

DÁIL ÉIREANN

ROGHCHOISTE SPEISIALTA AN TSEANAID UM AN RÍOCHT AONTAITHE DO THARRAINGT SIAR AS AN AONTACH EORPACH

SEANAD SPECIAL COMMITTEE ON THE WITHDRAWAL OF THE UNITED KINGDOM FROM THE EUROPEAN UNION

Déardaoin, 1 Meitheamh 2017

Thursday, 1 June 2017

Tháinig an Comhchoiste le chéile ag 10 a.m.

The Joint Committee met at 10 a.m.

Comhaltaí a bhí i láthair / Members present:

Seanadóirí / Senators	Seanadóirí / Senators
Frances Black,	Michael McDowell,
Mark Daly,	Michelle Mulherin,
Paul Daly,	Joe O'Reilly,
Billy Lawless.*	Niall Ó Donnghaile.

* In éagmais / In the absence of Senator Gerard P. Craughwell.

I láthair / In attendance: Senator Paul Coghlan.

Seanadóir / Senator Neale Richmond sa Chathaoir / in the Chair.

Engagement on Energy Matters

Chairman: Apologies have been received this morning from Senator Gerard P. Craughwell, who will be substituted for by Senator Billy Lawless. I welcome everybody this morning and ask those present to please turn off their mobile phones or switch them to airplane mode at this stage. Unfortunately, silent mode is not good enough as it interferes with communications. We have a really busy agenda covering a range of topics but we will deal first with energy matters. I am delighted to welcome representatives from EirGrid, SSE Airtricity Ireland and Gas Networks Ireland who will each make a presentation, after which we will have a detailed discussion with questions and answers. The order agreed is that Ms Madden will go first, followed by Mr. Wheeler and Mr. Doyle, respectively.

Before inviting Ms Madden to address the committee, members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official either by name or in such a way as to make him or her identifiable. By virtue of section 17(2)(1) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. If they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her, or it identifiable.

I will invite the witnesses in sequence to make their ten minute presentations before inviting questions and comments from Senators. I will come back to the witnesses then for replies.

Ms Claire Madden: I thank the Chairman and committee members for inviting us here today to outline Gas Networks Ireland's position on Brexit. I am the head of legal and regulatory affairs at Gas Networks Ireland and I am joined today by my colleague, Mr. Padraic O'Connell, head of human resources and public affairs.

Before I outline our position on Brexit, let me first give some brief background information about natural gas in Ireland. Gas Networks Ireland operates the gas network in Ireland. There are three entry points to the Irish system. The entry point from the UK, at Moffat in Scotland, supplied 40% of Ireland's gas demand in 2016. Two indigenous entry points at Inch and Corrib supplied 6% and 54% of 2016's demand, respectively. It is anticipated that the Corrib gas field will supply on average up to 57% of Ireland's gas demand out to 2020. We also have a business in Northern Ireland, details of which are contained in the slide pack provided.

Ireland's gas market is heavily interconnected with that of the UK. Whereas Great Britain currently supplies 40% to 50% of Ireland's gas demand, this has historically been as high as 92%. In turn, 100% of the gas supplies to Northern Ireland and the Isle of Man are delivered through Gas Networks Ireland's network in Scotland. For this reason, Gas Networks Ireland has a strong record of co-operation with neighbouring system operators in the UK. With the advent of Brexit, Gas Networks Ireland, as part of the Ervia group, has considered carefully the

implications for the Gas Networks Ireland business and for the Irish gas market. Our findings to date have identified three main areas of focus, which are “day one” versus “day two” issues, security of supply and cost of gas. I will consider each of these in turn.

With day one versus day two issues, we understand it is the intention of the UK Government to transpose all existing EU legislation into UK legislation. Should this be the case, then no immediate - what we call “day one” - negative repercussions are foreseen in terms of the daily functioning of the gas market but further discussions with the UK network operator, National Grid, are needed to confirm this. Of more concern is a scenario wherein at any point post-Brexit - what we call “day two” - new EU legislation is introduced which Gas Networks Ireland is obliged to implement but the United Kingdom chooses not to implement, or *vice versa*. In such circumstances, Ireland could be forced to seek derogations from such legislation. Without further information as to the nature of the UK’s participation in, or interaction with, the single energy market, the nature of these derogations cannot be anticipated. However, Gas Networks Ireland notes that derogations are possible under the third European gas directive, the key legislation underpinning the European single gas market. In addition, many of the cross-border requirements under European gas legislation already provide that they may not apply at inter-connection points to third countries, namely, countries outside the European Union, subject to a decision of the Commission for Energy Regulation.

With regard to the second of the three main areas of focus, the issue of security of supply can be further subdivided into the physical security of gas supply and regulatory compliance. The physical infrastructure linking Ireland to the rest of Europe will not change following Brexit. More generally, the fact that the supply of gas to Northern Ireland and the Isle of Man is reliant on Gas Networks Ireland’s infrastructure can only serve to underpin continued co-operation between Ireland and the UK on gas supplies. In this context, it is worth noting that within the framework of existing intergovernmental agreements in place since 1993 between Ireland and the UK concerning Ireland’s two gas interconnectors, Gas Networks Ireland and National Grid have agreed a voluntary protocol for dealing with gas emergencies affecting the UK and Ireland. We see no reason for these arrangements to change post-Brexit.

With regard to regulatory compliance, Regulation (EU) 994/2010 concerning gas security of supply and a revision thereof which is due to be approved in 2017 require all member states to take necessary measures in order that, in the event of a disruption of the single largest piece of gas infrastructure in that member state, the remaining infrastructure is able to satisfy total gas demand on a day of exceptionally high gas demand occurring with a statistical probability of one in 20 years. This is known as the infrastructure standard or N-1 test. Ireland is currently grouped together in a region with the UK, the north-west region, for the purposes of compliance with the regulation and passes the infrastructure standard or N-1 test on a regional basis with the UK. The United Kingdom has an installed capacity of 140% of its demand, such that in the event of an infrastructure outage it would have sufficient supply to meet Ireland’s gas demand. Ireland’s gas demand equates to 6% of that of the UK. In the event that the infrastructure standard was applied on a stand-alone basis to Ireland, it would not be met. As such, in the absence of legislative change or other accommodation or derogation from the European Commission, there is a possibility that Ireland would be obliged to build additional infrastructure to comply with the infrastructure standard post-Brexit. Gas Networks Ireland notes that the physical security of Ireland’s gas networks will not change following Brexit. As such, any decision to build new infrastructure should not be based on compliance requirements alone, but should take full account of the costs and benefits to Irish gas consumers.

With regard to the third area of focus, there has been some commentary about possible negative effects of Brexit on the cost of gas. Our analysis to date does not support this view. We have also specifically considered the possible imposition of a trade tariff to gas. Currently, all members of the EU Single Market benefit from having zero tariffs on imports, which is essentially a free trade agreement. As the UK Government has already signalled its intention to depart from the Single Market and the prospect of having a free trade agreement in place with the EU does not currently appear likely to be completed prior to Brexit, it appears likely that the UK will default to World Trade Organization, WTO, rules for tariffs.

Analysis carried out by external economic advisers on behalf of Gas Networks Ireland has identified that the maximum tariff that can be applied to imports of all gases is 0.7%. In practice, the European Union currently applies a zero tariff on all gas imports but it could apply a tariff ranging from 0% to 0.7%. The imposition of any such tariff, while not posing a direct financial risk to Gas Networks Ireland, would naturally increase the cost of gas for the end user and, depending on tariffs applied to other fuels, could reduce the competitiveness of gas. If such a tariff were applied against the UK, the most favoured nation provisions of the WTO provide that it would also need to be applied identically to all imports of natural gas from any WTO member. Tariffs cannot be applied on a discriminatory basis to just one country. As both the UK and Europe are net importers of gas, it appears that neither party would benefit from the introduction of such a tariff. We believe, therefore, that Ireland should not be disadvantaged in terms of gas pricing from the perspective of WTO tariffs.

In summary, high level conclusions to date suggest that, as the UK is expected to transpose all existing EU regulations into national law, there will initially be no major changes to the structure of the gas market or to Ireland's daily interaction with the UK in the transportation of gas. In addition, we anticipate very little, if any, impact on the cost of gas for Irish customers. Naturally, there may be greater fluctuations in the exchange rate in the short term. However, analysis to date suggests that the overall cost of gas has not fundamentally changed directly as a result of the Brexit announcement. The two key concerns Gas Networks Ireland has in relation to Brexit are the future divergence between UK and EU gas regulations and how Ireland will continue to comply with the EU security of gas supply regulations.

Gas Networks Ireland continues to monitor and manage its position regarding what is potentially a very significant transformation for the energy sector in Ireland. Gas Networks Ireland is actively engaging with all relevant key stakeholders in Ireland, Europe and the UK. In particular, as a member of both Gas Infrastructure Europe, GIE, and Eurogas in Brussels, we seek to represent the views of the Irish gas market in Brussels. Gas Networks Ireland is co-chairing a GIE working group tasked with representing the views of European system operators and infrastructure owners to the European Commission and the task force on Article 50 negotiations with the United Kingdom.

I hope this briefing has provided some useful information to the committee. I thank the chairman and the committee for affording us the opportunity to outline Gas Networks Ireland's current position on Brexit. We will be pleased to answer questions from members.

Chairman: I thank Ms Madden and Mr. O'Connell for appearing before the committee and for their presentation. I invite Mr. Wheeler to make his statement.

Mr. Stephen Wheeler: I thank the Chairman and members of the committee for inviting me to participate in today's meeting of the special select committee. I am the managing director of SSE Ireland and I am joined by Ms Marian Troy, director of corporate affairs. SSE Ireland is

the second largest energy utility on the island of Ireland, supplying more than 800,000 customers and employing more than 800 staff on the island. We generate renewable and conventional energy from 26 wind farms and four conventional stations. The company is in the process of constructing Ireland's largest wind farm, Galway wind park, with our partners, Coillte.

Over the past six years, SSE has contributed more than €5 billion to the economy, supporting more than 4,700 jobs. SSE is intractably invested in the UK and Ireland and will continue to have a collaborative and co-operative relationship after the UK formally leaves the EU. SSE is the largest company by market capitalisation in the FTSE 100 whose revenues are derived solely from the UK and Ireland.

SSE did not take a position on the European Union referendum prior to the vote, believing it to be a matter for the people of the United Kingdom. We understand that managing political and regulatory change is part of our role as an energy company to provide the energy people need in a reliable and sustainable way. We believe, however, that it is important to gather stakeholder views and perspectives on the Brexit process. In that respect, we welcome today's session and the Brexit civic dialogue on energy held by the Minister for Communications, Climate Action and Environment, Deputy Denis Naughten, in February last. Continued engagement will serve us well during the Brexit negotiations and beyond.

I will focus on the material issues for our customers, business and employees across the island of Ireland. Energy customers want prices to be fair and Ireland requires cost-effective investments in energy infrastructure to decarbonise our economy and maintain security of supply. As we proceed, we should not lose sight of these overarching aims.

Our industry is subject to a range of European Union rules and regulations, many of which have wider application than the energy sector. At this stage, none of us knows exactly what will be outcome of the negotiations. With this in mind, rather than plotting out every possible scenario or examining every legal provision relating to energy, we argue that the following three principles should be prioritised in the exit negotiations. First, the single electricity market on the island of Ireland should be maintained and the integrated single electricity market project completed. Second, the flows of electricity and gas between countries through interconnection should continue to support energy security. Third, Ireland must recommit to meeting its energy challenges and thereby provide policy certainty to investors.

The combining of the Northern Ireland and Ireland electricity markets into the single electricity market or SEM has been a success. It was the first project of its kind to operate with dual currency and across multiple jurisdictions. The SEM has improved competition and the investment case for the construction of new and cleaner generation, as well as optimising the achievement of renewable targets. Put simply, there are benefits of larger, integrated electricity markets, whether this is across the island or across Europe. For customers, the benefits take the form of lower costs and increased security of supply. Under EU policy, markets are progressively coupling in order to remove barriers to trade and enable efficient free flow of energy across Europe. The integrated single electricity market ISEM, project, takes this step for our market. SSE believes ISEM is desirable with or without Brexit and will deliver benefits for customers. We ask the Governments in the Republic of Ireland and Northern Ireland to do what they can, within their own powers, to provide for the maintenance of the single electricity market and completion of the ISEM project, the introduction of which was a product of domestic legislation in the first instance. The single electricity market and ISEM are supported by all sides in the Brexit negotiations. Policy makers and industry stakeholders such as SSE must follow the negotiations and regulatory developments carefully and find solutions to remove

barriers that may be encountered on exit or in the future.

Our second priority is security of supply. We seek to ensure gas and electricity will continue to flow through the interconnectors. As set out in the Government's Brexit priorities, approximately 88% of Ireland's energy needs are met by supplies from abroad, much of them from the United Kingdom. Ireland imports approximately 40% of the gas it uses from Great Britain, a figure which has decreased markedly since the Corrib gas field was brought into operation. The figure is to increase to an estimated 85% by 2025 as the Corrib gas field is exhausted. Gas makes up a large part of the resources used in electricity generation, circa 50% in 2016.

Ireland's gas imports come through the interconnection with Scotland. The United Kingdom produces gas and also imports through interconnectors from other EU member states and Norway, as well as importing liquefied natural gas from further afield. Depending on market conditions, the United Kingdom exports gas to continental Europe. Therefore, maintaining the flow of gas between Great Britain and the European Union is mutually beneficial to all concerned in the negotiations, none more so than Ireland. If the United Kingdom was to continue to participate in EU security of gas supply arrangements post-Brexit, this would have obvious benefits for Ireland, as, in particular, the current rules for sharing resources in a supply emergency would be maintained. The United Kingdom and Ireland have long had bilateral security of gas supply agreements to ensure gas will continue to flow and they should be reaffirmed, if necessary.

On electricity interconnection, the Moyle and east-west interconnectors give Ireland flexibility to take advantage of lower prices elsewhere and optimise management of renewable energy generation. They provide additional comfort that security of supply can be maintained in case of emergency. SSE believes the flow through the interconnectors must be maintained and that any additional interconnection should be considered by way of a thorough cost-benefit analysis.

As the North-South interconnector project is before the courts, I will not discuss it at length. I note that the project would address impediments to transporting energy supplies within the single electricity market, as the cheapest electricity supplies cannot always travel to where they are needed. Northern Ireland faces generation shortages in the early 2020s if the North-South interconnector is not delivered. SSE supports the provision of this important piece of infrastructure, given the more than €20 million in savings it will bring to customers on the island.

My third and final point is that the Government must recommit to addressing Ireland's energy challenges. Brexit should not subsume all of the focus in the upcoming, crucial years. There is a need for a clear, long-term and robust energy policy in Ireland to deliver affordable, secure and sustainable energy supplies. As set out in the energy White Paper, the needs of the empowered energy citizen are paramount in this respect.

About 25% of the electricity we generate is from renewable sources; we need to get to a figure of 40% by 2020 and set our ambitions for 2030 and 2050. A vision has been set out in the White Paper and 2030 renewable energy targets are under discussion at European level. SSE would like to see progress on the more detailed policies required to implement this vision. We know that the Minister for Communications, Climate Action and Environment, Deputy Denis Naughten, and his Department are working on a scheme to support renewable energy project development. As it takes a number of years to deliver such projects, we encourage a speedy conclusion in order that companies such as ours can continue to invest to deliver a decarbonised economy for the island of Ireland.

As for the technology mix, Ireland should continue to build its world-leading ability to deliver and operate onshore wind energy projects. It is the most cost-effective way for it to decarbonise its electricity supply. There is significant potential for projects with a low impact on communities to be developed in consultation and co-operation with them. Ireland must also begin to build capacity in the generation of offshore wind energy which offers huge potential. It has wind power capacity of approximately 2,600 MW and it is estimated by EirGrid that around 5,000 MW will be required to maintain our 40% target by the mid-2020s and that is without considering meeting Ireland's upcoming 2030 target which will only be achieved by advancing in all areas, including the development of onshore and offshore wind energy projects.

We know that Ireland's renewable energy credentials have been a factor in attracting foreign direct investment, as well as in creating jobs and reducing dependency on imports, but there is the capacity to do more. We must also ensure investment is encouraged in the provision of flexible infrastructure to complement renewable energy generation through schemes such as the DS3 programme. We must be careful that investments or policies made now do not lock in the use of high carbon technologies. Furthermore, electrifying the heat and transport sectors provides a means to decarbonise them and the move towards smart technologies will enable the consumer to flex consumption to reduce their carbon footprint and the price they pay. Ireland can be an example for the rest of the world in how to integrate high levels of renewables with the electricity system. We have the necessary skills and industry clusters to create a world-leading innovation hub in this area. We now need holistic policy measures to maximise the benefits of our energy transition. It is essential that the transition to a low-carbon economy is delivered cost effectively; the customer must be central in decision-making. Decarbonisation needs a strong overarching policy driver. The European Union's emissions trading scheme, ETS, has been designed to be just that, although it is not delivering the price signals to support decarbonisation. Ireland should take an active role at EU level in ensuring the ETS is on a pathway to delivering a robust carbon price. If this is not achieved, Ireland should consider introducing domestic measures to supplement the scheme.

SSE sees three energy priorities as the Brexit process plays out: maintaining the single electricity market and completing the ISEM project; ensuring flows of energy through the interconnectors; and the need to double-down in meeting Ireland's energy challenges. Irrespective of the wider UK-EU relationship, as networked industries that are vital to the functioning of our economies and communities across the United Kingdom and the European Union, it makes sense for both to retain closely linked electricity and gas markets and wider co-operation in the energy sector. Energy customers want prices to be fair, while Ireland requires cost-effective investment in energy infrastructure to decarbonise its economy and maintain security of supply. As Brexit proceeds, we should not lose sight of these overarching aims. It is in that spirit that I have presented these three priorities.

