

Lord Jay of Ewelme  
Acting Chair of the European Union Committee  
House of Lords  
London  
SW1A 0PW

5 September 2017

Dear Michael,

Thank you for your report on “*Brexit: UK-Irish relations*”, HL76, which helpfully focussed attention on this key area of our exit from the European Union. The report contained thorough analysis of the consequences of the 23 June referendum result for UK-Irish relations.

We both appeared before your Committee on 11 October 2016 to discuss these issues and we welcome the report’s analysis of the implications for key areas including the Irish economy; cross-border trade; the Irish land border and the Common Travel Area; policing and security cooperation; the future of the Northern Ireland peace process, and North-South and East-West relations.

We are grateful for the care and attention that went into writing the report and apologise for the delay in publishing a response. We were unable to publish a response by the initial February deadline due to pre-election period restrictions arising from the early Northern Ireland Assembly elections. Our officials and your Clerk agreed that it would be sensible to wait to see if a Northern Ireland Executive could be established following that election before publishing a response to the report. We now set out the Government’s response in light of the recent publication of the position paper on Northern Ireland and Ireland.

**OFFICIAL RECOGNITION OF THE UNIQUE NATURE OF UK-IRISH RELATIONS  
(THE IMPACT ON THE PEACE PROCESS AND ON NORTH-SOUTH AND  
EAST-WEST RELATIONS)**

**Your recommendation:** “*We acknowledge that the negotiations under Article 50, on UK withdrawal and on the framework for the future relationship between the UK and*

*the EU, will inevitably focus on issues affecting all 28 states concerned. But the unique position of Ireland, North and South, must not be overlooked.*

*We therefore call on all parties to the negotiations, the EU institutions as well as the Member States, to give official recognition to the special, unique nature of UK-Irish relations in their entirety, including the position of Northern Ireland, and the North-South and East-West structure and institutions established under the Belfast/Good Friday Agreement.”*

**Our response:**

We place huge value on maintaining the UK’s unique arrangements with Ireland and the friendly, cooperative relationship we have developed in recent years. As highlighted in the Prime Minister’s Lancaster House speech on the Government’s negotiating objectives for exiting the EU on 17 January 2017, and in the recent position paper on Northern Ireland and Ireland, the family ties and bonds of affection that unite our two countries mean that there will always be a special relationship between us.

The Prime Minister has made her commitment to UK-Irish relations clear, meeting with the Taoiseach Leo Varadkar the week after his appointment.<sup>1</sup> She stressed that we want to see the relationship between the UK and Ireland deepen and strengthen after the UK leaves the EU. In addition to the Prime Minister’s visit, we have both met counterparts in the Irish Government and Northern Ireland parties as we prepare for the UK’s exit from the EU. The Secretary of State for Northern Ireland maintains a regular dialogue with the Irish Government, in particular with the Minister for Foreign Affairs and Trade, the Tánaiste and the Minister for Justice & Equality, most recently visiting Dublin in August 2017. The Secretary of State for Exiting the European Union’s first visit to another EU Member State was to Dublin in September last year. Through the annual meeting of UK Permanent Secretaries and Irish Secretary Generals, we remain committed to continuing our strong cooperation. It is important that alongside delivering a smooth exit for the UK from the EU, we do not lose sight of the close links that benefit citizens in both countries.

As the position paper on Northern Ireland and Ireland states, political stability in Northern Ireland is dependent on the continued operation of the Agreement’s institutions and constitutional framework, effective management of the security environment, and economic prosperity. The UK believes that the UK Government, the Irish Government and the EU share a strong desire to continue to safeguard the Belfast (‘Good Friday’) Agreement, and to ensure that nothing agreed as part of the UK’s exit in any way undermines it. The closeness of UK/Irish co-operation on Northern Ireland is clear, and we also welcome the readiness and commitment from our European partners to finding a practical solution to the challenges presented by our exit from the EU, including in relation to the land border.

This engagement demonstrates our clear commitment to working together to address

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<https://www.gov.uk/government/speeches/pm-press-conference-with-taoiseach-leo-varadkar-19-june-2017>

the challenges and opportunities presented by the UK leaving the EU.

