



HOUSE OF LORDS

The Select Committee on the European Union

Corrected oral evidence: Brexit: UK-Irish Relations

Tuesday 6 September 2016

4.30 pm

Watch the meeting

Members present: Lord Boswell of Aynho (The Chairman); Baroness Armstrong of Hill Top; Baroness Browning; Lord Green of Hurstpierpoint; Lord Jay of Ewelme; Earl of Kinnoull; Lord Liddle; Baroness Prashar; Lord Selkirk of Douglas; Lord Teverson; Lord Whitty; Baroness Wilcox.

Evidence Session No. 1

Heard in Public

Questions 1 - 12

Witness

[I](#): HE Dan Mulhall, Irish Ambassador to the United Kingdom



Examination of witness

HE Dan Mulhall

Q1 The Chairman: Ambassador, huge thanks in advance from the Committee. You have always been very warm and assiduous in your contacts with us and indeed more generally in London, where your reputation is very high and your hospitality, as I can personally attest, is excellent. Thank you for coming this afternoon.

As you know, because you sat in on some of the session, we have been considering how we should handle parliamentary scrutiny of the clearly difficult issues that now have to be negotiated as part of the Brexit context. As you know, our Committee has always taken an interest in Anglo-Irish relations, sometimes perhaps—dare I say—a little more intensively than Her Majesty’s Government, who from time to time have to be reminded of their importance.

As part of our post-Brexit work, we identified the need to do a particular study based in this overall Committee, rather than in the specialist sub-committees, on the Anglo-Irish implications. We are very grateful that you have come along to give evidence to us, and we will of course be following up with further inquiries and a visit to your island—Belfast and Dublin—next month.

As I mentioned, you are very familiar with the Committee. You will be familiar with the rules of engagement. This is a public session, with a webcast. We will send you a transcript afterwards. I remind my colleagues that, if they have a specific interest—we do not think that extends to an Irish granny, unless one feels it is necessary—they should declare it.

Ambassador, I think you would like to make a brief opening statement. Then we will get straight on to questions and cut to the chase.

HE Dan Mulhall: Thank you, Lord Boswell, and thank you, Lords, Ladies and members of the public, including those watching the webcast and Parliament TV—one of my favourite channels.

It is a pleasure for me to be here this afternoon. I am really glad to have this opportunity to set out our Government’s views on a topic that is extremely important for us as well as for members of the Committee and for this country in general: the implications of Brexit across the board and in particular for Irish-UK relations. When I addressed you in the Committee on 27 October 2015 on the possibility of the UK leaving the EU, I spoke about the potential for negative implications for Northern Ireland and for Ireland’s relations with the UK. I pointed to significant risks for Ireland, including in relation to our bilateral trade, and to the loss of an important ally in EU negotiations, a point that is often overlooked.

In February 2016, I spoke at the House of Commons Northern Ireland Affairs Committee inquiry on the implications of Brexit for Northern Ireland and north-south ties in Ireland. At that time I set out our concerns about



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the uncertainty a Brexit vote would create in terms of trade, the border and overall north-south co-operation in Ireland. I stated our Government's view that the best way of preserving the benefits of the strong Irish-UK relationship would be through continuation of our shared membership of the European Union.

During the month leading up to the June referendum I made a number of public statements, as did members of our Government. I blogged, I tweeted and I spoke in various places. Our purpose was not to interfere in the domestic politics of this country but to highlight Ireland's specific concerns as a friendly neighbour of the UK, a country with which we have an intensive, mutually advantageous set of relationships that we obviously want to preserve in the future.

The concerns we have today, in the aftermath of your referendum, derive from those that we expressed before the referendum. Ireland—I make it clear—will continue to be a member of the European Union. We accept, with regret, that at some stage in the coming years the UK will no longer be an EU member. This new situation will represent a new era for both our countries and for our bilateral relations. We have of course had relations when both of us were outside the European Union and within the Union for the past 43 years, but we have never conducted our relations in a situation where one of us was outside and the other inside the European Union.

As our Minister for Foreign Affairs and Trade, Charles Flanagan, acknowledged when responding to the referendum result, this will be a challenging time for the UK, for the EU and for Ireland. It is a challenge that we are determined will be met, from an Irish point of view. He stressed that we will remain in the EU and in the eurozone, but we will also do everything in our power to protect our political, economic and people-to-people links with the UK.

Over the summer months, our Government have engaged extensively with all our EU partners. Minister Flanagan has spoken to all 27 of his EU Foreign Minister counterparts to set out Ireland's national priorities and interests. The Taoiseach has met Prime Minister May, Chancellor Merkel, President Hollande and other members of the European Council. Tomorrow, European Council President Donald Tusk will visit Dublin, and the Secretary of State, David Davis, will be with us on Thursday in Dublin. As Taoiseach Enda Kenny said when he met the Prime Minister in July, "We want the upcoming negotiation process to end with a prosperous and outward-looking UK which retains a close relationship with the EU. This is in all of our interests".

If I might summarise our current focus on the implications of Brexit, it comes under four headings: first of all, the implications for our economy; secondly, our ties with the UK, which have undergone a positive transformation during the decades that we have been together as partners in the European Union; thirdly, Northern Ireland and north-south



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relationships in Ireland; and, fourthly, the overall balance of the European Union.

Let me briefly set out the concerns. Our two economies are deeply interconnected. Any damage sustained by the UK economy will also be damaging to our economy. The UK is the most important market for Irish goods and services, and we are Britain's No. 5 export market. It is an extraordinary fact that a country with fewer than 5 million people should be the No. 5 export market for the UK. That demonstrates the power of geographical proximity and historical connections.

