

Eurozone bailout chief wants hard Brexit fund for Ireland

Updated / Tuesday, 14 Nov 2017 16:25



Klaus Regling said the eurozone would benefit from a facility to deal with economic shocks - such as the one Ireland could suffer as a result of a hard Brexit

The head of the eurozone bailout fund has urged EU leaders to create a "rainy day" pot of cash that could be made available to Ireland if Britain leaves the bloc without a deal.

The suggestion by Klaus Regling, a German who heads the European Stability Mechanism, is a rare acknowledgement by a senior EU official that Ireland could need help if Brexit talks collapse.

"The monetary union would benefit from ... a facility to deal with economic shocks hitting one individual country," Mr Regling said in a speech at **the College of Bruges**, an EU public affairs school in Belgium.

"An example of such an asymmetric shock would, for example, be if Ireland were hit by a hard Brexit," he added.

Ireland's economy is highly vulnerable to Brexit, with Irish exports making up 11 of the top 15 European Union goods most exposed to the British economy, according to the

Department of Finance.

The idea comes hot on the heels of a warning by EU's Brexit negotiator Michel Barnier on Sunday that he is planning for the possible failure of Brexit negotiations, which would see Britain leaving in March 2019 without any agreement to cover future ties or a transitional deal to ease the impact of sudden regulatory changes.

Mr Barnier also gave Britain just two weeks to reach agreement on several key issues including its exit bill.

The fate of the border between Ireland and Northern Ireland is becoming an increasing concern in the talks, with Dublin demanding that the border remain a completely open one despite any consequences of Brexit.

The European Union insists all issues relating to Britain's divorce must be resolved before talks can move on to discussing future relations.

Mr Regling's bailout proposal would set up a fund available to all members of the eurozone hit by a sudden shock, but without the requirement of deep reforms that came with the rescues of Greece, Portugal and Ireland during the debt crisis.

The idea is part of a raft of proposals towards a major reform of the euro area, with French President Emmanuel Macron and European Commission Jean Claude Juncker already with proposals on the table.

Eurozone reform will be the subject of special discussion at an EU leaders summit on 15 December in Brussels, which is to be followed up by specific proposals at another summit in June.

Article printed from RTE.ie