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Visions of EU Reform – The Irish Perspective

1. Summary of Evidence

1.1 This evidence submission focuses on the perspective of one European Union (EU) member state, the Republic of Ireland, regarding future reform of the EU and the extent to which the Irish Government shares the UK Government’s vision for the future of Europe.

1.2 Viewing a British exit from the European Union as a ‘major strategic risk’ for Ireland, the Irish are strong supporters of continued UK membership of the EU and hence sympathetic to the UK Government’s renegotiation efforts.² The Irish Government is broadly supportive of three of the main objectives of the UK’s membership renegotiation, namely enhancing competitiveness, sovereignty and subsidiarity and a formal setting out of the relationship between those within and outside the Eurozone as outlined by Prime Minister David Cameron in his Chatham House speech and letter to European Council President Donald Tusk. On proposed welfare reform, however, the Irish Government is more cautious given existing links between the two countries on freedom of movement and workers’ rights.

2. Ireland’s perspective on EU membership and the purpose of European integration

2.1. Ireland’s decision to join the European Economic Community (EEC) was largely an economic one. Heavily dependent on UK trade, in 1973 EEC membership offered Irish industry the opportunity to modernise and diversify further into new markets, as well as clear benefits for the agricultural sector through the Common Agricultural Policy.³ From the outset Irish participation in European integration had as a main aim the achievement and securing of Irish prosperity.

2.2. In addition, participation in European integration was seen as an opportunity to modernise socially, politically and culturally. As a small state in a globalised world, EU membership was and still is seen as an enhancer of national sovereignty. In spite of (and perhaps also because of) recent economic difficulties resulting from the fall-out of the financial crisis, Ireland’s membership of the EU continues to be viewed as broadly beneficial by the public and a strong commitment to EU membership underpins governmental action.⁴ For the Irish Government Irish prosperity is closely bound up with the opportunities and advantages of membership of the EU, particularly as realised through the single market, and membership of the Eurozone is viewed as key to underpinning Irish financial stability.⁵

3. The Irish view of Britain’s EU membership

3.1. As outlined in the recent Foreign Policy White Paper, *The Global Island: Ireland’s Foreign Policy for a Changing World*, Britain’s continued membership of the EU is seen as of vital national interest to Ireland.⁶ Indeed, for the Irish it is extremely important that other EU member states recognise that Ireland has an important stake in the outcome of the negotiations given its unique historical ties with Britain and shared land frontier.⁷

3.2. For Ireland, a British exit from the EU would be seen to have significant negative consequences for Ireland's economy,⁸ potentially negative implications for the political settlement in Northern Ireland and the loss of an important ally in EU negotiations.⁹ It is in this context that *Taoiseach* Enda Kenny and other government ministers have signalled their willingness to support the UK government in its reform agenda as part of its EU membership renegotiation on numerous occasions, emphasising at the same time that any reforms agreed must be consistent with Ireland's interests in the wider EU. In this respect the UK's EU reform agenda is seen as an accommodation of national concerns (similar to the situations in Ireland following the referendum rejections of the Nice and Lisbon treaties in 2001 and 2008). In other words, it is understood as a British reform agenda rather than an EU reform agenda *per se*. In terms of a broader debate on the future of Europe, in Ireland EU reform is debated in the context of future reforms to European economic and monetary governance (e.g. the proposals of the Five Presidents' Report).

4. Competitiveness

4.1 The UK Government wants to see a greater focus on efforts to boost competitiveness, growth and employment creation in the European Union. The Irish Government is strongly supportive of this goal, in particular of enhancing the single market, particularly in services, digital and also to a certain degree in energy. The TTIP negotiations were launched under the Irish EU Presidency in 2013 and as a highly globalised economy dependent on international trade, the Irish strongly support completion of trade agreements with the US, Japan and other developed economies in Asia and South America, in line with the European Commission's new Trade Strategy launched in October 2015.¹⁰ The Irish labour market is already very flexible and the Irish Government also backs the REFIT and Better Regulation agendas, and in that context the enhancement of frameworks that reduce regulatory burdens on businesses. In sum, the Irish Government's interests strongly chime with British priorities on these issues.