## **A UK-IRISH BILATERAL AGREEMENT (THE LAND BORDER AND THE COMMON TRAVEL AREA)**

**Your recommendation:** *“We do not underestimate the difficulties, legal and institutional, of translating such recognition into a final agreement. Yet the unique nature of UK-Irish relations requires a unique solution. The preferred approach, we believe, would be for the EU institutions and Member States to invite the UK and Irish Governments to negotiate a draft bilateral agreement, involving and incorporating the views and interests of the Northern Ireland Executive and keeping the EU parties fully informed as this negotiation proceeds. Such an agreement would then need to be agreed by EU partners, as a strand of the final Brexit arrangements.*”

*Key objectives of any bilateral negotiation should include:*

- *The challenge to the North-South and East-West institutional structure established under the Belfast/Good Friday Agreement.*
- *Maintenance of the current open land border between the UK and Ireland, as well as of the ease of movement across the sea boundary between northern Ireland and the rest of the UK.*
- *Maintenance of the current Common Travel Area arrangements, and the right of free movement of UK and Irish citizens between the jurisdictions.*
- *Maintenance of the right of UK and Irish citizens to reside and work in each other’s countries.*
- *The retention of rights to Irish (and therefore EU) citizenship for the people of northern Ireland.*
- *In the event that the UK leaves the customs union, a customs and trade arrangement between the two countries, subject to the agreement of the EU institutions and Member States.*
- *Acceptance of the Northern Ireland Executive’s right to exercise devolved powers in making decisions about the free movement of EU workers within its jurisdiction.*
- *Reaffirmation by both governments of their commitment to the Belfast/Good Friday Agreement and subsequent agreements, including continued support for existing cross-border cooperation.*
- *Continued eligibility for cross-border projects to EU funding programmes.”*

### **Our response:**

The Prime Minister made clear in her speech at Lancaster House on 17 January and in her Article 50 letter that maintaining the close relationship with Ireland and preserving the CTA is one of the Government’s key objectives for the Exit negotiations ahead. This was further reiterated in the UK Government’s position paper on Northern Ireland and Ireland published on 16 August. We continue to work closely with our Irish counterparts at all levels to ensure the relationship between the UK and Ireland is protected and enhanced as the UK prepares to leave the EU.

## *Belfast Agreement*

The UK Government remains firmly committed to the Belfast ('Good Friday') Agreement and its successors, and the institutions provided for in them. Maintaining the close relationships – North-South between Northern Ireland and Ireland, including through the North-South Ministerial Council, and East-West between the UK and Ireland, including through the British-Irish Council – is extremely important to us and we have outlined this in our position paper on Northern Ireland and Ireland. We recognise the value of cross-border co-operation and of the importance of continuing to support community cohesion in border areas. This will continue to be a priority post-Exit.

## *Rights*

The close historic, social and cultural ties between the UK and Ireland predate both countries' membership of the EU and have led to the enjoyment of additional rights beyond those associated with common membership of the EU. The special status afforded to Irish citizens within the UK is rooted in the Ireland Act 1949. Both the UK Government and Irish Government have set out their desire to protect this reciprocal treatment of each other's nationals once the UK has left the EU.

Both the UK Government and Irish Government also stand by the Belfast Agreement regarding the citizenship rights of the people of Northern Ireland: as now, they will continue to be able to identify themselves and be accepted as British or Irish or both, as they may so choose; to equal treatment irrespective of their choice; and to hold both British and Irish citizenship.

## *The Common Travel Area and Free Movement*

As set out in the position paper on Northern Ireland and Ireland, the UK wants to protect the Common Travel Area and the right of British and Irish citizens to move freely within this special border-free zone: this is a high priority for the Government. This means protecting the ability to move freely within the UK and between the UK and Ireland with no practical change from now, recognising the special importance of this to people in their daily lives, and the underpinning it provides for the Northern Ireland political process. Given the alignment between the UK Government, Irish Government, and European Union, our view is that an agreement on protecting and upholding the CTA and associated bilateral arrangements should be concluded at an early stage.

## *Economic Ties*

As discussed in our position paper on Northern Ireland and Ireland, it is important to ensure that there is no return to a hard border as a result of any new controls placed on the movement of goods between the UK and the EU. This will require detailed engagement on customs, agriculture, and other relevant economic matters as negotiations progress. As a first step, the UK proposes agreeing principles and criteria against which to test potential models for the land border.