We want this mutually advantageous relationship with the UK to continue in the future, which means that we have a huge interest in minimising barriers to trade between us. We would therefore like to see the UK retain the closest possible trading relationship with the European Union post Brexit. We want to see our relations with the UK continue along the positive path they have followed for the last three decades since the Anglo-Irish agreement of 1985, but we will have to work harder on a bilateral basis, as we will no longer have the blanket of being partners within the European Union.

In particular, we want the common travel area arrangements to continue in the future, as they have worked to the benefit of both our countries and both our peoples over many decades. Irish people have made a huge contribution in so many walks of life in this country. For example, there are more than 60,000 Irish-born directors of UK companies, and I am sure that there will be a strong mutual interest in the continued free movement of people between our two countries, which benefits both of us.

Our concerns on Brexit are most acute when it comes to Northern Ireland. As our Foreign Minister Charles Flanagan said, "The fact that Ireland and the United Kingdom shared a common EU citizenship provided a space for reconciliation that transcended the zero-sum equation of British or Irish sovereignty. The Irish Government does not underestimate the sense of disquiet now felt by many people in Northern Ireland at the prospect of the loss of their connection to the European Union".

The Good Friday agreement was a huge achievement for both our countries, of which we can be genuinely proud. The open border in Ireland has come about because of the combined effects of the Northern Ireland peace process and the implications of European Union membership. The current border arrangements benefit both parts of Ireland, and they benefit all our communities. They need to be preserved. We need to avoid any imposition of a hard border. I am encouraged by statements from Belfast and from the Government here in London, most recently by the Secretary of State for Exiting the European Union in his statement yesterday, that that view is shared by all of us. I stress that we will need to work together and to work hard on the negotiations in order to find practical ways to achieve what I believe is an aim that all of us share, not least when it comes to customs arrangements, which could form a barrier to the further evolution of economic ties between north and south in



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Ireland. Any effort to control the free movement of people across the Irish border, or indeed between Britain and Ireland, would be very damaging, and I trust that no one would want to contemplate such a step.

I hope and trust that the particular circumstances applying in Northern Ireland will be front and centre when it comes to the working out of the UK's future relations with the European Union. When the UK leaves the EU, Northern Ireland will be in a unique position whereby almost all of its residents are entitled to citizenship of an EU country—Ireland. We must be alert to the particular circumstances of those Irish and EU citizens. They will find themselves in a very particular situation, where they will be citizens of a European Union country but resident outside the European Union, in a territory all of whose residents, practically, will be entitled to European citizenship.

Our countries need to work very closely together in the coming period with the aim of preserving the benefits of the unique and unprecedented degree of friendship that has evolved between us in recent decades. Minister Flanagan said, "The Irish Government will continue to work intensively with the British Government and the Northern Ireland Executive to see how best collectively we can ... ensure that the gains of the last two decades are fully protected" as the future unfolds.

In our discussions with other EU partners, we have found them very much aware of, and sympathetic to, Ireland's particular concerns. As I said, our Minister has spoken to all 27 of his EU ministerial colleagues and has made those points to them. We believe that there is genuine understanding and sympathy for Ireland's particular concerns.

Finally, we regret very much that the departure of the UK from the EU will affect the European Union itself, including in regard to its global role. The balance of views within the Union, in particular on issues such as competitiveness and trade, will be altered. Another priority for Ireland and for like-minded countries will be to mitigate those effects of the UK's departure from the European Union.

I very much welcome the efforts of the Committee to highlight the specific Irish dimension in the coming Brexit negotiations, which we in Ireland will be following with a particularly keen interest as your debate about this country's future direction and future relationship with the European Union evolves and intensifies in the period ahead. I look forward to continued engagement with the Committee in the coming months and, I suspect, in the coming years. Thank you very much for your attention.

Q2 The Chairman: Thank you very much, Ambassador, for that very clear statement of your Government's position and your own involvement.

I would like to echo three points. First, I have already referred to, and you have already responded to, the question of closeness and engagement. We will leave that process with you. I am grateful for the offer. The second point was in your statement, but I would like to



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reiterate it on behalf of the Committee: the hugely improved tone of relations between our two countries that has developed over a number of years, perhaps not always causally because of our joint membership, but coincident with that. Nobody wants to disturb that. Indeed, we need to safeguard it. The third point is that you are clearly very active in wanting to get a positive outcome.

You will find that most of the questions we want to ask fall within the framework that you have set. That is encouraging rather than discouraging, because it would suggest that we are thinking along the same lines of concern. I will kick off the questioning with something you touched on. This is really two questions about the known known, which is the referendum result of 23 June, and the known unknown, which is when Article 50 may be triggered.

You talked about your Government's interests and activities since the referendum decision. If I can distil that and ask you if you want to add anything, it would seem to me that it is, first, representation to Her Majesty's Government of the particular interests that you have from the point of view of your own situation in Ireland and in the island of Ireland—the bilateral relationship. Also, interestingly, you talked about the multinational relationship with the other member states and the kind of response that you have had. Is that basically what you have done? Specifically, have you been talking to the new Department for Exiting the European Union? There may be trade implications. Do you feel that the lines are open enough between yourselves and the Government, not necessarily always to agree but at least to be able to concert or discuss positions? Is there anything you want to add on the multilateral relationship of what you are doing? The second question is more pointed: do you, as a country, have a position or preference on when Article 50 should be triggered, bearing in mind that it is a decision for Her Majesty's Government?

