
The Europe we want - Department of Foreign Affairs and Trade

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CHECK AGAINST DELIVERY

'The Europe we want'

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Thank you, Catherine.

Professor, Ambassadors, ladies and gentlemen,

When I checked the diary recently, I thought Tuesday, 28 November, would be a nice politically quiet date on which to share with you my thoughts on Europe. These things don't always run to plan. But, regardless, this is still an exciting time for Ireland to play a role in shaping Europe's future. And the audience here tonight – and the interest in this topic – is a really encouraging signal.

When we talk of the European Union in Ireland, we often look back to 1973 - a key date - when we joined the EEC. But tonight, I would like to go back to another date - 1961 - when we submitted our first application at the same time that the UK submitted theirs.

Our sense of remoteness, even insignificance, at the time was captured by a newspaper report which said that "Europe is as far from Ireland as Ireland is from Europe" – a truism that might have been written by the genius who coined the phrase "Brexit means Brexit!"

Brussels acknowledged our application; but gave no word on when negotiations might begin. The founding six were talking to the UK but no-one spoke to us. Few in Brussels thought Ireland was sufficiently developed. Some did not take the application seriously. Hardly anyone expected a separate Irish application.

When President de Gaulle long-fingered the British application, ours fell too and it was over a decade before we subsequently joined.

Let's fast forward to today.

The EU has set out its position on Brexit. There is a strong acknowledgment of Ireland's unique concerns and priorities, including protecting the Good Friday Agreement and the gains of the peace process, avoiding a hard border and maintaining the Common Travel Area with Britain.

Brexit is important in most other countries but it is not always at the top of their agendas. Yet whenever we discuss Brexit in Brussels, I am always struck by the importance my colleagues attach to solving the 'Irish issues.' They never fail to prioritise our issues and show solidarity with our concerns.

Who could have imagined that Michel Barnier, Europe's Chief Negotiator, or Guy Verhofstadt, the European Parliament's representative in the Brexit negotiations, would have travelled to Louth and Monaghan to see for themselves how ridiculous it would be to impose a hard border? Or that the Foreign Ministers of Luxembourg, Denmark and Finland would be familiar with places like Jonesborough or the Concession Road from Monaghan to Cullaville because they too wanted to visit those most affected by Brexit?

I don't take this attention for granted.

The solidarity of our EU partners has been remarkable.

It refutes the claim that we will have no friends after Brexit. We have longstanding alliances with a variety of likeminded countries on issues ranging from agriculture to taxation and the digital single market to human rights advocacy.

We have an Embassy in every EU Member State. We have strengthened our presence in Brussels, Paris, Berlin and London and I will be adding staff in other capitals, as we double our diplomatic footprint in the medium term.

But the solidarity we are witnessing also puts to bed an even bigger lie. People say that each time we pool more of our sovereignty, we lose some of that sovereignty. But what was there to lose? In 1961 we could argue that we were fully sovereign. But the truth is that we were remote, insignificant on international issues and not taken seriously by those who noticed us, if they noticed us at all.

Today, by contrast we benefit from the solidarity and generosity of the other Member States. Our sovereignty is stronger now than it was at any time before we joined the European Union. We are stronger at the heart of Europe.

The sovereignty issue is important, as polling in the UK suggests that this was the biggest issue for people who voted in the referendum there; bigger, for example, than migration.

I am not arguing tonight for a United States of Europe. The Europe I believe Ireland wants is a Union of sovereign Member States, working together to tackle the big issues of the day. Pooling sovereignty when it makes sense to do so.

It's just over 40 years since we joined the EU and in another 40 years no single European Member State will have more than 1% of the world's population. There is only one city in the EU that features in the top 30 cities globally – and not for much longer either.

This is why we need to stick together. The European Union is the best instrument we have for addressing our new challenges. We have to ensure it has the capacity to play a key role in the world, shaping globalisation, tackling climate change and facing down international terrorism. And aspiring to be the global diplomatic superpower promoting peace and security.

European integration serves Ireland well.

The European Union is based on a common set of values, enshrined in treaties.

It is one of the most democratic international organisations we know.

