

DÁIL ÉIREANN

AN COMHCHOISTE UM GHNÓTHAÍ AN AONTAIS EORPAIGH

JOINT COMMITTEE ON EUROPEAN UNION AFFAIRS

Dé Céadaoin, 26 Meitheamh 2019

Wednesday, 26 June 2019

The Joint Committee met at 2 p.m.

Comhaltaí a bhí i láthair / Members present:

Bernard J. Durkan,	Gerard P. Craughwell.
Mattie McGrath,	
Frank O'Rourke.	

Seanadóir / Senator Terry Leyden sa Chathaoir / in the Chair.

Alliance Building to Strengthen the European Union (Resumed): Institute of International and European Affairs

Vice Chairman: Apologies have been received from the Chairman, Deputy Michael Healy-Rae. Tributes are being paid in the Dáil to his late father, Jackie Healy-Rae, so he is unable to attend. We have also received apologies from Senator Richmond.

I remind members to ensure their mobile phones are switched off. This is important as the interference can cause serious problems for broadcasting, editorial and sound staff.

We have a very interesting line-up today. I am delighted to welcome Mr. Peter Rigney, industrial officer, and Mr. Ger Gibbons, social policy and legislative officer, from the Irish Congress of Trade Unions; Mr. Pat Ivory, director of EU and international affairs, and Mr. Arnold Dillon, head of campaigns, who are both from IBEC; and Mr. Jim Miley, director general, and Mr. Lewis Purser, director, Irish Universities Association, IUA.

Before we begin, I remind everyone of the rules on privilege. Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official by name or in such a way as to make him, her or it identifiable. By virtue of section 17(2)(I) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. If they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are only entitled thereafter to qualified privilege in respect of their evidence. They are directed that only evidence concerned with the subject matter of these proceedings is to be given. They are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or entity by name or in such a way as to make him or her identifiable. That is a standard statement and it is not to be taken to imply that any of the gentlemen attending would make such comments. They would not be in the positions they are in today if they were going around making allegations. Congress will make its opening statement first, followed by IBEC and then the Irish Universities Association. I am sure committee members will then have questions and comments for the witnesses.

Dr. Peter Rigney: I apologise on behalf of my colleague, Mr. Ger Gibbons, who cannot attend as he is at the national economic dialogue today. Congress was asked to address the committee on the subject of Brexit and its implications in October 2017. In my concluding remarks on that occasion, I said:

In the world after Brexit, Ireland's foreign policy in Europe will have to undergo a re-appraisal. Our traditional ally among the large countries will be gone and the Franco-German axis will probably be revived. Where will Ireland sit in this new scheme of things? Where will our allies be?

To misquote the 1916 Proclamation, we might have to find new gallant allies in Europe. While I hope to address the issues raised above today, I must say first a brief word for the guidance of the committee about how trade unions structure their international work.

Traditionally, the ICTU avoided international associations until Ireland joined the EEC in 1973 and we joined the European Trade Union Confederation. The big players in the ETUC are Germany's DGB, an informal alliance of Scandinavian unions, and the Italian unions, where the three confederations representing Christian, communist and socialist tendencies work together.

The French, with five major trade union centres, punch below their weight for that reason. Another big player is the British TUC. It is noticeable when one visits Brussels now that the influence of the British TUC is ebbing away even though the UK continues to be a member state. In a new development last September, the German group of unions, the DGB, hosted a meeting in Berlin on governance within the eurozone area. This is an echo of the increased level of Franco-German debate on a eurozone budget. The TUC and the Scandinavian unions were not represented at that meeting. I cannot see that meeting having taken place before the Brexit debate took off. The issue of alternative alliances seems to be already decided, at least according to the *Financial Times* and *The Economist*. We have joined what is termed the “Hanseatic league”, a loose alliance of the Netherlands, the Scandinavians and the Baltic states. Some of these countries in turn have more enduring alliances. Holland, Belgium and Luxemburg have worked together since before the Treaty of Rome as the alliance of Benelux countries. Deep institutional ties exist between all the Scandinavian countries through the Nordic Union. According to the *Financial Times* in November 7 2017:

While the [Hanseatic league] countries are far from united on all EU policy issues, they share a common outlook on many economic questions, favouring dynamic competition on the single market, and stressing the need for national budgetary responsibility within the eurozone.

