**EUSA Miami, contribution to Panel 2F“Brexit means Brexit-What does it mean for Ireland”**

**“The impact of Brexit on the European Union and what this might mean for Ireland”**

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 **Introduction**

The 25th March 2017 saw the 60th Anniversary of the Treaty of Rome. It was doubly symbolic as it saw the adoption of a new Rome Declaration on the way forward for the European Union but also because the commemorative gathering of EU leaders only included 27 Member States and not the United Kingdom , which had voted to leave the European Union in its referendum of June 2016. The future of the European Union had already become more uncertain than ever before as a result of the successive economic and migration crises and the rise of nationalistic and Eurosceptic populism in many EU countries. The prospective departure, however, of one of the largest Member States posed the biggest challenge of all, and this became more tangible on 29 March 2017 only 4 days after the Rome Anniversary with the formal tabling by the UK of its Article 50 notification

The negotiations that are about to begin between the UK and the remaining 27 EU Member States now look very likely to have three main components. The first is the actual Article 50 withdrawal agreement that is meant to be concluded by March 2019, but could take longer to negotiate if there is unanimous agreement on such an extension among the EU Member States. The second is a longer-term framework agreement between the UK and the European Union that cannot be formally concluded until after the UK has left and that could take a much longer time to negotiate. Finally some transitional arrangements are almost certain to be necessary. The content and timing of these three elements is still highly uncertain and it is even possible, if unlikely, either that talks might collapse and that the UK will leave the EU in 2019 without a formal agreement or else that the Article 50 notification might yet be revoked..

.The full consequences of an eventual Brexit will depend on the terms of any final settlement, whether any new arrangements are relatively close to or much further away from the status quo, and how long it will take to negotiate and to phase in such new arrangements. Whichever option is chosen, however, the implications for the remaining EU Member States and on the nature, institutions and future policies of the EU as a whole are likely to be profound. This paper examines the range of these potential impacts and then at their likely consequences for Ireland.

The paper first poses the key question of whether the EU will become stronger or weaker or even disintegrate as a result of Brexit, contradictory futures for the EU that were both mooted in the course of the UK referendum campaign. Before looking at specific scenarios it then looks at the wider context for such choices by looking both at the UK’s legacy for the EU and at the attitudes of other EU Member States to the Brexit process, including the fears of contagion in certain countries where Eurosceptic views are strongest .

The paper then examines immediate response of the EU Institutions to the challenges facing the EU in the light of Brexit, including their closing of the ranks in defence of the EU and their initial guidelines for the Brexit negotiations. It then goes on to look at the potential impacts of Brexit on EU institutional structures as well as on changing balances of power within an EU of 27 Member States. In particular, the paper looks in some detail at the impacts on the European Parliament, in some ways an institutional hard-liner on the Brexit process and yet also the institution where British representatives retain most influence.

The next section of the paper reviews the potential impacts of Brexit on specific EU policy objectives. Might it lead to greater integration or to a more cautious approach as to what the EU should or should not be doing? Might it lead to a more open or a more closed Europe, what might the impacts be for European economic and fiscal policy, the EU budget, EU social policy and European foreign policy and security cooperation? Will issues of EU democratic accountability be addressed with more urgency, and might there be further EU Treaty reform, with the political risks that this might entail, not least in Ireland.?

 The paper concludes by looking at the potential impacts of the Brexit process on Ireland’s position within the European Union Besides the near certainty of an Irish referendum on any future EU Treaty changes there has also been wider speculation about the risks of “Irexit” in Ireland. While there have been some calls for this, especially as Ireland becomes more of a net contributor and if the negotiations between the EU and the UK go badly, this is still a minority view in Ireland. .

 Ireland will, however, be directly affected by the choices that are made on all the matters described in this paper, both in terms of the changing structures and general direction of the residual EU and of specific policies, notably economic, fiscal and trade policies and foreign policy and security cooperation. Ireland will need new allies to help compensate for the departure of the UK. Moreover, Euroscepticism may well be lower in Ireland than in many other EU countries but “Euroindifference” is prevalent and there has been little real debate within Ireland on its role and place within the EU. The need for such a debate is now greater than ever.

**Will the EU become stronger or weaker or even disintegrate as a result of Brexit?**

 Brexit is probably the biggest challenge yet faced by the EU, the first real occasion on which it is likely to shrink in both size and economic importance and to pose a challenge to its continuing forward movement. The EU has, of course, never seen linear progression but, until now, it has never had a major step backwards.

The history of the European Union so far has seen periods of optimism and concrete achievement alternating with periods of stagnation and doubt. Moreover, the progress that has been made has been the result of compromise between those advocating much deeper EU integration and those prepared to take more cautious and pragmatic steps. This has even be true of EU terminology whereby the adoption of phrases such as “ever closer Union” and the negotiation of a draft EU Constitution paid tribute to federalist dreams and ambitions whereas the reality was generally more prosaic.

 The development of the European project has been further complicated by “choices” between “deepening” and “widening” and also by what has sometimes been described by the unattractive term of “variable geometry” whereby some countries are prepared to go further in some areas of integration than others.

The result of all this has been a series of “ad hoc” steps forward, only partially codified by the draft Constitution and then by the Lisbon Treaty, which has led to a particularly complex and “sui generis” system of multi-level EU governance with a mix of supra-nationalism and inter-governmentalism.

 All this has never been properly understood within the UK. In practice, as we shall see below, the UK has had a major influence on the development of the EU, but this has not been properly acknowledged within the UK, with its distorted internal debate, its failure to understand the complexities of multi-level governance (reinforced by the lack of a written constitutional framework for its own uneven process of devolution) and its opting-out from some of the flagship EU achievements, such as the Euro and Schengen.

These attitudes had a major impact on the UK’s Brexit referendum campaign. Seen from outside the UK there thus often seemed to be two incompatible points of view put forward in the campaign

(a) Europe was moving towards a superstate, and the EU could then get on with achieving this objective once the UK had left.

 According to this argument the EU was indeed moving towards ever closer union, with federalist steps such as the adoption of the Euro, the elimination of internal boundaries and such aspirations as a European Army. All of this would inevitably lead to a European super-state of which the UK should be no part.

In practice, of course, and far from moving towards a superstate, majority opinion within the EU does not even seem tempted by the softer image of a more federal Europe. Federalists are less numerous and vocal than when I started working in the European Parliament in 1979, the widening process so advocated by the European Union has led to a more heterogeneous union, and Eurosceptic views have intensified in many EU countries.

(b) those who argued that Britishexit could lead to a wider collapse of the EU and a return to national sovereignty.

 This argument was also put forward within the campaign, both by Brexiteers within the Conservative Party and in UKIP

This scenario is unfortunately more possible than the first one. There is clearly a serious crisis within the EU , nationalists and Eurosceptics have been reinforced by Brexit.(and the election of Trump) and there is a risk in a number of countries of new referendums on the Euro or even on their own continued membership,. As we shall see there does not currently seem to be a majority for this among public opinion in any one EU Member State and it is emphatically not the official position of the current British government, with Theresa May’s letter triggering Article 50 going out of its way to state that the UK referendum was not “an attempt to do harm to the European Union or any of the remaining Member States” and that, “on the contrary the UK wants the European Union to succeed and prosper”.

The risks for the European Union still remain A number of elections over coming months will be crucial in this respect but in a number of countries the risk of copycat referendums will depend on the outcome of the Brexit negotiations, which shows how difficult it will be to strike the right balance between a punitive and conciliatory approach in these negotiations.

At present neither a federal Europe nor the collapse of the EU look very likely. The jury is still out, however, as to whether British exit and Trump’s apparent attitude to the EU will lead to renewed determination for the EU to survive and to regroup, and not to go back to narrow nationalism. It is vital, therefore, that the European Union, has a clearer and open debate about its future purpose and objectives.

But what should the EU be doing or not doing, and what are the main options? Before looking at this it is worth first looking at the wider context of the UK legacy for the continuing EU and the points of view within the other 27 Member States

 **The UK legacy for the EU**

 To talk of the UK’s legacy now is clearly premature but a few initial observations need to be made, in order to assess the impact of the UK on the EU during its 44 years of membership, how it has influenced its development and the extent to which its departure would strengthen or weaken the residual EU.

Was De Gaulle right, and has the UK been a brake on the EU’s development and a Trojan horse for transatlantic influence? It is clearly true that the UK has never shared the official EU goal of “ever closer union”, there has never been a moment when both major British parties have been consistently pro-European, British media has become increasingly hostile to the whole project and temporary or permanent British opt-outs and derogations, whether to Schengen, the Euro, the Social Chapter or Home Affairs and Justice measures, have helped to undercut any sense of common EU direction and to reinforce the idea of a multi-speed Europe.