The UK and Irish economies are deeply integrated, through trade and cross-border investments, as well as through the free flow of goods, utilities, services and people. The deeply integrated nature of trade, both domestically between Northern Ireland and Great Britain, and across the land border between Northern Ireland and Ireland, highlights why the UK is prioritising finding a solution that protects businesses' ability to access these important markets. Internal trade between Northern Ireland and Great Britain is of critical importance to Northern Ireland's economy. In 2015, external sales of goods from Northern Ireland to Great Britain stood at £10.7 billion (22 percent of all NI's sales in goods by value).<sup>2</sup> Trade between Northern Ireland and Ireland is also very important. Over the same period, Ireland was Northern Ireland's biggest external trading partner, exporting £2.7 billion of goods to Ireland (6 percent of all NI's sales in goods by value and 36 percent of NI's total goods exports).<sup>3</sup> Similarly, Ireland-Great Britain trade is significant. In 2016, Great Britain exported goods worth £13.6bn to Ireland and imported £9.1bn.<sup>4</sup> When considering cross-border trade, it is particularly important to note the integrated nature of the agri-food sector. Food, beverages and tobacco account for 49 per cent of cross-border manufacturing trade,<sup>5</sup> with, for example, more than 10,000 pigs exported from Ireland to Northern Ireland every week<sup>6</sup> and a quarter of all milk produced on Northern Ireland's farms exported for processing in Ireland.<sup>7</sup>

Citizens rely on being able to cross the border freely with goods for their own personal use. Current rules mean they do not have to make declarations or pay duties on these goods at the border. The UK will seek to ensure that individuals travelling to the UK from the EU, and vice versa, can continue to travel with goods for personal use as freely and as smoothly as they do now.

The UK welcomes the clear commitment from the European Council and Commission to work on "flexible and imaginative" solutions to avoid a hard border. The UK Government's clear priority in devising new border arrangements is to respect the strong desire from all parties and all parts of the community in Northern Ireland and Ireland to avoid any return to a hard border, and to maintain as seamless and frictionless a border as possible.

## **POLICING AND SECURITY COOPERATION**

**Your recommendation:** *"Brexit has profound implications for the current high levels of cross-border police and security cooperation between the UK and Irish authorities. Our parallel report on Brexit: policing and security cooperation will consider the wider issues, but we note that, in the UK-Irish context, continued access to EU databases, and the ability to make use of the European Arrest Warrant, are vital if cross-border*

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<sup>2</sup> 8 Northern Ireland Broad Economy Sales and Exports Statistics (BESES), 2017.

<sup>3</sup> 9 Northern Ireland Broad Economy Sales and Exports Statistics (BESES), 2017. Further information on trade flows to and from Northern Ireland can be found in the additional data paper on Northern Ireland trade.

<sup>4</sup> HM Revenue and Customs, Regional Trade Statistics (2016).

<sup>5</sup> 'Sectoral Cross Border Trade', InterTradeIreland, 2015.

<sup>6</sup> 'Brexit Briefing Document', Bord Bia, June 2016.

<sup>7</sup> 'Annual Report and Accounts', National Milk Agency, 2015.

*cooperation, and the fight against terrorism and organised crime, are not to be undermined.”*

**Our response:**

After we leave the EU, the UK wants to be a good friend and neighbour in every way, and that includes providing for the safety and security of all of our citizens. The Prime Minister has been clear about the importance of ongoing cooperation on security matters with all EU Member States, including Ireland. The UK-Irish relationship has never been stronger, especially in relation to the Northern Ireland terrorist threat. In the coming months we will deepen cooperation and secure a deal that works in the interests of both countries.

**EU FUNDING**

**Your recommendation:** *“EU funding has had a positive transformative effect on Northern Ireland, and on the border regions in particular. The Northern Ireland economy is more dependent on EU funding than any other nation or region of the UK, and its loss could have a devastating effect. Brexit is already giving rise to uncertainty about the availability of future funding, and there is some scepticism over the Government’s undertaking that the post-2020 funding gap will be filled. In view of Northern Ireland’s unique circumstances, we call on the Government to explore during the course of Brexit negotiations means by which it might continue to be eligible, post-Brexit, to apply to some EU funding programmes, in particular for cross-border projects.”*

**Our response:**

The Government has made clear that all European Structural and Investment Funds projects signed, or with funding agreements in place, before our EU exit will be fully funded, even when these projects continue beyond the UK’s departure from the EU, where departments confirm they provide strong value for money and are in line with domestic strategic priorities. The Government recognises the importance attached to cross-border programmes such as PEACE. We also recognise that there are specific challenges caused by the cross-border nature of the funds, and will work together with the NIE and the Irish Government’s managing authorities to address uncertainty with respect to current projects, and plans for cross-border co-operation after withdrawal.

