



Rialtas na hÉireann
Government of Ireland

Preparing for the withdrawal of the United Kingdom from the European Union

Contingency Action Plan Update

July 2019



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Executive Summary

This update to the Brexit Contingency Action Plan takes place in the context of the extension of the Brexit Article 50 process until 31 October 2019, which was agreed by the European Council at its meeting on 10 April. The Conclusions of that European Council make clear that there can be no opening of the Withdrawal Agreement, nor can the extension be used to start negotiations on the future relationship. The EU is willing to look again at the Political Declaration on the future relationship should the UK move on its red lines. Following this decision of the European Council, the default withdrawal date of the United Kingdom from the European Union is 31 October 2019 at 23:00 (Irish time). It is the Government's assessment that there is a significant risk of a no deal Brexit on 31 October (or thereafter) and, accordingly, work on no deal Brexit preparations continue to be taken forward as a matter of priority across government departments and agencies.

A no deal Brexit will mean that on 31 October 2019, the UK's status under EU law will change from that of an EU Member State to that of a 'third country' with no trade or cooperation agreements in place with the EU. The transition period, provided for in the Withdrawal Agreement, will not apply. The UK will be immediately outside the Single Market and the Customs Union and will no longer be part of the framework of EU law.

Addressing the challenges of a no deal Brexit takes place at a number of levels and has involved responses at the EU level, responses by Government and responses by businesses and affected sectors. The Government published its Brexit Contingency Action Plan on 19 December 2018 and since then intensive work has taken place across Government on all aspects of the Action Plan. The EU has put in place a range of contingency measures across key sectors of EU competence.

While preparations at all levels will help, a no deal Brexit will be highly disruptive and will have profound political, economic and legal implications, first and foremost for the UK, including most significantly Northern Ireland, as well as having significant impacts on Ireland and the rest of the EU. In a no deal scenario, it will be impossible for the UK to maintain the current seamless arrangements with the EU across the full range of sectors, from justice and security cooperation, to transport connectivity, to trade flows and supply chains. The significant short-term risks in the event of a no deal Brexit are set out clearly in this Action Plan and discussed below.

Economic Impacts

A no deal Brexit will be an unprecedented event, bringing with it disruption and severe negative economic impacts. Prudent economic planning is a key part of our ongoing preparations, as is the provision of supports, including economic supports, to help businesses and other affected sectors to prepare.

As set out in the Summer Economic Statement, there is a high degree of uncertainty in forecasting the macroeconomic impact of a no deal Brexit. However, it is clear that the

impacts would be very damaging and in the first year following a no deal Brexit it is predicted that the growth rate would be almost 3 per cent lower than currently projected.

In parallel to the predicted macroeconomic impacts, a no deal Brexit will have severe negative effects in a number of sectors and among smaller and medium-sized businesses, and it will be widely felt on a regional basis. The impacts will be felt most notably in many exporting sectors, including agri-food, indigenous manufacturing and tourism, as well as in importing sectors, especially those characterised by just-in-time supply chains, such as parts of the retail sector. The impact of UK import and export exposure for firms could be compounded by currency volatility. Further, given Ireland's macroeconomic and sectoral exposures to the UK, these impacts will be asymmetric relative to the rest of the EU. The European Commission is committed to supporting Ireland in addressing the specific challenges of Irish businesses.

There are likely to be significant job losses in the most exposed sectors in a no deal scenario, with an estimated increase in unemployment of 50-55,000 after the UK leaves the EU.

While every effort is being made to prepare and put in place mitigation measures, there is little doubt that, at least in the initial period, tariffs and checks and controls on UK imports will be disruptive to trade across the Irish Sea. Furthermore, in the immediate aftermath of a no deal scenario, it is anticipated that the UK 'landbridge' may be subject to severe delays and there would also be significant disruption to the all-island economy.

Given the ongoing uncertainty about Brexit, the Government's Summer Economic Statement outlines two possible budget scenarios. Both are based on the assumption that Brexit will happen, but the scenarios differ depending on whether the UK departure is an orderly one based on the Withdrawal Agreement or if it is a no deal Brexit. The Government will decide— based on Brexit developments – which is the more likely scenario and anchor the October budget in this.

The Minister for Finance has flagged that a no deal scenario could involve a headline deficit in the region of 0.5-1.5 per cent GDP for next year, depending on the magnitude of the economic shock. This would introduce a deterioration in the General Government Balance (GGB) of up to €6.5 billion. Key elements of the proposed budgetary response will also involve temporary, targeted funding for the sectors most affected and the automatic counter-cyclical support that the public finances provide to the economy through, for instance, increased welfare payments due to higher unemployment numbers.

Contingency Planning

The Government prepared extensively for a no deal Brexit in advance of the 29 March and 12 April deadlines. Key measures included:

- **Withdrawal of the United Kingdom from the European Union (Consequential Provisions) Act 2019** – the 'Brexit Omnibus Act', signed into

law by the President on 17 March, focuses on protecting Irish citizens, assisting businesses and jobs, and securing ongoing access to essential services and products. The various Parts of this legislation are ready to be commenced as needed in the event of a no deal Brexit.

- **Infrastructure, staffing and ICT systems at our ports and airports** - sufficient infrastructure was put in place to manage the necessary checks and controls on East-West trade with the UK outside the EU.

Work at Dublin Port involved nine projects across eight sites to deliver 13 new inspection bays, documentary and identity check facilities, office facilities and parking for up to 128 heavy goods vehicles (HGVs).

400 additional Revenue staff recruited and trained for customs facilitation and checks; nearly 190 Department of Agriculture, Food and the Marine (DAFM) staff trained and in place to conduct import controls; 59 additional Health Service Executive (HSE) staff trained and in place.

- **Common Travel Area (CTA)** – a high level MOU that reaffirms the commitment of both Irish and British Governments to the CTA was signed on 8 May 2019. Under the CTA, which will be maintained in any scenario, Irish and British citizens can travel freely, move to live, work and study, and access services including healthcare and social benefits.
- **EU contingency measures** – there was agreement at EU level on a range of temporary contingency measures in key areas, including maintaining basic **air connectivity and road haulage access** between the EU and the UK in the event of a no deal Brexit.
- **Extradition arrangements** - workable alternative **extradition arrangements** under the 1957 Council of Europe Convention on Extradition were put in place for the event of a no deal Brexit, which would see the UK immediately fall outside the European Arrest Warrant process.
- **Business supports** - a wide range of **support programmes for enterprise and the agri-food sector** have been developed and put in place, including the €300 million Brexit Loan Scheme and €300 million Future Growth Loan Scheme, Enterprise Ireland's Brexit Scorecard, Bord Bia's Brexit Barometer and InterTradelreland's Brexit Vouchers.
- **Communications and stakeholder engagement** – this has included over 100 Brexit information seminars and events since September 2018; a nationwide media information campaign and 750,000 leaflets distributed nationwide through 5,000 public outlets; 18 meetings of the Brexit Stakeholders Forum chaired by the Tánaiste; and five meetings of the All-Island Civic Dialogue.

- **Financial and budgetary preparations** - undertaken over three budgets to build the resilience of the economy, including the establishment of the Rainy Day Fund and investment in long-term economic development through Project Ireland 2040.

The period between now and the **31 October** deadline for a possible no deal Brexit will be used to strengthen and refresh these preparations. Key areas for continued work include:

- Providing further **additional infrastructure at ports and airports** to enhance our capacity to manage the necessary checks and controls on goods coming from the UK as smoothly as possible.
- **Commitments to the people of Northern Ireland**, including access to Erasmus+ and the European Health Insurance Card (EHIC).
- Preparing for **Budget 2020** and making provision for targeted funding for the sectors most affected in the event of a no deal Brexit.
- A new phase of the Government's **Brexit communications** campaign, which will include a **call to action to businesses** operating in exposed sectors to take the necessary steps to prepare for a no deal Brexit.
- Ongoing **engagement with Member States and with the European Commission** on key outstanding issues, including on potential supports for Ireland and affected sectors.

Northern Ireland

A no deal Brexit poses risks for the Good Friday Agreement and raises profound political challenges and lasting societal impacts for Northern Ireland. The prospect of operating outside the EU with no deal would be extremely serious for businesses, large and small, and for the overall economy of Northern Ireland. It would also have potentially severe implications for North/South cooperation.

The consequences of a no deal Brexit for the political process in Northern Ireland could be very damaging. A no deal Brexit risks significantly undermining wider community relations and political stability in Northern Ireland with potential related security concerns

If the Institutions are not in place at the time of a no deal Brexit, there is a risk that the UK Government might initiate a move to Direct Rule in Northern Ireland as a response to managing the shift to new post-Brexit arrangements in the timeframe involved.

The UK's departure from the EU without an agreement gives rise to substantial challenges to the maintenance and development of North/South cooperation, which relies to a significant extent on a common EU legal and policy framework.

The commitment of the Government throughout the Brexit process to preventing the emergence of a hard border on the island of Ireland remains of the highest priority. Without the Withdrawal Agreement and the backstop, there are no easy answers. There is a process of engagement between Ireland and the European Commission on how to meet, in a no deal scenario, our shared twin objectives of protecting the integrity of the Single Market and Ireland's place in it, and avoiding a hard border on the island of Ireland.

There should be no illusion – a no deal Brexit would result in far-reaching change on the island of Ireland. This would particularly impact on North-South trade, which could no longer be as frictionless as it is today. The impact of tariffs, and of the customs and SPS requirements and associated checks necessary to preserve Ireland's full participation in the Single Market and Customs Union, would be significant for the operation of the all-island economy and would involve additional costs for and disruption to businesses throughout the island, particularly those in Northern Ireland. We continue to work closely with the Commission with a view to minimising these negative consequences of no deal, but any arrangement will clearly be sub-optimal.

The commitment of the Irish and British Governments to the maintenance of the Common Travel Area provides important assurances for the way people from both North and South live, move and access public services on the island of Ireland (as well as across both Ireland and Great Britain).

Conclusion

The Government's overall objectives have been consistent from the start: seeking to minimise the impact on trade and the economy, protecting the peace process including avoiding a hard border, protecting the all island economy, maintaining the Common Travel Area, and reinforcing the commitment to and participation in the EU. These objectives continue to guide our approach in any Brexit scenario.

A no deal Brexit will have profound implications for Ireland on all levels. These implications involve severe macroeconomic, trade and sectoral challenges both in the immediate term and in the longer term. Addressing those challenges requires difficult and significant choices of a practical, strategic and political nature.

It is only by Government, business and citizens working together nationally and with our partners in the EU that we can aim to mitigate as far as possible the severe impacts of a no deal Brexit and ensure that we are as prepared as we can be for the changes it will bring. Over the period to end-October, the Government will continue to work to strengthen the resilience of the economy and to prepare our country for Brexit. We will build on the extensive contingency work completed in the first quarter of the year, focusing on the further steps identified in this Action Plan. This includes a particular emphasis on encouraging and supporting increased preparedness amongst exposed parts of the business sector. We will do so as a strong and committed member of the EU and with the solidarity and support of our EU partners.

A. Context



1. Brexit Planning and Action Structures

Since before the Brexit referendum took place, the Government has been preparing for different possible scenarios. On the day of the referendum vote on 24 June 2016, our initial contingency planning was made publicly available.

This framework was central to the development of Ireland's position in the negotiations on the Withdrawal Agreement, and also served as guidance for the further work which has been underway across all departments and agencies since then.

This work is managed through a range of inter-Departmental engagements led by the Department of Foreign Affairs and Trade (DFAT) and the Department of the Taoiseach, with regular Memoranda to Government on all aspects of preparedness and contingency planning including legislation, transport connectivity, infrastructure requirements and the Common Travel Area.

The work also draws on the large number of research reports prepared and/or commissioned by the Government and others on the possible impacts on Ireland of a range of Brexit scenarios.

In July 2018, the Government agreed to plan for Brexit on the basis of a central case scenario, and in November 2018 all departments provided updated action plans addressing both the central case and no deal Brexit scenarios. **The shift to preparing for a no deal Brexit required the acceleration of certain measures already identified and underway, the putting in place of possible temporary solutions that can be rapidly implemented, and potential crisis response measures.**

In December 2018 the Government published a comprehensive Contingency Action Plan. While this acknowledged that a no deal Brexit would have profound macroeconomic, trade and sectoral impacts for Ireland, and that it would not be possible to eliminate all risks, the Government has been working at home and at the EU level to implement measures to mitigate damage to the greatest extent possible.

As the Brexit negotiation process has continually evolved, Government structures and actions have developed accordingly, and since December 2018 have been focused primarily on a no deal Brexit scenario. This has required the prioritisation and re-assignment of resources across the civil and public service.

The Government's approach is based on the principle that addressing the challenges of a no deal Brexit requires:

- **Responses at the EU level**
- **Responses by Government**
- **Responses by businesses and affected sectors.**

It is only by working together nationally, and with our partners in the EU, that we can mitigate the negative impacts of a no deal Brexit and ensure that we are prepared to the greatest extent possible.

As part of no deal Brexit preparations, it has been necessary to step up further the coordination arrangements across the public service, building on already pre-established national arrangements for the delivery of effective emergency management.

Currently a Secretaries General Group chaired by the Secretary General to the Government meets weekly to oversee the ongoing work on no deal Brexit preparations and contingency planning. It is supported by an Assistant Secretaries Group on no deal Brexit, co-chaired by the Department of the Taoiseach and the Department of Foreign Affairs and Trade, and a range of other Brexit-related interdepartmental groups. This includes a Senior Officials Group on Legislation, also co-chaired by the Department of the Taoiseach and by the Department of Foreign Affairs and Trade, which oversaw the development of both primary and secondary no deal Brexit legislation.

Risks

Despite the extensive mitigation measures being undertaken at EU level by the Irish Government and by businesses as outlined in this updated Contingency Action Plan, significant short-term risks in the event of a no deal Brexit on 31 October include:

- Disruption of East-West trade between Ireland and Britain due to delays at ports and/or inability of businesses to meet regulatory requirements;
- Delays to transit of exports and imports through the UK landbridge, with knock-on impacts on wholesale and retail supply chains;
- Closure of businesses and/or loss of jobs in Ireland due to trade disruption and associated costs, tariffs and currency movement, in particular in the agri-food, fisheries, manufacturing and tourism sectors;
- Regional economic and labour market impacts due to the location of most-exposed business sectors;
- Deterioration in Ireland's macroeconomic position, including deterioration in the public finances;
- Community relations undermined, and political instability in Northern Ireland and potential related security concerns;
- Significant negative impact on the Northern Ireland economy, especially in the area of agri-food exports;
- Loss of or limited access to rights and entitlements for Northern Ireland residents entitled to EU citizenship;
- Disruption in North-South trade and the all-island economy due to tariffs and the imposition of various regulatory requirements;
- Disruption to North-South cooperation in areas such as energy, road and rail connectivity;
- Loss of access to fishing landings from UK EEZ, and displacement of other EU fishing activity into Irish waters;

- Notwithstanding mitigation measures in place, potential disruption to daily life in areas such as online retail purchases from UK, access to medicines and medical devices, and financial services sourced from the UK.

Preparing for a no deal has required an immediate focus on crisis management and possible temporary solutions (political, economic, administrative, legislative and communication), which can be rapidly implemented until the necessary longer-term adjustments are in place.

Grappling with the enormous range of impacts and disruption both in the immediate short term and in the longer term will involve difficult and significant choices of a practical, strategic and political nature.

Given the scale of these risks, existing coordination arrangements will be intensified and adapted as appropriate in the light of developments and taking account of the nature of the issues that may arise due to a no deal Brexit. This includes planning for coordination and crisis management, should the need for this eventually arise including re-assignment of staff and other resources across the public service to respond to this emerging situation.

All government departments and the agencies/bodies under their aegis will be prepared to act in a key support or other support role. Government departments will have pre-identified the specific roles that it expects agencies/bodies to undertake in a no deal contingency setting, and work with them in the planning, preparedness and implementation phase.

The Government Information Service (GIS) will work closely with the above structures on the preparation and delivery of communications on all no deal Brexit issues as necessary with the cooperation of communications' units / press offices from all departments and relevant agencies.

Next Steps

In light of the profound challenges posed by a no deal Brexit:

- The work of the existing coordination structures will be intensified over the period ahead.
- There will be regular reports to Government on all aspects of no deal Brexit planning, tracking readiness across critical issues.
- Emergency crisis management structures will be activated by Government at the appropriate time.

2. Communications and Stakeholder Engagement

In recent months, the Government's stakeholder outreach and communications activities have increasingly focused on preparing businesses and citizens for the practical implications of Brexit, including a no deal scenario.



Image 1: Stakeholder engagements

Communications: Public Information and Outreach

Across government departments and state agencies, extensive work has taken place to inform businesses and citizens about how to prepare for Brexit, including:

- Getting Ireland Brexit Ready campaign - commenced in September 2018;
- Over 100 Brexit information seminars and events since September 2018;
- Nationwide media campaign (including radio, TV, print and online) - reached over 90% of the population;
- 750,000 leaflets distributed nationwide through 5,000 public outlets;
- gov.ie/brexit launched in February 2019 - provides practical advice for businesses and citizens;
- A series of trader engagement seminars held by Revenue to inform traders of customs requirements post-Brexit;
- A ports campaign run by Revenue in April - Revenue engaged directly with truck drivers at Dublin and Rosslare Ports;
- 4,000 participants at Local Enterprise Offices (LEOs) events, including free customs training;
- Further sectoral events held by agencies, including Bord Bia and the Health and Safety Authority;

- Direct engagement by over 1,000 SMEs with the InterTradeIreland Brexit Advisory Service so far in 2019;
- Enterprise Ireland Brexit Scorecard used by over 5,300 companies as a first step in developing their Brexit plan;
- Dedicated @BrexitReadyIRL Twitter account - in place since September 2018 to answer queries from members of the public covering a range of issues.

A full calendar of Brexit information seminars and events is available at www.dfa.ie/brexit.



Image 2: Nationwide Government Brexit awareness campaign, March 2019

Stakeholder Engagement

Stakeholder engagement is a central pillar of the Government's overall response to Brexit. Extensive engagement has taken place across Government, including through:

- The All-Island Civic Dialogue
- The Brexit Stakeholder Forum
- The Labour Employer Economic Forum
- The Enterprise Forum on Brexit and Global Challenges
- The Retail Consultation Forum
- The Maritime Stakeholders Forum
- The National Civic Aviation Development Forum
- The Stakeholders Consultative Committee on Brexit (Department of Agriculture, Food and the Marine)

Next Steps

The Government is now launching a new phase of this programme of communications and stakeholder engagement. This will focus on moving businesses and people to take action in advance of a possible no deal Brexit on 31 October. It will include:

- A particular focus on targeted information campaigns for audiences that need to take specific actions to prepare for Brexit.
- Prioritised communications to affected businesses, particularly smaller businesses and those operating in sectors that are most exposed, including construction, manufacturing, retail, agri-food and road haulage.
- An intensified and individual business-focused engagement programme by Revenue, which is designed to support and assist those individual businesses to understand the potential impact of Brexit and how to prepare for and mitigate the risks.

This will include individualised letters that will issue to each trader on a phased basis starting in July with follow up phone calls by Revenue staff in July/August. A dedicated number will be provided on the letters to enable traders to contact a dedicated Revenue support team.

- Registering for an EORI number as the critical first step in preparing for Brexit. However, using the individualised letters and associated follow up calls, Revenue will highlight other steps necessary to prepare for Brexit, especially relating to customs declarations and classification, and other obligations relating to guarantees, authorisations and, if required, third-party licencing.
- A public information campaign and stakeholder engagement in the weeks leading up to 31 October, which will focus on ensuring that businesses are aware of the steps they need to take and how to take those steps.
- A major national checklist campaign.
- Issuing of direct communications by departments and agencies to ensure that businesses affected by potential changes (e.g., medical devices, chemicals regulations, data, licencing, regulation) are prepared for Brexit.
- Continued use of the gov.ie/brexit website as the central portal of information, which will be updated as new information becomes available.

As has been the case to date, the communications and stakeholder campaign will be coordinated across government departments and agencies to maximise effectiveness and impact.

3. Economic and Budgetary Response

Ireland is facing the challenge of Brexit in a strong economic position, with record employment levels and unemployment down to 4.5 per cent - the lowest since 2005. The IMD's latest report ranked Ireland as the world's seventh most competitive economy (out of 63 economies assessed) and second most competitive economy in the euro area. This represents an improvement of 17 places from the 2011 low of 24th place.

Notwithstanding this impressive performance and regardless of Brexit, there are a number of serious risks to future economic performance, including global trade tensions, international tax developments, potential overheating due to capacity constraints, and continued high levels of public debt.

Since the referendum result in 2016, we have been taking steps to build up the resilience of the economy in the face of Brexit, including:

- Building up our fiscal buffers by balancing the books and establishing the Rainy Day Fund, which, by year-end, is budgeted to have accumulated €2 billion of assets;
- Investing in sustainable long-term development of the economy through Project Ireland 2040 (encompassing the National Planning Framework and €116 billion of investment through the National Development Plan) and Future Jobs Ireland;
- Actions across the whole of Government, including through the new trade strategy, Ireland Connected, to diversify trade beyond the UK market while working to consolidate the exports we currently send to the UK;
- The Global Ireland strategy, which provides a new framework for expanding and deepening Ireland's global reach and influence, supporting our economic resilience.

The Government has also already taken specific actions to help get Irish business prepared for Brexit. Since the UK referendum, all of our national Budgets have been framed to prepare for the challenge of Brexit, with dedicated measures announced in Budgets 2017, 2018 and 2019 and this will continue in planning for Budget 2020. Specific initiatives have been introduced, such as loan supports for agri-businesses and SMEs, aimed at supporting those businesses most affected by Brexit.

A key pillar of the Government's response to Brexit is making the case for backing at EU level, and ensuring a clear understanding of the unique and disproportionate impact Brexit will have on Ireland. In its November 2018 Contingency Communication, the Commission clearly stated that it stands ready to engage with the Member States that will be most affected by a no deal withdrawal and, in particular, to support Ireland in addressing the specific challenges of Irish businesses.

Economic Impact of Brexit

Despite the measures taken to date, it is clear that due to our close economic and trading relationship with the UK, Ireland will be impacted more than any other EU country. Brexit will have a significant impact on our economy, including the all-island economy, the labour market and the public finances, with the most negative impacts likely to be in agri-food and indigenous manufacturing sectors.

The UK's departure from the EU is an event without precedent in modern economic history, and quantifying the impact of this is challenging. Nonetheless, estimating the impact is important to help Government to understand the possible macroeconomic implications and to design the appropriate policy response.

In March 2019, the ESRI and the Department of Finance produced updated estimates of the potential macroeconomic impacts of Brexit on the Irish economy. This work takes account of substantial new microeconomic research on the impact of tariff and non-tariff measures, along with revised assessments of the impact on the UK that have been produced since the initial impact assessment of Brexit by the ESRI and Department of Finance in 2016. The various Brexit scenario results show that the impacts on the Irish economy are large and that Brexit will ultimately negatively impact firms, households, the labour market and the public finances.

This study finds that, compared to a no Brexit baseline, the level of GDP in Ireland ten years after Brexit would be around 2.6 per cent lower in a deal scenario and 5.0 per cent lower in a 'Disorderly No Deal' scenario, respectively. A no deal Brexit would result in a sharp reduction in growth with negative consequences throughout the economy. The reduced growth would feed through the fiscal channel as the automatic stabilisers would be activated. Specifically, tax revenue would be lower and there would be upward pressure on expenditure areas, in particular, social protection transfers. Ireland's EU budget contribution, funded from the Exchequer, might also increase in a no deal scenario, given that the EU's contingency measure in relation to the EU budget is for 2019 only.

The study also emphasises the negative impact Brexit will have on the Irish labour market. The results from the study show that employment, in the long run, would be 1.8 per cent lower in a deal scenario and 3.4 per cent lower in a "Disorderly No Deal" scenario, compared to a scenario where the UK stays in the EU.

The deterioration in Ireland's fiscal balance would be structural, not cyclical, in nature. This would reflect a permanent reduction in the size of the economy and, consequently in the amount of tax revenue it generates. Under the disorderly Brexit scenario, this could involve a headline deficit in the region of $\frac{1}{2}$ to $-1\frac{1}{2}$ per cent of GDP for next year, depending on the magnitude of the economic shock. The wide range reflects the uncertainty surrounding the budgetary impact of such an unprecedented shock.