HE Dan Mulhall: Thank you for those questions. I certainly believe that we in Ireland were well prepared for this eventuality. We of course hoped that the outcome would be different, but we had a contingency plan in place, which we published. It is on the Government's information website.

The Chairman: Sorry for interrupting, but you have a new unit.

HE Dan Mulhall: Yes. A number of things happened. First, we were consulting about this within the Irish Government, and I took part in quite a number of discussions in advance of the referendum about contingency plans and so forth. A plan was published within a day or so of the result being announced. The Taoiseach announced that we would be strengthening a number of our embassies in key capitals including in London, and we are already in the process of doing that. New administrative arrangements were made in Dublin to handle the Brexit issue, both in the Department of the Taoiseach, where a new second Secretary General has been appointed, and in the Department of Foreign Affairs and Trade, where, likewise, the European division responsible for



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Brexit in the foreign ministry is now being headed up by a very senior official. We have taken a number of administrative steps to strengthen our capacity to deal with the implications of Brexit. All government departments are involved in monitoring the implications of Brexit for Ireland, and we have already had quite significant contact with the British Administration, with the new administrative teams that have been established here to develop the Brexit brief on the UK side. I have already met the Permanent Secretary of the new ministry.

As I mentioned, Secretary of State Davis will be in Dublin on Thursday. There has already been a meeting at senior official level, in Dublin some weeks ago. The Permanent Secretaries—our Secretaries General—of our ministries in Dublin will be here next month meeting their British counterparts. We have the joint Irish-UK work programme, which I expect will spend quite a bit of time and energy focusing on the implications of Brexit in the coming period. Across the board, we have put substantial arrangements in place in Ireland to deal with the consequences for Ireland and for Irish-UK relations, in particular for Northern Ireland and north-south relations, stemming from the referendum result.

Regarding our contacts with partners, Minister Flanagan has met most of his counterparts, as I mentioned, and has certainly spoken to all of them. His message for them was similar to the message that I have given here today. He sought to highlight for them the unique circumstances of Ireland: we have a land border with the UK and we are the only country in Europe in that position; we have a long, historical connection with the UK; and we have very intensive economic relations, with more than £1 billion a week in trade back and forth across the Irish Sea.

I do not think that anybody looking at the British-Irish relationship could mistake that relationship as other than something that is very important. Indeed, I believe that our partners readily recognise that. Of course, they all have their own unique sets of interests and relationships with the UK—that is natural—but there is general recognition across Europe that we have a particular set of circumstances and challenges facing us, most particularly with regard to Northern Ireland. In my experience of dealing with our European partners, they see the Northern Ireland peace process as something that Europe can be proud of, having brought an end to an age-old conflict, with the European Union having supported that process significantly over the years through encouragement and financial support. European countries are generally quite aware of the importance of continuing to develop the peace and political processes in Northern Ireland. They are therefore receptive and sympathetic to our particular concerns. As I say, they will have their own concerns as well, but they are at least aware of the special sensitivities that apply to Ireland in this case.

Regarding the triggering of Article 50, as you know, the European Union position is that it should be triggered as soon as possible, but it is a matter for the British Government. There is a general expectation that it will not be triggered this year but that it will be triggered some time not too long



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after the start of 2017. Since the referendum result was announced, we in Ireland have been very much on the side of those who want to give the UK the necessary time to prepare itself, so that the outcome of the negotiations, when they take place, will keep the UK as close as possible to the European Union. That is fundamental to Ireland's interests for the future.

The Chairman: That is helpful, Ambassador.

Q3 **Lord Jay of Ewelme:** Ambassador, you said clearly in your very helpful opening statement that there was clear recognition among EU colleagues of Ireland's relationship with Britain, both with regard to the land border with the UK and its close social, economic and historical links. You said towards the end that Ireland would be following the negotiations closely. In view of that closeness, would you not be participating actively in the negotiations? Indeed, I wondered whether you would seek to carve out a distinctive role for yourself in the negotiations, given the particularly close links with the United Kingdom that you describe.

HE Dan Mulhall: If I said that we would merely be following the negotiations, I would not be doing justice to our intentions. I may have used the wrong word inadvertently. The way I look at it, the negotiations will take place over the next number of years, and there are two sides to the negotiations. There is the EU side, and we are part of the EU team when it comes to the negotiations. We are part of the 27. We will be meeting in Bratislava as the 27—next week, I think. We are completely part of the EU negotiating team. The negotiations will be managed at European Council level.

We will also want to engage very comprehensively with the UK and with the various teams involved here in managing the negotiations from a UK point of view. We will be doing much more than following the negotiations. We will be trying to influence the negotiations at the Brussels end, where we are one of 27 countries, but I think we will have a voice in Brussels in this regard, because there will be general recognition around the table that Ireland is affected, perhaps in a unique way, by this development and, therefore, that our interests need to be listened to and accommodated. We will also be comprehensively and intensively engaging with the British Government to ensure that the British Government bear in mind and, as I said in my opening remarks, keep front and centre the need to ensure that nothing emerges from the negotiations that would be detrimental to the peace process or to the evolution of north-south relations, or indeed to Irish-UK relations in the future.

The Chairman: Would you at least not rule out the possibility that in certain aspects of the negotiations, if not all, you might be able to function as something of a broker, if there are difficult parts? I am inviting you not to rule it out, rather than to say that you will assume that role.

HE Dan Mulhall: To be clear, it seems to me that we will be part of the 27—we are part of the 27—and Britain is the country negotiating with the



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27. We are staying in the European Union. Our interests are in the future evolution of the European Union, so we would not want to see anything done arising from these negotiations that would damage the future development of the European Union, which is fundamentally in Ireland's interests.