Ireland alone has 11 directly elected Members of the European Parliament. Ireland's Commissioner, Phil Hogan, is responsible for Agriculture and Rural Development; a portfolio that commands almost 40% of the EU's budget.

All draft legislation sent to the European Parliament must be sent at the same time to Dáil Éireann and Seanad Éireann. Irish Ministers, myself included, attend 10 different formations of the Council of Ministers each month, handling issues as disparate as foreign affairs, education and transport. The Taoiseach participates in at least four meetings of the European Council every year. In Brussels we have over 70 officials seconded from 11 different Government Departments, plus the Revenue Commissioners, the Defence Forces, the Attorney General's Office and the Oireachtas. That's 70 Irish officials negotiating legislation and policy positions on our behalf on a day-to-day basis under the guidance of Irish Ministers.

There are another 650 Irish nationals working inside the Commission, the Parliament and the Council. Indeed, I am delighted that, perhaps our most eminent Irish official ever to serve in Europe, Catherine Day, is with us here this evening.

The treaties oblige the European institutions to "maintain an open, transparent and regular dialogue with representative societies and civil society" and the same treaties have provision for citizens' initiatives, giving citizens the right to submit proposals on new legislation.

So, let's nail the lie that the European Union is not democratic. I can think of no piece of European legislation that has not, in the making, passed through the hands and scrutiny of an Irish Commissioner, Irish Ministers, Irish parliamentarians and Irish officials.

The European Union is not perfect. That is why the process to focus on the Future of Europe is so important: to design an improved future.

Since we are in a Law School, let me quote from an editorial in the Common Market Law Review. It said: "There seems to be a gap between the 'area of human hope' as contemplated and constructed by EU law and the world as perceived by citizens The language and appearances of emancipation exist but the EU seems unable to create the background conditions to make it real."

It would be wrong to ignore the sense of disconnect between citizens, on the one hand, and institutions and processes, on the other. Despite efforts such as the Blue Star Programme, an initiative that tries to foster a better understanding of Europe in primary schools, there is still a feeling that the European Union is remote, on the

one hand, and interfering, on the other.

This is why the Government has launched its Future of Europe initiative. It's why we are looking to you for your ideas. It's why we want you to engage in the citizens' dialogue, led by Helen McEntee T.D., the Minister of State for European Affairs, and why I am here this evening to share some of my own thoughts on the issue.

A number of ideas have been put forward to reform the institutions. One idea is that the President of the European Commission and the President of the European Council could be one and the same person. I am not convinced that this would bring the institutions closer to citizens. However, we should have an open mind about ideas like transnational lists of candidates for European Parliamentary elections, if this helps bring Europe and citizens closer to one another.

Throughout its history the European Union has never stood still. It began as a peace project, focused on neutralising the instruments of war. It became a common market. When it found its international voice it gave itself a common foreign and security policy. In the 80s and 90s, it set itself a goal of completing the internal market. Then, the single currency was adopted because currency fluctuations threatened the operation of the internal market.

The EU has never stood still.

Standing still is never smart and, in the face of Brexit, standing still is not a viable option at all – particularly for Ireland.

There is going to be a 'Brexit gap' in the EU's budget after the UK's departure. It could be in the region of €12 to €15 billion *per annum*. To put it in context, €12 billion is equivalent to the EU's entire foreign policy budget, namely all of the resources the EU spends on development cooperation, humanitarian assistance, migration and security. Or to put it another way, €12 billion is about 20% of the Common Agricultural Policy. The axe will not, of course, fall in just one area but this gives us a sense of scale.

Standing still is just not on. Europe needs momentum, not stagnation.

The European Union makes progress on the basis of classic policy research – leaders and officials addressing issues and finding solutions. Sometimes it has been driven into making breakthroughs in the heat of a crisis. But it has been at its best when it has been carried forward by men and women with a grand vision, big ambitions and even bigger ideas.

So now that we have addressed some of the big lies –

- that the EU is undemocratic,;
- that we have lost our sovereignty;
- that we have no friends;
- and that we can just sit on our hands

- let's turn to the new ideas.

