

Ireland's Role in the EU Post Brexit

by Senator Neale Richmond

In this article, Senator Neale Richmond considers Ireland's role in the EU post Brexit and whether Ireland needs to reshape relations.

In recent weeks, we have seen the European Commission launch a public consultation on the future of Qualified Majority Voting at European Council level in relation to taxation policies. What this effectively means, is the Commission is very keen to remove what has become known as a veto that every single EU Member State has over taxation policy. This is not a surprise and it is indeed consistent with the long-held opinion of the Commission, an opinion strengthened by the term of Jean Claude Juncker as Commission

President; it is a position that has also heretofore received strong support from larger Member States like France and Germany as well as a wealthy Member State like Luxembourg, Juncker's home.

Such a move is of course vociferously opposed by Ireland and on previous occasions when this idea was mooted, the United Kingdom were also strongly opposed to such a move as it could lead to tax harmonisation, removing the competitive edge that exists between

Member States in this area, an edge that allows smaller Member States to compete on a more even scale. However, with the UK set to leave the EU, this raises the question of who will be Ireland's key allies within an EU of 27 rather than 28?

Within the EU, Ireland and the UK co-operate and co-operated on a range of key issues, while there are a number of other existing alliances on key policy areas that interest Ireland as well as a number that are proactively being developed.

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The New Hanseatic League, or the Hansa, was established in February 2018 by EU finance ministers from Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, the Netherlands and Sweden through the signing of a two-page foundational document which set out the countries' "shared views and values in the discussion on the architecture of the Economic and Monetary Union of the European Union (EMU)." The name is derived from the Hanseatic League, a Northern European commercial and defensive league which lasted until the 16th century.

The New Hanseatic League developed from an informal cooperation among like-minded fiscally conservative northern European states that has also been referred to at various points as 'The Vikings', and the 'Bad Weather coalition'. The grouping sees clubbing together as a way to make up for the loss of the like-minded UK in the European political arena after Brexit. The countries involved want a more developed European single market, particularly in the services sector (i.e. a so-called 'Capital Markets Union'). They also want to develop the European Stability Mechanism into a full European Monetary Fund that would redistribute wealth from trade surplus to trade deficit EU member states.

When it comes more specifically to taxation, Ireland's corporation tax rate of 12.5% is regularly cited as a target to be addressed through the removal of the supposed veto over taxation policy, to allow for a move towards tax harmonisation within the EU. It is worth remembering though that the average corporation tax rate within the EU is 21%, and 16 Member States have corporate tax rates below this. Furthermore, a number of Member States have much lower corporate tax rates than Ireland, including Hungary with a corporate tax rate of 9%. In this regard, our Finance Minister, Paschal Donohoe, has been proactive in deepening alliances with Member States from Central and Eastern Europe as well as the Baltic states to

There are also a number of other obvious alliances in existence within the EU based on policy as well as geography. The Nordic countries regularly coalesce on a range of issues as do the three Baltic states and in recent years, the Visegrád or V4 group of Member States, made up of the Czech Republic, Hungary,

Poland and Slovakia have been prominent even though the alliance has been in operation at EU and NATO levels for a long time, tracing its routes back to pre-accession summits in 1991.

But back to Ireland, what will be our new alliances?

oppose any moves towards removing the veto. A series of dinners prior to Ecofin meetings have seen this approach become more formal.

In relation to Agriculture and Food policy, Ireland has always had a very special alliance with France. Both Ireland and France are massive supporters and beneficiaries of the Common Agricultural Policy or CAP. Other Member States are less enthusiastic, particularly those with a different approach to their rural or agrarian economies, many of whom want further cuts to the CAP. Ahead of the negotiation of the next European budget known as the Multiannual Financial Framework, of which the CAP is the largest line item of expenditure, a series of meetings and discussions have been held between Ministers and officials from like minded Member States. In March of 2018, our Agriculture Minister, Michael Creed, met with counterparts from France, Spain, Portugal, Greece and Finland in Madrid where they signed a joint memorandum requesting that the CAP budget be increased to bring it back to current levels. This gathering has been followed by a series of bilateral meetings in Paris and Cork between Minister Creed and his French counterpart.

Along with Austria, Finland and Sweden; Ireland is a neutral country and unlike many other Member States, none of these countries are members of NATO. However, all four are strongly committed to co-operation in defence, security and peace keeping. Ireland has a proud tradition of over 60 years commitment to United Nations' peace keeping missions. That said, the changing nature of global security and defence policies will mean that Ireland will also need to adapt. With this in mind, in 2017 Ireland joined PESO, an EU body that aims to boost military cooperation. A number of critics have instantly balked at this, dismissing PESCO as an EU army as opposed to its true role as a new approach to new security challenges. Ireland is one of 25 Member States

to sign up to PESCO, albeit with a range of opt outs. PESCO will have a budget of €1.5 billion for a number of projects from now until 2020. These projects include a centre of excellence for EU military training and work to allow for new approaches to cybersecurity. The future of defence will as much be about the engagements online as well as on the battlefields.

On a personal level, there are also a number of key alliances and friendships. It was no secret that Enda Kenny enjoyed a genuine friendship with German Chancellor, Angela Merkel, a long-standing friendship developed through their leadership of their respective parties for over a decade where they would regularly meet at EU level, the European People's Party. Since taking over as Taoiseach, this is a relationship that Leo Varadkar has also been keen to maintain, and he has already met Merkel's successor as CDU Leader, Annegret Kramp-Karrenbauer. Within the EPP family, Austrian Chancellor, Sebastian Kurz and Varadkar have also grown close, helped by their common involvement in European youth politics. Throughout the Brexit negotiating process, Ireland has received absolute support from the Netherlands, another country that is exposed to the fall out of a bad Brexit and a genuine friendship has been developed between Varadkar and Dutch Prime Minister, Mark Rutte.

There are many other formal and informal alliances within the EU that Ireland is not a part of. For example, there is the Three Seas Initiative of 12 Member States belonging to a north-south axis from the Baltic Sea to the Adriatic Sea and the Black Sea made up of Austria, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia or the Craiova Group that includes Romania, Bulgaria, Greece and non-EU Member State, Serbia.

Above all else, the most important alliance for Ireland post Brexit is the European Union itself. As a small,

outward looking, country; Ireland cannot be insular or shut itself off from the rest of the world. Ireland's membership of what is now the EU has been overwhelmingly beneficial in both social and economic terms. When Ireland joined the EEC in 1973 with the UK and Denmark it was a much poorer nation wholly reliant on its near neighbour for everything; independent in name only. In 1973, 60% of Ireland's exports went to the UK, today this figure is much closer to 12% while the EU clearly stands out as Ireland's most important export market, taking in multiples of the amount of goods that the UK does from Ireland.

Staying in the EU post Brexit, strengthening our commitment to the EU and becoming true champions of European integration is of key strategic interest to Ireland in the post Brexit context. For many years, it was very easy for politicians, including from my own party, to simply blame Brussels for anything negative while simultaneously claiming responsibility for all the benefits. If we are to survive and indeed prosper after Brexit we must give credit where it's due as well.



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