As stated in our position paper on Northern Ireland and Ireland, the UK proposes that, without prejudice to the wider discussions on the financial settlement and Structural and Investment Funds, the UK and the EU should agree the continuation of funding for PEACE IV for the duration of the existing programme and, with the Northern Ireland Executive and Irish Government, explore a potential future programme post-2020. In doing so, the UK wants to work with the EU on how together we can maintain the implementation of the PEACE IV programme, including the role of the SEUPB as managing authority, and that of the NSMC in agreeing the policy direction of future programmes. Notwithstanding the outcome of the negotiations on this specific issue, the UK government would remain committed to peace and reconciliation programmes and to sustaining cross-border cooperation. The UK’s

approach to PEACE funding applies to the exceptional circumstances of this programme, recognising its link to the Belfast ('Good Friday') Agreement, and should not be taken to imply any wider policy positions on the financial settlement as a whole.

## **JOINT MINISTERIAL COMMITTEE ON EU NEGOTIATIONS**

**Your recommendation:** *“While the UK Government’s engagement with Northern Ireland stakeholders over Brexit is welcome, as far as it goes, there also needs to be more effective coordination between the Northern Ireland Office and Northern Ireland Executive, and between officials in London and Belfast, as they gather information on the implications of Brexit.”*

### **Our response:**

We are committed to securing a deal that works for the entire United Kingdom, including Northern Ireland. We have been clear from the start that the devolved administrations should be fully engaged in this process. In recent months, in the absence of an Executive, we have engaged at an official level with the Northern Ireland Civil Service. The UK Government has shared and discussed key publications with the devolved administrations ahead of their introduction, including the EU (Withdrawal) Bill and recent UK Government papers on EU exit.

UK Government Ministers have also held several meetings with the leaders of Northern Ireland’s political parties where EU exit issues have been discussed. We are committed to positive and productive engagement going forward, including with a new Executive.

We want to see the political situation in Northern Ireland resolved with the restoration of devolved government. That is what the Secretary of State for Northern Ireland is working hard to achieve.

**Your recommendation:** *“We urge the Government to enhance the role of the Joint Ministerial Committee for the duration of the negotiations, to ensure that the interests not only of Northern Ireland but of all the Devolved nations and regions are properly understood and respected. We welcome the establishment of the new Joint Ministerial Committee on EU Negotiations, though it remains to be seen how effective this new mechanism will be.”*

### **Our response:**

Throughout the discussions, the UK Government will negotiate on behalf of the United Kingdom. In seeking a deal the UK Government will take due account of the specific interests of every nation and region of the UK, working closely with the devolved administrations. We are committed to working closely with the devolved administrations on an approach to returning powers from the EU that works for the whole of the UK and reflects the devolution settlements of Scotland, Wales and Northern Ireland. The Prime Minister has repeatedly reaffirmed her determination that the devolved administrations should be fully engaged in the process of planning for the UK’s departure from the EU, both within the formal structures of the Joint Ministerial

Committee (JMC), but also bilaterally.

Alongside the creation of the JMC (EU Negotiations (EN)), bilateral engagement has increased since the beginning of formal negotiations. The First Secretary of State is engaging with both the First Minister of Wales and the Deputy First Minister of Scotland to drive forward a programme of work with their respective administrations, including on common frameworks. Equivalent discussions have taken place at official level with the Northern Ireland Civil Service. It is the UK Government's view that the JMC(EN) should next meet in the autumn to review the progress of these discussions. Supporting the ministerial level engagement led by the First Secretary of State and Secretary of State for Exiting the EU, continuous official level engagement between the UK Government and the devolved administrations has developed as negotiations advance.

We hope you will consider this letter, and our oral evidence, as a satisfactory response to this report, but we would be happy to follow up any other specific points that you deem outstanding.



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