Membership has been central to the transformation of our economy. As a trading nation we depend on international rules which permit the free flow of goods, services and capital. The most important of these are the rules governing the EU's single market.

Since the financial crisis, the focus has been on the steps needed to complete economic and monetary union. Now is not the moment to get lost in technical detail, except to say that we need to complete the banking union. If the single currency is to function as it should, it must be as safe to deposit funds in an Irish bank as it is to do so in, say, a German bank. We cannot witness again a retreat of cash from so-called peripheral countries to so-called core countries.

Equally, in an age of high debt and low investment, we must complete the capital markets union. At the outset of the financial crisis banks were providing 70% of finance to businesses in Europe but the comparable figure in the US was just 20%. A capital markets union would allow businesses in Europe access to other lines of finance, boosting investment and creating jobs.

Completing the banking union and the capital markets union are priorities right now. But the historical reality is that imbalances can build up in currency areas and can give rise to vulnerabilities whenever asymmetric shocks occur. In the longer term perspective we need to be ready to engage in further reforms of the single currency to enhance democratic accountability and the governance of economic and monetary union.

The German Chancellor, Willy Brandt, proposed economic and monetary union as early as 1969. When European leaders finally asked Jacques Delors to develop a new plan for economic and monetary union in 1988, this was part of a wider effort at completing the single market. Currency movements were disrupting the operation of the market and exchange rate variability was complicating the administration of payments under the Common Agricultural Policy.

Back in 1957 when the EU's founding treaty, the Treaty of Rome, was signed, priority was given to:

- balanced trade and fair competition;
- eliminating barriers; and
- the abolition of restrictions on international trade.

But 60 years on, the priorities laid out in the Treaty of Rome are still far from fulfilled. We have made great progress in opening up the internal market in trade in goods, but not in services. It is difficult to measure progress in this area but some say we have succeeded in completing 80% of the internal market for goods; but only made 40% of the progress we need to make in completing the internal market in services.

Back in 2010 Mario Monti advised the European Commission that deepening the internal market would be a critical part of Europe's response to the crisis. At the time trade in services accounted for 70% of Europe's GDP, but only 20% of services had a cross-border dimension. Just last week the European Commission asked Member States "to achieve significant progress towards completing the single market."

It is time certain Member States stopped dragging the Commission's heels.

So the first new idea - to complete the internal market, especially the internal market in services - is not a new idea at all.

But we need to put this back on the political agenda and where better to do so than at the UCD School of Law, named after Peter Sutherland, the former Commissioner for Competition Policy and a former Director General of the World Trade Organisation.

In Ireland the services sector employs just over half of our workforce and accounts for more than half of our exports. As an island nation we never have enough demand in the domestic market for our own goods and services. So we export most of our production. In losing the UK, the European Union is about to lose a Member State that was one of the biggest supporters of the internal market. As a consequence, Irish exporters will have to engage seriously in market diversification and we will have to advocate all the more vocally for completing the internal market in services.

The Jacques Delors Institute has argued that sheltering service sectors from competition hampers the proper functioning of the single market, perpetuating the disruptions that the single currency was meant to ease.

Protectionism does not protect. But it can be deeply embedded. I am reminded of a petition by French candle makers who complained in the nineteenth century that they were:

"subjected to intolerable competition from a foreign rival whose superior facilities for producing light enables him to flood the French market at so low a price as to take away all our customers the moment he appears, suddenly reducing an important branch of French industry to stagnation."

It turned out that the intolerable foreign rival was the sun!

That was the past. In the future, participation in the workforce will depend less on where people live and more on the speed of their internet connection. In recognition of this, the European Union has set itself a realistic target of completing the Digital Single Market by the end of next year. But we must go further. So tonight, a full 60 years after the Treaty of Rome, I am calling for an ambitious target to complete the internal market in services by 2022. This would honour a commitment originally made in 1957. At a time when we are urging the UK to stay in the single market, I am simply asking that we complete it.