Chairman: I thank Mr. Wheeler and his colleague, Ms Troy, for presenting to us. I invite Mr. Doyle to make his opening statement.

Mr. Rodney Doyle: I thank the joint committee for giving us an opportunity to outline our views on the potential impact of Brexit. I am the director of markets for the EirGrid Group. I am joined by my colleague, Ms Rosemary Steen, director of external affairs.

I will give the committee an overview of EirGrid, the State-owned transmission system operator on the island of Ireland. It is charged with developing the high voltage electricity grid to cater for the demands of society and the economy. It is also responsible for the operation of the single electricity market. In addition to ensuring security of electricity supply, it also plays

a key role in delivering decarbonisation of the system through the integration of renewables. With our colleagues in the industry, we have been successful in delivering this to date, while maintaining security of supply. As well as its role as system operator of the grid, EirGrid has developed and owns the east-west electricity interconnector which links the grid on the island with grid in the United Kingdom. We are very conscious that the mandate of the committee is to present solutions to the challenges presented by the decision of the United Kingdom to exit from the European Union. In that regard, in our presentation we will outline the challenges and hope to give some guidance to members on possible routes for Ireland in devising future energy solutions.

In many senses, EirGrid can be seen as a key success story which peace on the island of Ireland has made possible. It owns the company which runs the grid in Northern Ireland, SONI, and is a fully integrated business. Our executive team has responsibility on a 32-county basis and we endeavour to deliver to customers the synergies and savings that operating on an all-island basis allows. We are firmly of the view that the current all-island energy approach is best for the customer – both domestic and business - in the Republic of Ireland and Northern Ireland. If Brexit was to change this approach and introduce any form of tariff or change in the all-island electricity market, it would be bad for energy customers and business. Brexit also has the potential to lead to divergences in energy policy between the two jurisdictions on the island.

As members will understand, we have been keeping a careful eye on developments since the Brexit vote last year. We have spent considerable time ensuring we understand the potential impact of Brexit on us and in the wider energy arena. In this respect, we have been very active in the Taoiseach's citizens' dialogue initiative and the sectoral forum on energy organised earlier this year by the Minister for Communications, Climate Action and Environment, Deputy Denis Naughten, in Boyle, County Roscommon. To date, we have seen strong political support to ensure the model of delivery of energy policy in Ireland, in particular electricity, is seen as an aspect which should be both retained and safeguarded. There is widespread and explicit recognition at official and political level in Brussels, London and Dublin that the energy sector on this island should not be impacted on negatively by Brexit. It includes voices such as that of the British Prime Minister, Theresa May, as well as senior voices in the European Commission. We welcome and encourage this.

An all-island energy market has operated on the island of Ireland very successfully for the past ten years, being of huge benefit to customers on both sides of the Border. EirGrid has operated the electricity market and the electricity transmission system over that period and has seen at close quarters the huge benefits the all-island approach to energy has had. The next stage for the all-island market is the integrated single electricity market, ISEM, which will see us link the all-island energy market into the wider European internal energy market. The project to deliver ISEM is currently under way. When it goes live next year, the ISEM will bring real and tangible efficiencies to how we manage the generation and supply of electricity across the whole island. This will ensure that prices of electricity will be minimised and help to ensure the Irish economy retains cost competitiveness. Every effort should be made to ensure Brexit does not impact on the efficient running of ISEM. Retaining the single electricity market will ensure the costs of electricity are kept to a minimum for homes and businesses. Any move from the current system would likely only serve to drive up electricity prices both here and in Northern Ireland and negatively impact competitiveness and security of supply on the whole island. We can all concur that this would be a regressive step. Recently a study was conducted by Grant Thornton, which I am happy to make available through the chair to the members, which outlines the benefits of the single electricity market and the ISEM approach.

In addition to safeguarding the single electricity market, we also highlight the role played by the east-west electricity interconnector which links north Dublin to north Wales. This key piece of infrastructure has been in place since 2012 and has delivered significant efficiencies and also strengthened our security of supply. The interconnector is capable of transmitting electricity in either direction, thereby allowing market participants to trade electricity in both directions between the electricity markets in Ireland and Great Britain. This works in favour of customers in both jurisdictions. In addition, it also provides ancillary support services such as frequency response, reactive power and black start capability to system operators at both sides of the interconnector, further improving our security of supply measures. In the event of Brexit triggering any tariffs on the trading of energy, this could have an obvious negative impact on the function of the east-west interconnector. This would be a retrograde step and should, in our view, be avoided.

While we may all agree that a hard Brexit is least preferable, we do recognise that the mandate of this committee is to identify solutions and not just highlight problems. In that regard, we would like to give the committee some details of the work we have ongoing on assessing the feasibility of a direct electricity link to the EU post-Brexit via Brittany in France. We believe this could act as a real solution in the energy sector post-Brexit. As brief background, part of EirGrid's work as the transmission system operator is to identify future interconnection potential with other countries. This is in line with Jean-Claude Juncker and the EU's priority policy on the goals for the European Union. Following studies since 2009, the Celtic electricity interconnector between Ireland and France has proven to us to be both feasible and beneficial to ourselves and the French. Since the Brexit vote last June, the importance of a direct link to France has clearly grown and will provide a very positive solution to reducing our reliance, in terms of energy, on the United Kingdom.

Detailed studies on the Celtic interconnector have been under way with our French counterpart, Réseau de Transport d'Electricité, RTE, the national transmission system operator in France, since 2012. This work continues after a landmark signing of a memorandum of understanding signed by an Taoiseach and former President Hollande. The Celtic interconnector itself will entail 500 km of cable under the sea and it would be able to import and export 700 MWs of electricity. This is the equivalent power for 450,000 homes. To date, the proposal to link the Irish grid with France has been favourably commented upon here at home and at EU level and has received funding for the feasibility stages of the project. Over the coming months we hope to have more detailed studies to underline the value of such a project, and we believe that it could provide the country with a real energy solution, with this further intensified if a hard Brexit should transpire.

While most voices commenting on Brexit and energy issues have to date concurred that energy issues should not become part of the negotiations, we would urge caution. In our view energy co-operation on an all-island basis, as well as between ourselves and our counterparts in the National Grid in the UK, makes sense. Growing from a peace on this island, energy co-operation makes sense for us all and we should work collectively to safeguard it in the negotiations that will be under way in the coming period. In particular, we would like to see the continued support for the North-South interconnector, the maintenance of the ISEM project and the all-island approach to energy matters and the continuance of tariff free trade for electricity.

I thank the committee for this opportunity to present and for its attention today. We would be happy to take any questions that the committee may have.

Senator Joe O'Reilly: I welcome the witnesses today. As a person from the Border region,

it occurs to me that the one sphere in which we have a united Ireland is in the energy market. All of us who aspire to a united Ireland, and that includes virtually all of us, should be looking at a united Ireland in the context of people and services rather than something more abstract and romantic. It has to be at that level, and energy is one of the great successes. This is a very significant discussion for that reason alone.

Would the witnesses agree that we will be assisted in the Brexit negotiations and arrangements? We are not negotiating specifically on energy, but do the witnesses think that we will be aided by the fact that Northern Ireland stands to have an energy deficit shortly if we do not implement the interconnector and the all-Ireland policy? Northern Ireland stands to be the big loser, so should that be a huge advantage to us? It is not a question of the Republic being at risk for supply, but rather Northern Ireland being at risk. Should that not make for a unity of hearts and minds across the two sets of negotiators, from both Mr. Barnier's position and his UK equivalent? Both negotiators should be on the same page in that respect in that neither of them would wish Northern Ireland to have an energy deficit. Perhaps the witnesses could respond to that point.

It is great news that we are working on a connection to France through Brittany and on the Irish-French connection. Is that another incentive for the UK to be co-operative in this sphere?

Everyone around this table, including the witnesses, hope for no tariffs in any sphere and would love something akin to free trade post-Brexit, and indeed a special arrangement on the island. That is our aspiration, but assuming there are tariffs and customs duties in other areas, can the witnesses foresee a scenario where energy would be exempt because it is of critical importance?

Wave energy was not mentioned. I am a complete layperson in this area, but I am told that Irish wave energy could be like oil to Norway, on the south-west coast in particular. It could be Irish gold. What is the potential for Ireland developing a wave energy industry post-Brexit? Will it be easier for us to get investors into that and will it work? The witnesses might inform those of us who have less knowledge, scientifically and otherwise, where we are at with wave energy now and what the obstacles are for moving forward on that.

Would the fact that the decarbonisation policy is mutual to the UK and to the EU help? Nobody is against decarbonisation. Perhaps Mr. Trump is, but hopefully not. Nobody in the UK or the EU is seriously suggesting that we do not go ahead with decarbonisation, so should that lead to a ready solution? There is a mutuality of view there. The witnesses said that it has been the view that we should not negotiate on energy. Is that based on the assumption that we are going to win on energy anyway and that there is no question around it because nothing will change with it, or is it a bit naive that we are not making energy a central part of negotiations? I would have thought that energy is crucial. It is almost like water, although we do not want to go back to a discussion on water. Energy is life-sustaining and life-giving. It is a very crucial area of discussion. I thought it would have been central to negotiations, unless the assumption is that there will be no problem with it and that everything will be as it stands. Perhaps there is social knowledge that this is the case and there is no need to negotiate. Is that the position? Why is it that we are not having negotiations about energy? To be honest, it is kind of weird, to use a popular term. I would appreciate answers to those questions.

Senator Michelle Mulherin: I thank the witnesses for the evidence they have given us today. In response to Mr. Wheeler's three priorities, I would like to refer to his third priority, which is that Ireland must recommit to meeting its energy targets and must provide certainty to

investors so that we can reach the targets. What does the witness specifically have in mind in that regard? We are obviously bound to certain targets anyway. As the witness said himself, the Minister, Deputy Naughten, is trying to achieve these along with the whole of Government. I also want to ask about the EU renewables directive that was published in November 2016. How will that impact on what we are discussing here today in terms of targets in the context of Brexit?

Mr. Wheeler mentioned that he is also engaged in conventional energy generation. On the renewable side, particularly wind, how are things progressing with regard to storage in order to allow more wind energy to be used? It may be more of a question for EirGrid, but I know that in the recent past when it was more topical to talk about transmissions and pylons and stuff like that, there was a lot of talk about smart grid technology and maximising the capacity that is there. Is that assisting in this? I know that there is a question mark over Grid West, for example. Perhaps Mr. Doyle could comment on the position in that regard.

I know that we have electricity targets. Is SSE Airtricity involved in any way in transport or heat targets or in meeting our carbon emissions reduction targets? Internationally, with the exception of the US, which we will know more about today, there is commitment at official and political level, which Mr. Doyle mentioned, to the decarbonisation of our economies. Closer to home, we have had issues with the delivery of electricity infrastructure such as pylons, transmission infrastructure and wind farms. The general view is that the biggest obstacle for us achieving our carbon emissions reductions, specifically our renewable electricity targets, is community acceptance. I am from a part of the country in which there is a big resource with regard to wind, wave and other renewable energies. I wonder what are Mr. Doyle's thoughts as we go forward. It seems to me that many of the projects, especially transmission projects, are slightly in limbo at the moment. How do we go forward to make sure that the infrastructure we need is delivered and that people are engaged with it in order for it to be seen as a common good rather than people having concerns about having a pylon or a wind farm in their back yard?

At this point, I would like to compliment SSE Airtricity. I am familiar with a number of its wind farms. It seems to have overcome that obstacle of community acceptance in areas in which it has operated more so than some of the State companies that are involved in renewable energy, which seem to have the communities and localities that are required to take on this infrastructure up in arms. There is the whole idea of community gain as well. Where are we going with that? How can we make the people who have the burden of this electricity infrastructure, which to me for the most part is the visual impact of it as opposed to anything else, see how are they distinguished and see how they gain? As opposed to that, Dublin city is going to benefit because a wind farm is built, though it will not have to have a wind farm or a biomass power station. Dublin does not have to take on this type of infrastructure, yet it will benefit. How do we recalibrate that and allow people to understand and believe that their concerns are being taken on board?

With regard to the proposed interconnection of the grid with France, who would pay for that? Is there provision in the EU in line with ramping up the use of renewables in order that we could be assisted in some way in funding this type of venture?

In the more medium to long term, what will electricity prices look like for the domestic consumer? Much of it comes back to that. If we can say to people that after initial investment in wind, biomass or whatever it is, once the cost of it is supported, we are ultimately going to see energy prices coming down, it would be a very hopeful message to send out from a committee such as this. What is the future for electricity prices not just for the domestic consumer, but also

for business consumers?

Senator Paul Daly: I have a couple of broad observations and questions. We are here to try to come up with a report that pinpoints the solutions to potential problems or perceivable problems. We cannot even pinpoint the problems, never mind the solutions. We need to tease out every last detail. While we have a unique status because of our geography and our historical links with the UK, at the end of the day when the negotiations really kick in, we are one of 27. As a bargaining chip, how high up will energy be? It was mentioned briefly, but I would like to hear a little bit more about the relationship between the UK and continental Europe. How dependent are they on each other? From the viewpoint of the other 26 negotiators around the table, how high up will the question of energy be?

It was mentioned earlier that in one of the worst-case scenarios, a tariff of 0.7% could be put on gas. As we found out, Brexit hit once the votes were counted and there was an immediate sterling fluctuation for people who were exporting. They took major losses. Have there been gains? Has there been a little silver lining on the cloud with regard to the fact that we are probably net importers from the UK and the sterling has been weak and is weakening? Going forward, when negotiations are complete, if the sterling was to level out at a weaker stage, could there be a silver lining from an energy costings point of view for us on this island?

In a real worst-case scenario, we may end up with the aforementioned hard Border, checkpoints, etc. It has been mooted that because of our history, checkpoints on the Irish Border will not be there too long as they will be removed by people who may not have the authority to remove them. Have the witnesses looked into that worst-case scenario with a view to the security of their infrastructure, such as cross-Border interconnectors, etc.? That is the worst-case scenario, but we have to ask these questions and look at every inevitable or possible outcome.

Senator Niall Ó Donnghaile: I am curious to hear some more about the nature of the interconnector, particularly the proposed Celtic interconnector. If that was to come online tomorrow, I presume it would be providing for and servicing the all-Ireland market as it stands currently. If, as a result of Brexit, there is a change in the current interconnector proposals and the energy provision across the entire island, how is it envisaged that a solution will be achieved? Various suggestions have been mooted. Senator O'Reilly has referred eloquently to a kind of special status that recognises the unique and bespoke energy arrangements on this island, which involve not just this State and the British Government, but various other EU member states as well. I am sure Mr. Doyle will agree that if there is further energy development, perhaps involving the Celtic interconnector, we will need to put down an early marker by arguing strongly that it will have to provide for the entire island and feed into the model of best practice and service that currently exists. I am trying to tease out the further arrangements or strategies that service providers and other companies believe they need to ensure Ireland's overall energy provision interests are upheld.

Chairman: I wish the witnesses the best of luck in answering all the questions that have been asked in the remaining ten minutes.

Mr. Rodney Doyle: A couple of questions were asked about the 700 MW Celtic interconnector between Ireland and France. I hope I will pick up on some of the points that were made in this respect. The feasibility studies that are under way have been very positive to date. There has been an examination of whether the route is feasible. It looks very positive that it is. I was also asked about the funding. To date, 50% of the cost of the feasibility studies that have been conducted have been supported by the EU Commission. Grant funding will be available for the

overall project, depending on the qualifying criteria. Under the right conditions, we will seek to maximise the funding that is available. A full detailed cost-benefit analysis of the project will be conducted. The project will need to stand up for Irish and French consumers. The French authorities are positively disposed towards it and have been supportive of it.

As things stand, it seems that the Celtic interconnector project would have a positive impact on prices. When we examine a project of this nature, we need to consider how prices would be in its absence. In this case, the analysis shows that prices would be higher without it. This project will allow Ireland to link into lower price zones. Prices in Ireland are higher than the EU average. When we link into these zones and engage in market coupling, which the all-island single electricity market will deliver between ourselves and Britain, we get the benefit of being linked into a lower price zone. Lower-price energy flows as a result, and overall we are seen to have lower prices than we would otherwise have had. The Celtic interconnector will provide us with another route into another market. The market in this case has a much wider base in terms of the kind of generation supply, a wider portfolio in terms of the generation that is available and a lower price zone. It is positive from that perspective.

The Celtic interconnector project will absolutely be conducted on the basis of a cost-benefit analysis and will only go forward on its own merits at that stage. It is currently proposed that it will link into the all-island energy market. If the North has to separate from that market as part of a hard Brexit, we will look at that stage at whether the project continues to stand up when it involves the Republic of Ireland market only. Of course it would still provide a security of supply benefit for the island as a whole because we would still be interconnected with the North of Ireland, even in the event of a hard Brexit.

A question was asked about whether views are aligned on the benefits of the Celtic interconnector for Northern Ireland. Our colleagues in the North on the regulatory and governmental or departmental sides have been hugely positive about the benefits to date of the single electricity market approach and the proposed implementation of the all-island single electricity market project. Our colleagues in the regulator and across both Departments are positively disposed to the project and continue to support it. They see the all-island single electricity market project as the all-island solution for the energy market as we go forward because it has brought huge benefits to customers in Northern Ireland and the Republic of Ireland. From that perspective, our outlook on the benefits this project will provide to both sets of customers is very much aligned. My colleague, Ms Steen, will answer the questions that were asked about Grid West, the introduction of technology and community gain.

