

**Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach,  
16 May 2017.**

**Opening statement by John Callinan, Second Secretary General, Department  
of the Taoiseach.**

**Brexit: Recent Developments and Future Negotiations.**

Chairman, Deputies, Senators:

Good afternoon and thank you for the invitation to appear before you today.

My name is John Callinan and I am Second Secretary General at the Department of the Taoiseach where I head the Division dealing with International, EU and British-Northern Ireland Affairs at that department.

Brexit represents a huge challenge right across Government, involving every Department to a greater or lesser extent. My role in the Department of the Taoiseach includes supporting the Taoiseach as chair of the Cabinet Committee on Brexit and in his role as a Member of the European Council. In this context, my main focus is on the EU negotiation process where I also serve as the Irish “Sherpa”.

Given that Brexit raises policy issues for all Departments, I have asked colleagues to join me based primarily on the areas of interest that were highlighted in the letter inviting me to appear here today.

I am accompanied today by Liam Irwin of the Office of the Revenue Commissioners, James Martin from the Department of Justice and Equality, Ronan Gargan and Sarah McGrath from the Department of Foreign Affairs and Trade, Brendan O’Connor and Oliver Gilvanny from the Department of Finance and Pauline Mulligan, from the Department of Jobs, Enterprise and Innovation.

I propose to give a brief overview of the Government’s approach to, and preparations for, Brexit, before we move on to questions.

The Government has been preparing for Brexit for over two years, and certainly well in advance of the UK referendum on 23 June 2016. A detailed contingency framework was prepared in the run-up to the referendum. It had

been hoped, of course, that the outcome of that referendum would have been different, but as we know the people voted for the UK to leave the EU.

Early on, the Government identified four headline priorities arising from Brexit: protecting the Northern Ireland Peace Process, maintaining the Common Travel area, minimising the negative impact on trade and the economy, and contributing to the future direction of the EU.

In the period after the referendum, the Government intensified its preparations, building on the work already done.

A new Cabinet Committee dealing specifically with Brexit was established, chaired by the Taoiseach.

A significant part of the EU Division in the Taoiseach's Department was moved back to the Department of Foreign Affairs and Trade, to ensure that that department was adequately resourced to deal with the challenge of Brexit.

The Department of the Taoiseach was restructured, bringing the remaining staff dealing with international, EU and British and Northern Ireland affairs together under a new Second Secretary General post, to which I was appointed in August 2016.

An Inter-Departmental Group of senior officials was reinforced, with a number of working groups set up to look at specific issues in more detail. And Departments and agencies with significant Brexit issues allocated additional resources as needed.

The work on preparing for Brexit was organised under a number of workstreams. Firstly the analysis done under the contingency framework was deepened. Secondly, stakeholder engagement was intensified, firstly through a Stakeholder Group that had been set up before the referendum and, later, through the all-island Civic Dialogue process, which so far has seen two plenary sessions and fourteen sectoral events. And Departments and agencies used existing forums or created new ones to ensure that they were engaging with their key stakeholders.

The Government set about a detailed process of engagement in four inter-related directions – Northern Ireland, Britain, each of the other EU Member States and the EU institutions.

In Northern Ireland, this consisted of engagement through the North South Ministerial Council, engagement with the individual parties, and with the Northern Ireland Civil Service.

In London, existing channels of engagement, either through the mechanisms of the Good Friday Agreement or other bilateral channels, were intensified.

A campaign to ensure that each of the other 26 Member States were aware of our particular challenges and understood the extent of the Brexit impact in Ireland was put in place, with every Member State targeted for engagement at both political and official level.

Similarly, detailed engagement took place with each of the EU institutions, including in particular the EU Task Force led by Michel Barnier.

Finally, all this work was supported by a broad based communication effort, to ensure that the scale of the Brexit challenge was recognised, that the Government's priorities were clear, that stakeholders were being consulted and informed, and that the complicated process that would unfold was understood as broadly as possible.

The Government realised very early that Brexit was likely to impact Ireland more than any other Member State, both in terms of the economic and trading links between Ireland and the UK and specific or unique factors arising from the history and geography of these islands.

It became clear that a major campaign would be needed to ensure that each other Member State appreciated these unique or specific factors and was prepared to support Ireland in addressing them, irrespective of how significant Brexit was for their own country.

This involved explaining in capitals about the history of these islands, the evolution of the peace process, the specific features of the Good Friday and subsequent agreements, the history and rationale for the Common Travel Area, the nature of the trading relations and patterns both on this island and

between Ireland and Britain, the sensitivities and risks associated with the border on this island.