Europe is a half-way house between domestic and foreign policy. Ireland has a radically different foreign policy from the policy positions of some other member states, including on neutrality and, to an extent, Palestine, whereas internal EU matters are really just extensions of domestic matters and are handled by the line Departments through the permanent representation in Brussels. We work with the ETUC on lobbying matters and, through that body, on statutory committees on social dialogue, on migrant workers and vocational training. The social policy area is one in which Brexit may cause significant change. Up to now when discussing European proposals with Irish civil servants we would be told “this proposal won’t progress as the British will veto it”. That response is now obsolete. A case in point was the process that preceded the adoption of the information and consultation directive in the mid-1990s when Ireland and the UK argued for unanimity as opposed to qualified majority voting in an attempt to veto the measure, which, thankfully, did not prevail. Some of the new alliances we make will be custom built. An example is France which will be our strong ally on CAP but far from an ally on the question of corporation tax. What relationship do we want with the Visegrad group of central European countries given the number of their citizens who now live in our country? This group has traditionally taken a very hostile attitude to progress in workers’ conditions and labour law. A case in point is a recent spat between France and Germany on the one hand and the Eastern countries on the other. France and Germany decided to apply their minimum wage laws to trucks passing through their territory, for example travelling from Hungary to Spain. The Commission launched infringement procedures against them. Bizarrely, Ireland joined with the Eastern countries, Spain and Portugal in supporting the Commission’s action. How this builds our influence with France and Germany is beyond me. The decision making process in Ireland to support this stance also remains a mystery. This is an illustration of how things which happen in Europe are really not matters of foreign policy but of domestic policy. However, it could have foreign policy implications in that putting a foot wrong on one issue could affect something else.

In the century since the foundation of the State, Ireland’s foreign policy has fallen into two phases. Up to the mid-1950s, it was all about regulating our relationship with Britain and protesting about partition. This reached its high point in 1949 when Seán MacBride offered to

abandon neutrality and join NATO in exchange for an end to partition. From the late 1950s, the emphasis moved towards Europe in tandem with Britain's move in the same direction. We are now heading into a third phase at a time of increasing uncertainty in world politics. As a focal point, I notice the latest utterance from Boris Johnson is that the application of external tariffs by the EU would be the equivalent of the continental blockade of the Napoleonic wars. I leave my remarks on that happy note.

Dr. Pat Ivory: I thank the committee for another opportunity to set out the views and concerns of business to the joint committee as it undertakes its work on alliance building within the European Union. IBEC is the country's largest business organisation and represents members at national, European and international level. Over recent years, we have been working intensely at a national and European level to support member companies as they manage the ongoing uncertainty of Brexit disruption. More recently, we have also been working to highlight business priorities during the recent European Parliament elections as well as in the context of the election of the new Presidents of European Council and Commission and the appointment of the new college of Commissioners. Unsurprisingly, Brexit remains a top concern. The failure of the UK Government to ratify the withdrawal agreement has left business with the complex task and enormous cost of managing the uncertainty of shifting Brexit deadlines. Millions of euro have already been spent putting in place, and in many cases activating, costly contingency plans. The divisive and ongoing polarisation of the UK political debate has increased the likelihood of a no-deal outcome, driving up the cost of contingency planning further. For the record, business fully supports the terms of the withdrawal agreement, which comprehensively address the key challenges that arise in the exit process. From the perspective of business, customs and regulatory alignment across the island of Ireland is vital to avoid the return of a hard border, safeguard the all-island economy and protect the Good Friday Agreement. The unique challenges facing Ireland and Irish business in the Brexit process have required us to invest enormous energy in strengthening our links and co-operation with other EU and international business groups over recent years. It is vital that our partners in Europe fully understand the specific economic and political challenges Brexit presents to Irish business and support an outcome that comprehensively addresses them.

IBEC has had a permanent office and staff in Brussels since the 1970s and the organisation is a member of BusinessEurope, the leading advocate for growth and competitiveness at EU level. The group brings together business federations from 35 countries and IBEC actively participates on its council of presidents, executive committee and numerous policy committees and working groups. IBEC is also the Irish member of Business at OECD, which is based in Paris, and the International Employers Organisation, which is based in Geneva. In addition to these horizontal business organisations, IBEC's numerous trade associations are affiliated to their respective sector associations at EU level. An audit of our activities shows that over 60 of our staff are involved in approximately 200 committees and working groups in more than 65 organisations. That is a significant commitment of time, effort and finance to building alliances across Europe.

Given the challenges on the horizon, we have stepped up significantly our engagement with strategic business partners in recent years. We have travelled across Europe to meet our business partners in their cities, including Berlin, Paris, the Hague, Vienna, Prague, Copenhagen, Tallinn, Helsinki, Athens and others where Ireland does business. The breadth and depth of our ongoing work make us among the top business federation lobbyists at EU level, alongside the key German business groups. All of this means that IBEC has a truly unique capacity to ensure Irish concerns are understood and shape common EU-wide positions. This has been the case

when it comes to Brexit, with IBEC ensuring Irish concerns are reflected clearly and strongly in EU-wide business positions, but it is an issue that goes far beyond Brexit. IBEC has set out in detail its priorities in the context of the future of Europe and the direction of a post-Brexit European Union. Of course, a European Union without the United Kingdom will be very different. Ireland and the other remaining EU member states must seize the opportunity to reinvigorate their commitment to a stronger, more prosperous European Union which will further develop the Single Market, the digital economy, international trade and enshrine pro-jobs and pro-growth conditions and a real commitment to innovation at the very heart of EU decision-making. We are working with our partners across Europe to make this happen.