Ms Rosemary Steen: I am EirGrid's director of external affairs. Grid West is an excellent example of a project where EirGrid is taking a changed approach. When the project was originally conceived in 2008, there were approximately 647 MW of renewable generation projects in the west that required a connection. An overhead project was developed and put out to public consultation on that basis. In 2014, we agreed with the feedback from the public that we had ruled out the underground alternatives too early in the process. We agreed with the concerns of the public in this regard. We have reassessed the project in the context of the options that now exist.

Earlier this year, we published our new grid development strategy, which has resulted from public consultation. This document sets out three main options for the Grid West project. Some of the options include overhead lines and others involve undergrounding. We are considering whether local reinforcement might solve the issue. We are currently engaged in a process of consultation with those customers to move the project forward. We are working with the origi-

nal renewable developers who were seeking the connection to ascertain where their projects now stand, whether the connections are still required and the timeliness of their projects. On that basis, we hope to bring a revised solution into the public domain for public consultation later in the summer. This is an example of where we applied a new approach to the considerations around a project. We hope to be able to reveal the outcome of that later this year.

Senator Mulherin is correct that we are currently in the process of reassessing fundamentally whether the Grid West project is required. That links to what we are trying to do in terms of public acceptance. Under the new framework for grid development that we have adopted, which involves a six-step process, we engage much more carefully with those who will be affected at every stage of every project to make sure they can make a greater input at an earlier stage into the types of projects that are proposed. We have a number of pilot trials at the moment.

The document I have mentioned has been very well received. It received an award from the National Adult Literacy Agency earlier this year. It is part of a suite of tools we are using as we work to improve public acceptance. We accept that we might not have used engagement tools like plain English, which are useful in accurately capturing the feedback of local communities, to a sufficient extent in the past. We are committed to trying to do that as we go forward. Following a Government policy directive in 2012, we put in place and rolled out a new community fund for various projects. We recently piloted that on a line between Mullingar and Kinnegad and it has been very well received by the local community. We have a centralised fund, but we also provide proximity payments to residents who are affected along a route.

All of those initiatives have enabled us to continue developing lines across the country. Maybe there is less commentary about them from media and other sources. We are working harder on the ground to ensure we take on board the feedback about the way the projects are rolled out. I have to say we are committed to ensuring that, as an organisation, we learn the lessons of what happened in 2014 and put new approaches in place. I am happy to provide those publications to the clerk for circulation. They might help the committee to understand the current position.

Senator Joe O'Reilly: Why is an operational strategy similar to that being applied to the east-west interconnector not being applied to the North-South interconnector? I commend what Ms Steen has said, but I would like to know why the same approach is not being taken in our case.

Ms Rosemary Steen: As the North-South project is before the High Court at the moment, I am prevented from getting into a detailed discussion on it. After the project has been through the High Court process, I will be happy to brief on the background to it. Part of the issue, on which I cannot comment further, is the form of public engagement which the court is reviewing.

Chairman: Senator Mark Daly wants to come in and ask a question. He should be brief because we are going over time and I want to get everyone in.

Senator Mark Daly: I apologise for having to leave. I had to do a radio interview.

I thank the delegates for coming. If they have answered the following questions already, I will read the replies in the Official Report. They may have already outlined the costs associated with the Celtic interconnector. Is there a precedent for having such interconnectors, for example, in Cyprus or Greece? Is there an interconnector with Italy and, if so, how much did

it cost? What are the timelines for the provision of funding between the European Union and partner countries? In the example of Greece, if there is an interconnector with Italy, does it pass through a third party country and, if so, how does the process work? What support and recommendations are required because it is quite obvious the project needs to go ahead? We are all aware of what happened in the south east with the pylons campaign and that people do not realise Brexit will have an impact on the country's energy security. Is there a precedent? Is there a precedent in the case of non-EEA countries? Britain states it will not follow the Norwegian or Swiss model. What are the precedents for countries that are not part of that arrangement? What precedent can we use in the supply of energy to Northern Ireland and the supply of energy through Britain to here? Will the delegates supply that information to the Chairman because we are running out of time?

I have a question about the Shannon LNG project, the 500 MW power station and the 28.3 MMscm of energy it will provide daily. It has the potential to be a stopping off point for US gas imports which would then be transferred around Europe. After so many decades, are we nearer to it? Do we need it? How critical is it? Should we put it on the same pathway as the Celtic interconnector?

Chairman: I thank the Senator.

Mr. Stephen Wheeler: I will start with Senator Michelle Mulherin's questions about committing to reaching Ireland's targets and Irish policy. The Minister, Deputy Denis Naughten's Department should be commended for the great work that has been done on the White Paper which is an excellent piece of work. The engagement and collaboration with the industry and local communities have been incredibly positive. What we now have is a really strong vision for the future for Ireland. Underneath it, we need details, in particular of support for the use of renewables. REFIT is coming to an end and we need details of what will actually replace it. We understand it will be a competitive option, which we welcome and call for its timely completion.

The other big challenge in delivering on our vision is presented by our connection policy. We have a significant number of megawatts stuck in a grid queue. While the CER recognises this and is working towards an enduring connection policy, we need to see the details and it completed in a timely way.

There are some challenges in planning, of which we are all aware. A pragmatic view and conclusion would be helpful.

The last issue is carbon pricing, in particular how Ireland can strengthen its EU ETS scheme to have a true price for carbon in the system in order that future investment can be made on a secure basis. In that regard, what is most important is certainty as investment is driven by it.

There was also a question about the 2016 EU renewables directive. It is important to remember that the directive is in addition to an existing one. While it focuses on reaching the 2030 targets, SSE believes maintaining the figure of 40% to 2030 will present a significant challenge, but it is something Ireland should be encouraged to continue to do. We do not see huge change in the new directive. It is really about deciding and determining the final target for 2030 and how Ireland can play a part in reaching it. That brings us back to the issue of a competitive advantage. We talk about the Brexit negotiations. Ireland has a huge competitive advantage when it comes to the generation of renewable energy, particularly wind energy. We need to look at how we can maximise it and continue to be a leader in Europe.

Senator Michelle Mulherin talked about storage. I commend the great work being done by EirGrid on DS3 and the issue of flexibility in how renewables will integrate with a previously conventional system. Work on the issue of storage is progressing and the cost of the technology use has reduced significantly in the past few years, but it still has some way to go. The work we are seeing on DS3 means that we will get to a point where we will have a 75% penetration rate on the system at any one time. It should be acknowledged that Ireland is leading across Europe and the world in that regard.

Senator Joe O'Reilly talked about wave energy. When one looks at Irish waters, there is an abundance of opportunities. The challenge is presented by technology. The advancements in technology for wind energy production far outweigh those in the case of wave energy. That is the reality. When we look at how we will continue to decarbonise the economy in the future, we need to look at new ways of producing more renewable energy. We strongly believe offshore wind energy projects present a fantastic opportunity in that regard. Recent studies show that we could produce over 4.5 GW of wind energy offshore along the east coast. We should think about where the demand is. It is very much on the east coast and can be matched with the production of renewable energy, including wind energy offshore along the east coast. As the cost of technology is continuing to fall, the production of energy offshore presents a real opportunity for Ireland.

Senator Joe O'Reilly also talked about the deficit in Northern Ireland. While security of supply in Northern Ireland is obviously an imperative, we must also look at the overall benefits, not only the North-South interconnector. I spoke about the single electricity market and the integrated single electricity market. The completion of the integrated single electricity market will deliver further benefits for our customers. What we are trying to do is to deliver a system that will provide a sustainable and reliable power supply for our customers in the most cost-effective way. Projects such as the single electricity market, I-SEM and the North-South interconnector will continue to do this.

I will pass on to Ms Madden who will speak about interconnection.

Ms Claire Madden: I will pass on to Mr. O'Connell.

Mr. Padraic O'Connell: I will start with Senator Mark Daly's questions. He asked about the LNG project and the possibilities associated with it. We would welcome the development because it would improve security of supply. Gas Networks Ireland has supported Shannon LNG in its applications for EU funding in that regard in the past 12 months. Gas Networks Ireland is also looking at developing renewable energy technologies in the gas industry, one of which involves the use of bio-gas. It captures methane created in the agriculture and food industries and supplies it to the gas network. There will be the first injection point on the gas network this year and there is the potential to meet 20% of the demand for gas in time.

Senator Paul Daly asked how dependent the United Kingdom was on the EU. The United Kingdom gets about 35% of its gas supply from the North Sea, 35% from Norway, 20% from LNG tankers and 10% via interconnectors from mainland Europe. As Ms Madden said, there is an installed capacity in the gas network of 140%. If one were to take out any one of these pieces of infrastructure in a catastrophic event, the United Kingdom would still have the capability to meet demand and Ireland would play its part.

Senator Paul Daly asked about the worst case scenario in planning. It is part and parcel of the work we and Eirgrid do on a daily basis. It is part of our remit as a network operator. We

work very closely with the national grid to scenario-plan. We engage in planning every year for emergency cases. The gas sector in the United Kingdom has an installed capacity of 140%. In response to Senator O'Reilly's question on EirGrid and not negotiating on energy, I am the co-chair of the Gas Infrastructure Europe Brexit working group or task force and that is one of our key findings. In all essence, energy is almost a human right. It is a fundamental part of life, it is around us everywhere and in Gas Infrastructure Europe, we do not think it should be used as a negotiating chip in any negotiations between Europe and the UK.

Senator Mark Daly: The witnesses may have answered this already, but are there precedents in non-EEA European countries? This is a very important part of the role of this committee. We have been asked to come up with the solutions and it is very easy to come up with solutions when one can point to a precedent. Is there anything in Cyprus or Greece to which we can point where there are networks going across non-EEA countries? Is there funding for that which would assist us in making the case for the Celtic interconnector or Shannon LNG or any of the other infrastructural projects? While we have spent a lot of time listening to groups about what is required, the real nuts and bolts of this is not that we need an interconnector, it is that we need an interconnector, here is the case for it and here is the precedent for it. Do the witnesses have examples of the kind of precedents we could utilise?

Mr. Rodney Doyle: As the Celtic interconnector will be from what will continue to be an EU country to another EU country, it will qualify for any of the available funding. It has also been recognised in Europe as a priority infrastructure project. As it has been nominated as such, that sets it up in terms of funding. It still needs to qualify, however, on its own merits as a project, which the analysis will show.

There are precedents of interconnections between Poland, for example, and other parts of Europe and into third countries. There are trading arrangements across those interconnections and projects. There are arrangements in place today which work and continue to work between what is seen as the central European market and countries outside of it. It is all a matter of how these so-called third countries accept the rules of the internal energy market in Europe. If they are willing to buy in and accept what goes with it, then one moves forward. If they are not then that potentially is where problems arise. There certainly are precedents there of how it can be done. It also depends on how the parties who are going to sign up to it negotiate and what they agree to do. Consequently, the stance Britain would take on something like the European Court of Justice, for example, would become very important from that perspective.

Senator Mark Daly: For example-----

Chairman: I am just going to let Mr. O'Connell come in here as well. He might answer the Senator's question.

Mr. Padraic O'Connell: I have one observation about gas. The Senator asked a question about LNG, which is in the UK. A lot of that gas comes from Qatar. As the Senator himself mentioned in his question, it could also come from the United States. That is outside and is part of the free trade market. This happens with gas and there are legal frameworks for it to happen. This does not happen with gas by way of physical pipelines. It happens with tankers, where one freezes the gas and ships it across the oceans.

Senator Mark Daly: What is the timeline on the French interconnector in the best-case scenario?

Mr. Rodney Doyle: We are currently talking about 2022, so it is a number of years out.

Senator Mark Daly: Everything else is coming through the UK. It is the issue of the transfer-----

Mr. Rodney Doyle: Absolutely.

Senator Mark Daly: It is not like the Polish precedent where it is going from Poland to a third country. Our problem is that it is coming from Europe to a third country and then to us, so that is the precedent we are looking for. What is the agreement we need to have in place for it to traverse that country? We are all talking about worst-case scenarios here. As we keep being told that no deal is better than a bad deal, what does that look like? What kind of agreement do we need to have to allow it to come in to us through the UK? Are there precedents for that anywhere?

Mr. Rodney Doyle: There is probably no precedent for electricity transiting across two island nations but there are precedents for how one might negotiate bilateral arrangements to get from one point to another. Before the internal energy market, IEM, was implemented there were methodologies in place for transiting other countries. It has been done before. What we have at present are some bilateral arrangements between ourselves and Britain for certain time-frames on the trade of electricity. We have those precedents already. We understand how to put in arrangements for bilateral trade between ourselves and Britain, particularly on the electricity side and I am sure it is similar with gas. It then comes down to how one applies the further legal rules from Europe on top of that and that would need to be assessed at that point. We do, however, have precedents for those kinds of bilateral arrangements.

Chairman: I think we have teased that out nicely at this stage. I thank all six witnesses for coming in and giving so much of their time and their thoughts on this matter. This is vitally important and is possibly an area we have not looked at in enough depth in this entire debate, in terms of the public body. This is a standing committee and we will be going for another few weeks. If anything emerges or if there is anything the witnesses would like to feed back in, please contact us. We would like to hear from them again. I will now suspend the meeting briefly in order that we can change over our witnesses.

Sitting suspended at 11.16 a.m and resumed at 11.20 a.m.

Engagement with European Movement Ireland

Chairman: Our next session of this morning's work relates to the eighth term of reference of this committee's work, on the future of Europe. I am very happy to welcome Ms Noelle O'Connell, executive director of European Movement Ireland. For everything to be in order, I must declare an interest in that I am a former employee of European Movement Ireland. Ms O'Connell was my boss. She was a very pleasant boss. I remain a voluntary member of the organisation. I am sure those present will all trust that this will in no way impair my ability to chair this meeting impartially. I will be as objective as possible. Ms O'Connell is very welcome and we look forward to hearing from her.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official either by name or in such a way as to make him or her identifiable. By virtue of section

17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. If they are directed by the committee to cease giving evidence in relation to a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise nor make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable.

With that out of the way, the floor is Ms O'Connell's.

Ms Noelle O'Connell: I thank the committee very much for its invitation to attend today's proceedings to discuss the impact of the United Kingdom's withdrawal from the European Union and the future of Europe. I am executive director of European Movement Ireland. Founded in 1954, European Movement Ireland is Ireland's longest established not-for-profit voluntary membership organisation dedicated solely to Irish European issues.

I congratulate this Seanad special select committee on the really high level of engagement on such a critical and complex issue. I have been following the debate closely, and European Movement Ireland, as an organisation, has had a presence in the Public Gallery at most of the committee's sessions. The Seanad is to be commended on having the foresight to set up such an initiative and on its endeavours to seek solutions to the many multifaceted challenges Brexit will create, not least on this island of Ireland. As we sit here today on 1 June, there are now 666 days left in which to complete a deal. To tweak the well-known phrase, the devil of these Brexit negotiations will be in the detail.

Sometimes it is hard to understand the sheer scale of Brexit, but the evidence this committee has heard has enriched the debate on the subject. In addressing issues from citizenship rights in Northern Ireland to the potential impact of Brexit on the aviation industry and the air bridge between Ireland and Britain, this committee has helped to advance the dialogue and understanding of how Brexit will have implications for the island of Ireland.

The future of Europe, on which I have been invited to speak today, is in itself no small topic. Like Brexit, the future of Europe is a deeply multi-layered topic associated with many opportunities and complexities concerning its development and discussion.

I commend the efforts of the Irish diplomatic and political services and various channels in ensuring the unique circumstances on the island of Ireland have been prioritised in the European Union's formal negotiating position at the start of these Brexit negotiations. It is hugely significant that the Union's commitment to continue "to support peace, stability and reconciliation on the island of Ireland" has been enshrined in the first phase of negotiations. Ireland is the only individual member state to be mentioned in this way and to have its specific concerns prioritised as the Union's concerns, and we should not underestimate the significance of this.

With regard to the future of Europe and Ireland's position in a reformed European Union, Ireland overwhelmingly sees its role in that European Union. A recent Red C poll that we commissioned and that has been submitted to the committee showed 88% of people thought Ireland should remain in the European Union. That poll was launched for Europe Day just a couple of weeks ago, on 9 May.

As I am sure members are all aware, the European Commission published a White Paper on

the future of Europe at the beginning of March earlier this year. Outlined in it are five scenarios for the EU 27 by 2025, to be taken forward for discussion by the member states. Scenario 1 is carrying on. Scenario 2 involves nothing but the Single Market. Scenario 3 concerns those who want to do more. Scenario 4 is doing less more efficiently. Scenario 5 is doing much more together. Following the European Commission's publication of the White Paper, EU leaders committed in the Rome Declaration in March to act together "at different paces and intensity where necessary, while moving in the same direction ... in line with the Treaties and keeping the door open to those who want to join later". Therefore, a reformed and reforming European Union and the future of Europe after Brexit are very much on the agenda.

It has become something of a truism to say the European Union needs to be reformed. Most politicians, political leaders, commentators, officials and citizens agree on this and, arguably, Brexit has created a renewed sense of urgency in this process.

The real questions that reforming the European Union and the future of Europe pose for Ireland are many, but I will focus specifically on two. First, I believe we have to have a debate about exactly what we would like a reformed European Union to look like. We need to look closely at the various scenarios outlined in the European Commission's White Paper, as well as our position on a so-called "multi-speed Europe". The forum exists for Ireland to engage in and to work to ensure the best possible outcome.

