets into which they sell. Would the EU deliberately erect regulatory barriers to UK exports? Again, very unlikely, not least because doing so would put them in breach of WTO obligations by which they are legally bound and to which they are legally beholden.

Although it is often contended that there will be huge queues of lorries at Dover and elsewhere, both the relevant port operators and customs officials appear to be confident that traffic can be kept moving, although, there may be some teething problems to start. Very sensibly, those in charge of checking paperwork – almost all of which is now done by pre-clearance – say that they will give priority to avoiding hold-ups rather than to detailed customs monitoring.

Of course, not all our exports to the EU27 are goods. About half are services – everything from finance to tourism, and from educational facilities to professional services. Most of these are not likely to be greatly affected by Brexit, although there have been concerns that financial services, in particular, would be adversely impacted. But provided proposals for services trade are based on mutual recognition with equivalence for the financial sector, as HMG proposes, financial services should flourish. This model already operates between the US and EU. Thus, there are sensible ways round potential problems as well as substantial offsets. There is still far from being a fully competitive market for services in the Single Market and the City may gain more from avoiding the wrong sort of regulation by being outside the EU than it loses on access to the continent.

There therefore seems to be little reason for thinking that UK sales to the EU will fall because of Brexit but EU sales to the UK may be more vulnerable, and this may help rather than hinder the UK economy. If “no deal” were to cause sterling to depreciate, this would make UK exports relatively more competitive, which could certainly help us. And there are also other factors which could work in our favour.

At the moment, every year we have a huge balance of payments deficit with the EU27. In 2017 we had a trade surplus of £23bn on services but this was dwarfed by a massive £95bn deficit on goods, leaving us with an overall trade deficit with the EU27 of £72bn. This sucks demand out of the UK economy and piles up debt. If overall trade – against expectations –

were to be reduced, there would be a silver lining. The trade deficit would very probably go down. Of course it would also do so if our exports become relatively more competitive. Furthermore, if tariffs were to be re-imposed, because of our huge goods deficit, receipts to UK customs would be far higher than to those on the continent – by a factor of perhaps £13bn a year to £7bn.

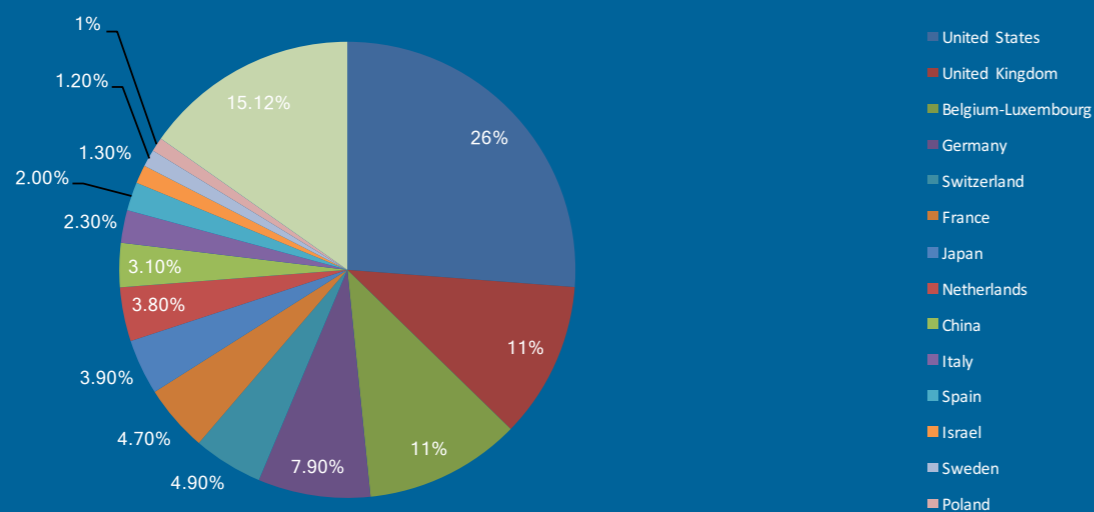
For the UK, it is clearly true that a “no deal” outcome would involve considerably more short-term uncertainty than an agreement which would avoid a clean break on 29th March 2019 – and much will then turn on how helpful and co-operative those on the ground will be. Inevitably, there will be teething problems and some disruption. The big advantage of “no deal”, however, is that the UK will then be able to start negotiations with the EU – probably for a free trade deal along Canada +++ lines – unencumbered by the onerous legally binding commitments entailed in the Withdrawal Agreement, particularly round the Irish border and the £39bn up-front payment.