In its work IBEC also focuses on global issues and connections that are so important to an open globalised economy like Ireland. In recent years IBEC delegations have visited Washington DC, New York and elsewhere to strengthen its engagement with US businesses and their representative organisations such as the US Chamber of Commerce, the National Association of Manufacturers and the US Council of International Business. IBEC has also welcomed leaders from these organisations to Dublin to meet Irish business leaders. A key part of investment and trade in Ireland is the strong relationship between not only Ireland and the United States but also the European Union and the United States. This is something to which we continue to be committed, even in a challenging global environment.

Key international challenges have intensified the work of IBEC in forging strong alliances with its partners in Europe and further afield. This is work it carries out typically in close co-operation with the Government and Ireland's international embassy network across the world which is second to none. Of course, there is more to do. IBEC intends to further strengthen its engagement with like-minded EU and International business groups as we face the challenges ahead.

I thank the Vice Chairman and members for their attention.

Vice Chairman: I thank Dr. Ivory and call on Mr. Miley from the Irish Universities Association to contribute.

Mr. Jim Miley: I thank the Chairman and members for giving me the opportunity to address the committee. We have submitted our opening statement. I propose to touch on some of the points made in it, rather than going through it in detail.

There is a broad range of alliances across the European Union in which Irish universities are involved. The best known are the Erasmus+ programme and the Horizon programme on the research side. I want to reflect on both programmes, as well as speaking about the post-Brexit scenario and the broader alliance building undertaken across Europe.

The Erasmus programme has been running since 1987. Close to 500,000 students have crossed borders in Europe to participate in the programme during the years. In the Irish context approximately 90,000 students and staff have travelled to one of 32 countries during that time. During the same period approximately 115,000 learners have come to Ireland, cementing Ireland's reputation as a high quality study destination, as well as laying key foundations in forging working relationships with future leaders. As I am sure members are aware, there are many prominent political leaders across Europe who were Erasmus programme participants in Ireland in the past.

The overall impact of international students in Ireland is worth noting. Recently we pub-

lished an independent report produced by Indecon economic consultants, a copy of which has been sent to all Members of the Oireachtas. In it Indecon shows that international students who include those who participate in the Erasmus programme are worth an aggregate €387 million a year in export earnings to the economy. It has become a very significant economic driver for the economy, apart from the intrinsic education value that comes from it. It is worth noting that European Commission data show that 40% or more of Erasmus trainees are offered a position by the company in which they train. In addition, the unemployment rate among young graduates who participated in the Erasmus programme is 23% lower than that among their non-mobile peers. The value of international travel, both inward and outward, is unquestionable.

The outgoing European Parliament confirmed that funds for the next Erasmus programme should be tripled to allow more young people take part in the different learning mobility schemes. Obviously, it will be subject to the next European Parliament agreeing the fine print of the proposal, but it is an indication of the ambition for the programme.

For the IUA, the emphasis is not just on the numbers who travel but also on who travels. In particular, there is and will be emphasis in the next Erasmus programme on broadening access to it. Major success has been generated in Irish universities in broadening access across social strata. Currently, in Irish universities one out of four new entrants is coming through dedicated special access programmes, either through HEAR, higher education access route, that targets socio-economic disadvantage or DARE, disability access route to education, or other special access programmes. These students are under-represented when it comes to participation in the international Erasmus programme. We propose that the Government prioritise and incentivise in order that more of these access students can participate in and avail of the Erasmus programme.

It is worth noting that the Minister of State with responsibility for higher education, Deputy Mitchell O'Connor, who launched the report, Enhancing Mobility for Access Students Ireland, called for national targets to be introduced for the mobility of non-traditional students such as mature students, student with disabilities and so on. We strongly support her in that regard. The IUA launched a charter for Irish universities last year in which the seven universities represented by the IUA committed to enabling 20% of students to undertake study or a placement abroad. That would represent a significant increase. We also wish to increase the number of international students to 15% of the total student population. The successes of the Erasmus programme and the benefits to both the economy and the students were recognised and we should focus on expanding them.

I move to research and innovation, or the Horizon agenda. As members are probably aware, the first Horizon programme, FP7, ran from 2007 to 2013. The Irish drawdown from the programme was €625 million. The current programme will run out next year. The target drawdown is €1.2 billion. The drawdown is just over €700 million, but there is an upward trend. The seven universities we represent have drawn down 55% of that drawdown of €700 million. The crucial emphasis needs to be on the next Horizon Europe programme which will run from 2021 to 2027. We think it will present significant opportunities for Irish industry and the third level sector in this country. We emphasise that our capacity to draw down more EU funding cannot be optimised unless more funding is provided from domestic budgets. In our budget submission we are asking for an additional €50 million in domestic money to be provided each year. This money should be targeted specifically at investigator-led research. A number of our best scientists are not getting any funding from the Government. This is inhibiting their capacity to draw down EU funding. If one does not have other sources of funding, one cannot qualify

for Horizon Europe funding. The provision of domestic funding is a particularly important priority for the economy as we seek to build our innovation capacity for the future.