It is not obvious, however, whether the EU would have had a much clearer sense of direction without the UK. Moreover, it has often been convenient for other EU countries, themselves not enthusiastic about a possible EU course of action, to hide behind UK objections. The UK has indeed been the most out-voted Member State in the EU Council but still supported more than 97% of the EU laws adopted between 2004 and 2016 *(figures cited in a Votewatch Special Report by Hix, Hagemann and Frantescu)*

In a more positive sense UK political and policy preferences have often helped to shape EU decision-making, notably as regards the emphasis on EU enlargement and on widening rather than deepening the EU. UK influence has been fundamental in developing the EU single market and the concept of mutual recognition, in pushing for better regulation, reduced bureaucracy and a competitiveness agenda and in promoting free trade rather than protectionism. More generally British influence on the way in which the EU has actually worked has also been considerable, such as in its preference for pragmatic rather than federalist views on future EU development, and in its practical “the devil-is-the –detail approach to the running of the EU. The UK record on implementing EU decisions has also been a generally good one, although British proclamations of exceptional virtue in this respect does need to be subject to closer analysis.

Even where UK policy preferences have not been supported by all other EU Member States they have had strong backing from a number of countries, such as on its liberal internationalist approach to economic policy, and on its hostility to tax harmonization, as well as, for very different reasons, on its lack of support for a more integrated EU defence and security policy.

Finally, whether it has been supported or not, there has been a general recognition in other EU Member States that the UK has brought a lot to the table in such areas as economic strength and global security reach , and as a counterweight to any Franco-German centre of power within the EU.

The UK has thus been rather successful in influencing EU direction and has rarely been imposed upon against its will .Unfortunately this has not been the perception within the UK where public opinion has often been led to believe that the UK has been a victim and has not appreciated the very real UK achievements.

A good example of this is in British public opinion’s lack of interest in or respect for the European Parliament. In practice the role of British MEPs has been very great and many of the most influential MEPs have been British. Their work has helped to shape the European Parliament’s positions on the internal market, on the Parliament’s own standing orders, on the Parliament’s increased emphasis on implementation of EU laws, on impact assessment of EU proposals, on the development of question time in plenary and in committee, and on the treatment of petitions. Few if any, however, of these British MEPs have become at all known within the UK, which has never had any EU celebrities such as Jacques Delors.

 If the UK does eventually leave the EU, as currently appears very likely, a more systematic evaluation of its legacy for the EU will be required. There is often much talk in the European Parliament about the “cost of non-Europe”. It is evident from the short analysis above that the cost of “non-Britain” will also be considerable.

**Attitudes of other Member States to the Brexit process**

 This section of the paper looks at the attitudes of other Member States to the prospective UK departure from the EU, at fears of the rise or reinforcement of home-grown populists or even of copycat referendums, and finally at some of the objectives of other Member States in the forthcoming Brexit negotiations.

UK departure is regretted by the governments of most Member States, for a variety of different reasons, but which are often linked to aspects of the UK’s legacy that were discussed above

- They share similar policy interests and overall approach to the economy to the UK, such as a preference for a liberal and free trade rather than more protectionist approach, or wariness about tax harmonization

- They also have a preference for pragmatic and step-by-step approach to future EU development.

- They are concerned that the EU will lose a major economic actor, important connections with the wider world and also be a less important actor in the field of UK, global security

- Many of them feel the loss of a counterweight to dominance of the EU by the French and Germans or just by Germany

- A number of them fear that Brexit would stoke up domestic arguments and encourage their own nationalists and Eurosceptics to call for new referenda, etc

 If this has been the reaction of many EU governments, what about broader public opinion? Research from the Pew Research Centre in 10 EU countries just before the Brexit referendum, including in all the larger ones*( “Euroskepticism beyond Brexit”)* indicated that only 16% of those surveyed in the 10 countries felt that it would be a good thing if the UK left, compared to 70% who felt that it would be bad. including 89% of Swedes, 75% of Dutch and74% of Germans. The argument that UK has always been an awkward partner and good riddance may have existed in some countries such as France or Belgium but has been a minority view everywhere. The numbers feeling that Brexit was a bad development were indeed lower in France (62%) and in Italy (57%), but even here there were clear majorities with this view. Indeed it has been a paradox that France has been one of the most Eurocritical countries(according to the Pew research only 38% of those surveyed in France were favourable to the EU, lower than the 44% figure in the UK) and yet was the EU country with the highest percentage, 32%, of those believing that it might be a good idea for the UK to leave : Were these federalists, Gaullists or simply critical of the UK?

Other research last year by IFOP for the Jean Jaures Foundation and the FEPS in France, carried out in July 2016 after the UK referendum, showed that there were very varying views in EU countries on the consequences of Brexit, such as on whether Brexit was serious for the EU (54% of Poles down to only 25% of Germans and 13% of French people surveyed), whether the EU would end up being strengthened by the crisis(54% of Germans and 47% of Spaniards but only 37% of the French and 36% of the Italians), and finally on whether other countries might now leave the EU (a possible scenario for 27% of Germans but up to 41% of Italians).

The IFOP survey for the Jean Jaures Foundation and the FEPS went on to ask whether the respondents supported a referendum in their own country (France and Italy 54% no, Germans 59% no, Spanish, Belgians and Poles between 65 and 67% no) and, if so, how would they vote (if there was such a referendum how would you vote? Italy 52 no-31 yes-17 didn’t know, France 53-26-21, Belgians 61-19-20, Germans 65-18-17, Spaniards 67-17-16 and Poles 84-16).

A poll in Slovenia *(for the Delo newspaper in July 2016)* showed that 60% of Slovenes wished to remain in the EU and 25% wanted it to leave.

Another survey in Denmark (*from Voxmeter, published in Jyllands Posten on 4 July 2016)* indicated that, before the UK referendum, 40.7% of Danes polled were in favour of a Danish EU referendum with 45.6% opposed and 59.8% wanted Denmark to remain in the EU compared to 22.4% who wished to leave: These figures had changed significantly after the UK vote, with only 32% wanting a Danish referendum and 57.4% now opposed, and with 69% wanting Denmark to stay compared to only 18.2% wanting it to leave.

The surveys cited above were carried out around the time of the UK referendum, and it would be interesting to see how they are now evolving. As examined later on in this paper the reaction of EU governments has been to close ranks and to support the need for EU solidarity. Public opinion, however, is both more varied and more volatile. The immediate impacts of Brexit, with political turmoil in the UK and a rapid devaluation of the pound sterling, appeared to lead to a certain recovery in public support for the EU even in some countries with strongly Eurosceptic tendencies such as Denmark and Finland.. The relative stability of the UK economy since then has contributed to the fact that there have been no great swings in UK public opinion amongst Brexiteers and Remainers, but the impact of this on public opinion in other EU Member States is less clear. The tone and outcome of the forthcoming UK general elections and the ups and downs of the subsequent negotiations between the UK and the 27 will probably lead to further swings in public opinion.

What has been very clear, however, is that the Brexit referendum as well as the subsequent election of Donald Trump have comforted Eurosceptic populists in many countries. For much of the period since the Brexit referendum this has led to concerns about a number of key elections in EU countries that could lead to a surge in populism and perhaps even to stronger calls for referendums on membership of the Eurozone or of the EU itself.

So far the worst fears have been averted, first in the Austrian Presidential election when the pro-European Green candidate defeated the much more populist and Eurosceptic FPO candidate. Moreover, Austrian public opinion, in spite of the considerable political strength of the far right FPO, has moved in a slightly more pro-European direction according to a survey from the OGfE, the Austrian Association for European Policy ; Whereas 60% of those surveyed wanted to stay in the EU in April 2016 and 31% to leave, these figures had changed to 67% and 25% in January 2017.

 There had also been many fears concerning the strength of Geert Wilders in the Dutch Parliamentary elections but in the end pro-European parties came out far ahead of the Eurosceptics, with Wilders’ vote up slightly on the previous elections but lower than he had achieved in the election before that. The pro-European Labour Party did very badly but the more left-wing and Eurosceptic Socialist Party flat-lined, and the biggest winners, the Christian Democrats, D 66 and Green-Left Parties are all supporters of close European cooperation.

 The biggest fears of all were linked to the French Presidential election, where most of the candidates were anti-European and Marine Le Pen of the National Front actively sought a French in-out referendum. She is now in a run-off with the most pro European of the candidates, Emmanuel Macron, which she is very unlikely to win, and even if she did would not be able to forge a parliamentary majority for her views. It is sobering, however, that strongly Eurosceptic candidates won around 45% or more of the total first round vote., and whereas Fillon and Hamon were not questioning France’s EU or Euro membership, only Macron, who won 24% of the vote, was a supporter of closer European integration.