Scenario A: “Orderly” Brexit

In the event of an orderly exit – which entails a transition period until the end of next year – the Irish economy is projected to expand by 3.3 per cent next year. This scenario would essentially entail an economy operating at full capacity, and necessitates a budgetary strategy that does not add fuel to the flames.

The appropriate budgetary strategy in these circumstances is as set out in the *Stability Programme Update* and involves targeting a headline surplus of 0.4 per cent of GDP for next year. This would be consistent with:

- €0.7 billion increase in capital expenditure;
- €0.3 billion carryover costs associated with measures introduced this year;
- €0.4 billion in public sector pay increases; and
- €0.5 billion for demographic costs.

In addition, the *Stability Programme Update* provides for an additional €0.3 billion current public expenditure (as yet unallocated) and for €0.6 billion for taxation changes.

In the SES an expenditure reserve of up to €0.2 billion is being established in 2020 to accommodate funding requirements for the National Broadband Plan and Children’s Hospital. This is reflected for 2020 in Scenario A (Table 6) below.

Table 4: orderly Brexit, per cent of GDP

	2020 [^]	2021	2022	2023	2024
(i) SPU baseline GGB~	0.4	0.7	1.0	1.3	1.6
(ii) Expenditure developments #	0.0	-0.1	-0.2	-0.3	-0.4
(iii) Revised GGB (SES ‘orderly’ baseline)	0.4	0.6	0.8	1.0	1.2

[^]Includes expenditure reserve for 2020.

~ Post-current Dáil term to 2021, technical assumptions are made to GEC for 2022 – 2024

This incorporates the GGB impact of NBP and 3¼ per cent y-o-y current spending growth from 2021 onwards.

Note: rounding may affect totals.

In total, therefore, this would be consistent with a total budgetary package of €2.8 billion for next year. Decisions in relation to the allocation between tax and expenditure of the total unallocated amount of €0.7 billion will be made during the budgetary process.

Image 3: Economic impact of an orderly Brexit

Source: Department of Finance, *Summer Economic Statement (2019)*

It is important to recognise that such estimates may not capture the full impact, and the figures may be conservative. In the event of a no deal Brexit, there would be significant disruption with further negative material impacts on Ireland and the all-island economy, particularly in the early years, arising from issues such as significant market volatility, further sterling depreciation, and disruption to trade with the UK including Northern Ireland. The full impact will also depend on decisions taken by the UK in relation to tariffs imposed on goods from the EU, including Ireland.

Scenario B: “Disorderly” Brexit

A disorderly Brexit would have a severe impact on the Irish economy with output and employment adversely affected, especially in the short-term. Come September, if this was the most likely scenario, then the budgetary strategy for 2020 would be anchored upon the baseline budgetary parameters as in the orderly (A) scenario and then also involve:

- allowing the automatic stabilisers¹ provide counter-cyclical support; and
- temporary, targeted funding for the sectors most affected.

Since the precise impact upon the economy, and on particular sectors and overall employment, cannot be projected within the normal levels of certainty the indicative GGB is presented with a likely indicative range.

The magnitude of the deterioration to the nominal general government balance is set out below.

Table 5: disorderly Brexit, per cent of GDP

	2020	2021	2022	2023	2024
Revised GGB (SES 'orderly' baseline)	0.4	0.6	0.8	1.0	1.2
Brexit Impact	-1	-1	-1	-1	-¾
Indicative GGB [^]	-½ to -1½	-½ to -1	-¼ to -¾	-¼ to ¼	0 to ½
Nominal deterioration in GG balance €bn	c.-6½	c.-6	c-6	c.-5	c-5

[^]Figures are presented in ranges given the uncertainty associated with an unprecedented event such as a disorderly Brexit.

Note: rounding may affect totals.

Image 4: Economic impact of a no deal Brexit¹

Source: Department of Finance, Summer Economic Statement (2019)

There are also significant sectoral and regional dimensions to this economic impact and some sectors and regions will be more affected than others. Indeed, the negative impacts will be most keenly felt in those sectors with strong export ties to the UK market – such as the agri-food, manufacturing and tourism sectors and also SMEs generally – along with their suppliers. The impact will be particularly noticeable in the regions where there is a reliance on these sectors and businesses as firms adjust to potentially higher tariff and non-tariff barriers, as well as currency fluctuations. Further, given Ireland's unique macroeconomic and sectoral exposures to the UK, these impacts would be disproportionate relative to the rest of the EU.

¹ The automatic stabilisers refer to the automatic counter-cyclical support that the public finances provide to the economy through, for instance, welfare payments due to higher unemployment numbers and, on the revenue side, lower tax collections which helps cushion aggregate demand.

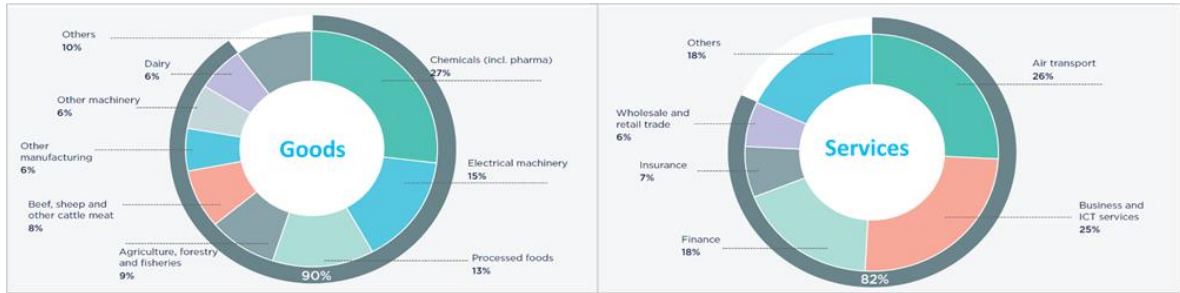


Image 5: Ireland's key goods and services exports to the UK
Source: Copenhagen Economics, Ireland and the Impacts of Brexit (2018)

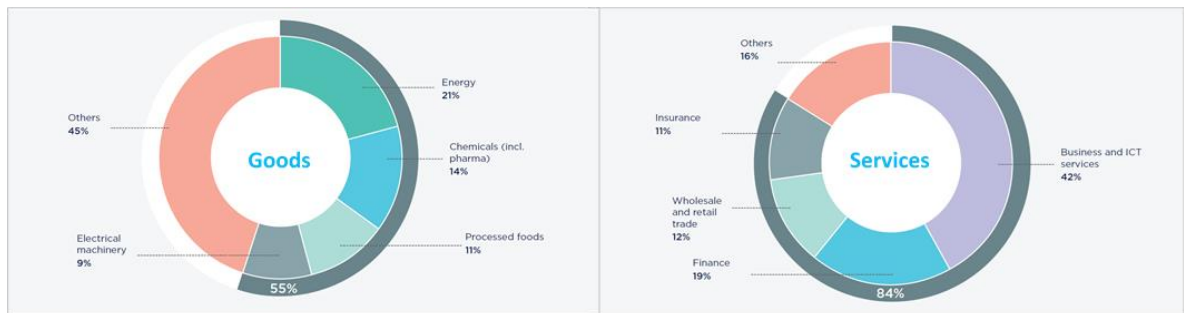


Image 6: Ireland's key goods and services imports from the UK
Source: Copenhagen Economics, Ireland and the Impacts of Brexit (2018)

The unprecedented nature of the event means forecasts are subject to greater uncertainty and variance than during normal times. An alternative study by the Central Bank of Ireland suggests the short-run and long-run impacts of a disorderly Brexit could be more negative than the Department of Finance/ESRI study suggests. This study puts greater weight on the effects of uncertainty on consumer and business decisions. The Central Bank's estimate, as published in January 2019, is that a disorderly Brexit could reduce the growth rate of the Irish economy by up to four percentage points in the first year. Over ten years, the Central Bank estimates that a disorderly Brexit could reduce the overall level of Irish output by 6.1 per cent, as compared to 1.7 per cent in the case of a transition to a Free Trade Area-like arrangement.

Next Steps

- The Government will continue to work to strengthen the resilience of the economy, to maximise opportunities, manage risk on the domestic and external fronts and to prepare our economy for the challenges of Brexit.
- In this context, Government will take a prudent and sensible approach to Budget 2020. The Government is currently planning based on two budgetary scenarios, as set out in the recently published Summer Economic Statement. Scenario A sets out the environment relating to an orderly Brexit, with Scenario B outlining an alternative situation in the case of a disorderly Brexit (see below). Over the summer, the Government will monitor developments in the UK closely and will decide which scenario is the most likely and base Budget 2020 on that.

- Scenario A: Orderly Brexit: the economy continues to grow at a robust pace of 3.3 per cent in 2020 and overheating risks must be managed. Decisions in relation to the allocation between tax and expenditure of the total unallocated amount of €0.7 billion will be made during the budgetary process, with the Government targeting a headline surplus of 0.4 per cent of GDP next year.
- Scenario B: Disorderly Brexit: While overheating risks dissipate, automatic stabilisers kick in (i.e., automatic counter-cyclical support that the public finances provide to the economy through, for instance, welfare payments due to higher unemployment numbers and lower tax collections on the revenue side, which helps cushion aggregate demand). In addition to the automatic stabilisers, there will be a requirement for a number of targeted temporary supports for sectors most affected, particularly in the areas of agriculture and enterprise. The general government balance would be expected to deteriorate by more than €6 billion in 2020 to a deficit of ½ to –1½ per cent of GDP.
- In the event of a no deal Brexit, the Government will implement a range of economic responses that will seek to mitigate the impact on vulnerable sectors and groups, within this macroeconomic framework. This approach will include:
 - Targeted supports for vulnerable but viable sectors and enterprises;
 - Labour market and activation interventions to support employees affected;
 - Continued increased capital investment in accordance with Project Ireland 2040 which will act as a stimulus to the economy;
 - Continued engagement with the European Commission and other Member States in respect of financial supports and flexibilities under State Aid rules and the Common Agricultural Policy.

4. Northern Ireland and North-South Relations

The Government has consistently highlighted the risks that Brexit poses for Northern Ireland and the Good Friday Agreement, and repeatedly underlined that a no deal Brexit is in no one's interests, least of all for the people of Northern Ireland who will be most affected.

The Protocol on Ireland and Northern Ireland contained within the Withdrawal Agreement protects the Good Friday Agreement and the gains of the peace process in all its parts by:

- Respecting fully the constitutional status of Northern Ireland and the principle of consent as guaranteed by the Good Friday Agreement;
- Guaranteeing, through a backstop mechanism, that there will be no hard border on the island of Ireland; underpinning continuing North-South cooperation and protecting the all island economy, including by maintaining the Single Electricity Market;
- Making provision for the maintenance of the Common Travel Area, ensuring that the current bilateral arrangements can continue whereby Irish and British citizens can live, work, study and access healthcare, social security and public services in each jurisdiction;
- Ensuring no diminution of rights, safeguards and equality of opportunity as set out in the Good Friday Agreement;
- Confirming that people in Northern Ireland will continue to enjoy their rights as EU citizens.

Many of the actions listed within this plan are cross-cutting and include those that the Government can take to protect the Good Friday Agreement and the Common Travel Area, and mitigate as much as possible against the worst effects of a no deal Brexit on North-South cooperation.

However, it will not be possible to fully mitigate many of the risks associated with a no deal Brexit.

Political, Security and Societal Impacts

The consequences of a no deal Brexit for the political process in Northern Ireland could be very damaging.

If the institutions of the Good Friday Agreement were operating at that point, it would be a very significant test of their resilience. Should the current talks process not have

resulted by that point in the restoration to operation of the Good Friday Agreement institutions, a no deal Brexit would also present an even more difficult environment for political talks aimed at restoring the operation of the NI Assembly and Executive and the North-South Ministerial Council. The further delay, following an already extended period without the institutions, would have significant implications for wider public confidence.

A no deal Brexit risks significantly undermining wider community relations and political stability in Northern Ireland, with potential related security concerns.

It could be expected that calls for a border poll to be held would increase in such a scenario. This could also have implications for the stability of the institutions if they are in place, or the process to restore them to operation.

The longer the uncertainty of a no deal scenario persists, the more political and community relationships in Northern Ireland would be tested.

Uncertainty around a physical border on the island could also be expected to become a focus for dissident republican paramilitary recruitment and activity. Garda and PSNI authorities have said publicly that any border infrastructure or personnel would become targets for dissident republican paramilitaries and require police or other protection.

A no deal Brexit also has the potential to become a focus for increased loyalist paramilitary recruitment and activity, including in response to dissident republican paramilitary actions and an increased public focus on a border poll.

If the institutions were not in place at the time of a no deal Brexit, there is a risk that the UK Government might initiate a move to Direct Rule in Northern Ireland as a response to managing the transition to new arrangements in the timeframe involved.

The central priority of the Government in this regard is to work urgently and in partnership with the UK Government to support the restoration of the institutions of the Good Friday Agreement to full operation on a more sustainable basis, and to address key issues of division between the main parties that have affected partnership government in Northern Ireland. Having the institutions working on behalf of all the people of Northern Ireland would be crucial in managing the impacts of any Brexit scenario on the island.

Economic Impacts

In the past months, numerous public interventions have been made, which underline how the prospect of operating outside the EU with no deal would be extremely serious for the businesses, people and economy of Northern Ireland.

Most recently a report published by the Northern Ireland Department of the Economy states that micro and small enterprises in Northern Ireland will be the most adversely affected in the event of a no deal Brexit, with the agri-food sector especially vulnerable. This scenario would also have the gravest consequences for cross-border trade, which

is so significant to the Northern Ireland economy, and thus for the all-island economy, the protection of which is a major priority for this Government.

This report and other information, such as the letter from the Head of the Northern Ireland Civil Service to political parties in Northern Ireland in March, makes clear that a no deal Brexit could have a profound and long-lasting impact on society and that, despite the considerable amount of mitigation work that has been undertaken to date across departments in Northern Ireland, there are considerable and unavoidable residual risks to the local economy that cannot be mitigated. Such risks include the introduction of EU tariffs and the challenges for businesses to adjust to new economic and trading realities.

The commitment of the Government throughout the Brexit process to preventing the re-emergence of a hard border on the island of Ireland remains of the highest priority. The backstop is the only viable solution on the table that avoids a hard border, including physical infrastructure and related checks and controls, preserves the all-island economy and fully protects the Good Friday Agreement, as well the integrity of the EU Single Market and Ireland's place in it.

Throughout this process, Ireland and the EU have been at one. The EU has been clear that it is determined to do all it can, deal or no deal, to avoid a hard border on the island of Ireland and to protect the peace process.

Since earlier this year, there has been a process of engagement between Ireland and the European Commission on how to achieve, in a no deal scenario, our shared twin objectives of protecting the integrity of the Single Market and Ireland's place in it and avoiding any physical infrastructure on the island of Ireland.

Without the Withdrawal Agreement and the backstop, there are no easy answers. Both the EU and the UK Government agree that no one has yet come up with any alternatives that meet the same objectives as the Withdrawal Agreement. There should be no illusion – a no deal Brexit would result in far-reaching change on the island of Ireland. This would particularly impact on North-South trade, which could no longer be as frictionless as it is today. The impact of tariffs and of the customs and SPS requirements and associated checks necessary to preserve Ireland's full participation in the Single Market and Customs Union would be significant for the operation of the all-island economy and would involve additional costs for and disruption to businesses throughout the island, particularly those in Northern Ireland. We continue to work closely with the Commission with a view to minimising these negative consequences of no deal, but any arrangement will clearly be sub-optimal.

Overall, the challenges associated with a no deal Brexit would be particularly significant for the agri-food sector in Northern Ireland, given the relevance to the sector of issues including but not limited to tariffs, seamless cross-border supply chains and food safety. The economic impact for Northern Ireland could be further intensified by the approach announced by the UK in mid-March that, on a unilateral and temporary basis, no tariffs would be applied on goods crossing from Ireland into Northern Ireland.

The commitment of the Irish and British Governments to the maintenance of the Common Travel Area will provide important assurances for the way people from both the North and the South live, move and access public services on the island of Ireland (as well as across both Ireland and Great Britain).

North-South Cooperation Impacts

A no deal Brexit will raise serious concerns about the future effectiveness of North-South cooperation, including across all the formal and informal areas identified in the Withdrawal Agreement and the report on North-South mapping published on 21 June 2019. EU-funded programmes will also be brought into question.

North-South cooperation is an integral part of the Good Friday Agreement and, as such, will continue in any scenario. However, and as with so much else, a no deal context would present additional challenges. Areas identified in the joint EU-UK mapping exercise include the six North South Implementation Bodies and cooperation in the areas of environment, health, agriculture, transport, education, tourism, energy, telecommunications, broadcasting, inland fisheries, justice and security, higher education and sport.

The published report of the mapping exercise makes clear that North-South cooperation is linked to the avoidance of a hard border and also relies to a significant extent on a common European Union legal and policy framework and that the UK's departure from the European Union gives rise to substantial challenges to the maintenance and development of North-South cooperation. The implementation of the Protocol would enable Ireland and Northern Ireland to jointly or individually adopt measures to ensure that North-South cooperation would continue after UK withdrawal. This would not be the case to the same extent in the absence of the Withdrawal Agreement.

Citizen Impacts

Concerns are likely to increase around both the rights and entitlements associated with EU citizenship, such as the European Health Insurance Card (EHIC), access to Erasmus+, and on fundamental rights issues.

It is important to underline that under any scenario Irish citizens, no matter where they live, will continue to have EU citizenship. They will continue to enjoy the right to live and work throughout the EU and the right not to be discriminated against on the grounds of nationality. On fundamental rights, the European Convention on Human Rights will remain incorporated in Northern Ireland law as required under the Good Friday Agreement.

The Government will continue to reinforce the message that the rights and entitlements of Irish citizens living in Northern Ireland are of fundamental importance and must be protected to the greatest extent possible.

The Government of Ireland understands the importance placed by residents of Northern Ireland on continued access to the European Health Insurance Card (EHIC) and to the Erasmus+ programme and is seeking to make arrangements to provide for continued access to these programmes, as well as taking measures in a number of other areas, which are set out below.

The Government of Ireland and the UK Government have signed a Memorandum of Understanding confirming the commitment of both Governments to the maintenance of the Common Travel Area (CTA) in all circumstances. This is particularly important for the ways in which people live on the island of Ireland.

European Health Insurance Card (EHIC)

The Government is seeking to make arrangements so that the people of Northern Ireland will have access to EHICs after a no deal Brexit. The Department of Health is working to progress arrangements that are compatible with both domestic and EU law, and to ensure that the HSE has the necessary operational arrangements in place to administer this in a no deal scenario.

Erasmus+

The European Commission has adopted a set of unilateral contingency proposals which aim to mitigate the significant impact on the current programme in a no deal scenario. This will permit students who will be 'on Erasmus' in the UK, including in institutions in Northern Ireland, to complete their placement without interruption. This also applies to students from GB and Northern Ireland institutions who will be studying in EU Member States.

The Government is also seeking to make arrangements for students of relevant institutions in Northern Ireland to have continued access to the Erasmus+ higher education programme in the event of a no deal Brexit. This may have cost implications for the Exchequer. Ireland is working domestically and with the EU Institutions to identify an approach for delivering on this commitment.

EU Funded Programmes (PEACE and INTERREG)

The Irish Government has been clear and consistent in its commitment to the successful completion of the current PEACE and INTERREG programmes and to a new programme post-Brexit. The European Union has adopted a special regulation to allow for the continuation of the PEACE and INTERREG programmes even in the event of a no deal Brexit.

As regards a future programme, the European Commission has responded to the Irish Government's support for a future programme with a proposal for a special new PEACE PLUS programme that will build on and continue the work of PEACE and INTERREG into the future.

UK Driving Licences

Visitors with a UK (including Northern Ireland) licence will be able to drive in Ireland while visiting, using their existing valid driving licence, in all Brexit scenarios. Such drivers will not be required to carry an International Driving Permit with them in order to drive here: they just need to carry their valid driving licence.

Motorists resident in Ireland with a UK (including Northern Ireland) driving licence should exchange that licence for an Irish driving licence in good time before the UK leaves the EU. In the event of a no deal Brexit, for persons resident in Ireland, their UK driving licence will no longer be valid for driving here.

Motor Insurance Green Cards

In the event of a no deal Brexit, Green Cards will be required for EU-registered vehicles entering the UK and for UK-registered vehicles entering the EU. These act as a proof of insurance.

In advance of 29 March, the Motor Insurers' Bureau of Ireland (MIBI) engaged in a publicity campaign on this, and issued approximately one million Green Cards to insurance firms and brokers. Green Cards are typically valid until the renewal date of an insurance policy, so some drivers will need to obtain a new Green Card. The MIBI are working with insurance firms and brokers on this issue.

In the event of a no deal Brexit, the UK has indicated that Irish registered vehicles entering the UK will require *either* a Green Card or other documentary proof of insurance cover for UK, including Northern Ireland.

The Government will engage with the insurance sector to identify any further actions in advance of 31 October.

Mobile Roaming Charges

The Government has engaged with Ireland's main mobile operators - Vodafone, Three and Eir, who between them represent 88% of the market. These operators have announced that there will be no return to roaming charges for people travelling to the UK, including Northern Ireland, after Brexit. UK mobile operators have indicated their intention not to reintroduce mobile roaming charges after Brexit.

Provision of Passports

Strong demand for Irish passports in recent years reflects an increased demand from Irish citizens in Northern Ireland and Great Britain since the Brexit referendum.

In the period January to June 2016, 15,174 first-time passport applications were received from Northern Ireland and 4,147 from Great Britain. In the same period in 2019,

47,645 first-time applications were received from Northern Ireland and 31,099 from Great Britain. This represents increases of 214% and 650%, respectively.

To deal with rising demand, the capacity of the Passport Office has been strengthened through the recruitment of additional permanent and temporary staff to process applications and answer customer queries. Over 80 permanent staff have been recruited in the Passport Service offices in Balbriggan, Cork and in Dublin city centre, as well as over 230 Temporary Clerical Officers. In light of the continued increase in volumes, work is ongoing to provide additional temporary back-office processing capacity.

A new Customer Service Hub was established in January 2019 to ensure that the Passport Service is equipped to deal with the large volume of queries received through its phone and webchat services. 90 Passport Office staff members are currently assigned to the Customer Service Hub.

The introduction and expansion of the Online Passport Renewal Service has increased efficiencies and allowed more staff to focus on first time applications.

B. Contingency Planning: Sectors and Key Issues



5. EU-level Policy and Regulatory Response and Engagement

The European Commission and Member States have been formally preparing for the withdrawal of the UK since the receipt of the UK's letter of notification of its intention to withdraw from the EU on 29 March 2017. This work initially focused on preparedness measures that would be required in all scenarios to provide for the orderly withdrawal of the UK. These measures are complemented by contingency measures intended to mitigate the worst impacts of a no deal UK withdrawal.

The EU's approach to contingency measures is based on key principles, including that the measures should be temporary and unilateral, and not replicate the benefits of membership of the Union. Measures should also be compatible with EU law, respecting the division of competences and not remedying delays that could have been avoided.

This EU-level work, along with the preparations of national Government and business, is one of the three strands of contingency preparation underway and includes:

- More than 90 Brexit [preparedness notices](#) and eight question and answer [documents](#) have been published by the European Commission and EU Regulatory and Supervisory Agencies.
- More than 70 technical expert seminars on various aspects of Brexit preparedness and contingency planning have taken place, involving officials from EU27 Member States.
- The European Commission has published five Communications on preparing for the withdrawal of the UK, the latest of which was published on [12 June 2019](#) and is contained in full in the Annex.

EU Contingency Measures

The European Union has also adopted 19 primary legislative measures on a unilateral temporary basis to mitigate the worst effects of a no deal Brexit. The measures are outlined in the table below. A number of these measures at EU level, agreed with our fellow EU Member States, are focused on issues impacting directly on Ireland.