As other speakers outlined, Brexit presents challenges and opportunities in all sectors. The third level sector is no different. There is a long-standing positive relationship between Irish and UK universities. The United Kingdom is our biggest partner in this sector. That is to be expected, given that it is our closest neighbour. Almost 10,000 Irish students are studying in the United Kingdom. Their terms and conditions, including their fees, have been guaranteed in the short to medium term as a result of the work of the Irish and British Governments. There are real opportunities and substantial risks, depending on the outcome of Brexit. One such risk will arise if the fee structure is changed substantially on either side of the relationship. As Deputy Durkan will be aware, the 10,000-strong Irish student body in the United Kingdom is almost as large as the total enrolment at Maynooth University. An intolerable strain will be placed on the third level system which is already under pressure if it has to absorb some of these 10,000 students. In the post-Brexit scenario we are emphasising the strengthening of our existing ties with other European partners, while continuing to manage our relationship with our closest neighbour. Regardless of Brexit, it is of great importance for our system that our relationship with our UK partners be maintained.

On broader alliance building, it is worth noting that the results of the European universities initiative were announced a couple of hours ago. Members of the joint committee will recall that President Macron inspired this initiative which seeks to build formal alliances among universities across borders. Approximately 20 consortia have been announced as successful bidders under the initiative. I am pleased to inform the committee that two Irish universities - Dublin City University and Trinity College Dublin, both of which are members of our association - have succeeded in winning funding under the programme as part of their respective alliances. Between €5 million and €6 million is being provided for each alliance as part of the pilot phase of the programme. If the programme which comes specifically under the Erasmus programme is successful, it is intended that the alliances will be strengthened and that more will be built in the future. This links with what I said about the future of Horizon Europe and the Erasmus programme. It is a significant achievement for two Irish universities to be included in the first phase.

Ireland could take a lead in European co-operation in the areas of higher education, research and innovation. The building of alliances is not limited to governments and parliamentary relationships. As I have shown, universities have a pivotal role to play. If we engage effectively with our European partners in a way that will enable us to realise our ambitions, the gap in State funding for higher education must be addressed. In the last decade the amount of money provided in direct State grants across the system - all third level institutions, not just universities - has decreased from approximately €9,000 per student to just over €5,000 per student. We need an investment programme to begin to close that gap and ensure the system will be in a position to avail of the alliance opportunities that will arise in the future.

Vice Chairman: I commend the work being done by ICTU, IBEC and Mr. Miley's organisation. The work they are doing with our permanent staff in Brussels is absolutely vital. This is a major change. The influence of the unions, business representatives and universities as they work together on behalf of Ireland is very important. They receive excellent co-operation from the permanent representatives in Brussels.

A delegation from the committee has just returned from a COSAC meeting in Romania. I mention this to bring the delegates up to speed on the Erasmus programme. An amendment

proposed at the meeting would have affected the future expansion of the programme. Many of the members of this committee are keen to ensure it will not be confined to university graduates. Like many others, my daughter has availed of the Erasmus programme which embraces all 28 countries. Erasmus and the Common Agricultural Policy are two of the best programmes to have been introduced by the European Union. I understand Britain intends to pay to remain in the Erasmus programme in the short term. It has been proposed that the programme be expanded to allow apprentices from here to travel elsewhere in Europe to learn new technologies in areas such as wind energy and solar panels. The amendment proposed yesterday would have meant that governments would be responsible for the expansion of the Erasmus programme. We did not agree with that amendment. My colleagues went back and said Erasmus must continue to be an EU programme and funded as an EU programme. It has been mentioned that 500,000 people have participated in it since 1987, which is an enormous number. When I was on an aeroplane yesterday, I spoke to a young doctor who had studied in Bari in Italy. That is an example of the comings and goings under this exchange programme. Many permanent unions and families have been formed from it. It has been suggested to me that it would be worthwhile for somebody to research this aspect of the programme. Perhaps the delegates have already carried out in-depth research into the effect it has had on all of Europe. Nothing has brought it closer. It is regrettable that the influence of students from the United Kingdom who have studied under the Erasmus programme in the past was not enough to change the minds of the people of the United Kingdom when they voted on Brexit. I am certain that those who participated in the programme voted to remain.

I thank the delegates for their efforts and worthwhile contribution to building links between organisations throughout Europe. I know from my experience at the Council of Ministers that representatives of the Government and Irish organisations have a large degree of influence in the European Union - our influence is above our weight - because of our style of contacts. Long may that continue. We will miss the United Kingdom when it leaves the European Union because it has been our ally at European level.