5. Sovereignty

5.1 On the question of sovereignty, there are two main issues under discussion: 'ever closer union (of peoples)' and the enhancement of powers of national parliaments in EU decision-making. The Irish electorate has voted in nine EU-related referendums since 1972. 'Ever closer union' as concept has different meanings in different member states and while it has not been the explicit focus of contention in Irish referendum campaigns, further political integration in European security and defence has been contested due to Ireland's policy of military neutrality. Given the flexibility Ireland already exercises as part of its EU membership,¹¹ the Irish would not have difficulty with formal recognition of the specificities of Britain's relationship with the EU, including its views on 'ever closer union' as they currently exist.

5.2 While the Irish parliament's engagement with European Union policy-making has increased significantly in recent years, parliamentary scrutiny of EU legislation is relatively weak in comparative terms. Factors such as a powerful executive, a lack of resources, a heavy emphasis on constituency work for Irish MPs and limited visibility have mitigated against a more active role and the Irish Parliament's take-up of the new powers granted to national parliaments with the Treaty of Lisbon has been relatively limited.¹² It could be said that an enhanced role for national parliaments is not a key priority or high on the agenda of

the Irish Government. In the 2011 Coalition Programme for Government pledged to put in place systems 'to ensure that Ministers do not bypass the *Oireachtas* (Parliament) and make decisions in Brussels on EU matters before these matters are subjected to scrutiny by the *Oireachtas*', i.e. a binding scrutiny reserve system. This has yet to be implemented.¹³

5.3 Nevertheless, the Joint Oireachtas Committee on European Affairs has signalled that it is open to the idea of enhancing the role of national parliaments in the pre-legislative phase of EU decision-making as developed in the Treaty of Lisbon, possibly under an enhanced yellow card system with new thresholds for activation of such cards and changes to time periods for consultation, as well as the enhancement of mechanisms for further cooperation amongst national parliaments.¹⁴ The preference at this juncture would be for any new reforms to be achieved in the first instance by inter-institutional agreement rather than through treaty change.

6. Relationship between Eurozone and Non-Eurozone countries

6.1 Ireland was a founding participant in the European Monetary System (EMS) set up in 1979. Since then it has remained at the heart of economic and monetary integration in the EU as a founder member of the Eurozone. While Ireland's decision to participate in the EMS was based on a desire to move away from the link with sterling and enter a strong European exchange rate regime, it also had a political dimension, the desire to be a constructive player at the heart of moves towards further European integration.¹⁵ The decision to join the single currency had a similarly political dimension.¹⁶ Following the financial crisis of 2008 and its 2010 bailout, the Irish government's priority was to regain economic sovereignty through exiting the EC/ECB/IMF programme and securing economic recovery. The importance of Ireland's membership of the Eurozone was amplified in this context. There is strong public support for the Euro in Ireland.¹⁷ That said, the Irish are mindful of British concerns in this area and would support the setting out of parameters for the relationship between member states within and outside the Eurozone that respect the positions of both sets of member states, as has been achieved with the Banking Union legislation. The Irish would be alert to the dangers of caucusing in this area but would also have reservations over the use of safeguard mechanisms such as 'emergency brakes' by non-Eurozone members to block proposed legislation deemed to favour the Eurozone over others.

7. Addressing Migration and Welfare

7.1 The close ties between Ireland and the UK are underpinned by a long history of migratory flows between the two countries, which post-independence took place through the Common Travel Area arrangement.¹⁸ Migrant flows between Ireland and the UK continue to be strong with approximately 400,000 Irish citizens currently living in the UK and UK nationals making up the second largest group of non-Irish nationals in Ireland (almost 230,000 British-born people live in Ireland according to the 2011 Census).¹⁹ Ireland's experience of inward migration is relatively recent and reached a peak following the opening of its labour market to the new EU member states who joined in 2004. During the economic crisis, immigration declined significantly and the phenomenon of emigration returned as many Irish left the country for better opportunities abroad. While the number of Irish emigrating is now falling, it remains high, in spite of improved economic performance and falls in unemployment. The UK continues to be the most popular

destination for emigrants of all nationalities leaving Ireland, the majority of those being in the 25-44 age bracket.²⁰

7.2 In the context of this close connection, the demand that as EU migrants, Irish citizens could also be denied in-work benefits as exist within the British system of social security, such as tax credits and housing benefit, for a period of four years would be viewed with alarm in Dublin, given long-standing historical reciprocity in certain welfare provision which pre-dates EU accession. The challenge thus is how to reconcile this demand with the fundamental principle within the EU's single market that workers should not be discriminated against on grounds of nationality and at the same time address Irish-UK bilateral sensitivities on this issue.