Table 1. EU Legislative Preparedness and Contingency Measures		
Sector	Subject Matter	Description
Transport	Railway safety and connectivity	The EU has adopted time-limited measures to ensure basic transport connectivity with the UK in the event of a no deal Brexit. Each of the measures requires reciprocity from the UK, and in each instance the UK

	Basic road freight connectivity Basic air connectivity Aviation safety Car type-approval Realignment of the North Sea – Mediterranean Core Network Corridor Ship inspection	has indicated that it will reciprocate. The measures cover elements of air transport connectivity, elements of road freight connectivity and road passenger connectivity, as well as bus connectivity in the border region on the island of Ireland. EU aviation safety rules and rail safety rules have also been adjusted to make sure that flying between, or travelling by train between, the EU27 and the UK remains safe in a no deal scenario. The EU has also adapted the framework for investment in trans-European transport networks to ensure that Ireland continues to be eligible to apply for infrastructure funding from the Connecting Europe Facility.
Fisheries	Fishing authorisations / fishing operations European Maritime and Fisheries Fund	To help mitigate the impact of a no deal Brexit on EU fisheries, a new EU Regulation provides the possibility for Member States to apply temporary cessation of fishing activity measures in the event that access to fishing grounds in the UK Exclusive Economic Zone is restricted. A further EU Regulation in the fisheries area provides for the EU to grant UK vessels access to EU waters until the end of 2019, under the condition that the UK provides reciprocal access.
Social Security	Social security coordination	A further adaptation to EU law has been made to safeguard, in case of no deal, the social security rights of citizens of EU27 Member States in the UK, and UK nationals in the EU27, who have benefited from the right of free movement before the UK's withdrawal from the EU (as well the rights of their family members and survivors). The approach proposed at EU level is in addition to Ireland's national approach to the protection of the social security and healthcare entitlements provided for under the Common Travel Area.
PEACE/ INTERREG	PEACE IV Programme	EU law has also been adapted to provide, in the event of no deal, for the continued

		funding, until the end of 2020, of the PEACE (Ireland-Northern Ireland) and INTERREG VA (Ireland-Northern Ireland-Scotland) programmes covering the border counties of Ireland and Northern Ireland.
Education	Erasmus+ Programme	EU law has been adapted to ensure that young people who are participating in the 2019 Erasmus+ programme can complete their placements and continue to receive the relevant funding or grants in the event of no deal. The Regulation on Erasmus+ covers both EU27 participants in the UK and UK participants in the EU27 at the time of the UK's withdrawal.
Union Budget	2019 EU Budget	On 9 July the EU Council of Ministers will consider a new EU Regulation on the 2019 EU budget that would provide for the continuation of payments from EU programmes to UK beneficiaries following the withdrawal of the UK from the EU until the end of 2019, provided the UK continues make the agreed contribution to the 2019 EU budget and allows EU oversight of programme implementation in the UK.
Dual-use items	Export of dual-use items	EU law now provides for the UK to be included on the list of low-risk third countries to which the EU27 manufacturers can export materials, equipment and technology that can potentially be used for both civilian and military purposes.
Mobility	Visa-free travel	The UK will be placed on the list of third countries whose citizens are not required to obtain a visa to enter the Schengen Area for stays of less than 90 days. Ireland is not a member of the Schengen Area and the Common Travel Area will continue to provide for visa-free travel between Ireland and the UK.
Trade	Apportionment of tariff rate quotas	A Regulation submitted has been adopted that apportions the EU and the UK WTO trade quotas.

Institutions	Relocation of European Medicines Agency Relocation of the European Banking Authority	As a result of Brexit, the decision has been taken to relocate the European Medicines Agency and the European Banking Authority from London, respectively to Amsterdam and Paris.
Energy	Energy Efficiency	The Decision will amend EU Regulations in the area of energy efficiency to ensure that the projected energy consumption figures for the Union in 2030 reflect the departure of the United Kingdom

These EU contingency measures are complemented by coordinated national measures in EU Member States. For example, in the areas of social security coordination and residency rights, EU27 Member States have taken measures at national level to protect the rights of UK citizens in a no deal scenario. In Ireland's case, the Common Travel Area ensures continuity of the social security coordination rights and residence rights of UK citizens, but in other EU Member States, new or amended legislation has been required to provide for this.

Next Steps

- In respect of certain legislative measures, the European Commission has indicated that it will consider whether it needs a technical adjustment to time limits in light of the extension of the period of UK membership of the EU until 31 October.
- Over the coming months, the Government will continue to engage intensively on these issues with our fellow Member States and with the European Commission.

6. Preparing our Ports and Airports

Trade Flows through Irish Ports and Airports

In a no deal scenario, goods entering the EU originating in the UK will be treated as imports from a third country, and goods leaving the EU destined for the UK will be treated as exports to a third country. All relevant EU legislation on imported and exported goods will apply in accordance with EU commitments and under the rules of the World Trade Organisation (WTO). Relevant customs declarations will be needed, and Sanitary and Phytosanitary (SPS) controls will need to be applied.

While preparation at all levels will help, there is no doubt that, at least in the initial period, the additional checks and controls required on UK imports and exports will be disruptive. A crucial element, therefore, will be to effectively manage the new requirements for checks and controls on imports from the UK as a third country for goods coming through our ports and airports. Intensified arrangements are summarised under the following headings.

Infrastructure

In the lead up to the end-March and mid-April deadlines, arrangements were finalised to ensure that sufficient infrastructure was in place in Dublin Port, Rosslare Europort and Dublin Airport to provide an emergency response to a no deal Brexit. The focus over the next months of the Article 50 extension will be to refine and improve infrastructure available for a no deal Brexit.

Dublin Port

In Dublin Port, plans are progressing to further build on the temporary facilities now in place to provide a full suite of inspection facilities and to bring this additional capacity online over time.

Infrastructure for 29 March 2019

In the lead up to 29 March, temporary infrastructure for customs, SPS and health checks and controls was put in place at Dublin Port. This infrastructure forms the basis for the incremental development of long-term infrastructure, including the enhanced facilities that will be in place for 31 October, as set out below, pending the completion of permanent infrastructure.

Infrastructure for 31 October 2019

The provision of inspection facilities in Dublin Port for a no deal Brexit has involved nine separate projects spread across eight sites. The principal facility is a 6,000 square metre warehouse that has been converted to accommodate 13 inspection bays for SPS and food safety checks, as well as a Revenue turnout shed, which is in addition to three existing inspection bays elsewhere. Assessment of inspection capacity is ongoing.

Parking for up to 128 heavy goods vehicles (HGVs) has been provided as well as documentary and identity check facilities, a public office and ancillary staff accommodation.

An additional 100 HGV overflow parking spaces are also available as well as a facility for checking compliance of pet dogs, cats and ferrets entering the EU. A temporary live-animal Border Control Post (BCP) will shortly be completed. OPW are in the process of securing an additional compound for detained goods and potential overflow parking.

Permanent Infrastructure

Plans are in place to construct an additional 18 inspection bays and four turnout sheds, alongside documentary and identity check facilities with further HGV parking spaces. A public office and driver facilities will be provided as well as staff offices and accommodation. A permanent live animal BCP will be in place. Some of the temporary infrastructure, such as a number of inspection bays, will be retained.

Rosslare Europort

OPW and client departments have agreed on the approach for permanent infrastructure, which will replace the temporary infrastructure used for a no deal Brexit.

Preparations undertaken at Rosslare Europort in the lead up to 29 March involved the provision of facilities, which are now being upgraded as set out below for the 31 October scenario.

Infrastructure for 31 October 2019

Provision has been made for temporary infrastructure within close proximity of the existing port. A large warehouse will accommodate four inspection bays and a Revenue turnout shed, and the site will include the relevant offices, driver facilities, two documentary and identity check facilities, parking for 35 HGVs and a temporary live animal BCP. Staff accommodation and an export office are also being provided.

Permanent Infrastructure

The permanent state inspection facilities will be constructed on a site adjacent to the existing port. This facility will accommodate inspection bays for SPS and food safety checks as well as a number of Revenue turnout sheds. The site will also include office accommodation, a documentary and public office, driver welfare facilities, two documentary and identity check facilities, parking for 35 HGVs and a permanent live animal BCP.

Dublin Airport

Arrangements were in place on 29 March to allow SPS controls at the airport.

Development of an enlarged BCP is ongoing. This will include separated inspection areas for SPS controls on live animals, products of animal origin, plants and products of plant origin, as well as staff accommodation, freezer storage and inspection facilities.

Legislative Requirements

Emergency orders were made under the Planning Acts by the Minister for Public Expenditure and Reform, acting on behalf of the OPW as the developer, to ensure the timely completion of the temporary infrastructure required at Dublin Port and Rosslare Europort.

The next phase of work requires further emergency orders for Dublin Airport and Dublin Port, which have been made on the same basis. Secondary legislation to facilitate the permanent infrastructure required is being progressed in full consideration of any environmental considerations involved.

Ensuring Optimal Goods Trade Traffic Flows

At Dublin and Rosslare Ports an interagency approach has been agreed between Revenue, the Department of Agriculture, Food and the Marine (DAFM), the Department of Health, HSE Environmental Health Service (EHS) and the Food Safety Authority of Ireland (FSAI) to ensure optimal goods trade traffic flows. A coordinated approach will be in place so that the necessary customs and SPS controls take place on imports from the UK. Revenue is leading on the necessary IT changes for October 2019 readiness. This approach will allow Revenue to signal to trucks whether they have been green-routed out of the Port area or red-routed for further checks, including inspection where required.

Prohibited goods will be refused entry.

Revenue staff will manage and resource a control centre that will have sight of: parking spaces and exam bays; the number of consignments requiring a documentary or physical inspection; when the next ferry will be arriving; and the number of consignments that will need documentary or physical inspection on arrival.

The robustness of the proposed inter-agency arrangements to carry out any necessary customs controls, SPS checks at ports and airports will be tested prior to 31 October 2019.

In order to avoid unnecessary delays, it will also be vital that industry prepare as fully as possible. Businesses will need to familiarise themselves fully with all relevant customs procedures; ensure that all necessary documentation is completed in advance and that any logistic companies being engaged are aware of new responsibilities; and consider the implications, for example, of having mixed loads, where some products are likely to green-route but may be delayed if in a consignment with SPS products. For more details on how traders should prepare for Brexit, see the Chapter on Trader Customs Requirements, Education and Supports.

Traffic Management – Dublin Port

A Traffic Management Group for Dublin Port is continuing to consider the potential knock-on impacts on the wider area and city traffic management of any potential disruption in a no deal scenario.

The Group will have traffic management and communication contingency plans in place for a no deal Brexit on 31 October 2019. This includes using a number of sites as holding areas for HGVs should they be required.

Minimising Disruption – Rosslare and Dublin Airport

When required, the Department of Health will designate Rosslare Europort as a Designated Point of Entry (DPOE) for certain food products controlled by the HSE's Environmental Health Service, thus ensuring that, post Brexit, it can be used for the importation of such goods from the UK.

While the potential for disruption at Rosslare Europort is significantly less than at Dublin Port, due to the lower volume of trade on Rosslare/UK routes, interagency routing arrangements can be applied at short notice if required.

The challenges at airports are not as acute as those at ports due to the volumes involved, and existing procedures will be used in a no deal Brexit.

All goods arriving by air from a non-EU country are brought immediately to a transit shed within the confines of the airport or to a temporary storage facility authorised by Revenue outside the airport. Goods are held at these locations while awaiting the submission of documentation (customs declarations or supporting documents) or to undergo additional intervention by Revenue. Goods that require intervention by DAFM or the HSE's EHS are facilitated within the confines of the airport. Goods can only leave those locations once these checks have been conducted.

Passenger Flows through Irish Ports and Airports

In a no deal Brexit scenario, UK nationals can continue to avail of the Common Travel Area arrangement as they currently do. There will also not be any change to the procedures for UK citizens travelling to Ireland from outside the Common Travel Area. Appropriate way-finding signage will be put in place should it be required.

When the UK leaves the EU there will be a number of specific issues relating to tax and duty on personal imports of goods. Part 6 of the Brexit Omnibus Act makes provisions for these issues. For more details on Duty Free sales and the application of the VAT Retail Export Scheme see the Chapter on Taxation.

The Department of Agriculture, Food and the Marine, which is responsible for personal consignments (i.e., the introduction of foodstuff, plants, seeds, etc. in personal luggage), has a presence in both terminals in Dublin Airport. There is currently no presence or

plans for presence in Rosslare Europort or other airports. DAFM is involved in an active EU campaign called “Don’t risk it”, which is raising awareness of the risk arising from personal consignments.

Movement of Pets and Horses through Irish Ports and Airports

DAFM has developed plans that can be put in place to ensure that the obligations involved in moving pet dogs, cats or ferrets from other third countries will be applied to UK in a no deal scenario. These obligations will make the movement of such pets significantly more cumbersome.

By Air

Many airlines servicing Irish airports do not carry pet dogs, cats or ferrets and those that do carry them generally insist that pets travel in the hold of the aircraft. Dublin Airport is the only airport in the State that has been designated a Travellers’ Point of Entry (TPOE) for the arrival of pets in Ireland from third countries. Advance notification to DAFM of the pet’s arrival in the State is required.² On arrival, pets from third countries must be presented to the Department at the airport to check compliance with pet travel legislation. There are no plans to change the existing arrangements at Dublin Airport.

By Sea

Rosslare Port and Ringaskiddy Port are designated TPOEs for pets from third countries. The Department intends to designate Dublin Port as a TPOE for pets from third countries in advance of Brexit. Current facilities will be used in Rosslare Europort and a facility has also been identified in Dublin Port.

Movement of Horses

In a no deal scenario the Tripartite Agreement between Ireland, France and the UK on the movement of horses will no longer apply to the UK. Equines from Great Britain will only be allowed to enter Ireland if the UK is listed in the relevant EU legislation as a third country, and if listed, requirements will depend on the UK’s sanitary classification. The European Commission has indicated that the UK should be listed “swiftly”.

The UK Government has indicated that, in a no deal scenario, there will be no immediate change for equines currently permitted to move from Ireland to the UK on a valid passport as is current practice under the Tripartite Agreement.

² <https://www.agriculture.gov.ie/pets/euhealthcertificatescompliancechecksandadvancenotice/>

Next Steps

- OPW will continue to develop and enhance infrastructure at Dublin and Rosslare Ports, and Dublin Airport, in readiness for 31 October 2019.
- Traffic management plans for Dublin Port will be further refined for 31 October 2019.
- Work will continue with traders and with the logistics and haulage sector, to prepare them for new customs and regulatory requirements. Further detail is provided in the Chapter on Trader Customs Requirements, Education and Supports.
- The Department of Agriculture, Food and the Marine will continue to monitor development over the coming months and update guidance already available on the DAFM and gov.ie/brexit websites in relation to the movement of pets.
- The Department of Agriculture, Food and the Marine will continue to engage with the equine industry on the movement of horses.

7. Staffing and ICT for checks and controls

Staffing

Revenue accelerated and expanded recruitment and training schedules to meet the 12 April 2019 deadline for Brexit, with an additional 400 staff trained and ready. Revenue will continue to build on this and will have 450 additional staff in place by 31 October. Additional staff recruited in preparation for Brexit are deployed across a number of functions, with approximately half on import and export trade facilitation activities. Revenue will continue to monitor the need for further recruitment, deployment and training.

The Department of Agriculture, Food and the Marine (DAFM) had around 190 staff ready to carry out import controls and export certification as of 12 April 2019. Further staff will be ready to carry out controls in the additional inspection facilities that will be available by 31 October. These numbers represent a combination of permanent and temporary recruits, and redeployment and temporary flexible solutions. Additional permanent staff will be needed to apply these controls on a permanent basis and to activate additional inspection facilities as they become available.

The HSE had 59 staff trained and available to conduct no deal Brexit (import and export) activities for the 12 April 2019 deadline. The HSE is progressing recruitment for a further tranche of staff before the end of October.

A 24-hour service will be provided at Dublin Port, and extended hours to match arrival times will be provided at Rosslare Port with on-call service provision outside these hours.

ICT

All Revenue IT preparations are currently on schedule. Based on the progress to date and the robustness of testing programmes, Revenue are confident that their IT systems will handle the increased transaction levels in a no deal scenario. DAFM's necessary IT systems were in place by March 2019. Changes to improve connectivity with Revenue systems, and to improve export certification systems, will be complete by October 2019.

Next Steps

- Revenue, the Department of Agriculture, Food and the Marine, the HSE and Environmental Health Service will continue to monitor and respond to recruitment, deployment and training requirements for 31 October.
- Additional Revenue staff will assist with Revenue's direct trader engagement campaign.

8. Legislation

As part of the Government's no deal preparations, the Withdrawal of the United Kingdom from the European Union (Consequential Provisions) Bill 2019 ('Brexit Omnibus Act') was published on 22 February 2019. It completed all stages in the Oireachtas on 14 March 2019 and was signed into law by the President on March 17 2019.

The Brexit Omnibus Act is made up of 15 Parts relating to matters within the remits of nine Ministers as set out in Table 2.

Table 2. Parts of the Withdrawal of the UK from the EU (Consequential Provisions) Act 2019	
Part 1 – Preliminary and General	Provides for the commencement of the different Parts of the Bill by the relevant Ministers on such day and time as is appropriate.
Part 2 – Arrangements in relation to Health Services	Provides for legislative mechanisms to enable essential Common Travel Area healthcare arrangements, including reimbursement arrangements, to be maintained between Ireland and the UK.
Part 3 – Amendment to Industrial Development Act 1986 to 2014	Part 3 is designed to limit the negative effects Brexit could have on vulnerable enterprises by giving Enterprise Ireland extra powers to further support businesses through investment, loans and RD&I grants.
Part 4 – Arrangements in relation to Electricity and Fluorinated Greenhouse Gases	The purpose of Part 4 is to allow the Commission for the Regulation of Utilities (CRU) to quickly modify licences of Irish-based participants in the wholesale electricity market on a temporary basis in the event of a no deal Brexit and in order to ensure that any issues of non-compliance with EU law can be addressed. Part 4 also provides for an equivalence certification regime for individuals and companies with UK certificates working in the fluorinated greenhouse gas industry.
Part 5 – Amendment of Student Support Act 2011	Eligible students studying in the UK and UK nationals studying in Ireland currently qualify for SUSI grants by virtue of the fact that the UK is a Member State of the EU. The purpose of Part 5 is to make sure that, even after the UK leaves the EU, these arrangements can continue to apply to eligible Irish students studying in the UK, as well as to ensure payment of SUSI grants to UK students in Irish higher education institutions.

Part 6: Taxation	Provides for the modification of Income Tax, Capital Tax, Corporation Tax and Stamp Duty legislation to ensure continuity for businesses and citizens in relation to their current access to certain taxation measures, including reliefs and allowances.
Part 7: Financial Services: Settlement Finality	The purpose of Part 7 is to introduce legislative amendments to support the implementation of the European Commission's equivalence decision under the Central Securities Depositories (CSD) Regulation and to extend the protections contained in the Settlement Finality Directive to Irish participants in relevant third country domiciled settlement systems.
Part 8 – Financial Services: Amendment to the European Union (Insurance and Reinsurance) Regulations 2015 and the European Union (Insurance Distribution) Regulations 2018	Provides for a temporary run-off regime, which, subject to a number of conditions, will enable UK insurance undertakings and intermediaries to continue to fulfil contractual obligations to their Irish customers for a period of three years after the date of the withdrawal of the UK from the EU.
Part 9 – Amendment of Harbours Act 1996	Part 9 provides for an extension of the period of validity of Pilot Exemption Certificates issued by Harbour companies to relevant seafarers, e.g., to Ships' Masters on ferries, from the existing maximum one-year period to a maximum of three years. It will also allow for existing holders of Pilot Exemption Certificates to apply for new certificates in the period leading up to the UK's withdrawal from the EU, even if their existing Exemption Certificate may not have expired.
Part 10 – Third Country Bus Services	Part 10 provides, on a precautionary basis, for a regulatory regime in relation to bus and coach passenger services between Ireland and a country that is not part of the EU.
Part 11 – Amendments to the Social Welfare Consolidation Act 2005	Part 11 enables the Minister for Employment Affairs and Social Protection to make orders with regard to social welfare arrangements with other states. On 1 February 2019, the Irish and British Governments signed a Convention on Social Security. Under the terms of the Convention all existing arrangements with regard to the recognition of, and access to, social insurance entitlements will be maintained in both jurisdictions.

Part 12 – Amendments to the Protection of Employees (Employers’ Insolvency) Act 1984	In a no deal scenario, once the UK leaves the EU and becomes a third country, employers in a state of insolvency under the laws of the UK would no longer fall within the scope of the Protection of Employees (Employers’ Insolvency) Act unless it is amended. The purpose of this Part is to ensure that, in the event of an employer becoming insolvent under the laws of the UK, their employees who work and pay PRSI in Ireland will continue to be covered by the protections set out in the Act.
Part 13 – Extradition Act 1965	In the event of a no deal Brexit, the European Arrest Warrant system will cease to apply to the UK. This Part provides for the maintenance of arrangements in relation to extradition of citizens between Ireland and the UK under the 1957 Council of Europe Convention on Extradition.
Part 14 – Immigration	Amends the Immigration Act 1999 and 2003 to confirm that immigration officers, in considering removing or deporting a person from the State, have, in line with EU and international obligations, the power to undertake refoulement consideration. It also provides a legal basis for taking fingerprints of Irish visa and Irish transit visa applicants to enable the continuance of the British-Irish Visa Scheme, pursuant to Common Travel Area arrangements.
Part 15 – Miscellaneous	Part 15 provides that the term ‘Member State’ where used in any enactment shall be interpreted as including the UK for the duration of any transition period, in the context of the Withdrawal Agreement between the UK and the EU being ratified by the UK.

On 26 June 2019, the Tánaiste commenced Part 1 of the Act in order to facilitate the commencement of Part 14 which provides for certain issues and aspects of the immigration process that have relevance in all Brexit scenarios.

Various Government Ministers have also enacted eight pieces of secondary legislation that are applicable in all Brexit scenarios, such as the Medicinal Products (Control of Placing on the Market (Amendment) Regulations amending SI 540/2007, which provides for certain measures to help ensure continuity of supply of medicinal products.

Next Steps

- A coordinated plan is in place to commence the remaining Parts of the Act by the relevant Ministers as and when they are required.
- The Government has prepared approximately 40 pieces of additional relevant secondary legislation, which will also be commenced as and when they are required over the coming months.
- The Government will continue to screen for any additional emerging issues that may require a legislative response.

9. Financial Services

A no deal Brexit could act as a trigger to key identified risks in the Irish financial system. Some level of market disruption is inevitable, but the financial system as a whole is expected to be resilient enough to withstand it.

The Department of Finance has worked closely with the Central Bank of Ireland (CBI) and the National Treasury Management Agency (NTMA) including through regular meetings of the Financial Stability Group and the Brexit Contact Group to oversee progress in this area. The CBI has also been working closely with financial services firms to ensure that they have contingency plans in place so as to minimise the impact on customers, investors and markets. The Department of Finance and CBI continue to stress that responsibility for contingency plans remains with individual firms.

In addition to firm-level contingency planning, including relocation from the UK to EU, the key actions taken in financial services have been:

- Risks to consumers being able to access financial services are significantly reduced as the five largest retail banks are authorised in Ireland and large parts of the insurance sector are similarly authorised in the EEA, or will be authorised there before Brexit;
- The CBI continues to pursue a thorough and robust authorisation process. In addition, the CBI continue to engage with recently authorised firms to ensure that they continue to build out their operations and comply with their authorisation conditions;
- The CBI is also engaging with firms who have sought new authorisations since the article 50 extension;
- The CBI has written to UK financial service providers providing cross-border services into Ireland advising them of their responsibilities in this area and of the requirement where relevant to seek alternative authorisations;
- A material risk for customers of insurance firms and distributors who have not completed an adequate contingency plan in time, and who would be unable to fulfil their obligations to Irish customers in a no deal Brexit, will be mitigated by domestic legislation (Part 8 of the Brexit Omnibus Act). This will enable UK and Gibraltar insurance undertakings and intermediaries to continue to fulfil contractual obligations to their Irish customers for a period of three years after the date of the withdrawal of the UK;
- EU equivalence decisions will apply until the end of March 2021 for Central Securities Depositories (CSDs) and end of March 2020 for Central Clearing Counterparties (CCPs). This means that these risks have been temporarily resolved for a no deal Brexit: potential loss of access to UK-based CCPs, which are used to clear derivatives; and access to a Central Securities Depository, which is particularly important for Ireland as it allows for the settlement of Irish equities/ Exchange Traded Funds (ETFs). In Part 7 of the Brexit Omnibus Act, provision is made to support implementation of the European Commission's equivalence decision under the Central Securities Depositories (CSD)

Regulation and to extend the protections contained in the Settlement Finality Directive to Irish participants in relevant settlement systems which are domiciled in a third country;

- Amendment to European Securities and Markets Authority (ESMA) regulations to neutralise the impact of transfers of uncleared derivatives contracts from a UK entity to an EU27 entity;
- The agreement of MOUs between EU and UK regulators to allow for continued cooperation post-Brexit (of particular importance to Irish funds industry);
- Approval by European Payment Council for UK to remain a member of Single Euro Payments Area (SEPA);
- UK legislation for a Temporary Permission Regime (TPR) to allow EU27 financial services firms to operate in UK for three years under certain conditions. For firms who do not apply for the TPR a Financial Services Contracts Regime will allow firms service UK contracts entered into prior to exit, in order to wind down their UK business in an orderly fashion.