Germany will also be holding elections in the autumn but the Eurosceptical Alternative for Germany is now more divided than ever, and is going down in the polls, so the risks of a populist insurgency here seem to be much less. On the other hand the risks are much greater in Italy, where an election will almost certainly be called within the next year, and where populism is currently very strong. The far right Lega Nord is very Eurosceptic and the Five Star Movement, which is currently leading in the polls and is highly populist but difficult to place on the political spectrum, is a strong advocate of an Italian referendum on its membership of the Eurozone.

In other EU countries where Euroscepticism is strong there seems to be more of a wait-and-see attitude towards the outcome of the Brexit negotiations, and whether the UK will end up with a good post-Brexit deal. This is the case, for example, in Denmark where the leader of the Danish People’s Party, for example, has called for an eventual Danish referendum on whether it wishes to stay in the EU a or else to replace its current membership with the model that has been negotiated for the UK..

 Another example is that of Finland where the youth wing of the right wing Finns Party immediately called for a citizens initiative for a similar referendum in Finland. The main party leader, Timo Soini, said that he was not in favour at present but that it might be in the Finns manifesto for the 2019 national elections. He is now standing down as leader, however, and one of his possible successors, Halla Aho, wants a referendum on Finnish membership

 All this shows how delicate the UK- EU negotiations will be, not least in the balance to strike between a more punitive or conciliatory EU approach, and the extent to which the final outcome penalizes the UK or else is relatively favourable. This will be to the forefront of thinking in the capitals of the EU 27 as negotiations are set to begin.

National concerns will vary considerably. Ireland is the most affected of all EU countries, with a whole range of concerns, fears of a hard border within the island of Ireland and potential threats to the peace process, its dependency on UK trade (especially in the agricultural sector), problems of transit of Irish imports and exports through the UK, as well as recognition of the loss of an important ally on economic, tax and other issues. These are explored briefly at the end of this paper.

A number of other countries have particularly strong trading links with the UK, like Netherlands, Belgium and Denmark, whereas others have reduced this in recent years (not long ago the UK was Finland’s second largest trading partner and now it is only 6th). A further group of countries, not least a number of countries in Central and Eastern Europe, are most concerned about the fate of the large number of their nationals who are currently living and working in the UK.

There are also other EU countries which are much less affected. Bulgaria, for example, has fewer trading links and more of its citizens are living in Italy or in Spain than in the United Kingdom.

It is too early to go into much detail about individual national“red lines” but there are certain concerns shared by many EU countries

-the need to safeguard the rights of EU citizens currently in the UK (the rights of UK citizens in other EU countries is naturally linked to this in the negotiations but the incidence on individual EU countries is very different, with far more EU citizens being affected than UK citizens in terms of absolute numbers, especially from Poland and the Visegrad countries, whereas the largest number of UK citizens, mainly retirees, are in Spain and have a considerable incidence, for example, on the Spanish health system)

-the need for the closest possible trading links between the EU and the UK while ensuring that the UK obtains no sectoral deals or else is able to gain competitive advantage by undercutting EU social , environmental and other standards (this latter a major concern even among those countries most favourable towards the UK)

-the need to tackle the hole in the EU budget caused by UK departure, a concern shared both by the net contributors to the EU budget and by the main recipients, predominantly the poorer EU Member States, who fear the loss of cohesion, structural and other funding.

-the need for any overall agreement with the UK to tackle other issues besides economic ones, notably security concerns, which are particularly strong in those countries in Russia’s near neighbourhood.

**Strategic options for the EU : EU institutional reactions to future of Europe and to Brexit negotiations**

The UK’s departure will clearly have serious consequences for the character and policies of the European Union. Most if not all of the other Member States regret the UK’s departure, are worried about the risks of contagion, and have a number of both general and specific concerns. The next section of the paper looks at the EU institutions’ reactions to this crisis, and how they have been seeking to aggregate national concerns in the common positions that they are adopting, with a view both to guidelines for the Brexit negotiations with the UK and to the next steps forward for the EU.

(i) Council and European Council

Bratislava and Rome declarations

The first reaction of the EU governments after the UK referendum was to close ranks, to show that they were united rather than divided, that they were committed to the values and structures of the European Union, and to go forward as EU Members even after the departure of the UK.

The first major EU statement to this effect was the Bratislava Declaration of 16 September 2016. *“Although one country has decided to leave, the EU remains indispensable for the rest of us”. “We are determined to make a success of the EU with 27 Member States, building on this joint history.” “The EU is not perfect but it is the best instrument we have for addressing the new challenges we are facing.”*

The EU leaders conceded that they needed to improve communications with their citizens, inject more clarity into their decisions and use clear and honest language. The EU also needed “ *to challenge simplistic solutions of extreme or populist political forces*”.

Another opportunity to re-state basic principles came in March 2017 with the Rome Declaration to commemorate the 60th anniversary of the EC Treaties. *“We, the Leaders of 27 Member States and of EU institutions, take pride in the achievements of the European Union ; the construction of European unity is a bold far-sighted endeavour “…”European unity started as the dream of the few, it became the hope of the many” “We will make the European Union stronger and more resilient, through even greater unity and solidarity amongst us and the respect of common rules…. Taken individually, we would be sidelined by global dynamics. Standing together is our best chance to influence them, and to defend our common interests and values”*

The Declaration committed the leaders to a Rome Agenda and to work together towards the broad objectives of a safe and secure Europe, a prosperous and sustainable Europe, a social Europe and a stronger Europe on the global scene*. “ We, as Leaders… will ensure that today’s agenda is implemented, so as to become tomorrow’s reality. We have united for the better. Europe is our common future.”*

There were also one or two hints of the problems that they would face in delivering this agenda, recognitions that decisions should be taken at the right level and that the Union should be *“big on big issues and small on small ones*”. There should be greater transparency, and response to citizens’ concerns, and better engagement with national parliaments. Most telling of all, perhaps, was the phrase *“We will act together, at different paces and intensity where necessary, while moving in the same direction…, and keeping the door open to those who want to join later”*

Article 50 negotiating guidelines

Both the above general principles and the various national concerns that were outlined earlier in this paper are reflected in the European Council guidelines for the Article 50 withdrawal negotiations that have been discussed by the EU 27 during the course of April 2017, and adopted on 29 April.. *“Throughout these negotiations the Union will maintain its unity and act as one with the aim of reaching a result that is fair and equitable for all Member States”* The aim was a constructive agreement with the UK but, if the negotiations were to fail the Union would “*prepare itself to be able to handle the situation”..*

The text then *“reiterates its wish to have the UK as a close partner in the future” and that “any agreement with the UK will have to be based on a balance of rights and obligations and ensure a level-playing field” “Preserving the integrity of the Single Market excludes participation based on a “sector-by-sector approach*”, there should be *“ no separate negotiations between individual Member States and the UK” and “ there can be no ‘cherry-picking’* “ (“Keine Rosinenpickerei”). Most importantly of *all “a non-member of the Union, that does not live up to the same obligations as a member, cannot have the same rights and enjoy the same benefits as a member”*

The general concerns mentioned above are all taken into account in the guidelines *“Agreeing reciprocal guarantees to safeguard the status and rights…of EU and UK citizens and their families.will be the first priority for the negotiations”.* There should also be *“a single financial settlement…to ensure that the EU and the UK both respect the obligations undertaken before the date of withdrawal”* (ie up to the end of the 2013-20 Multi-Annual Financial Framework (MFF) and that this *“ should cover all commitments as well as liabilities, including contingent liabilities”.*

Any subsequent” *free trade agreement should be balanced, ambitious and wide-ranging”* but *“cannot, however, amount to participation in the Single Market or parts thereof, as this would undermine its integrity and proper functioning” . “It must ensure a level playing field in terms of competition and state aid… and encompass safeguards against unfair competitive advantages through, inter alia, tax, social, environmental and regulatory measures and practices. ”*

Moreover, *“the EU stands ready to consider establishing partnerships in areas other than trade, in particular the fight against terrorism and international crime as well as security, defence and foreign policy”,*. There is also a strong emphasis on the need for appropriate dispute settlement and enforcement measures, including the role of the European Court of Justice.

Finally the Guidelines also take account of some very specific national concerns, especially those expressed by Ireland, but also others, such as the status of Gibraltar and the issue of the British Sovereign Bases in Cyprus.

(ii)The European Commission

The European Commission will, subject to the guidelines set out by the Council, be the day-to-day negotiator during the Brexit discussions between the EU and the UK. At the same time it has been seeking to outline some of the possible scenarios for the European Union’s development without the UK. These were brought together in its recent *“White Paper on the Future of Europe, reflections and scenarios for the EU 27 by 2025” ,* meant as a contribution to the Rome Summit on the 60th Annivrsary of the EC Treaties.