The Withdrawal Agreement, the Norway option, and holding a second referendum are all options

fraught with problems. It is doubtful if there is a majority in the House of Commons for any of them. Although there is no majority in the House of Commons for “no deal” either, the UK may well get there by default. Of course, it would have been better if the UK had spent the last two and a half years negotiating a free trade agreement with the EU27, instead of trying to be half in and half out of the EU. Both Donald Tusk, the President of the EU Council, and Michel Barnier, the chief EU27 negotiator, have advocated this approach during the past few months. With the Parliament elected in 2017 determined to stay substantially within the Single Market and Customs Union, however, we have not taken advantage of this opportunity. We are therefore where we are, with very little time left. This is why the UK's best option may well now be to hold its nerve and to do all possible to make a “no deal” Brexit work rather than HMG doing its utmost to avoid a clean break at the end of March 2019. This looks like the best way, in particular, to avoid huge problems stretching ahead as the UK starts negotiating the next stage of its relationship with the EU27, with all the cards in their hands.

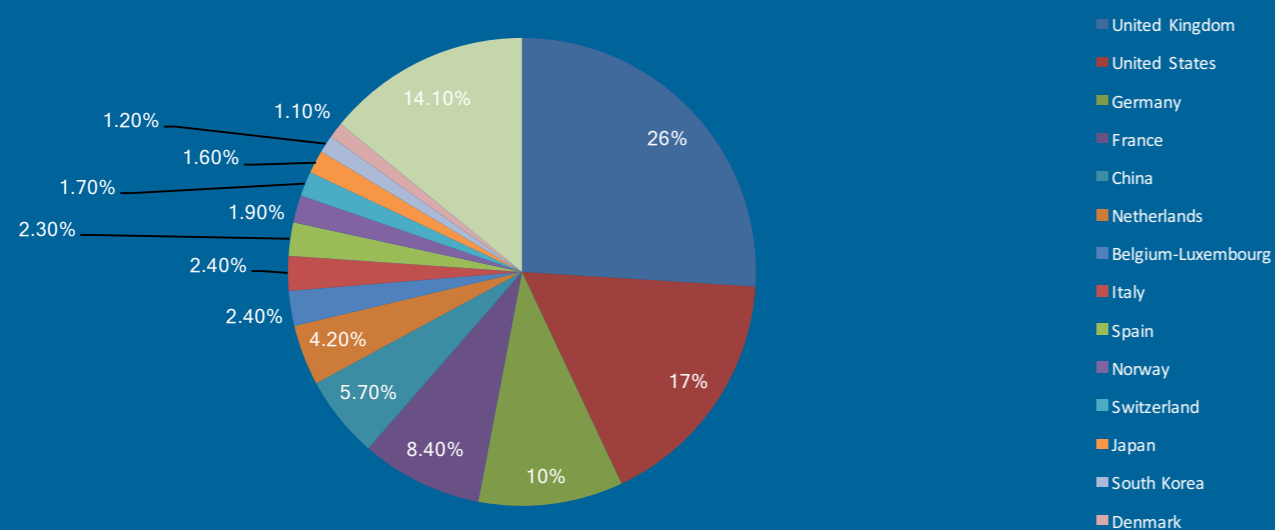
APPENDIX

Ireland's largest export destinations (2016), by value



Source: The Observatory of Economic Complexity, http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/irl/show/all/2016

Ireland's largest import destinations (2016), by value



Source: The Observatory of Economic Complexity, http://atlas.media.mit.edu/en/visualize/tree_map/hs92/import/irl/show/all/2016