Based on continued progress by firms with their contingency plans and the enactment of legislative and regulatory measures in the EU, Ireland and the UK, the risks to financial stability, the financial services sector and consumers of financial services will be reduced materially in the event of a no deal Brexit on 31 October with limited additional options for domestic mitigation in the event of wider market dislocation. The CBI is satisfied that from a financial stability perspective that the most material and immediate risks are now manageable and considers that significant progress has been made in mitigating many of the key cliff edge risks relating to a hard Brexit scenario.

Next Steps

- The Department of Finance will continue to work closely with the CBI and NTMA through regular meetings of the Financial Stability Group and the Brexit Contact Group to review progress on contingency planning.
- Over the coming months, the CBI will continue to focus on potential new risks that emerge as we get closer to Brexit date and will work closely with financial services firms to ensure that they have contingency plans in place so as to minimise the impact on customers, investors and markets.
- The CBI will continue to engage with financial services companies planning to relocate activity to Ireland or changing their business models in Ireland.
- Work will continue on the implementation of a CSD solution for post-March 2021 when the temporary equivalence decision will expire. This includes consideration of legislation to facilitate migration by industry to a new CSD based in Belgium called Euroclear Bank. The Department of Finance and the Department of Business, Enterprise and Innovation are engaging with the Office of the Attorney General on these proposals and may bring forward legislative proposals to Government in the coming weeks.

10. Taxation

The Brexit Omnibus Act contains a number of provisions on taxation that were required as contingency measures in the event of a no deal Brexit. These are contained under Part 6 of the Act, which provides for the modification of Income Tax, Capital Tax, Corporation Tax, Capital Tax and Stamp Duty legislation in order to ensure continuity for business and citizens in relation to their current access to certain taxation measures, including reliefs and allowances in a no deal scenario.

Part 6 of the Act also contained a number of indirect taxation measures in the areas of VAT and Excise.

Most significantly, the Minister for Finance announced his intention to introduce a system of postponed accounting for VAT purposes as a contingency measure to alleviate the cash flow burden on businesses, post Brexit.

Postponed Accounting for VAT

Due to the UK's status as a third country post Brexit, VAT on goods will become chargeable at the point of importation. This will have a significant impact on cash flow for business.

The Government therefore approved the introduction of postponed accounting for VAT purposes in the event of a no deal exit, in order to mitigate against cash flow issues which would arise.

Under the system of postponed accounting, importers will not pay import VAT at the point of entry, instead, importers will account for import VAT through their bi-monthly VAT return. In other words, the VAT will be reclaimed at the same time that it is declared in the VAT return.

Postponed accounting will initially be introduced for all traders for a limited period to alleviate immediate issues, however following an initial period, at a time to be decided by the Minister for Finance, continued use of the postponed accounting system will depend on fulfilling criteria, which will be set by the Revenue Commissioners.

Duty Free Sales and VAT Retail Export Scheme

In addition, the Government introduced two measures in the Brexit Omnibus Act relating to Duty Free sales and the application of the VAT Retail Export Scheme, between Ireland and the UK in a 'no deal' scenario. The measures contained in the Act are contingency measures as it is anticipated that a solution to such matters will form part of a future relationship agreement between the EU and UK.

The measures were influenced by the potential for significant Exchequer impacts as a result of the expansion of the schemes to UK passenger traffic, the significance of the

volumes of such traffic, the necessity for adequate protection of government health and welfare policies and the risk of abuse of the VAT Retail Export Scheme in a no deal scenario.

The introduction of the measures will be dependent on the UK's policy on the schemes, which is currently unknown. The Government will continue to monitor the situation and a decision on the commencement of the measures contained in the Act will only be made when the UK announce their intentions for the application of the schemes, post Brexit.

The Duty Free measure, if commenced will restrict Excise free sales at Duty Free shops for passengers travelling to the UK, however those sales will be VAT free.

The intention is to provide reciprocal protection to the UK if they decide to restrict their Duty Free scheme. However, if the UK applies an unrestricted Duty Free scheme, Ireland will not commence the measure, and Excise and VAT free sales on purchases made at duty free shops, subject to quantitative purchase limits, will therefore operate between Ireland and the UK.

In addition, the Government has made provision on a precautionary basis for two changes to the operation of the VAT Retail Export Scheme in the Brexit Omnibus Act.

The measures do not eliminate the use of the VAT Retail Export Scheme for UK residents, post Brexit, instead they provide a legal basis to control and minimise the risk of abuse of the scheme due to the volumes of passengers between the UK and Ireland.

The Act provides for:

- An increase in the value of qualifying goods under the scheme. Purchases must exceed €175 in order to be eligible for a refund under the scheme. This monetary limit will apply in respect of all third country travellers who apply for a refund under the scheme.
- The introduction of a new requirement of proof of importation of the goods into the UK with the associated proof of payment, where applicable, of relevant UK VAT and duties, for the goods purchased under the scheme, will be required to satisfy the application for a refund. This requirement will only apply to UK residents applying for a refund.

Similarly, the intention is to provide reciprocal protection to the UK if they decide to restrict the introduction of the VAT Retail Scheme. However, should the UK apply an unrestricted Retail Export Scheme post Brexit, Ireland will not commence the precautionary sections, and an unrestricted VAT Retail Export Scheme will therefore operate between Ireland and the UK.

11. Common Travel Area

The Common Travel Area (CTA) is a long-standing arrangement between the UK and Ireland which means Irish citizens can move freely to live, work, and study in the UK on the same basis as British citizens and vice versa.

The Government has undertaken extensive work to maintain arrangements under the CTA in all Brexit scenarios. On 8 May 2019 the Irish and British Governments entered into a Memorandum of Understanding (MOU) reaffirming our joint commitment to the CTA, and to maintaining the associated rights and privileges of Irish and British citizens under this longstanding reciprocal arrangement.

Social Protection

On 1 February 2019, the Irish and British Governments signed a Convention on Social Security in the context of the CTA. Under the terms of the Convention all existing arrangements with regard to the recognition of contributions, and access to, social welfare entitlements will be maintained in both jurisdictions.

The Brexit Omnibus Act provides that employees who are habitually employed in Ireland, and whose employer has been made insolvent under the laws of the UK, will continue to be covered by the protections of the insolvency payment scheme and by the Protection of Employees (Employers' Insolvency) Act 1984.

Healthcare

The Irish and British Governments have committed to the shared objective of maintaining the CTA arrangements, which have long facilitated Irish and UK residents in accessing health services in each other's jurisdictions.

Provision has been made to ensure the arrangements necessary to maintain health service cooperation and to implement the agreed high level principles for the period after a no deal Brexit.

These include the maintenance of current arrangements for access to routine, planned and emergency health services for UK/Irish residents and visitors in the other jurisdiction. It also includes health cooperation on access to specialist health services in the other jurisdiction including for example (including, for example, continued access to specialist paediatric cardiology services on an all island basis and access to specialist cancer and cardiac services.

Education

Ireland and the UK have made substantial progress on the principles relating to maintenance of existing arrangements to access education services for Irish and British Citizens under the CTA. The principles cover access to early-years, primary and post-

primary education, special needs education, further education and training, and higher education.

Provision has been made through the Brexit Omnibus Act to maintain the payment of SUSI supports to Irish students in the UK (about 1,400) and UK students in Ireland (about 200).

Fees for students from Northern Ireland and the UK will be set at the same level as those for EU students who commence their studies in Ireland in September 2019 and it is planned that this provision will continue on a long-term basis.

Recognition of Professional Qualifications

The Department of Education and Skills has coordinated work across government to ensure, as far as possible, arrangements will be in place for the recognition of UK professional qualifications post-Brexit when the UK becomes a 'third country'. The importance of this work as part of affirming the right to work under the CTA was acknowledged in the MoU signed by both Governments in May 2019.

Two main approaches have been used in this work: the preparation of secondary legislation, and engagement by Irish Regulatory Authorities to ensure that any arrangements required to ensure that they can continue to provide for recognition of UK qualifications are in place. As part of the work associated with the Brexit Omnibus Act, departments, where necessary, will have legislative procedures in place for 31 October, while Regulatory Authorities are expected to finalise their work by then.

In certain areas such as F-gases and the aviation and maritime sectors, recognition of UK qualifications will be based on EU-level solutions.

Next Steps

Between now and 31 October, the Government will take the following steps:

- Under the overarching CTA MOU, a group of senior officials from both jurisdictions will meet at least once a year. The group will operate in coordination with structured intergovernmental arrangements between the participants.
- Departments will ensure that their regulatory authorities have put procedures in place to maintain the recognition of UK qualifications in Ireland, and vice versa.

Between now and 31 October, the Government calls on individuals holding UK professional qualifications to:

- Inform themselves urgently with regard to securing continued recognition of those qualifications after Brexit, and associated questions including right to practice. Professional bodies and regulators are a vital first point of contact for individuals.

12. Justice and Security

Justice and security issues will continue to be of primary importance as part of ongoing cooperation between Ireland and the UK, including in the context of the Northern Ireland peace process. The Government has taken a number of steps in this area to mitigate the effects of Brexit.

Measures will be in place to ensure a viable extradition system with the UK in a no deal scenario, and to maintain the system of exchange of law enforcement data in a manner compatible with EU instruments on data protection.

Part 13 of the Brexit Omnibus Act provides a legislative basis for alternative extradition arrangements under the 1957 Council of Europe Convention on Extradition. These arrangements are less straightforward than the current European Arrest Warrant (EAW) process, but they ensure that in a no deal scenario there will be an extradition framework in place between Ireland and the UK.

The free movement of Irish and UK nationals within the Common Travel Area is underpinned by cooperation between both jurisdictions on issues such as persons seeking international protection.

Solutions have been identified to ensure the necessary exchange of police information between Irish and UK law enforcement agencies within the framework of the EU Data Protection regime.

While it is recognised that there may be challenges in terms of security, organised crime and smuggling in the context of a no deal Brexit, as part of the general increase in recruitment and resourcing of An Garda Síochána, additional Garda resources have been deployed to border areas in recent months and this process is continuing. In the event of a no deal Brexit further resources can, and will, be provided immediately through normal redeployment. Any medium to long-term implications would require assessment in the light of experience.

Secondary legislation on the following matters has been completed and is ready to be brought in to force, when and if required:

- Designation of the UK as a safe third country for processing migration claims;
- Recognition of the qualifications of UK solicitors;
- Provision for UK citizens to become members of An Garda Síochána and the Garda Reserve;
- As outlined in the Chapter on legislation, Part 14 of the Brexit Omnibus Act will be commenced in July 2019 to amend the Immigration Act 1999 and 2003. This is to confirm that immigration officers, in considering removing or deporting a

person from the State, have the power to undertake refoulement consideration, in line with EU and international obligations.

The Government is bringing forward the Family Law Bill 2019 following the enactment of the Thirty-eighth Amendment of the Constitution (Dissolution of Marriage) Act 2019 on 11 June 2019. The Bill contains provisions to ensure that divorces granted in the UK after 1 March 2001 will, post-Brexit, continue to be recognised in Ireland on the basis of habitual residence, rather than the domicile requirement, as provided for in the Domicile and Recognition of Foreign Divorces Act 1986, which applies to divorces granted in non-EU states.

Next Steps

- Government is bringing forward the Family Law Bill 2019 following the enactment of the Thirty-eighth Amendment of the Constitution (Dissolution of Marriage) Act 2019 on 11 June 2019.
- New secondary legislation is being prepared to facilitate the payment and recovery of maintenance payments in cross-border cases.
- The overarching government Brexit communications campaign will work to ensure that changes to family law are communicated to the relevant audiences.

13. Connectivity

Given Ireland's geographic location and physical proximity to the UK, the issue of connectivity has been a key focus in the Government's contingency planning. Work in this area includes issues relating to ports and airports, aviation, road haulage and the continued effective use of the UK 'landbridge'.

Ireland's global trade in merchandise goods is dependent on our international maritime and aviation links. A no deal Brexit poses a number of serious risks for maritime transport connectivity to and from the UK, in particular the movement of Irish exports and imports through the UK landbridge.

A substantial proportion of Ireland's exports and imports, including many time-sensitive or perishable goods, are transported by truck on roll-on / roll-off ("RoRo") shipping services:

- to the UK for direct UK trade, and
- onwards via the UK landbridge to the rest of the EU or international markets (mainly through the Dover-Calais link).

Currently, this trade is frictionless as it is all within the Single Market. Should the UK decide to become a third country without an EU-UK agreement from 31 October, additional customs and SPS controls will be required at EU ports and airports that facilitate trade with the UK. Goods from the UK requiring SPS controls will be subject to a minimum 24 hour notification period. The main pinch-points are likely to emerge at Irish, UK and French ports – in particular Dublin, Rosslare, and the Dover-Calais link. Dublin Port and Rosslare Europort handle almost all Irish RoRo traffic.

The Government's priority is to take all the necessary and possible steps to ensure that trade can continue to flow as seamlessly as possible with or through the UK as a third country. Key connectivity actions are outlined in the next chapters.

14. Aviation

Air Connectivity

On 27 March 2019 the European Commission published an EU Contingency Regulation ensuring basic air connectivity with the UK. The Regulation provides for temporary measures to ensure that, in a no deal scenario, UK air carriers can continue to perform scheduled and non-scheduled international passenger and cargo services between the EU and the UK (i.e., operate point to point flights). It also includes measures to allow air carriers from the UK to fly over the territory of the EU and make technical stops in the EU for non-traffic purposes (e.g., refuelling without embarkation/ disembarkation of passengers). Over the coming months, Ireland and other Member States will engage further with the Commission on the time limits associated with this measure.

The basic air connectivity regulation also provides for all-cargo services on routes from airports within the EU27 to non-EU countries (fifth freedom traffic rights) for a limited period of five months, providing the flights originate from or are destined for the UK. Following this five-month period, and in the absence of a subsequent agreement, UK operators will no longer have the right to operate all-cargo services from the EU to non-EU countries. However, they will still be able to operate point-to-point services to/from the UK to EU Member States.

The measures are subject to reciprocity on the part of the UK. The UK has signalled its intention to reciprocate.

Airline Ownership and Control

Under EU law, air operators must fulfil certain ownership and control (O&C) criteria in order to be classified as an EU air carrier. It is essential that air operators take appropriate counter measures where Brexit may lead to a failure to comply with these requirements.

The EU contingency regulation on air connectivity set down a timeframe for restructuring plans to be submitted to national regulators. All affected air operators licensed in Ireland submitted their respective restructuring plans to the Commission for Aviation Regulation (CAR) with the deadline set by the regulation. CAR has issued its determinations on the submitted plans and these have been notified to the European Commission; it is understood that the Commission will review all proposals. CAR is in ongoing contact with these airlines in relation to their restructuring plans.

Aviation Safety

On 25 March 2019 the European Commission published an EU contingency regulation covering certain aspects of aviation safety with regard to the UK's withdrawal from the EU. This contingency measure extends the validity of certain aviation safety licences/certificates for a period of nine months after the UK leaves the EU. These

measures ensure that parts and appliances placed on the EU market before the withdrawal date, based on a certificate issued by a person certified by the UK Civil Aviation Authority, may still be used.

Air Navigation Services

Arrangements have been put in place to ensure that air navigation services will continue to operate seamlessly through Brexit, principally through the licensing by the European Aviation Safety Agency of the UK service-provider, National Air Traffic Services, to provide services in the EU27 airspace.

Passenger Security

On 14 March 2019 the EU took the necessary regulatory measures to add the United Kingdom to the list of countries with which it has a 'One Stop Security' agreement. As a result, passengers (and their baggage) flying from the UK will continue to be able to transfer at an EU airport for an onward flight without experiencing additional security rescreening procedures. The UK Government has also confirmed that the security screening requirements for all direct passenger flights to and from the UK will remain as they are today.

Next Steps

- The Department of Transport, Tourism and Sport will continue to engage with national agencies and the European Commission as appropriate in relation to aviation matters.

15. Landbridge

Upon leaving the EU, the UK will accede to the Common Transit Convention (CTC). The CTC includes all EU Member States along with Iceland, Norway, Liechtenstein and Switzerland, as well as Turkey, North Macedonia and Serbia. Under the Convention, goods moving from Ireland to another Member State via the UK, or vice versa, post-Brexit, will move under the Customs Transit Procedure. Once Union goods are moving under the Customs Transit Procedure, from one Member State to another, through a third country, no duties or taxes will be applicable. However a financial guarantee is required for each consignment.

Since December 2018, considerable progress has been made in the application of EU rules and an agreed understanding has been reached on the continued use of the landbridge under the internal transit procedure.



Image 7: Landbridge statistics

Source: Irish Maritime Development Office, *The Implications of Brexit on the Use of the Landbridge* (2018)

Work continues at a technical level to provide absolute clarity on the application of certain EU rules and procedures with regard to SPS controls on animals and products of animal origin.

All work undertaken to date was designed to ensure that EU and Irish operators can continue to use the landbridge in an effective and efficient way. However, use of the landbridge after Brexit will not replicate the status quo for operators and will depend on traders being compliant with a number of new requirements. Therefore, over the coming months, both Government and businesses need to take steps to prepare.

The internal transit procedure and other necessary regulatory measures will be in place by 31 October 2019. However, the potential for significant delays at ports remains, as do the associated cost implications. Consequently, the use of the landbridge could become impractical for some operators and for some products.

In a no deal scenario, it is anticipated that the landbridge, at least in the initial period, might be subject to severe delays and congestion. The Dover-Calais crossing has been identified as a particular bottleneck. Delays at this and other English Channel routes would have an immediate knock-on effect on goods travelling to / from Ireland and the rest of the Single Market.

In light of potential delays across the landbridge, the Department of Transport, Tourism and Sport continues to keep under review the evolving situation in relation to direct maritime connectivity to continental ports. In the context of Brexit, there has already been a significant market response evidencing the capacity of market participants to respond to shifts in trade patterns resulting from Brexit. Full details are included in the section on Maritime Connectivity in the Transport chapter.

Next Steps

Between now and 31 October, the Government will:

- Continue engaging with hauliers and other operators on landbridge preparedness through its communication outreach programme.
- Continue to work with the European Commission and other Member States on options in relation to the landbridge.

In order to make best possible use of the landbridge after Brexit, businesses need to:

- Register as authorised consignors/consignees in order to avail of the Simplified Customs Transit Procedure. Further information on the transit procedure is available on the Revenue website.
- Work through their bank or customs agent/logistics provider to have the necessary financial guarantee in place.
- If moving animals or animal products, register with the Department of Agriculture, Food and the Marine to have access to the TRACES system.

16. Transport (Road, Rail and Sea)

International Road Haulage

International road haulage plays a critical role in facilitating Irish economic activity. “Roll-on-Roll-off” or “RoRo” traffic between Ireland and the UK was around 1 million freight units in 2018, including landbridge traffic.

There is a comprehensive legal regime in place at EU level in relation to the road haulage sector. This regime establishes common rules on issues such as access to the profession and to the market, minimum standards for working time, driving time and rest periods. Currently trade into, and through, the UK by road is facilitated by the EU's Community Licence, which allows international hauliers from EU Member States operating for hire or reward to move within the EU.

The Irish Maritime Development Office (IMDO) report on the Implications of Brexit On The Use Of The Landbridge found that three million tonnes of merchandise trade with the EU moves between Ireland and the European continent via the UK roads and ports network (the 'landbridge' route). The IMDO estimate that this equates to approximately 150,000 Heavy Goods Vehicles each year, with certain sectors particularly reliant on this route to market. The total value of our trade using the landbridge was estimated to be €21 billion.

As part of its preparations for a possible no deal Brexit on 29 March, the EU adopted a contingency Regulation on basic road freight and road passenger connectivity with the UK. This Regulation is of crucial importance to Ireland and will allow UK hauliers to continue to operate in the EU for a temporary nine-month period only, subject to the UK allowing reciprocal access for EU hauliers to the UK. The EU's transport contingency measures are temporary and time bound, and premised on a UK departure from the EU without agreement on 29 March 2019. This Regulation is currently due to expire on 31 December 2019. Over the coming months, Ireland and other Member States will engage further with the Commission on this measure.

A no deal Brexit would also have implications for other road transport policy aspects of road haulage such as road safety enforcement (drivers' hours, rest periods) and certificates of professional competency. Preparations in this regard are underway by the competent Irish authorities with a view to keeping disruption to a minimum.

Rail Services

Iarnród Éireann and Northern Ireland Railways are working together to ensure the Enterprise service will continue to run post Brexit. The preparations involve a combination of contractual arrangements between the two companies, together with appropriate rail operator and train driver licensing. The essence of the arrangement is to ensure service continuity, fully meeting railway safety requirements. The companies are engaged with the independent Commission for Railway Regulation to that end.

Cross Border Bus Services

A number of contingency measures are at play for continuity of cross-border bus services in the event of a no-deal Brexit. At EU level, a contingency EU Regulation will ensure continuity for scheduled bus services to and from the UK to 31 December 2019 and preparations are in hand for UK participation in international bus agreements that will then enable continued cross-border services. Ireland is also engaging with the European Commission about possible further enabling measures.

As a further contingency measure, Part 10 of the Brexit Omnibus Act will give new powers to the National Transport Authority in relation to bus services to and from a third country.

Maritime Connectivity

The 2018 Irish Maritime Development Office (IMDO) report, *The Implications of Brexit on the Use of the Landbridge*, acknowledges that “for Ireland, maritime links represent a key means of ensuring its direct connectivity with mainland Europe, particularly in view of the uncertain evolution of trade flows passing over the United Kingdom 'land bridge'.”

The assessment of the Department of Transport, Tourism and Sport (DTTAS) and the Irish Maritime Development Office (IMDO), based on extensive and ongoing consultations with the shipping sector, is that sufficient capacity should be available on direct routes to continental ports following a no deal Brexit, and that should demand for further capacity arise, the shipping sector can respond quickly to meet such demands.

In the context of Brexit, there has already been a significant market response. In 2018, CLdN launched MV Celine, the World's largest RoRo vessel, and in 2019 launched MV Laureline, significantly increasing capacity on the Dublin-Rotterdam and Zeebrugge routes. A Dutch shipping company, BG Freight Line, will also commence a Waterford-Rotterdam weekly freight service in July 2019.

Irish Ferries' investment of €150 million in its newest passenger and freight vessel, MV W.B. Yeats, provides year-round freight capacity between Ireland and France of 165 HGVs per sailing or 60,600 HGVs per annum. This additional capacity alone will be sufficient to cater for a substantial switch of UK landbridge traffic to direct links to EU ports, should such a demand arise. This is supplemented by the launch, in May 2018, of Brittany Ferries' direct route from Cork to Santander in northern Spain, and a vessel of similar size to the W.B. Yeats is due to be delivered on the Irish Sea routes in 2020.

However, if disruption is to arise, it would likely be most acute in the immediate period following a no deal Brexit as a result of a short time lag between an increased demand for direct connectivity to the Continent and a market response, as shipping companies assess the actual difficulties and then put in place the measures for a response. The clear view of DTTAS and the IMDO is that the optimal solution is for industry to respond to market changes in a timely manner. A number of mitigating actions are being implemented by DTTAS and the IMDO to encourage this. These will include a focussed

awareness campaign from early September aimed at shipping companies, importers and exporters to create a dialogue between them to identify new market demands as early as possible.”