This began by admitting by recognizing the scale of the challenges facing the EU, not least that of Brexit but went on to say *that “the current situation need not necessarily be limiting for Europe’s future. The Union has often been built on the back of crises and false starts” and”Europe has always been at a crossroads and has always adapted and evolved*”. The White Paper was thus meant to start a debate on how the European Union should evolve by 2020and to seek *“new answers to an old question. What future do we want for ourselves, for our children and for our Union?”*

The White Paper summarized the main drivers of Europe’s future, including its falling share of world population (25% in 1900, 11% in 1960 and now only 6%) , and its falling share of world GDP (from 26% to 22 % between 2004 and 2015 compared to a rise from 5% to 15% for China alone!), the strong contrast between Europe’s falling percentage of world defence expenditure and its overriding share (56%) in providing development and humanitarian aid. European society was also being profoundly transformed, with Europeans being by far the oldest people in the world but also having the most equal societies. The structure of work was being greatly modified, Europeans were changing jobs much more frequently, unemployment levels were falling but were still much too high, especially levels of youth unemployment and doubts were increasing about Europe’s social market economy model. Europe was facing heightened threats and concerns about migration and terrorist attacks and Europe’s open border model was being questioned.

There were thus increased doubts about the role of the European Union. There was still majority support for the Union among Europeans, but this was no longer unconditional and the trust of citizens was weakening. Nevertheless, 81% of Europeans still supported the four freedoms, even at a time of increased security concerns 66% still saw the EU as a place of stability. and70% within the Eurozone still supported the Euro

In the light of all this the White Paper put forward five scenarios for the future development of the European Union.

Scenario 1; Carrying on : This would essentially be the status quo scenario, with ad hoc and step-by-step development on the basis of current EU policies

Scenario 2 : Nothing but the Single Market : This would involve some repatriation of competences and a narrower emphasis on subsidiarity and proportionality, with no shared commitment to tackling such areas as migration or asylum policy, security or defence ,with some foreign policy issues increasingly being dealt with bilaterally:

This option appears to have been put up as a straw man and to be the only scenario clearly opposed by the Juncker Commission

Scenario 3 : Those who want more do more *:* This scenario would involvecoalitions of the willing in specific policy areas, and would lead to even more”variable geometry”, with some countries deepening cooperation in such areas as taxation or social standards, security and justice matters or defence and military coordination.

Ironically this would consist of Europe a la carte without the UK, which has been the EU’s main, if not only, exponent of this view. This situation will continue anyway, with Ireland outside Schengen, and others outside the Eurozone, but its further development might be particularly welcome in France and Germany, and be much more problematic for others, not least Ireland.

Scenario 4 Doing less more efficiently : Under this scenario EU 27 would focus its attention and limited resources on a reduced number of areas. EU Cooperation in some areas, like R &D, the management of external borders and counter-terrorism would be stepped up, whereas other actions would be cut back , with regional development, employment and social policy and public health measures being among those cited in this context, as is the idea of state aid being further delegated to national authorities. There would also be less detailed regulation and more flexibility for Member States, but with stronger enforcement powers on what has been agreed. .

This is clearly seen as a better version of scenario 2, and is the scenario that has already been emphasised by the Juncker Commission with far less legislation being put forward and concentration on a 10 point programme. It also chimes with the Rome Declaration’s statement that the Union should be “big on big issues and small on small ones”. It does, however, beg the question of which “big areas” should be included. The White Paper talks, for example, of the creation of a “European Defence Union”, which might not be the first choice of the EU’ neutral Member States and certainly of Ireland.

Scenario 5 Doing much more together : This would be the most far-reaching scenario, with, for example, an Economic, Financial and Fiscal Union being achieved, an increase in the EU budget and a Euro area fiscal stabilisation function, the EU speaking with one voice on all foreign policy issues, a European Defence Union, and systematic cooperation on border management, asylum policies and counter-terrorism matters

The White Paper concludes by proposing a series of “Future of Europe Debates”, to be hosted by the European Commission, together with the European Parliament and Member States, and across Europe’s national parliaments, cities and regions.

In the meantime the European Commission would be putting forward further reflection papers in a number of areas, on Europe’s social dimension, the deepening of Economic and Monetary Union, harnessing globalisation, the future of Europe’s defence and the future of EU finances.

The first of these reflection papers was issued on 26 April 2017 and covered Europe’s social dimension. It looked at some of the merging challenges in this field and examined the advantages and disadvantages of three main sets of choices, to leave more to national competences, to provide for enhanced cooperation on social measures only among willing countries, or else to have a more far-reaching and unified set of social policies at European level.

Besides the White Paper the European Commission has also been preparing its position on the Brexit process, with its most recent thinking reflected in a “Non Paper on Key Elements Likely to Feature in the Draft Negotiating Directives”. It began by looking at a set of initial priorities for the first phase of the negotiations, including safeguarding the rights of EU citizens in the UK and of UK citizens in EU 27 (defining the persons to be covered and the rights to be protected), the UK’s financial obligations, situation of goods placed on the market before the UK withdrawal date, and enforcement and dispute settlement mechanisms, a very sensitive point in view of the UK declared hostility to European Court of Justice jurisdiction. There is also reference to the Sovereign Base areas in Cyprus, and a far-reaching set of objectives concerning Ireland, avoiding a hard border, defending the Common Travel Area, taking account of the interests of citizens with Irish passports in Northern Ireland, and addressing issues relating to the transit of goods to and from Ireland through the United Kingdom.

(iii) European Parliament views

The European Parliament will not participate directly in the negotiations with the UK, but is likely to use its potential veto powers to carve out an important role.

The European Parliament will have to give its consent, and thus have a potential veto power, on the Article 50 withdrawal agreement even though the Council will decide through QMV and individual Member States can thus not veto the deal on their own. The EP will also have to give its consent on any new framework agreement between the UK and the EU, as well as on any transitional agreement

The European Parliament is a very different actor than the Commission and Council in that its positions on the future of the European Union and on the Brexit negotiations are much more heterogeneous. There are fluctuating majorities and minorities and Eurosceptic views and ones supporting Brexit or seeking its emulation in other countries are well represented, not least by Nigel Farage and Marine Le Pen, who are both political group leaders within the Parliament.

In practice, however, the majority within the European Parliament have also closed ranks to support the European Union and to set out principles for the negotiations that are close to, and complementary to those in the Commission and Council..

One way of influencing the debate will be through the adoption of plenary resolutions at different stages during the negotiations. The EP’s initial resolution on its Brexit guidelines, adopted on 5 April 2017, began by declaring that *“ the withdrawal of the UK should compel the EU-27 and the Union Institutions to better address the current challenges and to reflect on their future and on their efforts to make the European project more effective, more democratic, and closer to the citizens”.* It then went on to set out a series of key principles that the EP wants to see respected in the negotiations. These include:

* No UK negotiations on possible trade deals with third countries before its formal withdrawal from the EU;
* No bilateral agreements between the UK and individual EU countries on such matters as privileged access for UK financial services;
* The withdrawal agreement should deal with the legal status of EU citizens in the UK and of UK citizens in the EU, should provide for settlement of financial obligations between the UK and the EU, and should provide for designation of the European Court of Justice as the competent authority for the interpretation and enforcement of the withdrawal agreement.

The resolution includes an important phrase on the sequencing of the negotiations, namely that:”*should substantial progress be made towards a withdrawal agreement then talks could start on possible transitional arrangements on the basis of the intended framework for the UK’s future relationship with the European Union”.*

Any such transitional arrangements should, however, not exceed three years in duration.

The resolution also outlines some of the key conditions for the longer-term relationship, in particular that it would not *“involve any trade-off between internal and external security, including defence cooperation on the one hand and the future economic relationship on the other hand.*” Moreover, the UK should not be able to undercut human rights *nor “the EU’s legislation and policies in, among others, the fields of the environment, climate change, the fight against tax evasion and avoidance, fair competition, trade and social rights, especially safeguards against social dumping”.*

A number of other issues were also covered, including the need immediately to tackle the longer-term EU budget; to mitigate the loss of EU citizenship for those UK citizens who do not want to lose such rights; and to put forward proposals for the new composition of the European Parliament post-Brexit, for which the EP has the formal right of initiative. An important aspect of the resolution was its explicit concern with the specific situation of Ireland, discussed in more detail in the last section of the paper

The Parliament’s resolution is non-binding, but provides a strong back-up to Commission and Council negotiating guidelines and constitutes an important democratic contribution to the debate.

The Parliament’s Constitutional Affairs Committee will have a special responsibility to monitor Brexit negotiations, and to look at overall institutional implications of Brexit for the EU as a whole. Other EP committees are also putting forward their views on how Brexit will affect their own specific policy areas.