Second, we need to question how we can seek to have an input into and shape this reformed European Union to best suit and reflect Ireland's interests. Part of the solution would appear to be to continue to accentuate and develop Irish engagement at all levels and layers in Brussels and across the various EU capitals, which would aid in the related but distinct aim of diversifying, deepening and intensifying our European alliances.

Effective Irish engagement in Brussels and across all the EU capitals will be fundamental in helping Ireland to shape this reformed European Union in which we as a country clearly want to remain after Brexit. This engagement is something we should seek to step up across a range of policy areas. Sometimes in Ireland we forget that we have a voice. We have a significant voice and it is our duty and responsibility to use it. As a small open economy on the geographical periphery of Europe, we need to think of the best ways of amplifying this voice in Europe, not just on Brexit but also after Brexit as part of the EU 27.

Let me be clear. Brexit will be bad for the United Kingdom, bad for Ireland and bad for the European Union. It is something European Movement Ireland has never shied away from stating prior to the run-up to the referendum and in its aftermath. It is something no one in Ireland really wanted and is quite possibly the biggest peacetime challenge we have faced as a country as we work to ensure the best possible outcome.

With regard to the upcoming Brexit negotiations, it is certainly not in the interests of Ireland or the European Union for there to be a bad deal or, worse still, no deal. There has been much talk here in Ireland about needing to avoid a no deal scenario, which would mean falling off a so-called cliff edge. To me, that always brings to mind images of the great Blondin walking across a tightrope across the Niagara Falls. Each step in the tricky and complex process is crucial to succeeding. While we may be concentrating solely on walking this Brexit tightrope, a recent European Movement Ireland survey of our European Movement International network found that only 55% of responding organisations considered Brexit to be the top EU priority in their respective country. While sometimes it may seem to us in Ireland as if Brexit is the only game in town, it is certainly not at an EU level, where those concerned are grappling with many

complex challenges. We should not lose sight of this reality. When considering the future of Europe, we must obviously consider Brexit but also look beyond it.

With the United Kingdom's withdrawal from the European Union, Ireland will lose, plausibly, its closest partner at the EU table. This comes against the backdrop of a less certain and more fluid global environment. We should not be afraid to speak truth to power in this new global order. In order to remain fully active in the EU, we need to think about diversifying and intensifying our existing alliances across Europe, both politically and in terms of our trading relationships, as well as across our many different international networks including membership organisations, civil society organisations, business associations and trade unions. We have seen the beginnings of attempts to intensify these alliances in the context of Brexit with, for example, the recent meeting of the Taoiseach with the leaders of Denmark and the Netherlands to discuss how best to minimise the impact of Brexit on the economies of these countries. This is something which we will need to replicate throughout the negotiations but also once the UK has actually left the EU. Building strong alliances on a policy-by-policy basis, for example, will be crucial in ensuring Ireland's success in a realigned and reformed EU.

There is also growing recognition of the need for Irish business to continue to diversify and expand into the vast European Single Market of over 510 million consumers, or 445 million post Brexit. This is a very significant market to which Ireland has full access and of which we are part. In that context, Enterprise Ireland's eurozone market strategy with its vision of Irish companies powering the economy through strong positions in eurozone export markets represents the kind of strategic business thinking we need to explore further.

Jean Monnet, a pioneer of European integration, once stated "People only accept change when they are faced with necessity, and only recognise necessity when a crisis is upon them." The ongoing success of the Government's all-island civic dialogue on Brexit - which European Movement Ireland called for, welcomed and participated in - has shown the productiveness of participatory democracy in strengthening public ownership, involvement and debate and in feeding into Government policy and strategy. In that context, we are calling for a citizens' assembly on the future of Europe to advance the debate on Brexit, which will have a significant impact on every citizen on the island of Ireland. We urge the committee to include this suggestion in its final report to the Seanad. I thank members for their attention and look forward to their questions.

Chairman: I thank Ms O'Connell. I will now invite members who wish to contribute to do so and then I will revert to Ms O'Connell for a response. Senator Paul Daly is first.

Senator Paul Daly: I thank Ms O'Connell for her presentation. I want to concentrate on the issue raised towards the end of her presentation, namely, our relationship with the UK within the EU. From the time of our initial involvement, we had a very strong negotiating partner in the UK and we were seen very much as allies within the whole set-up. With the UK gone from the EU post Brexit, we will be unique in that we will be the only English-speaking member state and the only island nation off the Continent. How does Ms O'Connell perceive our role in the future in that scenario? A colleague of mine was in Europe recently to set out the Irish stall in terms of what we need from Brexit, what would be acceptable to us and what would be seen as a good or soft Brexit from our perspective. He was listing our requirements but was asked if he was trying to negotiate for a soft Brexit on behalf of the UK. While some concessions for Ireland have been mentioned in various speeches and papers, which is welcome, there are elements within the European movement who believe that giving Ireland what we need is tantamount to conceding to the UK. How do we negotiate the best deal from Ireland's perspec-

tive without stepping on the toes of our colleagues in Europe in the future? How do we ensure that post Brexit, there is no sourness among our 26 EU colleagues, some of whom might believe that Britain got a soft deal thanks to Ireland putting the boot in and getting what was best for it? How do we make sure that we are not in a marriage that is starting off on a bad footing? How can we overcome such problems or iron them out after Brexit?

Senator Joe O'Reilly: I welcome Ms O'Connell. I agree with Senator Paul Daly's remarks about the UK having been an important ally. I have had the privilege of working on the Council of Europe and I notice in that forum, which will be very important post Brexit, that the UK and the Republic of Ireland will regularly ally on issues and that there is a commonality of interests and constant support there. It is true that we potentially will be losing a very important ally, which is a serious matter.

According to market research, there is a very positive sentiment towards the EU in Ireland. Would Ms O'Connell agree that this sentiment will be greatly and adversely affected if what has been said about Ireland's special position is not realised? If we do not see evidence of Mr. Barnier and his team positively batting for Ireland in the context of a solution, will that sentiment quickly erode? Could European Movement Ireland do anything to convey that point very clearly to Mr. Barnier and the negotiators?

A cynic or a pessimist might say that the remarks by Mr. Barnier and Prime Minister May, as well as the contents of the pre-negotiation documents regarding the unique and special position of Ireland, are only platitudes. I do not want to believe that, nor do my colleagues on this committee. Certainly those of us who live in Border communities cannot even contemplate such a scenario. Can Ms O'Connell provide reassurance on that point? She is very much a part of the whole process and is so close to it. Does she believe there is more to it than rhetoric? Does she think that Ireland will be batted for in a positive way?

When we lose the UK as an ally within the EU, one presumes we will form alliances with a new network of countries with similar interests. I ask Ms O'Connell to comment on that presumption. I am interested in finding out how we can achieve a practical expression of the good sentiments. If the sentiments expressed were to become realities, then all would be great. However, the fear is that they are no more than sentiments.

Senator Niall Ó Donnghaile: I thank Ms O'Connell for a comprehensive, forthright and frank contribution. Politics is politics but it is refreshing to hear the reality of what Brexit is going to do and the impact it will have on our people. In the vast majority of instances, the effects will be negative and sometimes we just need to call a spade a spade and not dance around the issue. We have political responsibility to people across the island of Ireland to try to offset or mitigate against some of that and it is quite refreshing to hear contributors being so frank with us in terms of the negative impact.

Ms O'Connell made reference to the all-island civic dialogue and I agree it was a very useful exercise. It is a pity that it took so many of us having to argue for that continuously but nevertheless, it happened and it was very inclusive and positive. In one form or another the bulk of Members of the Seanad support a form of special designated status. The Dáil has mandated the Government to negotiate a special status for the North. That is also the view of the majority of the MLAs elected to the assembly in March. Does Ms O'Connell have a view on the emerging campaign for special status and does she see a role for her organisation in that? It is a positive and sincere reaction, albeit people have different views on what it might look like. What does she see as the importance of special status and where should it sit within our

dynamic moving forward?

Chairman: Ms O’Connell mentioned that in European Movement Ireland’s survey of other members of the European Movement International, only 55% saw Brexit as the main priority. This is alarming but not surprising. Could she dig a bit deeper into those figures to see if there is a geographic imbalance, for example, is it the case that the further east the country, the less it is an issue? She mentioned Denmark and the Netherlands as being close to Irish interests and considering possible new alliances, as Senator O’Reilly mentioned. The European Movement International network gives a great insight into civic society. What are its thoughts on the future of the EU? Are they very different from the ones we are discussing in Ireland? Ms O’Connell complimented the Irish Government and the Civil Service on their approach to lobbying in Brussels. What lobbying is European Movement Ireland doing in the European Movement International network?

I wholeheartedly agree with Senator Ó Donnghaile’s points on the Citizens’ Assembly. I attended the civic dialogue with the Department of Children and Youth Affairs and it was excellent. Rather than having one catch-all repeat of the forum in Europe, it would be better to force each Department to hold a dialogue every year, a different one each month, to focus on European issues.

What is the role of European Movement Ireland in the future of the EU and of Ireland within that Union? Is it worth fighting for? How will the movement fight for it? I am aware that Ms O’Connell’s contribution this morning will be counterbalanced by the contribution we will hear this afternoon from someone who wants us to leave the EU. Why should we stay in?

Senator Mark Daly: How does the number of our officials in Europe compare with that of other countries such as Denmark? This committee will need to benchmark its recommendations to upscale against other countries. In more than 90% of decisions made in Europe, we and Britain voted the same way because our interests were often combined. We obviously will need to stop riding on Britain’s coat tails. Denmark carries out pre-legislative scrutiny of EU directives but we do post mortems after they have been implemented. It is a failing here of the way we implement directives and as a result, people blame Europe for all sorts of problems. There is much that Europe does incorrectly but it does more right than wrong.

On the point of Europe listening, as soon as Brexit happened, people were not soul searching; they were calling for expansion and seeking more integration. Nothing says more clearly that the people of Europe do not want more integration than the failed constitutional referendum. It was not listening when we voted against it but when France and the Netherlands voted against it, there was a change and it was decided to do it by governmental conference. Does that not tell one that the institutions in Brussels do not listen? When the people were asked their opinion and voted against it, Europe went ahead and created its own version of a European constitution.

I sat in a meeting with the High Representative of the European Union for Foreign Affairs and Security Policy, Ms Mogherini, where the talk was of replacing the United States. The European foreign service and its leading diplomat want us to replace the US on our borders with EU intervention. That does not sound as if they are listening to anybody because nobody in Europe wants to replace the US in respect of intervention in the Middle East and other jurisdictions. While it talks about subsidiarity and giving more powers, Europe takes them away with the other hand. That is why Brexit happened. When the British Prime Minister went to Brussels and got limited concessions, they were not enough for him to sell at home. Europe

was not listening to him and as soon as the Brexit referendum happened, it did not listen but is doubling down on integration.

Senator Michael McDowell: Professor Brigid Laffan wrote an article recently in which she said that our response to Brexit should be a willingness to sacrifice what she termed our sacred cows, namely, neutrality and our attachment to our autonomy on corporation tax. In respect of neutrality, when we negotiated the Lisbon treaty we negotiated an opt-out on neutrality but when the people were asked to vote on that treaty, it was inserted into the Constitution that Ireland would not play a part in European defence. We are prohibited from doing it. Many people in the broader European movement seem not to understand that fact. I notice that in the survey Ms O'Connell so helpfully handed us, many think we should engage in co-operation on defence and security matters. That is a vague statement but we amended our Constitution to not permit us to participate in EU defence if it involved the State.

There is a sense in which many in Ireland feel that Professor Laffan's article and similar commentary invite Ireland effectively to give up on its opposition to a competence for the EU to determine corporation tax policy in detail because somehow we are seen to be obstructive. Macron mentioned it in his presidential campaign. That is disturbing from our point of view because it is one of the only weapons or instruments at our disposal enabling us to counterbalance the centripetal effects of economic concentration in the larger centrally located countries.

Sweden withdrew its embassy from Ireland some years ago as part of a cutback policy. If we are to forge new alliances, we should at least have full and functioning normal diplomatic relations with Sweden. I invite Ms O'Connell to comment on that point.

Ms Noelle O'Connell: I thank the Senators for their wide-ranging questions. With the Chair's permission, I will take them in order

Senator Paul Daly asked a really important question about how Ireland, as a country and a people, politically and administratively, would manage its relationship with the European Union when our closest neighbour and ally was no longer beside us at the table. I will make one point which might refer to some of the questions. European Movement Ireland as an organisation has a voluntary branch in Brussels. We do a lot of work in engaging and making sure the Irish voice is heard at all levels of the various associations, institutions and bodies. Having been in this role for more than six years at this stage, I can honestly say Brexit, without parallel, has been the single issue where I have seen a complete appreciation, recognition and understanding of how Ireland will be impacted on uniquely. We saw it in President Tusk's comments about money, people and Ireland. There is a recognition, understanding and appreciation that Ireland will be impacted on. The result and the outcome was not something that Ireland wanted. Notwithstanding that there may be some opportunities and upsides in terms of attracting foreign direct investment and things like that, on balance, we believe the negative outcomes and impacts will far outweigh any possible advantage that might accrue.

As for how Ireland will continue to negotiate and ensure we do not, as the Senator said, step on the other member states' toes, if I may use my tightrope analogy again, it will have to be very subtle and nuanced. However, Ireland is a member state. We have a voice and a right to use it and we should not be shy about putting forward our interests and our points of view. We are doing that quite effectively and efficiently. No one wants to see a no-deal situation where the United Kingdom leaves and walks out of the house leaving behind the wallet, the phone and the keys, only to realise it still needs to go back in and get them and still needs to use them. We must ensure it is not a bad Brexit deal or a no-deal situation, while being cognisant and mind-

ful of the fact that Ireland will be one of 27. It will not just be Ireland's concerns; they are the broader EU concerns.

We are up to the challenge but it will not be easy. On the challenge in terms of the rhetoric and the debate, it is welcome to see an evolving and more forthright and frank public discourse taking place in Ireland. That is why the committee is to be commended. We must have this grown-up conversation about the challenges and the potential difficulties that will be encountered. This will not be easy. We are at the start of a marathon that will take place in the next few years with many twists and turns in the tale. It will not be a win-win in every sector and we will not be happy with all the outcomes but we have to ensure we are active, taking part and having our voice heard. There is a responsibility that I would see as being part of the civic dialogues and various sectoral reforms the Chair mentioned. The responsibility is not just on our legislators and political leaders; it is also on us as a civil society, businesses and membership organisation. We must amplify and extend our voice and message across the member states. It is important that this take place.

I know that the Chairman is familiar with this from his time in European Movement Ireland but, in terms of European sentiment, when we first started these surveys in 2013, having commissioned Red C, the first question we asked was whether Ireland should follow the United Kingdom out of the European Union. That was just in terms of the Brexit vote. The sentiment for it at the time was at 29%. Two weeks ago, it has dropped to 16%. It has effectively halved in the past few years.

Senator Joe O'Reilly had really important questions on changes in the positive sentiment towards the European Union in Ireland and whether European Movement Ireland as an organisation could convey this message to Monsieur Barnier and Task Force 50. We have done so. We had a number of meetings and engagements here and in Brussels with the various officials on Task Force 50. It is reassuring to see the commitment and the understanding shown by the Commission and Task Force 50 in respect of recognising that Ireland should not be uniquely disadvantaged by the Brexit vote.

Notwithstanding this, as alluded to by Senator Michael McDowell, there are the legalities and the complexities. I go back to my devil in the detail story. However, it was reassuring that creative and innovative solutions would be entertained and considered. Again, there is an onus on us all to try to feed into those solutions. This is somewhat unprecedented, notwithstanding Greenland, which had a population of 55,000 and concerned mainly a single issue in terms of fish. I venture to say this is the most complex divorce that will be undertaken for quite some time. There is no template. We have the recent Commission guidelines, which are very helpful, but there is no folder that can be taken down off a shelf and a plan implemented with no hiccups along the way. We have to be mindful of this. European Movement Ireland, as an organisation, will continue to ensure and to give reassurance that Ireland's voice will be heard. It will focus on ensuring that the rhetoric, dialogue and the discourse are kept informed, robust and engaged and on ensuring that people feel their voices are being heard.

On sentiment and the Red C poll, 88% believe Ireland should remain part of the European Union and the figure is 99% among full-time students. It is very high in Connacht-Ulster at 87%. It has continually been more than 80% since 2013. People in Ireland recognise that we have benefited from our EU membership. I would not claim that the European Union and all its institutions are perfect and it is not a panacea for all ills but in an increasingly challenging, complex and multifaceted global environment, our interests are better served as an active, committed and engaged member rather than being outside it. I believe that quite strongly.

I welcome Senator Niall Ó Donnghaile's comments on the civic dialogue. As an organisation, we have a voluntary branch with our colleagues in European Movement Northern Ireland. As part of our efforts to continue to further the all-island debate, we are delighted to be hosting them, as well as representatives from Scotland and elsewhere in the United Kingdom in June. I extend an invitation to all members of the committee. We would be delighted to welcome them to the town hall debate on Brexit on the two islands on 13 June.