Ireland's Largest Import and Export Destinations by Value (€million)¹

COUNTRY	EXPORTS				IMPORTS			
	Oct 2017	Oct 2018	Jan-Oct 2017	Jan-Oct 2018	Oct 2017	Oct 2018	Jan-Oct 2017	Jan-Oct 2018
Austria	41	30	324	358	22	28	236	268
Belgium	1,159	1,186	10,886	14,789	114	210	1,174	1,421
Bulgaria	9	9	74	85	3	8	21	42
Croatia	3	4	32	40	1	1	9	9
Cyprus	2	2	22	20	0	0	3	21
Czech Republic	38	69	325	490	41	84	328	579
Denmark	59	58	522	615	34	39	358	428
Estonia	3	2	19	18	1	1	10	15
Finland	27	21	274	248	19	11	143	122
France	620	507	4,494	4,581	868	1,401	8,492	8,775
Germany	636	965	8,464	8,712	559	613	5,854	9,297
Great Britain	1,145	1,166	12,069	11,447	1,551	1,631	14,207	14,823
Greece	45	27	279	463	5	7	54	59
Hungary	20	25	245	264	7	9	97	323
Italy	224	480	2,157	3,035	141	118	1,314	1,345
Latvia	6	15	53	73	4	4	42	39
Lithuania	2	2	20	26	5	5	64	85
Luxembourg	11	21	97	146	2	10	24	65
Malta	3	3	28	117	1	1	8	9
Netherlands	508	709	4,844	6,378	227	254	1,986	2,494
Northern Ireland	158	188	1,604	1,676	120	133	1,143	1,228
Poland	100	123	1,041	891	60	72	532	535
Portugal	36	42	392	364	22	21	219	176
Romania	23	36	269	291	9	13	85	76
Slovakia	7	6	48	65	5	6	38	45
Slovenia	4	5	63	71	3	2	26	24
Spain	189	244	2,167	2,132	102	117	1,080	1,224
Sweden	69	91	636	765	59	34	409	566
EU country not specified ²	16	19	694	165	9	15	165	483
Total EU	5,164	6,052	52,142	58,323	3,996	4,848	38,123	44,576
<i>of which United Kingdom</i>	<i>1,304</i>	<i>1,354</i>	<i>13,673</i>	<i>13,122</i>	<i>1,672</i>	<i>1,765</i>	<i>15,350</i>	<i>16,051</i>
Euro-Zone³	3,523	4,265	34,631	41,595	2,101	2,809	20,768	25,484
Australia	53	76	722	723	14	15	76	89
Brazil	17	34	144	292	30	31	177	191
Canada	86	132	890	1,199	35	45	511	444
China ⁴	271	501	4,327	4,160	429	555	3,668	4,339
India	26	24	284	272	68	48	591	483
Japan	255	255	1,925	2,943	85	140	970	1,232
Malaysia	19	19	154	171	66	45	307	331
Mexico	117	109	1,212	1,179	21	29	231	286
Norway	19	41	311	300	96	121	962	863
Russia	43	47	407	444	19	48	274	484
Saudi Arabia	60	41	598	456	1	1	7	8
Singapore	45	50	574	576	150	56	289	399
South Africa	24	27	195	234	10	10	93	96
South Korea	44	67	544	524	121	103	834	648
Switzerland	558	1,188	5,051	6,162	40	121	467	588
Taiwan	27	26	213	277	21	39	243	290
Thailand	16	12	146	118	31	46	320	362
Turkey	50	32	445	490	42	61	456	452
USA	2,462	3,599	27,824	32,741	1,322	1,659	13,742	12,622
Other countries	287	324	3,337	3,360	180	264	1,941	2,016
Country unknown ⁵	1	194	366	1,465	40	304	756	2,185
Total Non-EU	4,481	6,800	49,668	58,086	2,822	3,740	26,917	28,408
Overall Total	9,645	12,851	101,810	116,409	6,818	8,588	65,040	72,984

¹ Trade statistics revised since 2000. October 2018 is based on current Intrastat response levels. See background notes.
² Includes estimates for traders below the Intrastat threshold and transactions where the EU country was not specified.
³ Euro-zone members from January 2015: Austria, Belgium, Germany, Spain, Finland, France, Luxembourg, Greece, Ireland, Italy, the Netherlands, Portugal, Slovenia, Malta, Cyprus, Slovakia, Estonia, Latvia and Lithuania.
⁴ China includes Hong Kong and Macao.
⁵ Trade for which the country of origin or country of final destination is unknown.