Our understanding of Britain has been acquired over a long period of time, as you can appreciate. I am a historian myself by training, so I probably know a bit more than most about the lessons that we have learned from our engagement with Britain over the centuries. For Irish people and Irish officials, part of that understanding of Britain is a product of our membership of the European Union together. I checked this recently with our people in Brussels. There are probably 25 meetings taking place today at various levels in Brussels. At each meeting, there will be a British delegation and an Irish delegation. In most cases, they will probably have a word together in advance or afterwards. They might have a discussion about the rugby or whatever other topic. Friendships and connections have been developed over the past 40 years. Those friendships and the understandings that have built up over the decades between our officials and yours will be useful when it comes to us in Ireland understanding what the British ambition from the negotiations will be, when that becomes clear.

I dare say that some of our partners will perhaps be looking to Ireland to explain or help them to understand some of the issues that may arise and may need to be clarified. Likewise, I hope that the British Government and the British system will listen to us when we try to explain to your people that you may be looking for certain things that may not be feasible in our eyes, as a country that will be remaining in the European Union. I think we can play a distinctive role in our dialogue with our partners in the 27, where we belong and where our future lies, but also in our special relationship with the UK, which I hope will be able to help the negotiations to move forward in the direction that we certainly want.

Everything that arises in this context and all our interests in relation to the future will be facilitated by the closest possible relationship developing between the UK and the EU. It has to be in Ireland's interests. Therefore, although it is not in our gift, we will be determined to do whatever we can to help the negotiations to arrive at the best outcome from our point of view—a relationship for the future that would keep Britain as close as possible to the European Union.

The Chairman: That was very clear and helpful.

Q4 Lord Green of Hurstpierpoint: I wish to explore a little more what the nature of the special arrangements between the Republic and the UK might look like in the context of an agreed framework between the UK and the EU. This is a circle that I suspect every one of us in the room will recognise as difficult to square.

Looking at the trade dimension, we have a series of possibilities as



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eventual outcomes. At one end we have something looking a bit like the Turkish association deal, where Britain remains on the inside of the common external tariff and has minimal customs clearance requirements, through to the EEA, where Britain is no longer inside the common external tariff and there are therefore more onerous customs clearance requirements, and to the WTO, perhaps with a zero-tariff arrangement, if Britain chose to go down that route. All of those have implications at the border between the north and the Republic, for one thing, but not only that—the ferry between Holyhead and Dún Laoghaire, for example.

Separately from that, there is the issue of movement of people. The very open border that we currently have within the island of Ireland and across the Irish Sea does not trouble any of us, but one might imagine that it would start to pose some issues if the British Government sought to put restraints on freedom of movement from the EU into the UK. Those are all difficulties that we are well aware of. What I am really doing is inviting you to comment, at this relatively early stage, on any specific ways in which the Irish Government think it might be possible to square the circle.

The Chairman: Can I just gloss on that, too? One of the points, as you emphasised, is your continuing membership. Obviously, any “special deal” between our two countries has to sit properly within your membership of the European Union and not prejudice it. We are aware of that as background, and it would be helpful if you could comment on that.

HE Dan Mulhall: That is correct. Let me take that question in two sections. First, as regards free movement of people, we are not a member of Schengen, and I am not aware of pressure from any quarter for us to join Schengen. I remember a number of times during my term in Germany being asked by Germans why we were not members of Schengen, and when I pointed to the situation in Northern Ireland, there was immediate recognition on their part that that was a valid reason why we were not part of Schengen.

For as long as Ireland is not part of Schengen, everyone coming into Ireland from continental Europe and beyond has to go through a passport control at our ports and airports. Therefore, the only people who will have the right of free movement into Ireland and the right to live, work, visit and settle in Ireland will be European Union citizens. It is of course true that an EU citizen could come to Ireland after Brexit, settle in Ireland and then decide to go across the border to Northern Ireland and then to Britain, but they would be illegal immigrants. As I understand it, most Europeans are not interested in being illegal in any European country. The right of free movement is the right to be legally present in another member state, to live and work there and to be able to access all the services. It seems to me that only a relatively small number of European citizens would want to come to the UK illegally.

I am assuming that there will always be free movement for people to visit Britain. Who knows what the outcome or the arrangements will be, but



even if you assume that free movement of people into Britain could be an issue, it does not seem to me that the Irish border provides any greater challenge for anybody here. I do not think that there is any great risk that the border would be abused in the future because, as I say, anyone who was not entitled to live in Britain would be illegal once they crossed the border if they tried to settle and work in Britain. That ought not to be a major problem. Of course, we have to watch that. We have to ensure that nothing in the negotiations creates a requirement of any kind to impose any sort of border controls between north and south in Ireland.

We hope and believe that both Governments have a desire to preserve the benefits of the common travel area. Of course we have to make sure that that does not cut across any other interests that Ireland will have regarding our membership of the European Union, but I would be hopeful and reasonably confident that free movement between north and south and between east and west can continue in the future. It has to be watched, and we have to make sure that nothing happens in the negotiations that compromises the current advantage that people have of being able to cross our borders freely.

- Q5 **The Chairman:** I think we will come back and explore some of these things again with colleagues. You talked about relations and about your Foreign Minister having spoken to other member states, for example. Are you also putting those points very firmly to the Commission in the pre-negotiation stage, as it were? It would seem to me, at least on paper, that there is a theoretical possibility that what might be termed the theologians—if I am allowed to say that without being derogatory—the people who see the importance of the full freedoms of the single market and so forth, will interpret that as meaning that it is an obligation for member states. You need to have rehearsed with them very clearly the practical and human implications if that is challenged by a Brexit decision. In other words, you need to be very clear that the European Union's institutional thinking is alert to that as well.