In terms of the special status and Northern Ireland, as the Senator mentioned, there is a huge amount of work, debate and dialogue. The island of Ireland has been recognised at an unprecedented level in terms of the negotiations, as mentioned, and its specific concerns have been prioritised as the European Union's concerns. This is something we hugely welcome and in which we put great store. We should not underestimate the significance of this. However, the Senator knows far better than I do the 499 km and the 30,000 or so people who cross the Border seamlessly every day. No one wants to see that change. No one wants to see a hard border. Monsieur Barnier's comments in that regard were very welcome. The challenge will be giving substance to the positive rhetoric, which will not be easy. We look at the fact that POLITICO recently noted that approximately 20,833 laws and regulations would have to be analysed in the two-year timeframe. That is approximately 40 a day. I am sure somewhere someone has been beavering away on at least ten regulations. That underlines the complexity we are facing. The Chairman asked a very important question about the views of the European Movement councils in the member states. We forget sometimes in Ireland that further to the east, things like defence and security have great significance, while the eurozone challenges and the migrant crisis are huge issues of concern for our Italian and Greek colleagues. Attending some of the sectoral dialogues was really useful for me as there was a deep focus on the specific challenges facing the different sectors. In addition to the sectoral dialogues, there was the plenary forum. I was not as familiar with the complexities around children's issues. The plenary forum was an opportunity for me to get a greater appreciation and understanding. There is merit in having both. It is absolutely worth fighting for. I would not be here if I did not think so. We tend to forget in Ireland not only the benefits that our membership of the European Union has given us but also the important contribution Ireland has made to improving the Union. We have a voice. It is not them versus us. We should not be reticent about making our voice heard.

Senator Daly asked how Ireland should upscale following the structures. Every year European Movement Ireland does an accountability report, which I am happy to forward to the committee. It provides a report card, as it were, tracking, analysing and measuring Irish engagement at all levels and comparing it with the other member states. For example, we look at the Joint Oireachtas Committee on European Union Affairs, the Taoiseach's attendance at the European Council, various Ministers' attendance at ministerial councils, and our MEPs' speeches and parliamentary questions. We acknowledge that it is only a statistical snapshot but nonetheless we feel it shines a light on Ireland's relationship and engagement with the European Union. The findings have been quite positive. We are seeing an upward trajectory in most indicators and scorecards.

The Senator touched on the issue of subsidiarity. It is very important for the Oireachtas to continue to analyse legislation and directives coming from Brussels, to make sure they are robustly interrogated. I would never claim that the European Union is perfect. From European Movement Ireland's experience of the Brexit debate, it is encouraging to see the shoe leather expended, not only in Brussels but across the member states, by our politicians, the various committees, the Government and the sectoral interests. It is ensuring the unique impact of Brexit on us is being heard about. We have an opportunity to maximise this and ensure the least

worst outcome.

As for Brexit happening, I would be delighted to come back at a later date and spend many hours talking about it. As members of this committee will appreciate, it was impossible for a four-month campaign to reverse 40 years of negative media and public discourse constantly denigrating and blaming Brussels for absolutely everything. The referendum result proved this.

Senator Michael McDowell mentioned Professor Laffan's excellent article. We could talk forever about how we frame polling questions and the 57% in respect of the defence question. We wanted to get a snapshot of whether people felt Ireland should take part in increased EU defence and security co-operation. The Commission's reflection paper on the future of European defence is due to be published in the coming weeks and will include options for the member states on the way forward. A high-level conference on security and defence is also being held in Prague on 9 June. It is not a question of boots on the ground in terms of an EU army or the broader defence issue. More recent developments in EU defence and security co-operation have been focused on pooling resources and efficient spending. It will remain a national competency for member states. The Senator mentioned Sweden. Without commenting on specifics, some member states do not have embassies here that have them in Britain. However, there is positive engagement, even where there is no presence. I do think it is important to acknowledge the hard work that is being done by the admittedly smaller and more meagrely resourced Irish diplomatic service across the different EU member state capitals. It is being recognised. It is a very long process. The work will continue in the coming years.

Senator Mark Daly: Would Ms O'Connor be able to get those figures for us, showing how many officials we have in Brussels compared with the numbers for other countries? If we are not even matching Denmark, we are tailcoating on Britain's massive civil service presence in Brussels.

Ms Noelle O'Connor: Yes.

Chairman: We will be able to get those figures from the permanent representative and departmental officials. We can provide the comparison for the number of Irish people employed in the Commission also.

Ms Noelle O'Connor: Since its foundation, European Movement Ireland has worked on encouraging Irish people to consider the European Union and its various institutions as a viable career alternative in order that there is a pipeline of Irish officials working in the different institutions. We work with the Department of the Taoiseach and the Department of Foreign Affairs and Trade, the Commission, the Parliament and the Public Appointments Service in that respect. Our organisation conducts a graduate jobs in Europe campaign. We go around the country speaking in third level institutions. If requested, we give career talks to provide guidance and advice.

The Senator mentioned Irish people working in the EU institutions. We have been fortunate to have incredibly high-calibre people at the top levels such as the former President of the European Parliament, Pat Cox; the former Secretary General of the Commission, Catherine Day; and David O'Sullivan, EU ambassador to the USA under the EU external action services. While there has been strong Irish representation at the top level, the cohort of Irish officials who joined the institutions around the time of Irish accession to the European Union is approaching retirement age. There is a challenge to make sure Irish people apply for the different roles. We are working very actively on this and the Government is very cognisant of it. Languages are a

huge challenge and it is an area on which we need to focus a lot more.

Chairman: Ms O’Connell mentioned that she would be delighted to come back again. Unfortunately, we will not be here for much longer. As today is 1 June, I remind members that we must report in 29 days. In that period, however, if other matters come to Ms O’Connor’s desk that she would like to pass on, I ask her please not to be a stranger and send them to the committee. It has been a pleasure to have her at the committee. I wish European Movement Ireland all the very best in its work and continuing efforts.

Sitting suspended at 12.10 p.m. and resumed at 12.15 p.m.

Engagement on Relations between the State and Northern Ireland

Senator Mark Daly took the Chair.

Acting Chairman (Senator Mark Daly): On behalf of the committee, I thank Dr. Mary Murphy for coming from the department of government in University College Cork. She holds the Jean Monnet Chair in European Integration. She has expertise in a number of areas at which the committee is looking. She was unable to come last week when we discussed the future relations between the State and Northern Ireland and we are delighted that she is able to join us today. We will look at the future of the European Union in this session. We will be delighted to hear her thoughts on the issue. Before we hear from her, I must remind members of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official either by name or in such a way as to make him or her identifiable. By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. If, however, they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or an entity by name or in such a way as to make him, her, or it identifiable. I invite Dr. Murphy to give her evidence.

Dr. Mary Murphy: I thank the Acting Chairman and apologise for being unable to attend last week. I thank the committee for accommodating my contribution today. I am very grateful to have the opportunity to contribute to the work of the Seanad Special Committee on the Withdrawal of the United Kingdom from the European Union.

In 2015 I was appointed by the Taoiseach to serve as a member of the Seanad reform working group which which was chaired by former Senator Maurice Manning. Its report was published in April 2015. It made a number of recommendations, including that the Seanad investigate and report on matters of public policy interest. The United Kingdom’s decision to leave the European Union is clearly one such matter. Brexit constitutes a serious challenge to the health of the Irish economy, stability on the island of Ireland and the future of the European Union. It is important and necessary that our political institutions engage in a robust consideration of how Ireland might best meet these immense challenges. I congratulate the Seanad on undertaking this exercise and hope I can make a constructive contribution to its work.

I will concentrate specifically on Northern Ireland and the challenges posed by Brexit. I

stress that my emphasis is on process more than on outcomes. My emphasis is on the process of how we can frame a response from Northern Ireland, with Northern Ireland's agreement, which meets the best interests of Northern Ireland.

First, I will provide some important context. The Northern Ireland experience of peace building over a period of more than 20 years is considered, rightly or wrongly, to be a model of conflict resolution. The 1994 paramilitary ceasefires have largely held fast and power-sharing institutions have been operational. The conflict studies academic literature notes that these features of a conflict resolution process, an end to violence and the creation of shared institutions are but stages along the way to a final sustainable peace. The final stage of peace-building and consolidation involves a process called conflict transformation. This is the deepest level of the conflict resolution tradition. This stage of conflict resolution is synonymous with the process of reconciliation. It means not just a de-escalation of violence but also a change in attitudes and a transformation of relationships at the core of the conflict. It is an expansive process that involves changes in persons, structures and relationships. The latter two changes in structures and relationships are deemed to be of particular significance in securing a permanent peace.

Northern Ireland has been successful in making structural institutional changes designed to accommodate and mediate difference. A crucial point, however, in the context of the current discussion is that this has not produced high levels of faith, trust and confidence between political parties and communities. Residual issues, including flags, parades, language and legacy issues which have never been fully addressed now haunt the broader body politic. They continue to prevent agreement on resurrecting the Northern Ireland Assembly and Executive. A lack of trust permeates the political system in Northern Ireland and it manifests itself in intense competition between the two communal blocks and especially between political parties. Politics remains polarised. Within the academic literature this can be labelled a form of negative peace. Relations between the communities have certainly softened but mutual trust remains problematic. Fundamental disputes related to political aspirations linger. There are no visions of a shared future. If we look at the different positions adopted by Northern Ireland's political parties during the EU referendum campaign and more recently the different reactions from the communities to the referendum result, Brexit vividly highlights the absence of a shared vision for the future. The fact that Brexit challenges the UK constitutional *status quo* and may possibly lead to the fracturing of the United Kingdom also risks intensely politicising the Brexit issue in Northern Ireland. In addition, of course, Brexit poses acute economic challenges for Northern Ireland. In summary, Brexit has the potential to threaten not just economic stability but political and social stability too at what is a precarious time in Northern Ireland's post-conflict journey.

The question which then arises is, given the sensitivities and the risks, how Northern Ireland's best interests can be agreed, communicated and, ultimately, protected. A close examination of Northern Ireland's experience of EU membership and of current positions reveals a number of important points and precedents. First, the European Union has a record of facilitating tailored financial and practical support for Northern Ireland in the context of its ongoing support for the peace process. Northern Ireland as a whole has been receptive to this support.

Second, the EU negotiating guidelines state the European Union is open to "flexible and imaginative solutions" in dealing with Brexit as it affects the island of Ireland. This implies that from the EU perspective, special arrangements for Northern Ireland may be possible but they are dependent on the United Kingdom providing flexible options.

Third, the political parties in Northern Ireland do share some common perspectives when

it comes to achieving the softest possible Brexit. Parties of all hues, nationalist and unionist, do not want to see hard borders, want to protect the integrated electricity market, want to see the free movement of people and want to safeguard the agrifood business sector. There is some potential overlap in their positions. Where nationalists favour special status for Northern Ireland, unionists, including those who voted remain, wish to see continued co-operation with the Republic of Ireland, based on “common aims such as a seamless, frictionless border and maintenance of the common travel area”. That is a quote from the DUP’s election manifesto. Again, there is potential overlap.

Fourth, a major problem is that discussion of a special deal or special status or recognition of unique circumstances for Northern Ireland evokes very different reactions, depending on one’s constitutional outlook. Nationalists are strongly in favour of bespoke arrangements, but there are difficulties for the United Kingdom and unionists in terms of contemplating or facilitating such a deal. This is a challenge and a dilemma.

Fifth, a key challenge is to depoliticise the Brexit discussion in Northern Ireland. If we look at the region’s experience of the European Union during the era of devolved power, there are some signs that this may be possible. The approach of the Northern Ireland power-sharing Administration to EU issues for which it had some devolved responsibility was largely based on pragmatism. A functional and utilitarian approach characterised Northern Ireland’s engagement with the European Union during a prolonged period. The means that to allow a shared perspective on Brexit to be teased out and developed are primarily through the restoration of the Northern Ireland Assembly and other Belfast Agreement institutions. Reinstating the assembly and the Executive needs to be an immediate priority in the context of the ongoing Brexit process. The absence of an administration is paralysing.

What Northern Ireland needs is to take ownership of the Brexit issue and this requires courageous shared political leadership on how to meet the challenges associated with the UK exit from the European Union. A critical point is that the mood music is important. Creating the conditions to facilitate the establishment of trust between parties is paramount to ensuring the permanency of peace. Coaxing key political players back to the political table must not further agitate the negative peace backdrop. Where trust is absent there needs to be sensitivity and vigilance in the use of language and in the presentation of ideas. Undermining trust between the parties at this point risks damaging both how Northern Ireland fares *vis-à-vis* Brexit and a fragile peace process.

There are some proposals. They may not be palatable to all, but they do provide some basis for discussion. For example, some bespoke arrangements have been tentatively proposed by colleagues in Queen’s University, Belfast, namely, the European Economic Area, EEA, model. The Scottish Parliament has explored distinct solutions for Scotland and the Welsh Government has produced a position paper. The Northern Ireland Administration needs to do likewise. The European Union’s openness to flexible and imaginative solutions provides a place for exploring creative ways of meeting the interests of both nationalists and unionists. If the Northern Ireland authorities can produce an agreed position, whatever that might be, the strength and legitimacy of that position would make it difficult for others, including the UK Government and the European Union, to resist or oppose such proposals. Political leaders in the European Union and the United Kingdom would find it hard to overlook or ignore a Northern Ireland position which has been jointly crafted and agreed by all political persuasions. Admittedly this is a very challenging and ambitious proposal. However, if we look back at Northern Ireland’s experience over 20 years or so in terms of the existence of the devolved capacity, those involved have, at times of

crisis, reached out. They have engaged the support of the British and Irish Governments. They have looked to the European Union for support. If we look at how the Scottish example has been mediating this particular Brexit issue, it has engaged explicitly and frequently with a high-level external group of experts. The civic dialogue in the Republic of Ireland may be something that can be replicated in Northern Ireland. Perhaps one of the more ambitious proposals which I tentatively suggest is that some intermediate or neutral facilitator could be used to mediate and facilitate the different positions proposed by nationalists and unionists in terms of providing an agreed Northern Ireland position to which it would be difficult to object.

A period of negative peace is a very vulnerable point in any peace process. Brexit has the potential to upset the current delicate equilibrium in Northern Ireland by endangering political, social and economic stability there. However, if the Brexit challenge can be approached with some degree of internal unity against a backdrop which is sensitive to the complex dynamics at play for both communities, it may also present one of the biggest opportunities for real political progress and longer term stability. It may actually be an important step in building trust and cementing the process of conflict transformation. Peace is fragile. Institutions are fragile and building trust is challenging. Our approach to Brexit on this side of the Border should be acutely attuned to all of this. The process is as important as the outcome in achieving the best interests of all.

Acting Chairman (Senator Mark Daly): I thank Dr. Murphy for her valuable contribution. The idea of an independent facilitator is something at which we should look as a committee in making a recommendation. The entire peace process was built on the principle that nothing was agreed until everything was agreed. During the Brexit negotiations the parties must agree what they can and what they cannot agree must be left to one side because the European Union is not going to listen to different parties with different thoughts on what is to be done if they do not come up with a common position.

In terms of conflict transformation and a negative peace, Brexit is going to change the *status quo* in Northern Ireland. If Brexit had not happened, we could have continued on in trying to move from a negative peace and with a conflict transformation zone.

The SDLP is now talking about a Border poll and we see Sinn Féin's policy on a Border poll, the objectives of the political parties here and Articles 2 and 3 of the Constitution which relate to the unionist community on top of Brexit. The unionist community's constitutional status with Northern Ireland is then under question. That has an effect on the issue of conflict transformation. How does Dr. Murphy see that playing out? I know that they are talking about the process here, but that is not in isolation from the longer term issue or what will happen if the SDLP's policy on a Border poll takes place immediately after Brexit, which is in less than two years' time. What is that going to do? Does Dr. Murphy see a referendum being held and how far away is it? What should the academic and political establishment here be doing in that respect because they are parallel issues in some senses? Brexit is a stand-alone problem and needs a stand-alone solution, but it has changed the *status quo*. What should we be doing in that respect?

Senator Joe O'Reilly: I will start with the last question raised by the Acting Chairman regarding a Border poll. Before I go into it, I thank Dr. Murphy for her presentation which was excellent and very accessible. To begin where the Acting Chairman left off on the issue of a Border poll, does Dr. Murphy agree with my view and that articulated by the former Taoiseach Bertie Ahern at a meeting of this committee recently that while every one of us aspires to a truly united Ireland of people, institutions, hearts and minds where people will be happy to co-exist

and work together and that it is reasonable for us to maintain that dream, it would not be prudent to have a Border poll until there are the conditions for it. Among those conditions would be significant support within the non-nationalist community. It might not have to be a majority but there would need to be significant cross-community support for a united Ireland as otherwise we would see a difficult polarisation. Does Dr. Murphy agree with the view that any talk or implementation of a Border poll prematurely runs the risk of damaging conflict transformation, to use her terminology, or the end product of conflict ending? The great old cliché is that we all would love to think we would live to see a united Ireland and, as someone who comes from the Border region and a passionate believer in a united Ireland, I would also love to live to see it. I passionately believe in a united Ireland. As a small island community on the periphery of Europe, it would be wonderful if we could find common cause and work together, but at the same time, I do not think a united Ireland born out of conflict, one-upmanship and gamesmanship would truly be united. I am interested in hearing Dr. Murphy's thoughts.

I am very interested in Dr. Murphy's view that the ideal would be a solution posed from within Northern Ireland, if I understood her correctly - an agreed position among the parties on the post-Brexit situation and their relationship with the Republic. I gather anecdotally and I am hearing that there is a real prospect of the institutions being re-established after the UK election. That is the story on the grapevine, thanks be to God, and let us hope it is true, but we will not know until we see it play out. Let us assume that this is true. Does Dr. Murphy think the institutions will make trying to arrive at a consensus a priority? If they do not, they should. Dr. Murphy is correct. It is how it should be.