The EU has amended the 2013 Connecting Europe Facility Regulation in order to realign the North Sea Mediterranean (NSMED) Core Network Corridor. In the event of a no deal Brexit, the Regulation will align the core TEN-T ports of Dublin, Cork and Shannon-Foynes to core TEN-T ports in Northern France, Belgium and the Netherlands – as the UK will no longer be part of the NSMED Corridor. The proposed alignment is as follows:

Shannon-Foynes/ Dublin/ Cork – Le Havre/ Calais/ Dunkerque/ Zeebrugge/
Terneuzen/ Gent/ Antwerpen/ Rotterdam/ Amsterdam

DTTAS and the IMDO continue to keep under review the evolving situation regarding maritime connectivity to continental ports, and remain in consultation with the maritime sector on this issue.

Pilot Exemption Certificates

Under the Withdrawal of the United Kingdom from the European Union (Consequential Provisions) Act 2019, the Minister for Transport, Tourism and Sport has included amendments to the Harbours Act 1996 to provide for an extension of the period of validity of Pilot Exemption Certificates issued by Harbour companies to relevant seafarers (e.g., to Ships' Masters on ferries) from the existing maximum one-year period to a maximum of three years. The amendments will also allow for existing holders of Pilot Exemption Certificates to apply for new certificates in the period leading up to the UK becoming a third country, even if their existing Exemption Certificate may not have expired.

UK Driving Licences

Visitors with a UK (including Northern Ireland) licence will be able to drive in Ireland while visiting, using their existing valid driving licence in all Brexit scenarios. Such drivers will not be required to carry an International Driving Permit with them in order to drive in Ireland, they just need to carry their valid driving licence with them.

Motorists resident in Ireland with a UK (including Northern Ireland) driving licence should exchange that licence for an Irish driving licence in good time before the UK leaves the EU. In the event of a no deal Brexit, for persons resident in Ireland, their UK driving licence will no longer be valid for driving here.

The average waiting time for the exchange of a UK driving licence for an Irish driving licence is currently 15 days. This compares with the exchange of any other driving licence for an Irish driving licence, taking on average 25 days. The exchange of UK driving licences peaked at approximately 700 per day in the run up to 29 March when the National Driver Licence Service (NDLS) centres extended opening hours and

increased capacity to process exchanges; this is now 70/80 per day. The number of licences to be exchanged (Irish residents with UK licences) is in the region of 70,000 with approximately 30,000 exchanged to date.

There is an opportunity now to apply in good time to exchange a UK licence for an Irish licence and be certain of having a valid licence before the UK leaves the EU.

Next Steps

- DTTAS will continue to engage with stakeholders in relation to road haulage to ensure that disruption is kept to a minimum including in relation to the EU's basic connectivity Regulation, ports and the UK landbridge
- DTTAS and the IMDO will continue to keep the evolving situation regarding maritime connectivity to continental ports under review.
- DTTAS will continue to engage with Iarnród Éireann, Northern Irish Railways and the Commissioner for Railway Regulation in relation to ensuring the continued service of the Dublin-Belfast Enterprise rail service.
- Ireland will continue to engage with the European Commission in relation to road, rail and sea connectivity.
- A focused communications campaign was launched on 1 July to encourage UK driving licence holders to complete the exchange of their UK licence in advance of 31 October. This is being supported by operational changes at the National Driving Licence Service to cater for increased demand over this period.

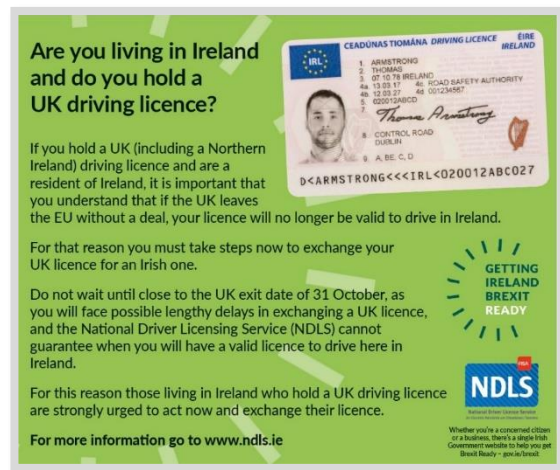


Image 8: National print ad on UK drivers licence swaps, July 2019

17. Trader Customs Requirements, Education and Supports

The macroeconomic and trade implications for Ireland of a no deal Brexit would be pronounced, with differentiated impacts on certain sectors and companies. New checks and controls on British trade (including both exports and imports) will also impact trade. VAT and excise would arise on goods imports. In a no deal scenario, Irish-UK trade would be subject to tariffs and duties.

The Government has put in place a number of measures to advise and support businesses to prepare for new customs requirements in a no deal scenario:

- Revenue wrote to over 80,000 businesses in January 2019 outlining the steps required to trade with the UK post-Brexit;
- Revenue together with DAFM and the HSE held a series of trader engagement seminars to inform traders of customs / official control requirements post-Brexit
- From January – 19 June 2019, more than twice as many businesses (6,885) registered for EORI numbers than in all of 2018 (6,885 vs 2,976)
- Government has put in place a comprehensive suite of supports to help businesses, of all shapes and sizes and across all sectors of the economy, to prepare for Brexit;
- Last December, Enterprise Ireland launched online customs training to help businesses to prepare for their customs obligations. This free online course covers both import and export procedures;
- The LEOs rolled out a Customs Programme across the country in early 2019 with over 500 participants to date;
- Departments and agencies have reached out to businesses and representative bodies to assess levels of preparedness. In general, large companies are well prepared but SMEs need to take the necessary steps to prepare for Brexit;
- Advice for traders was published on gov.ie/brexit;
- Specific engagement with the grocery retail and distribution sector to ensure continuity of supplies.

Despite this level of activity, and increased levels of awareness amongst businesses, the Government **remains concerned** about the levels of business readiness for a no deal scenario. While recognising the cost and other pressures facing businesses, especially small businesses, the Government believes that effective operation of trade, including the landbridge, will only be possible if there is a significant step-up in preparedness activity. Government's focus in the coming months will be on **supporting and encouraging businesses to prepare**.

There are many steps that businesses can take to prepare that are cost-free. Supports are available should preparedness work require financial investment by businesses. These steps should be taken by all businesses who trade with the UK, including Northern Ireland.

As outlined in the introduction, Ireland is engaging with the Commission on how trade would work on a North-South basis in a no deal scenario. While this engagement is not yet complete, it is clear that the current seamless and frictionless arrangements for trade on the island of Ireland could not continue in a no deal scenario, as the UK would immediately be outside the EU Single Market and Customs Union.

Since 3 April 2019, changes to the employment permit system for workers from outside the European Economic Area will now allow an additional 300 workers to come to Ireland to fill positions in the area of customs procedures and controls. This will mitigate some of the increased demand for these skills in any Brexit scenario.

Despite this measure there is a significant risk that there will not be enough capacity in the customs agents sector in the period immediately following a no deal Brexit. The Government has engaged with the Customs Consultative Committee with a view to identifying a series of targeted measures that will be taken to support and incentivise capacity-building in the customs intermediary sector.

Relevant departments and agencies are engaging with the banking sector to ensure that traders have access to appropriate bank guarantee facilities in order to avoid having to immediately pay duties on goods entering Ireland from the UK.

Next Steps

Between now and 31 October, Government actions will include the following:

- Revenue will undertake an intensified and individual business focused engagement programme designed to support and assist those individual businesses to understand the potential impact of Brexit and how to prepare for and mitigate the risks. This will include individualised letters to issue to each trader on a phased basis starting in July with a follow up phone call by Revenue staff in July/August. A dedicated number will be provided on the letters to enable traders to contact a dedicated Revenue support team.
- EORI registration is the critical first step in preparing for Brexit. However, using the individualised letters and associated follow up calls, Revenue will highlight other steps necessary to prepare for Brexit, especially relating to customs declarations, classification and other obligations relating to guarantees, authorisations and if required, third-party licencing.
- Department of Agriculture, Food and the Marine will continue to engage with relevant traders to ensure that they are registered on the EU Trade Control and Export System (TRACES).
- Government departments and agencies will further engage with trade representative bodies in preparing businesses for Brexit.
- Seminars offering advice and support for companies organised by government departments and state agencies will continue to take place nationwide.

- The government communications campaign will focus on encouraging and facilitating businesses to take action on getting Brexit ready.

Between now and 31 October, all businesses that trade with the UK, including Northern Ireland, need to take important steps to prepare for Brexit; many are cost-free and supports are available should preparedness work require financial investment by businesses. Steps that can be taken now by businesses include:

- Ensure they have an EORI number if they trade with the UK.
- Review their supply chain.
- Make contact with their UK suppliers.
- Check to see if their suppliers use the UK as a landbridge.
- Check if their business relies on products or services that are certified for compliance with EU standards by a UK body.
- Determine their customs declaration processes, build internal expertise and install relevant software or secure the services of a customs agent.
- Register with the Department of Agriculture, Food and the Marine or the Environmental Health Service of the HSE (for food of plant origin) for goods/products subject to SPS controls.
- Engage with any trade representative body of which they are a member.
- Avail of the Government's range of advisory and financial supports.

18. Agri-Food and Fisheries

The agri-food sector is uniquely exposed to a no deal Brexit for a number of reasons including:

- The agri-food and fisheries sector is Ireland's largest indigenous industry, contributing 7.7 % of Ireland's GNI* (modified gross national income) and acts as a primary driver of the rural economy;
- Exposure to the UK market, which accounts for 40% of export value overall, with a higher exposure for key products such as beef, cheddar cheese and mushrooms;
- WTO tariffs and duties on agri-food products make this sector the most exposed to tariff impacts;
- On 13 March, the UK published its proposed schedule of tariff rates and duties to apply in a no deal Brexit. The proposed UK tariff regime would significantly impact on the competitiveness of the Irish agriculture sector and is extremely damaging for Irish agri-food exports to the UK, and most particularly for the beef and dairy sectors which would be the most severely affected;
- In addition to tariffs and duties, non-tariff barriers such as completing custom formalities, complying with SPS requirements - e.g., obtaining certificates for exports to the UK and potentially labelling goods in accordance with UK requirements all increase the cost of trading with the UK;
- Most Irish agri-food exporters to the EU use the UK as a landbridge;
- Low margin, high-volume business food processors are vulnerable to exchange rate volatility and additional costs arising from tariffs and non-tariff barriers;
- Goods from the UK requiring SPS controls will be subject to a minimum 24 hour notification period;
- Over one third of all Irish fish landings come from the UK EEZ and the UK has indicated that in a no deal scenario it will take back control of its 200-mile zone; there would be serious impacts on the fishing and fish processing sectors, while delays in transport of fresh seafood via the landbridge will be critical.

Supports

The Government has put in place a range of supports for the agri-food industry including:

- Budget 2019 included €78 million Brexit package for farmers, fishermen, food SMEs and to cover additional costs related to Brexit;
- The Future Growth Loan Scheme via SBCI for farmers, seafood sector and food SMEs;
- Specific supports for food businesses through EI and LEADER food programme;
- Technology and innovation hubs;
- Additional funding to Bord Bia;
- Trade missions and market access activity.

Recently the European Commission has announced a €50 million exceptional aid fund for the beef sector to address price difficulties caused in part by the ongoing uncertainty in relation to Brexit.

Fisheries

On 23 January 2019, the Commission announced two measures aimed at supporting the Irish and EU fishing industry. These allow fishermen and operators from EU Member States to receive compensation for the temporary cessation of fishing activities, and amends EU regulations to ensure that the EU is in a position to grant UK vessels access to EU waters until the end of 2019, on a reciprocal basis.

We are actively working with fellow Member States and the EU to identify alternative options for the period from 2020 onwards. There is a risk that in a no deal scenario the EU fleet would no longer have access to UK waters, which could doubly impact Irish operators given the potential for displacement of activity into EU waters subject to Irish control.

In its June 2019 Contingency Communication, the Commission outlined that it is working with Member States so that resources under the European Maritime and Fisheries Fund can be used for temporary cessation if needed.

State Aid

The Department of Business, Enterprise and Innovation (DBEI) and DAFM have explored State aid options through the Technical Working Group on State aid. Options available through the Agriculture Guidelines are being developed to support large food companies.

In March 2019, the EU approved an increase in the Rescue and Restructuring and Temporary Liquidity schemes, from €20 million to €200 million. This will allow the Government to put in place a fund, if required, to be available to businesses in all sectors that meet EU criteria, with a focus on SMEs of scale.

DAFM has also led engagement with the European Commission, in collaboration with DBEI and Enterprise Ireland, on the State aid application for a new investment scheme for the food sector, which would allow grant aid capital investments in large food processing businesses in all regions.

Next Steps

- There will be further extensive engagement with the sectors through DAFM's Stakeholder Consultative Committee, the All-Island Civic Dialogue process and through ongoing bilateral contacts.

- The Government will continue to engage constructively with the European Commission to explore the full range of State aid flexibilities and supports for sectors in the event of a no deal Brexit.
- Ireland will work with the EU and fellow Member States to identify options for the fishing industry from 2020 onwards including a common framework to manage potential tying-up of boats, the possible displacement into EU waters under the control of Ireland of fleets from other Member States, and funding for the sector.

19. Enterprise Supports

Across Government, various departments and their agencies/bodies have substantially reoriented their suites of enterprise supports, strategies and structures to cover the spectrum of potential Brexit impacts. These range from preparedness vouchers, liquidity support through short term working capital loans for SMEs impacted by Brexit, and restructuring aid for businesses in severe operating difficulties. These measures aim to assist businesses in identifying key risk areas and practical preparatory actions in advance of the UK's withdrawal from the EU.

Brexit-Related Enterprise Supports

Since the June 2016 referendum result a wide range of Brexit supports have been put in place for businesses including:

- A €300 million Brexit Loan Scheme launched in March 2018 providing loans of up to three years to businesses impacted by Brexit;
- A €300 million Future Growth Loan Scheme approved in Budget 2019 which will enable eligible Irish businesses and the primary agriculture and seafood sectors to support strategic long-term investment in a post Brexit environment;
- A €150 million Brexit Loan Scheme was introduced in 2017 to provide low cost loans for farmers
- Enterprise Ireland (EI) is working closely with regionally important larger companies in exposed sectors such as food to support strategic investments to build resilience – EI invested €74 million in these businesses in 2018. As an example, the dairy processing sector announced over €700 million of new investments in 2018 supported by EI, in large part focused on diversifying from existing cheddar production and UK markets;
- InterTradeIreland vouchers of €2,250 and €5,625 and Enterprise Ireland voucher of €5,000 for business to start and implement their Brexit plans;
- A 'de Minimis' support scheme comprising of co-funded equity support or co-funded loan support to eligible manufacturing and internationally trading firms impacted by Brexit. The funding will support up to 50% of the cost of a business plan to transition the firm to a new business model. The loan support would require the commencement of the relevant sections in the Withdrawal Act 2019. EI is putting in place a panel of credit assessors and other operational requirements to give effect to this and R&R support
- New LEO and MicroFinance Ireland repayable grants and loans to support Brexit impacted micro firms;
- The EU State aid Rescue and Restructuring and Temporary Liquidity Schemes have been approved for €200m ceiling and will allow the Government to put in place a fund, if required, to be available to businesses in all sectors that meet EU criteria, with a focus on SMEs of scale;
- The MicroFinance Ireland loans assist micro firms unable to get bank loan facilities and the Credit Guarantee Scheme are available to firms where associated lending risks have increased for banks;

- EI's Global Footprint plans is for an additional 18 posts in 13 locations across the world in 2019 to support market diversification. DBEI and the Department of Agriculture, Food and the Marine (DAFM) have introduced an expanded range of market development supports for exposed firms to diversify markets and to consolidate market share in the UK where appropriate;
- Bord Bia uses its Brexit Barometer to target supports to individual companies on supply chain, currency, customs issues and international market diversification opportunities in the agri-food sector;
- The National Food Innovation Hub at the Teagasc Moorepark Campus provides infrastructure, expertise and opportunities to SMEs in the agri-food sector to innovate and engage in research activities in an affordable way;
- Bord Iascaigh Mhara has a range of supports for seafood businesses to prepare for Brexit. Companies can avail of specific mentoring and consultancy of up to two days to help develop their Brexit strategy to mitigate associated risks;
- Fáilte Ireland has developed a customised suite of supports including a Brexit Readiness Check and workshops in Market Diversification, GB & NI Market Retention and Growth, and individual mentoring.

The majority of the above schemes are open to all SMEs and not just agency clients.



Image 9: Take-up of enterprise supports and advice

Businesses are encouraged to identify the appropriate preparedness and economic supports to assist their preparation for the impact of Brexit. The Local Enterprise Offices (LEOs), which have a presence in every county, are working with the broad range of small and micro indigenous enterprises across sectors to ensure that they are informed about Brexit and have plans in place to manage the new trading relationships on the island and with the UK more generally. This includes a customs training programme for all businesses, exporters and importers, rolled out in conjunction with Enterprise Ireland.

Over the coming months, the Department of Business, Enterprise and Innovation (DBEI) will continue to work with Brexit exposed firms, in particular clients of EI, IDA and the Local Enterprise Offices (LEOs). While repositioning of enterprise is underway, the indigenous enterprise sector remains substantially reliant on exports to and imports from the UK – with the agri-food sector particularly dependent on the UK market. Other highly exposed sectors include construction, timber, consumer products, tourism and freight.

Bord Bia's Brexit Barometer reported in June that Brexit preparedness is widespread among Ireland's food and drink companies at 93%, representing 72% of all UK exports. Bord Bia offer specific Brexit training in critical areas such as customs compliance and readiness, logistics, financial risk mentoring, Sanitary and Phytosanitary (SPS) training, supply chain management, and currency management.

In June 2019 DBEI published an *Overview of Supports for Indigenous Businesses* which outlines the bodies and supports which are available to indigenous Irish businesses.

DBEI, working with the Department of Transport, Tourism and Sport and the Department of Employment Affairs and Social Protection, has identified liquidity as a key support requirement for the tourism/hospitality and freight sectors. Supports from the SBCI (Brexit Working Capital Loan Scheme), MicroFinance Ireland, and the Credit Guarantee Scheme are available. Fáilte Ireland and Tourism Ireland will continue as the key support agencies in getting the tourism and hospitality sectors Brexit ready and in supporting businesses in those sectors to access Brexit business supports through the relevant agencies in the enterprise sector.

Uptake of Brexit Business Supports

Table 3. Uptake of Brexit Business Support Schemes	
Scheme	Uptake (as of 28 June 2019, unless otherwise stated)
Brexit Loan Scheme	663 applications received, 598 approved by SBCI, 145 Loans progressed to sanction at bank level to a value of €31.73 million.
Bord Bia's Brexit Barometer 2019	130 companies completed this, representing 73% of total UK exports. 59 completions as in-person interviews (as of 2 July)
Bord Bia's Customs Readiness Programme	120 companies completed to date, representing approx. 52% of total UK exports. (as of 2 July)
Bord Bia's Supply Chain Mentoring and Workshops	88 companies completed to date (as of 2 July)

Scheme	Uptake (as of 28 June 2019, unless otherwise stated)
Bord Bia's Currency Risk Training Programme	24 companies completed to date (as of 2 July)
Bord Bia's Brexit Consumer Pulse Survey	Issued to 2,000 UK and Irish consumers every 8 weeks since January 2019 (as of 2 July)
Bord Bia's Commercial Marketing Strategy Workshops	Over 100 companies to date, over 60 one to one engagement sessions (as of 2 July)
Enterprise Ireland Brexit Scorecard	5,334 Brexit Scorecards have been completed. 1095 LEO clients have completed the scorecard.
Enterprise Ireland Be Prepared Grant	199 Be Prepared Grants have been approved
Enterprise Ireland Market Discovery Fund	171 projects have been approved under this initiative
Enterprise Ireland Prepare to Export Scorecard	3,833 Prepare to Export Scorecards have been completed
Enterprise Ireland Customs Insights Online Course	1,269 Customs Insights Course participants
Enterprise Ireland Agile Innovation Fund	55 Agile Innovation projects have been approved
Enterprise Ireland Brexit Advisory Clinics	16 Brexit Advisory Clinics have been run with over 1,200 in attendance
Enterprise Ireland Brexit "Act On Programme"	266 "Act on" plans have been completed
Enterprise Ireland Strategic Consultancy Grant	1,073 strategic Consultancy Grants have been approved
Fáilte Ireland Helping Business Get Brexit Ready	2,178 businesses participated in Business Supports programme focused on building skill capability in Market Retention, Market Diversification and Business Performance (Jan 2018 – Jun 2019)

Scheme	Uptake (as of 28 June 2019, unless otherwise stated)
Fáilte Ireland Service Excellence Programme	928 businesses with a total of 6,953 individuals attending workshops (Jan 2018 – Jun 2019)
Fáilte Ireland 1:1 Business Mentoring Supports	161 businesses benefited from specialist assistance from subject experts (Jan 2018 – Jun 2019)
Fáilte Ireland Developing Food Tourism Businesses	1,598 businesses with a particular focus in 2019 around the Taste the Island Initiative (Jan 2018 – Jun 2019)
Local Enterprise Office Technical Assistance Grant for Micro Export	605 clients were approved assistance under the Technical Assistance Grant
Local Enterprise Office LEAN for Micro	340 LEO clients have participated in the programme
Local Enterprise Office Mentoring	644 mentoring participants solely focused on Brexit
Local Enterprise Office Brexit Seminars/Events	4,655 participants at the Brexit Information events
Local Enterprise Office one-day Customs Training Course	531 participants attended Customs Training (Feb 2019-June 2019)
InterTradeIreland Brexit Advisory Service	3,219 SMEs have directly engaged with the Brexit Advisory Service in 2019. This is in addition to the 4,175 engagements in 2018.
InterTradeIreland Brexit Start to Plan Vouchers	There have been 1,613 applications, with 1,405 approved and 20 still pending assessment.
Pilot Online Retail Scheme administered by Enterprise Ireland	11 retailers were awarded funding in March 2019. A second call of the Scheme opened on 19 June and will close 31 July 2019

State Aid

For businesses in severe financial difficulty, in November 2017, the Commission approved a 'rescue and restructuring' scheme for Ireland to provide support, in exceptional circumstances, for a company which, without the support of the State, would go out of business, for aid of up to €10 million per undertaking. In May 2018, this scheme was extended to include 'temporary restructuring aid' for enterprises experiencing acute liquidity needs. Following ongoing consultation between DBEI and the Commission on the need to safeguard the future of Irish SMEs most exposed to Brexit, the European Commission in March 2019 agreed to a tenfold increase in the state aid approved ceiling of Ireland's 'rescue and restructuring' scheme from €20 million to €200 million to allow the Government to put in place a fund, should it be required, to offer both rescue aid and temporary restructuring aid to SMEs.

The Commission has been clear that it stands ready to act urgently in mitigation against the impacts of Brexit on Irish firms. Over the coming months the Departments of Agriculture, Food and the Marine, and Business, Enterprise and Innovation will continue to work closely with officials in the Commission in respect of flexibilities under both State aid rules and the Common Agricultural Policy.

Recently, the European Commission announced an exceptional aid fund for the beef sector in the context of Brexit.

Enterprise Ireland Lending Powers

The Brexit Omnibus Act provides Enterprise Ireland with additional lending powers, which broadens the scope of the support that can be provided to firms under the de Minimis rules. Enabling EI to offer State aid compliant, low interest debt instruments will be a way to support the Brexit response and help to build resilience. The provision of non-convertible debt instruments, in particular, will allow EI to support vulnerable but viable companies in need of investment funding to reposition their company. This will allow EI to offer enhanced support to businesses as part of the response to limiting the negative effects of Brexit, and help Irish businesses to remain competitive, to innovate in terms of new product and service development and to grow in existing and new markets.

The Act enhances EI R&D supports to business and will allow EI to provide:

- research grants to the horticulture sector for the first time;
- grants to support critical research activity overseas in certain circumstances;
- research grants up to permissible EU State aid limits;
- advance partial payment of research grants to industrial undertakings of all sizes.

Postponed VAT Accounting

In addition, the Act includes provision for a system of postponed VAT accounting to alleviate the cash flow impact on business as a result of the UK's status as a third country and, as a consequence, the requirement for business to pay VAT at the point of import rather than at the time of filing their bi-monthly VAT returns. Details of this scheme are outlined in the chapter on taxation.