HE Dan Mulhall: As I said, we have extensive contact at ministerial level, at prime ministerial level and at official level. We have an embassy in every European Union capital.

The Chairman: But this is also with the institutions, as well as with the member states.

HE Dan Mulhall: We have a very effective, well-staffed mission in Brussels. Our ambassador there will be making these points very clearly to all his interlocutors. I am satisfied that our European partners do not want to create unnecessary problems for Ireland. Of course, we have to monitor the situation carefully as the negotiations evolve.

We know from experience that being an external border of the European Union means something. It seems to me that, in this particular instance, we ought to be able to preserve the existing advantages and the existing openness that applies on the border. I hope that people here in Britain,



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including the Committee, will be vigilant in ensuring that nothing is done to affect that. I have been very encouraged so far, in that I have heard statements from a number of senior people here, politicians and others, all talking up the need to preserve the open borders in Ireland and, I believe, between our two countries. It is something that we can never sit back and take for granted. The negotiations will be complex, and we have to make sure that nothing is done that will cut across our shared desire to see the clock not being turned back, and barriers put in place that are not necessary.

When it comes to customs, there is obviously a different question. That area will have to be looked at very carefully. I am old enough to remember a time when I visited Northern Ireland with my parents back in the 1960s, when I was a boy. I remember crossing the border, and I remember the customs controls, which were somewhat irksome. I am not sure that those kind of controls make any sense in today's world, where there is so much more traffic going back and forth between countries, including north and south.

That, by the way, is one of the great dividends of the peace process. I recently saw the figure that 35,000 people cross the border every day to visit family, to do business, to buy and sell or for tourism purposes. It is a great boost to both our societies that people can now do that freely. Between the time when I visited Northern Ireland with my family in the mid-1960s as a boy and the time when I went back there as a diplomat in the 1980s, I had not been to Northern Ireland. Many people in the south had very little opportunity, reason or incentive to go to Northern Ireland. In recent times, people have become very frequent visitors back and forth across the border.

Nobody who has any interest in the future of our societies ought to be willing to take any risk with that benign and positive situation, which allows people to experience each other in ways that were not possible during the Troubles, and indeed in previous generations. Even before the Troubles, there was very little contact, because communications were not what they are today.

The Chairman: When I have a moment spare, I occasionally look at the Irish land boundary on Google Maps. It is very eloquent in itself, if you look at its complexity. It may not be to your disadvantage that our new Prime Minister is a geographer. You might like to draw it to her attention if you need to.

HE Dan Mulhall: Yes, there is no Rhine between north and south in Ireland.

The Chairman: We will go no further into that, but we will ask Lord Liddle to come in. Then we will ask for the remaining points to be put.

Q6 **Lord Liddle:** I am sure that all members of the Committee—certainly I would, and I am sure that most of our colleagues would—share your wish



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to see what you have just expressed about border controls not being there, but surely the Irish Government recognise that that depends on the policies adopted by the UK Government towards Brexit. You must have a view on that. Presumably, if the British Government prioritise above everything else taking back control of their borders in order to reduce migration into the UK, the chances that the Irish border will be used as a means of people getting into the UK will increase. You must have a view on what view the British Government should come to on freedom of movement.

Similarly, on the customs union, Dr Fox said that he thinks that we should withdraw from the customs union. Would that not have an implication for the Irish border?

HE Dan Mulhall: As I explained, Ireland is not a member of Schengen. Therefore, it is only European Union citizens who have a right to live and work in Ireland, and will continue to have that right, under the free movement principle.

Lord Liddle: But we are told that what we need to control more in the UK is the right of European Union citizens to come to live and work here, so—

HE Dan Mulhall: Of course, it is not for me to say what the British Government's position should be, but presumably the issue about free movement is not the right to visit a country; it is the right to be there legally to work, to settle down and to raise a family, and to have the right to healthcare, social protection and all the things that people have when they are EU citizens under existing EU law.

I do not believe that there is an enormous risk in any realistic scenario. Any EU citizen who came to Ireland and wanted to get into Britain would be an illegal immigrant once they crossed into Britain. They would not be entitled to settle in Britain, as I understand it, if Britain were to resile from the free movement principle. Who knows what the outcome may be, but my point is that even under a worst-case scenario, whereby Britain decided to prevent all EU citizens coming to live and work in the UK, the Irish border would not really pose a particular additional risk to Britain of the kind that would warrant trying to impose border controls on a border that does not have very much geographical basis, unlike borders in other parts of the Europe.

The Chairman: We will move on from this in a minute, but, if we may, Baroness Browning—who was a Home Office Minister at one stage, I seem to recall—and Lord Selkirk have related issues that they might like to raise now.

Q7 **Baroness Browning:** Ambassador, I think you have answered the main question that I was going to ask you, which was about the risk to the soft border that we have at the moment. I think you have answered that in full.

In your opening remarks you mentioned the arrangements with



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passports. Since you published your contingency plan, which I am very impressed with—I do not think we had one—what has been the reaction so far to what you have shared with us today about the border from the rest of the European Union partners? Are you anticipating any pushback from them to such an arrangement continuing in the way that you outlined?

HE Dan Mulhall: As I said in my remarks and in answer to subsequent questions, I believe that our European partners have an understanding of the importance for Ireland and for Europe of the successful peace process that we have in Northern Ireland. I believe that our partners would be very slow to do anything that would in any way cut across or create difficulties for north-south relations as they have developed as part of our peace process.

