British-Irish Parliamentary Assembly

Committee B (European Affairs)

Report on Irish Presidency of the Council of the European Union
January – June 2013

Introduction

1. In March 2013, Committee B (European Affairs) of the British-Irish Parliamentary Assembly agreed to undertake an inquiry into the Irish Presidency of the Council of the European Union, January – June 2013. Ms. Jo-Anne Dobson MLA and Mr. William Powell AM were appointed as co-rapporteurs for the inquiry.

2. One hearing was held in the Department of Foreign Affairs and Trade, Dublin on 8 July 2013. Members present were Mr. Robert Walter MP (Chair), Mr. Joe O'Reilly TD, Mr. Sean Conlan TD, Noel Coonan TD, Senator Imelda Henry, Senator Terry Brennan, Lord German, Mr. Paul Murphy MP, Mr. Jim Dobbin MP, and Ms. Jo-Anne Dobson MLA. This was the sole hearing on the inquiry, and the Committee met with then Minister of State Lucinda Creighton TD, Ambassador Rory Montgomery, then Permanent Representative of Ireland to the European Union, Ms. Ciara Delaney, then Permanent Representation of Ireland to the European Union, Mr. Kyle O'Sullivan and Mr. Aedan Hall, Department of the Taoiseach, Ms. Bríd Cannon, Department of Agriculture, Food and the Marine, Ms. Anne Barrington, Director General, Europe Division, Department of Foreign Affairs and Trade and Ms. Geraldine Byrne-Nason, Second Secretary-General, Department of the Taoiseach. Ambassador Montgomery and Ms. Delaney participated in the meetings via video conference.

3. The Committee had previously met with Ambassador Montgomery and his staff in Brussels on 28 January 2013 in the context of a previous report, The Atlantic Strategy: Benefits for Britain and Ireland. On that occasion, the Committee had a useful discussion with the Ambassador and his staff on the objectives of the Presidency, and subsequently took the decision to compile a report on the Irish Presidency.

4. This report is intended as an overview of the key achievements of the Irish Presidency. A comprehensive review of all aspects of the Presidency is beyond the scope of this report.

5. The members of Committee B would like to thank all the witnesses who participated in the inquiry for their time and insight into the work of the Irish Government in advance of, and during, its Presidency of the Council of the European Union.

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Preparation and Logistical issues

6. The 2013 Irish Presidency of the Council of the European Union took place in a very different context to the previous Irish Presidency, which ran from January – June 2004. The 2013 Presidency took place during a period of serious economic difficulty across Europe, and while Ireland remained under the international bailout programme. A number of witnesses noted that the Presidency was seen, *inter alia*, as an opportunity for Ireland to rebuild its reputation in the eyes of international partners, particularly other EU Member States. It was also an opportunity for the Irish public service to rebuild its reputation with the Irish public more generally.

7. EU Presidency preparation and coordination was centralised in the Department of the Taoiseach. Overall responsibility for EU coordination had been transferred from the Department of Foreign Affairs and Trade to the Department of the Taoiseach (in line with the division of responsibilities in a number of other Member States) in 2011, coinciding with the acceleration of planning and preparation in advance of the Presidency. Over a period of 20 months since then, significant efforts had been expended in drawing up a succinct programme of priorities for the Irish Presidency.

8. In order to ensure administrative capacity to meet the demands imposed by the Presidency, the Irish Government employed, on a temporary basis, a significant number of additional staff, primarily recent graduates. The number of staff members in the Permanent Representation of Ireland to the European Union in Brussels doubled in size, and each Government Department in Dublin took on at least 8-10 additional temporary staff.

9. Over the course of the 181 days of the Irish Presidency, 2,477 meetings were chaired by Ireland, including 374 trialogues held with the European Commission and the European Parliament, 54 Council meetings chaired by Irish ministers, and 11 informal Council meetings held in Ireland.

10. Notwithstanding the intense burden of work placed on Ireland in the course of the Presidency, the amount of money allocated to the 2013 Presidency was approximately half that of the 2004 Presidency. Great efforts were made to ensure the Presidency would be run on a frugal basis, including the decision to hold all informal Ministerial meetings in Dublin, in state-owned venues. This was important both in terms of value for money, but also in terms of public perception of the Presidency during the current challenging economic and budgetary environment. The emphasis on efficiency and simplification, which was a hallmark of the Presidency, also featured during the negotiations on a number of key portfolios, including on CAP reform.