Dr. Murphy mentioned a mediator and the issue was picked up by the Acting Chairman. Has she thoughts on the matter? Does she see the Irish Government as having a proactive role in that regard? The risk is that through the very involvement of the Irish Government, we could immediately arrive at polarisation; therefore, it would be a very subtle exercise.

In terms of agriculture, food production and tourism, services that greatly affect the people in the area I represent and the whole country, the all-island solution, free trade on an all-Ireland basis and free movement - in other words, the continuation of the *status quo* - is so critical. I would be more concerned about the continuation of the *status quo* than any titles for it. If the title was going to become an issue for the DUP, I would be happy to compromise on it and go for terminology that would not be offensive to it if we could maintain the *status quo* on the island as a consequence because the lives, jobs and lifestyles of so many depend on the *status quo*. We are talking about farming both ways across the Border, milk being sourced in Northern Ireland and processed in the South, pigs being exported live to Northern Ireland to be processed, a similar situation for sheep, cattle marketing between the two jurisdictions, the interplay between farms on either side of the Border, education and co-operation, people attending institutions either side of the Border and tourism. There is such an array of interests, including hauliers crossing the Border with materials. There is so much at play that if we could arrive at maintaining the *status quo*, irrespective of the terminology used, it would be great. What are Dr. Murphy's thoughts on the matter?

Dr. Murphy's paper is very challenging to the degree that she cites the significant difficulty, but it is also very positive to the degree that she has proposed solutions. Apart from including them in our recommendations, which I would support - I agree with the Chairman that we should consider including matters such as this in our recommendations - what strategies would Dr. Murphy suggest should be adopted to make this a reality because there is so much at play for ordinary people? We are in the last few weeks. For about six weeks, every Thursday, from

morning to mid-evening, we have been hearing a list of difficulties posed for people on either side of the Border. These are practical operational difficulties, apart from the potential conflict in having customs or visible checkpoints. We are hearing a litany of difficulties every day which I will not rehash but they are such that we need a solution.

Senator Paul Daly: I thank Dr. Murphy for her very broad and eye-opening analysis. As Senator Joe O'Reilly said, we have been here for a long time. I will not say all but practically all of the previous contributions were from an economic angle. It is great to get Dr. Murphy's insight into the social, cultural and personal aspects. She has definitely showed that she has an in-depth understanding of and feel for them.

I would like to tease out a couple of ideas. We mentioned a Border poll and an all-island approach. From the outset, some jumped on the bandwagon that this was an ideal opportunity to have a united Ireland. As Dr. Murphy rightly said and as has been said here, we need to bring everybody along. The original plan was that everybody would come along and that a united Ireland would be acceptable to everybody, if and when it ever came about. Most of the emphasis on Brexit has been on the economic side and it will probably be the most defining factor. After the vote, we have seen a rush for Irish passports from the most unlikely of sources. Because of the right given in the Good Friday Agreement, people, who never thought they might do such a thing, see the benefit now post Brexit of having an Irish passport and thereby access to greater Europe because that Irish passport would, in essence, keep them as European citizens.

I believe Senator Craughwell said that at the end of the day, when push comes to shove, to the most unionist person in the North the crown that is most important is the half-crown. From an economic point of view, if there is a hard Brexit and the majority of people in the North see that economically they would be better off aligned to the South, could that be even more divisive up there, in the sense it will cream off the most liberal leaving the most conservative almost alienated? Therefore there would not be the dilution of any one belief or one movement; there would be very extreme sectors left that will not yield but probably would have been diluted or brought along over a longer period of progression towards the eventuality of a united Ireland. However, if it happens as a knee-jerk reaction for economic reasons, could it actually bring us back even further than we were? I am painting a worst-case scenario here.

Senator Frances Black: I thank Dr. Murphy for her excellent presentation. Even though when one paints a picture it can be quite bleak, hers was a very positive and hopeful presentation. If we take on what she said and it all worked out, it could be almost historic. I am mindful that the breakdown in trust between the two parties is very difficult. It is hard to even think about how that trust will come back. It is almost like a marriage. When the trust breaks down in a marriage it is very difficult but not impossible to rebuild; it can be done.

It is vital to bring someone in. It plays a huge role in all of this. I hope this is an appropriate question to ask Dr. Murphy. Who does she believe should be brought in to build up that relationship again, working on a shared future and building on the Good Friday Agreement, which is a brilliant document? As Dr. Murphy said, unionists and nationalists are probably all fearful of the same thing. This has a huge impact on the North. It is important that the North of Ireland gets special status in this. People are sick listening to me saying this. I have family who are farmers up in the North. They live on a small island up there. They are terrified of what might happen now that this is starting to really come to the fore.

What are Dr. Murphy's recommendations on building trust? Regarding the special status, what does she regard as the perfect scenario for this situation? If she had a magic wand what

would she do?

Senator Paul Coghlan: Dr. Murphy's presentation was very interesting. If I am reading her correctly, without an Executive and agreement in the North, the people in the North do not count as regards Britain. Theresa May and her Government do not seem to have any great concern for them. Negotiations with the EU will be from London. None of us knows at this stage, but we are all hopeful of course that as Senator Black has said, they will be realistic and should be able to put an Executive together. The jury is out on that and probably will be out for another while. However, without that, things are bleak.

I know the customs union and the Border will be matters for negotiation. While we got on very well with Michel Barnier and we noted that the EU has Ireland's position very much in mind, I somehow feel that when it gets down to brass tacks in the negotiations, none of us can say with any certainty how this will unfold for us in practice. Of course, we hope there will be no return to the past as regards border controls and so on. While I acknowledge it is an impossible thing to ask of Dr. Murphy, how does she believe this will unfold when it gets down to the detail in negotiations?

Dr. Mary Murphy: I thank the Senators for their questions and their thoughts. It is interesting to get the feedback from them on some of the ideas I have outlined today.

I will start with the Acting Chairman's comments. My response will probably touch on some of the other questions the Senators asked. The issue of a Border poll is problematic. I appreciate that for the nationalist political parties in Northern Ireland, the political aspiration for a united Ireland is obviously a very real and meaningful aspiration. However, conflating the Brexit referendum result with desire for a united Ireland is misleading because the two cannot be conflated. To some extent it can be unhelpful to talk consistently about the possibility of having a Border poll. It is very unhelpful to the process because it politicises the Brexit issue. In order to achieve some kind of solution to the Brexit issue, depoliticising the issue is imperative.

On the question of the Border poll, the Belfast Agreement, the Good Friday Agreement, makes it clear that there are only grounds for a Border poll in the event of justifiable evidence of support in terms of consent. Therefore, putting Irish unity on the table at this point distracts from the major issue, which is how to manage the Brexit process. That is not to say that the issue of the Border poll should not be on the agenda in the future.

However, the timing is particularly important here. Talking about a Border poll and the possibility of a united Ireland is something we should do but perhaps it is something we should do in the future, because the big problem is that when one starts talking about these issues, to which of course the unionist community is highly sensitive, it impacts on the degree of trust that exists between the two communities. If we start to damage that trust by bringing these issues to the table, it minimises the confidence that each side has in the other and undermines the possibility of achieving any sort of Brexit proposal or Brexit resolution.

While I can completely understand that the issue of Irish unification is part and parcel of the much broader debate about Northern Ireland's future, putting it on the table is unhelpful at a time when we are trying to find a Brexit proposal acceptable to both communities in Northern Ireland. That is very important. It is important for us on this side of the Border in how we approach the issue and it is also important for the parties in Northern Ireland in how they position themselves to reach some sort of Brexit proposal.

In response to Senator O'Reilly's questions, I have probably touched on some of the answers.

In terms of a Border poll, it is imperative to have cross-community support. Let us consider the referendum that followed the Good Friday Agreement. We do not know the following with any degree of certainty but we can surmise from the results of the referendum that it enjoyed the support of both communities - a strong majority of the nationalist community and a small unionist majority. That support lent enormous legitimacy to the document and allowed for its introduction. I suggest that the same sort of conditions are important for a Border poll. I agree with the Senator that the support of both communities is imperative and it should not simply be a number crunching exercise, given that the Belfast Agreement makes it clear that it is a straightforward 50% plus one referendum result. For the purpose of this discussion and the legitimacy of the process longer term, achieving a scenario whereby support for a united Ireland meets a certain level of support would be particularly important.

In terms of the re-installation of the institutions, and again nothing can be said with complete certainty, there are some signs that these institutions will be resurrected following the UK general election. It is something to which the key protagonists have hinted at over the past few weeks. On the extent to which Brexit will be top of the agenda if the institutions are re-instated, that is dependent on how the general election campaign plays out. I was surprised to note that the Brexit issue was placed very high on the agenda. If Brexit is high on the agenda for voters then it must be high on the agenda when the institutions meet. Also, the institutions, the political parties and key political figures in Northern Ireland may have been distracted by other issues. We have reached the point where Article 50 has been triggered, which has focused minds. The realities about the potential dire impact of Brexit on Northern Ireland has been realised much more fully by the political parties and the institutions.

In terms of mediating a process whereby the two communities in Northern Ireland could find agreement on how they might approach Brexit, the appointment of a mediator, facilitator or whatever terminology one uses is something that I proposed in my contribution. The process would have to involve both the Irish and UK Governments. Let us consider previous experiences of crises in Northern Ireland, whether it is the negotiations that led to the Belfast Agreement, the Stormont House Agreement or the Hillsborough Agreement. It has often tended to be the case that they were facilitated by a neutral external individual. That type of framework has been used before. The British and Irish Governments are important stakeholders in the Brexit discussions. Therefore, they would have to be party to the process. In terms of bringing the communities in Northern Ireland together, and bringing nationalist and unionist representatives together in Northern Ireland, there may be merit in having a neutral facilitator of sorts to achieve it. As Senator O'Reilly said, there is broad agreement across the political party spectrum in Northern Ireland that the *status quo* is preferable. I think that view is shared by all political parties.

I can appreciate the political sensitivities regarding the terminology and labelling of a possible special arrangement for Northern Ireland. Northern Ireland, certainly from a European Union perspective, has always been special in terms of qualifying for Structural Funds from the 1980s onwards. Northern Ireland was given special dispensation because it did not meet the conditionality requirement. Due to the conflict situation, it was deemed appropriate for Northern Ireland to have elevated assistance from the European Union.

Sometimes the EU's role has been overstated in terms of the peace process. The European Union has played a subtle role by providing financial support through the PEACE programmes.

It has played an interesting role in terms of Northern Ireland's EU task force that was created by the former European Commission President, Mr. Barroso. He brought together officials in the Northern Ireland Administration and officials in the European institutions as a means of assisting the Northern Ireland Administration to mature and engage more effectively with the European Union. Northern Ireland has always had a special status of sorts but the terminology is for others to decide. It is not completely out of kilter that Northern Ireland might again be treated as a special case in this instance.

In terms of strategies for this institution and other institutions in the Irish State, discussion by this special committee is exceptionally important. There is also scope for Members to reach out to their colleagues in Britain and Northern Ireland through institutions like the North-South Inter-Parliamentary Association and the British-Irish Parliamentary Assembly. There is a need for broader discussion involving all of those actors and there is a need for reassurance. That is why I talked about language being important in the presentation of ideas.

Senator Paul Daly rightly made the point that much emphasis has been placed on the economic context in which Brexit is unfolding. I agree with him. When one considers Northern Ireland's experience of the European Union, one sees that economic pragmatism has very much been a feature of how Northern Ireland approached the European Union, an approach that is likely to persist. The difference is that Brexit is much broader than just economics. Brexit touches on rights, sovereignty, identity and even the very unity of the United Kingdom. These are hugely sensitive issues. The extent to which liberal unionists might be persuaded to support a Border poll or a united Ireland is not necessarily something that we can entirely rely on at this point in time because the issues are of such immense sensitivity. They are also intangible issues.

The Senator asked about extremes in Northern Ireland and whether unionists, in particular, see merit in a more pragmatic approach to Brexit. There is a role for political leadership and a role for unionist political parties, in particular, to bring their voters with them. They have done so in the past and precedence has been set. Political parties on the unionist side of the house have been successful, even though it took time, in helping their voters to move away from some of the more unpalatable aspects of their past.

Senator Black mentioned trust and how it can be elevated. She used the interesting analogy of marriage. I will respond by using another analogy and say that marriages can be saved by marriage counselling. There is some context again within which an external input could be useful in helping parties achieve a position whereby trust can be rebuilt. In previous crises, trust was broken and it will likely be broken again in the future. We should not focus on the negatives of that situation. Trust can be regenerated and there are possibilities for such regeneration.

The Senator talked about the role of the Irish and British Governments. They are stakeholders and, therefore, have an important role to play. The extent to which their role is central is questionable, certainly in the lead up to talks about the re-installation of the institutions. All political parties expressed some problems with the fact that the talks were being chaired by the British Government.

I was asked what special status means. That is the million dollar question. To me, special status suggests that Northern Ireland may be treated differently from the rest of the UK. How it is framed is completely open to negotiation. I suggest that special status would mean the softest possible Brexit and that the Border between the North and South is not reinstated. Where that Border would then go is a different and much more sensitive matter. I agree with the Senator's

point that there is very little interest in the Northern Ireland issue on the part of the United Kingdom Government. Perhaps that description is a little unfair. The British Government may not have given due consideration to the Northern Ireland issue as part of its approach to the Brexit strategy. There is no certainty regarding how all of this will play out.

One of the main criticisms of the process has been the lack of clarity and certainty and the serious ambiguity about what precisely Brexit means. This has been extremely problematic and continues to be problematic, even after the triggering of Article 50. The next nine to 12 months will be particularly important in giving us a sense of what precisely Brexit means from a UK perspective. The European Union has been a little more forthright than the United Kingdom in putting its particular preferences on the table. Certainty is extremely problematic, particularly for Northern Ireland and against a background in which trust between political parties in Northern Ireland and in the British Government is questionable.

Senator Paul Coughlan: If the parties in the North do not get it together, they will certainly not count in London. Britain will be a full member of the European Union for the next three years. A view that a transition period will be required appears to be gathering strength. Irrespective of the outcome of the negotiations, the UK will be a full member of the European Union and will have a full complement of Members of the European Parliament. Perhaps the transition period that many now believe will be necessary will last for another few years. The period of uncertainty will continue for a long time, which is a serious difficulty.

Dr. Mary Murphy: Yes. There are estimates that the whole process of UK withdrawal from the EU could potentially take up to ten years if one includes the transition process. Again, there is no clarity about that issue.

Senator Paul Coughlan: We may hope for the best and play along.

Acting Chairman (Senator Mark Daly): I thank Dr. Murphy for her contribution and responses to questions. The committee will take on board her proposals. I thank Senators for their contributions and questions. If Dr. Murphy wishes to add anything at any stage, she should feel free to circulate her ideas to the committee for consideration and inclusion in our final recommendations.

Sitting suspended at 1.03 p.m. and resumed at 2.30 p.m.

Engagement with Dr. Anthony Coughlan

Chairman: Thank you for coming back for this afternoon's session. I am delighted to welcome Dr. Anthony Coughlan, a professor emeritus from Trinity College, Dublin, to give us a second line on the future of Europe, which is an element of today's discussion.

As you might be aware, Dr. Coughlan, we had Noelle O'Connell from European Movement Ireland before the committee this morning. We look forward to hearing your insight and opinion as well as some of the items you believe might be relevant in looking at Ireland's future or otherwise in Europe in the post-Brexit era. Before I invite you to make your remarks, Dr. Coughlan, I will read out the standard note on privilege, so please bear with me.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an of-

ficial either by name or in such a way as to make him or her identifiable.

By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if you are directed by the committee to cease giving evidence on a particular matter and you continue to so do, you are entitled thereafter only to a qualified privilege in respect of your evidence. You are directed that only evidence connected with the subject matter of these proceedings is to be given and you are asked to respect the parliamentary practice to the effect that, where possible, you should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable.

With all that out of the way, Dr. Coughlan, I invite you to make your opening remarks.

Dr. Anthony Coughlan: Táim an-bhuíoch den Chathaoirleach agus den choiste onórach seo as an chuireadh a thug siad dom teacht anseo tráthnóna. I appreciate the privilege of having an opportunity to make some points to the committee and I hope they help the committee in its deliberations. Before making my basic statement I wish to make some short remarks by way of background. As some committee members may know, I have been a long-term critic of European integration on democratic and internationalist grounds. That has been the case throughout most of my adult life. One reason is that a long time ago I used to read the speeches of the late Jean Monnet and I read his memoirs as well. He was one of the founding fathers of the European Community or Union. It was clear from this material that he saw the European Economic Community as developing towards a type of federal political union in Europe. I thought that to be fundamentally undemocratic.

The Schuman Declaration is commemorated on 9 May every year by the European Union. The declaration was presented at the inauguration of the European Coal and Steel Community, the first super-national community, and includes the line that the declaration was the first step in the federation of Europe.

Of course, a federation is a state and it is quite clear that the aims of those who have been pushing the integration project include essentially trying to turn the various nation states of western and central Europe into elements in a super-national federation. The Treaty of Lisbon gave us a super-national constitution. It is a normal federal-type constitution with sovereignty divided between federal level in Brussels and national level in member states. It gave us two citizenships, our Irish citizenship and our European citizenship, in a real sense. We have a constitutional federation or a federal-type constitution but we do not have a fiscal union with common tax on services, which would shift resources from the richer to the poorer areas - that is what happens within each national state. That is the fundamental problem of the integration process.