I cannot speak for them, and I cannot guarantee what their response might be in future phases of the negotiation, which will be quite complex and will no doubt go through various twists and turns in the coming years. I cannot say what view they might take in the future, but I have experienced considerable understanding from EU colleagues, over the years, of the unique circumstances that apply in Northern Ireland, and I believe, on the basis of what I have seen and experienced, that there will be willingness on the part of our EU partners to be very sensitive to any concerns that arise connected with Northern Ireland.

Q8 **Lord Selkirk of Douglas:** Can I mention a past interest? I was a Member of the Scottish Parliament when we welcomed the Taoiseach, who came to Scotland on what I believe was an extremely successful visit.

Can the Ambassador sum up in a few words what he would regard as the best possible outcome of future discussions in connection with the border of Ireland?

HE Dan Mulhall: The best possible outcome from an Irish point of view would be the status quo. It would be that the island of Ireland could continue to enjoy an open border, where people could move freely back and forth for various purposes—family, business, tourism et cetera—and that goods and services could also flow freely between the two parts of Ireland.

Remember that our economy is a very important market for Northern Ireland exports. I cannot remember the figure, but quite a high percentage of Northern Ireland exports come to the south. Our economic links in Ireland are below the level they should be for two neighbouring jurisdictions on an island. In normal circumstances, you would expect an even more intensive economic relationship between north and south than there is today. That relationship has improved and developed in the past 20 or 30 years as a result of the single market and of the peace process, but there is more potential for further development of economic ties on the island of Ireland. It is not just that we want to preserve what we currently have; we would like the potential for future economic links



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between our two countries to be exploited fully for the benefit of both our economies. Therefore, anything that comes in the way of that potential being realised would be unwelcome from our point of view. We would want the current arrangements and the openness that currently exists to be preserved in some way so that we can continue to exploit the geographical proximity of the two parts of Ireland and create more of an island economy, to the benefit of both our populations.

The Chairman: Baroness Prashar, is there anything specifically on the common travel area that you want to ask to which the Ambassador has not already responded, not least because it goes wider than UK-Ireland? It includes the Crown dependencies, I think.

Q9 **Baroness Prashar:** In your very helpful opening statement, Ambassador, you said that you would like the common travel area to continue.

HE Dan Mulhall: Yes.

Baroness Prashar: I am interested in the likely implications of Brexit on the common travel area.

HE Dan Mulhall: Let us unpack that a little bit. The common travel area has existed since 1922, essentially. In 1949, when we left the Commonwealth, the Ireland Act of that year provided special status for Irish citizens. We now have about 500,000 Irish passport holders who live in Britain. We issue about 50,000 passports a year through the embassy. The number may be inclined to increase in the coming year or so—I do not know; let us see how it goes.

That has led to a very special set of circumstances. For example, in the recent referendum, the Irish were the only non-British, non-Commonwealth citizens entitled to vote. That was recognition of the special status for the Irish. It is of course advantageous from an Irish point of view, because people come here and have full rights from the moment they arrive. They can vote as soon as they register for the vote. That means that they have a very special status here in Britain, but they do not have to become British citizens in any way. Most Irish people I know here, who may have been here for 30, 40, 50, 60 or even 70 years—I sometimes meet people who have been here that long—still have Irish passports. Almost all of them do. In many cases, their children have Irish passports as well. It is a very special status, and we would like to see that continue.

It is of course advantageous from an Irish point of view. Many of the people who have come here, for example the younger ones who have come in the past 10 years, will go back to Ireland. They will bring with them experience that they gained in London or in Britain, and that will enrich the Irish economy in the future. For example, when our economy went through our great expansion in the late 1980s into the 1990s—say, between 1990 and 2007—very large numbers of people who had left Ireland in the 1980s returned to Ireland. That is now happening again. It



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looks as though last year we had net migration into Ireland for the first time in quite a few years. It is good for us that our people can come over here, work in Britain freely and develop skills here. Some of them will go back, and that will be an enrichment of our economy for the future.

Likewise, Britain is getting the benefit of highly educated people who are flexible and keen to work, who integrate very well, and who are English speaking and a benefit to your economy. I meet younger Irish here on a regular basis; we have about 20 Irish business, professional and alumni networks in London alone. They are people of very high calibre, who make a significant contribution to the British economy. I hope that, in the future, many of them will return to Ireland and contribute to our future economic development as well. From both our points of view, we want that situation to continue. I would be hopeful that it can continue. I do not see any fundamental reason why we should not be able to preserve the common travel area arrangements.

The fact is, however, that Britain is changing its status. It is moving outside the European Union. We will be a member of the European Union; you will not be, at some point in the future. We have to watch what the implications of that could be. There may be unforeseen developments as a result of that fundamental change in Britain's status, but with the two Governments having an interest, for their own reasons, in a continuation of the good relationship between our two countries, I am hopeful that we can preserve it. That will require us to ensure that it does not create difficulties as a result of the fact that Ireland will be a member of the EU and the UK will not be.

The Chairman: I have a short point on that. We do not often concern ourselves with the nuts and bolts of things but in practical terms, given the common travel area and the fact that people are moving about to work, the cross-border exchange, if I may put it that way, is much more intense than it is, say, between a member state in the eastern part of Europe and the UK. Is it your experience that the social security systems, records and pensions work reasonably well, so that if people have periods of service across the two jurisdictions it all comes together? Of course there are theoretical provisions, and indeed real ones, across the European Union at large, but given the common language and the history of co-working, if someone has 10 years of pension having worked in the Irish Republic and then comes back to live in the UK, or conversely, does it all fit fairly seamlessly?

