



**Tithe an
Oireachtais**
**Houses of the
Oireachtas**

**An Comhchoiste Um Airgeadas, Caiteachas Poibli Agus Athchóiriú, Agus
Taoiseach**

An Cion Polaitiúil i ndáil leis an

COM (2023) 335 Togra le haghaidh RIALACHÁN Ó PHARLAIMINT NA hEORPA AGUS ÓN gCOMHAIRLE lena mbunaítear an tArdán um Theicneolaíochtaí Straitéiseacha don Eoraip ('STEP') agus lena leasaítear Treoir 2003/87/CE, Rialacháin (AE) 2021/1058, (AE) 2021/1056, (AE) 2021/1057, (AE) Uimh. 1303/2013, (AE) Uimh. 223/2014, (AE) 2021/1060, (AE) 2021/523, (AE) 2021/695, (AE) 2021/697 agus (AE) 2021/241 Agus;

COM (2023) 337 Togra le haghaidh RIALACHÁN ÓN gCOMHAIRLE lena leasaítear Rialachán (AE, Euratom) 2020/2093 lena leagtar síos an creat airgeadais ilbhliantúil do na blianta 2021 go 2027

Samhain 2023

Joint Committee On Finance, Public Expenditure And Reform, And Taoiseach

Political Contribution on

COM 2023) 335 Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Strategic Technologies for Europe Platform ('STEP') and amending Directive 2003/87/EC, Regulations (EU) 2021/1058, (EU) 2021/1056, (EU) 2021/1057, (EU) No 1303/2013, (EU) No 223/2014, (EU) 2021/1060, (EU) 2021/523, (EU) 2021/695, (EU) 2021/697 and (EU) 2021/241 and;

COM (2023) 337 Proposal for a COUNCIL REGULATION amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027

November 2023

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1. Introduction

1. The Oireachtas Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach (“the Committee”) considers *COMs (2023)335 and 337* to be significantly important to Ireland and the EU.

2. Scrutiny by the Committee

2. The Committee first considered these proposals at its meeting on 27 September 2023. The Committee heard from officials from the Department of Finance at its meeting on 04 October 2023. The transcript of this meeting is available [here](#). The Committee has agreed to provide a Political Contribution in response to these proposals.

3. Decision of the Committee

3. On 04 October 2023, the Committee agreed to draft a political contribution and to forward a copy to Michael McGrath T.D., Minister for Finance, Ursula von der Leyen, President of the European Commission, Roberta Metsola MEP, President of the European Parliament, and the President of the Council of the European Union.

4. Opinion of the Joint Committee

4. Having considered the proposals in detail, the Committee makes the following observations: -

Financing and Implementation

- 4.1. The Committee notes that while a revision to the MFF is not unusual, the amount of the proposed revision to the budget is unprecedented . The Committee sees merit in much of the proposals but notes that Ireland is among a group of net contributors to the EU budget who believe there must be adequate scrutiny of how and to what extent some of these policy priorities can already be addressed within the existing EU budget.

- 4.2. The Committee observes that this concern is echoed in ECA Opinion 03/2023 which, while not questioning the exceptional nature of the Ukraine Reserve Instrument, notes that “*the maximum amount that could be spent by the Ukraine Reserve is €16.7 billion per year; this would correspond to almost 10% to the EU annual budget*” and highlights “*the need for the future to prevent any unnecessary multiplication of special instruments, and instead to maximise the use of existing instruments within the MFF.*”¹
- 4.3. The Committee is supportive of the proposed funding for Ukraine but reiterates that all existing flexibilities must be fully exhausted before any new funding is provided. It is crucially important that the proposals represent value for money and that there is thorough and detailed scrutiny at a technical level of all proposals for additional funding, including their likely future impacts for the national budgets of the Member States. This is important from Ireland’s perspective as an increasingly significant net contributor to the EU Budget.
- 4.5. The Committee further notes that since February 2022, more than €210 million in stabilisation and humanitarian support has been provided to Ukraine, outside of Ireland’s contribution to the European Union.
- 4.6. The Committee notes from its engagement with the Department of Finance that funding will not provide any military material in relation to the ongoing conflict in Ukraine. The Committee believes that it is essential that effective ongoing oversight is provided to ensure that the funding meets its intended purpose.

