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DFAT Note on NI NS EW Issues 13/05/20 [FF]

Northern Ireland / North South / East West Issues

Confidential

1. Northern Ireland - Current Situation

After a three year absence, the power-sharing institutions in Northern Ireland have been restored to operation on the basis of commitments set out in the ***New Decade New Approach*** agreement (January 2020). While the parties have so far shown a good level of commitment to cooperative working, it is clear that the institutions remain under pressure and fragile, and that the impact of Covid-19 will have far-reaching consequences for ‘normal’ politics in NI, as well as confidence around the delivery of important previous political commitments and investment plans.

Delivery of New Decade New Approach Agreement Commitments

The delivery of all NDNA commitments, as well as commitments from previous agreements, by the NI Executive and the British and Irish Governments will be crucial to the stability of the NI Executive and Assembly.

These include the commitment to legislate for the Irish language in Northern Ireland, transparency, accountability and sustainability reforms, changes to the use of the Petition of Concern, and arrangements relating to any future resignation of First or deputy First Minister. It is possible that, sooner or later, some of these issues will become flashpoints of disagreement in the Executive and will require the ongoing engagement of both Governments to assist in their management and prevent a fresh breakdown.

It is provided that the full range of commitments would be the subject of regular formal review meetings, involving both Governments. Due to the disruption of Covid 19, the first review meeting has yet to be held.

The British and Irish Governments each also published a series of unilateral commitments in the context of reaching the New Decade New Approach agreement.

Our commitments are focused on working with the Executive through the North South Ministerial Council to deliver projects that benefit people across the island, including greater connectivity between North and South; investing in the North West region and in border communities; supporting the Irish language in Northern Ireland; and supporting reconciliation as an integral part of the Peace Process.

The lead Departments and envisaged financial provision for these commitments are set out in Annex I below.

Full and timely implementation of commitments in the Good Friday Agreement and subsequent agreements is central to the continuing success and progress of the Peace Process.

Legacy / Dealing with the Past in Northern Ireland

The **Stormont House Agreement** was reached between the Governments and the parties in 2014. It includes an agreed framework to establish a comprehensive and balanced approach to dealing with the past in Northern Ireland.

The agreement requires legislation in Britain and Ireland to implement. The British Government had committed, most recently at the time of the NDNA agreement, to legislate for the Stormont House framework within 100 days. However, the British Government announced on 18 March that “significant changes” are required to the legislation implementing the Stormont House Agreement. This includes a significant reduced role for the Historical Investigations Unit, entirely new governance arrangements (reducing the independence of the Independent Commission on Information Recovery) and a permanent bar on all future investigations within 5 years.

The proposed new approach of the British Government has not been set out in detail, but it is evident that the treatment of historic British Army and police cases is a central factor and that it represents a fundamental and unilateral shift on the part of the British Government. The manner and substance of these proposals have been strongly criticised by most of the NI political parties and by victims groups across the spectrum.

The Government response in bilateral engagements and in public has been to underline that any legislation must be consistent with:

- the Stormont House Agreement;
- the obligations of the European Convention on Human Rights (as required by the Good Friday Agreement);
- and with the International Agreement between Ireland and the UK establishing the Independent Commission on Information Recovery as an international body on foot of the Stormont House Agreement.

It is not clear that the British Government proposals are consistent with any of these principles. Intensive further engagement is likely to be required to ensure that these issues are not simply allowed to ‘drift’ or return to square one, with damaging implications for community confidence in policing in NI, for victims and survivors, and for wider politics and reconciliation.

2. North South Co-operation

Following the restoration of the Executive in January, key issues in the period ahead will be:

- Advancement of North South cooperation and support for the full and effective operation of the North South Ministerial Council and the North-South Bodies established under the Good Friday Agreement;
- Relevant departments giving necessary priority to the North South agenda, in particular the all-island economy and to seeking opportunities to widen and deepen this agenda, particularly in the Brexit context.

Maintaining visible Government engagement in Northern Ireland, together with relationship-building and outreach to business organisations, civil society and political representatives, will also continue to be very important, particularly in the context of Brexit and the implementation of the Ireland / Northern Ireland Protocol. This interest and interaction is much appreciated by the NI

business community. In addition, officials regularly meet with a variety of interlocutors, including local chambers of commerce, representative business and industry groups, cross-border groups, local authorities, members of political parties, in order to exchange views on ongoing issues and to keep them informed of Government policy in relation to North South co-operation in general.