Overall assessment

(i)Brexit criteria

An examination of the preliminary Brexit guidelines put forward by the Council, Commission and Parliament show that they all raise the same sets of issues, and are currently very much on the same page as to what should be covered as well as on the sequencing of the negotiations. Whether this will change later if negotiations run into general or specific obstacles remains to be seen.

(ii)Future of Europe

So far the common feature of the reactions within the Council, Commission and Parliament has been a re-assertion of the value and importance of the EU and of the need for the EU to stick together at this moment of crisis. The Bratislava and Rome Declarations give little indication of a direction of travel for the EU. The Commission’s White Paper does present a set of options, with their respective advantages and disadvantages but emphasises that this just an initial discussion paper, and does not explicitly support one option over another..

Meanwhile political parties within EU 27 have either not addressed the problem or been very general. The populist and Eurosceptic parties have called for Europe to do less or even for their country to withdraw from the EU. On the other side even the most pro-European political parties emphasise the need for far-reaching EU reform, but normally without specifying what this might mean.

It is hard to predict how all this will play out. A mixture of the Commission’s five scenarios is the most likely outcome The EU has perhaps been too cautious in recent years, neither satisfying its own supporters nor winning over Eurosceptics. It has obviously been very successful as a peace project but for younger generations of Europeans the significance of this is less direct. The EU will remain a complex structure : .There will also be policy areas where greater EU integration may be required and those where some powers might be returned to the Member States, as well as others where groups of countries might go forward together.

A complicating factor is that, if there are to be reforms, should they be with or without Treaty change? . If the latter becomes necessary it may lead to increasingly difficult referendums, not least in Ireland. The Brexit referendum was yet another warning in this respect and the majority of EU leaders would probably prefer to avoid such a scenario. This would certainly be a high priority in Ireland

 One final observation at this stage. It is true that at present there is no clear EU sense of direction, and little obvious leadership but, on the other hand, the EU is more resilient than it is often given credit for, EU public opinion can swing back again, and in most EU countries younger people are more positive about the EU and about cooperation with other countries

**Potential impacts of Brexit on EU institutional structures as well as on changing balances of power within an EU of 27 Member States**

 Besides its impact on the future direction of the EU, Brexit will also have a number of more specific impacts on EU institutional structures, perhaps least within the Commission but more within the Council and European Council, and also within the European Parliament. All these would have knock-on impacts on Ireland.

(i)Council and European Council

Brexit would have only limited formal impacts on voting within the Council and European Council but potentially more important impacts on power relationships within the Union.

 The EU normally aims to take decisions by consensus and only rarely resorts to Qualified Majority Voting( QMV). In recent years the UK has on several occasions been outvoted by QMV and also on one major issue prevented a decision being taken under normal EU decision-making procedures on the fiscal compact. The UK’s departure could thus facilitate EU decision-making in the future but probably only to a limited extent.

 The UK’s departure would, however, have an impact on the actual mechanics of QMV.. The new Lisbon Treaty provisions, which are now fully in force after the end of the transitional provisions on 31 March 2017, provide for QMV to be “defined as at least 55% of the members of the Council, comprising at least fifteen of them and representing Member States comprising at least 65% of the population of the Union”.. The first key will probably be unchanged in practice, although 55% of 27 rather than of 28 Member States is closer to 14 rather than 15. To change this figure of 15, however, would require a modification of the Treaties. The second key will, however, be considerably modified, as the UK is the third most populous Member State. The application of the 65% rule to an EU with 64 million fewer people could thus lead to a different constellation of states in any voting majority, with, on 2015 population figures, the threshold being lowered from just over 326 million to 288 million.. The implications of this for smaller and medium sized Member States like Ireland are unclear (at present the five largest Member States would be somewhat short of a QMV majority whereas after Brexit they would just have a majority on their own) but EU Member States almost never vote together exclusively on the basis of their size and the practical implications would thus probably be small.

The effective balance of power implications, on the other hand, could be much more significant. Those concerned with the balance of power within the EU have traditionally seen the UK as a counterweight to the once powerful Franco-German alliance or to the more recent German predominance . Moreover, there has also been concern within Germany about the implications of it becoming too dominant within the EU, exemplified in the past by Helmut Kohl’s preference for a more European Germany than for a more German Europe. Ironically balance of power considerations within Europe have also been a key element in past British foreign policy making over many centuries, but seem to have been cast aside in the UK’s Brexit debate..

What will happen after Brexit, what will be the role of Germany, how will future Franco-German relations evolve, and what will be the respective positions of the other larger Member States of Italy, Spain and Poland, is currently very unclear. Most important of all for Ireland and for other smaller and medium-sized States is the question of the future EU balance between its larger and smaller states. At the very least Ireland will have to diversify its allies within the European Union, and new coalitions will have to be forged, notably between those countries which had perhaps become too dependent on a larger EU country like the UK in fighting their battles on the EU’s policy direction There have already been a number of contacts to this effect, most recently in a meeting in The Hague between the Netherlands, Denmark and Ireland. Many more such meetings will be required in the future, and strategic decisions will have to be taken. Ireland, in particular, has hidden behind the UK, on a number of occasions in the past, and will now have to take a more independent stance

A final question with regard to Brexit’s implications for the Council and European Council concerns the role that the UK will play in the period until its departure. It is obviously on its own against the other 27 in the Brexit negotiations and has already been excluded from the preparatory Council and European Council discussions even before Article 50 was triggered. Moreover, Theresa May did not take part in the commemorations in Rome for the 60th anniversary of the Treaty of Rome. More problematic, however, is the issue of the UK’s participation in other EU decision-making. Should it participate and have an influence in discussions on legislative and other matters which could have a direct bearing on certain aspects of the Brexit negotiations and indeed on its post-Brexit relationships with the EU? The UK remains a full EU member until it actually leaves, but this is clearly a sensitive matter.

(ii) European Commission

 The institutional impacts of Brexit on the European Commission are less immediately obvious, with the number of Commissioners only going down from 28 to 27 and with only a limited re-allocation of portfolios being required.. There have again been calls, notably from the Austrian Chancellor, for the Commission’s size to be reduced in order to increase its effectiveness but such a proposal is likely to continue to be resisted by Ireland in the light of the Lisbon Treaty debates on this very question.

(iii)European Parliament

The potential institutional implications of Brexit for the European Parliament are very considerable. Firstly, it will have a substantial impact on the EP’s composition, and the EP, which has the right of initiative on this question, will have to decide what to do concerning the 73 missing seats. Secondly it will change the composition of its political groups and thus the political balance within the European Parliament. Thirdly it poses the question as to the role that British MEPs will play in the remaining years of UK membership that will last almost to the next direct elections in 2019 and perhaps even beyond. Finally a brief mention should be made of continuing channels of contact between British and European Union politicians after Brexit has occurred, as they will be vital for the successful development of the future relationship (and are also of particular interest for Ireland

 Composition of the Parliament

The UK currently has 73 MEPs out of the overall European Parliament total of 751. What would happen to these seats after Brexit? As mentioned above the Treaties give the European Parliament the formal right of initiative on this matter, and the question is already being explored, in particular within the European Parliament’s Constitutional Affairs Committee (AFCO).

There are several possible options. The European Parliament is already the world’s largest Parliament and this entails considerable costs, in terms of salaries and allowances, staff assistance, travel and duplicated offices in Brussels and Strasbourg. One option, therefore, would be to reduce the size of the Parliament from 751 to 678, requiring a Treaty change but one that could presumably be incorporated in set of technical modifications that will be necessitated by Brexit. This would also have the advantage of leaving space for any new MEPs after a future enlargement of the EU.

A second possibility has again been mooted, the idea of a Europe-wide constituency with the European political groups putting up Europe-wide lists of candidates, in order to complement national seats, and to give a stronger European dimension to the campaign. This has been discussed on several occasions within the European Parliament, notably on the basis of proposals from Greek EPP politician Georgios Anastassopoulos and later from UK ALDE member Andrew Duff. This was rejected as too federal an idea at that stage in the EU’s development, although previous proposals would have entailed reductions in national MEPs whereas merely replacing lost UK seats would not. This idea has again been put forward by the Italians in the Council, and has been welcomed by Gianni Pittella, leader of the S 7D group in the Parliament. It has also been supported by Emmanuel Macron. It may thus win wider support than in the past, but will probably still been seen by the majority of MEPs as too federal an idea at this stage.