¹ [Opinion 03/2023 \(pursuant to Articles 212 and 322, TFEU\) concerning the proposal for a Regulation of the European Parliament and of the Council on establishing the Ukraine Facility \[Interinstitutional File 2023/0200\(COD\) of 20 June 2023\] \(europa.eu\)](#) P.11

Highly concessional loans

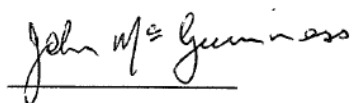
5. The Committee considers legislative proposal 338 to be of some significance to the legislative proposal 337 and as such, considers it appropriate to make some observations on aspects of the proposal which may have an impact on the overall EU budget and Member State contributions as a result. As such, the Committee endorses and encourages the Commission to consider the suggestions within the [ECA Opinion 03/2023](#), that the Commission and legislators should consider:
 - 5.1. Defining clear criteria for ‘satisfactory fulfilment’ under the Ukraine Plan (paragraph 34)
 - 5.2. Enabling the Commission to request that Ukraine review and/or modify the Ukraine Plan (paragraph 35)
 - 5.3. Given the rising exposure of future EU budgets to liabilities and in accordance with the principle of prudence, for the loans to Ukraine, complementing the guarantee by the ‘headroom’ with additional safeguards, such as provisioning, to cover a sudden and unexpected default by Ukraine (paragraphs 38-44)
 - 5.4. Making public an analysis of the ‘headroom’ to face additional contingent liabilities stemming from the proposed Facility in the next annual report on contingent liabilities (paragraph 45)

Strategic Technologies for Europe Platform (STEP)

6. The Committee notes the proposed changes regarding the Strategic Technologies for Europe Platform (STEP) and provides the following observations.
 - 6.1 The Committee is concerned that the proposed additional funding of €1.5 billion to the European Defence Fund could be utilised to fund and subsidise the private arms industry.

- 6.2 The Committee is further concerned that the reallocation of EU funds, that were initially dedicated to public authorities, are now being redirected towards private enterprises, with little social conditionality. The Committee believes that clear guidelines and measurable pre-conditions should be developed to ensure best value for investments.
- 6.3 The Committee has concerns that the definition of “clean” technologies includes both nuclear and carbon capture utilisation and that the allocation of EU funds may be provided to sectors which are environmentally harmful or unproven at scale.
- 6.4 The Committee notes the proposal to establish an Industrial Advisory Group on Strategic Technologies to assist the Commission in advising on latest technological developments and challenges. The Committee has concerns that the advisory group will compose of industry representatives only and believes that a wider representation of stakeholders within the group would be more beneficial.

Yours sincerely,

A handwritten signature in black ink, reading "John McGuinness", written over a horizontal line.

John McGuinness, T.D.

Cathaoirleach to the Committee

APPENDIX 1 - Membership

Membership of the Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach

Deputies

CATHAOIRLEACH	LEAS-CHATHAOIRLEACH			
				
John McGuinness Fianna Fáil	Bernard Durkan Fine Gael	Richard Boyd Barrett People Before Profit-Solidarity	Rose Conway-Walsh Sinn Féin	Pearse Doherty Sinn Féin
				
Damien English Fine Gael	Steven Matthews Green Party	Jim O'Callaghan Fianna Fáil	Peadar Tóibín Aontú	

Senators

				
Maria Byrne Fine Gael	Pat Casey Fianna Fáil	Aidan Davitt Fianna Fáil	Alice-Mary Higgins Independent	Marie Sherlock Labour Party

Membership History:

- Mick Barry, Sep 2020 – May 2023
- Michael D'Arcy, Sep 2020 – Sep 2020
- Mairéad Farrell, Sep 2020 – April 2023
- Neale Richmond, Sep 2020 – Jan 2023

APPENDIX 2 – Terms of Reference of the Committee

Functions of the Committee – derived from Standing Orders [DSO 95; SSO 71]