11. The Irish Presidency of the Council of the European Union came at the end of the broad legislative cycle of the Union. This provided an opportunity for Ireland to work towards securing agreement in high-profile areas such as the Multi-Annual Financial Framework and reform of the Common Agricultural Policy (see below), but also provided additional pressure on Ireland to secure agreement on these important issues. Witnesses acknowledged that the successes of the Irish Presidency in certain areas were built on the preparatory work undertaken by previous Presidencies over a number of years.

Post-Lisbon Treaty changes

12. The 2013 Irish Presidency also differed significantly from 2004 as it was the first Irish Presidency to operate under the post-Lisbon Treaty arrangements. This eased the burden on Ireland somewhat in the area of Common Foreign and Security Policy, where meetings were chaired by the European External Action Service (rather than by the Presidency). The Permanent Presidency of the European Council also gave greater consistency to the actions of the European Union, allowing a specific agreed agenda to be taken forward over a number of years.

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13. In the course of the hearings, some reservations on the operation of the Union post-Lisbon were noted. It was suggested that the 18-month trio Presidency proposed under the Lisbon arrangements was not operating as effectively as had been originally envisaged, and that a genuine team Presidency, operating on an annual basis, where two Member States could share resources to focus on their own priorities might be preferable. It was further suggested that one informal European Council per term in the capital of the Member State holding the Presidency might also be useful.

14. A number of witnesses noted the increased role and importance of the European Parliament under Lisbon, and discussed how that impacted on the work of the Presidency. Far greater engagement took place between the Presidency/Council and representatives of the Parliament than had previously been the case. Minister of State Creighton attended European Parliament plenary sessions each month. The enhanced role of the Parliament under the Lisbon arrangements was particularly notable in the context of negotiation on the Multi-Annual Financial Framework and on CAP reform. This presented additional challenges to the Presidency negotiators seeking to build agreement between the Council and the Parliament.

15. The priorities identified for the Irish Presidency of the Council of the European Union were 'Stability, Jobs and Growth', and these informed all aspects of the work of the Presidency.

Economic Governance

16. The stability priority focussed primarily on creating an environment for economic growth, with a particular emphasis on economic governance. Witnesses hoped that the current relative economic calm within the Eurozone could, at least in part, be attributed to the efforts of the Irish Presidency in this area, in contrast to the somewhat turbulent period which preceded it.

17. Under the Irish Presidency, negotiations were concluded on the 'two-pack' economic governance rules, designed to improve oversight of public finances, and to enhance budgetary coordination and economic and fiscal surveillance. These rules complement other instruments such as the European semester programme and the Fiscal Compact. Since the Compact for Growth and Jobs was adopted by EU leaders in 2012, concerns had been raised about the need to improve coordination between employment and finance ministers. The stronger fiscal rules now in place supported a balanced emphasis on having public finances which were structurally sound.

18. Significant progress was also made in other areas, including the establishment of a European banking supervisory mechanism which was sufficient to satisfy the needs of the Eurozone while leaving it open to participation by non-Eurozone members, and agreement on the bank resolution and recovery mechanism (which would require further work under the Lithuanian Presidency of the Council of the European Union). Agreement was also reached on capital requirements for banks and a limit on bankers' bonuses (the latter being an example of the strengthened role of the European Parliament, as it was agreed at the insistence of the Parliament).

Single Market

19. Supporting and deepening the Single Market was a key priority for the Irish Presidency in the context of stimulating economic growth. From an Irish perspective, the Single Market was one of the most important aspects of the state's relationship with the European Union. A large number of the priority initiatives for the Presidency came under this heading.

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Youth Guarantee

21. The Youth Guarantee agreed under the Irish Presidency in February 2013 represented an important example of the commitment to the creation of jobs, aimed at ensuring that young people (under 25) who were not in work or studying, would receive an offer of employment, continued education, an apprenticeship or traineeship within 4 months of completing their education or becoming unemployed. The €6bn allocated to the Youth Guarantee was frontloaded to the 2014-2015 period. However, it was also acknowledged that labour market policy remained primarily a matter for Member States.

Transatlantic Trade and Investment Partnership (TTIP)

22. The Irish Presidency was aware that the majority of global economic growth over the coming years would occur outside the European Union. For that reason, particular emphasis was laid on developing the framework for external trade. Under the Presidency, trade negotiations were active with Japan and Canada. During the hearings, Committee members were particularly focused on the agreement, concluded under the Irish Presidency, to commence negotiations on a major EU-US trade agreement (Transatlantic Trade and Investment Partnership: TTIP). It is believed that such an agreement could boost the EU's GDP by 0.5% and create 400,000 jobs in Europe. An additional advantage to such an agreement would be that any regulatory standards which formed part of it would likely have a global application.