Deputy Bernard J. Durkan: I welcome our guests. I congratulate and thank them for the constructive work they have done in their respective capacities during the years to meet the challenges in modern Europe. We have all contributed to this debate and hope it will be successful, but it will not be easy. There are new challenges and opportunities. We must presume to take full advantage of every opportunity that comes our way because there may not be one to go back and revisit this issue again. As the Vice Chairman said, the committee was represented at the recent COSAC meeting in Bucharest. It is ironic that the debate there could have been anticipated. There was a long debate on maximising employment and investment opportunities through the mediums of education and technology. It was an interesting debate which went on for some time. It is something in which my colleague has taken a particular interest. As each day passes, new opportunities arise through education and technology. If we focus and zoom in on these areas and avail of the opportunities that arise, we will create what we need in the future, namely, further opportunities for an expanding population. We live in a different world from 20 years ago. The people of Europe are a moving population; they go to where the jobs are to be found, whatever that may be. It is very good from our perspective. It is what generations of Irish people have done. The jobs happened to be in the United States, the United Kingdom, elsewhere in Europe and across the globe in countries such as New Zealand and Australia. It is great that we have arrived at a point where people want to come here to make a contribution to the economy and use their skills in technology to assist us in our quest to increase employment.

The alliances referred to are hugely important. Corporate alliances are also important and

must be made to the benefit of one side or the other. We must remember that diverse opinions are emerging across Europe on what democracy and co-operation are about and where we are likely to be in the next 50 or 60 years. The best thing we can do is look back over the last 50 or 60 years and at the progress made from when Europe was in ashes to when it was built to be a really strong and uniform entity. I think back to the time when Ireland's income *per capita* was a fraction of that in other European countries and the United States. It is now on a par with most. Even in the depths of the recession, we kept in touch with it, from which there is much to be learned. We have progressed a great deal.

I have not referred to the challenges that worry me the most. Damage has been done to the cohesion of markets across Europe. That is evident in the UK car industry, for instance. There are announcements daily. We seem to take it that they were inevitable - they were - but they are happening in anticipation of Brexit. What worries me most is that the architects of the new Europe and particularly Brexit did not foresee these issues arising. Nigel Farage spent 20 years undermining the European Union and when he had achieved the result for which he was looking, he disappeared into the background because he had nothing more to say. Now he wants to come forward again to do something else. Worse still, many of our colleagues in the United Kingdom did not seem to know what was plan B. Exiting the European Union was one thing - allegedly it was to gain freedom, although from what I am not certain - but there has been considerable damage done across Europe. I hope we are not returning to an earlier era as ultra-nationalism has begun to re-emerge. It would be a disaster if that were to happen. In recent days there have been various exchanges across Europe, as well as with our colleagues in the United Kingdom who are still at a meeting, although they did not expect to be. They are nice guys who have made valid submissions in pleading their case. There was no plan B, but now we are being told that it will be all right on the day, that it will be perfect and that there is no need to worry at all. If there was no plan B, it is unlikely that there is a plan C or a plan D either. It worries me that there could be serious consequences.

We should not forget that the Good Friday Agreement has been a very important part of Anglo-Irish relations in recent years. It followed a 30 year guerilla war during which the most atrocious events took place on the island of Ireland. It now appears to be at risk. What is the value of a modern agreement if everyone does not stand over it? That is especially the case when it comes to an emotive agreement of that nature. We have heard people ask what the problem is at the Border? There are other places all over the world where there are borders. There are, but there are few borders - they include those in the Balkans - where people are very careful not to offend the sensitivities of others and for very good reason. The Irish position has held very well so far and has been well supported by our European colleagues. We should recognise this and owe it to them. However, it is also in the interests of the European Union to do so as it is not only about Ireland but also the European Union itself. Will the European Union that we recognise and in which people have lived in peace in recent years prevail or be undermined? Will the Good Friday Agreement prevail? Some of the things that have been said undermine it to a great extent. Some say they cannot change their views and that we must change ours, but that is the oldest negotiating trick in the book. We are not the ones who opted to leave. We did not ask to leave the European Union. We believe we have a contribution to make to it and are doing so, even as a small country. I strongly believe each country, whether large or small, has a contribution to make on the European platform. It all depends on what we bring to the table. We can either bring positivity or negativity, each of which has consequences. There is a slogan which refers to bringing Europe closer to the people, but we must bring them closer to it, something altogether different, and maximise the extent to which people across all nations, big and small, recognise that they are European and wish to contribute to that ideal.

Senator Gerard P. Craughwell: I will address each group individually. I welcome Dr. Rigney. It is always good to meet someone from the ICTU which is looking after the workers of this country.