- (1) The Select Committee shall consider and, unless otherwise provided for in these Standing Orders or by order, to report to the Dáil on any matter relating to—
 - (a) legislation, policy, governance, expenditure and administration of—
 - (i) a Government Department, and
 - (ii) State bodies within the responsibility of such Department, and
 - (b) the performance of a non-State body in relation to an agreement for the provision of services that it has entered into with any such Government Department or State body.
- (2) The Select Committee appointed pursuant to this Standing Order shall also consider such other matters which—
 - (a) stand referred to the Committee by virtue of these Standing Orders or statute law, or
 - (b) shall be referred to the Committee by order of the Dáil.
- (3) The principal purpose of Committee consideration of matters of policy, governance, expenditure and administration under paragraph (1) shall be—
 - (a) for the accountability of the relevant Minister or Minister of State, and
 - (b) to assess the performance of the relevant Government Department or of a State body within the responsibility of the relevant Department, in delivering public services while achieving intended outcomes, including value for money.
- (4) The Select Committee appointed pursuant to this Standing Order shall not consider any matter relating to accounts audited by, or reports of, the Comptroller and Auditor General unless the Committee of Public Accounts—
 - (a) consents to such consideration, or
 - (b) has reported on such accounts or reports.
- (5) The Select Committee appointed pursuant to this Standing Order may be joined with a Select Committee appointed by Seanad Éireann to be and act as a Joint Committee for the purposes of paragraph (1) and such other purposes as may be specified in these Standing Orders or by order of the Dáil: provided that the Joint Committee shall not consider—
 - (a) the Committee Stage of a Bill,
 - (b) Estimates for Public Services, or

- (c) a proposal contained in a motion for the approval of an international agreement involving a charge upon public funds referred to the Committee by order of the Dáil.
- (6) Any report that the Joint Committee proposes to make shall, on adoption by the Joint Committee, be made to both Houses of the Oireachtas.
- (7) The Chairman of the Select Committee appointed pursuant to this Standing Order shall also be Chairman of the Joint Committee.
- (8) Where the Select Committee proposes to consider—
 - (a) EU draft legislative acts standing referred to the Select Committee under Standing Order 133, including the compliance of such acts with the principle of subsidiarity,
 - (b) other proposals for EU legislation and related policy issues, including programmes and guidelines prepared by the European Commission as a basis of possible legislative action,
 - (c) non-legislative documents published by any EU institution in relation to EU policy matters, or
 - (d) matters listed for consideration on the agenda for meetings of the relevant Council (of Ministers) of the European Union and the outcome of such meetings,

the following may be notified accordingly and shall have the right to attend and take part in such consideration without having a right to move motions or amendments or the right to vote:

- (i) members of the European Parliament elected from constituencies in Ireland,
 - (ii) members of the Irish delegation to the Parliamentary Assembly of the Council of Europe, and
 - (iii) at the invitation of the Committee, other members of the European Parliament.
- (9) The Select Committee appointed pursuant to this Standing Order may, in respect of any Ombudsman charged with oversight of public services within the policy remit of the relevant Department consider—
 - (a) such motions relating to the appointment of an Ombudsman as may be referred to the Committee, and
 - (b) such Ombudsman reports laid before either or both Houses of the Oireachtas as the Committee may select: Provided that the provisions of Standing Order 130 apply where the Select Committee has not considered the Ombudsman

report, or a portion or portions thereof, within two months (excluding Christmas, Easter or summer recess periods) of the report being laid before either or both Houses of the Oireachtas.

b. Scope and Context of Activities of Committees (as derived from Standing Orders) [DSO 94; SSO 70]

- (1) It shall be an instruction to each Select Committee that—
- (a) it may only consider such matters, engage in such activities, exercise such powers and discharge such functions as are specifically authorised under its orders of reference and under Standing Orders;
 - (b) such matters, activities, powers and functions shall be relevant to, and shall arise only in the context of, the preparation of a report to the Dáil;
 - (c) it shall not consider any matter which is being considered, or of which notice has been given of a proposal to consider, by the Joint Committee on Public Petitions in the exercise of its functions under Standing Order 125(1)1; and
 - (d) it shall refrain from inquiring into in public session or publishing confidential information regarding any matter if so requested, for stated reasons given in writing, by—
 - (i) a member of the Government or a Minister of State, or
 - (ii) the principal office-holder of a State body within the responsibility of a Government Department or
 - (iii) the principal office-holder of a non-State body which is partly funded by the State,

Provided that the Committee may appeal any such request made to the Ceann Comhairle, whose decision shall be final.

- (2) It shall be an instruction to all Select Committees to which Bills are referred that they shall ensure that not more than two Select Committees shall meet to consider a Bill on any given day, unless the Dáil, after due notice to the Business Committee by a Chairman of one of the Select Committees concerned, waives this instruction.