In shining a light on the protectionists, we will boost jobs and growth in Ireland and across the Union as a whole. The European Commission reckons it would add almost 2% or nearly €300 billion to the EU's GDP. A European Parliament report says the benefit could be over €600 billion. In the 1990s efforts to complete the internal market in goods coincided with a period of unprecedented growth.

Putting the same effort into completing the market in services will give Europe the momentum it needs.

A more competitive and efficient professional services sector would help industrial competitiveness and the European economy as a whole. Competition in financial services, leading to cheaper mortgages and cheaper insurance, would enjoy the support of Irish consumers.

Of course, the internal market is not the only market. Ireland is an enthusiastic supporter of efforts to open up new markets to European exporters.

I spent Friday at the Eastern Partnership Summit working with our neighbours - Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine – to develop stronger, diversified and vibrant economies across the region.

A new European trade deal with Canada has just come into effect on a provisional basis. This is partly why I am opening a new Consulate in Vancouver.

Deals with Japan, Mexico and the Mercosur countries are in the pipeline and the EU hopes to open trade negotiations with Australia and New Zealand. Our decision to open a new Embassy in New Zealand is a measure of our commitment to this trade agenda. So too is the announcement of new Embassies in Chile, Colombia and Jordan and a Consulate in Mumbai.

But we are not naive. We will expect reciprocity in the give and take of EU trade negotiations and you can be assured that we will insist on the highest social, environmental, data protection and food safety standards in each of these deals.

This is what makes the European Union different. Lately, we have witnessed a retreat from values-based diplomacy among certain superpowers. An ugly, protectionist, transactional approach to international relations is emerging. Left unchallenged it will deliver quick bucks for the elite but long-term devastating consequences for the masses.

The European Union needs to find its voice. But many around the world are straining to hear it. It has to be able to speak truth to power - louder.

Let's be very clear. We cannot tweet our way through the problems that face us.

When I spoke at the UN General Assembly in New York in September, I said that, with Ireland, you know what you get – a small State with big thinking, a country that listens, and a strong independent voice that promotes values and inspires. The European Union is a Union of medium-to-small-sized countries, like Ireland, and we have a shared European interest in facing the world together. As the Union's Global Strategy points out, we can “through our combined weight ... promote agreed rules to contain power politics and contribute to a peaceful, fair and prosperous world.”

My second proposal for tonight, therefore, is for the EU to set itself a new goal: to have a common foreign policy that is as effective and ambitious as its international trade policy.

The EU needs to find its voice and become the diplomatic super-power it should be.

We must work harder to do what we have already said we would do, namely to promote a rules-based global order with multilateralism as its key principle and the United Nations at its core. The case for this was made eloquently in the Global Strategy when it argued that: “A rules-based global order unlocks the full potential of a prosperous Union with open economies and deep global connections, and embeds democratic values within the international system.”

Now we must do it.

The European Union is committed to promoting peace, prosperity, democracy and the rule of law. In order to achieve these objectives the Union's strategies include support for global governance and support for co-operative regional orders.

I want Ireland to play a leading role in Europe in helping to build better and more effective political partnerships with Africa, rooted in shared interests and values. When I visited the African Union Headquarters in Addis Ababa earlier this month I argued for a new political architecture for relations between the European Union and Africa; one that matches the urgency of the shared challenges we face.

€21 billion in development aid was provided to Africa last year by the EU and its member states, making us the largest aid donors on the continent. A further €32 billion was invested in Africa by EU companies in 2015, accounting for one third of the foreign direct investment in Africa.

But, collectively, we need to do much more.

60% of Africa's population is under 25. By comparison, the average age in Europe is heading towards 45 within the next 10 years. The EU-Africa Summit opens in Abidjan tomorrow and the theme there will be investing in Africa's youth. Despite our aid and investment, Europe is still only spending €230 million a year on educational programmes in Africa. This needs to change, if we are serious about transforming Africa's demographic challenge into an opportunity.

All too often we have seen our collective investments and the futures of young Africans jeopardised by poor governance arrangements or conflict. Look, for example, at what the people of Zimbabwe have had to endure over recent decades. Only 8 Member States of the African Union have not experienced armed conflict since independence and evidence suggests a higher incidence of conflict in countries with lower per capita incomes, lower life expectancy and meagre economic opportunities.