7.3 While immigration as an issue is nowhere near as high on the list of public concerns in Ireland compared with the UK,²¹ a recent public opinion poll in Ireland pointed to one potential area of agreement between London and Dublin over welfare reforms: 70% of those polled were in favour of ending child benefit payments to migrants' children who stayed in their home country.²² Such a change could potentially be made through a revision for example of Regulation 883/2004 of the European Parliament and of the Council on the coordination of social security systems (subject to co-decision) for instance.

30 November 2015

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² Address by An Taoiseach Mr Enda Kenny TD to the CBI Annual Conference, 9 November 2015. A recent public opinion poll echoes governmental support for Britain to remain within the EU, with 74.6% polled in favour of Britain staying in the EU (Irish Times/Ipsos MRBI poll, 27 November 2015).

³ See Laffan and O'Mahony, 2008, pp.1-41.

⁴ In the most recent Eurobarometer poll, Eurobarometer 83, conducted in May 2015, of those polled, 57% had a positive image of the EU (Ireland came second amongst the EU28, behind Romania). For UK citizens 32% had a positive image of the EU (fourth from the bottom, EU average 41%).

⁵ Department of Foreign Affairs and Trade. 2015. *The Global Island. Ireland's Foreign Policy for a Changing World*, pps.45, 64.

⁶ Department of Foreign Affairs and Trade. 2015, p.67.

⁷ As acknowledged by Director General Jonathan Faull, Director General of the Task Force responsible for strategic issues related to the UK Referendum, Institute of International and European Affairs, Dublin, 25 November 2015.

⁸ Barrett et.al. 2015. In an assessment of the worst case implications of a 'Brexit' on Ireland, the ESRI, a highly respected, independent economic and social research think tank, found that British exit from the EU would be likely to significantly reduce bilateral trade flows between Ireland and the UK to a magnitude of 20 per cent or more, with the impact most evident in the agriculture, food, beverages and basic metals sectors. See: <http://www.esri.ie/pubs/RS48.pdf>.

⁹ Joint Committee on European Union Affairs UK/EU Future Relationship: Implications for Ireland. June 2015, p.38.

¹⁰ Government support for TTIP is mirrored in Irish public opinion, with 77% of those polled in Eurobarometer 83 (Spring 2015) in favour of TTIP.

¹¹ As a member with the UK of the Common Travel Area, Ireland negotiated a formal opt out of Schengen and related justice and home affairs policy, with the option to opt in to measures as according to Protocol 21.

¹² O'Brennan, 2012, p.91-2; Barrett, 2013, p.8.

¹³ Fine Gael-Labour Programme for Government 2011-16.

¹⁴ Joint Committee on European Union Affairs, January 2015. Of the two yellow cards the European Commission has received from national parliaments (as part of the Early Warning System), the Irish Oireachtas participated in one (2013 on the European Public Prosecutors Office draft legislative proposal). Between 2010 and 2013 the Oireachtas issued 5 reasoned opinions and the political dialogue instrument was used 23 times.

¹⁵ See Honohan and Murphy, 2010.

¹⁶ Gillespie, 1997, p.63.

¹⁷ According to Eurobarometer 83 (Spring 2015), support for the Euro is high in Ireland, with 79% of those polled in favour of Economic and Monetary Union.

¹⁸ The CTA comprises exists between Ireland and the UK since 1922 and was achieved by domestic legislation in the UK and Ireland. Prior to EU accession in 1973, British and Irish citizens had the right to work in both countries (apart from during second world war) and certain entitlements to social welfare payments.

¹⁹ Barrett et.al. 2015, p.vii.

²⁰ Kenny, C. 2015.

²¹ In Eurobarometer 83 (Spring 2015), when asked what were the most important issues facing their country at the moment, for the Irish, unemployment and health and social security issues topped the poll (with 43% and 30% respectively), whereas immigration came much further down the list (with 7%). For UK citizens polled, immigration was the issue of most concern (35%).

²² Irish Times/Ipsos MRBI poll 27 November 2015.