Every time I hear the word “neutrality” used, I challenge its use. Ireland is not neutral, never has been and probably never will be. If it was truly neutral, members of the Defence Forces would not have been denied a pay rise in the past six weeks. On pay, I have had discussions with people at what I refer to as both ends of the economy. I welcome Dr. Rigney’s views on the risk that the tech industry in Ireland is slowly pricing itself out of the European market. Large IT companies have to pay salaries in excess of €100,000 to attract people with the competencies necessary to run their organisations. They then have to spend money on accommodation for these employees in which to live. I refer to it as buying accommodation blocks and so on. Senior people in the sector with whom I have had conversations believe it is only a matter of time before companies exit Ireland. They are footloose and have very little hard capital invested in the country. They have plenty of intellectual capital, but as we know, it is highly mobile and can move at any time. IBEC might confirm that 40% of the world’s soft balance sheets are in Dublin. All we need is one serious shock to any one of those companies for it to leave as fast as it came. The only company in the IT industry that is likely to be stuck here is Intel because it has made serious capital investment on the ground. I am interested in hearing the views of the witnesses on that issue. I am also interested in their views on the costs of labour. We know the costs of labour at one end but there are hundreds of workers at the other end outside hospitals all over the country today. Is it the case that there is now a them and an us in the labour market? If there is, I would be interested in any recommendations Mr. Rigney has in that regard in light of our future in Europe. That is key for me. We will have enough on our plates without dividing the workforce. I am interested in Mr. Rigney’s views on that.

It is good to meet Mr. Ivory and his colleague, Mr. Dillon, again. We are meeting on the same subject, so I hope they will forgive me if some of my questions are in the same area because it is important that they are put on the record of this committee. On the issue of the Border, the day before yesterday I addressed the meeting of the Conference of Parliamentary Committees for Union Affairs, COSAC, in Bucharest on the issue of Brexit. In my contribution I laid out a number of priorities, the first of which was ensuring that the Single Market not be compromised under any circumstances. From the European perspective, the Single Market is the first priority for all of us. After that we are into such things as the Good Friday Agreement and all that comes with it. This also cannot be compromised. The movement of people across the Border cannot be compromised. We could go on listing issues on which there can be no compromise and the difficulties we have with responsibilities for national infrastructure being shared, with some institutions north of the Border and some south. I am deeply concerned that the Government has not, to date, set out its solution to the Border problem in the event of a no-deal scenario. I am interested in IBEC’s position on that.

The last time I met Mr. Ivory we spoke about the stop-start nature of efforts with respect to Brexit. If I am not mistaken, Mr. Dillon outlined the cost to industry of building inventory to prepare for a shock exit, after which it was told that an extension had been agreed so there was no need to keep that inventory and it could be let go. He spoke about the cost of borrowing money to fund that inventory which, ultimately, represents a cost to the business. There is some suggestion in discussions at COSAC and various other fora that the wider European movement may offer the UK another extension to allow it to get its house in order. If I am not mistaken, when we last met, Mr. Dillion said the impact of this would be a serious cost to business and that this process cannot be allowed to continue stopping and starting again. People in business

need to know where they stand so that they can build solutions.

I have two further points to make to Mr. Ivory. Have we quantified the number of companies in Ireland that could accommodate direct sea access for the supply of goods to Ireland or the delivery of goods to the wider European market? We are told that we can expect 9 km tail-backs of trucks at our ports. Have we looked at the possibility of getting non-perishable goods across the seabridge and at the cost thereof? Is it prohibitively expensive or can it be built in?

Much of what Mr. Ivory had to say related to the United States and our relationships with various companies in that country. Why are we not looking east? The Iranians would welcome an Irish Embassy. We would have 80 million people to service in Iran and a wider community of 400 million could be serviced through it. Despite this, we will not open an embassy in the country. Why are we not doing so? Does IBEC have an opinion on this matter?

I will move on to the third level sector. I thank Mr. Miley for coming in. I believe this is the first time we have met at this committee. There was a discussion at the COSAC meeting about education driving the Single Market. I was particularly interested by the presentation made by the president of one of the universities in Bucharest. This presentation related to a number of issues this president saw as critical for the future. We tend to talk about an information economy which would be driven by IT and IT solutions. I have some reservations about concentrating excessively on that. I would like to see equal concentration on areas such as apprenticeships. Mr. Rigney may also like to address that issue. One of the things that limits the ability to cooperate throughout Europe is the lack of a standard basis on which to recognise qualifications, if the witnesses follow my drift. A BSc should have the same value regardless of where it is acquired. There was some discussion on the issue of microcredits and about how they may be used in life-long learning to allow people to build a credible set of qualifications to allow mobility within the workforce or to allow the reskilling or upskilling of those in redundant professions or professions that will soon be redundant so that they can move on and become active citizens in the new emerging economies.

On the issue of progression, which is in the same area as microcredits and the recognition of prior learning, one of the things I have never been able to understand is that Irish students in the further education sector can transfer to English universities with full recognition of the two years spent on their diploma course yet they cannot do so in Irish universities. In many cases the national universities will not accept such candidates on any basis other than that of a leaving certificate student through the CAO system. That is limiting the ability of second-chance learners, as I myself was, to move from one sector to another. I had to move to an English university to attain a qualification. I could not do so directly in an Irish one. That bothers me.