Often the argument is made that economic progress is a pre-condition for political progress. I do not buy that and, if anything, the danger now is that some see economic progress as a substitute for political progress. I certainly do not buy that either.

Since the EU is a values-based organisation and is both the biggest donor and investor in Africa, we have an opportunity to help build resilient and accountable states which will deliver for their youthful populations. Resilient states are states with strong democracies and high levels of trust in institutions. Our focus should be on building resilience in states that are ready to work with us on reform and on the rules-based global order we need. To make that happen, we need to build a scenario after this week's summit that puts structures in place to facilitate closer political engagement between Europe and Africa. We need a political partnership of equals for the gravity of the shared challenges we face.

These challenges include the migration challenge. We can be proud of the 17,500 lives saved by our Naval Service in the Mediterranean. But it shouldn't come to this. Our approach to migration has tended to be short-term and reactionary but it needs to be long-term and strategic so we can turn the demographic challenge into a demographic opportunity.

If the European Union is to take an integrated approach to conflicts and crises, it needs to develop the means and capacity to do so.

This is a sensitive issue. But one we cannot shy away from. It brings us back to the issue of sovereignty.

Our neutrality began under Eamonn de Valera as an outward and visible sign of our sovereignty. It did not follow any political doctrine and in 1961 it was all but abandoned by the Lemass Government in pursuit of EEC membership. Seán Lemass said: "We are not neutral and do not wish to be regarded as such." Later, in 1969, Jack Lynch said: "We have never been ideologically neutral."

But the Irish people have become immensely attached to our military neutrality. As a consequence we have adopted a triple-lock system which requires a UN mandate, a Government decision and Dáil approval before we deploy troops abroad. Our legally-binding Lisbon Protocol expressly confirms that "the Treaty of Lisbon does not affect or prejudice Ireland's traditional policy of military neutrality". We have inserted a provision in the Constitution that would require a referendum, if we were ever to move to a European common defence system.

Our policy of military neutrality is a core element of our foreign policy.

But none of this cuts across our obligation under the UN Charter to make armed forces available in order to contribute to the maintenance of international peace and security. Indeed, since 1958, 86 members of the Defence Forces have died on peacekeeping duty and currently the Defence Forces have 566 personnel deployed. We can be immensely proud of them all.

Earlier this year, the Taoiseach summed up our policy when he said: "Ireland's position on neutrality is longstanding. We believe that by being a country that is neutral but not being part of any military alliance, that it actually makes us stronger in the world, that we're more respected ... our focus is on other things like development, for example. Having said that, co-operation around security and defence is changing. The threats that we face in the world are less about wars between countries, and more about threats created by terrorism, by extremism and by cyber-attacks ... and those areas are not areas in which we should be neutral."

Despite our attachment to military neutrality, 57% of respondents in a recent opinion poll agreed that Ireland should be part of increased EU defence and security co-operation. This, I believe, is because our military neutrality is not an end in itself. The objective is to protect our people and defend our territory. Our

military neutrality only makes sense if and when it makes us safer.

The threats identified by the Taoiseach - terrorism, extremism and cyber-attacks - are asymmetric threats. We cannot face them alone and co-operation with our EU partners will make us safer in the face of them. The boundaries between internal and external security are becoming blurred. Cyber-crime and terrorist use of the internet are growing. Climate change, demographics and fragility are driving conflict and creating instability.

The mood across the Union at the moment is that Europe needs to do more to promote peace and take care of its own security needs.

Last week the Government agreed that we would recommend membership of the EU's Permanent Structured Co-operation to Dáil Éireann. The EU relies on assets, civilian and military, provided by the Member States to undertake international peace support missions to prevent and resolve conflict in support of the United Nations. PESCO, as it is known, provides a mechanism to meet an identified need for closer cooperation between partners to ensure the availability of the military capabilities required for these purposes and ensure that Irish Defence personnel serving on future EU missions will be as well-prepared and equipped as they should be. Membership of PESCO is voluntary and does not change in any way the triple-lock that remains in place before we deploy any troops abroad. I am confident that Dáil Éireann will recognise this and give this initiative its approval.