Often one discovers the importance of health when one gets sick. Similarly, one understands the importance of democracy often only when one has lost it. There is no doubt, in my submission, that the European Union has greatly deprived national member states of national democracy without establishing democracy at the super-national level. That is impossible in principal because there is no European *demos* or people whose support or votes would give legitimacy and valid authority to the super-national project. That is the fundamental problem and that is why, I suggest, in the context of the diminution of democracy at national level, there is a revolt against integration throughout western Europe at present.

My basic submission is that the Irish State should take advantage of the citizens of the Unit-

ed Kingdom voting to leave the European Union to do likewise because this is an opportunity for us also to get back our democracy, sovereignty, law-making power, etc. I have read most of the submissions made to this honourable committee on the Internet. It seems most of the problems related to Brexit that the select committee has been considering in previous hearings would be avoided if the State left the European Union at or around the same time as the United Kingdom, for five main reasons, which I shall set out.

First, leaving the European Union would save the State money as we are now net contributors to the EU budget rather than net recipients from it. Most people are not aware of this fact but it is quite an important one. For so long, the European Union was seen as a kind of cash cow for people in Ireland but it is no longer that. We must now be a net contributor if we stay in the Union. The United Kingdom has been contributing for quite some time. The second basic reason is that leaving the European Union would give us back control of our valuable sea fisheries, the annual value of catches by foreign boats in these being a multiple, by several times, of the money we have got from the European Union over the years. This would be extremely valuable. We, of course, do not have normal national state control over our fisheries.

The third reason is that it would give us back control of our law-making, free us from the rulings and sanctions of the European Court of Justice and thereby restore our State sovereignty and national democracy.

The fourth basic reason we should leave the European Union at or around the same time as the United Kingdom is that it would give us back a national currency, which is one of the two pillars of any independent state, and with it the capacity to run an independent exchange rate policy that is important, if not vital, for our economic competitiveness, especially in the context of Brexit. Another reason is that we do most of our trade outside the eurozone and the EU 26, namely, the EU members minus the British. Approximately three-fifths of our exports go outside the EU 26 and two-thirds of our imports come from outside the EU 26. The most important single country market for our foreign firms is the United States of America. The most important single country market for our domestic firms is the United Kingdom. That is a very important point. In Annex 1 of my document, there are trade figures for exports and imports as regards goods and services for the year 2015. These are the most recent figures available from the Central Statistics Office. Fifth, the most important reason of all we should consider leaving the European Union along with the United Kingdom is that it is the only way to save the Irish Government and the parties that support such a policy from the guilt and responsibility, before future generations, in respect of implementing in our time a new partition of Ireland, or adding significantly to the existing partition.

These reasons are expanded on in the documents accompanying my submission. Annex 1 is "Taking Back Control: the logic of accompanying the United Kingdom out of the European Union", and Annex 2, which I believe has been circulated, is "Why Brexit should be accompanied by Irexit (Ireland Exit)". The latter is the report of a private study group of Irish economists and lawyers that I was responsible for convening during the past year. I drafted the report.

It is hard to point to any significant advantage for the Republic remaining in the European Union when the United Kingdom leaves. Owing to this, I believe it is probable that Brexit will ultimately be accompanied by Irexit, as the adverse consequences of our seeking to stay in the European Union become evident to the Irish public and to major Irish interest groups over the coming two years. Perhaps that will happen quite late in the day. Presumably our Government and society will need to see the lineaments and key elements of the British deal with the European Union before deciding on their own final policy. Even if we do remain members of the

European Union without the United Kingdom for a period after Brexit, however, it seems it is likely to be an experience so painful that it will induce us to leave, except that to wait until then would mean that we would be leaving from a position of considerable weakness. If we try to leave now, along with the United Kingdom, we can, of course, co-ordinate our movements with it. That is why we should start preparing for leaving now, and especially prepare for leaving the eurozone, which is the real, big problem associated with leaving the European Union. It is the negative reason for considering leaving because the pain of getting out would possibly be quite significant, even though this would also be the case with the pain of staying in. The latter would be even greater. Consequently, the course of action of the Government that is most in the Irish people's interest is to use the east-west and North-South strands of the Good Friday Agreement to concert a joint approach with the UK Government aimed at both states leaving the European Union simultaneously, or around the same time, and to work towards a UK-Ireland agreement and an Ireland-EU agreement embodying that policy. The contrary course, which is for the Irish Government to seek to stay in the European Union and eurozone as part of so-called Team EU 26, would be one of folly and, if persisted in, will undoubtedly come to be seen as such in time.

I wish to add some points on the North-South aspects of the matter, on which I want to concentrate in my statements. The United Kingdom leaving the European Union and the Republic remaining in it would greatly strengthen partition and make eventual Irish reunification more difficult, for three obvious reasons. For us to support such a course would be to contribute to a second partition of the country, which is a very grave responsibility for legislators who are considering it, yet it is the obvious corollary of our staying in the European Union if Britain and Northern Ireland leave it. The first and most obvious reason is that our staying in the European Union and Britain and Northern Ireland leaving it would add several new dimensions to the existing Border: food and EU veterinary checks on milk and animals moved from the North to the South, for example; customs posts; possible passport controls; and growing divergence between EU-harmonised law and justice provisions in the South and British ones in the North. The second reason, to which I have not seen any allusion in public or in any document I have read, and which might be of particular interest to this committee, is that the British Government's statement that it has "no strategic interest" in staying in Ireland if the majority in the North should wish otherwise underpins the 1993 Downing Street Declaration and the 1998 Good Friday Agreement. If, however, the South remains in the European Union when the United Kingdom leaves it, any future Irish reunification would mean that the whole of Ireland would become part of an EU security or military bloc under German hegemony. As one knows, the EU authorities have made clear they are anxious to push towards closer security co-operation in the context of a European Union minus the United Kingdom. That can never be in Britain's, or even England's, security interests. It would give London a new strategic security interest for holding on to the North and give future UK Governments good reason from their point of view to discourage, rather than welcome, future moves towards a united Ireland. That is an important consideration for those of us and all those Irish political parties that would, in principle, like to bring about Irish reunification. Our staying in the Union without the United Kingdom would add a new dimension to partition.

The third reason is that our State staying in the European Union when the United Kingdom leaves would give Northern unionists a whole series of new and objectively valid reasons for opposing a united Ireland if we want to bring that about some time, however remote and distant. It is obviously a consideration that should influence us. For Northern unionists, reunification at some future date would mean that they would have to join the European Union, with its 123,000 or so supranational rules, legal acts and international agreements, which is hardly real freedom. They would have to adopt the dysfunctional euro currency instead of the pound sterling, which

they have at present. They would have to take on the burden of helping to pay for the private bank debt that the troika imposed on the Republic when it decided in 2010 that no Irish bank should be let go bust. They would have to agree to be bound by all the new EU laws and regulations that will be passed between now and whenever partition might end at some time in the future. It is hard to envisage significant unionist consent to Irish reunification occurring in these circumstances. As the Good Friday Agreement recognises, partition can never be ended, or the country reunified, without the consent of at least a significant number of the present unionist population. We need, of course, a majority in the North for reunification.

The Irish Government and all the Irish political parties ought therefore to support and work towards a policy agreement with the UK Government and the European Union that would bring about Irexit alongside Brexit on the following desirable lines. I shall suggest some of the key elements that sensible Irish Government policy should seek to implement. First, the relevant UK governmental powers that will be repatriated to London from Brussels, including control of Northern Ireland sea fisheries and other underwater resources, should be devolved to the Northern Ireland Executive in Belfast. Second, a rate of corporation profits tax comparable to that in the South might be introduced for the North to encourage foreign investment on an all-Ireland basis. Third, it is desirable for generous direct payments to be provided by the UK Exchequer for Northern Ireland farmers to compensate them for the loss of current Common Agricultural Policy payments and the impact of cheap food imports to the British market following Brexit. As Senators are aware, the British Government has agreed in principle to continue these payments for a certain period. The length of time in question is of considerable interest. I presume Northern unionists would support these measures which could well form part of agreements between Ireland and the United Kingdom and Ireland and the European Union.

The United Kingdom should co-operate with the Irish Government to secure a mutually advantageous post-Brexit agreement between the United Kingdom, Ireland and the European Union that would ensure free trade, including in agricultural produce, between these three parties. It is in the interests of all three parties that free trade should continue as it is. Sensible negotiation should bring this about. It is possible that in these circumstances the United Kingdom would maintain for a period of time direct payments for the Republic's farmers comparable to those paid in Northern Ireland as recompense for the removal of EU Common Agricultural Policy payments. This might be done in the interests of Anglo-Irish and North-South co-operation. Obviously, such a circumstance would be desirable from the perspective of the Republic. If the British Government was willing to pay some money to facilitate a joint departure by the two states from the European Union, this might, in part, take the form of support payments for farmers here, along the lines of what is planned for farmers in the North of Ireland. Of course, this would be done through the Irish Government.

If the Irish Government were to seek to leave the European Union, it would be quite important for this state to get back its national currency. One of the main problems in this situation is the utterly foolish decision to join the eurozone in the first place. We do just one third of our trade in the eurozone. We do two thirds outside it. By no means has this experience been happy for us, any more than it has been for many other countries in the European Union, particularly in southern Europe. If we were to seek to leave the European Union, we would have to align our policy with that of the United Kingdom and co-operate with the British Government in joint or parallel negotiations with the European Union. As a key element of this, there would be a requirement for the UK Government to co-operate with the Irish Government, the European Central Bank and the governments of the 19 eurozone countries, particularly Germany, in facilitating Ireland's departure from the eurozone and the re-establishment of an Irish currency. This

should happen in a constructive manner to disturb the eurozone as a whole as little as possible.

This country's highly competitive exchange rate which was made possible by an independent Irish currency gave the Republic an annual average economic growth rate of 8% during the Celtic tiger years of 1993 to 2000. That was the only period since its foundation in 1922 in which the State followed an effectively floating exchange rate policy. The highly competitive exchange rate that was maintained for a period of seven or eight years contributed substantially to the extraordinarily high economic growth rate in those years. Dublin is stuck with an overvalued euro currency which is affecting exports and encouraging competing imports. The Republic needs to get back its own currency to uphold, expand or restore its economic competitiveness and prevent Southern customers from streaming into the North to do their shopping in the face of a regularly falling British pound which is likely to continue to fall during the Brexit negotiations and possibly for a considerable period after an EU-UK deal is concluded. A restored Irish pound would need to be devalued to restore or maintain the State's competitiveness in the new situation and maximise its rate of economic growth. The support of the Bank of England would be helpful to prevent any such devaluation from going too far in the initial days and weeks. That is why the provision of such support should be an important element of any Ireland-UK agreement.

Any understanding reached between Ireland and the United Kingdom on foot of joint or parallel negotiations should seek to ensure the UK Government would co-operate closely with the Irish Government in negotiating joint trade agreements and foreign investment deals with third countries after Brexit and Irexit happened. The aim of such agreements and deals should be to benefit both parts of the island of Ireland in co-operation with the Northern Executive in Belfast. I submit that these provisions, or variants of them, would bring major benefits to both parts of Ireland and the United Kingdom. They would avoid adding new dimensions to the existing North-South Border. I do not think the Irish people in the future would welcome or praise the politicians responsible for changing the current Border arrangements.

I invite the Chairman and members of the committee to consider these points and raise them with their Oireachtas colleagues. I suggest they be impressed on the Government as being in the best interests of the Irish people in both parts of the country as we face the challenges presented by Brexit. I thank the committee for allowing me to make my statement.

Chairman: I thank Dr. Coughlan. I will open up the debate to Senators before asking a few questions of my own. We will take all of the questions in one go before coming back to Dr. Coughlan for answers, rebuttals or comments.

Senator Mark Daly: I thank Dr. Coughlan for coming and giving us his views and some information. It is important for us to hear the views of those who articulate the case for Irexit, regardless of whether we agree with them. The arguments in favour of Ireland leaving the European Union should be heard. One wonders whether we should see how Britain gets on before considering whether to ride on its coat-tails. Dr. Coughlan has suggested we draw up a joint agreement. It feels like we have to choose between the devil and the deep blue sea. What is the least bad option - the *status quo* of staying in the European Union or joining the United Kingdom in leaving it? That brings us back in a roundabout way to the possibility of rejoining the United Kingdom in everything but name. If we were to leave the European Union, we would have to return to a currency that was tied to sterling once upon a time.

This is a hugely complex issue. During last year's referendum campaign the Brexiteers suggested that because Britain was a net contributor to the European Union, it would be able to use

the money it no longer needed to pay to the European Union to support the National Health Service, but all of that disappeared as soon as the “Leave” vote was confirmed. It suddenly transpired that the National Health Service would not receive an additional €300 million a week. The main consequence of the outcome of the referendum was uncertainty. I know from talking to people who work in the financial services sector in London that many of them have been told to prepare to leave London and move to Frankfurt or Paris. We heard about the uncertainty in the airline industry when a representative of the industry appeared before the committee a number of weeks ago. Uncertainty - the biggest issue Britain is facing - would transfer immediately to Ireland if we were to move in the same direction as the United Kingdom. Would Google or Intel open new facilities or tell employees to come here if we were facing the uncertainty that lies ahead for Britain?

Dr. Coughlan has made some valid points about the eurozone and militarisation. My colleagues and I have expressed concern about the creeping militarisation of the European Union. The federalist mentality of people in Brussels is contrary to the will of the peoples of Europe, as was seen when they voted on the proposed EU constitution. While I have many concerns about the European Union, we should focus on whether, on balance, it has been better for Ireland in the past 40 years. When we had an Anglo-Irish trade agreement, Ireland was the poorer for it because Britain dictated its terms. Dr. Coughlan has suggested Ireland and Britain could negotiate their own trade agreements if Ireland were to leave the European Union too. If we were to try to negotiate 55 trade agreements with the countries with which Ireland and Britain currently have trade agreements by virtue of their membership of the European Union, it would be a huge process. This country would not have the capacity to do so on its own. It would take decades to negotiate 55 trade agreements and we are assuming that these countries would be interested in negotiating trade deals with us. They would be interested in negotiating trade deals with the United Kingdom, but it would take them decades to do so. It is important, however, for the issue to be debated and the point of view to be put across. In the worst-case scenario and if things go badly for Britain, the wait-and-see attitude is all we have at this moment in time. If it was quite clear that Britain would benefit, then everyone would be leaving the EU and Ireland would be leaving too. We are now the country most likely to be the worst affected by Brexit and whether we join them is a question to which, at this stage, nobody knows the answer. It is made all the more complex for Ireland because we are in the eurozone. This would double the complexity of trying to leave a trading bloc and a currency union at the same time. I am not sure that any country has ever managed to do that. Are there any examples of a country leaving a currency union in this context? Even when Ireland left the United Kingdom in 1922 we had our own currency but it effectively was tied to sterling. Where are the modern examples in such a complex and global world where such an issue could happen? I believe it is a valuable contribution.

I wish to apologise because I must attend the Joint Committee on the Implementation of the Good Friday Agreement, where we are also talking about Brexit. I will read the transcripts of Dr. Coughlan’s reply because it is important. While people in this House would share many of his views on militarisation and the growing bureaucracy of Brussels, Ireland’s only status at the moment is to wait and see and try to negotiate the best deal for ourselves as part of Brexit. If that does not work out there is always the option of which Dr. Coughlan speaks. The option is there but at this stage, when we consider the information we have heard about what is facing Britain as a result of Brexit and Theresa May’s continuous statement that she wants to make Brexit a success and when we consider what has been clearly stated by EU politicians, then Brexit cannot be a success from an EU point of view. If it is a success, it is the end of the European Union. It is a huge challenge for the country. Are there examples in modern times

of countries having successfully left a trading bloc and a currency union simultaneously? We want to hear about examples or precedents and if there is an example of that. All my colleagues will be asking questions and I do not believe the Chairman will allow the witness to answer it now, but I will read the responses.

Senator Billy Lawless: I thank Dr. Coughlan for his attendance. I represent the diaspora abroad so he will understand that this issue will be of major interest for me in the United States of America, particularly in respect of what happens to Ireland. While I disagree with many of the statements in his presentation, I defend his right to put forward these views. It is extremely important that this committee receives input from all views, particularly those that are sincerely held, as in Dr. Coughlan's case.

I had guests into the House yesterday from Chicago, one of whom is a mother. She told me that she works for The Northern Trust Company in Chicago. This bank has a branch in Dublin and one of its top offices is in London. The UK office is moving because of Brexit and, of course, it wants to go to an English-speaking country within Europe. We were aware that it looked at Ireland but were shocked when it decided to go to Luxembourg. I asked why, as the bank already has an office here in Dublin. The reason was the shortage and expense of housing in Dublin. This is a situation where someone is actually affected by it and it is a major issue here.

I come from a farming background, many years ago. What does Dr. Coughlan propose will replace the roughly €1.5 billion Ireland receives from the EU? Of that funding some €1.2 billion comprises payments for farmers. These are my two basic questions for Dr. Coughlan.

Senator Paul Daly: I would also like Dr. Coughlan to elaborate a little more on his point that by Ireland staying in the EU - and the United Kingdom deciding to leave - it is actually enhancing partition. I genuinely do not get that argument. In the UK's Brexit referendum, the majority of people in Northern Ireland were on the remain side and voted to stay. We all know that democracy is democracy and that a regional majority must bow to the overall outcome. In essence, however, there was a strong majority in Northern Ireland for remaining. Dr. Coughlan's theory would have Ireland jumping ship and bringing Ireland closer to that, when in fact Northern Ireland's message was to stay. I cannot get the logic in his argument that by Ireland staying and by not joining Brexit with an Irexit, we are driving a wedge back into partition and, therefore, we are not enhancing the future possible unification of the island.