The final and perhaps most likely option is total or partial redistribution of the vacant seats between the 27 Member States. The European Parliament has committed itself to examining proposals to adjust its current composition to population and other shifts between the Member States and to improve the current imperfect system of “degressive proportionality” for allocating the number of MEPs for each Member State. The idea is that larger Member States have far more MEPs than smaller ones, so that the range goes from 96 to 6, but that it is not purely proportional and MEPs from smaller Member States are over represented. In practice a number of quirks have developed in the system so that, for example, individual Spanish MEPs represent larger numbers of voters than German MEPs although Germany has 34 million more inhabitants and Lithuania and Ireland both have 11 MEPs although Lithuania has 2.9 million inhabitants and Ireland 4.6. Redistribution of seats would theoretically help to smoothen out some of these differences. AFCO has already begun to look at different options and under most of these Ireland, which is clearly slightly under-represented at present, would gain at least one seat.

Impact on European Parliament political groups

 Once Brexit has taken place there will be a considerable knock-on effect on the size and composition of the European Parliament’s political groups. This will only occur after the next EP elections have taken place in 2019, so the precise impacts are not known. The likely scale of these impacts can be inferred, however, from the current distribution of British MEPs between the various political groups. Since the UK Conservatives left the European People’s Party (EPP) to help form a new Group, the European Conservative and Reformist Group (ECR), (a major factor in helping to isolate the British Conservative Party from potential European allies), there have been no British MEPs in the EPP. The EPP would thus be the only group not to lose members and the gap between it and the second largest group, the Socialists and Democrats (S&D) group would go up from 27 to 47,

 The S &D would lose 20 members as a result of the departure of British Labour MEPs and would go from 189 to 169, The Liberal Group (ALDE) would only lose one seat because of the defeat of almost all its Liberal Democrat MEPs in 2014 and would again become the third largest group.

 The ECR would lose 20 as a result of the departure of its British Conservative and Ulster Unionist members and go from 74 to 54 seats but would survive and remain the fourth largest group, although they would have a very different character without their British Conservative founders. Is there still a scope for a more moderate Eurosceptic group and on what real basis?

The European United Left Group would lose only one member, its Sinn Fein Member from Northern Ireland but the Greens/European Free Alliance Group, would be badly affected losing 6 MEPs (3 UK Greens, 2 SNP, 1 Plaid Cymru) and going down from 51 to 45 seats.

 The Europe of Freedom and Direct Democracy Group(EFDD) whose largest component is UKIP would disappear, having too few countries and members, and posing the question of what would happen to the Five Star Movement which recently tried to join the ALDE Group with the support of the latter’s leader Guy Verhofstadt, but was then rebuffed.

 The Europe of Nations and Freedoms (ENF), co-chaired by Marine Le Pen, would lose only one member and would survive but would only just be on the threshold of the number of countries that are required to form a group. The populist right within the Parliament could thus be significantly weakened.

The structure of the Parliament’s groups and its internal balance of power is thus likely to be very different after Brexit.

Role of British MEPs during the Brexit process

 . Unlike British representatives in the Council British MEPs will retain voting rights on the Article 50 agreement and will be involved in discussions throughout the Brexit negotiations leading up to the date of UK departure.. The role of British MEPs before the UK leaves is thus likely to remain relatively strong and the European Parliament will thus become a more important forum in which UK perspectives can be expressed. The Conference of Presidents (the leaders of the Political Groups) will play an important part in monitoring the Brexit negotiations and there are two British chairs among their number, British Conservative Syed Kamall of the ECR and UKIP’s Nigel Farage as co-chair of the EFDD.

 Each EP Committee will be assessing the impact of Brexit on their policy areas and the coordinating Conference of Committee Chairs will also have a role in Brexit oversight. There was some speculation that the three British chairs of Committees (out of a total of 20), Labour MEP Claude Moraes of the Civil Liberties Committee (helping to develop the EP’s position on migration and freedom of movement issues), Labour MEP Linda McAvan of the Development Committee and, in particular British Conservative Vicky Ford of the Internal Market Committee, would be replaced by non-British MEPs when the committee chairmanships came up for review in January 2017. In the event all three chairs were re-elected. A further example was that of British rapporteurs. After the referendum some of these resigned but others did not (such as British Labour MEP Richard Corbett who eventually retained his rapporteurship on the adaptation of Parliament’s own rules of procedure and British Conservative Richard Ashworth who is co-rapporteur on the financial rules applicable to the general budget of the Union.

 Moreover, UK MEPs can continue to vote on all legislative and other issues, including those directly affecting Brexit, such as Parliament’s resolutions on its guidelines for the process, the first of which was adopted on 5April 2017. . UK MEPs were very active in the parliamentary debate , with 17 of them speaking, including all three from Northern Ireland. 63 of the UK’s 73 MEPs took part in the final vote, of which 23 were in favour (Labour, Lib Dem, SNP and Green MEPs), 33 against (UKIP and most Tories) and seven abstained (one Plaid Cymru but also six Tories).

A final point relates to what might happen if the UK has not left the EU by the time of the next EP elections in 2019, for example if the negotiations are extended by the 27 or if the agreed exit date is somewhat later in the year. In theory the UK might then participate in the 2019 elections but other solutions might then be envisaged, such as UK members being sent from the UK Parliament as observers until the moment of departure, a procedure that has been used for acceding states until they have organised direct elections but might also be considered for a departing state.

 Continuing links between British and EU politicians after Brexit has occurred

Whatever happens in the Brexit negotiations it will be critically important to maintain strong UK and EU parliamentary ties after the moment of UK departure from the EU, whether through existing for a, such as the Parliamentary Assembly of the Council of Europe or through new joint parliamentary frameworks established in the longer term agreement between the EU and the UK. One final observation in this context relates to the :importance of European political families, now better structured than in the past through European Political Parties and Foundations, with their own legal structures and funding.

**The potential impact of Brexit on specific EU policies**

Earlier sections of this paper have shown that there are some obvious institutional and other impacts of Brexit on the European Union, that the immediate reaction within most EU Member States and the EU institutions has been to defend the European Union and its role and values and to come up with a common stance on the Brexit negotiations. On the other hand the future direction of travel of the European Union is still very unclear. It is even more difficult to predict the impact of Brexit on specific EU policy areas. Which ones will be given greater emphasis, and which ones downplayed? In the absence of the United Kingdom which new alliances of Member States will be forged on particular issues? The section above on the UK’s legacy for the EU has touched briefly on some of the potential impacts. The following section of the paper reviews these in a little more detail, although it is far too early to draw any firm conclusions.

Budget and own resources

Arguments over what the UK will owe the EU, not least over the remaining period of the Multi-Annual Financial Framework(MFF) until 2020, will be one of the more difficult subjects in the forthcoming Brexit negotiations. Whatever the outcome, however, UK departure from the EU will leave a big hole in the EU budget, and, in the absence of any corrections, would lead to net contributors having to pay even more and net recipients to receive less . Some difficult strategic questions will thus be posed, concerning both the future of the EU budget and of own resources for the Union.

The UK has always been one of the main advocates of a rigid ceiling to the EU budget of not more than 1% of GDP, and there are compelling arguments for this constrained budget to be considerably increased : the McDougall Report, ironically penned for the Commission by a chief economist of the Confederation of British Industry, argued as far back as the 1970’s for a pre-federal budget of around 3% of GDP) but this looks highly unlikely in the current political climate. The more likely choice, therefore, will be between maintaining the budget or cutting it, thus pitting the net contributors against the recipients, particularly among the poorer central and eastern European countries, of cohesion, structural and agricultural funding.

Initial decisions will also have to be made concerning the successor to the current 7 year MFF. Proposals are now being made that a new MFF should only last 5 years, and be better linked to the five year European Parliament and Commission cycle.

The own resources side of the equation will also have to be tackled, with the January 2017 Monti High Level Group Report on this subject as an important reference, with Monti arguing that there should be greater reliance on truly European own resources, from a European FTT or other source, rather than from national contributions.

Overall economic policy : The overall direction of EU economic policy will be a key battleground over the next few years, in particular, between tight fiscal (“Austerity”) versus more expansionary policies, and liberalism and globalization versus more statist policies. A continuing emphasis on boosting employment and economic growth and on the extension of the Juncker Investment Plan is highly likely It is unclear, however, what will happen to the commitment to the competitiveness, liberalisation and better regulation agendas in the absence of the UK, one of their main advocates, although they are likely to retain strong support in countries such as Germany, the Netherlands and the Nordic countries.

 Particularly problematic for Ireland and for certain other Member States would be an enhanced emphasis on tax harmonization, supported by the Commission and by some of the bigger Member States such as France. There is more general support for tackling tax avoidance by multinationals but less for such measures approximated corporation tax levels or even for a common consolidated corporate tax base.