Next Steps

Over the period to end-October, **steps taken by the Government will include:**

- Government will continue to work with Brexit-exposed firms, in particular clients of Enterprise Ireland (EI), Bord Bia, IDA and the Local Enterprise Offices (LEOs) and including continued roll-out of existing supports and schemes.
- Additional measures that can be deployed in the event of a no deal Brexit, consistent with the macroeconomic framework set down in the Government's Summer Economic Statement.
- Ireland will continue to engage closely with the European Commission in relation to supports and flexibilities under State aid rules, the Common Agricultural Policy and the European Maritime and Fisheries Fund.

Over the period to end-October, the **Government calls on business to:**

- Take steps to identify the appropriate preparedness and economic supports in preparation for the impact of Brexit.
- Access the relevant supports, schemes and advisory resources in place to support them in preparing for Brexit.

20. Labour Force Activation and Training Supports

All government analysis to date has emphasised the negative impact that Brexit will have on the Irish labour market with job losses in the most exposed sectors. There are likely to be significant job losses in the most exposed sectors in a no deal scenario, with an estimated increase in unemployment of 50-55,000 after the UK leaves the EU.

There is also a clear variation in regional and sectoral impacts: agriculture, food and 'traditional' manufacturing and hospitality are expected to be the most severely impacted. While the border and midlands regions are forecast to be most affected, other regions will also be impacted.

As a first step, the Government has developed and reoriented enterprise supports, strategies and structures to assist businesses in preparing for the impact of Brexit, including building resilience to minimise job losses. At the same time, the Department of Employment Affairs and Social Protection (DEASP) continues to refine its contingency measures along with other government departments and agencies.

DEASP and the Department of Education and Skills (DES) have put arrangements in place to plan and coordinate responses in the case of a no deal scenario. The arrangements involve the two departments, SOLAS and representatives of DEASP regions and Education and Training Boards (ETBs). The Group receives regional reports, ensures regional engagement and can coordinate strategic responses. This structure facilitates the two departments in monitoring the employment situation in each region with a view to supporting affected workers.

The arrangements were recently expanded to include DBEI to capture enterprise agency intelligence. Finally, the DEASP and labour market research unit of SOLAS are continuing their work on regional and occupational analysis, specifically to ensure that re-skilling can be deployed in the most affected sectors.

There will also be close engagement with employers and trade unions, at national and regional level, to monitor emerging trends and required responses.

Intreo and ETB Collaboration

Over the past number of years there has been significant institutional and strategic reform to ensure collaboration between these services which are now better equipped than ever to deal with supporting people into employment. Well-developed approaches to skills profiling and activation have been put in place alongside formal protocols agreed between the Intreo and ETBs services on referrals, service planning and bespoke interventions. These protocols provide for regular meetings of regional teams.

ETBs and Intreo office staff members meet regularly to share information and provide feedback of their analysis. ETB training for unemployed people is largely contracted and

this can be scaled up to meet additional demand. Over the coming months, Intreo offices and the ETBs will monitor ongoing developments as we approach a possible no deal Brexit.

National Training Fund

Investment from National Training Fund has moved towards supporting people in employment, including new investment in those with low skills. In the event of a hard Brexit, there would be a requirement to access more of the NTF surplus to deal with forecast rises in overall unemployment and to support sectoral or regional training initiatives and this will be kept under active consideration by the Department of Employment Affairs and Social Protection and the Department of Public Expenditure and Reform. Additional NTF-supported activity is also provided through initiatives such as Skillnets, and apprenticeship in Brexit-relevant skills, such as logistics.

European Globalisation Fund

The European Globalisation Fund (EGF) has supported intensive responses to major job losses. There has been engagement with the European Commission and agreement on the potential for the EGF to be used if Brexit results in shifts in EU-level trade patterns.

The employment situation will be closely monitored to assess the potential for EGF applications and engagement will be progressed with the EU if necessary.

21. Market Surveillance and Notified Bodies

A number of state agencies undertake a wide range of product safety, market surveillance and accreditation roles, which are vital to the efficient functioning of the economy and essential to the maintenance of the Single Market. Even the most benign of Brexit conditions would result in a step change in the regulatory landscape.

The Government provided additional resources in Budget 2019 to support the work of four Regulatory Agencies in the context of Brexit: the Health and Safety Authority (HAS); the Competition and Consumer Protection Commission (CCPC); the National Standards Authority of Ireland (NSAI); and the Irish Auditing and Accounting Supervisory Authority (IAASA), as well as providing additional resources to the Irish National Accreditation Board (NSAI).

Market surveillance activities, carried out, for example, by the CCPC, NSAI and the HSA, ensure that products placed on the EU market are designed, manufactured and monitored in accordance with EU legal requirements. In the event of a no deal Brexit, Ireland will no longer be able to rely on UK market surveillance authorities to check compliance of products coming into the UK from non-EU countries and coming directly from the UK. The relevant market surveillance authorities, therefore, will have a statutory responsibility to undertake significantly increased market surveillance checks in Ireland across a range of consumer, industrial and chemical products.

Notified Bodies

In a no deal Brexit scenario, companies in Ireland will no longer be able to rely on UK-based Notified Bodies to test, certify and inspect their products/services. Manufacturers currently relying on a UK Notified Body for conformity assessment of products must arrange either for a transfer of their files and the corresponding certificates from the UK body to an EU27 Notified Body or apply for a new certificate with an EU27 Notified Body. Importers, distributors and authorised representatives should ensure that they hold certificates under the responsibility of an EU27 Notified Body. Likewise, exporters currently relying on UK based Notified Bodies for compliance certification will need to make similar alternative arrangements. In addition, authorised representatives and importers under the Construction Products Regulation (CPR) are both required to be established in the EU27.

A number of UK-based Notified Bodies are in the process of establishing themselves in Ireland and gaining INAB accreditation to enable them to remain as EU Notified Bodies. This process is highly regulated by EU legislation and there is no guarantee that all the applicant UK notified bodies will be accredited before the Brexit deadline. INAB has awarded eight new Brexit-related accreditations since January 2019. As of the end of May 2019 there were 17 applications for accreditation at various stages of assessment by INAB for a range of products, including machinery, personal protective equipment, construction products, transportable pressure equipment, radio equipment, electromagnetic capability and marine equipment.

Although accreditation is awarded by INAB, INAB is not a Notifying Authority; the process of appointing Notified Bodies is separate and is carried out by designated Notifying Authorities. A number of government departments and state bodies are Notifying Authorities in respect of the various EU Directives. This includes Comreg, the HPRA and the Department of Housing, Planning and Local Government (DHPLG) as well as the Department of Business, Enterprise and Innovation (DBEI), the Department of Transport, Tourism and Sport (DTTAS) and the Department of Justice and Equality.

While the number of Notified Bodies legally designated in Ireland will increase, in a no deal Brexit there will not be the same range of Notified Bodies available to manufacturers in Ireland, who will be obliged to use Notified Bodies in another EU Member State. It is important to note that Notified Bodies are available throughout the EU27, and certification can be provided through bodies based in any EU Member State that are appropriately accredited.

Given the reliance by Irish manufacturers on the services of UK-based Notified Bodies, **Government renews its call on businesses that use UK Notified Bodies to source an EU-based Notified Body legally designated to carry conformity assessments instead.** A list of Notified Bodies is available on the EU 'NANDO' website.

Sector Specific Product Certification

There are approximately 50 UK Notified Bodies certifying a wide range of construction products for the EU Market. The Irish construction industry is quite import dependent in terms of inputs – about one third of inputs (goods and services) are imported, and of those about 40% of goods come from the UK. A range of construction products and materials is subject to CPR regulation in circulation in the Single Market. These must be compliant with EU standards, many of which require assessment and authorisation by Notified Bodies established in an EU Member State. Authorised representatives and importers under the CPR are both required to be established in the EU27.

DHPLG is the notifying authority for the Construction Products Regulation (CPR) in Ireland, carrying out the assessment of bodies applying for Notified Body status in Ireland for construction products, and the notification of recommended Notified Bodies to the Commission. Bodies seeking Notified Body status for the purpose of the CPR must first apply to INAB for accreditation. Up to February 2019, DHPLG had granted Notified Body status to one organisation: the National Standards Authority of Ireland (NSAI). Since then a further three organisations have been granted notified body status of which two are connected to notified bodies based in the UK. INAB continues to work with a further six candidate bodies.

It is not clear whether or not all construction products currently certified in the UK are also certified in other EU Member States. While it is expected that this would be the case for the majority of products, there is a risk that a small number of products may no longer be available in the EU in the event of a no deal Brexit (this is an issue for all EU MS, not just Ireland).

A similar reliance on UK Notified Bodies exists for the certification of medical devices and engagement with industry and the Commission in underway as set out in the chapter on supply of medicines and medical devices.

Public Procurement

In December 2018 the Office of Government Procurement published an information note on Brexit and public procurement which it revised in June. It highlighted the various steps a public body should consider to prepare for Brexit including examining their supplier bases to assess their exposure to the UK market.

Next Steps

Over the period to end-October:

- The Government will continue to support increased capacity amongst relevant regulatory bodies.
- Businesses that use UK Notified Bodies should source an EU-based Notified Body legally designated to carry conformity assessments instead. A list of Notified Bodies is available on the EU 'NANDO' website.
- Companies that source products from the UK should engage with the NSAI for support and guidance on standards and certification.
- Importers and suppliers should carry out a risk assessment of their product supply chain to highlight any materials that may be impacted and identify potential alternative certified sources within another Member State.
- Organisations who use products sourced from the UK should engage with their suppliers to satisfy themselves that product supply continuity is resilient and will be maintained.

22. Retail (including online retail)

The Government is concerned that there is likely to be disruption to the supply chains of Irish-based retail businesses as a result of Brexit. The Dover-Calais bottleneck as outlined in the chapter on transport is likely to be a cause of such disruption. It is important, therefore, that business continue to make their own preparations for Brexit, such as by meeting their obligations in terms of new customs and other required registrations. The latter will play an important part in minimising potential disruption and delays at points of import, particularly at Dublin Port.

To minimise the disruption of Brexit and to mitigate its impact, the Department of Business, Enterprise and Innovation (DBEI), Enterprise Ireland (EI) and Local Enterprise Offices (LEOs) have put in place an array of supports and measures. These supports include Brexit scorecards and toolkits, the Brexit working capital Loan scheme, InterTradelreland's Brexit planning and implementation vouchers and various government, agency and customs awareness events.

DBEI has engaged with sector and representative groups through the Retail Consultation Forum since November 2016 on key emerging issues and is also engaging on the issues relating to on-line retail. In addition, DBEI has engaged with stakeholders through the following fora:

- On 13 December 2018, 24 January 2019, 19 February 2019 and 26 March 2019 the Minister for Business, Enterprise and Innovation hosted meetings with key players from the Irish grocery retail and distribution sector, retail representative bodies and haulier representative bodies.
- The Minister has engaged with the CEOs of the three pillar banks, AIB, Bank of Ireland and Ulster Bank, regarding the important role that the banking sector must play in helping Irish businesses face the challenges posed by Brexit. The sector has assured Government that it stands ready to support the working capital needs of businesses as they deal with the immediate impacts of Brexit.

In terms of online retail, after Brexit, the UK will not be part of the EU's Digital Single Market and consumers may not be protected by the Consumer Rights Directive and other EU consumer protection legislation. When the UK leaves the EU, the operating environment for online retail will change, both for consumers buying from retailers and sites located in the UK and also for Irish retailers selling into the UK. This will bring uncertainties for both retailers and consumers. While e-commerce flows may well continue post Brexit, e-commerce will be affected due to additional import charges, duty and VAT, along with the administrative costs of export / re-import declarations in relation to returns for retailers. Consumers will therefore have to choose where they place their orders.

The Competition and Consumer Protection Commission (CCPC) website includes extensive information for consumers and businesses. It also sets out the changes to [consumer rights](#) for those purchasing from the UK including a helpful [Q and A](#) looking at

the impact Brexit could have on rights when shopping online. It also has information on extra taxes and charges consumers may need to pay when ordering online from a country outside the EU. Their website will be updated as necessary, in light of future developments.

Next Steps

- DBEI will continue to sign-post and provide information as it becomes available from the European Commission, Revenue and other relevant bodies as part of its outreach engagement with stakeholders.
- In autumn 2018, DBEI launched a new pilot Online Retail Scheme, administered by EI, aimed at strengthening the online offering of retail businesses. The successful applicants of the first call were announced by Minister Humphreys on 1 March 2019. The second call opened on 19 June 2019 and will close on 31 July 2019.
- The Retail Consultation Forum will continue to meet over the summer bringing together relevant government departments, agencies and industry who will engage on key issues in retail supply (including the Irish grocery retail and distribution sector) in order to gain necessary assurances on contingency planning and readiness.
- Bord Bia, Enterprise Ireland and the Local Enterprise Offices will continue to work with Irish businesses that supply into the UK retail market to ensure they are undertaking appropriate preparations. This includes an ongoing programme of engagement with buyers in the UK with Bord Bia having held 50 UK customer engagements from CEO and C Suite level to category manager to date in 2019
- As part of the Government's overarching Brexit communications strategy, the CCPC will run a further public awareness campaign on the potential changes to consumer rights as a result of Brexit. The CCPC and other stakeholders will also work to inform consumers regarding customs requirements that may apply to online purchases from the UK.

23. Tourism

Brexit has already impacted the tourism sector. In the short term, the drop in the value of sterling has meant that Ireland has become a more expensive destination for UK visitors. It also makes Britain a relatively less expensive alternative destination. The initial impact of the Brexit referendum for tourism saw a reduction of 5% in the number of British visitors in 2017 on foot of the depreciation in Sterling. The GB market was steady in 2018, with visitor numbers marginally up and revenue down 2%. CSO data for Q1 2019 indicated a 5% drop in revenue from visitors from Britain, despite visitor numbers being up slightly, indicating a weaker sterling having an impact on spending. There are also indications that the uncertainty attaching to Brexit is beginning to affect bookings for the 2019 season.

Investment in the Tourism Sector

In addition to being able to avail of many of the supports outlined in the Chapter on Enterprise Supports, the Government has allocated almost €8 million in additional funding to the tourism agencies this year specifically to respond to the impact of Brexit.

Fáilte Ireland is investing in implementing its 'Get Brexit Ready' programme, which places a focus on retaining business from Northern Ireland and Britain, whilst also offering supports to enterprises to equip them for the post-Brexit marketplace.



Image 10: Fáilte Ireland Brexit Response Programme

Tourism Ireland has put in place a programme of marketing activity, post-Brexit research, and stakeholder information to ensure that potential visitors in relevant markets fully appreciate that it is 'business as usual' for Ireland and the Irish tourism industry. They have also put in place a Tourism Taskforce on Brexit, which has met regularly, and are implementing a series of measures in the British market to address the decline in visitor numbers since the referendum, including a greater focus on

consumer segments less impacted by currency fluctuations; and expanded partnership programmes with airlines, ferry operators and tour operators.

Additional investment under the Regional Access Initiative has enabled Tourism Ireland to further promote routes from Paris, Milan, Frankfurt and Berlin (as well as routes from GB including London, Glasgow, Bristol and East Midlands) to Knock, Shannon, Donegal, Kerry and Cork.

Marketing Strategies and Diversification

As part of its Brexit preparations, Tourism Ireland commissioned a wide-ranging review of the British market, independently chaired and led by a steering group of key representatives of the Irish and UK-based tourism industry, including Fáilte Ireland. The Great Britain Market Strategy was launched in early June and sets out actions to grow holidaymaker revenue from Britain to Ireland by over 25% by 2022, which will be of particular benefit to north-western and Border counties. A focus on marketing to 'culturally curious' visitors in Britain, who are less impacted by currency fluctuations, will continue, highlighting off-season breaks and value offers from the industry.

It is clear that the deferral of the UK exit from the European Union presents both a challenge and an opportunity. Tourism Ireland continues the roll out of its market diversification strategy, which focuses greater resources on attracting visitors from those markets who stay longer and spend more time on holiday. This has seen Mainland Europe become the largest contributor of overseas tourism revenue followed by North America.

Tourism Ireland is also implementing new strategies to deliver ambitious growth targets from Germany, the United States and emerging markets. This will help to build and sustain growth in these markets in line with the Government's Global Ireland 2025 Strategy. The organisation is scoping the potential for expansion in the US (west coast) and possible market entry in Japan, and it is doubling its marketing investment in China this year to €1 million, and also doubling its marketing team to 12 with the aim of growing Chinese visitor numbers to 200,000 by 2025.

Next Steps

- The agencies and the tourism divisions of DTTAS will remain in close contact to ensure that appropriate contingency plans are in place to meet the challenges presented by Brexit.
- Tourism Ireland will continue its promotional programme in key markets overseas.
- Fáilte Ireland will support businesses in the tourism and hospitality sectors to access relevant Brexit business supports through the relevant agencies in the enterprise sector.

24. Supply of Medicines and Medical Devices

Health Sector

As part of the whole-of-government response to Brexit, the Department of Health has established dedicated structures to manage the approach to preparing for the UK's exit from the EU. A high-level group chaired by the Secretary General and comprising the heads of the HSE, HPRA, FSAI and senior officials was established to oversee the health sector's overall approach to contingency planning and to monitor progress. An Operations Team comprised of senior officials from the Department of Health, the HSE, HPRA and the FSAI was established to identify and resolve issues and to escalate them to the high-level group if necessary.

An inter-agency communications group, chaired by the Department, has also been established to plan for all aspects of a communications strategy to ensure that the public and stakeholders, including industry remain fully informed of the implications for the health sector of either a central case Brexit or a no deal Brexit.

Supply of Medicines and Medical Devices

The Department of Health, the Health Products Regulatory Authority (HPRA) and the Health Service Executive (HSE), with the full support of stakeholders, are implementing a comprehensive and coordinated set of preparations to ensure continuity of health services and continued supply of medicine and medical devices in a 'no deal' Brexit.

The preparations include developing contingency plans to mitigate medicines and medical device supply problems arising from Brexit. There has been positive, ongoing multi-agency engagement with industry, including pharmaceutical manufacturers, wholesalers and healthcare professionals, and the health service as a whole, to highlight the importance of preparing for a no deal Brexit and ensuring that pragmatic steps are taken to mitigate any identified risks.

A Brexit Operations Team has been established with key personnel from the HSE, the HPRA, the Food Safety Authority of Ireland, and from across the Department of Health. Among other things, this Team has enabled the Department of Health to intensify its oversight and support for the work of the HSE and the HPRA in implementing contingency plans to protect the supply of medical goods post Brexit.

In January 2019, groups of experts on medicines and medical devices were convened by the HSE and HPRA as sub-groups to the Brexit Operations Team. The experts were tasked with undertaking criticality assessment exercises to scope out key risk areas and focusing contingency planning efforts on potentially vulnerable medicines and medical devices. The groups were established to seek additional assurances from stakeholders involved in their supply, verify contingency planning to date and, where necessary, identify clinically appropriate alternatives.

Medicines

The Department of Health is working closely with the Health Service Executive (HSE), and the Health Products Regulatory Authority (HPRA) at national and EU level to ensure that regulatory issues and any potential supply issues arising from Brexit are addressed, in so far as is possible, to protect the continuity of supply of medicines.

As a result of measures undertaken at industry, national and EU level, Brexit is not expected to have an immediate impact on the supply of medicines. Pharmaceutical manufacturers and wholesalers have provided assurances that there will be sufficient stocks to bridge any initial issues at ports, should they occur. However, given the size of our market, Brexit may cause those with a small share of a particular medicine market to consider the ongoing viability of supply to Ireland. However, any products that may be affected would be unlikely to be critical to continuity of care as there are and will be alternative suppliers or therapeutic alternatives available.



Image 11: The Department of Health has published information videos on supply of medicines to provide citizens with the latest advice

The HSE and HPRA have completed a criticality assessment exercise to seek additional assurances from stakeholders, including pharmaceutical manufacturers, wholesalers and healthcare professionals to verify contingency planning to date and, where necessary, identify clinically appropriate alternatives for those products most critical to public health with potential to be vulnerable to supply issues. Work on this will continue up to and in the months following Brexit including:

- Ongoing engagement with industry to adapt supply chains, where necessary, to minimise potential disruption;
- Ongoing monitoring to ensure that adequate stocks of medicines are routinely built into the Irish medicine supply chain.

The HPRA continue to support companies to achieve regulatory compliance including those availing of temporary batch testing exemptions as per guidance published by the Commission. This includes supporting the transfer of medicines authorisations and other industry functions from the UK to Ireland. Post Brexit, joint-labelled medicines for the Irish and UK markets will continue to be permitted where they continue to comply with EU labelling requirements.

In terms of communications, advice has been given to the public, hospitals and community pharmacists which informed people that there is no need for hospitals,

pharmacists or patients to order extra quantities of medicines, or for doctors to issue additional prescriptions, as to do so could create supply issues in the system. There are established multi-stakeholder procedures in place to anticipate and manage medicine shortages. These will be deployed for any additional shortages, should the need arise as a result of Brexit. No shortages currently affecting the Irish market are attributable to Brexit.

Medical Devices

A large number of medical devices available in the EU are assessed by Notified Bodies in the UK. Post Brexit, all medical devices must be certified by Notified Bodies based in the EU27. This may create issues for the availability of medical devices.

The Government has put in place a range of mitigation measures, including:

- Established a criticality assessment group for medical devices;
- Ongoing comprehensive and intensive work to monitor and manage risks to medical devices supply in the months before and after Brexit;
- Engaging with medical device suppliers and manufacturers to encourage swift action to move certifications from UK notified bodies to Notified Bodies based in EU27).

Next Steps

- Between now and 31 October, the Department, the HPRA and the HSE will work closely with industry to ensure that all possible steps are taken to ensure regulatory compliance and continued availability of medicines and medical devices for patients in Ireland.
- Verification of contingency actions for all products will be repeated in advance of 31 October.
- The Department of Health, HSE and HPRA will continue to work and engage with the all relevant stakeholders.
- The Department of Health and the HPRA will also further engage with the European Commission to identify the most appropriate means to mitigate the risk to the supply of medical devices posed by a no deal Brexit.

25. Energy

Contingency plans for the Irish electricity and gas wholesale and network sectors have been prepared by the Commission for Regulation of Utilities in Ireland (CRU) and the electricity and gas system operators - EirGrid and Gas Networks Ireland, respectively. These plans will ensure the ongoing operation of the electricity and gas markets and networks in a no deal Brexit. In addition, emergency plans are in place to minimise supply disruption in Ireland in the event that the gas and electricity interconnectors cease flowing, although such a scenario is not anticipated.

The CRU published a notice to industry in March, stating that in a no deal Brexit, trade with the UK in gas and electricity will continue, the SEM will continue to operate, Prisma (the software for cross-border trade in gas) will continue to be used, and gas will continue to flow. The notice also states that trade through the electricity interconnector may be less efficient as some platforms operated under EU rules may not be used in the same way, and that it will seek to minimise this loss in efficiency through working in conjunction with the Department of Communications, Climate Action and Environment (DCCAE) and EirGrid and through engagement with the European Commission, with such work already commenced through changes to the operation of the SEM intraday auctions to improve liquidity.

EirGrid has plans in place to ensure ongoing trade and security of electricity supply on the East-West Electricity Interconnector in a no deal Brexit. The CRU, as regulator, and EirGrid, as market operator and owner of the East-West Electricity Interconnector, will continue to engage on revised trading arrangements consistent with the UK's status as a third country.

Gas Networks Ireland also published a notice on a no deal Brexit in March, stating that there will be no adverse impact on gas flows due to Brexit. The pipeline operators involved in the flow of gas from Scotland to Ireland/Northern Ireland have formally agreed that all relevant contracts facilitating the daily flow of gas from Great Britain to Ireland will continue to operate as they currently do.

The Irish Petroleum Industry Association (IPIA) has indicated that their member companies have no concerns around the continued availability of oil supplies, including refined product, post UK withdrawal.

DCCAE is working with the CRU and the electricity and gas transmission system operators to contain, as far as possible, any consequence for the SEM due to Brexit. Cognisant of Ireland's ongoing obligations as an EU Member State, discussions on the technical, operational and legal aspects of the SEM are ongoing between DCCAE and the Northern Ireland and the UK authorities, and between the relevant regulators and system operators.

