



universidad  
de León  
Facultad de Ciencias  
Económicas y Empresariales

Faculty of Economics and Business Administration

University of León

Degree in International Trade

Course 2018/2019

BACKSTOP OR BACKWARDS: A TRADE ANALYSIS OF NORTHERN IRELAND  
IN THE BREXIT ERA

FRONTERA DURA O RETROCESO: ANÁLISIS COMERCIAL DE IRLANDA DEL  
NORTE DESPUÉS DEL BREXIT

Student: Ms Carmen Muñoz Gómez

Tutor: Mr. Juan José Lanero Fernández

León 2019

## ACKNOWLEDGMENTS

I truly want to thank all the people that have supported me not only these few months but also these four years, for providing me with continuous encouragement during this university stage.

Firstly, I want to thank my mum for being the strongest person I know, supporting me in every decision I take and helping me even in the hard times. Thank you for believing in me. Thank you for being so proud of me. Thank you for every single minute I spend with you.

Thanks to all my colleagues who have made my path simply amazing. Specially to you, Carlos and María. Thank you for appearing as a ray of sunshine and being there for me in the worst moment of my life, helping me rising from my ashes. I will always be in debt to you. I am also grateful to my other family members and friends who have supported me along the way.

Next, I would also like to acknowledge Juan José Lanero Fernández, whose expertise was invaluable in the formulating of the research topic, for helping me throughout these past months and caring about me when I needed so the most.

Finally, I would like to thank the person who is always on my thoughts. Thank you, dad. You have always supported me in every decision I have taken and I know you will always do so. Thank you for encouraging me to become the best version of myself. I know you would be so proud of me. As I am of you.

## TABLE OF CONTENTS

<b>TABLE OF ACRONYMS</b> .....	1
<b>1. ABSTRACT</b> .....	3
<b>2. INTRODUCTION</b> .....	5
<b>3. GOALS</b> .....	14
<b>4. METHODOLOGY</b> .....	15
<b>5. THE GOOD FRIDAY AGREEMENT</b> .....	18
<b>5.1 CORE PRINCIPLES OF THE GOOD FRIDAY AGREEMENT</b> .....	23
<b>5.2 ADJUSTMENTS TO THE BRITISH AND IRISH LEGISLATIONS</b> ....	24
<b>5.2.1 Strand One: Democratic Institutions in Northern Ireland</b> .....	25
<b>5.2.2 Strand Two: North/South Ministerial Council</b> .....	25
<b>5.2.3 Strand Three: British/Irish Council</b> .....	26
<b>5.3 RELATION BETWEEN THE UK WITHDRAWAL AND THE GOOD FRIDAY AGREEMENT</b> .....	26
<b>6. PROCESS OF WITHDRAWAL</b> .....	28
<b>6.1 REFERENDUM</b> .....	28
<b>6.2 ARTICLE 50</b> .....	29
<b>6.3 IMMEDIATE REPERCUSSIONS AND POTENTIAL IMPLICATIONS</b> .....	31
<b>6.4 SCENARIOS</b> .....	32
<b>7. HOW DOES THE BREXIT AFFECT MARKETS</b> .....	38
<b>7.1 HOW DOES THE BREXIT AFFECT THE EUROPEAN AND BRITISH ECONOMIES</b> .....	38
<b>7.2 HOW DOES THE BREXIT AFFECT FINANCIAL MARKETS</b> .....	41
<b>7.2.1 Devaluation of the pound sterling</b> .....	42
<b>7.2.2 Effects on the stock exchange markets</b> .....	44

7.2.3	London’s role as an international financial centre.....	45
7.2.4	How does the Brexit affect companies listed on the IBEX35.....	45
7.3	COMPANIES WHICH HAVE LEFT THE UNITED KINGDOM.....	47
7.4	eCOMMERCE .....	48
8.	TRADE RELATIONS .....	49
8.1	UNITED KINGDOM.....	49
8.2	IRELAND .....	51
8.3	NORTHERN IRELAND .....	52
8.3.1	Border difficulties .....	55
8.3.2	Backstop .....	56
8.3.2.1	“Backstop to the backstop” .....	60
9.	CONCLUSIONS.....	60
10.	REFERENCES.....	62
11.	ANNEXES.....	69

## INDEX OF TABLES AND FIGURES

Table 6. 1: The impact of Brexit on the Irish Economy across long-four term scenarios .....	34
Chart 7. 1: The impact of Brexit on different economies.....	39
Chart 7. 2: Exports of goods and services in % of GDP .....	40
Chart 7. 3: Pound performance since the EU Referendum.....	43
Chart 7. 4: Impact of Brexit on selected stock indices as of June 24, 2016.....	44
Chart 7. 5: Performance of the IBEX35 index .....	47
Figure 8. 1: Share of exports of goods from Northern Ireland and UK by destination (2016) ...	53
Figure 8. 2: Share of exports of goods from Northern Ireland and UK by SITC1 category .....	54

## **TABLE OF ACRONYMS**

BBVA Banco Bilbao Vizcaya Argentaria

BEC Broad Economic Categories

BIC British-Irish Council

BoE Bank of England

CU Customs Union

DIE *Deutsches Institut für Entwicklungspolitik* (German Development Institute)

DUP Democratic Unionist Party

EC European Communities

EEA European Economic Area

EEC European Economic Community

EFTA European Free Trade Area

EHIC European Health Insurance Card

ESMA European Securities and Markets Authority

EU European Union

FTA Free Trade Agreement

GDP Gross Domestic Product

GSP Generalised Scheme of Preferences

IAG International Airlines Group

ICEX Instituto Español de Comercio Exterior

ICMA International Capital Market Association

INLA Irish National Liberation Army

IRA Irish Republican Army

MEPs Members of European Parliament

MFN Most Favoured Nation

MPs Members of Parliament

NISRA Northern Ireland Statistics and Research Agency

PIRA Provisional Irish Republican Army

PM Prime Minister

SITC Standard International Trade Classification

SNP Scottish National Party

TEU Treaty on European Union

UKIP United Kingdom Independence Party

UK United Kingdom

US United States

WTO World Trade Organization

## **1. ABSTRACT**

Our Paper is focused on the analysis of the economy of the United Kingdom and Ireland in general, and more specifically of Northern Ireland, emphasising the situation of uncertainty that is taking place nowadays and which supposes an unfavourable outlook for both countries, specially with respect to their trade relations.

The Paper is developed around four main parts which try to explain the withdrawal process of the United Kingdom from the European Union from several points of view, beginning with an historical introduction which allows the reader to position himself or herself in the appropriate time and context for the further development of the topic. Next, the relevance of the Good Friday Agreement and its influence on the current situation are discussed. Furthermore, the consequences that the Brexit is having on the markets and the international trade, always focusing the development on Northern Ireland are explained. Finally, we expose briefly the probable but uncertain future of Great Britain and the European Union as a whole after the final aftermath of the Brexit.

**Keywords:** Brexit, European Union, Northern Ireland, Trade Relations, Border, Referendum, Good Friday Agreement



## **RESUMEN**

Nuestro trabajo se centra en el análisis de la economía del Reino Unido e Irlanda en general, y de Irlanda del Norte en particular, haciendo hincapié en la situación de incertidumbre que se está viviendo en la actualidad y que supone un panorama desfavorable para ambos países, en especial en lo referido a sus relaciones comerciales.

El trabajo se desarrolla en cuatro partes fundamentales que intentan explicar el proceso de salida del Reino Unido de la Unión Europea desde varios puntos de vista, comenzando previamente con una introducción histórica que permite al lector situarse en el tiempo y contexto adecuados para el posterior desarrollo del tema. Seguidamente se estudia la importancia del Acuerdo de Viernes Santo y la influencia que tiene en la situación actual. Además, se exponen las consecuencias que el Brexit está teniendo sobre los mercados y sobre el comercio internacional, centrandolo siempre en Irlanda del Norte. Finalmente, se expone brevemente el probable pero incierto futuro de Gran Bretaña y de la Unión Europea en su conjunto tras la efectividad del Brexit.

**Palabras clave:** Brexit, Unión Europea, Reino Unido, Irlanda del Norte, Relaciones Comerciales, Frontera, Referéndum, Acuerdo de Viernes Santo.

## **2. INTRODUCTION**

When at the very beginning of this academic year we chose the topic of the “Final Project Work”, immediately the Brexit drew our attention. Months of negotiations, the target of reaching an agreement and the analysis of the documents which co-signed by the European Union-United Kingdom merited our attention and, if we are allowed, in-depth study and dissection of them, lay ahead.

Unfortunately, none of this has taken place yet and the uncertainty of how, when and by whom an agreement is sealed is purely unknown and belongs to the only field of speculation. To study the referendum known as Brexit is fully complicated as the current situation proves; but even more difficult is to focus and concentrate on what is referred to the role played in the past, present and surely future by the island of Ireland.

It is required, then, to go back in time to the times of the Anglican Reformation (1534). The well known king Henry VIII severed ties with the See of Rome and established kind of a national church which tried to extend its tentacles into Great Britain’s sister island: Ireland. But the Anglican Reformation, as its name suggests, remained tightly circumscribed to England. Scotland had its own Reformation in 1560 by the hand of John Knox, who opened the way for the Presbyterian-Calvinist Church. Anglicans overwhelmingly settled in the south part of Ireland, while the Presbyterian-Calvinists did so in North Ireland.

Talking about religion in Ireland means talking about much more than faith in a supreme being.

St. Patrick’s monks had settled the foundations of the Roman Catholic Church. Only a minority in the south would be Anglican, although a majority in the north would be Presbyterian-Calvinist.

As we well know, the thrones of England and Scotland were unified in 1603. The Scottish Parliament was abolished more than a hundred years later, in 1707. Anglicans in the south and Presbyterian-Calvinists in the north alike expelled from their properties the Catholics which since then and until recently have been the humble Irish class.

In 1800, the London Government committed one of the greatest mistakes of its history: by virtue of the Act of Union (1800), England, Scotland, Wales and Ireland constituted one single country under the denomination of United Kingdom of Great Britain and Ireland. The uncomplaining Catholics did everything in their hands to relieve themselves from the yoke of the English invader in some cases and the Irish one in others. In the decade of 1840, the so called “potato crisis” led ones to death and others to the emigration to the United States. From these last ones the Kennedy family is noteworthy and should be pointed out since, as we know, one of its members came to the White House.

The British 19th century is synonym of the power and glory of the British Empire. The Irish issue remained anaesthetised. What the London Government was ignoring was that it lacked information of the behaviour of the “British citizens of Ireland”. Thus, when the Police came to arrest an Irishman, before arriving he had already disappeared. The advent of the 20th century started to change slightly the Irish settlement. Nevertheless, the outbreak of the Great War made the London Government let to another time the resolution of the issues in Ireland at least until the war was finished. In the elections of 1918 the whole United Kingdom was called to the polls. Ireland had to choose 72 representatives which would represent the country at the Westminster Parliament. They never managed to do so. Since the elections, the 72 parliamentarians started to gather together in Dublin with the aim of confronting the English invader and winning the independence.

But as we have already mentioned, the south, mainly Catholic and with a reduced English representation, learned to support itself. The Catholics of the north knew very well that they were subjugated by the Presbyterian-Calvinists and that these last ones would never agree to be part of an independent Ireland.

In the face of this confrontation, and by the hand of an Irish-Spanish man, de Valera, the differences of opinion did not give the independence to any of the factions and the matter resulted in “sort” of an Irish civil war. We also know that the decade of the 30s was not easy for Europe and neither for the United Kingdom. The emergence of a totalitarian state in Germany and Italy numbed for the second time the Irish concern. The Second World War delayed that the London Government postponed a satisfactory solution.

But the surprise popped out when after the World War was finished, the victorious Churchill lost the elections and gave the keys of Downing Street to a labour Prime Minister. The World War had changed so many things and in the United Kingdom things were going to change even more. In 1947 the first wake up call took place: the jewel of the crown, India, won the independence; and in 1949 the Republic of Ireland was formally created. The fact is that since the end of the Great War, the British authorities ignored completely those who were loyal, not only the Irish population but also the civil servants of the London Government. The lack of collaboration of the civil servants became flagrant. The situation was unsustainable and it was understood that the best solution would be to concede Ireland her independence. The surprise was bigger when the thirteen counties of the north opposed to be part of the Republic and decided to remain in the United Kingdom (the most partial historians have always understood that they decided to remain next to the United Kingdom more for fear of revenge of the Irish who were expelled from their properties than for loyalty to the crown).

Since 1949, one of the most dismal pages of the cynically so called “Irish Question” was beginning to be written. The guerrilla warfare, masterfully organised by the Irish Catholics since 1800, happened to become in the Irish Republican Army (IRA). The blood ran more than water during decades in that country always rainy. Kind of a net was established, formed by: the terrorist group IRA, the Catholics contributors from the British north, the precious donations of weapons of the Irish emigrants to the United States and the inestimable protection of the Roman Catholic Church, which has never recognised the participation of the island (remember that the Cardinal Primate of Ireland is so for the WHOLE Ireland and signs so nowadays his writings). The guerrilla warfare that we referred to earlier, the continuous skirmish carried out by the IRA, found an answer in the Protestants of the north who equally knew how to respond with more blood to blood.

The labour Government of the end of the decade of 1960 had no other choice than recognising that the situation in Northern Ireland was, purely and simply a war and that, consequently, the security should be on the hands of the army and not of the police, which was withdrawn of the streets. The complicated situation occurring in Northern Ireland, brought to the division of the cities according to their religion; and once the collaborationist lesson was learned, so that the history was not repeated, the Catholics of

the North were not allowed to be civil servants, neither members of the security forces, neither students of the universities, neither members of any profession which implied a presumed threat to their Protestant neighbours. Historians of that time defined the situation as “the Theory of the Bloodshed”. In other words: if the island was reunited, Protestants would continue killing; if the island continued being fractured, the IRA would act in the same way. It did not seem, then, that a solution was close. And so it was.

The conservative government of Edward Heath (1970-1974) understood that the new situation the United Kingdom was involved into (loss of the Empire; crisis concerning exports and the emerge of the generation which came to be named as “Angry Young Men”), everything not to mention the Irish crisis, required a not so good solution, but at the end of the day, a solution.

The conservative government achieved, as difficult as it sounds, the incorporation to the European Economic Community (EEC). And it did so, and for us it does not result surprising, at the same time than the Republic of Ireland. In the punitive referendum of the entry of the United Kingdom in Europe, the population voted overwhelmingly in favour with 67% of the votes. It is pertinent to remind here that the labour party opposed and that its current leader voted against. Maybe, just maybe, these minor nuances are where the realities of a problem which seems insoluble are anchored: the Brexit.

Unsurprising it may be, the government which had taken the United Kingdom into the EEC lost the elections and gave the keys of Downing Street to a labour minority government. The Anglo-Irish history did not stop being surprising: in 1976 Margaret Thatcher won the leadership of the Conservative Party; in 1978, the labour minority government lost a vote of no confidence proposed by the Liberals Conservatives and Thatcher became Prime Minister in the general elections held in that year. Meanwhile, the large list of murders in both ways did not cease neither in the north or the south of the Irish border. An assassination of high relevance took place in 1979: Lord Mountbatten was murdered in the Irish county of Sligo. Let us not forget that he was the Queen’s cousin and nothing less than viceroy of India. The British Prime Minister understood that the Irish matter needed special attention (probably for having been herself victim of a frustrated attack).

The bloody history of Ireland; an island divided into two; a United Kingdom devoid of Empire; a population with lost identity did a strange blend in which the coincidences of destiny, or not that much, put the old United Kingdom and the new Ireland together in a supranational institution, the EEC.

But the story is not completely narrated yet. The long mandate of Thatcher had prepared historical Anglo-Irish chapters which are worth to analyse thoroughly.

The mistrust referred to the belonging of the United Kingdom was not far behind. Thatcher understood that the European Commission aimed to be sort of a federal government; the European Parliament would be the Parliament of all its nations; the European Court of Justice, kind of a Supreme Court for all the countries. Ultimately, the Prime Minister interpreted that what it was all about was losing sovereignty and contributing more than what they were receiving. A situation of such confrontation ended with her days at Downing Street. Forced to resign, she was succeeded by John Major, who followed the same line. The long conservative stay in charge of the British government came to its end with the advent of the so called “New Labour” of Tony Blair. Together with some negative aspects, such as the United Kingdom’s refusal to join the Schengen Treaty and to the adoption of the euro as the official currency, two remarkable events took place during this first Blair’s mandate.

The Good Friday Agreements entailed the arrival of peace and the ceasefire by the IRA and the Protestant factions. The Irish Republic and the United Kingdom put an end to a period of blood and opened up doors to the self government to be imposed in Northern Ireland. It implied the constitution of an autonomous government composed by Protestants and the political successor of the IRA. Bearing in mind that a period of peace was already established, the border between the two Irelands opened (which comes up against frank contradictions with the so called backstop that the European Union wishes to impose).

A year later, in 1999, the devolution took place. By the same, Scotland opened up doors again of its Parliament and Wales obtained an Assembly. Of both entities, the constitution of two governments headed by a First Minister was derived. Blair’s era, in spite of Iraq’s issue, offered the country a period of peace, the stop of terrorism and the devolution of power to Scotland and Wales.

Nevertheless, as it had already happened during the conservative mandate, in 2010 the Labour Party arrived exhausted to the elections. The new Conservative leader, David Cameron, emerged victorious, even though with insufficient majority to govern which had to agree with a coalition government with the Liberal Democrats. Despite of that relative victory, the number of detractors of the European Union increased in number and strength, essentially nurtured by the Conservative's ranks. Cameron made a mistake by agreeing with the First Minister of Scotland to hold a referendum which could lead to the Scottish independence. The First Minister failed to respond to the currency which would be used by the new nation, the payment of pensions and, what was even more serious, remaining outside the European Union. It seems these arguments led a majority of Scottish to vote against independence.

In 2015, the victory of the European elections fell on the side of the UKIP. It was a serious warning for the Conservatives. Nevertheless, Cameron understood that likewise the permanence of Scotland in the United Kingdom had been won, a referendum about the remaining of the United Kingdom would be won as well. The Prime Minister interpreted that he would win the next general elections, whilst without an absolute majority and needing again the Liberal Democrats in order to form a new government. He interpreted as well that the Liberal Democrats would oppose the celebration of the referendum and the compromise of celebrating it would remain as waste paper. Once again he failed. The Conservatives won the elections by absolute majority and Cameron had no choice but holding a referendum for June 2016. With the Brexit referendum begins one of the darkest pages of the recent history of the United Kingdom. Both the UKIP and an important faction of the Conservative Party did a campaign in which they presented topics such as immigration, jobs and the exorbitant contribution of the United Kingdom to the European Union. To put it another way, it was sold that the United Kingdom received less than what it gave to the EU.

Events hurried along: Cameron resigned the next day and a race for the leadership of the Conservative Party and its government was initiated, which was won by Theresa May. With the aim of cooling off conservative tempers, she introduced in the government both supporters and detractors of the permanence in the European Union. Nonetheless, it was not until March of 2017 when the British ambassador to the European Union delivered a brief document in which he denounced the article 50 of the Treaty of

Lisbon, referred to the withdrawal of the United Kingdom from the European Union. With the presentation of the document a period of negotiations which would lead to the disconnection in March 2019 was dated.

In April 2019, unexpectedly, May called an early general election. She proposed to move from the 333 Cameron's parliamentarians to around 400, who would be of her own and would place her in a better position to negotiate, from a strong position, the withdrawal of the United Kingdom from the European Union. May failed on her predictions. Far away from the 400 parliamentarians she stayed with only 319 and, then, scarce for an absolute majority of 326. She reached an agreement with the North Irish Party DUP the formation of a parliamentary majority. The aforementioned DUP is a radical Northern Irish conservative variant in which divorce, abortion, or same sex couples, are aspects rejected in the bud. This agreement, moreover, jeopardized the Good Friday Agreements and put serious difficulties in order to constitute a new Northern Irish government which thus far has been impossible to build.

The three British ministers for the Brexit have been unable to reach any kind of agreement until November 2018, by the Prime Minister herself, when one with the European authorities was reached. Only one thing was pending: passing by the British Parliament, but it has been turned down in three different occasions. Against this background, only two possibilities remained: the Prime Minister could request an extension of the negotiations or simply go for an exit without agreement. Finally, the first solution is the one which has been shaped. The negotiation period will conclude at the end of October 2019 and an extension for the total disconnection could be settled until 2021. The incapacity of the London Government to make any kind of decision has led the Prime Minister to present her resignation to the leadership of the party and the government. Her decision, with effect on 7th June 2019, does not automatically exclude her from power, but implies a leader selection process by the conservative parliamentarians.

The extension of the negotiation period has forced the United Kingdom to participate in the recent European elections. In these, the new party of the Brexit has emerged as the winner, followed by the Liberal Democrats, the greens, the Labour Party and in a humiliating fifth place, with the 8% of the votes, the Conservative Party.



The new leader and Prime Minister selection process will conclude when the parliamentarians had chosen the two more voted among all the presented ones. It will be then the conservative affiliation who will vote the new leader. That election will be held at the end of July. From then on, as we truly want to condense throughout these introductory lines, what is going to happen is a pure speculation. The winner will not have so much time for a new negotiation with Europe; and the European authorities themselves have already recognised that there is nothing to negotiate. There would always be an exit without agreement in which the International Courts would have to bring order into that disconnection.

But besides these two possibilities, even though in a remote situation, in view of the humble results of the Conservatives in the last European elections, the new Prime Minister has the power of call for new general elections. What we can actually say about them is nothing more than speculation. Logically, the results and the compromises that the different parties are willing to acquire with the electorate are unknown. It is clear that the Liberal Democrats will promise a new referendum and ask for the permanence in the European Union. The SNP, representative of the Scottish nationalism, will adopt the same position, albeit the Prime Minister threatens the celebration of a second referendum of independence with unpredictable results.

Besides what has been said so far, the United Kingdom still has a terrestrial border with the European Union: this is none other than the one which divides the two Irelands, the known as backstop is not only responsibility of the United Kingdom, but also of the Republic of Ireland which, as a community country, will be forced to follow the rulings of the Brussels Commission. But maybe it will be necessary to put order to what can occur with the results of the main party of the opposition, the Labour Party. Suffice it to recall that once it opposed the entry of the United Kingdom in the EEC; that the current labour leader, Jeremy Corbyn, voted against the entry in the Union in the 1975 referendum; that whilst the base of the Labour Party is showing prone to the permanence, its leaders have not defined themselves firmly by the same.

Meanwhile, the uncertainty reigns in Irish lands. The lack of an agreement with the European Union jeopardizes the reiterated Good Friday Agreements. Northern Ireland and the Republic of Ireland should agree on a withdrawal which would permit to continue with the current status stemming from the Good Friday Agreements.

The uncertainty of the coming months will lead us to an uncertainty which is forced by the instability of a government that has not known how to negotiate and of future governments that currently can guarantee nothing bearing in mind the results for the conservative leadership or of new hypothetical elections.

### **3. GOALS**

The main purpose of this Paper is to analyse and explain the controversial situation the United Kingdom, the Republic of Ireland and, more specifically, Northern Ireland, are going through.