23. It was acknowledged that this was a particularly challenging area for the Irish Presidency, and that subsequent formal negotiations would also be difficult, with sensitivities on both sides. Key areas which posed difficulties would likely be health and safety standards, mutual recognition of product standards, public procurement (particularly in the area of defence) and agricultural products. On agriculture, it was difficult to be specific, at this point, about the impact of such an agreement on the agricultural industry in Ireland and other Member States but members raised specific concerns on the potential impact on the beef industry. However, witnesses were optimistic that an agreement could be reached, believing there to be a strong commitment on both sides to do so.

Multi-Annual Financial Framework (MAFF)

24. Conducting the negotiations over the EU Budget 2014-2020 (Multi-Annual Financial Framework) was one of the most onerous challenges for the Irish Presidency, but also one of the most important. Failure to reach agreement would have had a profoundly negative impact on the ability of the Union to meet its objectives, as the Union relies to a large extent on spending to advance its core policies, particularly around agriculture and cohesion. The European Union is not in a position to borrow funds, and all financing comes ultimately from EU taxpayers, largely via assessed contributions from Member States. Under the post-Lisbon arrangements, passing the budget requires a majority of the European Parliament, as well as a qualified majority in the Council of the European Union. The enhanced role of the Parliament was exemplified in the negotiations around the Budget, with the Parliament rejecting the first proposal agreed by the Council.

25. In total, the final agreement allocated €908bn for the coming seven year period, with the possibility of committing €960bn during that time. These are spending ceilings, rather than targets. Notable within the framework was a prioritisation of expenditure under the Horizon 2020 framework for research and innovation, as well as significant investment in the Common Agricultural Policy.

26. Much sectoral legislative work remained to be completed under the Lithuanian Presidency in the follow-up to the MAFF agreement, in particular around cohesion funding.

27. Members raised concerns about the level of administrative expenditure within the budget, specifically that while national administrative budgets were being tightened, there did not appear to be an equivalent level of cuts at EU level. This had been a controversial part of the negotiations. While certain commitments had been given, such as a reduction in staff numbers and an increase in working hours, there was a limit on the level of reductions that could be introduced while the Union was growing.

Common Agricultural Policy (CAP)

28. Agreement on reform of the Common Agricultural Policy was also a very challenging area of work for the Irish Presidency, and it was acknowledged that much work had already been undertaken by previous Presidencies. Agreement on the MAFF in February facilitated a political agreement within the Council in March. This in turn allowed the last three months of the Presidency to be devoted to trialogues (with the European Commission and European Parliament) based on the Council mandate.

29. The European Commission had two main priorities in terms of CAP reform: a more equal distribution of payments between and within Member States, and a more environmentally focussed CAP. Both of these areas feature prominently in the agreed programme, although there is a strong emphasis on flexibility and a significant element of the implementation remains a matter for Member States' discretion (including convergence rules around direct payments). Other notable elements of the agreement were a greater focus on youth and incentivising generational renewal, the expiry of sugar quotas and changes to the basis for market supports.

30. The primary impact of the reforms on farmers would be on the level of payments received, although this would vary on a case by case basis. The environmental requirements would also have a significant impact. Members raised concern about the administrative burden on farmers in relation to CAP reform but it was noted that Member States retain a level of discretion in terms of how the reforms are implemented domestically.

31. Members noted the view of the Irish Minister for Agriculture, Food and the Marine that the provision of the revised CAP would be good for Ireland and good for Europe. It was also noted that the key provisions of the revised CAP were in line with the objectives of Food Harvest 2020 (the Irish Government framework for development in the agriculture sector to the end of the decade) and would allow resources to be directed to the most productive farmers.

32. The question of a possible distorted effect of the CAP was discussed, including the fact that a substantial proportion of the funds allocated to the CAP went to French agriculture. However, it was also clarified that this was, to a large extent, a consequence of the large number of farmers operating in France. It was also noted that the new reforms should go some way to reducing disproportionate differences between Member States, and that the spread of payments between Member States also differed considerably if one looked at rural development spending, as opposed to direct payments.

Atlantic Strategy

33. The Committee considered developments in relation to the Atlantic Strategy, following the adoption by the Assembly of the Committee's previous report into the Strategy in March 2013. Since then, following the final meeting with partners in Cork in March, the European Commission had drafted an Action Plan with the input of Member States. The Commission had adopted the Plan in May, and it was subsequently adopted by the General Affairs Council in June (and endorsed by the European Council).