In particular, it was necessary to establish the politically sensitive nature of these issues, and the need for political solutions, ahead of any rush to an overly legalistic or technocratic approach.

It was also important to ensure that the way in which these issues would be addressed had to fit into the evolving overall approach of the remaining Member States to the Brexit negotiations under Article 50.

That approach meant that that there would be a united approach to the negotiations, there would be no separate or parallel negotiations with the UK, that issues specific to the withdrawal would have to be dealt with first, and issues to do with economy and trade were likely to come later. In particular, a full trade agreement with the UK could only be concluded and implemented after the UK had left, and that this, in turn, would almost certainly mean that some sort of transitional arrangements would be required. In the withdrawal phase, the focus would be on the financial settlement, the rights of citizens, relocation of EU agencies and specific border area challenges.

Against this backdrop, the Irish approach was to press for maximum recognition of our particular issues and challenges in the various documents being prepared, while also pushing for discussion on the future relationship, including economic and trade issues, and a smooth transition, to begin as soon as reasonably possible.

The overall campaign involved over 400 separate meetings with the other Member States and the EU Institutions at political, diplomatic and official level.

The approach has borne fruit.

Prime Minister May's letter triggering Article 50, dated 29 March, contained strong references to Ireland and to our particular challenges.

The resolution of the European Parliament adopted in early April makes clear that the Irish challenges are high on the agenda of the Parliament, which under Article 50 must give its consent to any withdrawal agreement.

The EU Negotiation Guidelines, adopted by the European Council on 29 April, set out clearly the objectives of supporting the Peace Process, protecting the Good Friday Agreement, working to avoid a hard border and retaining the Common Travel Area.

In addition, the minutes of that European Council will include an important statement by the 27 Member States recognising the provisions of the Good Friday Agreement regarding Irish unity and confirming that EU Membership is assured in such instance.

The Draft EU Negotiation Directives, which are due to be adopted by the General Affairs Council next week, build on the language in the Guidelines regarding Irish issues. They also recognised the particular challenges for Ireland in terms of the proportion of goods to and from Ireland that transit via the UK.

These are very important acknowledgements of our particular circumstances and challenges. Of course, this is just the beginning but it is a good start. In particular, it confirms that the approach of focussing primarily on the elements most relevant or appropriate at any given stage in the process is paying off.

There have been a number of recent milestones in the Government's preparations and actions, apart from key events on the EU meeting calendar.

On 15 February, the Taoiseach gave a keynote speech at an IIEA event in the Mansion House, setting out the Government's overall approach, which includes reaffirming Ireland's commitment to the EU, protecting the Peace Process, and minimising the impact of Brexit on our economy and jobs.

The Second Plenary Meeting of the All-Island Civic Dialogue was held in Dublin Castle on 17 February.

In March, a booklet was published explaining the Government's four headline priorities in an attractive, easy to read manner.

And following the recent European Council meeting, on 2nd May the Government launched a document setting out more detail on its approach to the upcoming negotiations.

While the initial focus of the negotiations is on the so-called “exit issues”, it is inevitable that the emphasis on economy and trade issues will now increase, both in terms of how the future trading relationship between the EU and UK evolves, and given that even in the most benign Brexit scenario a negative impact on our economy is anticipated.

That impact is likely to be varied across the country. And while there may be some economic opportunities from Brexit, they won’t make up for the overall impact expected from Brexit. So mitigation action will be required.

That is why, at the time of publication of its approach to the negotiations earlier this month, the Government also made clear that over the coming weeks it would publish a second document outlining its approach to mitigating the impact of Brexit on the economy, trade and jobs.

Work on those economic impacts and challenges will be complemented by efforts to take advantage of any economic opportunities. We are already seeing significant signals in the financial services sector in terms of jobs moving to Ireland. Other sectors may follow. And the Government is presenting Dublin as a strong candidate for the relocation of the two EU agencies currently in London – the European Medicines Agency and the European Banking Authority.

But returning to the forthcoming negotiations, which is the area with which I am primarily concerned, it is clear that they will be complex and challenging for us. We have made a good start and the extensive campaign of engagement has paid off. But we will have to continue – and intensify – this effort in the weeks and months ahead in order to identify and deliver satisfactory solutions to our specific concerns.

Thank you for your attention and I and my colleagues will now be happy to take questions.

Ends.