The development of the work is structured into four main points:

1. First of all, we considered useful to start the essay by explaining the historical events which led to the current situation, i. e. all the relevant events which took place mainly in Ireland during the past centuries and therefore determined the progress of the country throughout the years. We have explained in depth how the island of Ireland has always been divided between the Protestants and the Catholics, between the unionist wish of remain being part of the United Kingdom or break ties with the country and become a part of the Republic of Ireland. This situation has come along with the consequence of violence and terrorism, being the role played by the IRA essential in order to understand the history of the country.
2. Moreover, it is also convenient to develop the process through which the United Kingdom is trying to leave the European Union by explaining in detail the Article 50 of the Treaty of Lisbon and what repercussions and implications it may have in the nearby future. In this regard we have also explained the possible scenarios that can take place from now on, depending on which kind of agreement is reached between the European Union and the United Kingdom.
3. Furthermore, to carry out this analysis, we considered necessary to explain how the Brexit situation is affecting the markets in general and, more specifically, the financial markets and the global stock exchange markets, since it also determines the economy growth and therefore the trade relations among countries, which is the main point of our Paper.
4. Finally, the central axis of the work is analysing the trade relations of the United Kingdom, the Republic of Ireland and Northern Ireland, and also the main issue of this withdrawal process, which is none other than the “backstop”.

All these matters lead us to talk about checkpoints, tariffs, trading partners and some other terms which will be further developed throughout the essay.

#### **4. METHODOLOGY**

The history of Ireland is full of setbacks, crisis, austerities and blood. The relations between the islands of Ireland and Great Britain have always been the relations of a continuous confrontation which only since the Good Friday Agreement offered a glimpse of hope and opened a period of peace that brought the confrontations to an end, occasionally with the Britons, and some other times between the Irish themselves, who took a stance in favour or against its own unity with the United Kingdom.

Apart from we have just pointed out, we have to add the subsequent period to the Brexit (it must be pointed out again that the Northern Irish voted in favour of the permanence in the European Union) and the relevant significance which has supposed the backstop matter in the thwarted negotiations, the topic of our Final Project Work cannot be addressed in other way than from a triple focus:

- a) The Irish historiography teaches us how for much of the twentieth century peace was sought and it was not achieved due to fierce confrontations between Protestants from the North and Catholics from the South. But the adjectives that we have just used go well beyond what some religious beliefs could mean in other parts of Europe. The history of Ireland, essentially its partition, is an event which the Good Friday Agreement has tried to soften, even though in no case lead to forget and disappear a society divided into those who feel completely British or completely Irish.

Consequently, the analysis of the Brexit as far as it concerns Ireland, must be mandatorily historical, since the trade relations between both Irelands have known two decades of prosperity and understanding. The creation of a Government in London supported by the Northern Irish DUP has meant for economists and political scientists a possible return to the period prior to the Good Friday Agreements. In that sense, we must not forget that a backstop (hard border between the Republic of Ireland and the British Northern Ireland) would put an end to a period of peace and prosperity process in the business world between the North and the South. Nonetheless, it seems undeniable that the aspirations of a United Kingdom of the Brexit (which underline the withdrawal

from the European Union and a radicalisation in terms of trade and immigration) imply obligatorily a revision of the “soft” border between both Irelands.

Equally, many speak volumes, this time from the North, which have threatened with a hypothetical reunification of the island.

- b) But the historical events do not just happen without a reason and always attend to a possible withdrawal which could signify more welfare of Irish citizenship. While we are writing this paper, the United Kingdom has a resigning Prime Minister who will yield leadership of the Conservative Party and the keys of Downing Street to a successor who can, or maybe not, aspire to the achievement of an agreement with the European Union before the end of October 2019. An abrupt withdrawal, acknowledged by a vast majority, would have negative and unpredictable repercussions for the United Kingdom, for Northern Ireland, for the Republic of Ireland and subsidiarily for the whole European Union. Therefore, the method to be used has to be unavoidably critical facing all the question marks which suggest the temporary stay of the Premier May (until the third week of July of 2019) and the arrival of a new Prime Minister who can take the decision of a withdrawal without agreement, a negotiation in the short term until October of 2019 or a call for an early general election which may give a result not necessarily of continuity, in the sense that the Conservative Party would win again.
- c) The historical element, with the weight it carries for the Brexit, no matter which between both Irelands, and the critique which may be done about three years in which Great Britain and the European Union have not reached an agreement in neither of the scopes (it must be pointed out that in November of 2018 the agreement reached between the outgoing Prime Minister and the authorities in Brussels has been rejected on three occasions by the British Parliament) requires a exegesis of verifiable facts (some real, others uncertain and many of them belonging to the field of speculation). Face with this reality which has fractured the British population and also the Northern Irish one, there are a range of data that will remain reflected in our Paper: during the period from the Good Friday Agreements to the present day, the data we will handle regarding trade and vicinity relations between both Irelands are nothing but a faithful exponent of

thriving relations where some saw the advantage of the permanence in the European Union and others, the most daring ones, see a possible withdrawal towards an attempt, long and laborious, of the reunification of the island.

History, critique and exegesis constitute the tripod on which this Paper is based. The Brexit has stirred up a bloom of the attainment of an independent Scotland. Hence, its First Minister is advising repeatedly about a second referendum of independence of Scotland. And in Northern Ireland could happen a movement in reverse: the defense of a reunification, which not necessarily had anything to do with a Northern Ireland integrated into the Republic of Ireland, but with a possible second Good Friday Agreement that, essentially in terms of trade, tariffs and timidly politics, could open the way for two more united Irelands, more connected and more willing to the island to gain a commercial land which it does not have nowadays due to its division and its size.

## 5. THE GOOD FRIDAY AGREEMENT

We have to go back to the French Revolution in order to understand the concept of *nationalism*. It is a concept that understands the nation as a national entity created by virtue of a public project, based on the fundamental rights and liberator of the peoples. (Fuentetaja & Galvache, Reflexiones sobre la evolución del conflicto en Irlanda del Norte, p. 9) The sense of nationalism would have gone exacerbating throughout the years, but already Saint-Just foresaw:

“There is something terrible about the sacred love of the fatherland: it is so exclusive that it immolates all for the public interest, without pity, without hesitation, without any human respect; what produces the general good is always terrible (...) there is nothing that resembles virtue as much as a great crime”.

(Palacios Buñuelos, La España Plural, 2005, Reflexiones sobre la evolución del conflicto en Irlanda del Norte, p. 9)

Reflection of this revolutionary nature of French origin, the movement of the United Irishmen was formed, under the leadership of Wolf Tone, who also was influenced by the United States War of Independence. They would cause in 1798 a failed revolt which supposed the signature of the Act of Union, whereby Ireland became part of the United Kingdom of Great Britain and Ireland.

Several years later, in 1858, the Irish Republican Brotherhood was born, which would proclaim itself in favour of political violence. This was not the only paramilitary organisation which emerged in those years, characterized by a systematic terrorism and the Irish people's struggle for independence.

The Sinn Féin (“We Ourselves”) aroused in 1905 by the hand of Artur Griffith, who would become the axis, together with the IRA, of the birth of the Irish Free State. It supported the establishment of an Irish Parliament and the end of the political separation of Ireland (Cowell-Meyers & Arthur, n. d.), being its ideology considered as republican and left-leaning. It stands, still nowadays, for “the right of Irish people as a whole to attain national self-determination”. (Sinn Féin, n. d.) Artur Griffith established in his work “The Resurrection of Hungary” an interesting parallelism between the Irish and

Hungarian situations, since his plan with the creation of the Sinn Féin was to follow the Hungarian example of 1861. At that time, Ferenc Deák, Hungarian Minister of Justice and constitutional leader, refused to support Austria during the Austro-Prussian War, although the country offered to Hungary its independence, since only the Government of an already free Hungary should pledge the lives of the Hungarian people.

Thus, Artur Griffith would require the nullity of the Act of Union, with the consequent retirement of the Irish deputies from the British Parliament. According to Pearce & Geoffrey: “The Act of Union denied Ireland the right to its own Parliament and made its representatives sit as a minority in the English Parliament”. (British Political History (1867-1995): Democracy and Decline, p. 110)

According to George W. Russell, the Sinn Feiners placed Home Rule and other various Irish problems above a victory for the allied powers. (Russell, The Irish Home Rule Convention, 1917, p. 19) On Good Friday evening, a German ship which was cloaked under another name carrying weapons and ammunition was stopped by the British off the Irish coast (Pollard, Secret Societies of Ireland, 1922, p. 147) Casement, who was the leader of the ship, was arrested by the British, taken to London for trial and, finally, hanged. This act was an indubitable indication of the seriousness of the situation.

The situation did not improve when the London Government forced a vast majority of the Irish population to participate in the Great War. The violence became more acute and numerous paramilitary organizations were born, which lead to the Easter Revolt of 1916 under the leadership of the Sinn Féin. The Dublin Post Office became the headquarters for the self-styled leaders of the new Irish Republic, who were acting “in the name of God and of the dead generations from which she receives her old traditions of nationhood”. (Pollard, Secret Societies of Ireland, 1922, p. 129) The Irish public opinion did not defend The Easter 1916 rising, which according to (Curtis, A History of Ireland, 1961, p. 406) was a “blood sacrifice for an Ireland that had become apathetic”.

A quote which reflects perfectly the situation Ireland was going through in those years, when tones of men fighting for the Irish independence were executed, is from Patrick Pearse (1916), one of the first martyrs:



“They think they have foreseen everything, but the fools! the fools! the fools! They have left us our Fenian dead; and while Ireland holds these graves Ireland unfree shall never be at peace”.

The IRA would initiate a prolonged guerrilla warfare with the use of violence and terrorism as a banner until the signature of the Anglo Irish Agreement of the 6th of December of 1921, which would proclaim the Irish Free State, that did not include the six Ulster Counties. These ones would remain under the British sovereignty as Northern Ireland. The most radical Republicans caused the outbreak of the Civil War (1922-1923) as a justification of the unity of Ireland. (Fuentetaja & Galvache, *Reflexiones sobre la evolución del conflicto en Irlanda del Norte*, pp. 13-14)

Meanwhile, in Northern Ireland a new movement in favour of the equality between the Catholic minority and the Protestants, initially placid, emerged. They were gradually radicalizing, as well as the Protestants attacks on Catholic ghettos. The denunciation of these situations of divergence would be the principal aim of the March for Civil Rights organised during the 60's. (Fitzduff, *Más allá de la violencia*, 1998, pp. 22-23) Precisely the recognition of these civil rights is what would start “The Troubles”, the most bloodthirsty period of the Northern Irish conflict. (Galvache, *Reflexiones sobre la evolución del conflicto en Irlanda del Norte*, p. 22)

In the subsequent years, the IRA was fragmented and it gave rise to the PIRA (Provisional Irish Republican Army), which was gaining followers among the Catholics of the North due to its belief in the armed struggle against pacifism and became the protagonist of the armed struggle of the Republican Front in Northern Ireland. (Fuentetaja & Galvache, *Reflexiones sobre la evolución del conflicto en Irlanda del Norte*, pp. 15-21)

Thus, the most government supporter split of the IRA neither laid down the arms until 1972 and once it did so it suffered a new fragmentation constituting its most radical sector, the Irish National Liberation Army (INLA). (Fuentetaja & Galvache, *Reflexiones sobre la evolución del conflicto en Irlanda del Norte*, pp. 16; 25)

In such a hostile environment, attacks began to happen, such as the Harrods warehouse bomb or the Thatcher's assassination attempt (Fuentetaja & Galvache, *Reflexiones*

sobre la evolución del conflicto en Irlanda del Norte, p. 16), until the signature of the Hillsborough Castle Framework Agreement, which would lead subsequently to numerous negotiations which would result in the signature in 1998 of the Belfast Agreement.

As regards Northern Ireland, looking back at a few years ago, we can talk about the economic growth which began in the Republic since the approval of the Constitution of 1937. It was up to the minute that the economical interests of Northern Ireland did not differ to a great extent from those in the United Kingdom, so that in 1965 the Anglo-Irish Free Trade Agreement would be signed, after the entry of Ireland into the United Nations (1956). (Galvache, *Reflexiones sobre la evolución del conflicto en Irlanda del Norte*, p. 20)

A few years later, in 1973, both the Republic of Ireland and the United Kingdom entered the EEC. Nonetheless, problems between Catholics and Protestants continued. There came a time, specifically in 1973, in which the British Government decided to carry out legislative reforms with the aim of abolishing the inequalities between the aforementioned groups, so it established the Standing Advisory Commission on Human Rights and, 21 years later, the Policy Appraisal and Fair Treatment (1994), with the aim of ensuring the unbiased treatment of citizens. (Galvache, *Reflexiones sobre la evolución del conflicto en Irlanda del Norte*, p. 20)

Furthermore, also in 1973, the Agreement of Sunningdale would be reached, through which the broad lines of cooperation between the territories of the Republic of Ireland and the United Kingdom would be established. Nevertheless, the general belief in the United Kingdom was that “the problems of Ireland could only be solved by the people of Ireland themselves”, as Merlyn Rees said after the Sunningdale conference (Mercau, 2010). In fact, the agreement was doomed to be a fiasco.

Ten years later, in 1983, the government of the Republic created the so called New Ireland Forum, which offered to the United Kingdom three options: the unification of Northern Ireland and the Republic of Ireland, the creation of a new Federal Republic in the wake of both territories and, finally, a statute of pooled sovereignty. Neither of these options was accepted by the United Kingdom, so none palpable solution to the matter was reached. Hence, the Thatcher government chose to negotiate other alternatives,

which led to the signature of the Anglo-Irish Agreement of 1985. (Galvache, *Reflexiones sobre la evolución del conflicto en Irlanda del Norte*, pp. 28-29) In the agreement, the two governments:

- State that any change in the situation of Northern Ireland would be possible only with the consent of most of the Northern Irish population,
- affirm that the main wish of a majority of people in Northern Ireland is for no change in the Northern Irish status,
- establish that, if in the future the Northern Irish people wish for the establishment of a unified Ireland, both Parliaments will change the legislation in order to give effect to it.

(Anglo-Irish Agreement, 1985)

In 1993, the Downing Street Declaration took place, through which what was agreed in the aforementioned Anglo-Irish Agreement of 1985 was ratified. Moreover, it was set up that the autonomy of both the north and the south of the border would be put to a referendum prior consent of the Irish population, in the event of devolution of powers to the Irish Government. The Agreement was established as a starting point towards the peace process. Both governments, of the Republic of Ireland and the United Kingdom, agree that unification could only be carried out under the population's agreement and cooperation, from both the North and the South. Thus, its principal aim is to promote an agreement which implies a new political framework that addresses the issue of Northern Ireland, with the ultimate goal of reaching a situation of peace, reconciliation and stability, for what both governments will work jointly. Furthermore, it established as a unique competence of the Irish population as a whole the search of a united Ireland and, therefore, the exercise of its right to request it. Then, the imposition of a united Ireland would be found to be unjust if it is not the wish of the vast majority of all the Irish, also believing that the unity or not should depend on the coexistence between the two main cultures of the island. In case of both Irelands being constituted as a single country, the governments of the Republic of Ireland and the United Kingdom would legislate in this regard in order to give effect to this eagerness, in addition to creating competent institutions in this respect

(Joint Declaration on Peace: The Downing Street Declaration, 1993)

A relevant fact was doubtlessly the ceasefire declared by the IRA in 1994, which favoured, initially, the opening of negotiations, always covered by an unquestionable situation of non-violence which was underpinned by the formation of the International Commission on Disarmament (1995), more commonly known as Mitchel Commission. Nevertheless, there were tiny embers of violence, mainly in the wake of the request of laying down the arms before the negotiation process. Hence, the IRA put an end to the ceasefire in 1996 and reestablished terrorist violence with a succession of attacks in London. Even so, the beginning of the negotiations came quickly. (Galvache, *Reflexiones sobre la evolución del conflicto en Irlanda del Norte*, p. 33)

In 1997 new elections took place, in which the Labour Party became victorious. Certainly, it did not imply any change regarding the Agreement of 1985 and subsequent Downing Street Declaration (1993). (Galvache, *Reflexiones sobre la evolución del conflicto en Irlanda del Norte*, p. 34)

Thanks to the Sinn Féin, the IRA announced once again the ceasefire, with which the incorporation of the Sinn Féin to the negotiation process took place, giving rise to the Good Friday Agreement, signed on 10 April 1998. (Galvache, *Reflexiones sobre la evolución del conflicto en Irlanda del Norte*, p. 35)

## **5.1 CORE PRINCIPLES OF THE GOOD FRIDAY AGREEMENT**

The signature of the Agreement puts forth that the political factors were imposed to the ideology. (Muñoz, *Reflexiones sobre la evolución del conflicto en Irlanda del Norte*, p. 56)

The Agreement is backed up in three basic aspects: the Democratic Institutions in Northern Ireland, the North/South Ministerial Council and the British Council and Intergovernmental Conference. Furthermore, it develops matters such as the Human Rights, cultural or social issues, and reconciliation.

This Agreement is considered as the starting point for a period of equality, peace and partnership between Northern Ireland and the United Kingdom. As the Anglo-Irish Agreement and the Declaration of Downing Street, the Good Friday Agreement sets that

it is required, in order to Northern Ireland to become united within the Republic of Ireland, a majority of votes of the people of Northern Ireland. Moreover, it is only competence and decision of both Irelands to bring a united Ireland, and carry out their right of self-determination. Hence, it is mandatory for both Governments to legislate according to the unionist wish and support it in both Parliaments. Furthermore, it establishes that all the people of Northern Ireland have the birthright to recognize themselves as Irish or British, and the principle of non-discrimination regarding the Human Rights which all the citizens may have.

(Good Friday Agreement, 1998)

## **5.2 ADJUSTMENTS TO THE BRITISH AND IRISH LEGISLATIONS**

As mentioned previously, the unification between Northern Ireland and the Republic of Ireland would be possible only if that wish is clearly manifested by a majority of people of Northern Ireland. Thus, at the time of signing the Agreement, Northern Ireland still remains as a part of the United Kingdom. In the event of reaching the determination of Northern Ireland to stop being part of the United Kingdom, the Secretary of State must submit to the Parliament the proposal in order to effectuate that wish, which have to be agreed by Her Majesty's Government in the United Kingdom and the Government of Ireland.

The Agreement was included into the British and Irish constitutional law. Its establishment began from the devolution of powers from Westminster to the new Northern Ireland Assembly. Nevertheless, the Assembly has been unsteady throughout these years, so the enactment of the Agreement remains unfinished. (Phinnemore & Hayward, UK Withdrawal ('Brexit') and the Good Friday Agreement, 2017, p. 11)

Even so, the agreement is based on three essential pillars, which are the followings (further information about the Agreement can be found in *Annex 2*):

### **5.2.1 Strand One: Democratic Institutions in Northern Ireland**

The agreement assures a democratically elected Assembly of 108 members for Northern Ireland with executive and legislative competency. Members of the Assembly will have to identify themselves as nationalist, unionist or other in order to measure cross-community support.

Furthermore, the Chair and Deputy Chair have to be chosen on a cross-community basis. Since there will be a Committee for each executive functions, a Chair and Deputy Chair should be elected as well for it, by the Hondt system<sup>1</sup>.

Moreover, all the Northern Irish Departments will be conducted by a Minister. Concerning legislation, decisions have to be taken by simple majority and any infringed Bill of Rights would nullify the correspondent legislation. A cooperation mechanism has to be established in order to ensure the coordination of the Scottish Parliament and the Westminster Parliament.

### **5.2.2 Strand Two: North/South Ministerial Council**

All Council decisions must be taken between the two sides: Northern Ireland, being represented by the First Minister, Deputy First Minister and other Ministers, and the government of Ireland, represented by the Taoiseach and other Ministers.

During the transition time until the transfer of power to the Northern Irish Assembly, representatives of both the Irish Government and the provisional Administration of Northern Ireland would have to work together within the British Government.

It is highlighted in this section as well that the North/South Ministerial Council and the Northern Ireland Assembly need the other one to function.

---

<sup>1</sup> Type of proportional representation established by Victor D'Hondt, consisting of rounds in which the winning party reduces its votes by two in each new round (BBC News, 2019)

### **5.2.3 Strand Three: British/Irish Council**

A new British-Irish Agreement will be established in order to create a British-Irish Council (BIC) to enhance the development of the relations between both islands, formed by representatives of both governments and other institutions of Northern Ireland, Scotland and Wales and also representatives of the Isle of Man and the Channel Islands. The aforementioned British-Irish Agreement will create an Intergovernmental Conference which would include the Anglo-Irish Intergovernmental Council and the Intergovernmental Conference of 1985.

(Good Friday Agreement, 1998)

Once again, we have to mention the return to violence, since from April 1998 on, about 70 people have been murdered. It should be stressed here that one of the most important issues which were not addressed in the Agreement is the compensation, if it can be called that way, to the victims. Seven years later, the IRA finally announced, for good, the farewell to arms with the following statement:

“All IRA units have been ordered to dump arms. All volunteers have been instructed to assist the development of purely political and democratic programmes through exclusively peaceful means. Volunteers must not engage in any other activities whatsoever”.

(Muñoz, Reflexiones sobre la evolución del conflicto en Irlanda del Norte, p. 60)

The disarmament brought the legitimization of the Irish Police and the judicial system along, predecessor of new elections in which the DUP of Paisley and the Sinn Féin of Gerry Adams became victorious. (Muñoz, Reflexiones sobre la evolución del conflicto en Irlanda del Norte, p. 61)

## **5.3 RELATION BETWEEN THE UK WITHDRAWAL AND THE GOOD FRIDAY AGREEMENT**

The cease of the relations between the United Kingdom and the European Union has straight consequences for the effective implementation of the Good Friday Agreement.

The withdrawal implies to exit both the customs union and the single market, which means that there will be no free movement of goods, services, capital and people between Ireland and the United Kingdom through the land border which divides Ireland. The problem here is that the stiffening of the border will undermine the Agreement's statements of equality and partnership and will create a schism between both Irelands, remaining the Southern part as a part of the European Union and the Northern one as a non-communitarian country within the United Kingdom (Phinnemore & Hayward, UK Withdrawal ('Brexit') and the Good Friday Agreement, 2017, p. 12)

The main repercussion of the wish of no permanence in the European Union of the United Kingdom has been the activation of the Article 50 of the Treaty on European Union (TEU). Nonetheless, the EU has been crystal-clear in this regard, emphasising that "the Good Friday Agreement and the peace process should be protected".

If there is a clear concept in this matter, is the concept of *status quo*, understood as "the present situation or condition" (Cambridge Dictionary, n. d.) Hence, which is essential is to maintain the situation of Northern Ireland regarding its political, economic and legal context, and do not let the implementation of the Agreement weakening its inner structure.

Then, it would be ideal to use this wish of divorce from the European Union as a means of strengthening the Agreement. (Phinnemore & Hayward, UK Withdrawal ('Brexit') and the Good Friday Agreement, 2017, p. 12)



## **6. PROCESS OF WITHDRAWAL**

### **6.1 REFERENDUM**

The whole process started in January 2013 once the Prime Minister at that time, David Cameron, promised to the voters he would renegotiate the role of the United Kingdom inside the EU, as long as he was elected as the PM again in 2015. His wish was to give people the “simple choice” between leaving the EU or remaining under the yoke of Europe, by holding a referendum. Eventually, the Conservatives won the general election, which implied a watershed towards the current situation. Hence, he said he was going to call for a referendum on 23<sup>rd</sup> June 2016, the Brexit’s starting point.

Mr. Miliband, the Labour leader in that year, who opposed the referendum, said that Cameron was “going to put Britain through years of uncertainty, and take a huge gamble with our economy.” And so it was.

Moreover, Mr. Cameron stated that “the UK would survive outside the EU”, although the country should think about the implications for the UK prosperity, being the withdrawal a “one-way ticket, not a return”.

According to Guido Westerwelle, the German foreign minister then, what Europe needed was a higher level of integration, not a lower one, being the direct consequences of the referendum the damage of both jobs and growth.

The poll took place the 23<sup>rd</sup> June 2016, resulting in a victory for the “leave” option, with 51.8% of the votes, versus the 48.2% voting for “remain”. It should be pointed out that the European Courts stated that the United Kingdom could stop the process of withdrawal whenever it wanted to. Still, the process started being shaped and, on 25<sup>th</sup> November 2018, May’s intention was to vote it in the British Parliament, although she backed down since she did not have enough supporters. Thus, the Labour Party tried to topple her by proposing a vote of no confidence, which May actually won.