In the **North South Ministerial Council**, the Government works with the Northern Ireland Executive to advance areas of practical co-operation that are to our mutual benefit.

NSMC Plenary meetings normally take place twice a year and provide the opportunity for the Government and the Northern Ireland Executive to meet together to take an overview of cooperation on the island and of the North South institutions. It is anticipated that NSMC Ministerial meetings will resume with a full plenary meeting of the Council on a date to be agreed as soon as is practicable following the formation of a new Government. Subsequent to that plenary meeting, the regular pattern of Ministerial meetings across the NSMC's twelve policy sectors can resume.

It is expected that the key issues in Ministerial discussions will be the implications of Brexit, the commitments in *New Decade, New Approach* which include working through the NSMC to help deliver infrastructure to achieve greater North South connectivity, and ensuring that momentum on North South co-operation is maintained in all sectors. The Council may also consider opportunities for cooperation on an all-island basis to promote recovery from the economic impact of the COVID-19 pandemic.

The **EU PEACE and INTERREG programmes** have made an enormous contribution to cross-border co-operation and to bringing communities together. They remain important drivers of regional development. It is important that this work continues with the new EU PEACE PLUS Programme, and the commitments of the EU and British Government, as well as of that of the Irish Government, are deeply important in this regard. These funds are channelled through and disbursed by the Special EU Programmes Body, a North-South Implementation Body established under the Good Friday Agreement. The lead Department on EU funds is the Department of Public Expenditure and Reform, with whom this Department works closely.

Development of the North West

The November 2015 **Fresh Start Agreement** contained a commitment to establish a North West Development Fund to support the North West Gateway Initiative work of Donegal County Council and Derry City & Strabane District Council. In line with the Agreement, the Government, through the Department of Foreign Affairs and Trade, provided €2.5m of funds to the North West Development Fund. Match funding of €2.5m was provided from the Northern Ireland Executive.

The **North West Strategic Growth Partnership**, established in 2016 through the NSMC, brings together senior Government officials from relevant Government Departments North and South and other stakeholders to engage with Donegal County Council and Derry City & Strabane District Council to deliver on the strategic priorities aimed at bringing real and positive change for the North West.

In the **New Decade New Approach** Agreement, there is a commitment in principle to contributing to capital investment to support expanded provision at Ulster University Magee Campus, alongside the commitment made by the UK Government, and in principle to providing further funding of up to €2.5m to the North West Development Fund in collaboration with the Northern Ireland Executive.

Brexit issues and Northern Ireland

The EU-UK Withdrawal Agreement establishes a Joint Committee, and a number of Specialised Committees, including one in respect of the **Protocol on Ireland/Northern Ireland**, to oversee and direct, as necessary, work under the Withdrawal Agreement.

The first meeting of the Joint Committee was held on 30 March and of the Specialised Committee on 30 April. Northern Ireland was represented at both meetings - in line with the UK Government's unilateral commitment that NI Executive representatives would be part of the UK delegation at Specialised Committee or Joint Committee meetings, where NI specific matters are being discussed, and where the Government of Ireland is present as part of the EU delegation.

There is now significant expectation on the part of the EU that the UK Government will provide further detail on the implementation of the Protocol in the coming weeks. As the protocol involves matters which are devolved as well as those which are reserved and excepted under the devolution settlement, it is expected that the Northern Ireland Executive will also need to consider these issues in the coming period.

While the response to COVID 19 has been the focus of debate in Northern Ireland in recent weeks, it can be expected that the issues of importance in relation to Brexit will return to the public debate (and expose sharp differences around the NI Executive table) as the end of transition moves closer.

These include:

- The operation of the aspects of the Protocol necessary to avoid a hard border on the island of Ireland, the need for clarity from the UK Government on their implementation plans, and the responsibility of the NI Executive in some areas of implementation;
- The supports which will be made available to business to adjust to the implementation;
- The question of non-diminution of the rights of individuals (regarding EU rights);
- the retention of benefits associated with EU citizenship including freedom of movement with a likely focus on the European Health Insurance Card and Erasmus;
- The protection and maintenance of North South Cooperation; and
- The maintenance of the Common Travel Area.