The countries of the Western Balkans are already working with the European Union as security providers and some of them have been working with the European Union, helping to cope with the flow of migrants from the Syrian crisis. Now the countries of the Western Balkans are keen to enjoy the collective security that we, as Member States, have enjoyed.

The EU is clear that a credible enlargement process is a key component of the EU's foreign policy. In March the European Council reaffirmed its unequivocal support for the European perspective of the Western Balkans. But, hidden beneath these statements, the reality is that enlargement fatigue has set in in certain quarters. The other reality, however, is that there has hardly been a moment in the EU's history when it hasn't been engaged in enlargement discussions of one kind or another. As I said earlier, the European Union never stands still.

The prospect of accession has already contributed to peace in the Western Balkans and public support for EU membership remains high there. Earlier, I described what it felt like for us to be dismissed as remote, under-developed and not taken seriously and how forty years of membership has turned all that on its head. Ireland understands the transformative power of membership. Now that we enjoy the benefits of membership, it would be short-sighted to pull up the drawbridge and deny the same opportunity to others.

New members of the single market mean new markets for Irish exporters. The EU is already the biggest trading partner and biggest investor in the Western Balkans. It is a region of immense strategic importance and countries such as Russia and China are competing for influence there.

The European Union is due to hold a summit with the countries of the Western Balkans in May. The month of May is known as *'Bealtaine'* in the Irish language and, on the occasion of the last big wave of accessions, Séamus Heaney wrote a wonderful poem which he called *'Beacons at Bealtaine'*. At the summit in May we should think of the people of the Western Balkans and these lines from Heaney:

*"So on a day when newcomers appear
Let it be a homecoming and let us speak
The unstrange word, as it behoves us here,
Move lips, move minds and make new meanings flare
Like ancient beacons signalling, peak to peak,
From middle sea to north sea, shining clear
As phoenix flame upon fionn uisce here."*

The European Union puts itself on the line every time it enlarges. But, as I have explained, Europe needs momentum.

Today an applicant country is required to guarantee democracy, the rule of law, respect for and protection of minorities, the existence of a functioning market economy and the capacity to take on the obligations of membership.

These are issues that should be settled before a country joins, not after.

So, if the countries of the Western Balkans meet these criteria; if, in other words, they mean business, then we should mean business. Just as we should shine a light on the protectionists, come next May we should be ready to send a beacon of hope at the summit to the candidate countries, if they indicate that they are in earnest when they say they want to join.

My vision for Europe is an ambitious one. It will require the funds to do the things that matter to us like the Common Agricultural Policy, regional funding, investment in research and support for successful programmes such as Erasmus. But we will also need resources for new challenges such as environmental protection, climate action, migration and security. Doing more in Africa and a new round of enlargement will have resource implications. Of course, completion of the internal market would go some way towards creating the revenue to cover those additional costs.

But I have already explained how difficult it will be to maintain existing levels of spending because of the likely Brexit funding gap. Discussions on the EU budget, the multi-annual financing framework, are beginning. For the first time we will be entering these negotiations as a net contributor to the EU budget. For every €50 European citizens pay in taxes and social contributions, just €1 goes towards funding the EU budget.

We will continue to have huge interests in a substantial and sustainable CAP. We have benefitted enormously from structural and cohesion funds and these programmes will continue to play a crucial role in reducing economic and social disparities across the EU. We have other priorities too. The Erasmus programme has been a real success story and I'm sure many of you have been on an Erasmus year in another European University. The Horizon 2020 programme provides, not only funding for research and development, but also helps foster European wide partnerships and excellence in academic and scientific research.

Our aim must be to agree a financial framework that allows for investment in areas that yield real added value and serve European interests overall.

The citizens' dialogue which we have launched on the future of Europe is intended to help us answer some of these questions. I hope that, at the very least, the ideas I am putting forward tonight will help prompt some discussion on the Europe we want. It's your Europe, your future, so get involved!

And thank you for welcoming me here this evening.

ENDS

Press Office

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