Attitudes to Euro, Relations between those countries in and out of the Eurozone will be altered by the departure of the largest Member State outside the Euro. There will also be a push to strengthen the management of the Eurozone, and to move towards reinforced economic, financial and fiscal union. On the other hand anti-Euro voices have become stronger in some of the countries within the Eurozone, notably France (as shown in Marine Le Pen’s campaign for the Presidency) but perhaps above all in Italy, where the Five Star Party, currently the largest party in Italian opinion polls, is very critical of the Euro and would like to have a referendum on the subject. In general European public opinion still seems supportive of the Euro, even in Italy, but it is weaker here than elsewhere.(the 2016 IFOP / JJaures survey cited above found that those who did not wish to go back to national currencies included 75% of Belgians, 71% of French respondents, 69% of Spaniards, 67 % of Germans but only 57% of the Italians.

Trade policy

 Another key question for the EU relates to the nature of EU trade policy in the era of Trump and of Brexit? TTIP had been a high priority but its successful negotiation seems less likely in the light of Trump’s negative (albeit fluctuating) views but also of popular opposition in Germany and a number of other EU countries, but other trade agreements may receive a higher emphasis instead.

Strengthening of the single market

Under practically all scenarios for the future (not least all of the five in the White Paper of the Commission) this will continue to be a high priority for the Union, with extension of the Digital Single Market being given particular emphasis

Social and cohesion policy

 One of the questions which will be at the centre of future debates on the European Union is the extent to which its social dimension will be reinforced. The “social” component of the “social market economy” and the concept of “solidarity” have received less emphasis in EU policy- making in recent years. Concerns about the impacts of the economic crisis, weaker public support for the single market because of its perceived social consequences, the uneven distribution of wealth between richer and poorer EU countries, regions and social groups, and even the need to respond to populists of the left and right, indicate that these objectives may again come more to the forefront. This has also been identified in the Commission White Paper as one of the areas where groups of countries might work together in enhanced cooperation on common social standards. There may thus be a greater emphasis on social Europe, but what practical form this might take is still unclear.

Energy, environmental and climate change policies

There is likely to be continuing strong support for increasing Europe’s energy security, reducing dependence on an unreliable Russia and stimulating renewables. Poland will continue to defend reliance on fossil fuels, and notably coal and is more cautious on climate change policy, but the European Union as a whole is likely to maintain its priorities of the last few years. The UK had been a firm defender of effective climate change measures, but these are unlikely to be watered down in its absence. Strengthening of other environmental policies might be more problematic, as support for such measures fluctuates considerably in response to economic growth or slowdown

 Agriculture and fisheries

The implications of Brexit for these two areas of policy will be very considerable. Political support for the Common Agricultural Policy could be reinforced in the absence of the UK, but practical application of this will depend on what happens to the EU budget and on other factors. Moreover, a number of Member States will be losing a major outlet for their exports, in particular Ireland for its beef and dairy products, the Netherlands, and Denmark for its pork. In addition the Common Fisheries Policy is already highly controversial.in many countries, and the negotiations with the United Kingdom could be very difficult in this sector.

 Other policies

 The EU has exclusive competences in some areas and shared competences in others. In some areas the competence remains primarily at a national level, notably in health policy or sports, tourism and cultural policies but where there is also a weaker EU role, and yet where some measures have been proposed. The widespread feeling that the EU may be involved in too many areas, and that subsidiarity needs to be better applied, as well as concerns about over-regulation, means that there could be a retrenchment in certain policy areas. This is reflected both in the Rome Declaration with the reference to doing less on small things, and also in at least two of the five scenarios for the EU put forward in the recent Commission White Paper.

 An open or closed Europe, the future of,free movement within EU, and internal and external security

 A combination of the EU’s migration crisis and of the strong anti-EU immigration theme in the Brexit referendum in the UK have led to increased focus on possible restrictions on the intra-EU free movement of persons and of persons within the EU, and on their entitlements to national social security provisions. Populists in countries such as France, Italy and the Netherlands have emphasised these subjects, and the need to put their own national firsts, as well as the possibility of re-establishing internal EU border controls

EU governments, however, have strongly re-affirmed the principle of freedom of movement and more generally that the four freedoms for goods, services, capital and people are inseparable, and conversely the UK government has conceded this point by ruling out remaining in the single market.

Even more fundamental, however, has been the question of the extent to which Europe should be open or closed, a choice graphically illustrated by the French Presidency run-off between Emmanuel Macron and Marine Le Pen.

Many other related questions are posed, such as what measures are required to enhance European internal and external security, how can these be reconciled with civil liberties, what common rules should be adopted on asylum, what roles should there be for a stronger European Counter-Terrorism Agency or European Border and Coast Guard?

Foreign policy, development and defence issues,

Many of those who believe that the European Union needs to re-focus on some core tasks argue the need for a much more unified European foreign policy and for much stronger defence cooperation, perhaps even leading to a European Defence Union. What difference will the departure of the UK make in these areas, of a country with distinctive foreign policy positions and the biggest military capacity within the EU, and which has traditionally put more emphasis on NATO than on an enhanced EU defence capacity?.

Again many subsidiary questions are posed. Can the European Union of 27 develop more common policies towards Russia and Turkey, in the Middle East and in its Mediterranean neighbourhood? What relations will be forged with the US of Donald Trump? The EU is by far the most generous donor of development aid in the world, but can this be maintained in an era of increased populism and of constrained budgets? Will the EU be able to move to greater defence cooperation in the absence of UK opposition, given that the EU will still contain many neutral countries, albeit often with different conceptions of their neutrality?

 EU Enlargement

Will this continue in future, and with what impacts on the existing EU? Turkish accession now looks more unlikely than ever, but what about the applicant countries in the Balkans and possibly even Ukraine?

Democratic accountability, openness and human rights

It is often alleged that the existing European Union has a democratic deficit and that it should become more open and transparent, and give more of a role to national parliaments and more generally to its citizens Are these concerns justified and, if it they are, what practical steps might be taken?

Another key set of questions relates to defence of EU values and human rights within the European Union at a time when they are being challenged in countries such as Hungary and Poland. The EU has always been extremely reluctant to criticise individual Member States, but what should it do in these cases?

Final comments

The European Union is thus faced with a set of strategic choices in many different policy areas. Some of these will be framed in a different way after Brexit, and others would have had to be confronted with or without the United Kingdom. Brexit, however, as well as the recent economic and migration crises, have challenged the inevitability of the European Union going forward rather than regressing or even unravelling. The European Union will thus have to come up with convincing answers to many of the above policy challenges if it is to regain the trust of its citizens.

**Ireland and the European Union**

 The paper concludes by looking at some of the potential knock-on effects of the Brexit process on Ireland’s position within the European Union It will not go into a detailed analysis of how the Irish economy will be affected or on the impacts on specific economic sectors. Instead it will look at the extent to which the very real Irish concerns about post-Brexit relations between the EU and the UK have been recognized by the other 27 Member States and by the EU institutions in the course of preparing the forthcoming Brexit negotiations.. It will then go on to examine how Ireland might be impacted by possible shifts of EU policy focus after the departure of the UK, and the need for Ireland to gain new allies and to deepen its relationships with other EU states with similar attitudes and policy concerns, There is also a discussion on the possible risks of an “Irexit”, of Ireland following the UK out of the European Union but concludes that the risks of this occurring are present but currently small.. What will be required, however, is a more far-reaching public debate in Ireland on its role and place within the EU. This has not properly taken place in the past, and not within the heat and smoke of previous EU referendum campaigns. Such a debate is now vital.

Ireland as the most directly affected EU Member State by the Brexit process

 As we have seen, practically all EU countries regret the likely departure of the UK and recognize the negative impacts of this on the EU as a whole. Many of them have more specific national concerns as well, but these do vary greatly from Member State to Member State. Of these the most directly affected is undoubtedly Ireland, and this has been reflected in almost constant meetings and debates on the possible consequences.

The most obvious of these is the risk of a hard border on the island of Ireland, with risks not only for the Irish economy but on day-to-day relations between Ireland and Northern Ireland and possibly on the Northern Ireland peace process as well.

Besides this, Ireland is the most affected country in terms of Irish imports and exports having to transit through the UK and of alternatives being much more costly and time-consuming. Moreover Irish dependence on trade with the UK is much less than it was in the past but is still very great, especially in certain sectors, such as agriculture and agrifood, with exports of beef and dairy products being potentially the worst affected.

It has been of fundamental importance, therefore, that specific Irish concerns are fully taken into account of in the Brexit negotiations. As we shall see, Ireland has so far been extremely successful in this initial objective, although the impacts of this will only become clearer in the light of the outcome of the negotiations. On the other hand there has understandably been less of a focus on the potential impacts of Ireland of a shift in EU policy priorities after the departure of the UK, and these could also be very great.