Like Senator Lawless, I also point out that while Ireland may be a net contributor now, it sounds very much like if one were to visit a friend, a relative or a neighbour's house, eat the cake and then get up and go. For 40 years the EU has been a mass contributor to the infrastructure, culture and social development within the island. That Ireland is now a net contributor is not a great argument. We must take into consideration where Ireland would be now if it had not joined 40 years ago and had not the benefits it has received. I agree with Dr. Coughlan that in some circumstances, there were disadvantages. Ireland had to accept controls or regulations about which we may not have been over the moon but with the good there is always some bad. In my opinion, the majority was on the side of positives. I ask Dr. Coughlan to elaborate a little more on it. It is easy to say, as in the two points I have raised, but I would like a little bit more flesh on the bones of the argument. We are formulating a report and it is very good that we get both sides of the argument. As both of the previous speakers have said, I may not be on the same side of the fence as Dr. Coughlan but I welcome his contributions and I take everything he said very seriously. It will be given due consideration when we compile our final report.

Senator Michelle Mulherin: I welcome Dr. Coughlan here today. I believe it is good that he challenges the mainstream thinking on these issues. I am sure it is not just for the sake of that he is doing it but it is always good to be challenged to think about things that we may take for granted or as the norm. My initial reaction to his proposition is that having followed the issue and seeing how it is being dealt with by the UK, it appears that Dr. Coughlan is proposing that Ireland aligns itself with people who do not really have a clue as to what direction they are going. Theresa May made many statements, including on removing the UK from the customs union and the Single Market, but they are all qualified with platitudes around giving an impression of a soft Border, whatever that might be. There are so many contradictions within those positions. We also see in the UK that some of the rhetoric is unravelling when one considers the polls during the current general election hustings. If Jeremy Corbyn were to announce another referendum tomorrow we might see a more substantial shift. That is just my own view. Mr. Corbyn is obviously making a lot of inroads that were unanticipated by some of the pundits.

Part of our economic recovery after the troika has left and what we have built or carved out for ourselves is as a small, open economy that has shown and proven its success in attracting foreign direct investment and is capable of trading and dealing on the international stage. I wonder about Ireland aligning itself with the UK. Ireland and the UK together is a much smaller market than the European Union. If we were in direct competition with the EU, which is what Dr. Coughlan's proposal would bring about, how would the EU not have more leverage than Ireland and the UK?

Of course, there is the historical situation between Ireland and Britain, which I know to a great extent we have put in the past, but it is my view that the British politicians and Brexiteers who were to the fore in this did not give a damn about Northern Ireland, pardon my language. Theresa May mentioned it, but Britain would have been a disgrace if it had not given some nod towards and made some acknowledgement of the importance of trying to maintain the very hard won peace in Northern Ireland. I do not think the people to the fore have any social conscience about our economic or social condition or about anybody else. This is a concern. Will we not go against where we have positioned ourselves and where we have shown we are able to grow by circling the wagons with the UK? It is a debate on globalisation and what it means for individual countries. It seems it would go against the very areas where we have made strides and where we have been successful in the economic recovery.

Dr. Coughlan's paper contends that if the South remains in the EU but the UK leaves, any future Irish unification would mean the whole of Ireland could become part of an EU security military bloc under German leadership or control. I do not understand this. We all know our neutrality is a qualified position, notwithstanding people beating their chests about how neutral we are. At the end of the day, our interests are aligned with western powers and countries. When we look at world security, the people campaigning against western democracy do not distinguish us from any of these western powers. We are all the same as far as they are concerned. The reality is that even in a tacit way we support many of the activities. I am minded of what happened in Libya. Even though we are a neutral country, everybody in this country supported that Gaddafi should be taken out. I did not support it, but anyhow there was general consensus it was in the interest of the citizens. To my mind it was a civil war. The issue of neutrality is not very honestly spoken about in my view. How is our current fluffy position going to be interfered with by virtue of the UK leaving and us remaining in the EU? I do not understand what Dr. Coughlan means.

Chairman: I sincerely thank Dr. Coughlan for his contribution today. He has challenged

us in a way most of our speakers so far have not. This has been reflected by the very earnest questions put by my colleagues. The contribution he has made to our committee is very valuable. Before I ask him to respond to some of the comments and questions, I have one of my own. Does Dr. Coughlan see any positives to Ireland remaining in the European Union, in light of a recent opinion poll we heard about during our 11 a.m. session, that this is the will of 88% of the population? I appreciate it is an opinion poll and not a referendum. With this in mind, I ask Dr Coughlan to address the comments made by my colleagues.

Dr. Anthony Coughlan: Many issues were raised. I do not know whether I will be able to deal with all of them or remember them all. It is very important to realise we are faced with a drastic new situation and the committee does not need me to tell it this. The Conservative Party manifesto was published only two weeks ago. It repeated Mrs. Theresa May's statement last January that the United Kingdom of Great Britain and Northern Ireland will leave the Single Market and the customs union. It is a repetition of that commitment. It will be very hard for any British Government leader, whoever it is. Prime Minister May will probably be re-elected. Even if Mr. Corbyn were elected, he has committed to implementing Brexit as well, although possibly a softer variety.

The reality in political terms is the United Kingdom will leave, which means part of our country will leave. If we stay in the European Union it seems to be fairly obvious that new dimensions will be added to partition. We will have to accept more and more EU laws, while in the North of Ireland the laws will continue to be made by the United Kingdom. Almost certainly if the United Kingdom leaves the customs union we will have some form of custom controls on the Border. This will add to partition compared to the position we have today.

I made the point that the statement by the British, that they have no security interest in staying in the North of Ireland, will change once we stay in the European Union. It will become closer together in security terms, and they are speaking about this. We are, to some extent, going along with this, whatever about what happens to neutrality. The British will not look kindly on the southern State going with the European Union. It would give it a new reason to hold onto the North of Ireland. Otherwise, if it allowed or encouraged or, down the road, it came about the North and South came together and there was some possibility of reunification, the whole of Ireland would then be in the European Union with much closer security co-operation under German hegemony, which is fairly obvious. This is hardly likely to be in Britain's security interests, or even in England's security interests assuming the United Kingdom did not hold together, but I believe it will for the foreseeable future. That is not the current situation. In that sense, we do add a new dimension. We will give the British a new reason for holding onto the North.

Then, of course, we will give the unionists a whole lot of other new reasons for staying in the union, because for them to leave the union they would have to join the EU, take on board more than 120,000 legal acts, which result from the EU, and adopt the euro currency. This is a major obstacle in the way of any unionist perception, or the perception of some unionists, that they might look favourably on a united Ireland. These are new dimensions to partition. Surely they make eventual Irish unification more difficult. It seems to me these are irrefutable statements, which are very hard to question.

It is not a question of us rejoining the United Kingdom. If we leave the European Union, we would be the second state to leave from the 28 members, and I believe other states will almost certainly leave down the road, or certainly leave the eurozone. The euro is a dysfunctional currency which will not hold together, certainly not for its current 19 members. That it is a

dysfunctional currency is admitted by those running it. It will have new problems. Leaving it is not a painless operation I accept, but staying in it is also likely to be replete with pain and problems. There have been many examples of currency unions that have broken up. The USSR broke up into the 15 states that inherited the USSR. One state became 15 and one currency in the USSR, the ruble, was replaced by 15 currencies in the 15 successor states. Senator Mark Daly raised this point. Czechoslovakia broke into two, and we had the Czech crown and the Slovak crown. Yugoslavia broke into seven or eight states, which each has its own currency. States leaving currency unions and adopting currencies of their own are relatively common. I understand that if we take into account the former colonial powers, something like 60 currency unions broke up during the 20th century, including those I have just mentioned.

If we left the European Union we would need to co-ordinate and we would have to have our own negotiations with the European Union and the United Kingdom. Two agreements would be needed, one with the United Kingdom and one with the European Union, which we would be leaving in parallel with the UK. That does not mean that we would become part of the British state or do whatever the British want.

We should keep our own currency; to give it up would be lunacy. The value of having our own currency was evident during the Celtic tiger period of 1993 to 2000 when we had, for the first time in the history of the Irish State, an effectively floating exchange rate which gave us a highly competitive exchange rate and an 8% economic growth rate each year. In 1993 and 1994, the Irish pound was one tenth more valuable than sterling. It was then devalued and decreased in value to 90 pence sterling in the next eight years. That measure, more than anything else, led to the Celtic tiger. If the UK leaves the EU, as it will, it is likely to devalue sterling, which will hugely hit our exports to the UK if we stick with the euro. Commentary on this matter usually exaggerates the importance of the EU 26 market. The basic statistics are compiled by the CSO and reproduced on page 3 of appendix 1 to the handout given to the committee. They show that three-fifths of our exports go to, and two-thirds of our imports come from, outside the EU 26. If one adds together our exports to the United States, Canada and the United Kingdom, it is as much as our exports to the EU 26. Our exports to English-speaking countries are more valuable than those to the EU 26. It is not as if one has to choose between one market and another. If we leave the EU along with Britain and our fellow countrymen in Northern Ireland, as we should, a sensible agreement between the United Kingdom, the European Union and Ireland would ensure free trade, which we already have. There is no reason that should not continue if sense rules in the negotiations that will develop over the coming two years.

It is true that we have received a significant amount of money from the European Union over the past 40 years. The general official and unofficial view in Ireland was that the EU was a cash cow, particularly for Irish farmers because the Common Agricultural Policy gave substantial sums of money to Irish food producers. Over the past two years, we have become net payers into the EU. The second annexed paper gives the figures in that regard. In 2014, we became a net payer for the first time, paying €1.69 billion into the EU budget and receiving €1.52 billion. That has continued since and is likely to continue for the foreseeable future.

Senator Lawless asked what will replace CAP payments if we leave the EU. The Exchequer can replace the CAP payments because all the money that we get from the EU in the future, whether it be CAP payments, regional funds, Erasmus programmes or research supports, will, in effect, be Irish taxpayers' money coming back. It is currently a net payment of a few hundred million but that is likely to grow, depending on our economic growth rate or otherwise. That has been the case with the United Kingdom. It makes contributions to the EU of in the region

of €10 billion per year. During the Brexit referendum, there was talk of spending the savings on the National Health Service, but it will eventually be able to spend the €10 billion when it leaves the European Union. It will probably have to continue to contribute for some period as there will be some kind of interim settlement, but they will eventually get that money back. There is no longer any money for us from the EU. One might say that we got many benefits in the past and farmers certainly got many benefits. Is it a situation of eaten bread soon being forgotten? It is a new situation. We must be realistic and consider what are our interests. One could argue that even though we got a significant amount of money from the EU, or farmers and various other interests groups who received regional funds and INTERREG funds and so on did, we gave the EU extremely valuable fishing rights. The value of catches by foreign boats in Irish fishing waters is greater than the net monetary benefit we have received from the EU since joining. We would get these rights back if we left the EU. The United Kingdom will recover the rights to its waters. If Northern Ireland leaves with the United Kingdom, as it will, will it have control of sea fishing rights there and what will happen in regard to the South of Ireland? The EU has not just been benevolent to us. We gave them our fisheries. We must be realistic that in future Ireland will be paying in more than it gets out. What is our interest in doing that? What benefits will we receive from the EU if we stay in? It is very hard to say. I cannot see what they are. We are not going to get more money. There will be new dimensions to the Border between North and South. We would have the advantage, were we to leave at around the same time as the British, of getting our fishing rights back and the possibility of getting our currency back.

In terms of the single currency, it was huge folly for us to join the EU. We are in deeper than the British because we have the euro while Britain was sensible enough to avoid it. We are now caught in the eurozone trap. Getting out would require the co-operation of the EU authorities, the eurozone authorities, Germany, the principal country in the eurozone, and the Bank of England in regard to sustaining a devaluation in that context. There are very good advantages in getting back a national currency. Without it, we are stuck with the euro, which is likely to get more valuable in regard to sterling and that will hit our exports and encourage competing imports during the coming period. It was utterly foolish for us to join. We experienced the delights of the eurozone when Mr. Trichet, then president of the European Central Bank, said that no Irish bank must be allowed to go bust and forbade the bondholders being burned in regard to Anglo Irish Bank or the Bank of Ireland and so on. That was the result of European Central Bank policy and we have suffered very much from it in recent years. To restore the national currency is fundamental. The two pillars of the nation state are the sword and the currency, as Romano Prodi, former president of the European Commission, said. The sword is a monopoly of legal force in an army and a police force, while the currency can enable a state to have control over either its rate of interest or exchange rate. We gave up that fundamental pillar of the nation state by joining the euro on the assumption the British were going to do so in a year or two and we have suffered the consequences. One of the big advantages of leaving the EU would be that we would get our own currency back. There would be costs and problems if we were to do so but there will be problems if we stay.

One problem that has not been mentioned is that by staying in the EU without the United Kingdom we will find it much less easy to sustain things like our corporation tax rate or our national interest in regard to fishing rights and other areas where British and Irish positions have been rather similar. Members are aware of the pressure exerted by the EU in terms of subverting or eroding our corporation tax rate which is so important for attracting foreign industry. In this regard, the United Kingdom has been on the same side as this State. Trying to resist those pressures without the United Kingdom alongside us will be much more difficult and cause us

many problems. That is another relevant factor.

The Chairman asked a question regarding positive aspects of the EU.

Chairman: Is there any positive aspect to Ireland remaining in the EU?

Dr. Anthony Coughlan: There is no significant advantage. Leaving the eurozone would be painful but staying in the eurozone would also be painful. It is very hard to discern any advantages to remaining. There is likely to be no net income from the EU. If Ireland left, there would be the advantage of getting back control over fishing rights. If the UK alone leaves the EU, Ireland will be more divided because there will be new dimensions to the Border. We give the British a new reason for holding onto the North of Ireland, namely, security considerations, if we stay in the EU and the United Kingdom leaves. We give the unionists many extra reasons for staying in the United Kingdom because for them, at some distant time in the future, when perhaps some of them might say they would like to have a united Ireland, they have to join the EU if we stay in it. They would have to adopt the euro, and take on board all the new laws and regulations of the European Union that will be passed between when the United Kingdom leaves in the next two years and some hypothetical date in the future, when there might be a move towards Irish unification. These are major obstacles to winning over unionist consent or an element of unionist consent to Irish unification. One cannot have a united Ireland unless there is a move by a significant section of the unionist population in that direction. That is not there at the moment - I am not naive enough to think so - but those of us who would like to see Ireland reunited at some time in the future should take that point on board. Otherwise, one adds to the difficulties of reuniting Ireland and, in effect, conniving at and helping to implement a second partition. That is undeniable.

Neutrality is a tattered thing but if we stay and are on our own in the European Union without the United Kingdom when Britain and Northern Ireland leave, we will come under pressure to take part in closer EU security co-operation. This has already been signalled. There was a meeting recently, one of the last summit meetings, which talked about the possibility of a military treaty. That could be done on an intergovernmental basis, which is perhaps why the Germans and others want to push towards closer security co-operation because they can do that without it being an EU treaty. It would be an intergovernmental treaty. They will put us under heavy pressure to go along with at least elements of that and with EU foreign policy or EU foreign policy positions. If we are in the EU without the United Kingdom, we are likely to be under greater pressure to go along with the foreign policy positions of France and Germany when they agree common foreign policy positions. One only has a common EU foreign policy when France and Germany agree. When they disagree, there is no common EU foreign policy. We are likely to be under pressure in that regard and to take part in EU military operations, the purchasing of arms and weapons and so on.

Senator Mark Daly made points about new trade agreements. Sensible negotiation between the United Kingdom and the European Union will lead to free trade, certainly in goods, although services may be somewhat more difficult. No one can be entirely sure what the detailed elements of that agreement will be. That is why the penny will only begin to drop with the important business and farming interests in the Republic of Ireland in the next two years as the British negotiations continue and it becomes clearer what Brexit really entails. It would be foolish to take refuge in suggestions that the British do not know what they are doing. It was widely thought that the British did not know what they were doing until last December and then in January Mrs. May said they were leaving the Single Market and the customs union. That commitment was repeated two weeks ago in the Conservative Party manifesto. There would

have to be a revolution in the Conservative Party for that manifesto commitment to be broken. It will happen and public opinion will bring it about.

At the same time, over the next two years, democratic opposition to further European integration, particularly to the austerity regime that is widely prevalent in the eurozone, is likely to raise opposition throughout the European Union to further integration and will encourage other states to consider leaving, as well as the United Kingdom. At present, everyone is keeping up a common front but I have little doubt that behind the scenes, approaches are being made to Brussels by different foreign ministries as well as to the United Kingdom. There will be states within the European Union who will say that the EU 26 must all present a common front but there will be approaches being made *sub rosa* that we do not hear about or that are not publicised, whereby foreign ministries in various EU member countries will be sounding out the British about various possibilities. We should do the same.

It is in our interest to come to an agreement with the United Kingdom because the North of Ireland is leaving the European Union, and us with it, and there is no obvious advantage of our staying in the EU that any of the distinguished speakers this afternoon have pointed out. We got a lot of benefit in the past, particularly on the agricultural side, but that is water under the bridge. It is no reason for staying in the European Union which is a supernational federal structure, with a federal-type constitution committed to further integration under the hegemony of Germany and France.

I may not have been able to cover all the points but I have done my best to cover the most important ones mentioned.

Chairman: Dr. Coughlan has certainly done that and we appreciate him taking the time to go into such detail with such a range of questions from so many areas. I thank him for attending, for his remarks, and for the detailed appendix which he also provided to us.

The committee went into private session at 3.35 p.m. and adjourned at 3.45 p.m. until 10 a.m. on Wednesday, 7 June 2017.