My colleague, the Chairman, spoke about funding for Erasmus and Erasmus+. With a tightening European budget, there is definitely an effort to make local governments fund more of these programmes to avoid disenfranchising those students who would avail of them. There is limited money in Europe so attempts are being made to get national governments to pay. That is a retrograde step. I would be interested in anything Mr. Miley has to say on the matter.

With respect to the funding of universities, a little while ago I adverted to the fact that 40% of the world's soft balance sheets are in Dublin. Despite this, I am not sure that there is any PhD programme in the country specifically in the area of cybersecurity. There is no umbrella body dealing with cybersecurity in the country. We are very fortunate in that the companies that have set up here have invested heavily in their own cybersecurity, but the State has not taken responsibility for cybersecurity *per se*. From the universities' point of view, is there a case to be made

for a cybersecurity organisation to be set up, perhaps under the Department of the Taoiseach, to provide a significant amount of funding not only for Irish students in Irish universities, but for Irish students in collaborative programmes right across Europe? It must be remembered that, as far as cybersecurity is concerned, we are always two steps behind the criminals. I am really concerned about the weakness of the economy to any significant attack in the future.

I will leave it at that. I appreciate that I have asked a lot of questions.

Vice Chairman: There may be a lot of questions but there are many of them which it may not be possible to answer. It is a matter for the witnesses to decide whether they can respond. It is an open discussion. I will not inhibit anyone. Before they make their replies, the organisations - IBEC, Congress and the Irish Universities Association - are required to do a lot more lobbying than previously as a result of Brexit, which results in a need for more funding and additional work. Are the members aware of the need for extra funding to allow the organisations to carry out their work?

Is there is an understanding among colleagues in the other 26 countries that Ireland is in a uniquely difficult position, given that it has had free trade with the UK since 1963, with Lemass and Wilson? Since then, we have had the European Union, the Single European Act and so on, and now all of a sudden there is to be a complete change to that. Most colleagues we meet from the Executive are aware of our situation, but they have difficulties too. The Estonian Prime Minister told me that they do not know what will happen to its 70,000 workers in London; at least we have free access and free movement, the negotiation of which was a great success.

We will continue to build up our relationships with UK industry, employers, employees and the TUC. There will be new arrangements, but we have to be involved because it is our largest customer and our nearest neighbour.

The panel can decide who will respond, and not everything that has been asked needs to be responded to; this is more of a discussion. Some questions might be beyond the capacity of the panel, such as that about open embassies, which is not a foreign affairs responsibility and is outside the European Union. That is neither here nor there. Perhaps each one of the panel could respond in any way that they feel appropriate.

Dr. Peter Rigney: Regarding the germane questions, we operate in Northern Ireland also and so have another perspective. There is an awful lot of uncertainty there, particularly for food co-operatives, because there is a common pool across the border. Shorts in Belfast is the largest single private sector employer and there is a question around how it will be affected, given that it is up for sale. In Northern Ireland, the platform of workers rights that exists was not handed out by the generosity of nation state governments; most rights are there because of the European Union, including the transfer of undertakings legislation, the Organisation of Working Time Act and equality legislation. That is a given.

Is there a plan B? It is hard to say, but we have to prepare for the worst. There are few precedents for this. The only one I can think of is during the Emergency, when we trusted the goodwill of our neighbours in Britain. A namesake of the Vice Chairman, who was the secretary at the Department of Supplies, was perhaps trusted excessively.

Vice Chairman: He was a good secretary general.

Dr. Peter Rigney: He was, but those who had no coal, no tea, no rubber and no petrol might not have thought so. We have to acknowledge that things do not always turn out for the best,

and so we have to make plans.

I want to talk more forming alliances for the future. This is a new phase in Irish foreign policy and probably the biggest wrench since we decided, some time in the mid-1950s, to go into the EEC. There are big challenges. In fairness, the work of the Department of Foreign Affairs and Trade has seen us well; it has proved its worth. As an outsider, there was a downgrading of the status of the Department up to the time of the Brexit decision and then it was rapidly ramped-up again. It has done us proud to get us to the situation we are in. The one worry I have is this. There is an understanding in Brussels of our situation but there is a growing sense of tiredness with Britain; it is almost as though people are asking why they are still there. At events on mainland Europe, a lot of the time people are talking about other things. That is a worry.