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34. The Commission had also proposed an assistance mechanism for the Strategy and Member States were also currently working with other interested stakeholders on how this could be used in the short-term. While the amount allocated to the mechanism was not sufficient to cover the actions outlined in the Plan, it was intended to provide assistance to regional authorities in drawing up priority actions. The main sources of funding for the actual actions themselves were the European Social Fund, the European Regional Development Fund and Horizon 2020. Funding for the plan was dependent on the willingness of the relevant competent authority to engage with the strategy in drawing up their priorities for investment. It was also noted that careful consideration had been given to not defining the Atlantic Area (covered by the Strategy) too rigidly.

35. The agreement reached in May between the EU, US and Canada on an Atlantic Ocean Research Alliance was also noted as an example of how a Presidency could be mobilised to pursue cooperation in research, underpinning the priorities of research and innovation.

Enlargement

36. Significant progress was achieved under the Irish Presidency on the Enlargement of the European Union. This portfolio was the direct responsibility of the Tánaiste and Minister for Foreign Affairs and Trade, in his capacity as Chair of the General Affairs Council. Enlargement was a priority for the Irish Presidency, and remains one of the European Union’s most important tools in promoting and protecting security, democracy, stability, human rights and economic prosperity across Europe.

37. Under the Presidency, agreement was reached on a start date for the opening of formal accession negotiations with Serbia. Progress was made on an association agreement with Kosovo, and negotiations with Turkey were reinvigorated: there was agreement to open a negotiating chapter, the first in three years.

38. In other areas, there was a hiatus on accession negotiations with Iceland, following recent elections, and the relative lack of progress with Macedonia, Albania and Bosnia-Herzegovina was noted. However, a very successful conference on Enlargement and the Western Balkans had taken place under the Presidency, which noted where progress had been made and identified obstacles to further progress.

39. In discussions, the possible impact on existing Member States of further accession to the EU was considered. However, the stability which enlargement, or the prospect of accession, gave to the Union’s eastern borders was also noted. The prospect of accession was an important incentive to reform for those countries coming out of conflict, with the accession of Croatia on 1 July 2013 given as a concrete example. It was also noted that standards for entry had become stricter since 2007.

External Relations

40. Matters related to Common Foreign and Security Policy were now progressed primarily by the European External Action Service (EEAS) rather than the Presidency. However, the Irish Presidency had worked closely with EU delegations across a range of areas, including on the Human Rights Council (of which Ireland was now a member) as well as making a substantial contribution to the Third Review Conference on the Chemical Weapons Convention. The Presidency had also worked closely with the EEAS on development issues, leading to agreement on a unified EU position on building on the existing Millennium Development Goals, which would allow a coherent EU position to be presented at a high-level event in New York in September.

41. The relative lack of impact of the EEAS, and the suggestion that the EU, *qua* EU, had not had as much influence on major foreign policy crises, such as Libya and Syria, as might have been expected was discussed. It was also noted that the EEAS remained a very new institution, and that areas where the EEAS had had a substantial impact – such as Serbia/Kosovo – could also be identified. It was also a significant positive

development that third countries now had a single interlocutor when negotiating with the EU.

Conclusion

The Committee concludes that the approach taken by the Irish Government during its Presidency of the Council of the European Union helped to secure major agreements in high-profile areas. The effort that had been expended in drawing up a succinct programme of priorities paid off as important negotiations, most notably on the Multi-Annual Financial Framework, were successfully concluded within the 6-month cycle. These priorities – 'Stability, Jobs and Growth' – were also well focussed as they had significance both at European and domestic level. This theme informed all aspects of the work of the Presidency, and the Committee welcomes how this strategy resulted in significant decisions which have been highlighted in this Report.

The Committee further welcomes the pragmatic approach of the Irish Government to ensure the Presidency was run on a frugal basis. This included an emphasis on efficiency and outcomes, which resonated through the negotiations on a number of portfolios. Furthermore, this business-like stance has resulted in real and tangible results which will make a difference to European citizens.

Finally, the Committee acknowledges that this was the first Irish Presidency to operate under the post-Lisbon treaty arrangements. The Committee welcomes the consistent engagement of the Irish Presidency with the European Parliament across all legislative areas and the efforts to build agreement between the Council and Parliament as co-legislators. Key achievements in this respect include the successful negotiations on the Multi-Annual Financial Framework (MFF) for the 2014 – 2020 period and on Common Agricultural Policy (CAP) reform.