The '**consent**' mechanism under the Protocol will apply to the provision for regulatory alignment on goods and customs, the Single Electricity Market, VAT and state aid (i.e. Article 5 to 10 of the Protocol), under which the Assembly, by simple majority, must give periodic consent to the continued application of relevant Union law. This will first occur four years after the end of the transition period (31 December 2020). Should the Northern Ireland Assembly give its consent to the continuation of arrangements, another vote of the Assembly would be required after a further four years. If the vote receives cross-community support for the continued application of relevant Union law, the next vote will take place 8 years thereafter (rather than 4 years).

In the event that the Northern Ireland Assembly votes to discontinue the application of relevant Union law, the UK would notify the EU. In this case, the Protocol will cease to apply two years later. Before the end of the two years, the Joint Committee would make recommendations to the Union

and the UK on the necessary measures to take, taking account of the Good Friday Agreement and the continuing imperative of avoiding a hard border on the island.

3. British Irish bilateral relations – current context

The difficulties and uncertainty around the UK's exit from the EU over the last number of years have had an impact on the level of ambition possible for any Ireland-UK shared agenda, and for British-Irish relations. Notwithstanding that, channels of communication have remained open and in the context of the covid-19 crisis, for example, there has been ongoing positive contact and collaboration with the UK Government at Taoiseach, Ministerial and senior official level on the broad range of matters of mutual concern. Similar engagement is ongoing with the Scottish and Welsh Governments.

Despite continuing uncertainty and the likelihood of a difficult few months ahead in terms of the EU-UK negotiations, the coming period still offers an opportunity for a renewal of relations with a UK Government at the beginning of its five-year term.

Given the importance of our bilateral relationship, particularly in terms of the peace process and implementation of the Good Friday Agreement, our people-to-people relations and our economic and trading relationship, this renewal will be important – as will identifying how best to build relationships across the new British Cabinet, and political system. Close engagement will be important to protect Irish interests as the final picture of the UK's relationship with the EU emerges, and UK priorities post-transition are defined.

Contact and collaboration will continue to be facilitated through Good Friday Agreement structures, in particular, the **British Irish Intergovernmental Council** and the **British Irish Council**. The Scottish Government were to host the next biannual BIC Summit in June, but given the current context, the Council and all eight member administrations may not meet formally until the autumn. However, the work streams of the British Irish Council remain active.

The period ahead offers an opportunity to discuss and agree the shape of a new structured relationship with the UK Government, in the absence of ongoing engagement at the EU level. Such a structured process would bring the Taoiseach and key Ministers together regularly with their counterparts, add value in terms of practical and pragmatic programmes of cooperation, and be sustainable. While there has been some discussion over the last few years of what such new structures might look like, this work can be picked up and finalised, as required, at the right time. The Secretary General / UK Permanent Secretary meetings, which briefly resumed earlier this year, is also a useful framework for engagement, which could support and drive any new broader framework for political engagement.

Beyond London, there is work underway to develop and deepen our relationships with the devolved administrations in **Scotland** and **Wales** in new ways, led by the Consulates in Edinburgh and Cardiff (re-opened in 2018). Given changing relationships within the UK, and the need to understand the priorities of the devolved administrations post-transition, these relationships will require continued attention. A review of Ireland-Scotland relations, focussed on devolved matters, is ongoing; there is also interest on the part of Wales to work with us to agree priority areas for shared focus.

Enhanced regional engagement, in light of the UK Government’s commitment to ‘levelling up’ and investing in the North of England, is also important. In this context, confirming the Global Ireland commitment to opening a **Consulate in the North of England** in 2021 could offer both a tangible signal of Ireland’s commitment to the bilateral relationship in this new phase, as well as enhance our ability to protect and promote Ireland’s interests in the UK, and support economic recovery.

Ireland, UK and Americas Division
D/Foreign Affairs & Trade
13 May 2020

Annex I: Government commitments in the context of the New Decade, New Approach agreement