Source: Central Statistics Office, <https://www.cso.ie/en/releasesandpublications/er/gei/goodsexportsandimportsoctober2018/>

Goods Exports and Imports classified by commodity and principal countries (€million)¹

Country by Section level of SITC	EXPORTS		IMPORTS	
	Jan-Oct	Jan-Oct	Jan-Oct	Jan-Oct
	2017	2018	2017	2018
Great Britain	12,069	11,447	14,207	14,823
0 Food and live animals	3,235	3,302	2,411	2,580
1 Beverages and tobacco	173	168	230	242
2 Crude materials, inedible, except fuels	330	373	158	169
3 Mineral fuels, lubricants and related materials	299	425	2,133	2,526
4 Animal and vegetable oils, fats and waxes	11	14	40	36
5 Chemicals and related products	4,148	3,371	2,559	2,243
6 Manufactured goods classified chiefly by material	806	848	1,519	1,634
7 Machinery and transport equipment	1,832	1,651	2,486	2,676
8 Miscellaneous manufactured articles	969	1,017	1,773	1,848
9 Commodities and transactions not classified elsewhere	266	278	896	868
Other EU²	40,074	46,877	23,915	29,753
0 Food and live animals	3,522	3,622	2,516	2,686
1 Beverages and tobacco	321	339	381	357
2 Crude materials, inedible, except fuels	797	887	264	266
3 Mineral fuels, lubricants and related materials	221	246	341	757
4 Animal and vegetable oils, fats and waxes	63	37	138	140
5 Chemicals and related products	23,558	30,482	4,829	9,451
6 Manufactured goods classified chiefly by material	745	793	1,563	1,598
7 Machinery and transport equipment	6,053	5,310	11,629	12,205
8 Miscellaneous manufactured articles	4,435	4,721	1,487	1,517
9 Commodities and transactions not classified elsewhere	358	439	768	775
USA	27,824	32,741	13,742	12,622
0 Food and live animals	412	265	179	225
1 Beverages and tobacco	465	481	15	14
2 Crude materials, inedible, except fuels	36	31	44	42
3 Mineral fuels, lubricants and related materials	169	104	155	332
4 Animal and vegetable oils, fats and waxes	0	0	1	1
5 Chemicals and related products	17,219	24,102	5,045	2,867
6 Manufactured goods classified chiefly by material	193	147	330	348
7 Machinery and transport equipment	4,666	2,740	6,852	7,654
8 Miscellaneous manufactured articles	4,610	4,824	1,035	1,026
9 Commodities and transactions not classified elsewhere	53	48	87	113
China³	4,327	4,160	3,668	4,339
0 Food and live animals	752	625	30	36
1 Beverages and tobacco	4	2	0	0
2 Crude materials, inedible, except fuels	61	46	35	32
3 Mineral fuels, lubricants and related materials	1	51	0	0
4 Animal and vegetable oils, fats and waxes	1	1	0	0
5 Chemicals and related products	712	1,274	245	518
6 Manufactured goods classified chiefly by material	25	35	396	405
7 Machinery and transport equipment	2,309	1,621	1,776	2,120
8 Miscellaneous manufactured articles	462	505	1,127	1,174
9 Commodities and transactions not classified elsewhere	0	0	58	53
Rest of World	17,517	21,184	9,507	11,447
0 Food and live animals	1,445	1,292	745	875
1 Beverages and tobacco	151	161	130	110
2 Crude materials, inedible, except fuels	257	292	254	260
3 Mineral fuels, lubricants and related materials	133	118	1,257	1,310
4 Animal and vegetable oils, fats and waxes	3	2	42	43
5 Chemicals and related products	10,735	13,173	1,912	2,324
6 Manufactured goods classified chiefly by material	135	135	443	495
7 Machinery and transport equipment	2,560	3,815	3,271	4,497
8 Miscellaneous manufactured articles	1,931	1,984	1,383	1,461
9 Commodities and transactions not classified elsewhere	167	211	70	72
TOTAL	101,810	116,409	65,040	72,984

