

The Irish border trilemma

Blog post by Chief Economist Gregor Irwin, 13 September 2017

The Irish border is one of the few Brexit issues for which the positions of the parties to the negotiation are precise and clear. They are also irreconcilable, as things stand.

For the Irish government, it is politically indispensable that there is no return to a hard border. This is not just a question of customs controls and the economic costs created by processing delays and charges; it is also about the social impact on communities that straddle border and political symbolism in a country where this is especially important. The red line for Dublin is therefore no new north-south border infrastructure, in any form.

The UK government wants to minimise border infrastructure, but has its own particular concerns. Prime Minister Theresa May said in January that Brexit must strengthen the British union. The Brexit white paper published in May explained this means ensuring no new barriers are created to living and doing business within the UK. And that means no east-west controls on travel or trade between Northern Ireland and the UK mainland. This is not a trivial matter; it is non-negotiable as far as the DUP is concerned, and the Conservatives rely on them for their majority in Westminster.

The European Commission sympathises with the Irish position, as you might expect. But it has its own red lines, which were emphasized when the EU published its position paper on Ireland in September. Michel Barnier told journalists a solution must not come at the expense of the integrity of the EU single market and the customs union. This means Northern Ireland must not become a back door into the EU, which allows producers outside to side-step its rules and regulations. This appears to shoot down some of the ideas floated by the UK government to soften the Irish border, such as exemptions to customs rules for small traders.

These positions amount to an impossible trinity. The moment Britain leaves the EU single market and customs union, a new economic border must be created, either in Ireland, or - if some sort of special status for Northern Ireland can be agreed - between Northern Ireland and the UK mainland. While technology can reduce border checks and infrastructure, they cannot be eliminated. This means some disruption is unavoidable, either to north-south or east-west links. While any two of the positions set out by Dublin, London and Brussels can be respected, it is not possible to satisfy all three simultaneously.

What, then, is likely to give? The European Commission appears to recognise the trilemma, but wishes it away, by asserting the onus is on the UK to come up with a practical solution, as the problem is of the UK's making. The UK has, however, very little room to manoeuvre on its own. The parliamentary arithmetic in Westminster, and the intransigence of the DUP, means this is an issue of survival for the current government.

If a solution is to be found, it may have to emerge in Belfast. A viable deal must enjoy the support of both the DUP and the other big political party, Sinn Fein. They share an interest in avoiding economic disruption from Brexit, but beyond that their positions are far apart, with Sinn Fein deeply hostile to any north-south border infrastructure. They are also barely on speaking terms,

with power sharing in Northern Ireland currently suspended. But they are indispensable to any solution. If they can agree a basic approach to Brexit which respects the concerns of Brussels, then the constraints in London and Dublin begin to fall away and the trilemma is solved.

This won't happen quickly. It certainly won't happen before the October European Council, when EU27 leaders are due to assess the progress of the Brexit negotiations. It would almost certainly need to be part of a bigger deal that restores power sharing. But it must happen at some point. The solution to the Irish border problem will have to be made in Belfast.