<p><u>Confirmation of existing commitments</u></p>	<ul style="list-style-type: none"> - Existing commitments from Fresh Start Agreement including to the A5 (£75m by 2022), develop the Ulster Canal, and examine options for the Narrow Water Bridge. - Existing commitments under the National Development Plan to examine the feasibility of high-speed rail connection between Belfast, Dublin and Cork, and explore opportunities for further investment in North West.
<p><u>New commitments in principle</u></p>	<ul style="list-style-type: none"> - Capital contribution to expansion of provision at UU Magee Campus in Derry - Capital contribution to the International Fund for Ireland - Funding for the Sligo-Enniskillen Greenway subject to feasibility - Review of viability of Public Service Obligation air routes from Cork to Belfast and Dublin to Derry - Exploring the feasibility of an all-island research hub
<p><u>New financial commitments of €7.6m over three years</u></p>	<ul style="list-style-type: none"> - €1.8m over three years (2020-22) to further support the Irish language in Northern Ireland <i>To be covered under Vote of Department of Culture, Heritage and Gaeltacht, with consideration of a Supplementary Estimate if necessary.</i> - €3m over three years (2020-22) to further support Irish language broadcasting in Northern Ireland <i>To be covered under Vote of Department of Communications, Climate Action and Energy with consideration of a Supplementary Estimate if necessary.</i> - €2.5m contribution in 2020 to the North West Development Fund. <i>To be covered under Vote 28 of Department of Foreign Affairs and Trade, with consideration of a Supplementary Estimate if necessary.</i>

	<p>- €300k over three years (2020-22) to All Island Schools Exchange Programme. <i>To be Covered under Vote of Department of Education and Science, with consideration of a Supplementary Estimate if necessary.</i></p>
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Brexit Update 13/05/20 [FF]

Confidential

Brexit Update

1. The UK formally left the EU on 1 February 2020, following agreement between the EU and the UK on the Withdrawal Agreement and revised Protocol on Ireland/Northern Ireland. This was ratified on the UK side following the general election of 12 December which gave Prime Minister Johnson a clear majority in the House of Commons. The Withdrawal Agreement was also accompanied by a Political Declaration on the Framework for the Future Relationship between the EU and the UK. The Withdrawal Agreement covers the financial settlement, citizens' rights and includes a number of Protocols including on Ireland/Northern Ireland.
2. The UK is now in a **transition period**, effectively maintaining the status quo until the end of 2020, but without UK participation in EU institutions and governance structures. The transition period runs until 31 December 2020. There is provision for the EU and the UK to decide, by 1 July 2020, on extending the transition period for up to 1 or 2 years. Prime Minister Johnson has ruled out any extension of the transition period and included a provision in the UK's Withdrawal Agreement Bill to that effect. More recently, in the context of the Covid-19 crisis, there has been increasing speculation that this may lead to a change of UK approach on the question of extension. Last week the UK moved to squash such speculation with very clear messages from a No. 10 spokesperson and from David Frost, the UK lead negotiator, ruling out any extension of the transition period.
3. This phase of Brexit will focus on three main interlocking strands of work (i) negotiations on the future EU-UK relationship (ii) implementation of the Protocol on Ireland/Northern Ireland and (iii) Brexit preparedness and contingency work. While much of the engagement on Brexit issues has been stalled due to the Covid-19 crisis, activity is now ramping back up and we are approaching a number of key decision points towards the end of June, notably a planned EU-UK high level conference to take stock of progress on the negotiations and the deadline for any decision to extend the transition period beyond 31 December 2020.

Protocol on Ireland/Northern Ireland

4. The revised Protocol on Ireland/Northern Ireland which forms part of the Withdrawal Agreement protects the Good Friday Agreement, avoids a hard border on the island of Ireland, protects North/South cooperation and the all island economy and protects the single market. Effective implementation of the Protocol is a key priority for Ireland, and the wider EU, in the period ahead and the Protocol will come into effect at the end of the Transition period. It maintains commitments to ensure no diminution of rights, safeguards and equality of opportunity, as set out in the Good Friday Agreement.