(BBC News, 2013)

The main argument of the Brexit was that the Britons were going to recover the power of all their duties, especially their borders, which would imply a better control of the

migration. Ironically, that is exact what is making the Brexit more difficult to happen day by day.

(BBC News Mundo, 2019)

## **6.2 ARTICLE 50**

The Lisbon Treaty, specifically the article 50, establishes the right of a Member State to leave the European Union. An agreement should be reached within two years, otherwise the membership of the state ends automatically, barring extension of the negotiation period. The direct consequence of this withdrawal is that the country cannot apply anymore the EU Treaties and the EU law.

The first step is to notify the European Council the wish of withdrawing the EU, being the European treaties applied into the country until the day of entry into force of the agreement or two years after the notification. If the country finally refuses to go on with the process, it can ask to rejoin through the procedure explained into the Article 49<sup>2</sup>.

Article 50 is kind of flexible since it only establishes procedural requirements for a country in order to begin its withdrawal process. It makes it easier for a State to exercise its right to withdrawal since, for example, the Article 62 of the Vienna Convention establishes other substantive conditions, not only procedural requirements.

After the notification to the European Council, it needs to get the European Parliament's consent according to the 2nd section of the Article 50. Then, the Council decides to finish the agreement with a "super qualifies majority", which is at least 72% of the members of the Council, excluding the state concerned. Furthermore, unlike the entry of a new Member State into the EU, the withdrawal does not need ratification by the other Member States.

---

<sup>2</sup> Greenland held a referendum in 1982 as well in which 53% of the votes went for "leaving" the European Communities (EC). Nonetheless, it was not considered a properly withdrawal since Greenland was not a Member State but a part of an EU Member State (Denmark). Then, the only aftermath was the lessening of the territorial jurisdiction of the Treaties and the special agreement on fisheries for Greenland within the EU.

As it was already mentioned and according to the 3rd section of the Article, the only legal consequence of the withdrawal is that the Treaties and Protocols are not applied anymore in the departing state.

Regarding the rights of the European citizens, some scholars support the idea of keeping the Union citizenship for the nationals of the withdrawing state. Moreover, in relation to the European Parliament, its size would be decreased by the number of MEPs which were assigned to the departing Member State.

(Poptcheva, Article 50 TEU: Withdrawal of a Member State from the EU, 2016)

Volviendo unos meses atrás, el 29 de marzo de 2017 es cuando May submitted the Article 50 withdrawal notification to the EU. The United Kingdom's deadline to reach an agreement with the EU was established for March 29, 2019, although it has been extended, as we know, until October 31, 2019 (Amadeo, 2019).

The European Union has the necessary procedures in order to effect the withdrawal of the United Kingdom since the Lisbon Treaty came into force in 2009, when it introduced in its Article 50 the possibility of a Member State asking for its “voluntary and unilateral withdrawal” from the EU, for what it would have a period of two years.

According to Michel Barnier, the EU Commission's chief negotiator, the terms of the withdrawal should be agreed before establishing any trade deal, since “putting things in the right order” makes the possibilities of reaching an agreement easier.

May, on the letter she wrote to Donald Tusk, said that the decision of the British after the referendum held on the 23rd June 2016, did not have the aim of damaging the EU or any European state, but to “restore the national self-determination”. Hence, the United Kingdom was going to leave the EU but not Europe. Moreover, the process to follow in the UK was to repeal the Act of Parliament which gives effect to the European law in the UK and to change it into UK law. Also, May announced that the powers returned to the UK would be split into Westminster, Wales, Northern Ireland and Scotland. Regarding the negotiations between the UK and the EU, the PM pointed out her wish of a “deep and special partnership that takes in both economic and security cooperation”. May also proposed some principles the UK and the EU should agree to in order to make the process as satisfactory as possible:

- Maintain a spirit of cooperation, although the interest of both the UK and the EU may differ from now on.
- Consider the citizens as the most important matter, since the rights of people from remaining member states living in the UK y vice versa must be agreed as well.
- Establish the rights and obligations of the UK as a departing member state, but keeping the partnership within the EU.
- Provide people and businesses with transition periods in order to implement the new arrangements.
- Protect the Republic of Ireland, by maintaining the Common Travel Area between both countries, the peace process in Northern Ireland and the compliance with the Belfast Agreement.
- Keep an open trade environment by establishing a wide Free Trade Agreement between the UK and the EU, covering sectors such as financial services or other important sectors.
- Maintain the democratic European values.

(May, 2017)

### **6.3 IMMEDIATE REPERCUSSIONS AND POTENTIAL IMPLICATIONS**

The turnout of the referendum held in June 2016 was higher than expected, with 51.9% voting to leave the EU and 48.1% voting to stay and a participation of 72% (BBC News Mundo, 2016). The immediate repercussions were:

- A divided UK: we have to bear in mind that the voting result was 2-2 (?), since Scotland and Northern Ireland voted to stay, while England and Wales vote to leave. This segmentation could lead to another Scottish independence referendum, since Scotland already held one in 2014, although voters decided to continue being part of the United Kingdom and not an independent country. Moreover, it could lead Northern Ireland as well to suggest leaving the United Kingdom and joining the Republic of Ireland.

The separation not only affects the nations, but also represents the distance between London and the rest of England, specially within the rural parts of England. In fact, according to the BBC, London was the only region of England voting to remain. This poses a question about how the politicians in the UK will govern since they are also divided.

- Market volatility: the existent uncertainty regarding the future UK relations will maintain the market volatile for an uncertain amount of time.
- Euroscepticism and fringe parties: all the recent crisis and the wrong way they have been handled entail that the EU has damaged its reputation in the recent years. Hence, it could lead to a wide spread of euroscepticism as well as a quick establishment of fringe parties throughout the EU.
- “Fate” of British citizens living in the EU and vice versa: there are 3 million EU citizens living in UK and about 2 million British citizens in EU Member States. What is going to happen with them and how is it going to affect public finances, the job market and the economy as a whole is still unpredictable.

(Singapore Institute of International Affairs, 2016)

## **6.4 SCENARIOS**

We can divide the possible scenarios which can take place after Brexit between two wide groups: short-term and long-term scenarios.

The short-term scenarios would occur during the transition period, now extended until October and are the followings:

- “Soft Brexit”: this option is characterized by the absence of customs and tariffs, which basically means that the United Kingdom would still remain being part of the Single Market during the transition time.
- “Hard Brexit”: it would entail no transition arrangement. Both the EU and the UK would have to implement MFN tariffs on goods and services. Moreover, it would imply higher costs for Irish goods exported to other EU Member States across the UK landbridge due to the delays.

Moreover, another possible situation would be a no deal Brexit. Although May said that "no deal for Britain was better than a bad deal" (BBC News, 2017), an exit without a deal would have devastating consequences for the UK. The PM also said that since it would mean the UK to trade on WTO terms, "it is not the outcome that either side should seek". (May, 2017) It implies that the United Kingdom would leave the bloc (also known as European Union) with no agreement. Then, the country would also leave both the single market and the customs union. It would mean as well the country leaving institutions such as the European Courts or the Europol or no longer contributing to the EU budget. As we said earlier, the transition period has been extended until October, since May's plan has been voted down three times by the British Parliament, so there is more time now to negotiate and reach a trade deal. In order to avoid a no deal Brexit, the British government should transpose an agreement into law, obtain another extension for the transition period or simply cancel the withdrawal process.

- **Consequences for trade in general:** an exit without agreement would mean the trade of the UK being on terms of the WTO. Hence, tariffs would be applied to British goods entering the European Union, although the UK government has stated that European products would not have tariffs when entering the country. Moreover, the traded goods would have border checks to confront, causing bottlenecks at ports (BBC News, 2019).
- **Consequences for the Irish border:** when it comes to Ireland, the first thing which comes to our mind is "backstop". Neither the UK or Irish governments have stated yet they would be willing to install checkpoints and border posts. (BBC News, 2019).
- **Consequences for the UK itself:** the UK is supposed to pay £39bn in order to leave the EU without a deal. Nevertheless, some opinions argue that the country can refuse to pay so, but it may have consequences such as political fallout (BBC News, 2019).
- **Consequences for individuals:** they would be mostly negative, such as the rise of food, fuel and utilities prices, the return of roaming charges for mobile phones or the invalidation of the European Health Insurance Card (EHIC), the border delays, etc. (BBC News, 2019)

Nevertheless, a vote against Brexit could take place as well, since a lot of parliamentarians want to remain in the EU. Moreover, the British would be likely to reject the withdrawal process if they were given a second referendum voting today.

But the impact of Brexit can be explained as well across another four long-term scenarios. Ireland would be the most affected country with any of those scenarios, since its large trade intensity with the UK makes the country tightly exposed to Brexit. It should be noted that all the following scenarios would increase trade costs.

- European Economic Area (EEA) scenario: trade costs would be similar between the UK and the EU as they are nowadays between the EU and the EEA members (Norway and Iceland). It would mean duty free trade for every product but the agri-food sector. Moreover, border inspections would imply customs costs.
- Customs Union (CU) scenario: the UK and the EU reach a traditional customs union agreement which would also include duty free trade and border inspections which would increase costs. This scenario implies higher risk.
- Free Trade Agreement (FTA) scenario: the UK and the EU would have to reach a free trade agreement including duty free trade and border inspections as well. According to the European Union, a free-trade agreement would be the only realistic situation for a post-Brexit aftermath.
- WTO scenario: the UK would have to assume the WTO rules and MFN tariffs would be imposed. As in the previous ones, there would be border inspections which would increase the customs costs.

**Table 6. 1: The impact of Brexit on the Irish Economy across long-four term scenarios**

	EEA Scenario	Customs Union Scenario	FTA Scenario	WTO Scenario
GDP Impact	-2.8%	-4.3%	-4.3%	-7.0%
Exports	-3.3%	-4.4%	-4.5%	-7.7%
Imports	-3.5%	-4.7%	-4.8%	-8.2%

*Source: Copenhagen Economics, Ireland and the impact of Brexit, p.5 (2018)*

In the table presented above, we can see the summary of the implications the four scenarios would have on the Irish GDP, exports and imports. All the results are referenced to a non-Brexit baseline in 2030. Hence, the Irish GDP would decrease from 2.8% in the most favorable case, i.e. the EEA scenario, to 7.0% in the WTO scenario. Exports and imports follow the same trend, with a decrease of approximately 3.5% in the EEA scenario, reaching about an 8% in the WTO one.

Irish exports and imports are then predicted to be negatively affected by Brexit, but there are five sectors which will suffer a greater impact and are key to understanding the impact of Brexit specially to Ireland, being those: agri-food, Pharma-Chemicals, electrical machinery, wholesale and retail and air transport.

As we have already seen, the EEA scenario is the one that minimize the most the economic lost, specially for Ireland. In 2030, the difference between that scenario and the WTO one would be €11 billion lost. Therefore, the best outcome for Ireland would be an agreement in which both parties, the UK and Ireland, have their rights and obligations well balanced and with the absence of tariffs and low border costs, barriers and regulatory divergence, as well as with the allowance of land bridge transit.

Another alternative would be the Norway option. Maybe due to the fact that Britain would have to follow the EU rules more firmly than Norway, this option is considered as the worst of the Brexit aftermath. This option would imply joining the European Free Trade Area (EFTA), so the UK would remain outside the EU but inside the EU single market within the 31 EU member states, Norway, Iceland, Liechtenstein and Switzerland. Thus, the UK would have to accept EU rules on capitals, goods, services, people and state aid. Moreover, it should be noted that Norway contributes more into the EU budget, so probably the later contributions would be much smaller. Moreover, joining the European Economic Area (EEA) would establish the free movement of people as it was said before, which was from the very beginning the reddest of May's red lines.

(Rankin, 2018)

Although any agreement has been already reached concerning how is the withdrawal itself going to be, the process has already supposed a huge cost for the families and for



the whole country. According to Mark Carney, the Governor of the Bank of England, the Brexit would have already cost to the United Kingdom in 2018 a 2% of the GDP of the country, which can be translated into about € 46.000 million, which at the same time suppose a decrease of the budget of each family of approximately 1.000 Euros per year. Furthermore, he also blames the uncertainty and the inflation for this negative situation. (Muñoz, 2018)

Donald Trump visited the United Kingdom in June of this year, on what would be Theresa May's last commitment as the PM of the United Kingdom. During the visit the topic of the possible free trade agreement with the United States was discussed, May supporting that negotiations with 3rd countries should start once the Brexit becomes effective, since until that day the United Kingdom would be able only to sign treaties through the European Union. (Pulido, 2019).

Many inhabitants of the Republic of Ireland remember what meant to cross to the United Kingdom until the signature of the Good Friday Agreements in 1998. The most important implication of this agreement, as we have already seen, was the opening up of the borders between both countries, together with the cessation of violence. Thus, the population of Connacht, Leinster, Munster and four out of the six Ulster counties, were able to cross to the neighbour country without any hindrance. Nowadays, at least for the time being, the line traced when crossing the border is still imaginary, which makes easier to cross from one country to the other one to about 30.000 people per day. (O'Kane, n. d.) But the post Brexit scenario can change completely this situation, which would have a great social impact, since the border would laid out along 449 kilometres, going through cities and even private properties.

Besides the social impact, establishing a land border would imply to come back to the checkpoints, which would mean as well a huge economic impact (Pérez, 2017). Hence, neither the European Union or the United Kingdom are in favour of a hard border between Ireland and Northern Ireland, since it would signify a return to the period prior the agreement characterised by a threatened economic stability of both, the Republic of Ireland and the four Ulster counties which form Northern Ireland. Moreover, the favourable treatment which seems to be for Northern Ireland with the aim of preserving the Good Friday Agreements urges Scotland to ask for a favourable treatment as well. This situation unalterably implies a change in the distribution of the island of Ireland.

Even though the option of remaining divided into the Republic of Ireland and Northern Ireland seems to be the most likely one, Catholics have suggested again the Irish reunification, since it is an option contained in the Good Friday Agreements, although unacceptable for the Protestants of DUP. (La Vanguardia, 2018)

Furthermore, the wish of the United Kingdom of leaving the European Union has had a great impact into the currency value and on the stock markets (Lambe & Kupelian, n. d.). Thus, the value of the pound sterling has suffered more than other currencies such as the Euro or the Dollar, with a huge decline in its value. This implies, broadly, an increase in the value of imports and a decrease of exports. (BBC News, 2019) This will be explained down to the last detail later on.

## **7. HOW DOES THE BREXIT AFFECT MARKETS**

After every historical shock such as the 9/11 attacks markets know how to react and learn about the situation to improve their response in the future, gaining more confidence. Nonetheless, with the Brexit the outcome has been different, since uncertainty is increasing gradually from the referendum, held in 2016 due to the fact that day by day the UK is less likely to reach an agreement with the EU. If we compare this to another market crash, the most suitable one would be the Great Depression, which entailed a long period of uncertainty, starting in 1929 until 1932.

This uncertainty affects firms regarding their sales, exports and costs. In that sense, companies expect to diminish their sales by approximately 3%. Exports are expected to decrease as well, while unit, labour and financing cost are forecasted to increase until 5%.

(Bloom, Bunn, Chen, Mizen, Smietanka, & Thwaites, 2019)

Having set aside the political impact, in this section we will deeply explain the economic impact that Brexit is having mainly on the financial markets, but also on the economy as a whole.

### **7.1 HOW DOES THE BREXIT AFFECT THE EUROPEAN AND BRITISH ECONOMIES**

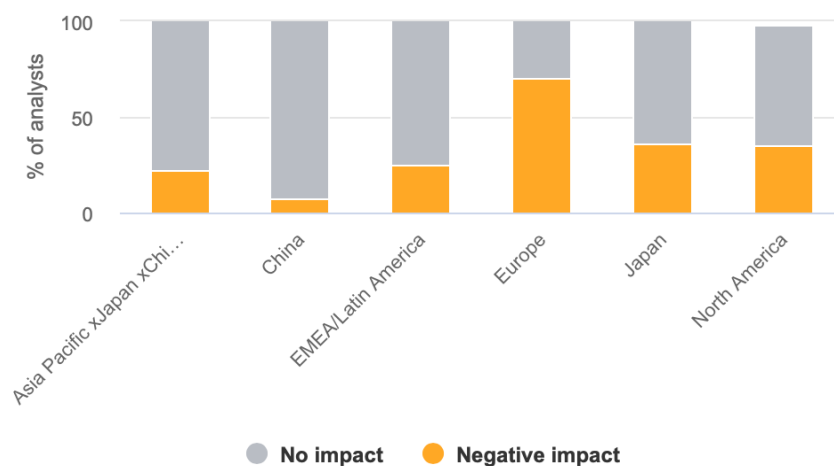
Although the schism between the European Union and the United Kingdom remains uncertain, the belief that the situation will have a negative impact especially at the level of strategic investments is growing steadily. As one of the analysts of Fidelity says:

“Brexit has created a lot of uncertainty and has reduced the willingness of companies to take risks in the UK, while the British government appears to be in limbo, with only a limited number of new service contracts awarded in the past two years”.

(Menon, Chen, Twaronite & Siddique, 2019)

Even so, as we can prove in the following chart, the further away companies are from the United Kingdom, the less impact the Brexit has.

**Chart 7. 1: The impact of Brexit on different economies**



*Source: Fidelity Analyst Survey (2019)*

The negative impact on the strategic investments of Chinese companies, the least affected ones, will be of 7%, compared to the 70% of the European companies, the most affected ones, principally due to their geographical proximity.

Moreover, according to Carney (2018) the risk of the United Kingdom leaving the European Union without an agreement has evolved into an “uncomfortably high” possibility. It seems clear that the Brexit will affect the financial industry, the real estate market and the economy as a whole (Razin, 2018). Even so, the impact of a Brexit without agreement would be much more immediate on the financial markets than on the entire economy. (The Economist, 2019)

Concerning the United Kingdom economy in particular, this one is expected to face an ordeal chiefly in the short term, mainly due to the high levels of unpredictability.

Focusing on another sphere, the future relation of the United Kingdom with the European Union is still to be defined, being a complete mystery. Hence, it is not clear whether the United Kingdom will continue having access to the Single Market or

whether it will have to base its commercial activity on the clauses imposed by the WTO, among many other options which have been seen prior.

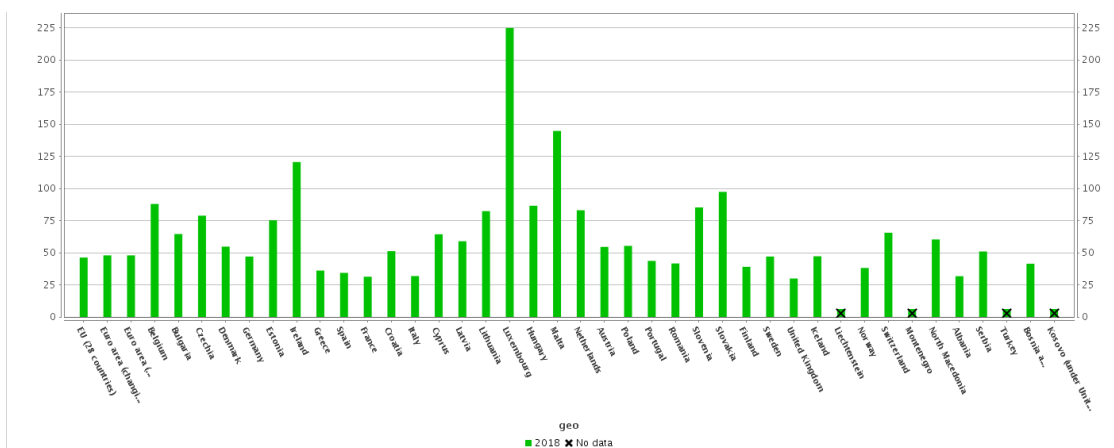
The two essential pillars that would have a major impact on trade relations are the market access arrangements and the price effects, the latter contingent on the variation of the exchange rates and the establishment of tariff or non-tariff barriers.

Once it is clearly understood that the British situation will influence the whole Europe in terms of trade and economy, there are some countries which are more exposed to this impact.

(Lambe & Kupelian, n. d.)

Broadly speaking, as we can see on the following chart, Ireland is one of the European countries in which the exportations in relation to the GDP carry more weight, together with Luxembourg and Malta, representing approximately the 120% of its GDP.

**Chart 7. 2: Exports of goods and services in % of GDP**



Source: Eurostat (2019)

Nevertheless, the ten EU countries which exported the most to the United Kingdom in 2015 in concordance with the size of their economies were, in decreasing order: Ireland,

Cyprus, the Netherland, Belgium, Slovakia, Hungary, the Czech Republic, Denmark, Germany and Portugal

(Lambe & Kupelian, n. d.)

Although it was previously mentioned that the most influenced countries in a negative way by the Brexit, especially by a Brexit without agreement, are those with geographical proximity to the United Kingdom, a study conducted by the German Development Institute (DIE) states that other highly affected countries would be Cambodia or Malawi. This is due to the belonging of the United Kingdom to the Generalised Scheme of Preferences (GSP), which diminishes in a 99% the import tariffs for products from the European Union with destination developing countries. Currently, Cambodia exports 7.7% of its total to the United Kingdom, while Malawi do so in a 3.4%. According to this study, the cessation of these exports as a consequence of a hard Brexit would imply the increase of tariffs for non developed countries, which could entail a decline of between 0.14% and 1.08% in Cambodia's and Malawi's GDP, respectively. (Dixon, 2019)

## **7.2 HOW DOES THE BREXIT AFFECT FINANCIAL MARKETS**

The United Kingdom's withdrawal from the European Union would not have only economic and commercial connotations, but also financial ones. Thus, the Brexit could have in the future a significant impact on financial markets, even though it has already had quite notorious repercussions.

In the first place, we know that the European companies are more reluctant to invest in the United Kingdom now than they were in the prior period to the exit referendum. According to a poll published by Fidelity, the aspects which arouse more concern among the investors are: the cessation of London as a global financial centre (London is the most important financial centre in Europe and the second one of the world, right behind Wall Street), the brain drain and the decline of the monetary flow to the United Kingdom. (Dominguez, 2018)

(Menon, Chen, Twaronite & Siddique, 2019)

Moreover, investment in fintech firms decreased from \$974 million in 2015 to \$660 million in 2018. “Passporting” has benefited these firms since it enables firms which are established in an EU Member State to trade easily with other states. The United Kingdom would lose this benefit together with \$5 billion in investment in the five coming years. Then, companies have started to realise that makes more sense to establish themselves in a EU country, so they are relocating their offices throughout Europe.

In that sense, some Britain’s High Street banks have been requested to stockpile reserves in case Brexit implies a huge withdrawal of British customers.

Moreover, a stress test analysis done with MSCI’s Risk Management affirms that if no deal is eventually reached, British and European stocks could fall up to 25%, while they would fall by 10% in case of a “Disorderly Brexit”.

(GDS Link, n. d.)

