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Lead topic: Brexit	Sub-topic:	Contact: Gearoid O'Keeffe Ext 5004

FAST FACTS

Brexit issues in PER

Within PER, Brexit issues are coordinated by the Brexit/EU/North South Unit. The Unit oversees Brexit work across the Department and acts as the contact point with the Department of the Taoiseach and other Government Departments. It is represented on the Inter-Departmental Group on Brexit and related groups, and supports the Minister is his work as a member of the Cabinet Committee on Brexit. Brexit issues are also addressed by staff in relevant areas across the Department.

Brexit Process

- On **29 March 2017**, in accordance with **Article 50** of the Treaty on European Union, Prime Minister May formally notified the European Council of the UK's intention to leave the EU. The two-year exit process commenced on that date although there is no impediment to an earlier conclusion. Alternatively, transitional arrangements may see the UK continue to be involved in EU matters beyond March 2019.
- On **29 April 2017 the European Council adopted negotiating guidelines for the Commission.** The guidelines reflect specific Irish concerns regarding the withdrawal negotiations: the need to support and protect the achievements, benefits and commitments of the Peace Process, to avoid a hard border, and to protect the Common Travel Area.
- On **22 May 2017 the General Affairs Council adopted the more detailed negotiating directives and authorized the opening of the negotiations**. It also established an Article 50 Council Working Group to discuss citizens' rights and the financial settlement.
- **Formal negotiations began on 19 June 2017** following the UK General Election on 8 June 2017.

Irish Government Position

- On 2 May 2017 the Government published a position paper on Brexit: *Ireland and the negotiations on the UK's withdrawal from the European Union: the Government's Approach*. The paper reflects the stated Government priorities of minimising impact on trade and the economy; protecting the Northern Ireland Peace Process; maintaining the Common Travel Area; and influencing the future of the European Union.
- In a statement accompanying the publication of the position paper, the Government announced its intention to intensify its focus on the economic implications of Brexit, including domestic policy measures to reinforce the competitiveness of the Irish

economy, to protect it from potential negative impacts of Brexit, and to pursue all possible opportunities that might arise.

<u>What is the Government doing to address the risks to the Irish economy?</u>
Brexit poses very serious challenges to Ireland's economy and trade, as well as across a range of sectors and throughout the regional and rural economy. While in recent years there has been increased diversification into other markets, Ireland is still heavily reliant on the UK as a trading partner. A number of key sectors will be impacted significantly, including, agri-food, fisheries, financial services, transport, energy and tourism.

To mitigate these risks, the Government is taking a five pronged approach:
1. to continue to prudently manage the economy and the public finances so as to enable us to meet future challenges;
2. to negotiate effectively as part of the EU27 with the objective of reaching an agreement that sees the closest possible relationship between the EU and the UK while also ensuring a strong and well-functioning EU;
3. to continue supporting business and the economy through Government measures, programmes and strategies;
4. to explore existing and possible future EU measures that could potentially assist Ireland in mitigating the effects of the UK's withdrawal on specific Irish businesses and economic sectors while also, in the light of developments, making a strong case at EU level that the UK's withdrawal represents a serious disturbance to the Irish economy overall and that we will require support; and
5. to maximise fully any economic opportunities arising from the UK's decision to leave the EU.

<u>What are the implications for public expenditure?</u>
Budget 2017 set out an approach to building a national economic response to Brexit. For the third year in succession it has been possible to increase resources for public services and infrastructure. The gross voted expenditure allocation of €58.1 billion in 2017 will be over 3 per cent higher than the 2016 allocation. Resources have been allocated towards areas that may be significantly impacted by Brexit, in particular enterprises dealing with the impact of Brexit and our regional and rural communities.

In the longer term, the design of this year's Spending Review reflects the changed economic and fiscal context, including Brexit. Of course, while moderate and sustainable expenditure growth is planned over the medium-term, increasing and competing public service demands will mean managing expenditure will prove challenging.

The Capital Plan *Building on Recovery* sets out a €42 billion framework to address our priority infrastructure needs up to 2021. A review of the Capital Plan is now well advanced and will ensure that capital spending remains strictly aligned with national economic and social priorities, consistent with Programme for Partnership Government objectives. This includes examining how available capital funds can continue to best be allocated to underpin sustainable medium-term economic growth and future growth potential, in light of recent developments since the Plan was published, including Brexit.

<u>What is the Irish position on the North South EU-funded cross border Programmes?</u>
The Irish Government remains firmly committed to the **successful implementation of the programmes and to successor programmes post-2020**.

The programmes are important drivers of regional development in a cross-border context. Through EU-funded cooperation, a range of Departments and agencies, North and South, have engaged in and benefited from a variety of cross-border and cross-community projects.

Moreover, future programmes would not only help to mitigate the impact of Brexit in the border region but also show that cooperation involving Ireland, the UK and the EU can continue post-Brexit.

The approach being adopted comprises three elements:

Short term: secure the programmes and give programme beneficiaries the confidence they need to proceed with projects. Achieved last October through agreement on a safeguard clause to Brexit-proof funding agreements;

Medium term: implement necessary adjustments to the programmes and ensure successful implementation out to 2020, through a period during which the UK is expected to leave the EU.

Long term: secure agreement for successor programmes post-2020. The regulatory basis for EU programmes with third countries already exists, and the programmes are well regarded in Ireland, the UK and more generally in the EU.

<u>What about other areas for which DPER is responsible?</u>
Other areas for which PER has responsibility that will be impacted by Brexit include the EU Staff Regulations, Cohesion policy and public procurement. Many of the issues affecting these areas will fall to be addressed in the second phase, future relationship negotiations, although the Staff Regulations could feature in the exit negotiations. The OGP has been addressing the implications of Brexit in its stakeholder engagement.