5. The revised Protocol provides that Northern Ireland is legally part of the UK customs territory but that a range of provisions of EU law, effectively those necessary to avoid a hard border, shall apply in Northern Ireland. These include the Union Customs Code and EU legislation across a range of areas necessary to protect the integrity and operation of the Single Market in goods. Under the Protocol, goods from Northern Ireland will have free and open access to the EU Single Market. The application of the Union Customs Code and EU Sanitary and Phytosanitary (SPS) provisions in Northern Ireland means that certain checks and controls will be required on goods entering NI from the rest of the UK. A6 deals with 'protection of the UK internal market' and provides that nothing in the Protocol shall prevent the UK from ensuring unfettered market access for goods moving from NI to other parts of the UK. The UK Government has reiterated this commitment as part of its commitments under the 'New Decade, New Approach' which underpins the restoration of the Executive and Institutions of the Good Friday Agreement in Northern Ireland.
6. The Protocol also includes key provisions on 'Democratic Consent in Northern Ireland' (A18) associated with which there is a UK Unilateral Declaration on the operation of the democratic consent arrangements. Consent to the continued application of the Protocol is to be provided by a vote in the Northern Ireland Assembly or, where that is not possible (for instance, in the event the Institutions are suspended), then by a vote of the members of the Assembly. The first such vote will take place 4 years after the end of the transition period. Where consent has cross-community support, the Assembly will return to the question after 8 years. Where consent has majority support, the Assembly will return to the question after a period of 4 years. In the event of a vote not to continue operation of the Protocol, then the Protocol shall cease to apply in Northern Ireland 2 years later.
7. Other key elements of the Protocol include A11 to maintain the necessary conditions for continued North-South cooperation in the context where the supporting framework of shared EU law will no longer be common to both jurisdictions; provision on the rights of individuals as set out in the section on *Rights, Safeguards and Equality of Opportunity* of the Good Friday Agreement; the Common Travel Area and implementation of the PEACE PLUS programme.
8. Under the Withdrawal Agreement a number of EU-UK Committees have been established to take forward implementation work. A Joint Committee to oversee implementation of all aspects of the Withdrawal Agreement. Specialised Committees to take forward work on the specific Protocols attached to the Withdrawal Agreement, including one on the Protocol on Ireland/Northern Ireland. Furthermore, that Protocol also envisages a Joint Consultative Working Group which will report to the Specialised Committee.
9. The first meeting of the Joint Committee took place by teleconference on Monday 30 March. EU participation was led by Commission Vice President Šefčovič and the UK was represented by the Chancellor of the Duchy of Lancaster, Michael Gove. Ireland participated in the EU delegation at senior official level and the NI Executive participated in the UK delegation. The Joint Committee agreed to establish the Specialised Committees provided for in the Withdrawal Agreement.

10. The first meeting of the Specialised Committee on Ireland and Northern Ireland took place on 30 April. Ireland participated in the EU delegation at official level. The Specialised Committee took stock of work to implement the Protocol on Ireland/Northern Ireland. There was also a first exchange on the decisions the Joint Committee is tasked with taking before the end of the transition period, and which the Specialised Committee has been asked to prepare. These decisions include, for example, one on the question of the payment of tariffs linked to a determination of whether goods entering NI from another part of the UK are at risk of subsequently being moved into the EU. Ireland welcomed the meeting and looked forward to further detailed progress on implementation.
11. The restoration of the power sharing Executive in Northern Ireland earlier this year provides a welcome opportunity for representative NI voices to be heard in the implementation of the Withdrawal Agreement. Throughout its implementation Ireland will be guided by the twin objectives of protecting the Good Friday Agreement and the gains of the Peace Process, and the protection of the integrity of the Single Market, and Ireland's place in it. The Task Force and other Member States will be vigilant of the implementation of the Protocol so as to protect the integrity of the Single Market. The EU continues to emphasise the importance of full implementation of the Withdrawal Agreement and, in particular, the Protocol on Ireland/Northern Ireland. This point is echoed strongly by Ireland in our engagements on the Protocol. There are concerns at the lack of progress on moving to practical operational arrangements for the implementation of the Protocol, which must be in place at the end of the Transition Period.

Future Relationship Negotiations

12. Ireland has consistently supported the closest possible relationship between the EU and the UK in the strategic interests of Ireland, North and South, and British-Irish relations, as well as in terms of our economic and trading priorities. We also have significant interests in ensuring adequate level playing field provision to facilitate open and fair competition.
13. The Political Declaration on the Future Relationship agreed between the EU and the UK in October 2019 sets out the parameters for 'an ambitious, broad, deep and flexible partnership'. However, in the negotiations the UK has adopted a significantly less ambitious approach in terms of what it envisages for the future EU-UK relationship, with an EU-Canada style FTA seemingly the height of their aspirations.
14. On 25 February, the EU adopted its mandate for the negotiations, which is comprehensive and covers trade and economic cooperation, centred on an FTA; law enforcement and judicial cooperation in criminal matters; foreign policy, security and defence; and thematic areas of cooperation.
15. In terms of an FTA both sides aim for a tariff free, quota free agreement but the EU side will insist on robust Level Playing Field provisions as part of such an FTA, given the size of the UK economy and its geographical proximity. Level Playing Field provisions in the mandate cover the areas of State Aid, state owned enterprises, social and employment standards, environmental standards, climate change and relevant tax matters. This is proving to be an early contentious element of the negotiations given the UK position on regulatory alignment and stated wish to be able to diverge from EU regulatory norms. On sectoral areas, the mandate also reflects key areas of interest for us including trade, fisheries (linked to the

overall economic partnership), transport connectivity (aviation and road haulage), law enforcement and judicial cooperation, and data