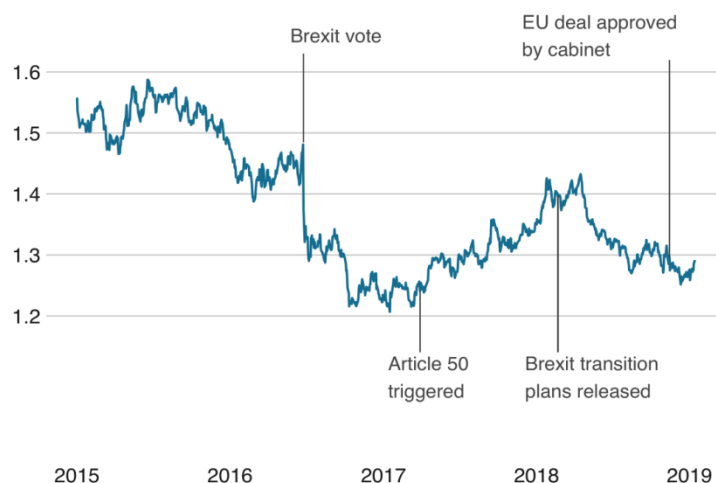
### **7.2.1 Devaluation of the pound sterling**

The immediate repercussion of the Brexit referendum was the devaluation of the pound sterling, as well as the increase in the currency volatility, which implies the rise of the price of the imported products, since the value of the pound gets cheaper compared to the value of, for example, the Euro. This has more effect than what might appear at a glance, since it is not only detrimental to the imports of finished goods, but also to companies with export activity which previously import certain products that can be used as raw materials. (Mustoe, 2019)

The following chart explains the performance of the sterling pound since the Brexit Referendum hold in June of 2016.

### Chart 7. 3: Pound performance since the EU Referendum

#### Exchange rate with US Dollar



*Source: Bloomberg, BBC (2019)*

Being the y-axis the exchange rate with the US Dollar, the graph perfectly reflects the decline of the value of the pound after the referendum, which sank more than a 10% on the same 26 June 2016 (El Economista, 2016), being the lowest point the moment in which the Article 50 of the TEU got going. Later, it underwent a slightly rise until reaching its maximum at the middle of 2018.

This decrease of the value of the pound suggests that markets have already been affected by Brexit. Nonetheless, according to the Bank of England (BoE) a great impact is still expected especially in case of no deal. (Verbraken, 2019)

Due to this situation, specialists advise not to bet on or against the pound since the future situation is still a big question mark. Hence, more certainty would allow the currency to become more stable. (Nee, 2019)

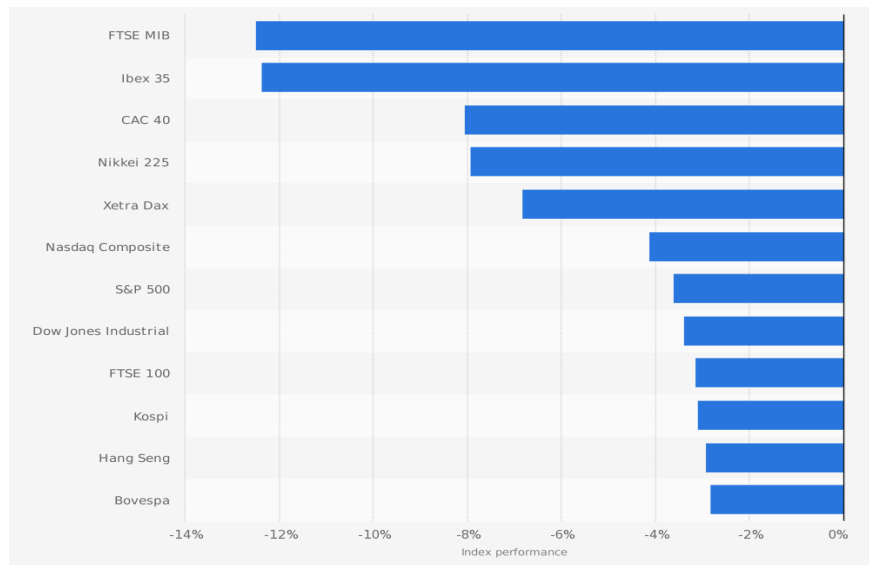
The Bank of England's Monetary Policy Committee voted in June of this year to maintain interest rates unaltered to make sure the currency trades well in the nearly future. Economic growth is still expected to be 0% during this year, although the BoE claims that it will be higher once a deal is reached. (Howes, 2019)



## 7.2.2 Effects on the stock exchange markets

We will begin by saying, as might be expected, that the Brexit effect has been generally negative on the stock markets. Hence, in the following graph we can observe how the primary stock indexes both European and international plummeted on 24 June 2016, the day after the holding of the referendum.

**Chart 7. 4: Impact of Brexit on selected stock indices as of June 24, 2016**



*Source: Statista Research Department, (2016)*

By splitting the data into three groups, we can check that the most affected indexes were the Italian FTSE MIB and the Spanish Ibex35, with falls of 12.48% and 12.35%, respectively. Subsequently, the indexes which suffered drops between 8% and 4% were the French CAC 40 (8.04%), the Japanese Nikkei 225 (7.92%), the German Xetra Dax (6.82%), and the American Nasdaq Composite (4.12%). Finally, the also American S&P 500 and Dow Jones Industrial, with a fall of 3.6 y 3.39 percentage points, respectively, the British FTSE 100 (3.15%), the Kospi from South Korea (3.09%), the Chinese Hang Seng (2.92%) and the Brazilian Bovespa (2.82%).

Despite this immediate post referendum great impact, a high level of volatility is expected on the market at least until the end of the uncertainty period, being considered in addition the United Kingdom Stock Exchange, naturally, the most vulnerable one. (Domínguez, 2018)

Furthermore, in case of a non-deal withdrawal, there would be the inconvenient of the securities which are listed in a member state of the European Union as well as in the United Kingdom, that could not be bought in London by the financial intermediates, coupled with that brokers could only buy shares on the market which fulfills the community standards of transparency of Mifid II<sup>3</sup>, provided that those shares are listed in both the United Kingdom and other European country. Otherwise, i.e. if the shares would be listed only in the United Kingdom or countries which disregard these transparency rules in general, the securities could be still negotiated without any hindrance. Thus, for instance, if a European investor has the option of getting hold of a certain stock exchange value on both the Spanish and the British market, the legislation would force him to acquire it in the EU country, in this case Spain. (Martín Simón, 2019)

### **7.2.3 London's role as an international financial centre**

London has always been considered as the global financial centre, until New York replaced it last year (Sandri, 2018). The most important cause for London being considered as such is its access to the Single Market, supporting the high percentage of the financial services in the service export, with a 3% of its GDP. (Lambe & Kupelian, n. d.)

According to Verena Ross, the Executive Director of the ESMA: "Given London's many and close interlinkages to EU financial markets, which will continue to exist after Brexit, the UK will not just become a "normal" third country". (Ross, ICMA Annual General Meeting and Conference-Stockholm, 2019).

### **7.2.4 How does the Brexit affect companies listed on the IBEX35**

We would like to briefly mention how the situation of Brexit affects the Spanish stock market, in particular the evolution of the IBEX35 index, as well as the Spanish

---

<sup>3</sup> Legislative framework developed in order to reinforce investor protection and regulate financial markets in order to be more competent, flexible and transparent. (ESMA, n. d.)

companies as a whole. According to the ICEX, the Spanish companies represent for the United Kingdom a 7% of the exports they receive. Furthermore, the Spanish market would be affected since a quarter of the companies established in Spain have as their one and only foreign market the United Kingdom. (ICEX, 2018) To make matters worse, currently there are about 260 Spanish companies located on British territory, among which 33% of them are listed companies of the IBEX35. We could also mention that the most affected sector is the banking sector, which registered losses on the stock market in 2016 of about 18%. (L., D., 2016) Other companies which suffered the impact on the stock market as well were Telefónica, Inditex, Aena or IAG<sup>4</sup>.

If we go back to 2016, specifically to 24th of June, subsequent day to the referendum held in the United Kingdom, we find out that the European markets collapsed due to the outcome of the aforementioned referendum, together with the resignation announcement of David Cameron. Specifically, the IBEX35 fell down until reaching the 7.750 points, which can be translated into 12.35%, also supported by the uncertainty that caused the general election which would be held in Spain the 26th of June. With this unfavourable breeding ground, not a single quoted value avoided the bear positions, registering IAG losses of 26.86%, Banco Santander of 19.89%, BBVA of 16.18% or Inditex of 6.8%, among others. (El Economista, 2016)

On the following chart we can see the evolution of the IBEX35 index since July of 2014 onwards.

---

<sup>4</sup> Result of the Anglo-Spanish merger of Iberia and British Airways.

**Chart 7. 5: Performance of the IBEX35 index**

*Source: BME, Bolsa de Madrid (n. d.)*

As we have been saying, the stock market registered a important drop in the middle of 2016, becoming undeniable at the end of June, reaching a minimum of 7645.50 points on the 27th of June, the subsequent day to the Spanish general election.

### **7.3 COMPANIES WHICH HAVE LEFT THE UNITED KINGDOM**

As we have previously seen, the Brexit is being the perfect breeding ground for companies located in the UK in order to decide leaving the country in order to find a more stable atmosphere. A growing number of them are taking this decision, following the Dyson effect<sup>5</sup>.

Among them, there are companies such as Sony, which moved its European Headquarters to Amsterdam, or big financing companies like Barclays or Bank of America, that would do so to Dublin

(Alonso, 2019).

<sup>5</sup> James Dyson, owner of the vacuum cleaner company Dyson, was one of the first ones who decided to move his business activity to other country, specifically to Singapore, after having defined himself as a Brexit supporter and alleging that the United Kingdom would have a future outside the European Union. (Fresneda, 2019)

Nevertheless, the withdrawal that can affect the most to the economy of the United Kingdom would be the Airbus one, since it employs about 14 thousand people. The company has already communicated that it will be compelled to take “potentially very harmful decisions for the UK” (Tom Enders, Chief Executive) if it is the case of a Brexit without agreement, describing the situation at the hands of the British Government as a “tragedy”. Tom Enders uttered such harsh words against the United Kingdom as the following:

“Of course it’s not possible to pick up and move our large UK factories to other parts of the world immediately. However, aerospace is a long-term business and we could be forced to redirect future investments in the event of a no-deal Brexit and, make no mistake, there are plenty of countries out there who would love to build the wings for Airbus aircraft.”

(Kollewe & Walker, 2019)

In addition to the above-mentioned, a total of 42 companies moved in 2018 to Holland, not only from the United Kingdom but also from America or Asia, since they are “reconsidering” their European structure due to the separation between the United Kingdom and the EU. (Expansión, 2019)

#### **7.4 eCOMMERCE**

The technological age in which we live implies that we do not only have to make reference in this Work to the traditional commerce, but also to the eCommerce. The Brexit scenario entails already a large loss of commercial attractiveness for the UK, being considered as one of Europe’s most thriving eCommerce markets. (Rois, 2018) According to Nina Angelovska (2018), the leader in online shopping is the United Kingdom, with an 86% of internet shoppers last year, followed by Sweden and Denmark. Like almost everything seen so far, the influence that the withdrawal of the United Kingdom from the European Union may have, will be determined by the type of agreement reached .

The United Kingdom is included into the European Digital Single Market, of which it would stop being part of after the confirmation of the Brexit. This market provides €415 billion yearly to economic growth, fostering jobs and innovation in the European Union.

(European Commission, n. d.) Hence, the United Kingdom leaving it would bring such an uncertainty for online shoppers, as well as variations in cross-channel trade, since consumer would have to wait longer for the products due to the pass customs. This is reflected in the decrease of online sales during last year, despite of a slightly increase which has been experimented a few months after the referendum, due to the devaluation of the pound sterling. (Angelovska, 2019) But this devaluation does not counter the losses which come along with the increase on the delivery time, since in case that the customer does not mind the waiting time, will always choose the cheapest option, so the United Kingdom loses if we compare it to countries such as China, where the products use to have a lower price.

Concerning regulation, it is important to point out that the United Kingdom is still following the European legislation, through the transposition of these regulations into national laws. Hence, even in the possible scenario of leaving the EU, these transposed regulations would continue being in force in the United Kingdom, even though the country would have to establish from then onwards its own regulation.

According Nina Angelovska, is very likely to see in the future large companies opening distribution centres in the European Union, while small competitors, without resources, will have to face the situation directly and will not have it easy in terms of outsourcing and supplying. (Rois, 2018)

## **8. TRADE RELATIONS**

### **8.1 UNITED KINGDOM**

Finding a Brexit successful solution is not only solving the issue regarding the land border between Northern Ireland and the Republic of Ireland, but also building a great relation between the Irish Republic and the United Kingdom. The best way to obtain so, is by establishing a new agreement between Dublin and London with the approval of the other Member States in which the free movement of trade, people, capital and services between both islands remains active and without the need of any border issue. To carry this out, the new British PM and the Taoiseach have to revise how the countries managed the previous Anglo-Irish trade agreements. 54 years ago the UK signed the

Anglo-Irish trade treaty which allowed Ireland to join the EEC, since they could join it only in case the UK did so as well due to the trade dependence of Ireland to the UK.

(Curran, 2017)

The aftermath of the UK's referendum is already affecting trade flows between the United Kingdom and the rest of the European Union, and the current situation will continue doing so for an uncertain amount of time.

The weight of international trade in the United Kingdom's economy is really important, since according to The World Bank, it represented in 2017 a 62.5% of the GDP. Moreover, according to the WTO, the UK is the second most relevant exporter of services and the tenth of products. It is as well the sixth importer of the world of both services and products. This situation could change in the nearly future in relation to the final aftermath of the withdrawal process from the European Union, which would "force" the United Kingdom to sign trade agreements with different EU Member States in order its trade to be less adversely affected.

The five countries to which the United Kingdom exports, by order of relevance concerning the weight they have on the total exports are: the United States (15%), Germany (10.6%), France (6.4%), the Netherlands (6.2%) and Ireland (5.6%).

On the other hand, the main five countries that export towards the United Kingdom, also in relation to the weight they have on the total imports are: Germany (13.8%), China (9.4%), the United States (9.0%), the Netherlands (7.4%) and France (5.6%). The most commercialized products, regarding both exports and imports, are the motor vehicles.

Concerning the services sector, the most exported ones in 2016 were business services such as legal and accounting audit (27.36%), followed by financial services (25.42%). Concerning the imported ones, the most important one was the traveling sector, reaching 31.67% of the imports of services.

(Santander, n.d.)

These data has been collected bearing in mind that the UK is still part of the European Union, so it benefits from the Single Market. These figures will change then due to the

appearance of tariffs, duties, etc. At the present moment, the country takes advantage from the principle of free movement of people as well, so the access into the country for incoming workers is as easy as it is for outgoing workers.

Seven out of ten trading partners of the UK in 2015 were Member States. Furthermore, approximately 44% of the exports of the UK were conducted to EU Member States and 53% imports came from those countries. Although, as we already mentioned before, Germany is the UK's most important trading partner in the EU, Ireland is the most affected one by the current situation since is really dependent on UK trade, being the country that exports the most to the UK in terms of relative size of its economy. Belgium, the Netherlands and Cyprus export more to the UK than they import, so they would be so damaged by the situation on case the British exports will decline in the future. Although Germany is its most important market, its many other trade partners can balance that decline.

(Willem & Bernard, "The impact of Brexit on (global) trade", 2016)

## **8.2 IRELAND**

Ireland is an open economy which implies that it is highly affected by the international affairs. Commerce supposed in 2017, according to the World Bank, 208% of its GDP.

Ireland is probably the country most affected by the Brexit outcome. It directs to the UK 14% of its exports and receives 34% of British exports, mainly from Northern Ireland. If the Brexit aftermath is finally introducing again a customs border, it will entail an increase in the time and cost of cross-border transactions. On the other hand, Ireland could take an advantage of the withdrawal of companies from the UK which want to establish their headquarters in another city or the inflows of investments.

(Willem & Bernard, "The impact of Brexit on (global) trade", 2016)

The five countries to which Ireland exports, by order of relevance concerning the weight they have on the total exports are: the United States (27.2%), the United Kingdom (11.8%), Belgium (10.9%), Germany (8.2%) and Switzerland (5.1%).



On the other hand, the main five countries that export towards Ireland, also in relation to the weight they have on the total imports are: the United Kingdom (22.5%), the United States (20.3%), France (12.5%), Germany (8.9%) and China (5.7%). The most commercialized products regarding exports are human and animal blood and, regarding imports, helicopters, aeroplanes and other aircrafts, being in the first case a 14.5% of the total of exported products and, on the second one, a 18.9% of the imported products.

Concerning the services sector, the most exported ones in 2016 were computer and information services (47.17%), followed by business services such as legal and accounting audit (22.16%), which was as well the most imported service with a 47.14% of the imported services. (Santander, n.d.)

### **8.3 NORTHERN IRELAND**

The role played by Northern Ireland, mainly in the referred to trade relations, is the focal point of our Paper. Hence, we will then analyse its trade relations and the weight they have on the British economy, and how would influence the establishment of a hard border between the aforementioned country and the Republic of Ireland, since Northern Ireland businesses conduct most international trade within the Republic of Ireland.

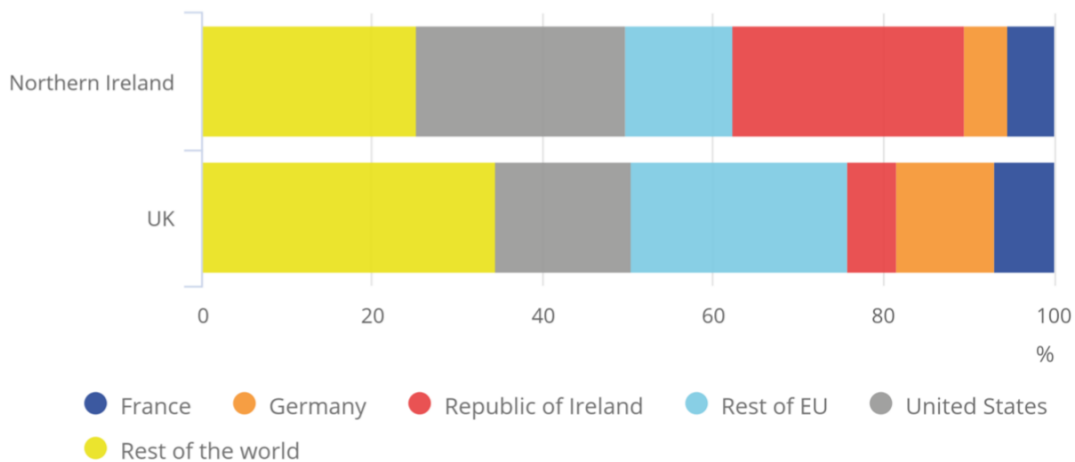
We should start defining the businesses of Northern Ireland, which are mainly small (employing up to 49 workers) and sell not so many products to only a few markets. Nevertheless, they account for a big percentage of total employment. Comparing Northern Ireland with the whole United Kingdom, we can confirm that the percentage of businesses which declared trade transactions in 2016 was 4.3% for Northern Ireland and 4.6% for the United Kingdom. Furthermore, the percentage of employment in this kind of businesses was 24.9% for Northern Ireland and 40.3% for the whole country. This information is available in the *Annex 1*. Moreover, in Northern Ireland were more likely to declare trade transactions businesses from the mining, manufacturing, wholesale and retail sectors, in contrast to fishing, accommodation, food and public sectors.

Approximately, 35% of the turnover of Northern Ireland was sold outside the region, going the majority to Great Britain (58%). Hence, in 2016, Great Britain was the most

important market of Northern Ireland, being with the Republic of Ireland vital to Northern Ireland's economy. (NISRA, 2018)

If we compare the exports from Northern Ireland and from the United Kingdom as a whole by destination, we can clearly see that the Republic of Ireland was the most important destination importing goods from Northern Ireland.

**Figure 8. 1: Share of exports of goods from Northern Ireland and UK by destination (2016)**

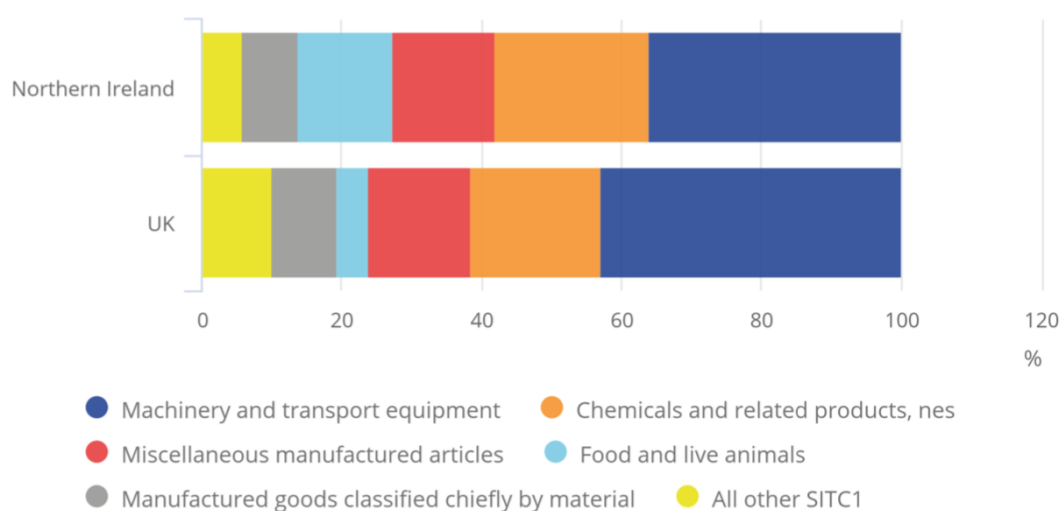


*Source: Office for National Statistics, "Patterns of Northern Ireland trade by destination, product and business characteristics: 2012 to 2016", p.18 (2018)*

The most important market for Northern Ireland then is the Republic of Ireland, representing in 2016 approximately 27% of its exports, followed by the United States (25%). Meanwhile, the most important destination of goods from the UK were the United States. It is noticeable here that Northern Ireland needs more the Republic of Ireland than the UK, since it does not export as much to the rest of the European Union as the UK actually does. Commercial relations with the Republic of Ireland are as important for Northern Ireland as commercial relations with the rest of the world. Thus, the aftermath of the Brexit regarding the issue of the land border could jeopardize trade relations between both regions and make Northern Ireland losing some of its revenues.

Regarding the type of commodities which were exported, especially SITC 1<sup>6</sup> category, machinery and transport equipment was the most important segment in both Northern Ireland and the UK. Nevertheless, the difference may be noted, as we can see in the following figure, in the contribution of declared exports of food and animals, being 14% for Northern Ireland and around 4% for the United Kingdom.

**Figure 8. 2: Share of exports of goods from Northern Ireland and UK by SITC1 category**



*Source: Office for National Statistics, "Patterns of Northern Ireland trade by destination, product and business characteristics: 2012 to 2016", p.18 (2018)*

Considering both, imports and export, the Republic of Ireland is still with whom Northern Ireland has more trade relations. Studnika and Lawless (2018), after investigating commerce patterns of businesses of Ireland, stated that the market share of the Republic of Ireland was mainly divided between Great Britain and Northern Ireland, so for a lot of companies their international activities are on a cross-border basis.

Since as we already said before, the Republic of Ireland is the most important destination of Northern Irish goods, due basically to the common land border and the proximity, businesses usually trade in raw or intermediate goods, i.e. defining a supply chain in which trade in both ways is needed. The Broad Economic Categories (BEC) has a classification of products in four main groups: consumption, goods, capital goods, intermediate inputs and others. Although it classifies food and beverages as final

<sup>6</sup> Classification of products used for trade statistics recommended by the United Nations.

products, these type of goods have important cross-border trade between Northern Ireland and the Republic of Ireland as products used in order to manufacture final products. Furthermore, the NISRA has published Cross-Border Supply Chain Report, which explains the how often the goods cross the land brother between the Republic of Ireland and Northern Ireland.

(Savic, “Patterns of Northern Ireland trade by destination, product and business characteristics: 2012 to 2016”, 2018)

### **8.3.1 Border difficulties**

The British and Irish governments must show convergence, not divergence.