 Recognition of distinctive Irish position by all EU institutions and in other Member States

 Irish concerns have been very well reflected in Council, Commission and EP guidelines for the Brexit negotiations. The Commission’s “non-paper on key elements likely to feature in the draft negotiating directives” covered all the bases in its point 5:

*“5. Fourthly, in line with the European Council guidelines, the Union is committed to continuing to support peace, stability and reconciliation on the island of Ireland. Nothing in this Agreement should undermine the objectives and commitments set out in the Good Friday Agreement and its related implementing agreements; the unique circumstances and challenges on the island of Ireland will require flexible and 1 imaginative solutions. Negotiations should in particular aim to avoid the creation of a hard border on the island of Ireland, while respecting the integrity of the Union legal order. Full account should be taken of the fact that Irish citizens residing in Northern Ireland will continue to enjoy rights asEUcitizens; and existing bilateral agreements and arrangements between Ireland and the United Kingdom, such as the Common Travel Area, which are in conformity withEUlaw, will be recognised. The Agreement should also address issues arising from Ireland's unique geographic situation, including transit of goods (to and from Ireland via the United Kingdom).”*

 The European Parliament’s resolution of 5 April 2017 also had clear and specific references to Ireland.

*“Whereas the European Parliament is especially concerned at the consequences of the UK’s withdrawal from the European Union for Northern Ireland, and its future relations with Ireland, whereas in that respect it is crucial to safeguard peace and therefore to preserve the Good Friday Agreement in all its parts, recalling that it was brokered with the active participation of the Union …” (recital D)*

*“Recognises that the unique position of and the special circumstances confronting the island of Ireland must be addressed in the withdrawal agreement … [and] insists on the absolute need to ensure continuity and stability of the Northern Ireland peace process and to do everything possible to avoid a hardening of the border”.(paragraph 20)*

This is strong language and was reinforced by speakers during the debate, some of whom argued that Ireland was part of the European family and that the Irish situation was thus a matter of common European concern.

Finally the European Council endorsed a set of guidelines at its special meeting on 29 April 2017. Its paragraph 11 stated that *“ The Union has consistently supported the goal of peace and reconciliation enshrined in the Good Friday Agreement in all its parts, and continuing to support and protect the achievements, benefits and commitments of the Peace Process will remain of paramount importance. In view of the unique circumstances on the island of Ireland, flexible and imaginative solutions will be required, including with the aim of avoiding a hard border, while respecting the integrity of the Union legal order. In this context, the Union should also recognise existing bilateral agreements and arrangements between the United Kingdom and Ireland which are compatible with EU law “.* The European Council also responded positively to the Irish request for recognition of the fact that Northern Ireland, like East Germany after German unification, would automatically become part of the European Union if there was ever to be agreement on Irish unification. This is not directly in the adopted guidelines but is being recorded as a statement for the minutes, which would then be formally adopted at a European Council meeting in May..

There is thus remarkable unity between the three institutions on the importance of Irish issues, in particular the avoiding of a hard border and the protection of the peace process, but even other issues, such as the problem of transit of Irish imports and exports through the UK, have also been raised.

Why has this occurred? Irish diplomatic efforts have obviously been very successful, and have been reinforced by wider political contacts on the European political stage. Irish Taioseach (Prime Minister) Enda Kenny is one of the longest-serving European leaders, and is very well-known in the European People’s Party, and other government ministers have made the round of all European capitals. Fine Gael MEP Mairead McGuinness is the European Parliament’s First Vice-President, and Irish MEPs are represented in four of the five groups whose leaders co-signed the Parliament’s draft resolution on Brexit, the EPP, S &D, ALDE and GUE-NGL. The importance of the Irish presence in the wider European political families should not be neglected either. Fianna Fail’s leader, Micheál Martin, takes part in ALDE leaders’ meetings, and is in the same political family as the European Parliament Brexit coordinator, Guy Verhofstadt. Even the Irish Greens, unrepresented in the European Parliament, are well known in the wider European Green Political Party.

A recognition of key Irish concerns is not the same as actual delivery in the negotiations, which could be politically and technically difficult.. Moreover, many vital elements for Ireland (whether there will be tariffs, possible UK participation in EU programmes such as Interreg, etc) will only become come to the fore once progress has been made on the Article 50 withdrawal agreement and when the subsequent talks on an EU-UK trade and security agreement are fully underway. The extent of the impacts on Ireland will then depend on the eventual terms of settlement with UK, and would be particularly serious if no deal were to be reached.Nevertheless, a good start has been made.

How Ireland might be affected by a shifting EU policy focus in EU 27.?

Brexit’s potential impacts on Ireland, however, are much wider than those immediately at stake in the Brexit negotiations. There are other big strategic questions that are posed for Ireland.

Some of the specific policy challenges for Ireland are domestic in nature, such as the need to identify a post-Brexit economic strategy for Ireland, to compensate those sectors and employees most affected by Brexit, and to invest in appropriate infrastructure, such as in ports such as Rosslare, which will have a more important role in the future as regards direct exports to the European continent.

Ireland is also likely to seek some assistance at EU level, whether favourable treatment for Brexit-related state aids, aid from the European Globalization Fund, and other measures to compensate for Brexit.some internal (need for new infrastructure, Rosslare, etc.), others to do with influence on EU policy, partly funding-related (compensation fund, wider than globalisation fund)

 There are, however, even wider issues at stake. The discussion of Brexit’s potential implications for EU- policy making show that there are potential threats as well as opportunities for Ireland. Ireland has become an exceptionally open economy and certain other countries such as France have had very different philosophies. Might this change, to Ireland’s detriment? Will there be a greater emphasis on tax harmonization, CCCTB or on a financial transaction tax, and can Ireland’s positions be successfully defended in the absence of the UK? Ireland will now become the only substantial common law country in the EU, Will thus have any consequences? Will the EU push harder for EU defence and security cooperation, and what will be the impacts on Ireland and on other neutral countries?/

 What this all shows is that Ireland will no longer have scope to hide behind UK policy positions and will have to search for new EU allies, whether on a wide set of issues or on specific policy areas.. One of the advantages of Ireland’s membership of the EU was that relationships with the UK were intensified and improved at the same time that its trade dependency on the UK was lessening. At the same time Ireland gained greater national self-confidence and was able to cooperate closely with other EU countries, such as with France over the Common Agricultural Policy

 In future these links with other EU countries will have to be further intensified. Some of Ireland’s possible partners include the small and medium sized Northern countries, like the Netherlands, Denmark, Sweden and Finland, which share a cautious and pragmatic approach to European integration and a preference for open and flexible economies and labour markets. At the same time Ireland will have to work with bigger EU Member States as well, and see on what issues such partnerships can be forged.

The risks of” Irexit”

There has also been some wider speculation about the risks of “Irexit” in Ireland, that the potential problems raised above could lead to Ireland also seeking to leave the European Union and to throw in its lot with the UK, the US and other English-speaking countries..There have already been some calls for this from certain commentators., and these could intensify in the future, especially if the negotiations between the EU and the UK go badly.

. There has always been a minority within Ireland who have been hostile to the European Union, and who have voted against all European Union Treaties in successive referendums. The economic crisis and increasing hardship within Ireland, the arrival of the Troika, the perceived attitude of the European Central Bank, all helped to increase resentment against the European Union. Ireland is already becoming a net contributor to the EU budget and this will become more pronounced after Brexit

Hostility to the EU does, however, seem to be a minority view. Eurobarometer surveys indicate that support for the EU in Ireland is still higher than the European average. Negative views towards the Euro are much lower than in countries such as Italy.The main Irish political parties of both government and opposition, while some might have different visions of the EU’s future development, currently support Ireland’s continued EU membership. Even Sinn Fein, which has been opposed to all previous EU Treaties was very opposed to Brexit and now declares itself as a “Eurorealist Party”, opposed to right wing policies and to austerity measures but seeking to reform the European Union from within. Moreover, anti-immigrant feeling is much weaker in Ireland than in many other European countries, and no large new populist parties have sprung up. All these factors are not grounds for complacency among EU supporters in Ireland, but do appear to indicate that there is no immediate risk of a copycat referendum in Ireland.

 The need for a more far-reaching European debate in Ireland

 Ireland will, however, be directly affected by the choices that are made on all the matters described in this paper, both in terms of the changing structures and general direction of the residual EU and of specific policies, notably economic, fiscal and trade policies and foreign policy and security cooperation. Any response to these new challenges will have to carry Irish public opinion with it, especially if there are to be formal EU Treaty Changes which will almost certainly require a difficult referendum in Ireland.

 Euroscepticism may well be lower in Ireland than in many other EU countries but “Euroindifference” is prevalent and there has been little real debate within Ireland on its role and place within the EU. In the past Irish perceptions of Europe have focussed more on agricultural and structural fund benefits than on wider considerations. The need for a broader-based debate is now greater than ever.