16. The mandate includes principles of fundamental importance to Ireland including continued protection of the Good Friday Agreement, and that the future relationship negotiations are premised on effective implementation of the Withdrawal Agreement. It also includes a specific reference to Ireland's unique geographic situation, and the issues arising from it. Arrangements under the Common Travel Area are specifically referenced and secured.
17. Following consultations with Member States, the European Commission has published a draft legal text of an agreement, based on the negotiating mandate. The UK, which now envisages a series of separate legal agreements covering different aspects of the future relationship, has also prepared legal texts which has been shared with the EU negotiators but not beyond (at the UK's request).
18. The first round of negotiations on the EU-UK Future Partnership took place from 2-5 March. While the atmosphere was characterised as constructive, Michel Barnier also noted that significant gaps remain between the two sides' approaches, including Level Playing Field, Criminal Justice and Law Enforcement Cooperation, Governance and Fisheries.
19. The second round was due to begin in London on 18 March, but was postponed due to the challenges posed by COVID-19. Contacts continued over late March and early April and a second round of negotiations took place by VC in the week of 20 April. It is clear from the readout that only limited progress was made and there remain very considerable gaps between the two sides. Michel Barnier, in his remarks on 24 April expressed regret that 'the UK refused to engage seriously on a number of fundamental issues'.
20. The third round of negotiations began on 11 May. A further negotiating round is due to take place in the week beginning 1 June. This will be the final full negotiating round before the EU-UK High Level Conference, scheduled for later in June. Both sides have stressed the need to make progress in advance of this conference.

Brexit Preparedness

21. The Department of Finance April 2020 Update to Ireland's Stability Programme sets out the extent to which 'the economic landscape – domestically and elsewhere – has fundamentally changed in a few weeks'. Covid-19 and its economic impacts place an additional and dramatic level of uncertainty on the uncertainty already surrounding Brexit. It is against the economic impact of Covid-19 and its uncertainties that planning for Brexit must now be taken forward.
22. In addition, without an extension, transition will end at a time when the economy and many individual businesses would hope for a return to recovery. While Brexit preparation will therefore necessarily be part of a wider business recovery agenda, it must also address the distinct economic and societal impacts of Brexit.
23. December 31st 2020 is a potential crucial date, with the likely end of the transition period. Regardless of the outcome of the EU-UK future relationship negotiations, the UK will be outside the Single Market and Customs Union from the end of the transition period and this

will have significant implications for supply chains, trade flows and the necessary checks and controls in both directions on EU-UK trade.

24. The planning undertaken and lessons learned from no deal preparations will be valuable as we plan for the post transition EU-UK relationship. This work has three distinct but often overlapping elements, namely: (i) work for which the Government is the lead such as the additional infrastructure at the ports and airport which will be the most visible aspect of the Government's preparations for Brexit; (ii) addressing the needs of sectors and business impacted by the UK's departure; and (iii) societal and citizen focused issues. . Our approach to this work will continue to be underpinned by outreach to key stakeholders and a communications programme.
25. While there is uncertainty over the outcome of the Future Relationship negotiations, the ratification of the Withdrawal Agreement in January 2020 ensures that the provisions of that Agreement, including the Protocol on Ireland and Northern Ireland, will apply at the end of the transition period regardless of the outcome of the negotiations on the future relationship.

Department of Foreign Affairs and Trade
13 May 2020

Response to Question IUKA 03/05/20 [GP]

Has there been any analysis of the economic consequences of Irish unity?

In the absence of the prospect of a referendum in the near future, a study has not been commissioned by Government on the economic implications of a United Ireland. However some academic and research papers on the subject have been published.