Although a Brexit solution is not only solving the border matter, but also maintaining a successful relationship of the Republic of Ireland with England, Wales, Scotland and Northern Ireland, the reddest point nowadays is the land border in the island of Ireland. The only positive outcome would be an open border, but it would require free movement of people and goods.

The new elected Prime Minister may negotiate with the Taoiseach another Anglo-Irish trade agreement, as both countries have been doing throughout the years.

The absence of physical barriers between both parts of Ireland is one of the basis of the agreement which put an end to violence and unease. The point is that if the UK leaves the EU Customs Union these barriers could be built again.

Hence, the withdrawal agreement states that whilst a better solution is not found, the UK would remain in the Customs Union, with Northern Ireland being required to follow some European rules. Nevertheless, this is unacceptable for the DUP as well as for several Conservative MPs.

(BBC News Mundo, 2019)

### **8.3.2 Backstop**

The backstop will come into effect as soon as it is agreed in order to keep the border between Ireland and Northern Ireland opened after Brexit. If, finally, with the withdrawal of the UK from the EU there is also a withdrawal from the EU Single Market and the Customs Union, the United Kingdom will be considered for the EU as a “third country”, due to the establishment of a land border between both countries. If the parties do not reach any kind of agreement, the EU will apply tariffs and standard checks to British products as if they were products from a third country. The EU could decide not to impose any checks, but it would be risky since some other countries could complain if the treatment is favorable for the UK. (Institute of Government, 2019)

Ultimately, the backstop is a net with the aim of ensuring that there will be no hard border between the Republic of Ireland and Northern Ireland. (Walker, 2018)

The backstop may be needed due to the fact that at the present moment goods and services are traded between the two jurisdictions with almost no restrictions, but if the withdrawal comes into force, the UK will not continue being part of the EU’s Single Market and Customs Union, so products would have to be inspected at the land border since Ireland and Northern Ireland would be in different regulatory regimes. Although both parts are trying to avoid this backstop to happen, the UK is making it very difficult since its wish is to leave the Customs Union and the Single Market. The backstop would imply then Northern Ireland being aligned to the European rules for the Single Market, i.e. goods being imported into Northern Ireland from elsewhere in the UK should be checked to prove if they have the EU required standards. (Campbell, 2019)

In December 2017, the Joint Report established three alternatives or solutions to a hard border:

- Solve the matter with the future relationship between the UK and the EU. It can be easily understood that this option is the preferred one by the UK.
- In case that these relationships were not possible, the UK should suggest specific solutions specifically for Northern Ireland.

- If there is no solution after the transition period, the United Kingdom would have to follow the rules of the International Market and Customs Union, remaining in place until another solution is reached.

(Institute of Government, 2019)

Since nothing defined what these alternatives or solutions meant in practice, the European Commission published in February 2018 a draft Withdrawal Agreement. It suggested maintaining Northern Ireland in the EU customs and common regulatory territory. Nonetheless, it would mean regulatory checks between Great Britain and Northern Ireland, so it would damage the “constitutional integrity of the UK”, according to Theresa May. (Institute of Government, 2019)

Although the EU wishes the backstop only to affect Northern Ireland, Theresa May discarded the idea of different customs arrangements for Northern Ireland and the rest of the country, but Conservative MPs do not like the idea of the UK being closely connected to EU rules for a long period of time. Hence, the country has tried to negotiate the backstop time doing it shorter, but Brussels is against it since it is needed until an alternative solution is found. (Walker, 2018)

Being in the Customs Union entails for the UK not being capable of signing its own trade deals. Thus, the Withdrawal Agreement states that even though the UK can negotiate some trade deals during the transition period, the country needs irrevocable the EU’s acceptance. (British Chambers, n. d.)

In 2018 the United Kingdom proposed a temporary wide customs union since they did not consider necessary to establish a hard border, being sure that the future relationships would solve the problem. The European Union rejected the proposal. (Institute of Government, 2019)

After so many comings and goings, through a year without any progress in this matter, Donald Tusk, European Council President, stated:

“There will be no Withdrawal Agreement without a solid, operational and legally binding Irish backstop”.

(Institute of Government, 2019)

In November 2018 May announced her cabinet had finally found an acceptable deal regarding the backstop. Several MPs thought the backstop would be used to maintain the UK tied into the EU Customs Union without letting the country establishing its own trade deals. Hence, some MPs considered the backstop acceptable only in the short term or in case the UK had the right to end the arrangement. Nevertheless, businesses in Northern Ireland and Northern Irish non-unionist political parties are in favor of the backstop. (Campbell, 2019)

Although the DUP oppose the backstop because it damages the image of Northern Ireland, since it would imply different regulations between Northern Ireland and the rest of the UK, the majority of Northern Irish population is in favour of it, due to the privileged access that it would offer for them to the EU and UK markets. Hence, in January 2019 the British Government published a proposal on how both, the UK and Northern Ireland, are allowed to decide whether the backstop should be used or not and its governance. (Institute of Government, 2019)

On the other hand, some Brexiteers are against the backstop because it would mean remaining in a customs territory and not giving the UK the right to modify its tariffs. Thus, it would threaten a possible British independent trade policy, which was one of May's red lines. Moreover, the backstop is supposed to last until better arrangements are reached, always agreed by the two parts. That is why the Brexiteers think it will end up becoming a long term relationship between the EU and the UK. (Institute of Government, 2019)

Theresa May agreed with the European Council that the backstop would have no effect on the Belfast Agreement in case it does come into force and that the UK as a whole, i.e. including Northern Ireland, would always have a say over any European new legislation concerning the backstop. (Institute of Government, 2019)

In March 2019 the EU and the UK clarified the previous interpretation on the backstop in order to help May win parliamentary support. It did not happen so she had to resign. At the present moment, the candidates who can become the new leader of the Conservative party have already announced that they will try to negotiate changes

regarding the backstop issue. Thus, some of them trust in a technological solution, and others such as Boris Johnson want to move to the next phase of talks. (Campbell, 2019)

#### *8.3.2.1 “Backstop to the backstop”*

The “backstop to the backstop” is an idea proposed by the European Commission in October 2018, consisting in a backstop reserved only for Northern Ireland which would establish a customs border in the Irish Sea. This “solution” would be considered as the second plan in case the first one of establishing the backstop as we know, concerning the whole UK, fails. Even so, the Prime Minister, Theresa May, rejected this option since it would entail a inequality regarding customs between Northern Ireland and the rest of the UK.

(Sabbagh, Walker, Boffey, & Rankin, 2018)

According to Article 20 of the Withdrawal Agreement, the end of the backstop needs both the UK and the EU to reach an agreement, when it comes a day in which either party considers that the backstop is not needed anymore. There is a period then of 6 months for a Joint Committee to decide whether the backstop should go on or be cancelled. (British Chambers, n. d.)



## **9. CONCLUSIONS**

Throughout this Paper, from our point of view, we have tried to develop in the most objective way as possible the main causes of the current situation of the United Kingdom, the ones that led the country to its wish of leaving the European Union by following its right of self-determination.

It is crystal clear that the European Union is going through one of its worst moments, which is jeopardising its stability and its main value of European integration. Some authors say that the EU is facing four different kind of crisis at the present moment, which are crisis of identity, confidence, credibility and crisis regarding its future. We have seen the EU suffering multiple crisis such as the one of the Crimean Peninsula or the Financial Global Crisis. Despite this, the EU will probably continue kicking the can down the road until the advent of a significant political rupture.

The Brexit is with all certainty the most serious matter the European Union has had to deal with in its recent history. The United Kingdom is trying to break ties with the EU and therefore fragmenting the foundations that so many years have been needed to lay. In that sense, as it was mentioned throughout the Paper, currents of euroscepticism are starting to emerge nowadays, as well as radical parties, which lead us to remind the situation occurred in the United Kingdom and mainly in the Republic of Ireland during the 20th century.

Since the referendum took place on June of 2016 , there has been enough time to analyse at least the early repercussions and conclusions, as well as the expected ones to happen in the future. First of all, the decision of leaving the European Union has no precedent, so the negotiations should have all the guarantees in order not to add more uncertainty to the situation. Moreover, the economic impact is going to be huge if we bear in mind that the European Union is the most important trading partner of the United Kingdom. That relationship would be probably damaged after the effectiveness of the Brexit since right now the United Kingdom still belongs to the Customs Union and the Single Market, which eases the trade flows between the parties. Concerning businesses, British companies will continue leaving the country due to the difficult situation, specially financial companies.

But the most controversial issue here is the so many times aforementioned “backstop” and the future relation between the Republic of Ireland and Northern Ireland. Once again, uncertainty does not allow to foresee what is going to happen at least in the nearby future. What is clear is that if the United Kingdom finally leaves the EU, Northern Ireland will share land territory with a Member State, the Republic of Ireland. Hence, border checks will be applied, as well as tariffs, import duties, etc. It would harm for sure the economy of Northern Ireland and therefore the British economy as a whole. Nevertheless, that situation will be so conditioned to the type of agreement reached and the way through which the United Kingdom is going to leave definitively the European Union.

We also have to bear in mind that although the United Kingdom wants to leave the EU but maintaining its status, its credibility will suffer as a Non-Member State, as well as its capacity of influence.

The key for trying to explain the causes and consequences of this European crisis lies in understanding and assuming the origins of the matter: the separation context makes the citizens realize that they can decide over their future. Thus, the figure of empowerment of the population is being strengthened day by day.

More than three years after the EU Referendum we still do not know what is going to happen. Although none solution is better than a no Brexit situation, both the United Kingdom and the European Union will have to negotiate and bring positions closer in order to minimize the impact of the separation. We will have to wait to see the final outcome, at least until the end of the negotiations process, in October 2019.

## 10. REFERENCES

- Alonso, I. (2019). Éxodo de empresas por el Brexit. *ABC*. Retrieved from
- Amadeo, K. (2019). Brexit Consequences for the U.K., the EU, and the United States. *The Balance*. Retrieved from <https://www.thebalance.com/brexit-consequences-4062999>
- Angelovska, N. (2019). How Will Brexit Affect Ecommerce: Will Cross-Border Ecommerce Slow Down? *Forbes*. retrieved from <https://www.forbes.com/sites/ninaangelovska/2019/01/15/how-will-brexit-affect-ecommerce-will-cross-border-ecommerce-slow-down/#6a04c1588ca6>
- Anglo-Irish Agreement (1985). Retrieved from <https://cain.ulster.ac.uk/events/aia/aiadoc.htm>
- Arthur, P. , & Cowell-Meyers, K. (n. d.). Sinn Féin. *Encyclopædia Britannica*. Retrieved from <https://www.britannica.com/topic/Sinn-Fein>
- BBC. (2013). David Cameron promises in/out referendum on EU. *BBC News*. Retrieved from <https://www.bbc.com/news/uk-politics-21148282>
- BBC. (2016). El Brexit gana el referendo: Reino Unido elige salir de la Unión Europea. ¿Qué pasa ahora? *BBC News*. Retrieved from <https://www.bbc.com/mundo/noticias-internacional-36614807>
- BBC. (2017). Key points from the Article 50 letter. *BBC News*. Retrieved from <https://www.bbc.com/news/uk-politics-uk-leaves-the-eu-39433403>
- BBC. (2019). 2019 European Elections: How does the voting system work? *BBC News*. Retrieved from <https://www.bbc.com/news/uk-politics-27187434>
- BBC. (2019). Qué es el Brexit y otras preguntas básicas para entender la salida de Reino Unido de la Unión Europea. *BBC News*. Retrieved from <https://www.bbc.com/mundo/noticias-internacional-46521624>
- BBC. (2019). What is 'no-deal Brexit'? *BBC News*. Retrieved from <https://www.bbc.com/news/uk-politics-48511379>
- Bloom, N., Bunn, P., Chen, S., Mizen, P., Smietanka, P., & Thwaites, G. (2019). Brexit Is Already Affecting UK Businesses: Here's How. *Harvard Business Review*. Retrieved from <https://hbr.org/2019/03/brexit-is-already-affecting-uk-businesses-heres-how>

BME (n. d.). Gráfico índices IBEX. *Bolsa de Madrid*. Retrieved from <http://www.bolsamadrid.es/esp/asp/Mercados/Graficos.aspx?tipo=IBEX>

British Chambers (n. d.). What is the Withdrawal Agreement? *British Chambers*. Retrieved from <https://www.britishchambers.org.uk/media/get/BREXITFAQs.pdf>

Cambridge Dictionary (n. d.). Cambridge University Press. Retrieved from <https://dictionary.cambridge.org/es/diccionario/ingles/status-quo>

Campbell, J. (2019). Brexit: What is the Irish border backstop? *BBC News*. Retrieved from <https://www.bbc.com/news/uk-northern-ireland-politics-44615404>

Curran, E. (2017). New treaty between UK and Ireland could resolve Brexit border difficulties. *Belfast Telegraph*. Retrieved from <https://www.belfasttelegraph.co.uk/opinion/news-analysis/new-treaty-between-uk-and-ireland-could-resolve-brexit-border-difficulties-36375332.html>

Curtis, E. (1961). *A History of Ireland, from earliest times to 1922*. New York: Routledge

Dixon, E. (2019). Brexit: Estos son los países que se verán más afectados (y no solo es Europa). *CNN Español*. Retrieved from <https://cnnespanol.cnn.com/2019/02/05/brexit-estos-son-los-paises-que-se-veran-mas-afectados-y-no-solo-es-europa/>

Domínguez, M. (2018). Un año para el 'Brexit': qué impacto puede tener en mercado. *El Economista*. Retrieved from <https://www.eleconomista.es/mercados-cotizaciones/noticias/9045426/04/18/Un-ano-para-el-Brexit-que-impacto-puede-tener-en-mercado.html>

El Economista (2016). El Ibex 35 sufre la mayor caída de su historia al dejarse el 12,35%: viernes negro en Europa tras el Brexit. *El Economista*. Retrieved from <https://www.eleconomista.es/mercados-cotizaciones/noticias/7659838/06/16/Viernes-negro-ante-el-Brexit-los-futuros-de-las-bolsas-europeas-anticipan-un-desplome-del-12.html>

ESMA. (n. d.). MIFID II. *European Securities and Markets Authority*. Retrieved from <https://www.esma.europa.eu/policy-rules/mifid-ii-and-mifir>

European Commission (n. d.). Digital Single Market. European Commission. Retrieved from [https://ec.europa.eu/commission/priorities/digital-single-market\\_en](https://ec.europa.eu/commission/priorities/digital-single-market_en)

Eurostat. (2018). Exports of goods and services in % of GDP. *Eurostat*. Retrieved from

Expansión. (2019). El Brexit motivó el traslado de 42 empresas de Reino Unido a Holanda en 2018. *Expansión*. Retrieved from <http://www.expansion.com/economia/2019/02/10/5c601d1bca474132678b456d.html>  
Angelovska, N. (2018). Europe's Leading And Lagging Countries In Ecommerce. *Forbes*. Retrieved from <https://www.forbes.com/sites/ninaangelovska/2018/10/11/europes-leading-and-lagging-countries-in-ecommerce/#972687e6c770>

Fresneda, C. (2019). Fuga de multinacionales de Reino Unido ante el caos provocado por el Brexit. *El Mundo*. Retrieved from <https://www.elmundo.es/economia/macroeconomia/2019/01/24/5c48c682fc6c83b1178b464d.html>

GDS Link (n. d.). Brexit Impact & Effect On Financial Markets. *GDS Link*. Retrieved from <https://www.gdslink.com/how-would-the-brexite-impact-global-financial-markets/>

Good Friday Agreement (1998). Retrieved from [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/136652/agreement.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/136652/agreement.pdf)

Howes, G. (2019). Pound Sterling Live: Bank of England Dashes Recovery Hopes. *Pound Sterling Live, Bank of England*. Retrieved from <https://www.poundsterlinglive.com/gbp-live-today/11548-pound-to-euro-and-dollar-boe-rally-on-the-cards>

ICEX. (2018). Las empresas españolas amortiguarán el 'brexit' gracias a su diversificación. *ICEX*. Retrieved from <https://www.icex.es/icex/es/navegacion-principal/que-es-icex/donde-estamos/red-territorial-de-comercio/navegacion-principal/noticias/NEW2018788739.html?idComunidad=14>

Institute for Government. (2019). The Northern Ireland backstop. *Institute for Government*. retrieved from <https://www.instituteforgovernment.org.uk/explainers/northern-ireland-backstop>

Joint Declaration on Peace: The Downing Street Declaration, (1993). Retrieved from <https://cain.ulster.ac.uk/events/peace/docs/dsd151293.htm>

Knowles (2013). Patrick Pearse's Graveside Panegyric for O'Donovan Rossa on 1 August 1915 at Glasnevin Cemetery in Dublin. *Easter Rising 1916*. Retrieved from <http://www.easter1916.net/oration.htm>

Kollewe, J. (2019). Airbus brands UK government handling of Brexit 'a disgrace'. *The Guardian*. Retrieved from <https://www.theguardian.com/business/2019/jan/24/airbus-brands-uk-government-handling-of-brex-it-a-disgrace>

L., D. (2016). Cómo afecta el 'brexit' a las empresas que cotizan en el Ibex. *Cinco Días*. Retrieved from [https://cincodias.elpais.com/cincodias/2016/06/24/mercados/1466791661\\_922135.html](https://cincodias.elpais.com/cincodias/2016/06/24/mercados/1466791661_922135.html)

Lambe, C., & Kupelian, B. (n. d.). What does Brexit mean for London, the UK and Europe? *PwC*. Retrieved from <https://www.pwc.com/gx/en/issues/economy/global-economy-watch/what-does-brex-it-mean-for-london-the-uk-and-europe.html>

La Vanguardia. (2018). ¿Por qué la frontera de las dos Irlandas es el principal escollo para un acuerdo sobre el Brexit? *La Vanguardia*. Retrieved from <https://www.lavanguardia.com/internacional/20181017/452406275356/frontera-irlanda-irlanda-del-norte-escollo-acuerdo-brex-it.html>

Lay Hwee, Y. (2016). Brexit aftermath: implications and repercussions of the vote to leave EU. Singapore Institute of International Affairs. Retrieved from <http://www.siaonline.org/brex-it-aftermath-implications-and-repercussions-of-the-vote-to-leave-eu/>

Martín, P. (2019). Un Brexit duro dañará la negociación en Londres de Santander, IAG y BBVA. *Cinco Días*. Retrieved from [https://cincodias.elpais.com/cincodias/2019/03/28/mercados/1553795786\\_613052.html](https://cincodias.elpais.com/cincodias/2019/03/28/mercados/1553795786_613052.html)

May, T. (2017) Retrieved from [http://news.bbc.co.uk/2/shared/bsp/hi/pdfs/29\\_03\\_17\\_article50.pdf](http://news.bbc.co.uk/2/shared/bsp/hi/pdfs/29_03_17_article50.pdf)

Menon, R., Chen, B., Twaronite, L., & Siddique, A. (2019). Region by region: Analyst Survey 2019. Fidelity International. Retrieved from [https://www.fidelityinstitutional.com/en/region-by-region-analyst-survey-2019-762f59/#subheading\\_5](https://www.fidelityinstitutional.com/en/region-by-region-analyst-survey-2019-762f59/#subheading_5)

Mercau, E. (2010). Abandoned Britons? The Sunningdale Agreement and Ulster Britishness. University College Dublin, School of History and Archives.

Muñoz, A. (2018). El 'Brexit' ya ha costado un 2% del PIB a los británicos. *El Mundo*. Retrieved from <https://www.elmundo.es/economia/2018/05/23/5b045d1f468aeb4a5e8b462b.html>

Mustoe, H. (2019). How does Brexit affect the pound? *BBC News*. Retrieved from <https://www.bbc.com/news/business-46862790>

Nee, Y. (2019). Don't buy the British pound yet, experts say Brexit risks still loom. *CNBC*. Retrieved from <https://www.cnbc.com/2019/01/16/brexit-dont-buy-british-pound-sterling-investment-experts-say.html>

Pearce, M., & Stewart, J. (1996). *British Political History (1867-1995): Democracy and Decline*. (2nd ed.). London: Routledge

Pérez, M. (2017). La frontera irlandesa: el miedo a repetir la historia. *CTXT*. Retrieved from <https://ctxt.es/es/20170621/Politica/13448/CTXT-Brexit-frontera-Irlanda-Ulster.htm>

Phinnemore, D., & Hayward, K. (2017) UK Withdrawal ('Brexit') and the Good Friday Agreement. European Parliament. Retrieved from [http://www.europarl.europa.eu/RegData/etudes/STUD/2017/596826/IPOL\\_STU\(2017\)596826\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2017/596826/IPOL_STU(2017)596826_EN.pdf)

Pollard, H. B. C. (1922). *The Secret Societies of Ireland: their rise and progress*. University of California Libraries

Poptcheva, E. (2016). Article 50 TEU: Withdrawal of a Member State from the EU. European Parliament. Retrieved from [https://www.europarl.europa.eu/RegData/etudes/BRIE/2016/577971/EPRS\\_BRI\(2016\)577971\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2016/577971/EPRS_BRI(2016)577971_EN.pdf)

Pulido, L. (2019). Theresa May busca asegurar un acuerdo de libre comercio con Trump antes de renunciar. *France 24*. Retrieved from

Rankin, J. (2018). Norway option is worst of all Brexit outcomes for UK, say EU sources. *The Guardian*. Retrieved from <https://www.theguardian.com/politics/2018/dec/04/norway-option-is-worst-of-all-brexit-outcomes-for-uk-say-eu-sources-rules>

Razin, E. (2018). How Brexit Could Affect Finance, Real Estate And The Global Economy. *Forbes*. Retrieved from <https://www.forbes.com/sites/elyrazin/2018/08/08/how-brexit-could-affect-finance-real-estate-and-the-global-economy/>

Roig, S. (2018). 7 consecuencias del Brexit para el eCommerce en la UE. *M4arketing eCommerce*. Retrieved from <https://marketing4ecommerce.net/7-consecuencias-del-brexit-ecommerce-ue/>

Ross, V. (2019). Transitions and challenges for European securities markets and their regulators. *European Securities and Markets Authority*. Retrieved from [https://www.esma.europa.eu/sites/default/files/library/esma34-45-712\\_verena\\_ross\\_-\\_icma\\_2019\\_conference\\_speech.pdf](https://www.esma.europa.eu/sites/default/files/library/esma34-45-712_verena_ross_-_icma_2019_conference_speech.pdf)

Russell, G. W., Plunkett, H. C., & Quinn, J. (1917). *The Irish Home Rule Convention*. New York : Macmillan.