HE Dan Mulhall: I have not come across any particular complaints. I have not been lobbied on that subject.

The Chairman: That is very significant.

HE Dan Mulhall: There is sometimes an issue with what is called habitual residence, whereby someone is meant to be habitually resident—

The Chairman: For benefits or something like that.



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HE Dan Mulhall: For benefits, yes. I believe that these things can always be sorted out between friendly neighbouring countries. I think we have a good, normal, friendly neighbourly relationship with the UK. Certainly it will be our ambition to maintain that relationship, but, as I said in my opening remarks, we will have to work harder at that task, because, of course, we will be focused on developments within the European Union. Our system will be heavily oriented towards Brussels. I am not saying that we will ignore the UK, but we will have to make a special effort to ensure that we do not fall out of synch with each other because we will be in different camps at some time in the future once Britain leaves.

The Chairman: We have one major area that we have not explored yet, on which I will ask Baroness Armstrong to come in. Then colleagues can perhaps chip in at the end if they have any outstanding points generally.

Q10 **Baroness Armstrong of Hill Top:** Ambassador, you talked about the peace process. The peace process really is a process, and it continues to need a lot of work. The Northern Ireland peace process is no different from other peace processes, and it has certainly been my experience that both the Irish state and the British state have had to be continually engaged in ensuring that the peace process not just ticks along but actually develops. Inevitably, Brexit will have some effect on that. Institutions were set up, and structures were built into the Good Friday agreement in 1998. What do you think will need particular attention? The Taoiseach suggested a new all-Ireland forum, but the First Minister in Northern Ireland was not very keen on that. Where do you think the dialogue with Northern Ireland is at the moment? What do you think needs to happen as regards structures to keep the peace process moving?

HE Dan Mulhall: We have structures within the Good Friday agreement framework, in particular the North/South Ministerial Council and the British-Irish Council. Both those councils have met since the referendum result. Indeed, the British-Irish Council met in extraordinary session. It was not meant to meet until November, but there was a belief that it needed to meet sooner rather than later, so a meeting was convened in Cardiff on 22 July. That was specifically to exchange views on the implications of Brexit for relations between Britain and Ireland, not just the two Governments but also the various other entities that are members of the British-Irish Council. It was a very interesting and, I think, valuable debate.

I dare say that the British-Irish Council will probably focus significantly on the Brexit issue in the coming years, because all the component parts of the British-Irish Council are influenced and affected by Brexit. Coming together to discuss the issue, between London, Dublin, Cardiff, Edinburgh, Belfast and indeed the Isle of Man and the Channel Islands, is clearly a positive. It is a plus. The fact that the British-Irish Council is there is very welcome. It was not set up for that purpose, but I think it now has an additional role to play in handling the implications of Brexit.



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The North/South Ministerial Council met in Dublin on 4 July. It was agreed at that time to work together to ensure that Northern Ireland's interests are protected and that the importance of north-south co-operation is fully recognised in any new arrangements that emerge from the negotiations on Britain's future relationship with the European Union. Ten specific actions were agreed to optimise north-south joint planning and engagement on key issues arising following the UK's referendum result. That will include a full audit of work programmes in key north-south strands to establish risks and likely impacts arising from the UK's planned withdrawal from the EU. You can see from that that we already have a very extensive response on the part of the North/South Ministerial Council. That will be the location of discussions about the north-south issues arising from the Brexit negotiations.

With regard to the other issue you raise, our Government believe that there is a need for the widest possible conversation on the implications of the referendum result for Ireland north and south, and for north-south relations. The Government continue to explore options to achieve that in a way that accommodates the interests of those with interests or a stake in the issue, and there are many. As you know, the vote in Northern Ireland was 54-46 in favour of remain, which means that it was a cross-community vote in favour of remain. We have been encouraged by the responses from Belfast and London and of course from our own system. All of us are joined up when it comes to a shared agenda in trying to mitigate, minimise and completely avoid negative implications from Brexit for north-south relations and for Northern Ireland in particular.

The Chairman: There will be some funding implications regarding EU funds, will there not? I do not want to go on at length about that.

HE Dan Mulhall: One of the north-south bodies deals with the EU programmes.

The Chairman: Exactly.

HE Dan Mulhall: Clearly, there will be major implications. The audit that is to be conducted will look at all the different strands of north-south co-operation. For all of them, we will probably have to cope with some degree of impact from the Brexit negotiations and their outcome. The key thing is to consider all these things in advance and try to find ways of avoiding negative impacts arising from Brexit.

The Chairman: We will press on with our existing intentions, and we will then fill in with anyone who has any further comment. Lord Kinnoull is next.

Earl of Kinnoull: Thank you, Lord Chairman, but my salmon is on the bank.

The Chairman: If you are that happy, that is great.

Lord Liddle, who has intervened previously, has an issue to raise about



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sectoral trade, which is of interest to the Committee. Do you want to ask that one? Is there anything else you wanted to add? I thought at one point you did.

- Q11 **Lord Liddle:** Yes. Under what arrangement do you see the trading relationship between Britain and the Republic being secured best in future? I asked you earlier about the customs union, and you did not deal with that point. Also, there are people who are urging the Government to accept that Brexit is an opportunity to launch a great wave of deregulation in order to make Britain more competitive. What would be the Irish Government's view of that approach by Britain to the trading relationship?