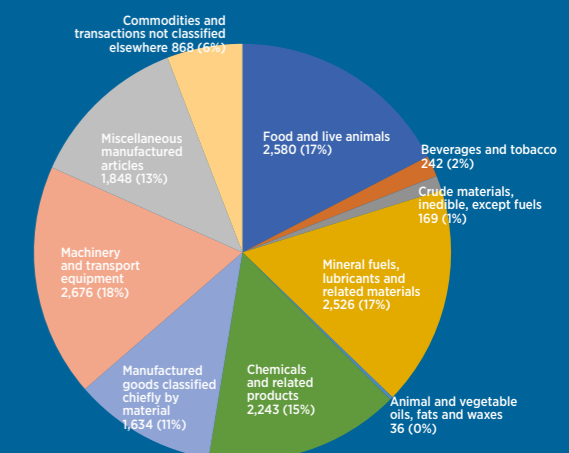
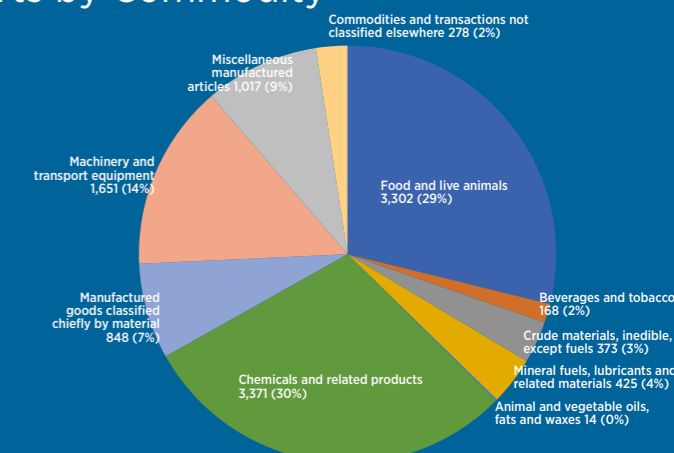
¹ Trade statistics revised since 2000. October 2018 is based on current Intrastat response levels. See background notes.
² Includes estimates for traders below the Intrastat threshold and transactions where the EU country was not specified.
³ China includes Hong Kong and Macao.

Source: Central Statistics Office, <https://www.cso.ie/en/releasesandpublications/er/gei/goodsexportsandimportsoctober2018/>

UK-Ireland Largest Exports and Imports by Commodity

Country by Section level of SITC	EXPORTS
	Jan-Oct 2018
Exports to Great Britain	11,447
0 Food and live animals	3,302
1 Beverages and tobacco	168
2 Crude materials, inedible, except fuels	373
3 Mineral fuels, lubricants and related materials	425
4 Animal and vegetable oils, fats and waxes	14
5 Chemicals and related products	3,371
6 Manufactured goods classified chiefly by material	848
7 Machinery and transport equipment	1,651
8 Miscellaneous manufactured articles	1,017
9 Commodities and transactions not classified elsewhere	278

Country by Section level of SITC	IMPORTS
	Jan-Oct 2018
Imports from Great Britain	14,823
0 Food and live animals	2,580
1 Beverages and tobacco	242
2 Crude materials, inedible, except fuels	169
3 Mineral fuels, lubricants and related materials	2,526
4 Animal and vegetable oils, fats and waxes	36
5 Chemicals and related products	2,243
6 Manufactured goods classified chiefly by material	1,634
7 Machinery and transport equipment	2,676
8 Miscellaneous manufactured articles	1,848
9 Commodities and transactions not classified elsewhere	868