Rytter, E. (2018). Ireland and the impacts of Brexit: strategic implications for Ireland arising from changing EU-UK trading relations. Copenhagen Economics. Retrieved from <https://dbei.gov.ie/en/Publications/Publication-files/Ireland-and-the-Impacts-of-Brexit.pdf>

Sabbagh, D., Walker, P., Boffey D., & Rankin, J. (2018). Brexit talks at impasse over Irish backstop, says Downing Street. *The Guardian*. retrieved from <https://www.theguardian.com/politics/2018/oct/15/brexit-talks-at-impasse-over-differences-on-backstop-says-no-10-sources>

Sandri, P., M. (2018). Nueva York desplaza a Londres como centro financiero global. *La Vanguardia*. Retrieved from <https://www.lavanguardia.com/economia/20180916/451827577302/nueva-york-londres-finanzas-brexit.html>

Santander (n. d.). Cifras del comercio exterior en el Reino Unido. *Santander TradePortal*. Retrieved from <https://es.portal.santandertrade.com/analizar-mercados/reino-unido/cifras-comercio-exterior>

Santander (n. d.). Cifras del comercio exterior en Irlanda. *Santander TradePortal*. Retrieved from <https://es.portal.santandertrade.com/analizar-mercados/irlanda/cifras-comercio-exterior>

Savic, M. (2018). Patterns of Northern Ireland trade by destination, product and business characteristics: 2012 to 2016. Office of National Statistics. Retrieved from <https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/articles/patternsofnorthernirelandtradebydestinationproductandbusinesscharacteristics/2012to2016>

Sinn Féin (n. d.). Retrieved from <http://www.sinnfein.org>

Statista. (n. d.). Impact of Brexit on selected stock indices as of June 24, 2016. *Statista*. Retrieved from <https://www.statista.com/statistics/560152/reaction-of-stock-exchanges-to-brexit/>



The Economist. (2019). What would a no-deal Brexit mean for the economy and financial markets? *The Economist*. Retrieved from <https://www.economist.com/britain/2019/02/20/what-would-a-no-deal-brex-it-mean-for-the-economy-and-financial-markets>

Verbraken, T. (2019). What would a “No deal” Brexit mean for markets? MSCI. Retrieved from <https://www.msci.com/www/blog-posts/what-would-a-no-deal-brex-it/01189876611>

Walker, P. (2018). What is the Brexit backstop? *The Guardian*. Retrieved from <https://www.theguardian.com/politics/2018/oct/15/what-is-the-brex-it-backstop>

## 11. ANNEXES

### ANNEX 1: Breakdown of business activity by size of business and trading status

Country and size of enterprise group	Percentage of all businesses which declared trade transactions	Percentage of all businesses which did not declare trade transactions	Percentage of all employment in businesses which declared trade transactions	Percentage of all employment in businesses which did not declare trade transactions
<b>Northern Ireland</b>				
Micro (0 to 9 employment)	2.0	84.9	0.6	18.4
Small (10 to 49 employment)	1.3	8.0	2.3	12.8
Medium (50 to 249 employment)	0.6	1.5	3.9	8.8
Large (250 or more employment)	0.5	1.3	18.1	35.1
Businesses of all sizes	4.3	95.7	24.9	75.1
<b>UK</b>				
Micro (0 to 9 employment)	2.4	84.1	0.7	17.4
Small (10 to 49 employment)	1.2	7.7	2.1	11.8
Medium (50 to 249 employment)	0.6	2.0	3.7	8.6
Large (250 or more employment)	0.4	1.6	33.7	22.0
Businesses of all sizes	4.6	95.4	40.3	59.7

Source: Office for National Statistics, ONS estimates using HMRC data

(Patterns of Northern Ireland trade by destination, product and business characteristics: 2012 to 2016)

## **ANNEX 2: The Good Friday Agreement**

Agreement reached in the multi-party negotiations

### TABLE OF CONTENTS

1. Declaration of Support

2. Constitutional Issues

Annex A: Draft Clauses/Schedules for Incorporation in British Legislation

Annex B: Irish Government Draft Legislation

3. Strand One:

Democratic Institutions in Northern Ireland

4. Strand Two:

North/South Ministerial Council

5. Strand Three:

British - Irish Council

British - Irish Intergovernmental Conference

6. Rights, Safeguards and Equality of Opportunity Human Rights

United Kingdom Legislation

New Institutions in Northern Ireland

Comparable Steps by the Irish Government

A Joint Committee

Reconciliation and Victims of Violence

Economic, Social and Cultural Issues

7. Decommissioning

8. Security

9. Policing and Justice

Annex A: Commission on Policing for Northern Ireland Annex B: Review of the Criminal Justice System

10. Prisoners

11. Validation, Implementation and Review Validation and Implementation

Review Procedures Following Implementation

-----  
ANNEX: Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Ireland.

Tablecontents.htm

DECLARATION OF SUPPORT

1. We, the participants in the multi-party negotiations, believe that the agreement we have negotiated offers a truly historic opportunity for a new beginning.

2. The tragedies of the past have left a deep and profoundly regrettable legacy of suffering. We must never forget those who have died or been injured, and their families. But we can best honour them through a fresh start, in which we firmly dedicate ourselves to the achievement of reconciliation, tolerance, and mutual trust, and to the protection and vindication of the human rights of all.

3. We are committed to partnership, equality and mutual respect as the basis of relationships within Northern Ireland, between North and South, and between these islands.

4. We reaffirm our total and absolute commitment to exclusively democratic and peaceful means of resolving differences on political issues, and our opposition to any use or threat of force by others for any political purpose, whether in regard to this agreement or otherwise.

5. We acknowledge the substantial differences between our continuing,

and equally legitimate, political aspirations. However, we will endeavour to strive in every practical way towards reconciliation and rapprochement within the framework of democratic and agreed arrangements. We pledge that we will, in good faith, work to ensure the success of each and every one of the arrangements to be established under this agreement. It is accepted that all of the institutional and constitutional arrangements - an Assembly in Northern Ireland, a North/South Ministerial Council, implementation bodies, a British-Irish Council and a British-Irish Intergovernmental Conference and any amendments to British Acts of Parliament and the Constitution of Ireland - are interlocking and interdependent and that in particular the functioning of the Assembly and the North/South Council are so closely inter-related that the success of each depends on that of the other.

6. Accordingly, in a spirit of concord, we strongly commend this agreement to the people, North and South, for their approval.

CONSTITUTIONAL ISSUES

1. The participants endorse the commitment made by the British and Irish Governments that, in a new British-Irish Agreement replacing the Anglo- Irish Agreement, they will:

(i) recognise the legitimacy of whatever choice is freely exercised by a majority of the people of Northern Ireland with regard to its status, whether they prefer to continue to support the Union with Great Britain or a sovereign united Ireland;

(ii) recognise that it is for the people of the island of Ireland alone, by agreement between the two parts respectively and without external impediment, to exercise their right of self-determination on the basis of consent, freely and concurrently given, North and South, to bring about a united Ireland, if that is their wish, accepting that this right must be achieved and exercised with and subject to the agreement and consent of a majority of the people of Northern Ireland;

(iii) acknowledge that while a substantial section of the people in Northern Ireland share the legitimate wish of a majority of the people of the island of Ireland for a united Ireland, the present wish of a majority of the people of Northern Ireland, freely exercised and legitimate, is to maintain the Union and, accordingly, that Northern Ireland's status as part of the United Kingdom reflects and relies upon that wish; and that it would be wrong to make any change in the status of Northern Ireland save with the consent of a majority of its people;

(iv) affirm that if, in the future, the people of the island of Ireland exercise their right of self-determination on the basis set out in sections (i) and (ii) above to bring about a united Ireland, it will be a binding obligation on both Governments to introduce and support in their respective Parliaments legislation to give effect to that wish;

(v) affirm that whatever choice is freely exercised by a majority of the people of Northern Ireland, the power of the sovereign government with jurisdiction there shall be exercised with rigorous impartiality on behalf of all the people in the diversity of their identities and traditions and shall be founded on the principles of full respect for, and equality of, civil, political, social and cultural rights, of freedom from discrimination for all citizens, and of parity of esteem and of just and equal treatment for the identity, ethos, and aspirations of both communities;

(vi) recognise the birthright of all the people of Northern Ireland to identify themselves and be accepted as Irish or British, or both, as they may so choose, and accordingly confirm that their right to hold both British and Irish citizenship is accepted by both Governments and would not be affected by any future change in the status of Northern Ireland.

2. The participants also note that the two Governments have accordingly undertaken in the context of this comprehensive political agreement, to propose and support changes in, respectively, the Constitution of Ireland and in British legislation relating to the constitutional status of Northern Ireland.

## ANNEX A

### DRAFT CLAUSES/SCHEDULES FOR INCORPORATION IN BRITISH LEGISLATION

1. (1) It is hereby declared that Northern Ireland in its entirety remains part of the United Kingdom and shall not cease to be so without the consent of a majority of the people of Northern Ireland voting in a poll held for the purposes of this section in accordance with Schedule 1.

(2) But if the wish expressed by a majority in such a poll is that Northern Ireland should cease to be part of the United Kingdom and form part of a united Ireland, the Secretary of State shall lay before Parliament such proposals to give effect to that wish as may be agreed between Her Majesty's Government in the United Kingdom and the Government of Ireland.

2. The Government of Ireland Act 1920 is repealed; and this Act shall have effect notwithstanding any other previous enactment.

#### SCHEDULE 1

##### POLLS FOR THE PURPOSE OF SECTION 1

1. The Secretary of State may by order direct the holding of a poll for the purposes of section 1 on a date specified in the order.

2. Subject to paragraph 3, the Secretary of State shall exercise the power under paragraph 1 if at any time it appears likely to him that a majority of those voting would express a wish that Northern Ireland should cease to be part of the United Kingdom and form part of a united Ireland.

3. The Secretary of State shall not make an order under paragraph 1 earlier than seven years after the holding of a previous poll under this Schedule.

4. (Remaining paragraphs along the lines of paragraphs 2 and 3 of existing Schedule 1 to 1973 Act.)

#### ANNEX B

##### IRISH GOVERNMENT DRAFT LEGISLATION TO AMEND THE CONSTITUTION

Add to Article 29 the following sections:

7.

1. The State may consent to be bound by the British-Irish Agreement done at Belfast on the day of 1998, hereinafter called the Agreement.

1. Any institution established by or under the Agreement may exercise the powers and functions thereby conferred on it in respect of all or any part of the island of Ireland notwithstanding any other provision of this Constitution conferring a like power or function on any person or any organ of State appointed under or created or established by or under this Constitution. Any power or function conferred on such an institution in relation to the settlement or resolution of disputes or controversies may be in addition to or in substitution for any like power or function conferred by this Constitution on any such person or organ of State as aforesaid.

1. If the Government declare that the State has become obliged, pursuant to the Agreement, to give effect to the amendment of this Constitution referred to therein, then, notwithstanding Article 46 hereof, this Constitution shall be amended as follows:

i. the following Articles shall be substituted for Articles 2 and 3 of the Irish text:

"2. [Irish text to be inserted here]

3. [Irish text to be inserted here]"

ii. the following Articles shall be substituted for Articles 2 and 3 of the English text:

"Article 2

It is the entitlement and birthright of every person born in the island of Ireland, which includes its islands and seas, to be part of the Irish nation. That is also the entitlement of all persons otherwise qualified in accordance with law to be citizens of Ireland. Furthermore, the Irish nation cherishes its special affinity with people of Irish ancestry living abroad who share its cultural identity and heritage.

#### Article 3

1. It is the firm will of the Irish nation, in harmony and friendship, to unite all the people who share the territory of the island of Ireland, in all the diversity of their identities and traditions, recognising that a united Ireland shall be brought about only by peaceful means with the consent of a majority of the people, democratically expressed, in both jurisdictions in the island. Until then, the laws enacted by the Parliament established by this Constitution shall have the like area and extent of application as the laws enacted by the Parliament that existed immediately before the coming into operation of this Constitution.

2. Institutions with executive powers and functions that are shared between those jurisdictions may be established by their respective responsible authorities for stated purposes and may exercise powers and functions in respect of all or any part of the island."

iii. the following section shall be added to the Irish text of this Article:

"8. [Irish text to be inserted here]"

and

iv. the following section shall be added to the English text of this Article:

"8. The State may exercise extra-territorial jurisdiction in accordance with the generally recognised principles of international law."

4. If a declaration under this section is made, this subsection and subsection 3, other than the amendment of this Constitution effected thereby, and subsection 5 of this section shall be omitted from every official text of this Constitution published thereafter, but notwithstanding such omission this section shall continue to have the force of law.

5. If such a declaration is not made within twelve months of this section being added to this Constitution or such longer period as may be provided for by law, this section shall cease to have effect and shall be omitted from every official text of this Constitution published thereafter.

#### STRAND ONE

#### DEMOCRATIC INSTITUTIONS IN NORTHERN IRELAND

1. This agreement provides for a democratically elected Assembly in Northern Ireland which is inclusive in its membership, capable of exercising executive and legislative authority, and subject to safeguards to protect the rights and interests of all sides of the community.

The Assembly

2. A 108-member Assembly will be elected by PR(STV) from existing Westminster constituencies.

3. The Assembly will exercise full legislative and executive authority in respect of those matters currently within the responsibility of the six Northern Ireland Government Departments, with the possibility of taking on responsibility for other matters as detailed elsewhere in this agreement.

4. The Assembly - operating where appropriate on a cross-community basis - will be the prime source of authority in respect of all devolved responsibilities.

#### Safeguards

5. There will be safeguards to ensure that all sections of the community can participate and work together successfully in the operation of these institutions and that all sections of the community are protected, including:

(a) allocations of Committee Chairs, Ministers and Committee membership in proportion to party strengths;

(b) the European Convention on Human Rights (ECHR) and any Bill of Rights for Northern Ireland supplementing it, which neither the Assembly nor public bodies can infringe, together with a Human Rights Commission;

(c) arrangements to provide that key decisions and legislation are proofed to ensure that they do not infringe the ECHR and any Bill of Rights for Northern Ireland;

(d) arrangements to ensure key decisions are taken on a cross-community basis;

(i) either parallel consent, i.e. a majority of those members present and voting, including a majority of the unionist and nationalist designations present and voting;

(ii) or a weighted majority (60%) of members present and voting, including at least 40% of each of the nationalist and unionist designations present and voting.

Key decisions requiring cross-community support will be designated in advance, including election of the Chair of the Assembly, the First Minister and Deputy First Minister, standing orders and budget allocations. In other cases such decisions could be triggered by a petition of concern brought by a significant minority of Assembly members (30/108).

(e) an Equality Commission to monitor a statutory obligation to promote equality of opportunity in specified areas and parity of esteem between the two main communities, and to investigate individual complaints against public bodies.

#### Operation of the Assembly

6. At their first meeting, members of the Assembly will register a designation of identity - nationalist, unionist or other - for the purposes of measuring cross-community support in Assembly votes under the relevant provisions above.

7. The Chair and Deputy Chair of the Assembly will be elected on a cross- community basis, as set out in paragraph 5(d) above.



8. There will be a Committee for each of the main executive functions of the Northern Ireland Administration. The Chairs and Deputy Chairs of the Assembly Committees will be allocated proportionally, using the d'Hondt system. Membership of the Committees will be in broad proportion to party strengths in the Assembly to ensure that the opportunity of Committee places is available to all members.

9. The Committees will have a scrutiny, policy development and consultation role with respect to the Department with which each is associated, and will have a role in initiation of legislation. They will have the power to:

- consider and advise on Departmental budgets and Annual Plans in the context of the overall budget allocation;
- approve relevant secondary legislation and take the Committee stage of relevant primary legislation;
- call for persons and papers;
- initiate enquiries and make reports;
- consider and advise on matters brought to the Committee by its Minister.

10. Standing Committees other than Departmental Committees may be established as may be required from time to time.

11. The Assembly may appoint a special Committee to examine and report on whether a measure or proposal for legislation is in conformity with equality requirements, including the ECHR/Bill of Rights. The Committee shall have the power to call people and papers to assist in its consideration of the matter. The Assembly shall then consider the report of the Committee and can determine the matter in accordance with the cross-community consent procedure.

12. The above special procedure shall be followed when requested by the Executive Committee, or by the relevant Departmental Committee, voting on a cross-community basis.

13. When there is a petition of concern as in 5(d) above, the Assembly shall vote to determine whether the measure may proceed without reference to this special procedure. If this fails to achieve support on a cross-community basis, as in 5(d)(i) above, the special procedure shall be followed.

#### Executive Authority

14. Executive authority to be discharged on behalf of the Assembly by a First Minister and Deputy First Minister and up to ten Ministers with Departmental responsibilities.

15. The First Minister and Deputy First Minister shall be jointly elected into office by the Assembly voting on a cross-community basis, according to 5(d)(i) above.

16. Following the election of the First Minister and Deputy First Minister, the posts of Ministers will be allocated to parties on the basis of the d'Hondt system by reference to the number of seats each party has in the Assembly.

17. The Ministers will constitute an Executive Committee, which will be convened, and presided over, by the First Minister and Deputy First Minister.

18. The duties of the First Minister and Deputy First Minister will include, inter alia, dealing with and co-ordinating the work of the Executive Committee and the response of the Northern Ireland administration to external relationships.

19. The Executive Committee will provide a forum for the discussion of, and agreement on, issues which cut across the responsibilities of two or more Ministers, for prioritising executive and legislative proposals and for recommending a common position where necessary (e.g. in dealing with external relationships).

20. The Executive Committee will seek to agree each year, and review as necessary, a programme incorporating an agreed budget linked to policies and programmes, subject to approval by the Assembly, after scrutiny in Assembly Committees, on a cross-community basis.

21. A party may decline the opportunity to nominate a person to serve as a Minister or may subsequently change its nominee.

22. All the Northern Ireland Departments will be headed by a Minister. All Ministers will liaise regularly with their respective Committee.

23. As a condition of appointment, Ministers, including the First Minister and Deputy First Minister, will affirm the terms of a Pledge of Office (Annex A) undertaking to discharge effectively and in good faith all the responsibilities attaching to their office.

24. Ministers will have full executive authority in their respective areas of responsibility, within any broad programme agreed by the Executive Committee and endorsed by the Assembly as a whole.

25. An individual may be removed from office following a decision of the Assembly taken on a cross-community basis, if (s)he loses the confidence of the Assembly, voting on a cross-community basis, for failure to meet his or her responsibilities including, inter alia, those set out in the Pledge of Office. Those who hold office should use only democratic, non-violent means, and those who do not should be excluded or removed from office under these provisions.

#### Legislation

26. The Assembly will have authority to pass primary legislation for Northern Ireland in devolved areas, subject to:

(a) the ECHR and any Bill of Rights for Northern Ireland supplementing it which, if the courts found to be breached, would render the relevant legislation null and void;

(b) decisions by simple majority of members voting, except when decision on a cross-community basis is required;

(c) detailed scrutiny and approval in the relevant Departmental Committee;

(d) mechanisms, based on arrangements proposed for the Scottish Parliament, to ensure suitable co-ordination, and avoid disputes, between the Assembly and the Westminster Parliament;

(e) option of the Assembly seeking to include Northern Ireland provisions in United Kingdom-wide legislation in the Westminster Parliament,

especially on devolved issues where parity is normally maintained (e.g. social security, company law).

27. The Assembly will have authority to legislate in reserved areas with the approval of the Secretary of State and subject to Parliamentary control.

28. Disputes over legislative competence will be decided by the Courts.

29. Legislation could be initiated by an individual, a Committee or a Minister.

#### Relations with other institutions

30. Arrangements to represent the Assembly as a whole, at Summit level and in dealings with other institutions, will be in accordance with paragraph 18, and will be such as to ensure cross-community involvement.

31. Terms will be agreed between appropriate Assembly representatives and the Government of the United Kingdom to ensure effective co-ordination and input by Ministers to national policy-making, including on EU issues.

32. Role of Secretary of State:

(a) to remain responsible for NIO matters not devolved to the Assembly, subject to regular consultation with the Assembly and Ministers;

(b) to approve and lay before the Westminster Parliament any Assembly legislation on reserved matters;

(c) to represent Northern Ireland interests in the United Kingdom Cabinet;

(d) to have the right to attend the Assembly at their invitation.

33. The Westminster Parliament (whose power to make legislation for Northern Ireland would remain unaffected) will:

(a) legislate for non-devolved issues, other than where the Assembly legislates with the approval of the Secretary of State and subject to the control of Parliament;

(b) to legislate as necessary to ensure the United Kingdom's international obligations are met in respect of Northern Ireland;

(c) scrutinise, including through the Northern Ireland Grand and Select Committees, the responsibilities of the Secretary of State.

34. A consultative Civic Forum will be established. It will comprise representatives of the business, trade union and voluntary sectors, and such other sectors as agreed by the First Minister and the Deputy First Minister. It will act as a consultative mechanism on social, economic and cultural issues. The First Minister and the Deputy First Minister will by agreement provide administrative support for the Civic Forum and establish guidelines for the selection of representatives to the Civic Forum.

## Transitional Arrangements

35. The Assembly will meet first for the purpose of organisation, without legislative or executive powers, to resolve its standing orders and working practices and make preparations for the effective functioning of the Assembly, the British-Irish Council and the North/South Ministerial Council and associated implementation bodies. In this transitional period, those members of the Assembly serving as shadow Ministers shall affirm their commitment to non-violence and exclusively peaceful and democratic means and their opposition to any use or threat of force by others for any political purpose; to work in good faith to bring the new arrangements into being; and to observe the spirit of the Pledge of Office applying to appointed Ministers.

## Review

36. After a specified period there will be a review of these arrangements, including the details of electoral arrangements and of the Assembly's procedures, with a view to agreeing any adjustments necessary in the interests of efficiency and fairness.

## Annex A

### Pledge of Office

To pledge:

- (a) to discharge in good faith all the duties of office;
- (b) commitment to non-violence and exclusively peaceful and democratic means;
- (c) to serve all the people of Northern Ireland equally, and to act in accordance with the general obligations on government to promote equality and prevent discrimination;
- (d) to participate with colleagues in the preparation of a programme for government;
- (e) to operate within the framework of that programme when agreed within the Executive Committee and endorsed by the Assembly;
- (f) to support, and to act in accordance with, all decisions of the Executive Committee and Assembly;
- (g) to comply with the Ministerial Code of Conduct.

### CODE OF CONDUCT

Ministers must at all times:

- observe the highest standards of propriety and regularity involving impartiality, integrity and objectivity in relationship to the stewardship of public funds;
- be accountable to users of services, the community and, through the Assembly, for the activities within their responsibilities, their stewardship of public funds and the extent to which key performance targets and objectives have been met;

- ensure all reasonable requests for information from the Assembly, users of services and individual citizens are complied with; and that Departments and their staff conduct their dealings with the public in an open and responsible way;
- follow the seven principles of public life set out by the Committee on Standards in Public Life;
- comply with this code and with rules relating to the use of public funds;• operate in a way conducive to promoting good community relations and equality of treatment;
- not use information gained in the course of their service for personal gain; nor seek to use the opportunity of public service to promote their private interests;
- ensure they comply with any rules on the acceptance of gifts and hospitality that might be offered;
- declare any personal or business interests which may conflict with their responsibilities. The Assembly will retain a Register of Interests. Individuals must ensure that any direct or indirect pecuniary interests which members of the public might reasonably think could influence their judgement are listed in the Register of Interests;

## STRAND TWO

### NORTH/SOUTH MINISTERIAL COUNCIL

1. Under a new British/Irish Agreement dealing with the totality of relationships, and related legislation at Westminster and in the Oireachtas, a North/South Ministerial Council to be established to bring together

those with executive responsibilities in Northern Ireland and the Irish Government, to develop consultation, co-operation and action within the island of Ireland - including through implementation on an all-island and cross-border basis - on matters of mutual interest within the competence of the Administrations, North and South.

2. All Council decisions to be by agreement between the two sides. Northern Ireland to be represented by the First Minister, Deputy First Minister and any relevant Ministers, the Irish Government by the Taoiseach and relevant Ministers, all operating in accordance with the rules for democratic authority and accountability in force in the Northern Ireland Assembly and the Oireachtas respectively. Participation in the Council to be one of the essential responsibilities attaching to relevant posts in the two Administrations. If a holder of a relevant post will not participate normally in the Council, the Taoiseach in the case of the Irish Government and the First and Deputy First Minister in the case of the Northern Ireland Administration to be able to make alternative arrangements.

3. The Council to meet in different formats:

(i) in plenary format twice a year, with Northern Ireland representation led by the First Minister and Deputy First Minister and the Irish Government led by the Taoiseach;

(ii) in specific sectoral formats on a regular and frequent basis with each side represented by the appropriate Minister;

(iii) in an appropriate format to consider institutional or cross-sectoral matters (including in relation to the EU) and to resolve disagreement.

4. Agendas for all meetings to be settled by prior agreement between the two sides, but it will be open to either to propose any matter for consideration or action.