The Brexit Omnibus Act contains provisions giving the CRU the ability to modify licences expeditiously in a no deal Brexit to facilitate the continuing operation of the SEM, in line

with Ireland's obligations as an EU Member State. If necessary, this temporary measure will be in place for one year from commencement.

Celtic Interconnector

The Celtic Interconnector is a proposed 700 MW High Voltage electricity interconnector that would provide the first direct electricity link between Ireland and continental Europe, addressing the critical need for Ireland to be connected to the EU's Internal Energy Market post Brexit. Ireland's integration into the European electricity market would improve security of supply and lower carbon use by incorporating greater quantities of renewable energy. The project is designated an EU 'Project of Common Interest' (PCI), meaning it is considered an energy infrastructure project of the highest priority.

Recognition of Qualifications

Under EU legislation, those working with F-Gas equipment (primarily in the refrigeration, air conditioning and heat pump sectors but also fire suppression, mobile air conditioning and electrical switchgear) must be certified, and it provides for the mutual recognition of certificates obtained in EU Member States. When the UK becomes a third country, arrangements for the mutual recognition of qualifications and certificates from UK institutions will cease to apply.

The Brexit Omnibus Act provides for the recognition of existing UK certificates for a defined period after Brexit; it gives holders of such certificates time to apply for an Irish certificate and allows them to continue carrying out activities relevant to their qualification within a defined timeframe.

Next Steps

- DCCAE will continue to engage with CRU and the electricity and gas transmission system operators in relation to their contingency planning and seeking as far as possible to minimise Brexit consequences to electricity and gas markets.
- CRU and EirGrid will continue to engage on the development of revised trading arrangements for Interconnectors consistent with the status of the UK as a third country.
- DCCAE will continue to engage with the Northern Ireland and UK authorities, and with the relevant regulators and system operators on the SEM, cognisant of Ireland's ongoing obligations as an EU Member State.
- Engagement with the European Commission will continue as appropriate.
- DCCAE will put in place secondary legislation to allow for recertification in the F-Gas sector in advance of 31 October, and will continue to engage with relevant stakeholders in relation to checking and processing F-Gas certification.

26. Transfer of Personal Data

Data protection and sharing is governed within the EU by the General Data Protection Regulation (GDPR). That means that when the UK leaves the EU it will become a third country and the transfer of personal data to the UK will be subject to the rules on international transfers set out in the GDPR and other relevant EU directives and regulations. The European Commission, in its Contingency Action Plan of 13 November 2018, set out the broad toolbox available within GDPR and other relevant EU directives and regulations for data transfers to third countries, which would be relevant in a no deal Brexit. This toolbox includes in particular the so-called ‘appropriate safeguards’ that can be used by both the private sector and public authorities, including:

- Approved standard contractual clauses
- Binding corporate rules
- Administrative arrangements.

EU law also contains a number of derogations for specific situations that allow data transfers even in the absence of appropriate safeguards, for instance if the data subject provides explicit consent, for the performance of a contract, for exercise of legal claims or for important reasons of public interest. These are the same tools that are used with most countries in the world for which no ‘adequacy’ decision exists.

A specific EU preparedness notice on data protection is also available to provide guidance. In April, the EU Commission reiterated its position that there are appropriate tools available under the GDPR for data transfer to third countries and that contingency measures or an adequacy agreement are therefore not necessary.

On the basis of this guidance from the Commission, last December the Irish Data Protection Commissioner (DPC) has issued advice on data protection issues arising as a result of Brexit. Both provide guidance on the provisions which are in place for the transfer of personal data to a third country. The DPC in February published further detailed guidance on the transfer of personal data to the UK and Northern Ireland, specifically in the event of a no deal Brexit.

In January, all government departments commenced a review of their processes for the treatment of personal data with the UK in a no deal scenario. At an inter-departmental forum in February the implications of a no deal Brexit for personal data transfers were discussed, with advice and guidance from the Department of Justice and Equality, the Office of the Attorney General and the Chief State Solicitor’s Office. All departments, in conjunction with those agencies/bodies under their aegis, have now completed a systematic exercise to map the extent and nature of their personal data transfers to the UK, including Northern Ireland. This exercise also identified the appropriate safeguards and derogations that will be put in place in accordance with the safeguards under the GDPR should the UK become a third country.

Of course, preparing for a no deal Brexit is not just a matter for EU and public sector entities, but also for those private sector organisations that currently share personal data

with organisations based in the UK. In addition to its guidance, the DPC has engaged with a range of stakeholders including: meetings with the various trade groups and the SME group in IBEC, participation in Enterprise Ireland roadshows and the All Island Civic Dialogue, engagement with the Law Society Data Protection and IP committee, and cross-government consultation.

Next Steps

Between now and 31 October, the Government will take the following steps:

- Departments and agencies will use the additional time to 31 October to refine their plans for the transfer of personal data with the UK, and to identify any outstanding issues that need to be resolved.
- Communications and outreach activities will be stepped up to promote awareness and action amongst the private sector as part of the next phase of Government communications.

Between now and 31 October, the Government calls on business to:

- Take preparatory actions in accordance with the European Commission guidance: assess current arrangements and develop plans to ensure compliance with GDPR and other relevant EU Directives and Regulations for data transfers to third countries in a no deal scenario.

List of Abbreviations

BCP	Border Control Point
CBI	Central Bank of Ireland
CCP	Central Clearing Counterparties
CCPC	Competition and Consumer Protection Commission
CEO	Chief Executive Officer
CPR	Construction Products Regulation
CRU	Commission for the Regulation of Utilities
CSD	Central Securities Depositories
CSO	Central Statistics Office
CTA	Common Travel Area
CTC	Common Transit Convention
DAFM	Department of Agriculture, Food and the Marine
DBEI	Department of Business, Enterprise and Innovation
DCCAE	Department of Communications, Climate Action and Environment
DEASP	Department of Employment Affairs and Social Protection
DES	Department of Education and Skills
DFAT	Department of Foreign Affairs and Trade
DHPLG	Department of Housing, Planning and Local Government
DPC	Data Protection Commissioner
DTTAS	Department of Transport, Tourism and Sport
EAW	European Arrest Warrant
EEA	European Economic Area
EEZ	Exclusive Economic Zone
EGF	European Globalisation Fund
EHIC	European Health Insurance Card
EHS	Environmental Health Service
EI	Enterprise Ireland
EORI	Economic Operators' Registration and Identification
ESMA	European Securities and Markets Authority
ESRI	Economic and Social Research Institute
ETB	Education Training Board
ETF	Exchange Traded Funds
FSAI	Food Safety Authority of Ireland
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GGB	General Government Balance
GIS	Government Information Service
HGV	Heavy Goods Vehicle
HPRA	Health Products Regulatory Authority
HSE	Health Service Executive
IBEC	Irish Business and Employers Confederation
IDA	Industrial Development Authority
IMD	International Institute for Management Development
IMDO	Irish Maritime Development Office
INAB	Irish National Accreditation Board

IPIA	Irish Petroleum Industry Association
LEOs	Local Enterprise Offices
MIBI	Motor Insurers' Bureau of Ireland
MOU	Memorandum of Understanding
NANDO	New Approach Notified and Designated Organisations
NDLS	National Driver Licence Service
NSAI	National Standards Authority of Ireland
NSMED	North Sea Mediterranean
NTF	National Training Fund
NTMA	National Treasury Management Agency
OPW	Office of Public Works
PCI	Project of Common Interest
PRSI	Pay Related Social Insurance
PSNI	Police Service of Northern Ireland
R&D	Research and Development
RD&I	Research, Development and Innovation
RoRo	Roll-on, Roll-off
R&R	Rescue and Restructuring
SBCI	Strategic Banking Corporation of Ireland
SEM	Single Electricity Market
SEPA	Single Euro Payments Area
SPS	Sanitary and Phytosanitary
SME	Small and Medium-sized Enterprise
SUSI	Student Universal Support Ireland
TPOE	Travellers' Point of Entry
TRACES	Trade Control and Exports System
TPR	Temporary Permission Regime
VAT	Value Added Tax
WTO	World Trade Organisation

Annex 1: European Commission Notice 12 June 2019



EUROPEAN
COMMISSION

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**COMMUNICATION FROM THE COMMISSION TO THE
EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE
COUNCIL, THE EUROPEAN CENTRAL BANK, THE
EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE
COMMITTEE OF THE REGIONS AND THE EUROPEAN
INVESTMENT BANK**

**State of play of preparations of contingency measures for the
withdrawal of the United Kingdom from the European Union**

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EN

**COMMUNICATION FROM THE COMMISSION TO THE
EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE
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**State of play of preparations of contingency measures for the
withdrawal of the United Kingdom from the European Union**

1. INTRODUCTION

The United Kingdom has decided to leave the European Union, invoking the procedure in Article 50 of the Treaty on European Union (TEU). Following a request by the United Kingdom, the European Council (Article 50) agreed on 11 April 2019¹ to extend further² the period provided for in Article 50(3) TEU until 31 October 2019³. If the United Kingdom ratifies the Withdrawal Agreement⁴ at any stage before 31 October 2019, the withdrawal will take place on the first day of the month following the completion of the ratification procedure. The Commission continues to consider that an orderly withdrawal of the United Kingdom from the Union on the basis of the Withdrawal Agreement is the best outcome.

Unless the United Kingdom ratifies the Withdrawal Agreement by 31 October 2019 or requests a third extension, to which the European Council (Article 50) agrees by unanimity, the period under Article 50(3) TEU will end then. The United Kingdom will then be a third country as of 1 November 2019 without an agreement to ensure an orderly withdrawal. In light of the continued uncertainty with regard to the ratification by the United Kingdom and the overall domestic situation in the United Kingdom, and in line with the approach which the European Council (Article 50) has emphasised throughout the process, all actors

¹ European Council Decision (EU) 2019/584, OJ L 101, 11.4.2019, p. 1.

² Following a request by the United Kingdom, the European Council decided a first extension on 22 March 2019 (European Council Decision (EU) 2019/476, OJ L 80I, 22.3.2019, p. 1).

³ On 11 April 2019, following a second request for an extension by the United Kingdom, the European Council also decided that the decision to extend until 31 October 2019 would cease to apply on 31 May 2019 if the United Kingdom had not held elections to the European Parliament and had not ratified the Withdrawal Agreement by 22 May 2019. As the United Kingdom had not ratified the Withdrawal Agreement by 22 May 2019, it held European elections on 23 May 2019.

⁴ Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, OJ, C 144I, 25.4.2019, p. 1.

must continue to prepare for all possible outcomes, including a withdrawal without an agreement.

The European Council (Article 50) has decided to review progress at its meeting on 20-21 June 2019. As input to that review and as a follow-up to its four previous Communications on Brexit preparedness and contingency^{5, 6}, the Commission takes stock in this Communication of the preparedness and contingency measures which the European Union and the EU27 Member States have put in place, the impact of the extension period, and any remaining preparatory work that needs to be done. The Commission calls on Member States and stakeholders to use the time of the extension to verify that all necessary preparedness and contingency measures are in place.

As the Commission has consistently stressed, contingency measures can only mitigate the most significant disruptions of a withdrawal without an agreement. While the Commission does not speculate on the possible economic implications of different scenarios, it is clear that a withdrawal of the United Kingdom without an agreement would have a serious negative economic impact, and that this impact would be proportionally much greater in the United Kingdom than in the EU27 Member States⁷. Preparations by Member States and stakeholders are likely to reduce their individual exposure to the negative impact of a withdrawal without an agreement. A high level of preparedness across all sectors of the economy will also mitigate the negative impact.

As stated in the fourth Brexit Preparedness Communication of 10 April 2019⁸, the Commission is ready to propose financial support measures to mitigate the impact in the most affected areas and sectors, taking into account the funds that are available and any adjustments on the expenditure and revenue side of the EU budget that might result from a disorderly withdrawal. For more immediate support to affected

⁵ 19.7.2018: COM(2018) 556 final/2; 13.11.2018: COM(2018) 880 final; 19.12.2018: COM(2018) 890 final;

⁶ 4.4.2019: COM (2019) 195 final.

⁷ For a no-deal scenario, in which the United Kingdom is subject to World Trade Organization 'Most Favoured Nation' (MFN) rules, external studies that include both trade and non-trade channels suggest a short-term reduction in UK GDP. The IMF World Economic Outlook (2019), for example, estimates a reduction between 3.7 and 4.9%, while the Bank of England (November 2018) estimates a reduction of between 4.75 and 7.75% over five years, both compared to a baseline. For the average short-term impact on the EU27 Member States, the IMF (2019) estimate is well below 1%, whereas the study by the Bank of England does not provide any estimate for the EU27 Member States. As to the long-term impact, several external studies suggest a long-term negative impact of around 3 to 8% on UK GDP. The IMF (2019) estimates almost 3%; and the UK Government (2018) 7.7%. As regards the average long-term impact on the EU27, the IMF (2019) estimate is well below 1%, in line with most other studies.

⁸ COM (2019) 195 final.

stakeholders, EU State aid rules offer flexible solutions for national measures.

2. EU PREPAREDNESS AND CONTINGENCY MEASURES ARE FIT FOR

PURPOSE

The European Union was already prepared for the withdrawal of the United Kingdom ahead of the original withdrawal date (30 March 2019). The extensive work which all EU institutions and bodies and the EU27 Member States carried out before that date remains in place.

The EU-level measures are summarised in the fourth Brexit Preparedness Communication of 10 April 2019. The Commission has made 19 legislative proposals to prepare for the United Kingdom's withdrawal. The European Parliament and the Council have adopted 18 of these and political agreement has been reached on the remaining one, which concerns the EU budget for 2019 and is expected to be formally adopted in June 2019. These legislative acts are listed in Annex 1 and cover areas from transport, to social security coordination, to Erasmus+, and to the visa regime applicable to UK nationals. The Commission has also adopted 63 non-legislative acts in a number of policy areas.

The Commission has screened all the EU-level measures to assess whether they are still fit for purpose given the extension of the Article 50(3) TEU period. On the basis of this screening, the Commission considers that these legislative and non-legislative Union acts continue to meet their intended objectives. There is therefore no need to amend them on substance. The Commission does not plan any new measures ahead of the new withdrawal date.

In the vast majority of cases, the timing of the application and the duration of the effect of each of these acts is automatically adjusted to the new withdrawal date and there is no need to amend the texts. In some cases, the acts fix a date for the end of their validity. The Commission will consider whether these acts need a technical adjustment to take into account the new timeline before they expire.

Moreover, the Commission adopted⁹ 16 non-legislative contingency acts¹⁰ under the EU sanitary and phytosanitary legislation in view of the

⁹ OJ L 100 I, 11.4.2019, and L 103, 12.4.2019.

¹⁰ These acts cover: (i) the approval of the residue monitoring programme for 2019 of the United Kingdom and its Crown Dependencies; (ii) the establishment of the status of the United Kingdom and its Crown Dependencies in relation to bovine spongiform encephalopathy (BSE); (iii) the listing of the United Kingdom and its Crown Dependencies as a third country allowed to export live animals and animal products to the EU; and (iv) the approval of new or extended Border Inspection Posts in the EU27 Member States most concerned by UK imports.

previous withdrawal date of 12 April 2019 on the basis of assurances given by the United Kingdom. These measures are now obsolete due to the extension. However, if the United Kingdom continues to provide the necessary assurances, the measures will be re-adopted to apply as of 1 November 2019.

The 93 notices which the Commission published¹¹ continue to provide guidance to stakeholders and authorities in numerous areas affected by the withdrawal. While the date of withdrawal has changed, the legal analysis that they provide on the impact of the United Kingdom's withdrawal remains unaffected.

Furthermore, the technical discussions and exchanges between the Commission and the EU27 Member States, as well as industry representatives and civil society continue on general issues of preparedness and contingency and on specific sectorial, legal and administrative issues. These discussions have been held throughout the process and have allowed numerous issues to be clarified.

3. ONGOING PREPARATIONS IN SELECTED AREAS

Previous Brexit Preparedness Communications have addressed a wide range of sectors and relevant considerations in that respect. This section focuses on areas in which continued and particular vigilance is needed in the coming months.

As the Commission has consistently stated, preparedness for the withdrawal of the United Kingdom is a joint effort of public administrations and economic operators. It is the responsibility of all stakeholders to prepare for all scenarios. The citizens concerned must prepare as well.

In some sectors, companies indicated in March 2019 that they had not had sufficient time to adapt. The Commission strongly encourages stakeholders to take advantage of the extra time until 31 October 2019 to ensure that they have taken all the necessary action to prepare for the United Kingdom's withdrawal. They should ensure that the necessary regulatory authorisations are in place, that they have taken the administrative steps for cross-border trade and the necessary action for relocation, corporate reorganisation or contractual adaptations¹². In particular, it will not be possible to place on the EU market products which do not comply with the necessary requirements and authorisations. As stated above, the Commission does not plan to adopt any new measure in view of a possible no-deal scenario or to compensate

¹¹ https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en.

¹² For example, contractual choices of UK jurisdiction (for more detail, see relevant stakeholder notice: https://ec.europa.eu/info/sites/info/files/file_import/civil_justice_en.pdf).

for a failure to prepare by operators. The Commission considers that the additional time available because of the extension will in principle be sufficient for operators to adapt, so that even in cases where exemptions or derogations are available, they should not be necessary.

National, regional and local authorities in the EU27 Member States have played a central role in preparing for the withdrawal of the United Kingdom. All EU27 Member States have put in place legislation and strategies, and have made practical preparations. As the Commission has done with regard to EU contingency measures, EU27 Member States should screen their national contingency measures to ensure that they remain fit for purpose given the extension of the Article 50(3) period. In case of a no-deal withdrawal, the final preparatory measures must apply as of 1 November 2019 at the latest.

Citizens' residence and social security entitlements

With regard to **residence rights of UK nationals**, the EU27 Member States had prepared or adopted national contingency measures before 12 April 2019 to ensure that UK nationals and their non-EU family members could remain legally resident in the immediate period after a no-deal withdrawal. The Commission has worked with the EU27 Member States to ensure coherence in the overall approach, while recognising that national flexibility is needed, as Member States face different challenges, depending on their legal and administrative systems and on the number of UK nationals residing on their territory.

To provide further clarity on the situation, the Commission, in close cooperation with the EU27 Member States, has provided an overview of national measures on residence rights on its Brexit Preparedness webpages¹³. The Commission will continue to update this overview with the latest input from the EU27 Member States. The Commission calls on the EU27 Member States to continue their outreach activities to UK nationals residing in their territory. The Commission recalls that protecting the legal status of UK nationals currently residing in the EU is a priority.

As regards **EU citizens residing in the United Kingdom**, information about the UK government's approach is available on the UK Government's website¹⁴.

As explained in the fourth Brexit Preparedness Communication of 10 April 2019, the Commission has also been working with the EU27 Member States to complement the level of protection of **social security**

¹³ https://ec.europa.eu/info/brexit/brexit-preparedness/citizens-rights_en.

¹⁴ <https://www.gov.uk/eusettledstatus>.

entitlements provided by the EU contingency Regulation¹⁵ in a no-deal scenario. This includes a unilateral coordinated contingency approach to be applied to all insured persons whose entitlements relate to the United Kingdom before the withdrawal date. Beyond this, the EU27 Member States can choose to apply unilaterally the principle of aggregation to periods of work, insurance and residence in the United Kingdom after the withdrawal or to take further unilateral measures¹⁶. They could also allow access to healthcare to UK-insured persons residing on their territory. The Commission has compiled an overview of national measures¹⁷, which confirms that while there is some diversity among Member States with regard to the measures taken – reflecting their specificities – the coordinated approach ensures a uniform baseline level of protection across the EU27 Member States. EU27 Member States should use the period of the extension to reach out to citizens, ensuring that they can access the information that they need in order to prepare for the withdrawal of the United Kingdom.

Medicinal products, medical devices and chemical substances

There are two types of **human and veterinary medicinal products** that are affected by the withdrawal of the United Kingdom: those that are centrally authorised by the European Commission and those that are authorised nationally by Member States. By 12 April 2019, only a small number of centrally authorised products (around 1%) had not been brought into regulatory conformity. While this situation is manageable, it is in the interest both of the pharmaceutical industry and patients that it is addressed. The European Medicines Agency (EMA) is now close to completing the regulatory compliance process for products that are authorised centrally. More work remains to be done for products that are authorised at national level. Industry is strongly encouraged to use the extension period to bring remaining medicinal products into regulatory compliance by 31 October 2019 in close cooperation with EMA and national medicines agencies¹⁸. As regards the transfer of batch testing facilities from the United Kingdom to the EU27 Member States, in March 2019 the Commission issued guidance on the possibility for

¹⁵ Regulation (EU) 2019/500 of the European Parliament and of the Council of 25 March 2019 establishing contingency measures in the field of social security coordination following the withdrawal of the United Kingdom from the Union, OJ L 85I, 27.3.2019, p. 35.

¹⁶ Such as continuing to offer the possibility to export to the United Kingdom cash benefits other than old-age pensions.

¹⁷ https://ec.europa.eu/info/brexit/brexit-preparedness/citizens-rights_en.

¹⁸ Information on the progress of these preparedness actions will be exchanged between Member States and shared with the Commission and EMA during monthly meetings of the Coordination Groups for Mutual Recognition and Decentralised Procedures – human/veterinary (CMDh/CMDv) and the regular meetings of the Heads of Medicines Agencies (HMA) and its Brexit Task Force.

companies to obtain a temporary exemption, subject to meeting certain conditions¹⁹. While the matter should be less relevant because of the extension of the Article 50(3) period, that guidance remains valid both for centrally and nationally authorised products to allow the transfer of the quality control testing site to the EU27 to be completed quickly.

In addition, the transfer of certificates for **medical devices** from UK notified bodies to EU27 notified bodies is ongoing. Several UK notified bodies are establishing new bodies in the EU27 Member States or cooperating with EU27 notified bodies to transfer their clients' certificates to the EU27 Member States. Although good progress was made in transferring certificates ahead of 12 April 2019, significant work will still be required to achieve full compliance by 31 October 2019. In those cases in which UK notified bodies will not be able to transfer all their clients' certificates in time, manufacturers are strongly encouraged to take the matter of transferring their certificate to a notified body in the EU27 Member States into their own hands. Member States should assist companies in focusing their preparedness measures on critical products and on finding an EU27 notified body to transfer their certificates to in a timely manner. Member States are discussing progress on this issue regularly in particular in the Brexit task force of the Competent Authorities on Medical Devices network and are in regular contact with the Commission. The Commission considers that the extension of the Article 50(3) period until 31 October 2019 provides sufficient time to complete both the transfer of certificates and the adaptation of product labels.

As regards **chemical substances**, by the end of April 2019, REACH registrations of 463 substances had been transferred to the EU27 Member States, while 718 still remained registered only by registrants established in the United Kingdom. The European Chemicals Agency (ECHA) opened a 'Brexit window' in REACH-IT²⁰ to take the necessary steps to transfer their REACH registrations ahead of the withdrawal date. Following the latest extension of the Article 50(3) period, ECHA is maintaining the Brexit window open until 31 October 2019. Companies with UK-based registrants who have not yet transferred their registrations to the EU27 Member States are strongly encouraged to make use of this opportunity and to reach out to and coordinate with possible EU27-based co-registrants and downstream

¹⁹ The exemptions provided for by Article 20(b) of Directive 2001/83/EC (on medicinal products for human use) and Article 24(b) of Directive 2001/82/EC (on veterinary medicinal products) can be used by competent authorities, in duly justified cases, to allow marketing authorisation holders to rely on quality control testing performed in the United Kingdom for a limited period of time and no later than end of 2019.

²⁰ https://echa.europa.eu/uk-withdrawal-from-theeu?utm_source=echa.europa.eu&utm_medium=display&utm_campaign=customerinsight&utm_content=banner.

users. If the registrations are not transferred, the chemicals concerned cannot be placed on the EU market as of the withdrawal date. In the area of REACH authorisations, UK-based applicants for authorisation must transfer their application to an EU27-based company to avoid supply disruptions.