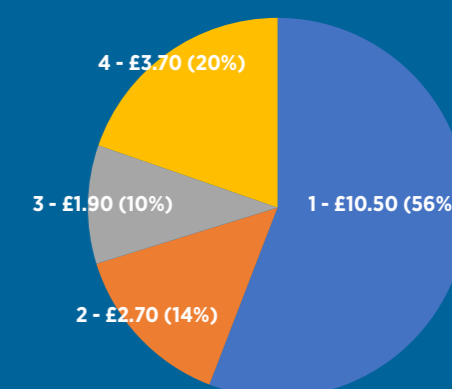


Source: Central Statistics Office, <https://www.cso.ie/en/releasesandpublications/er/gei/goodsexportsandimportsoctober2018/>

Export destinations for Northern Irish trade, by value

Destination	Value (€billion)
1 Great Britain	€10.50
2 Republic of Ireland	€2.70
3 Rest of EU	€1.90
4 Rest of World	€3.70

Source: Northern Ireland Statistics and Research Agency, Broad Economy Sales and Exports Data 2011-16, table 2.1 (March 2018)



Estimated two-way value of trade in goods

Destination	Value (EUR millions)
Ireland to Northern Ireland	1,650
Northern Ireland to Ireland	1,050
Sweden to Norway	13,013
Norway to Sweden	5,521

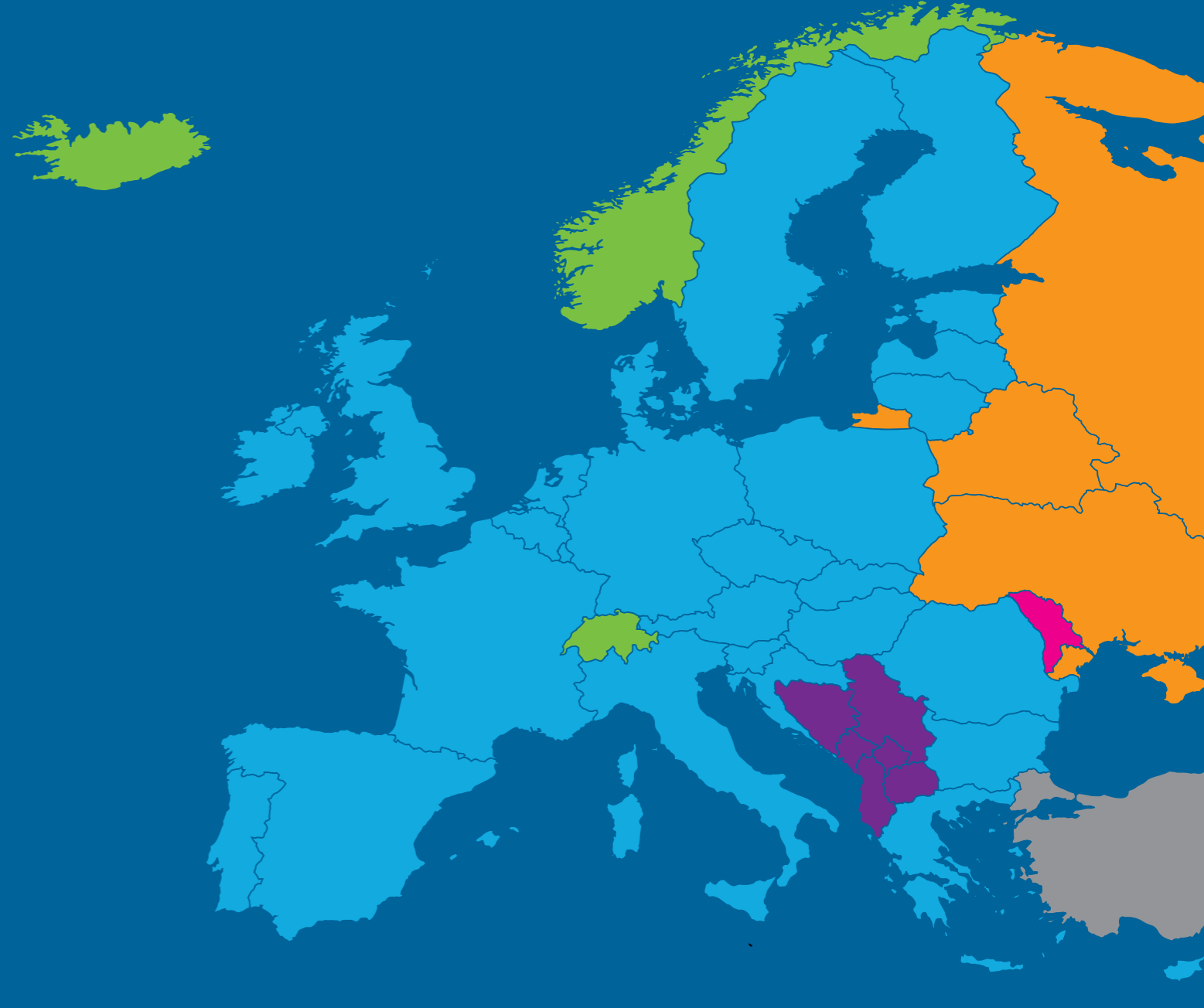
Source: 'Smart Border 2.0 - Avoiding a hard border on the island of Ireland for Customs control and the free movement of persons', European Parliament's Policy Department for Citizens' Rights and Constitutional Affairs, November 2017, ([http://www.europarl.europa.eu/RegData/etudes/STUD/2017/596828/IPOL_STU\(2017\)596828_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2017/596828/IPOL_STU(2017)596828_EN.pdf))