5. The Council:

(i) to exchange information, discuss and consult with a view to co-operating on matters of mutual interest within the competence of both Administrations, North and South;

(ii) to use best endeavours to reach agreement on the adoption of common policies, in areas where there is a mutual cross-border and all-island benefit, and which are within the competence of both Administrations, North and South, making determined efforts to overcome any disagreements;

(iii) to take decisions by agreement on policies for implementation separately in each jurisdiction, in relevant meaningful areas within the competence of both Administrations, North and South;

(iv) to take decisions by agreement on policies and action at an all-island and cross-border level to be implemented by the bodies to be established as set out in paragraphs 8 and 9 below.

6. Each side to be in a position to take decisions in the Council within the defined authority of those attending, through the arrangements in place for co-ordination of executive functions within each jurisdiction. Each side to remain accountable to the Assembly and Oireachtas respectively, whose approval, through the arrangements in place on either side, would be required for decisions beyond the defined authority of those attending.

7. As soon as practically possible after elections to the Northern Ireland Assembly, inaugural meetings will take place of the Assembly, the British/Irish Council and the North/South Ministerial Council in their transitional forms. All three institutions will meet regularly and frequently on this basis during the period between the elections to the Assembly, and the transfer of powers to the Assembly, in order to establish their modus operandi.

8. During the transitional period between the elections to the Northern Ireland Assembly and the transfer of power to it, representatives of the Northern Ireland transitional Administration and the Irish Government operating in the North/South Ministerial Council will undertake a work programme, in consultation with the British Government, covering at least 12 subject areas, with a view to identifying and agreeing by 31 October 1998 areas where co-operation and implementation for mutual benefit will take place. Such areas may include matters in the list set out in the Annex.

9. As part of the work programme, the Council will identify and agree at least 6 matters for co-operation and implementation in each of the following categories:

(I) Matters where existing bodies will be the appropriate mechanisms for co-operation in each separate jurisdiction;

(ii) Matters where the co-operation will take place through agreed implementation bodies on a cross-border or all-island level.

10. The two Governments will make necessary legislative and other enabling preparations to ensure, as an absolute commitment, that these bodies, which have been agreed as a result of the work programme, function at the time of the inception of the British-Irish Agreement and the transfer of powers, with legislative authority for these bodies transferred to the Assembly as soon as possible thereafter. Other arrangements for the agreed co-operation will also commence contemporaneously with the transfer of powers to the Assembly.

11. The implementation bodies will have a clear operational remit. They will implement on an all-island and cross-border basis policies agreed in

the Council.

12. Any further development of these arrangements to be by agreement in the Council and with the specific endorsement of the Northern Ireland Assembly and Oireachtas, subject to the extent of the competences and responsibility of the two Administrations.

13. It is understood that the North/South Ministerial Council and the Northern Ireland Assembly are mutually inter-dependent, and that one cannot successfully function without the other.

14. Disagreements within the Council to be addressed in the format described at paragraph 3(iii) above or in the plenary format. By agreement between the two sides, experts could be appointed to consider a particular matter and report.

15. Funding to be provided by the two Administrations on the basis that the Council and the implementation bodies constitute a necessary public function.

16. The Council to be supported by a standing joint Secretariat, staffed by members of the Northern Ireland Civil Service and the Irish Civil Service.

17. The Council to consider the European Union dimension of relevant matters, including the implementation of EU policies and programmes and proposals under consideration in the EU framework. Arrangements to be made to ensure that the views of the Council are taken into account and represented appropriately at relevant EU meetings.

18. The Northern Ireland Assembly and the Oireachtas to consider developing a joint parliamentary forum, bringing together equal numbers from both institutions for discussion of matters of mutual interest and concern.

19. Consideration to be given to the establishment of an independent consultative forum appointed by the two Administrations, representative of civil society, comprising the social partners and other members with expertise in social, cultural, economic and other issues.

## ANNEX

Areas for North-South co-operation and implementation may include the following:

1. Agriculture - animal and plant health.
2. Education - teacher qualifications and exchanges. 3. Transport - strategic transport planning.
4. Environment - environmental protection, pollution, water quality, and waste management.
1. Waterways - inland waterways.

2. Social Security/Social Welfare - entitlements of cross-border workers

and fraud control.

1. Tourism - promotion, marketing, research, and product development.
2. Relevant EU Programmes such as SPPR, INTERREG, Leader II and

their successors.

9. Inland Fisheries.

10. Aquaculture and marine matters

11. Health: accident and emergency services and other related cross- border issues.

12. Urban and rural development.

Others to be considered by the shadow North/ South Council.STRAND THREE

BRITISH-IRISH COUNCIL

1. A British-Irish Council (BIC) will be established under a new British- Irish Agreement to promote the harmonious and mutually beneficial development of the totality of relationships among the peoples of these islands.

2. Membership of the BIC will comprise representatives of the British and Irish Governments, devolved institutions in Northern Ireland, Scotland and Wales, when established, and, if appropriate, elsewhere in the United Kingdom, together with representatives of the Isle of Man and the Channel Islands.

3. The BIC will meet in different formats: at summit level, twice per year; in specific sectoral formats on a regular basis, with each side represented by the appropriate Minister; in an appropriate format to consider cross- sectoral matters.

4. Representatives of members will operate in accordance with whatever procedures for democratic authority and accountability are in force in their respective elected institutions.

5. The BIC will exchange information, discuss, consult and use best endeavours to reach agreement on co-operation on matters of mutual interest within the competence of the relevant Administrations. Suitable issues for early discussion in the BIC could include transport links, agricultural issues, environmental issues, cultural issues, health issues, education issues and approaches to EU issues. Suitable arrangements to be made for practical co-operation on agreed policies.

6. It will be open to the BIC to agree common policies or common actions. Individual members may opt not to participate in such common policies and common action.

7. The BIC normally will operate by consensus. In relation to decisions on common policies or common actions, including their means of implementation, it will operate by agreement of all members participating in such policies or actions.

8. The members of the BIC, on a basis to be agreed between them, will provide such financial support as it may require.



9. A secretariat for the BIC will be provided by the British and Irish Governments in co-ordination with officials of each of the other members.

10. In addition to the structures provided for under this agreement, it will be open to two or more members to develop bilateral or multilateral arrangements between them. Such arrangements could include, subject to the agreement of the members concerned, mechanisms to enable consultation, co-operation and joint decision-making on matters of mutual interest; and mechanisms to implement any joint decisions they may reach. These arrangements will not require the prior approval of the BIC as a whole and will operate independently of it.

11. The elected institutions of the members will be encouraged to develop interparliamentary links, perhaps building on the British-Irish Interparliamentary Body.

12. The full membership of the BIC will keep under review the workings of the Council, including a formal published review at an appropriate time after the Agreement comes into effect, and will contribute as appropriate to any review of the overall political agreement arising from the multi-party negotiations.

#### BRITISH-IRISH INTERGOVERNMENTAL CONFERENCE

1. There will be a new British-Irish Agreement dealing with the totality of relationships. It will establish a standing British-Irish Intergovernmental Conference, which will subsume both the Anglo-Irish Intergovernmental Council and the Intergovernmental Conference established under the 1985 Agreement.

2. The Conference will bring together the British and Irish Governments to promote bilateral co-operation at all levels on all matters of mutual interest within the competence of both Governments.

3. The Conference will meet as required at Summit level (Prime Minister and Taoiseach). Otherwise, Governments will be represented by appropriate Ministers. Advisers, including police and security advisers, will attend as appropriate.

4. All decisions will be by agreement between both Governments. The Governments will make determined efforts to resolve disagreements between them. There will be no derogation from the sovereignty of either Government.

5. In recognition of the Irish Government's special interest in Northern Ireland and of the extent to which issues of mutual concern arise in relation to Northern Ireland, there will be regular and frequent meetings of the Conference concerned with non-devolved Northern Ireland matters, on which the Irish Government may put forward views and proposals. These meetings, to be co-chaired by the Minister for Foreign Affairs and the Secretary of State for Northern Ireland, would also deal with all-island and cross-border co-operation on non-devolved issues.

6. Co-operation within the framework of the Conference will include facilitation of co-operation in security matters. The Conference also will address, in particular, the areas of rights, justice, prisons and policing in Northern Ireland (unless and until responsibility is devolved to a Northern Ireland administration) and will intensify co-operation between the two Governments on the all-island or cross-border aspects of these matters.

7. Relevant executive members of the Northern Ireland Administration will be involved in meetings of the Conference, and in the reviews referred to in paragraph 9 below to discuss non-devolved Northern Ireland matters.

8. The Conference will be supported by officials of the British and Irish Governments, including by a standing joint Secretariat of officials dealing with non-devolved Northern Ireland matters.

9. The Conference will keep under review the workings of the new British-Irish Agreement and the machinery and institutions established under it, including a formal published review three years after the Agreement comes into effect. Representatives of the Northern Ireland Administration will be invited to express views to the Conference in this context. The Conference will contribute as appropriate to any review of the overall political agreement arising from the multi-party negotiations but will have no power to override the democratic arrangements set up by this Agreement.

## RIGHTS, SAFEGUARDS AND EQUALITY OF OPPORTUNITY

### Human Rights

1. The parties affirm their commitment to the mutual respect, the civil rights and the religious liberties of everyone in the community. Against the background of the recent history of communal conflict, the parties affirm in particular:

- the right of free political thought;
- the right to freedom and expression of religion;
- the right to pursue democratically national and political aspirations;
- the right to seek constitutional change by peaceful and legitimate means;
- the right to freely choose one's place of residence;
- the right to equal opportunity in all social and economic activity, regardless of class, creed, disability, gender or ethnicity;
- the right to freedom from sectarian harassment; and
- the right of women to full and equal political participation.

### United Kingdom Legislation

2. The British Government will complete incorporation into Northern Ireland law of the European Convention on Human Rights (ECHR), with direct access to the courts, and remedies for breach of the Convention, including power for the courts to overrule Assembly legislation on grounds of inconsistency.

3. Subject to the outcome of public consultation underway, the British Government intends, as a particular priority, to create a statutory obligation on public authorities in Northern Ireland to carry out all their functions with due regard to the need to promote equality of opportunity in relation to religion and political opinion; gender; race; disability; age; marital status; dependants; and sexual orientation. Public bodies would be required to draw up statutory schemes showing how they would implement this obligation. Such schemes would cover

arrangements for policy appraisal, including an assessment of impact on relevant categories, public consultation, public access to information and services, monitoring and timetables.

4. The new Northern Ireland Human Rights Commission (see paragraph 5

below) will be invited to consult and to advise on the scope for defining, in Westminster legislation, rights supplementary to those in the European Convention on Human Rights, to reflect the particular circumstances of Northern Ireland, drawing as appropriate on international instruments and experience. These additional rights to reflect the principles of mutual respect for the identity and ethos of both communities and parity of esteem, and - taken together with the ECHR - to constitute a Bill of Rights for Northern Ireland. Among the issues for consideration by the Commission will be:

- the formulation of a general obligation on government and public bodies fully to respect, on the basis of equality of treatment, the identity and ethos of both communities in Northern Ireland; and
- a clear formulation of the rights not to be discriminated against and to equality of opportunity in both the public and private sectors.

New Institutions in Northern Ireland

5. A new Northern Ireland Human Rights Commission, with membership from Northern Ireland reflecting the community balance, will be established by Westminster legislation, independent of Government, with an extended and enhanced role beyond that currently exercised by the Standing Advisory Commission on Human Rights, to include keeping under review the adequacy and effectiveness of laws and practices, making recommendations to Government as necessary; providing information and promoting awareness of human rights; considering draft legislation referred to them by the new Assembly; and, in appropriate cases, bringing court proceedings or providing assistance to individuals doing so.

6. Subject to the outcome of public consultation currently underway, the British Government intends a new statutory Equality Commission to replace the Fair Employment Commission, the Equal Opportunities Commission (NI), the Commission for Racial Equality (NI) and the Disability Council. Such a unified Commission will advise on, validate and monitor the statutory obligation and will investigate complaints of default.

7. It would be open to a new Northern Ireland Assembly to consider bringing together its responsibilities for these matters into a dedicated Department of Equality.

8. These improvements will build on existing protections in Westminster legislation in respect of the judiciary, the system of justice and policing.

Comparable Steps by the Irish Government

9. The Irish Government will also take steps to further strengthen the protection of human rights in its jurisdiction. The Government will, taking

account of the work of the All-Party Oireachtas Committee on the Constitution and the Report of the Constitution Review Group, bring forward measures to strengthen and underpin the constitutional protection of human rights. These proposals will draw on the European Convention on Human Rights and other international legal instruments in the field of human

rights and the question of the incorporation of the ECHR will be further examined in this context. The measures brought forward would ensure at least an equivalent level of protection of human rights as will pertain in Northern Ireland. In addition, the Irish Government will:

- establish a Human Rights Commission with a mandate and remit equivalent to that within Northern Ireland;
- proceed with arrangements as quickly as possible to ratify the Council of Europe Framework Convention on National Minorities (already ratified by the UK);
- implement enhanced employment equality legislation; • introduce equal status legislation; and
- continue to take further active steps to demonstrate its respect for the different traditions in the island of Ireland.

#### A Joint Committee

10. It is envisaged that there would be a joint committee of representatives of the two Human Rights Commissions, North and South, as a forum for consideration of human rights issues in the island of Ireland. The joint committee will consider, among other matters, the possibility of establishing a charter, open to signature by all democratic political parties, reflecting and endorsing agreed measures for the protection of the fundamental rights of everyone living in the island of Ireland.

#### Reconciliation and Victims of Violence

11. The participants believe that it is essential to acknowledge and address the suffering of the victims of violence as a necessary element of reconciliation. They look forward to the results of the work of the Northern Ireland Victims Commission.

12. It is recognised that victims have a right to remember as well as to contribute to a changed society. The achievement of a peaceful and just society would be the true memorial to the victims of violence. The participants particularly recognise that young people from areas affected by the troubles face particular difficulties and will support the development of special community-based initiatives based on international best practice. The provision of services that are supportive and sensitive to the needs of victims will also be a critical element and that support will need to be channelled through both statutory and

community-based voluntary organisations facilitating locally-based self- help and support networks. This will require the allocation of sufficient resources, including statutory funding as necessary, to meet the needs of victims and to provide for community-based support programmes.

13. The participants recognise and value the work being done by many organisations to develop reconciliation and mutual understanding and respect between and within communities and traditions, in Northern Ireland and between North and South, and they see such work as having a vital role in consolidating peace and political agreement. Accordingly, they pledge their continuing support to such organisations and will positively examine the case for enhanced financial assistance for the work of reconciliation. An essential aspect of the reconciliation process is the promotion of a culture of tolerance at every level of society, including initiatives to facilitate and encourage integrated education and mixed housing.

## RIGHTS, SAFEGUARDS AND EQUALITY OF OPPORTUNITY

### Economic, Social and Cultural Issues

1. Pending the devolution of powers to a new Northern Ireland Assembly, the British Government will pursue broad policies for sustained economic growth and stability in Northern Ireland and for promoting social inclusion, including in particular community development and the advancement of women in public life.

2. Subject to the public consultation currently under way, the British Government will make rapid progress with:

(i) a new regional development strategy for Northern Ireland, for consideration in due course by the Assembly, tackling the problems of a divided society and social cohesion in urban, rural and border areas, protecting and enhancing the environment, producing new approaches to transport issues, strengthening the physical infrastructure of the region, developing the advantages and resources of rural areas and rejuvenating major urban centres;

(ii) a new economic development strategy for Northern Ireland, for consideration in due course by the Assembly, which would provide for short and medium term economic planning linked as appropriate to the regional development strategy; and

(iii) measures on employment equality included in the recent White Paper ("Partnership for Equality") and covering the extension and strengthening of anti-discrimination legislation, a review of the national security aspects of the present fair employment legislation at the earliest possible time, a new more focused Targeting Social Need initiative and a range of

measures aimed at combating unemployment and progressively eliminating the differential in unemployment rates between the two communities by targeting objective need.

3. All participants recognise the importance of respect, understanding and tolerance in relation to linguistic diversity, including in Northern Ireland, the Irish language, Ulster-Scots and the languages of the various ethnic communities, all of which are part of the cultural wealth of the island of Ireland.

4. In the context of active consideration currently being given to the UK signing the Council of Europe Charter for Regional or Minority Languages, the British Government will in particular in relation to the Irish language, where appropriate and where people so desire it:

- take resolute action to promote the language;
- facilitate and encourage the use of the language in speech and writing in public and private life where there is appropriate demand;
- seek to remove, where possible, restrictions which would discourage or work against the maintenance or development of the language;
- make provision for liaising with the Irish language community, representing their views to public authorities and investigating complaints;
- place a statutory duty on the Department of Education to encourage and facilitate Irish medium education in line with current provision for integrated education;

- explore urgently with the relevant British authorities, and in co-operation with the Irish broadcasting authorities, the scope for achieving more widespread availability of Teilifis na Gaeilige in Northern Ireland;
  - seek more effective ways to encourage and provide financial support for Irish language film and television production in Northern Ireland; and
  - encourage the parties to secure agreement that this commitment will be sustained by a new Assembly in a way which takes account of the desires and sensitivities of the community.
5. All participants acknowledge the sensitivity of the use of symbols and emblems for public purposes, and the need in particular in creating the new institutions to ensure that such symbols and emblems are used in a manner which promotes mutual respect rather than division. Arrangements will be made to monitor this issue and consider what action might be required.

#### DECOMMISSIONING

1. Participants recall their agreement in the Procedural Motion adopted on 24 September 1997 "that the resolution of the decommissioning issue is an indispensable part of the process of negotiation", and also recall the provisions of paragraph 25 of Strand 1 above.
2. They note the progress made by the Independent International Commission on Decommissioning and the Governments in developing schemes which can represent a workable basis for achieving the decommissioning of illegally-held arms in the possession of paramilitary groups.
3. All participants accordingly reaffirm their commitment to the total disarmament of all paramilitary organisations. They also confirm their intention to continue to work constructively and in good faith with the Independent Commission, and to use any influence they may have, to achieve the decommissioning of all paramilitary arms within two years following endorsement in referendums North and South of the agreement and in the context of the implementation of the overall settlement.
4. The Independent Commission will monitor, review and verify progress on decommissioning of illegal arms, and will report to both Governments at regular intervals.
6. Both Governments will take all necessary steps to facilitate the decommissioning process to include bringing the relevant schemes into force by the end of June.

#### SECURITY

1. The participants note that the development of a peaceful environment on the basis of this agreement can and should mean a normalisation of security arrangements and practices.
2. The British Government will make progress towards the objective of as early a return as possible to normal security arrangements in Northern Ireland, consistent with the level of threat and with a published overall strategy, dealing with:
  - (i) the reduction of the numbers and role of the Armed Forces deployed in Northern Ireland to levels compatible with a normal peaceful society;
  - (ii) the removal of security installations;

(iii) the removal of emergency powers in Northern Ireland; and

(iv) other measures appropriate to and compatible with a normal peaceful society.

3. The Secretary of State will consult regularly on progress, and the

response to any continuing paramilitary activity, with the Irish Government and the political parties, as appropriate.

4. The British Government will continue its consultation on firearms regulation and control on the basis of the document published on 2 April 1998.

5. The Irish Government will initiate a wide-ranging review of the Offences Against the State Acts 1939-85 with a view to both reform and dispensing with those elements no longer required as circumstances permit.

#### POLICING AND JUSTICE

1. The participants recognise that policing is a central issue in any society. They equally recognise that Northern Ireland's history of deep divisions has made it highly emotive, with great hurt suffered and sacrifices made by many individuals and their families, including those in the RUC and other public servants. They believe that the agreement provides the opportunity for a new beginning to policing in Northern Ireland with a police service capable of attracting and sustaining support from the community as a whole. They also believe that this agreement offers a unique opportunity to bring about a new political dispensation which will recognise the full and equal legitimacy and worth of the identities, senses of allegiance and ethos of all sections of the community in Northern Ireland. They consider that this opportunity should inform and underpin the development of a police service representative in terms of the make-up of the community as a whole and which, in a peaceful environment, should be routinely unarmed.

2. The participants believe it essential that policing structures and arrangements are such that the police service is professional, effective and efficient, fair and impartial, free from partisan political control; accountable, both under the law for its actions and to the community it serves; representative of the society it polices, and operates within a coherent and co-operative criminal justice system, which conforms with human rights norms. The participants also believe that those structures and arrangements must be capable of maintaining law and order including responding effectively to crime and to any terrorist threat and to public order problems. A police service which cannot do so will fail to win public confidence and acceptance. They believe that any such structures and arrangements should be capable of delivering a policing service, in constructive and inclusive partnerships with the community at all levels, and with the maximum delegation of authority and responsibility, consistent with the foregoing principles. These arrangements should be based on principles of protection of human rights and professional integrity and should be unambiguously accepted and actively supported by the entire community.

3. An independent Commission will be established to make

recommendations for future policing arrangements in Northern Ireland including means of encouraging widespread community support for these arrangements within the agreed framework of principles reflected in the paragraphs above and in accordance with the terms of

reference at Annex A. The Commission will be broadly representative with expert and international representation among its membership and will be asked to consult widely and to report no later than Summer 1999.

4. The participants believe that the aims of the criminal justice system are to:

- deliver a fair and impartial system of justice to the community;
- be responsive to the community's concerns, and encouraging community involvement where appropriate;
- have the confidence of all parts of the community; and • deliver justice efficiently and effectively.

5. There will be a parallel wide-ranging review of criminal justice (other than policing and those aspects of the system relating to the emergency legislation) to be carried out by the British Government through a mechanism with an independent element, in consultation with the political parties and others. The review will commence as soon as possible, will include wide consultation, and a report will be made to the Secretary of State no later than Autumn 1999. Terms of Reference are attached at Annex B.

6. Implementation of the recommendations arising from both reviews will be discussed with the political parties and with the Irish Government.

7. The participants also note that the British Government remains ready in principle, with the broad support of the political parties, and after consultation, as appropriate, with the Irish Government, in the context of ongoing implementation of the relevant recommendations, to devolve responsibility for policing and justice issues.

## ANNEX A

### COMMISSION ON POLICING FOR NORTHERN IRELAND

#### Terms of Reference

Taking account of the principles on policing as set out in the agreement, the Commission will inquire into policing in Northern Ireland and, on the basis of its findings, bring forward proposals for future policing structures

and arrangements, including means of encouraging widespread community support for those arrangements.

Its proposals on policing should be designed to ensure that policing arrangements, including composition, recruitment, training, culture, ethos and symbols, are such that in a new approach Northern Ireland has a police service that can enjoy widespread support from, and is seen as an integral part of, the community as a whole.

Its proposals should include recommendations covering any issues such as re-training, job placement and educational and professional development required in the transition to policing in a peaceful society.

Its proposals should also be designed to ensure that:



- the police service is structured, managed and resourced so that it can be effective in discharging its full range of functions (including proposals on any necessary arrangements for the transition to policing in a normal peaceful society);
- the police service is delivered in constructive and inclusive partnerships with the community at all levels with the maximum delegation of authority and responsibility;
- the legislative and constitutional framework requires the impartial discharge of policing functions and conforms with internationally accepted norms in relation to policing standards;
- the police operate within a clear framework of accountability to the law and the community they serve, so:
  - they are constrained by, accountable to and act only within the law;
  - their powers and procedures, like the law they enforce, are clearly established and publicly available;
  - there are open, accessible and independent means of investigating and adjudicating upon complaints against the police;
  - there are clearly established arrangements enabling local people, and their political representatives, to articulate their views and concerns about policing and to establish publicly policing priorities and influence policing policies, subject to safeguards to ensure police impartiality and freedom from partisan political control;
  - there are arrangements for accountability and for the effective, efficient and economic use of resources in achieving policing objectives;
  - there are means to ensure independent professional scrutiny and inspection of the police service to ensure that proper professional standards are maintained;
  - the scope for structured co-operation with the Garda Síochána and other police forces is addressed; and
  - the management of public order events which can impose exceptional demands on policing resources is also addressed.