HE Dan Mulhall: From our point of view, we would hope that Britain will remain as fully part of the European single market as is possible and that Britain will remain within the customs union. That would be our preference. Those outcomes would minimise the potential difficulties for Ireland, especially for Irish trade.

It is not possible for me, here at this time, to make any judgment as to what the British Government's negotiating position or set of desires for the future will be, but we will watch carefully the evolution of thinking on this side of the Irish Sea. We hope that the outcome will be that Britain will maintain the closest possible trading relationship with the European Union, because that is the way in which the relationship with Ireland can best be protected and enhanced further in the years ahead.

The Chairman: Lord Green is first, and then Lord Teverson.

Lord Teverson: No; I think mine has been answered.

The Chairman: Lord Green, and then I think we can conclude.

HE Dan Mulhall: I am obviously answering everyone's questions in advance; it is much too efficient of me.

The Chairman: Well, there you are.

- Q12 **Lord Green of Hurstpierpoint:** Ambassador, I have a quick follow-up on the question of trade. One possible outcome of the negotiations with the EU is sectorally focused; you could imagine some kind of association agreement where for certain key sectors Britain is inside the common external tariff and for others it is not. Are there particular sectors that are especially important for Irish-British trade?

HE Dan Mulhall: I made the point earlier that our two-way trade last year was approximately €1.2 billion a week, which is about £1 billion at today's exchange rate. From that figure you will realise that the trade is across the board. There is now more trade in services than there is in goods.

Lord Green of Hurstpierpoint: If I may, that is the point: services would not be affected by this question. It is the question of physical goods. Despite the large number, they may be concentrated in two or three



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particular sectors. It would be helpful for the negotiation if one knew that.

HE Dan Mulhall: I can mention three sectors that make up the vast bulk of our exports to the UK. The UK's exports to Ireland are probably more diverse, but ours are concentrated in chemicals and pharmaceuticals, in IT products and in food and beverages.

Interestingly, Britain is the most important market for Irish food and beverages, as you can imagine, given the proximity—Irish beef, butter, salmon, lamb et cetera. This morning I had the Tipperary food producers around to the embassy for breakfast. They had some wonderful black and white pudding, handmade sausages and so forth. Our food industry is a very important sector, with more and more specialised foods now.

The extraordinary thing is that Ireland is also the biggest market for British food exports. In fact, it is by far the biggest market. I think 40% of our food and beverage exports come to Britain. Our trade in food, believe it or not, is balanced. Britain exports almost the same quantity of food—value of food and drink—to us as we export to you. That is interesting, and it means that for the British food industry Ireland is a very important market, which reflects the fact that there are British retail outlets with multiple shops all over Ireland.

Those are the three areas that I would pick out. Clearly, the pharmaceutical and IT sectors are very large. They are substantially dominated by the multinational companies, which have big operations in Ireland and employ large numbers of people in Ireland. Apple is one good example, but there is also Pfizer on the pharmaceutical side. That trade is obviously global, and Britain is part of that trading network.

Where we would be affected most is in relation to indigenous Irish or Irish-owned companies—the kind of company that might employ fewer than 100 people and is producing a service or a product in a niche area, usually a high-technology product that has been developed in Ireland. Very often they are spin-offs from the bigger multinationals. Those are the kind of companies that are much more heavily dependent on the British market than the multinational corporations, which have global supply chains and can, if there is a reduction in their exports to the UK, redirect their exports somewhere else. Our concern, I suppose, is largely related to indigenous Irish companies, which may be more heavily reliant; about 40% of their exports come to the UK. That means that they are the ones that are in a more sensitive or exposed position from Brexit.

On food suppliers, Britain is of course not self-sufficient in food and never will be as far as I can judge. Therefore, Britain will always need to import food, and I guess Ireland will have an advantage in geographical proximity, especially if we are talking about sustainability, which is now a big issue for the food sector. Ireland is a producer of sustainable, environmentally friendly food products.



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One of the big challenges for the food companies and for companies in Ireland generally is the decline in the value of sterling, which, in a market such as food, where the margins are quite small, is quite a big challenge for companies to have to deal with. I know that sterling is rising in value again, but the longer-term scenario seems to be that the value of sterling may decline. That is a particular challenge for Irish exporters.

In the services sector, Britain has a surplus with Ireland in manufactured goods and a deficit in services. We would be keen for arrangements to be put in place to ensure that the movement of services is not unduly affected.

On the other side of the equation, there are suggestions that Ireland might benefit from British companies wanting or needing a location within the European Union. Because we have to face a negative consequence from Brexit, if there are companies that need to move from Britain, or move part of their activities from Britain to somewhere else in Europe, we hope that they will look favourably on Ireland as an English-speaking country that has many attractions for people who may want to live within the European Union in a country that has those attractions, both physical and in the hospitality and welcome that British people receive from Irish people wherever they go.

The Chairman: On that note, Ambassador, that is, if I may say—

HE Dan Mulhall: My little ad for IDA Ireland.

The Chairman: It exemplifies the positive nature of these exchanges. You have been very clear and helpful to us, you have been informative and you have been engaged in trying to achieve the best outcome for both our countries and for the European Union more generally in this quite demanding situation.

As I mentioned before, you have been a good attender of this Committee. You have been anxious to keep in touch and your officials have been helpful in doing so, and I am sure that we will want to do that. We will send you a transcript of this to check through. I am sure this will not be the end of our relationship during this period. We would like to record our thanks tonight. If we can invite the gallery collectively to withdraw, although I suspect some of them are the ambassador's staff, we will then have a very short deliberative meeting. Thank you very much.

HE Dan Mulhall: Thank you. It has been a pleasure.