Ireland's political borders and four provinces

Note: Historic Ulster is made up of 9 counties. The State of Northern Ireland* included 6 of these.



- European Union (EU)
- European Free Trade Association (EFTA)
- Central European Free Trade Agreement (CEFTA)
- Commonwealth of Independent States Free Trade Areas (CISFTA)
- CEFTA & CISFTA



* established under the Government of Ireland Act.



Northern Ireland Act 1998

CHAPTER 47

First Published 1998
Reprinted 2002

Source: The Northern Ireland Act 1998, published by the (Parliamentary) Stationery Office http://www.legislation.gov.uk/ukpga/1998/47/pdfs/ukpga_19980047_en.pdf

ELIZABETH II

c. 47



Northern Ireland Act 1998

1998 CHAPTER 47

An Act to make new provision for the government of Northern Ireland for the purpose of implementing the agreement reached at multi-party talks on Northern Ireland set out in Command Paper 3883. [19th November 1998]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I

PRELIMINARY

1.—(1) It is hereby declared that Northern Ireland in its entirety remains part of the United Kingdom and shall not cease to be so without the consent of a majority of the people of Northern Ireland voting in a poll held for the purposes of this section in accordance with Schedule 1. Status of Northern Ireland.

(2) But if the wish expressed by a majority in such a poll is that Northern Ireland should cease to be part of the United Kingdom and form part of a united Ireland, the Secretary of State shall lay before Parliament such proposals to give effect to that wish as may be agreed between Her Majesty's Government in the United Kingdom and the Government of Ireland.

2. The Government of Ireland Act 1920 is repealed; and this Act shall have effect notwithstanding any other previous enactment. Previous enactments. 1920 c.67.

3.—(1) If it appears to the Secretary of State that sufficient progress has been made in implementing the Belfast Agreement, he shall lay before Parliament the draft of an Order in Council appointing a day for the commencement of Parts II and III ("the appointed day"). Devolution order.

(2) If the draft Order laid before Parliament under subsection (1) is approved by resolution of each House of Parliament, the Secretary of State shall submit it to Her Majesty in Council and Her Majesty in Council may make the Order.

Source: The Northern Ireland Act 1998, published by the (Parliamentary) Stationery Office http://www.legislation.gov.uk/ukpga/1998/47/pdfs/ukpga_19980047_en.pdf



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