Customs, indirect taxation and border inspection posts

In the field of **customs and indirect taxation**, the Commission organised numerous technical meetings and published guidance notes on customs, value-added tax (VAT) and excise ahead of the previous withdrawal date²¹. A number of additional cross-sector stocktaking discussions are planned with national administrations until the withdrawal date. Efforts are also focused on providing specific training to national customs officers, through workshops²², online videos or animations, as well as organising fast-track programmes for the recruitment of new customs staff and re-skilling of existing staff²³.

In addition, the Commission continues the multi-lingual communication campaign launched on 18 February 2019²³ to reach out to EU businesses and all other stakeholders to accompany their preparations for the withdrawal of the United Kingdom. Communication tools include for instance a dedicated website²⁴, leaflets, a customs guide, and web-based explanations of the technical solutions that are being put in place to ensure that the Union Customs Code is implemented with regard to the United Kingdom in case of a no-deal withdrawal.

National administrations have made significant investments in infrastructure and human resources, primarily in Member States that are the main entry and exit points for the European Union's trade with the United Kingdom. Member States are also working with the Commission in its training and communication efforts to reach out to economic operators and stakeholders.

Given the large number of operators affected, it is difficult to determine the precise level of preparedness of businesses in the area of customs, but statistical evidence shows that action has been taken.

First, the European Union registration and identification numbers (EORI), granted to all operators registered by customs authorities for future import/export activities have increased significantly from

²¹ The guidance notes are available at https://ec.europa.eu/taxation_customs/uk_withdrawal_en.

²² 15 additional workshops are scheduled until the end of 2019.

²³ Three fast track training programmes are currently available to all Member States and in all EU languages, containing direct access to EU training material. ²³ Press Release: http://europa.eu/rapid/press-release_IP-19-901_en.htm.

²⁴ https://ec.europa.eu/taxation_customs/uk_withdrawal_en.

February to March 2019²⁵. In this respect, the Commission has clarified²⁶ that economic operators can submit the required data and undertake the necessary steps for registration in advance of the withdrawal date. Second, applications for the Authorised Economic Operator (AEO) status, which allows for certain customs facilitations and simplifications, have also increased²⁷. These trends indicate that stakeholders are increasingly prepared in the context of customs procedures, but do not mean that all necessary preparedness measures have been taken. In particular, EORI number attribution and AEO status are only some of the actions needed for economic operators to prepare for a no-deal scenario, which may for example also lead to changes in logistics and operational planning, or possible hiring of customs specialists. Finally, the increased efforts should not be limited to countries that are close to the United Kingdom: any EU27 company that intends to continue trading with the United Kingdom after the withdrawal date should take action and contact its national customs administration to make sure it has made all necessary preparations.

In the field of sanitary and phytosanitary controls (SPS), EU27 Member States have set up new **Border Inspection Posts** (BIPs) or extended existing ones at entry points of imports from the United Kingdom into the EU. As stated above, the non-legislative act approving these BIPs will need to be adopted again given the most recent extension of the Article 50(3) period. In the meantime, EU27 Member States should use the additional time to evaluate the need for any further adjustments to these BIPs to ensure that they are fully functional from the outset. Furthermore, the Commission maintains regular contacts with the most concerned Member States so that, in a no-deal scenario, a landbridge route between Ireland and the rest of the European Union via the United Kingdom can be implemented swiftly, including support from the necessary IT systems.

²⁵ EORI applications have increased significantly in March 2019 (from 57,556 in February 2019 to 306,105 in March 2019), with peak increases in Member States that are close to the United Kingdom. In France, applications increased by a factor of 55 from 4,020 to 219,924, in Ireland they increased by a factor of seven from 327 in January to 2,017 and 1,941 respectively in February and March 2019. They increased by 50% in Belgium from 962 to 1,570, and in Italy they increased six-fold in March compared to February 2019, from 5,890 to 31,375 (Source: monthly report of the Economic Operators System (EOS) Database).

²⁶ https://ec.europa.eu/info/sites/info/files/file_import/guidance-customs-procedures_en.pdf. ²⁷ In 2018 and 2019, AEO applications have increased (1,727 applications in 2018 against 1,449 in 2017, and 943 applications in the first five months of 2019 alone). This increase is particularly noticeable in Ireland (16 applications in 2017 to 42 in 2018 and 76 in the first five months of 2019) and France (100 applications in the first five months of 2019 compared to 132 applications for the whole year 2018). As an EORI number is necessary to apply for an Authorised Economic Operator status, it cannot be excluded that the number of AEO applications might again increase even further in the future due to the peak of EORI registrations in March 2019 (Source: monthly report of the Economic Operators System (EOS) Database).

Transport

In the area of **air transport**, the contingency Regulation (EU) 2019/502²⁷ includes a specific mechanism for EU airlines to comply with the EU majority ownership and control requirement after the United Kingdom withdraws. Airlines had 15 days from the entry into force of the Regulation (i.e. from 28 March 2019) to submit to each national licensing authority a plan describing the measures they will take to achieve full compliance with the requirements. The competent licensing authorities have two months to assess whether the measures will ensure compliance and they must inform the Commission and the air carrier of their assessment. Under the contingency regulation, the airlines concerned then have until 30 March 2020 to implement the measures and fully comply with Union law on ownership and control²⁸. This process is underway, and the Commission is in regular contact with national authorities. The contingency Regulation also allows UK air carriers to submit applications for operating authorisations from each Member State in which they wish to operate; these provisions are also applicable since 28 March 2019.

In the **rail transport** sector, operators that have not taken the necessary steps to obtain the relevant EU27 documents should do the necessary to obtain them. The contingency Regulation (EU) 2019/503²⁹ already provides a generous timeframe for ensuring regulatory compliance. Given the extension, the Commission considers that operators have sufficient time to ensure compliance by the withdrawal date. Train drivers who wish to continue operating trains on cross-border lines and who have not yet obtained a valid EU27 licence – and this is the case for a considerable number – will have to take steps to do so. As regards safety certifications and operating licences for railway undertakings operating through the Channel Tunnel, national authorities and certain operators have taken further measures to ensure that the relevant EU27 certificates and licences are available.

²⁷ Regulation (EU) 2019/502 of the European Parliament and of the Council of 25 March 2019 on common rules ensuring basic air connectivity with regard to the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union, OJ L 85I, 27.3.2019, p. 49.

²⁸ Article 16(4) of Regulation (EU) 2019/502 states that it will cease to apply on the earlier of the following dates: (a) the date on which a comprehensive agreement governing the provision of air transport with the United Kingdom, to which the Union is a party, enters into force, or, as the case may be, is provisionally applied; or (b) 30 March 2020.

²⁹ Regulation (EU) 2019/503 of the European Parliament and of the Council of 25 March 2019 on certain aspects of railway safety and connectivity with regard to the withdrawal of the United Kingdom from the Union OJ L 85I, 27.3.2019, p. 60.

Fishing activities

In the **fisheries** sector, the Commission has taken swift action to implement the EU contingency Regulations³⁰. The Commission and Member States have worked together to collect information in the appropriate format so that authorisation requests by EU vessels to access UK waters can be handled as soon as the contingency Regulation on fishing authorisations becomes applicable. The Commission will ensure that the necessary structures to implement the contingency measure swiftly are in place if they are needed.

The Commission has also worked closely with Member States to adapt their Operational Programmes so that resources under the European Maritime and Fisheries Fund can be used for temporary cessation, if needed and appropriate. The Commission reiterates the importance of a coordinated approach of the EU27 Member States concerned to prepare for the possibility that EU vessels no longer have access to UK waters. It is ready to facilitate further consultations to achieve a common framework to monitor changes or distortions in fishing activities in EU waters, including potential displacement of those activities, and to be able to provide a coordinated response, including the potential use of support for temporary cessation. The Commission will also continue to work with the European Fisheries Control Agency which can play a useful role in the increased control, monitoring and surveillance needs following the United Kingdom's withdrawal.

If the United Kingdom leaves the European Union without an agreement on 31 October 2019, the implications on setting fishing opportunities for 2020 will need to be considered at the appropriate moment, including a specific arrangement with the United Kingdom in accordance with international law obligations and based on scientific advice.

Financial services

In the area of **financial services**, in the run-up to the previous withdrawal date of 12 April 2019, firms had made significant progress with their contingency planning, including establishment in the EU27 Member States, modification ('repapering') or termination of cross-border contracts, and adaptation of business models³¹. However, some residual

³⁰ Regulation (EU) 2019/498 of the European Parliament and of the Council of 25 March 2019 amending Regulation (EU) 2017/2403 as regards fishing authorisations for Union fishing vessels in United Kingdom waters and fishing operations of United Kingdom fishing vessels in Union waters, OJ L 85I, 27.3.2019, p. 25; and Regulation (EU) 2019/497 of the European Parliament and of the Council of 25 March 2019 amending Regulation (EU) No 508/2014 as regards certain rules relating to the European Maritime and Fisheries Fund following the withdrawal of the United Kingdom from the Union, OJ L 85I, 27.3.2019, p. 22.

³¹ The European Central Bank and the European Supervisory Authorities, based on contingency planning data, deem the overall level of preparedness of the financial

issues remain. Insurance firms, payment services providers and other financial service operators which remain unprepared regarding certain aspects of their business (for example contract management and access to infrastructures) are strongly encouraged to finalise their preparatory measures by 31 October 2019. The Commission is working with EU-level and national supervisors to ensure that firms' contingency plans are fully implemented, and it expects that UK supervisors will not prevent firms from implementing such plans. The Commission is also working together with Member States to ensure a consistent approach to contingency preparations in the area of financial services at national level, to preserve financial stability and avoid harming the level playing field in the single market for financial services. The Commission is committed to stable and open financial markets. However, if the United Kingdom leaves the European Union without an agreement on 31 October 2019, this will necessarily result in some market fragmentation in financial services.

3. CONCLUSIONS

The Commission considers that a withdrawal of the United Kingdom without an agreement remains a possible outcome, with all its negative economic consequences. The Commission has assessed all current EU contingency measures in light of the extension of the Article 50(3) period and concludes that they remain adequate and fit for purpose. Nevertheless, the Commission will continue to monitor political developments and assess if any extension of the adopted measures will be needed. The Commission will also continue to assist Member States and stakeholders with their preparations and reiterates the importance of all stakeholders using the period until the end of the extension on 31 October 2019 to ensure that they are as prepared as possible for all eventualities.

sector as satisfactory. The Bank of England has indicated that the level of preparedness in the UK financial sector is adequate. Furthermore, according to the ECB Financial Stability Review of May 2019 '*a no-deal Brexit poses manageable risks to overall euro area financial stability and authorities have prepared for this scenario*'.



EUROPEAN
COMMISSION

Brussels, 12.6.2019
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ANNEX 1

ANNEX

to the

**COMMUNICATION FROM THE COMMISSION TO THE
EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE
COUNCIL, THE EUROPEAN CENTRAL BANK, THE
EUROPEAN ECONOMIC AND SOCIAL COMMITTEE,
THE COMMITTEE OF THE REGIONS AND THE
EUROPEAN INVESTMENT BANK**

**State of play of preparations of contingency measures for the
withdrawal of the United Kingdom from the European
Union**

EN

EN

LIST OF LEGISLATIVE PREPAREDNESS AND CONTINGENCY ACTS

Regulation (EU) 2018/1717 of the European Parliament and of the Council of 14 November 2018 amending Regulation (EU) No 1093/2010 as regards the location of the seat of the European Banking Authority (Text with EEA relevance) COM(2017) 734 final - OJ L 291, 16.11.2018, p. 1–2
Regulation (EU) 2018/1718 of the European Parliament and of the Council of 14 November 2018 amending Regulation (EC) No 726/2004 as regards the location of the seat of the European Medicines Agency (Text with EEA relevance) COM(2017) 735 final - OJ L 291, 16.11.2018, p. 3–4
Regulation (EU) 2019/216 of the European Parliament and of the Council of 30 January 2019 on the apportionment of tariff rate quotas included in the WTO schedule of the Union following the withdrawal of the United Kingdom from the Union, and amending Council Regulation (EC) No 32/2000 COM(2018) 312 final - OJ L 38, 8.2.2019, p. 1–25
Regulation (EU) 2019/26 of the European Parliament and of the Council of 8 January 2019 complementing Union type-approval legislation with regard to the withdrawal of the United Kingdom from the Union (Text with EEA relevance) COM(2018) 397 final - OJ L 8I, 10.1.2019, p. 1–7
Regulation (EU) 2019/492 of the European Parliament and of the Council of 25 March 2019 amending Regulation (EC) No 391/2009 with regard to the withdrawal of the United Kingdom from the Union (Text with EEA relevance) - Ship inspection COM(2018) 567 final - OJ L 85I, 27.3.2019, p. 5–6
Regulation (EU) 2019/495 of the European Parliament and of the Council of 25 March 2019 amending Regulation (EU) No 1316/2013 with regard to the withdrawal of the United Kingdom from the Union (Text with EEA relevance) - Realignment of the North Sea – Mediterranean Core Network Corridor COM(2018) 568 final - OJ L 85I, 27.3.2019, p. 16–19
Decision (EU) 2019/504 of the European Parliament and of the Council of 19 March 2019 on amending Directive 2012/27/EU on energy efficiency and Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action, by reason of the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union (Text with EEA relevance) COM(2018) 744 final - OJ L 85I, 27.3.2019, p. 66–68
Regulation (EU) 2019/592 of the European Parliament and of the Council of 10 April 2019 amending Regulation (EU) 2018/1806 listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement, as regards the withdrawal of the United Kingdom from the Union COM(2018) 745 final - OJ L 103I, 12.4.2019, p. 1–4
Regulation (EU) 2019/496 of the European Parliament and of the Council of 25 March 2019 amending Council Regulation (EC) No 428/2009 by granting a Union general export authorisation for the export of certain dual-use items from the Union to the United Kingdom COM(2018) 891 final - OJ L 85I, 27.3.2019, p. 20–21

Regulation (EU) 2019/491 of the European Parliament and of the Council of 25 March 2019 in order to allow for the continuation of the territorial cooperation programmes PEACE IV (Ireland-United Kingdom) and United Kingdom-Ireland (Ireland-Northern Ireland-Scotland) in the context of the withdrawal of the United Kingdom from the Union	
COM(2018) 892 final	- OJ L 85I, 27.3.2019, p. 1–4
Regulation (EU) 2019/502 of the European Parliament and of the Council of 25 March 2019 on common rules ensuring basic air connectivity with regard to the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union (Text with EEA relevance)	
COM(2018) 893 final	- OJ L 85I, 27.3.2019, p. 49–59
Regulation (EU) 2019/494 of the European Parliament and of the Council of 25 March 2019 on certain aspects of aviation safety with regard to the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union (Text with EEA relevance)	
COM(2018) 894 final	- OJ L 85I, 27.3.2019, p. 11–15
Regulation (EU) 2019/501 of the European Parliament and of the Council of 25 March 2019 on common rules ensuring basic road freight and road passenger connectivity with regard to the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union (Text with EEA relevance)	
COM(2018) 895 final	- OJ L 85I, 27.3.2019, p. 39–48
Regulation (EU) 2019/497 of the European Parliament and of the Council of 25 March 2019 amending Regulation (EU) No 508/2014 as regards certain rules relating to the European Maritime and Fisheries Fund following the withdrawal of the United Kingdom from the Union	
COM(2019) 48 final	- OJ L 85I, 27.3.2019, p. 22–24
Regulation (EU) 2019/498 of the European Parliament and of the Council of 25 March 2019 amending Regulation (EU) 2017/2403 as regards fishing authorisations for Union fishing vessels in United Kingdom waters and fishing operations of United Kingdom fishing vessels in Union waters	
COM(2019) 49 final	- OJ L 85I, 27.3.2019, p. 25–31
Regulation (EU) 2019/500 of the European Parliament and of the Council of 25 March 2019 establishing contingency measures in the field of social security coordination following the withdrawal of the United Kingdom from the Union (Text with EEA relevance)	
COM(2019) 53 final	- OJ L 85I, 27.3.2019, p. 35–38
Proposal for a COUNCIL REGULATION on measures concerning the implementation and financing of the general budget of the Union in 2019 in relation to the withdrawal of the United Kingdom from the Union	
COM(2019) 64 final	- legislative procedure not yet completed
Regulation (EU) 2019/499 of the European Parliament and of the Council of 25 March 2019 laying down provisions for the continuation of ongoing learning mobility activities under the Erasmus+ programme established by Regulation (EU) No 1288/2013, in the context of the withdrawal of the United Kingdom from the Union	
COM(2019) 65 final	- OJ L 85I, 27.3.2019, p. 32–34
Regulation (EU) 2019/503 of the European Parliament and of the Council of 25 March 2019 on certain aspects of railway safety and connectivity with regard to the withdrawal of the United Kingdom from the Union (Text with EEA relevance)	
COM(2019) 88 final	- OJ L 85I, 27.3.2019, p. 60–65



EUROPEAN
COMMISSION

Brussels, 12.6.2019
COM(2019) 276 final

ANNEX 2

ANNEX

to the

**COMMUNICATION FROM THE COMMISSION TO THE
EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE
COUNCIL, THE EUROPEAN CENTRAL BANK, THE
EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE
COMMITTEE OF THE REGIONS AND THE EUROPEAN
INVESTMENT BANK**

**State of play of preparations of contingency measures for the
withdrawal of the United Kingdom from the European Union**

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LIST OF COMMISSION STAKEHOLDER NOTICES

Brexit preparedness notices published by Commission services per topic (as of 12 June 2019)

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2	Industrial products - Q&A
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4	Pharmaceuticals (human/veterinary)
5	Pharmaceuticals (human/veterinary) - Q&A
6	Plant protection products
7	Plant protection products - Q&A
8	Biocidal products
9	Biocidal products - Q&A
10	Automotive vehicles – type-approval
11	Agricultural and forestry vehicles, two- or three-wheeled vehicles and quadricycles, nonroad mobile machinery – type-approval
12	Automotive vehicles, agricultural and forestry vehicles, two- or three-wheeled vehicles and quadricycles, non-road mobile machinery – type approval - Q&A
13	Industrial chemicals (REACH)
14	Detergents
15	Fertilisers
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17	Explosives for civil use
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20	Cosmetic products
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24	Genetically modified organisms (GMOs)
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92	Industrial security (EUCI)
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Annex 2: High Level Memorandum of Understanding – Common Travel Area

Memorandum of Understanding

between

the Government of Ireland

and

the Government of the United Kingdom of Great Britain and Northern Ireland

concerning the Common Travel Area and associated reciprocal rights and privileges

Introduction

1. This Memorandum of Understanding (“MOU”) reaffirms the arrangement between on the one hand the Government of Ireland and on the other the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as “the Participants”) in relation to the Common Travel Area (“CTA”) and the associated reciprocal rights and privileges enjoyed by Irish and British citizens in each other’s state.

Purpose and aims

2. In recognition of their shared commitment to the protection of the CTA and associated reciprocal rights and privileges as a legitimate and fundamental public policy, the Participants have agreed to reinforce the excellent and highly valued cooperation that already exists. This MOU is concerned with the rights of Irish and British citizens, and has as its purpose:
 - a) to reaffirm the status that Irish and British citizens enjoy in each other’s state;
 - b) to reaffirm the associated reciprocal rights and privileges enjoyed by Irish and British citizens in each other’s state;
 - c) to confirm the Participants’ intention to provide further certainty and clarity to Irish and British citizens, and to those responsible for delivering relevant services, about those associated reciprocal rights and privileges;
 - d) to confirm that, where necessary, steps will be taken now and in the future by the Participants to ensure that these associated reciprocal rights and privileges continue to be appropriately reflected in their respective legal systems; and
 - e) to confirm the Participants’ commitment to ongoing joint work to maintain and enhance the frameworks for cooperation on matters relating to the CTA and the associated reciprocal rights and privileges whilst protecting the longstanding principles on which this cooperation is based.

The Common Travel Area

3. The CTA is a long-standing arrangement involving Ireland, the United Kingdom (“UK”), the Channel Islands and the Isle of Man that facilitates the ability of our citizens to move freely within the CTA. In addition, associated reciprocal rights and privileges have been enjoyed by Irish citizens in the UK, and British citizens in Ireland, since Ireland’s independence.
4. These arrangements reflect the historically close links and cooperation between Ireland and the UK, the many social and economic connections, as well as how the two countries have approached together the movement of people across national borders over time. These links have given rise to, and facilitated the reciprocal enjoyment of, certain rights and entitlements to public services by Irish and British citizens when in each other’s state. The arrangements hold a special significance in people’s daily lives and are of immense importance to Ireland and the UK. The detail of these arrangements has developed over time and will continue to do so.
5. The CTA and associated reciprocal rights and privileges existed long before either Ireland or the UK were members of the European Union (“EU”). The CTA and the associated reciprocal rights and privileges which Irish and British citizens enjoy are separate from, and therefore not dependent on, EU citizenship or EU membership. In the context of the UK’s withdrawal from the EU, and recognising the strong and enduring people to people ties, and long tradition of migration between Ireland and the UK, the Participants consider it desirable to provide a contemporary articulation of these longstanding CTA arrangements, and to reaffirm that such arrangements are to continue.

Movement of Irish and British citizens

6. The CTA allows Irish and British citizens to move freely between Ireland and the UK. The Participants are to continue to ensure that their national laws facilitate such movement.

The right to reside

7. The CTA permits Irish citizens to take up residence in the UK and British citizens to take up residence in Ireland. The Participants are to continue to ensure that their national laws provide for such a right to reside.

The right to work

8. The CTA affords Irish citizens in the UK and British citizens in Ireland the right to work, including on a self-employed basis, without any requirement to obtain permission. The Participants are to continue to ensure that their national laws provide for such a right to work. It is acknowledged that the recognition of qualifications, including professional qualifications, is an essential facilitator of the right to work associated with the CTA. The Participants are committed to ensuring that within their respective jurisdictions, comprehensive measures continue to be in place to allow for the recognition of such qualifications, covering all relevant professions, in accordance with their national laws.

Health care

9. The CTA affords Irish citizens residing in the UK and British citizens residing in Ireland the right to access emergency, routine and planned publicly funded health services in each other's state, on the same basis as citizens of that state.

Social protection

10. The CTA affords Irish citizens residing or working in the UK and British citizens residing or working in Ireland, social security rights in each other's state. They are entitled, when in the other state, to the same social security rights, and are subject to the same obligations, as citizens of that state.

Social housing

11. The CTA affords Irish citizens residing in the UK, and British citizens residing in Ireland, the right to access social housing, including supported housing and homeless assistance, in each other's state, on the same basis as citizens of that state.

Education

12. The CTA affords Irish and British citizens the right to access all levels of education and training, and associated student support, in each other's state, on terms no less favourable than those for the citizens of that state.

Voting

13. Irish citizens residing in the UK, and British citizens residing in Ireland, are entitled to register to vote with the relevant authorities for local and national parliamentary elections in each other's state, on the same basis as citizens of that state. Upon reaching voting age, these citizens are entitled to vote in those elections on the same basis as citizens in that state.

Further arrangements and implementation measures

14. The Participants are committed to ensuring that any necessary steps are taken to give effect to the associated reciprocal rights and privileges outlined above at paragraphs six to thirteen. This includes any necessary legislative steps and further, more detailed, bilateral agreements that may be entered into now or in the future to give effect to specific aspects of the CTA arrangements.
15. The Participants will take the necessary steps to provide certainty and clarity about each of the associated reciprocal rights and privileges set out above to Irish and British citizens and those responsible for the delivery of relevant services.

Oversight

16. The Participants will establish a group of senior officials from both jurisdictions under this MOU which will meet at least once a year. The group will operate in

coordination with structured intergovernmental arrangements between the Participants. It will be complementary to the existing CTA Forum on Immigration matters.

Final provisions

17. The foregoing record represents the common understanding of the Participants upon the matters referred to therein. It is not of itself intended to create legally binding obligations. The longstanding durability of the CTA has benefited from a degree of flexibility and the detail of the foregoing arrangements may continue to evolve.
18. Signed in duplicate at London on 8 May 2019.

For the Government of Ireland

For the Government of the
United Kingdom of Great
Britain and Northern Ireland

Simon Coveney TD
CBE MP Tánaiste and
Lancaster and Minister for Foreign Affairs and Trade
Office

Rt. Hon. David Lidington
Chancellor of the Duchy of
Minister for the Cabinet



Rialtas na hÉireann
Government of Ireland