The Commission should focus on policing issues, but if it identifies other aspects of the criminal justice system relevant to its work on policing, including the role of the police in prosecution, then it should draw the attention of the Government to those matters.

The Commission should consult widely, including with non-governmental expert organisations, and through such focus groups as they consider it appropriate to establish.

The Government proposes to establish the Commission as soon as possible, with the aim of it starting work as soon as possible and publishing its final report by Summer 1999.

## REVIEW OF THE CRIMINAL JUSTICE SYSTEM

### Terms of Reference

Taking account of the aims of the criminal justice system as set out in the Agreement, the review will address the structure, management and resourcing of publicly funded elements of the criminal justice system and will bring forward proposals for future criminal justice arrangements (other than policing and those aspects of the system relating to emergency legislation, which the Government is considering separately) covering such issues as:

- the arrangements for making appointments to the judiciary and magistracy, and safeguards for protecting their independence;
  - the arrangements for the organisation and supervision of the prosecution process, and for safeguarding its independence;
  - measures to improve the responsiveness and accountability of, and any lay participation in the criminal justice system;
  - mechanisms for addressing law reform;
  - the scope for structured co-operation between the criminal justice agencies on both parts of the island; and
  - the structure and organisation of criminal justice functions that might be devolved to an Assembly, including the possibility of establishing a Department of Justice, while safeguarding the essential independence of many of the key functions in this area.
- The Government proposes to commence the review as soon as possible, consulting with the political parties and others, including non-

#### ANNEX B

governmental expert organisations. The review will be completed by Autumn 1999.

#### PRISONERS

1. Both Governments will put in place mechanisms to provide for an accelerated programme for the release of prisoners, including transferred prisoners, convicted of scheduled offences in Northern Ireland or, in the case of those sentenced outside Northern Ireland, similar offences (referred to hereafter as qualifying prisoners). Any such arrangements will protect the rights of individual prisoners under national and international law.
2. Prisoners affiliated to organisations which have not established or are not maintaining a complete and unequivocal ceasefire will not benefit from the arrangements. The situation in this regard will be kept under review.
3. Both Governments will complete a review process within a fixed time frame and set prospective release dates for all qualifying prisoners. The review process would provide for the advance of the release dates of qualifying prisoners while allowing account to be taken of the seriousness of the offences for which the person was convicted and the need to protect the community. In addition, the intention would be that should the circumstances allow it, any qualifying prisoners who remained in custody two years after the commencement of the scheme would be released at that point.

4. The Governments will seek to enact the appropriate legislation to give effect to these arrangements by the end of June 1998.

5. The Governments continue to recognise the importance of measures to facilitate the reintegration of prisoners into the community by providing support both prior to and after release, including assistance directed towards availing of employment opportunities, re-training and/or re- skilling, and further education.

#### VALIDATION, IMPLEMENTATION AND REVIEW

##### Validation and Implementation

1. The two Governments will as soon as possible sign a new British-Irish Agreement replacing the 1985 Anglo-Irish Agreement, embodying understandings on constitutional issues and affirming their solemn commitment to support and, where appropriate, implement the agreement reached by the participants in the negotiations which shall be annexed to the British-Irish Agreement.

2. Each Government will organise a referendum on 22 May 1998. Subject

to Parliamentary approval, a consultative referendum in Northern Ireland, organised under the terms of the Northern Ireland (Entry to Negotiations, etc.) Act 1996, will address the question: "Do you support the agreement reached in the multi-party talks on Northern Ireland and set out in Command Paper 3883?". The Irish Government will introduce and support in the Oireachtas a Bill to amend the Constitution as described in paragraph 2 of the section "Constitutional Issues" and in Annex B, as follows: (a) to amend Articles 2 and 3 as described in paragraph 8.1 in Annex B above and (b) to amend Article 29 to permit the Government to ratify the new British-Irish Agreement. On passage by the Oireachtas, the Bill will be put to referendum.

3. If majorities of those voting in each of the referendums support this agreement, the Governments will then introduce and support, in their respective Parliaments, such legislation as may be necessary to give effect to all aspects of this agreement, and will take whatever ancillary steps as may be required including the holding of elections on 25 June, subject to parliamentary approval, to the Assembly, which would meet initially in a "shadow" mode. The establishment of the North-South Ministerial Council, implementation bodies, the British-Irish Council and the British- Irish Intergovernmental Conference and the assumption by the Assembly of its legislative and executive powers will take place at the same time on the entry into force of the British-Irish Agreement.

4. In the interim, aspects of the implementation of the multi-party agreement will be reviewed at meetings of those parties relevant in the particular case (taking into account, once Assembly elections have been held, the results of those elections), under the chairmanship of the British Government or the two Governments, as may be appropriate; and representatives of the two Governments and all relevant parties may meet under independent chairmanship to review implementation of the agreement as a whole.

##### Review procedures following implementation

5. Each institution may, at any time, review any problems that may arise in its operation and, where no other institution is affected, take remedial action in consultation as necessary with the

relevant Government or Governments. It will be for each institution to determine its own procedures for review.

6. If there are difficulties in the operation of a particular institution, which have implications for another institution, they may review their operations separately and jointly and agree on remedial action to be taken under their respective authorities.

7. If difficulties arise which require remedial action across the range of institutions, or otherwise require amendment of the British-Irish Agreement or relevant legislation, the process of review will fall to the two Governments in consultation with the parties in the Assembly. Each

Government will be responsible for action in its own jurisdiction.

8. Notwithstanding the above, each institution will publish an annual report on its operations. In addition, the two Governments and the parties in the Assembly will convene a conference 4 years after the agreement comes into effect, to review and report on its operation.

#### AGREEMENT

#### BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF IRELAND

The British and Irish Governments:

Welcoming the strong commitment to the Agreement reached on 10th April 1998 by themselves and other participants in the multi-party talks and set out in Annex 1 to this Agreement (hereinafter "the Multi-Party Agreement");

Considering that the Multi-Party Agreement offers an opportunity for a new beginning in relationships within Northern Ireland, within the island of Ireland and between the peoples of these islands;

Wishing to develop still further the unique relationship between their peoples and the close co-operation between their countries as friendly neighbours and as partners in the European Union;

Reaffirming their total commitment to the principles of democracy and non-violence which have been fundamental to the multi-party talks;

Reaffirming their commitment to the principles of partnership, equality and mutual respect and to the protection of civil, political, social, economic and cultural rights in their respective jurisdictions;

Have agreed as follows: ARTICLE 1

The two Governments:

(i) recognise the legitimacy of whatever choice is freely exercised by a majority of the people of Northern Ireland with regard to its status, whether they prefer to continue to support the Union with Great Britain or a sovereign united Ireland;

(ii) recognise that it is for the people of the island of Ireland alone, by agreement between the two parts respectively and without external impediment, to exercise their right of self-determination on the basis of consent, freely and concurrently given, North and South, to bring about a united Ireland, if that is their wish, accepting that this right must be achieved and exercised with and subject to the agreement and consent of a majority of the people of Northern Ireland;

(iii) acknowledge that while a substantial section of the people in Northern Ireland share the legitimate wish of a majority of the people of the island of Ireland for a united Ireland, the present wish of a majority of the people of Northern Ireland, freely exercised and legitimate, is to maintain the Union and accordingly, that Northern Ireland's status as part of the United Kingdom reflects and relies upon that wish; and that it would be wrong to make any change in the status of Northern Ireland save with the consent of a majority of its people;

(iv) affirm that, if in the future, the people of the island of Ireland exercise their right of self-determination on the basis set out in sections (i) and (ii) above to bring about a united Ireland, it will be a binding obligation on both Governments to introduce and support in their respective Parliaments legislation to give effect to that wish;

(v) affirm that whatever choice is freely exercised by a majority of the people of Northern Ireland, the power of the sovereign government with jurisdiction there shall be exercised with rigorous impartiality on behalf of all the people in the diversity of their identities and traditions and shall be founded on the principles of full respect for, and equality of, civil, political, social and cultural rights, of freedom from discrimination for all citizens, and of parity of esteem and of just and equal treatment for the identity, ethos and aspirations of both communities;

(vi) recognise the birthright of all the people of Northern Ireland to identify themselves and be accepted as Irish or British, or both, as they may so choose, and accordingly confirm that their right to hold both British and Irish citizenship is accepted by both Governments and would not be affected by any future change in the status of Northern Ireland.

## ARTICLE 2

The two Governments affirm their solemn commitment to support, and where appropriate implement, the provisions of the Multi-Party Agreement. In particular there shall be established in accordance with the

provisions of the Multi-Party Agreement immediately on the entry into force of this Agreement, the following institutions:

(i) a North/South Ministerial Council;

(ii) the implementation bodies referred to in paragraph 9 (ii) of the section entitled "Strand Two" of the Multi-Party Agreement;

(iii) a British-Irish Council;

(iv) a British-Irish Intergovernmental Conference. ARTICLE 3

(1) This Agreement shall replace the Agreement between the British and Irish Governments done at Hillsborough on 15th November 1985 which shall cease to have effect on entry into force of this Agreement.

(2) The Intergovernmental Conference established by Article 2 of the aforementioned Agreement done on 15th November 1985 shall cease to exist on entry into force of this Agreement.

#### ARTICLE 4

(1) It shall be a requirement for entry into force of this Agreement that:

(a) British legislation shall have been enacted for the purpose of implementing the provisions of Annex A to the section entitled "Constitutional Issues" of the Multi-Party Agreement;

(b) the amendments to the Constitution of Ireland set out in Annex B to the section entitled "Constitutional Issues" of the Multi-Party Agreement shall have been approved by Referendum;

(c) such legislation shall have been enacted as may be required to establish the institutions referred to in Article 2 of this Agreement.

(2) Each Government shall notify the other in writing of the completion, so far as it is concerned, of the requirements for entry into force of this Agreement. This Agreement shall enter into force on the date of the receipt of the later of the two notifications.

(3) Immediately on entry into force of this Agreement, the Irish Government shall ensure that the amendments to the Constitution of Ireland set out in Annex B to the section entitled "Constitutional Issues" of the Multi-Party Agreement take effect.

In witness thereof the undersigned, being duly authorised thereto by the respective Governments, have signed this Agreement.

Done in two originals at Belfast on the 10th day of April 1998.



Facultad de Ciencias Económicas y Empresariales

Universidad de León

Grado en Comercio Internacional

Curso 2018/2019

**MEMORIA DEL TRABAJO DE FIN DE GRADO EN ESPAÑOL**

BACKSTOP OR BACKWARDS: A TRADE ANALYSIS OF NORTHERN IRELAND  
IN THE BREXIT ERA

FRONTERA DURA O RETROCESO: ANÁLISIS COMERCIAL DE IRLANDA DEL  
NORTE DESPUÉS DEL BREXIT

Alumna: Carmen Muñoz Gómez

Tutor: Juan José Lanero Fernández

León, 2019

## A

Nos tenemos que remontar a la Reforma Anglicana de 1534 para comenzar a diseccionar la historia de Irlanda, la cual nos conduce hacia la situación actual, inundada por una completa incertidumbre y por una lucha de sentimientos encontrados entre los habitantes de la propia isla de Irlanda y, más concretamente, de Irlanda del Norte: por una parte, los que son partidarios de permanecer como parte del Reino Unido o unionistas, en su mayoría protestantes; por otra, la minoría católica que prefiere adherirse a la República de Irlanda y, por tanto, separarse del Reino Unido. Tras la Reforma Anglicana, los anglicanos se establecieron mayoritariamente en el sur de Irlanda mientras que, los Presbiteriano-Calvinistas lo hacían en el norte de la isla. Este hecho tiene mucha más importancia de la que pudiera parecer, pues desde este momento la religión en Irlanda pasó a abarcar más que el simple concepto de fe. El conflicto afectaba también a protestantes y católicos, estos últimos siendo expulsados de sus propiedades por tanto anglicanos como presbiteriano-calvinistas.

Bajo esta difícil situación, el Acta de Unión fue aprobada por el gobierno de Londres, estableciendo Inglaterra, Gales, Escocia e Irlanda del Norte como un mismo país, bajo la denominación de “Reino Unido de Gran Bretaña e Irlanda”.

El siglo XIX fue para el Imperio Británico un periodo de poder y gloria. En cambio, el siglo XX estuvo marcado por los conflictos en Irlanda, que erróneamente el Gobierno de Londres dejó pasar debido al estallido de la Primera Guerra Mundial. Desde entonces, los parlamentarios irlandeses electos en 1918 se pusieron como objetivo enfrentarse a los ingleses y ganar así su independencia.

Debido a la diferencia de opiniones en cuanto a la independencia de la isla de Irlanda se produjo una especie de guerra civil irlandesa. En cambio, el giro de los acontecimientos se produjo en el momento en que un victorioso Churchill, tras la Guerra Mundial, dio las llaves de Downing Street a un Primer Ministro Laborista. Bajo esta situación la República de Irlanda se constituye formalmente en 1949. Cuando se entendió que la mejor solución ante la situación de inestabilidad que atravesaba el Reino Unido sería conceder a Irlanda su independencia, los condados del norte se opusieron firmemente, pues su deseo era seguir perteneciendo al Reino Unido. Este hecho fue el detonante de la guerra de guerrillas organizada por los católicos irlandeses desde 1800, lo que se convertiría en el Ejército Republicano Irlandés (IRA por sus siglas en inglés). Se inició



entonces la época más sangrienta de la historia de Irlanda, en la que los protestantes continuarían matando ante la posibilidad de una Irlanda unida, tal y como haría el IRA en el caso de seguir la isla fraccionada.

Más adelante, el gobierno conservador consiguió la incorporación del Reino Unido a la Comunidad Económica Europea, que tuvo lugar a la vez que la de Irlanda. Sorprendentemente, este mismo gobierno perdió las elecciones y le entregó las llaves de Downing Street a un gobierno laborista en minoría, el cual se había opuesto al ingreso del Reino Unido en la Comunidad Económica Europea. Posteriormente, Margaret Thatcher se hizo con el liderazgo del Partido Conservador y con el cargo de Primera Ministra.

Aunque Thatcher fue forzada a dimitir y su cargo fue ocupado por John Major, éste fue rápidamente reemplazado por Tony Blair, representante del llamado “Nuevo Laborismo”. Fue durante su mandato cuando el Reino Unido se negó a entrar en la Zona Euro.

Los Acuerdos de Viernes Santo supusieron la llegada de la paz y el aparentemente indefinido alto el fuego del IRA. En este momento, se abrió la frontera entre las dos Irlandas.

La situación más reciente del Reino Unido nos lleva a la victoria del conservador David Cameron, quien incitó el desarrollo del plan de salida del país de la Unión Europea que hoy conocemos como Brexit. Cameron creía que, al igual que había sucedido con Escocia, en caso de celebrarse un referéndum de salida del Reino Unido, la mayoría decidiría quedarse como parte de la Unión Europea. Entonces, se vio obligado a hacer efectivo el referéndum, fechado en junio de 2016. Con el advenimiento del Brexit comenzaría una de las páginas más oscuras en la historia reciente del Reino Unido.

No sería hasta marzo de 2017 cuando se entregó a la Unión Europea un breve documento haciendo referencia al Artículo 50 del Tratado de Lisboa, referente al proceso de salida. Desde la entrega de dicho documento se establecería un periodo de negociaciones de dos años que finalizaría en marzo de 2019, fecha en la que se efectuaría la salida y que sería finalmente pospuesta hasta, en principio octubre del mismo año.

Un mes más tarde, la Primera Ministra Theresa May convocó elecciones, de las que salió claramente perjudicada. Así, tuvo que establecer un acuerdo con el partido radical norirlandés DUP, lo que a su vez perjudicó y puso en peligro los Acuerdos de Viernes Santo.

De ahora en adelante, lo que pueda ocurrir es pura especulación, pues tras la dimisión de Theresa May el proceso de elección de un nuevo Primer Ministro sigue en marcha.

Además de lo explicado hasta ahora, lo que realmente concierne a nuestro trabajo es la frontera terrestre existente entre Irlanda e Irlanda del Norte. La situación ideal sería que la República de Irlanda e Irlanda del Norte llegaran a un acuerdo que no pusiese más en peligro los Acuerdos de Viernes Santo. Aun con todo, el clima actual es de total crispación e inestabilidad, debido a la incertidumbre que salpica tanto al Reino Unido, como a Irlanda, como a la Unión Europea en general.

## **B**

Con un carácter revolucionario de influencia principalmente francesa, se creó lo que daría lugar al Sinn Féin en 1905, cuyo líder, Artur Griffith, se convertiría en el eje central junto con el IRA del nacimiento del Estado Libre de Irlanda. Griffith solicitaría la nulidad del Acta de Unión y con ella la retirada de los diputados irlandeses del Parlamento británico. La violencia se hizo cada vez más acusada y nacieron diversas organizaciones paramilitares. El IRA iniciaría una prolongada guerra de guerrillas bañada por la violencia y el terrorismo hasta la firma del Acuerdo Anglo-Irlandés de 1921, que proclamaría el Estado Libre de Irlanda. El IRA se fue fragmentando poco a poco y dando lugar a diversas escisiones más radicales si cabe.

En los años sucesivos se vivirían aún muchos momentos de tensión, hasta la firma del Acuerdo de Viernes Santo en 1998, que supuso el inicio de un periodo de paz. Se basó principalmente en tres pilares: las instituciones democráticas de Irlanda del Norte, el Consejo Ministerial del Norte y del Sur y la Conferencia Intergubernamental del Consejo Británico.

El actual deseo de salida de la Unión Europea tiene mucho que ver con el Acuerdo de Viernes Santo, ya que el cese de las relaciones entre la misma y el Reino Unido tendría

consecuencias directas sobre la implementación del acuerdo. La salida implicaría el cese de la libre circulación de personas, mercancías, servicios y capitales, creando un gran cisma entre las dos Irlandas, debido a la frontera que las separa.

## C

El proceso de salida propiamente dicho, como ya hemos mencionado, comenzaría con el anuncio del referéndum en 2013, por parte del Primer Ministro por aquel entonces, David Cameron. La votación se produjo el 23 de junio de 2016, con la victoria para la opción de abandonar la Unión Europea por un 51,8% frente a un 48,2%. Posteriormente, mediante el Artículo 50 del Tratado de Lisboa, se aludió al derecho del Reino Unido como estado miembro de abandonar la UE.

Las repercusiones inmediatas del proceso de salida son la volatilidad del mercado, debido a la incertidumbre que asola los mismos, el euroescepticismo y el auge de los partidos de radicales, la difícil situación de los ciudadanos británicos viviendo en Europa y viceversa y, por último pero indudablemente la repercusión más importante, el resultado de un Reino Unido dividido.

Hay varios escenarios posibles a partir de ahora, pudiendo clasificarlos tanto en el corto como en el largo plazo. Primeramente, no se sabe si, en caso de haber finalmente Brexit, será el denominado Brexit “duro” o Brexit “blando”. También cabe la posibilidad de que se llegue a un Brexit sin acuerdo, una de las opciones más desfavorables principalmente por las repercusiones negativas que tendría en cuanto al comercio y a la economía en general. Además, de cara al largo plazo, habría cuatro escenarios diferenciados, según los costes que implicarían para ambos países y la flexibilidad que les ofrecería a éstos en cuanto a sus relaciones comerciales.

Además, el Brexit ya afecta a día de hoy gravemente a los mercados, debido precisamente a la situación de incertidumbre ya mencionada con anterioridad. Ésta provocó en su momento la devaluación de la libra esterlina y el éxodo de muchas empresas británicas hacia otros países miembros de la Unión Europea.

## D

El eje del trabajo es el estudio de las relaciones comerciales tanto de Gran Bretaña como de Irlanda y, más específicamente, de Irlanda del Norte. Así, hay que tener en cuenta que hallar una solución exitosa a la situación del Brexit no es simplemente solucionar el problema de la frontera entre Irlanda e Irlanda del Norte, aunque bien es cierto que es el mayor impedimento para seguir adelante con las negociaciones a día de hoy, sino también afianzar una buena relación entre la República de Irlanda y el Reino Unido. Las consecuencias del referéndum ya se están notando en los flujos de comercio entre el Reino Unido y el resto de la Unión Europea.

Tras un análisis de los productos más exportados e importados por el Reino Unido, Irlanda e Irlanda del Norte, así como de sus socios comerciales más importantes, estudiamos las repercusiones que tendría el establecer una frontera como tal entre Irlanda e Irlanda del Norte, lo que supondría volver a los puestos de control, aduanas, impuestos de importación, etc., al abandonar el Reino Unido la Unión Aduanera y el Mercado Único. Entonces, el único resultado positivo sería una frontera abierta, pero esto requeriría la libre circulación de personas y mercancías. El acuerdo de salida establece que, en caso de no encontrar una solución mejor, el Reino Unido permanecería en la Unión Aduanera, siendo Irlanda del Norte obligada a seguir determinadas normas europeas.

El “backstop” se haría efectivo en el momento en el que se acuerde para mantener la frontera entre las dos Irlandas abierta. Si, finalmente, la retirada del Reino Unido de la Unión Europea lo es también de la Unión Aduanera y del Mercado Único, el Reino Unido sería considerado, sobre todo de cara a las relaciones comerciales internacionales, como un “tercer país”. Así, si los países no establecen ningún tipo de acuerdo, la Unión Europea impondrá controles e impuestos a la importación a los productos británicos como si productos de cualquier otro país externo a la Unión Europea se tratase. Este “backstop” sería necesario ya que en el momento actual tanto bienes como servicios se están comercializando prácticamente sin restricciones. En caso de que la salida se llegue a efectuar, los bienes comenzarían a ser inspeccionados en la frontera ya que Irlanda e Irlanda del Norte tendrían regímenes regulatorios diferentes.

Aun así, muchos partidarios del Brexit están en contra de establecer el “backstop” ya que implicaría permanecer en un territorio aduanero común y, además, dañaría la

imagen de Irlanda del Norte ya que pasaría a tener una regulación ligeramente diferente a la del resto del Reino Unido.

La ex Primer Ministra, Theresa May, acordó en su momento con el Consejo Europeo que el “backstop” no tendría efecto ninguno sobre el Acuerdo de Viernes Santo y que tanto el Reino Unido en conjunto como Irlanda del Norte tendrían potestad para decidir respecto a ello frente a cualquier nueva legislación europea al respecto.

Podríamos resumir la situación actual del Reino Unido definiéndola como incierta y escabrosa. Si hay algo seguro es que tras meses de negociaciones sobre los términos del acuerdo de salida, el proceso se encuentra estancado debido en su mayor parte al delicado papel que juega Irlanda del Norte en el asunto, dividiendo a la isla de Irlanda por completo. De entre todas las opciones que hay sobre la mesa, podríamos considerar la alternativa de un Brexit sin acuerdo como la peor de todas ellas, ya que tendría graves consecuencias a corto plazo en la Unión Europea y más especialmente en el Reino Unido. Afectaría de forma perjudicial a las relaciones comerciales del Reino Unido con el resto de países miembros, así como a los ciudadanos de la Unión que viven en el Reino Unido y viceversa. Los efectos a largo plazo son más difíciles de suponer puesto que aún está por definir la relación entre las partes en un futuro no tan inmediato.

Si bien Londres y Bruselas han afirmado que su deseo es evitar tener que levantar una frontera terrestre entre las dos Irlandas, no consiguen ponerse de acuerdo en cómo evitar esta situación. Habrá que esperar por lo menos hasta que vuelva a concluir el plazo de las negociaciones para sacar algo en claro. O no.