The immediate priority has been to secure the ratification and implementation of the Withdrawal Agreement to allow for an ordered Brexit, including a smooth transition period; preparing for the next phase of Brexit negotiations dealing with the future EU-UK relationship; restoring the effective functioning of the devolved institutions and the North South Ministerial Council and ensuring the protection of the Good Friday Agreement and the achievements of the Peace Process, as the UK leaves the European Union.

3 March 2020

Joint DFAT/Finance Briefing for Questions GP on the MFF 26/02/20 [GP]

Joint DFAT/Finance Briefing for Questions from the Green Party on the MFF

What is the latest estimate on the size of the EU budget arising from the MFF talks?

In May 2018 the European Commission published its proposal for the Multiannual Financial Framework (MFF) 2021-2027. The total expenditure proposed for the period 2021-2027 is €1,135bn (2018 prices) - equivalent to 1.11% of EU27 GNI. This represents an increase of

approximately 5% in expenditure compared with the current MFF. The European Commission's proposals are based on an EU of 27 Member States and the loss of the UK contribution from 2021.

In its proposal, the European Commission outlined an MFF that would be split across three main areas, with:

- 29.24% allocated to Cohesion,
- 28.59% to CAP, and
- 42.17% to the five remaining Headings (Single Market and Innovation / Migration and Border Management / Security and Defence / Neighbourhood and the World / European Public Administration).

A revised proposal tabled by the President of the European Council, Charles Michel, on 14 February 2020 represents the current negotiating basis for the MFF. This proposed an overall expenditure ceiling of €1,095bn (2018 prices), equivalent to 1.074% of EU27 GNI, for the 2021-2027 period.

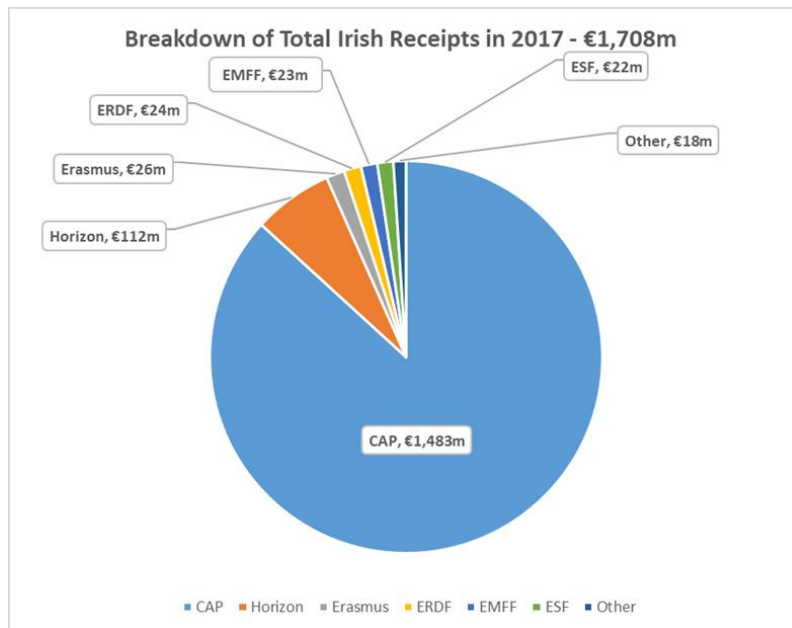
The revised proposal tabled by President Michel shifted the balance slightly in favour of CAP (30.1%) while Cohesion's share of the total MFF (29.55%) remained broadly stable.

What is the latest estimate on how much the CAP budget will be cut by?

In its May 2018 proposal, the European Commission proposed a total CAP budget for the EU27 of €324.3bn (2018 prices). This represented a 15% cut from the 2014-2020 EU27 CAP envelope of €383bn (2018 prices) and reduced the overall CAP share of the MFF from 35% currently to 28.59% post 2020.

The proposed CAP envelope in the Charles Michel proposal is €329bn (2018 prices) (€257bn for Pillar 1 and €72bn for Pillar 2) which reflects a 14% cut (€54bn) from the 2014-2020 EU27 CAP envelope of €383bn (2018 prices). Pillar 1 is cut by 10% (€29bn) and Pillar 2 is cut by 25% (€24bn).

It should be noted that the ongoing negotiations on CAP will form an important element of the overall discussions on the MFF and the above figures are therefore subject to change.



*Dept. Foreign Affairs and Trade
Dept. of Finance
26 February 2020*