Dr. Pat Ivory: I thank the Chairman, Deputy Durkan and Senator Craughwell for their comments and questions. I will take the questions on the make-up of the European Union and its future challenges. We took some encouragement from the European parliamentary elections, which resulted in a more fragmented European Parliament but without a dramatic swing to either the far right or the far left. Even though the European People's Party, of which Fine Gael is a member, has lost an overall majority in the parliament, it is still the largest block. The SND also has a significant number of seats; the new group, Renew Europe, of which President Macron's En Marche party is part, is also a significant block; and the Greens are a significant block, having made gains here in Ireland, with two MEPs elected, and in other member states. We are encouraged by the fact that the fear of a big swing to the nationalism of the past did not materialise. We can all work towards a good next five years for the EU and its institutions.

Senator Craughwell raised the issue of high-tech industry. Clearly, there are challenges for Ireland and we have to face up to those. The world is changing and developing, with a lot of focus on how new industries will be taxed in the future. It has always been IBEC's position that unilateral action by member states of the Union should not be tolerated and that the right way to do this is through an international tax agreement between all the players involved. The place to do that is the OECD. Through its affiliation with business, IBEC has participated significantly in the OECD's work on international tax questions. A second wave of new international tax rules is being worked on and we expect that progress will be made and those rules will be published in 2020. We have told the European Union, through the Commission and our business partners in different member states, that we should act together on this rather than have piecemeal, unilateral moves, which will lead to a suboptimal outcome for everybody. We are deeply involved in that work. The director general of business at the OECD was in Ireland for the international energy conference. I met him on Monday night and he was in IBEC yesterday, where we talked more about this important element of the OECD work on international tax rules.

We also need to ensure that we have the right skills sets in Ireland to make sure that companies find it attractive to remain here, regardless of what happens in the international tax scene. A key part of that is having the right skills, and we are 100% supportive of increasing investment in third level education in Ireland. We have been working with Mr. Jim Miley and his team to raise awareness of the need to invest in our universities and their infrastructure, as we do in other elements of the education system. We also have a campaign on infrastructure investment, and I will pass over to Mr. Arnold Dillon, who will comment on that.

The issue of the Border was raised. The Single Market cannot be compromised, and we have worked on this with our European business partners. Over the weekend, on the third an-

niversary of the Brexit decision, we were very happy to see the German business group state publicly that it still fully supports the withdrawal agreement. The chief executive of our counterparts in Germany fully supports the withdrawal agreement, the backstop and the need to ensure that the Single Market is not compromised. That gives us not only support but responsibility; Ireland has to ensure that it plays its part in the European protection of the Single Market.

The backstop is about much more than the Single Market. It is also about the Good Friday Agreement and the peace process. This morning, we had a meeting in IBEC with the Minister of State with responsibility for European affairs, Deputy Helen McEntee. One of the things that we were very encouraged by was the way she answered a question asked by one of our members. She said that the funding for the PEACE programme is going to be extended, which is welcome. The Good Friday Agreement and peace on the island of Ireland are vitally important to the citizens and businesses, and not only the people who do business with the UK. Our position on the Border is clear. We feel that the withdrawal agreement should be accepted and we should have a transition period. If we reach a no-deal outcome then we will need to re-examine the area, particularly the transition that business will need because we do not believe that the authorities, business or State agencies in Ireland or across Europe will be fully prepared for the catastrophic impact of a no-deal exit.

We met representatives of Make UK, which is the largest manufacturing representative body in the UK and was formerly known as the Engineering Employers Federation. Yesterday, we met its representatives in IBEC and talked about the very significant challenges that their members are facing. We are working with them to try to make sure that we can help them as much as possible and also because our membership has such a deep integration and involvement in the UK market, and in UK manufacturing for the food and drink area and the pharma medtech area. Later I shall discuss the relationship with the US but my colleague, Mr. Dillon, will now comment on campaigns and their funding.

Mr. Arnold Dillon: The question asked was whether the activity that we are involved in is fully recognised by our members. The answer is an emphatic “Yes”. Our membership base is incredibly plugged in to the risks associated with Brexit and has been since the moment a referendum was mooted in the UK, which was long before the referendum took place. It is something that IBEC has sought to reflect over the course of our work over the last couple of years. Due to that support and recognition by our membership base we have been in a position to significantly resource that sort of work and reorientate our activity accordingly. IBEC has four active headline policy campaign. Two of the campaigns focus on the domestic agenda in terms of the future of work and the quality of life. The remaining two campaigns focus on Brexit and the future of the EU, and on our international reputation. It is absolutely true that Irish business is incredibly aware as a small, open economy, and as an open-minded business community, of the risks and mandated IBEC, as their representative organisation, to reflect that in our work accordingly.

Mr. Jim Miley: It was good to hear the feedback on the recent COSAC meeting, which very much reflects the sentiment that we have heard at meetings with our European colleagues. I shall address a couple of the questions and my colleague will pick up on a couple of the other questions because he is best placed to do so.

Senator Craughwell asked about the information economy and the need for an increased emphasis on apprenticeships. We wholeheartedly agree with such an approach and welcome the apprenticeship initiative taken by the Government over the last one to two years. We think that a lot more needs to be done. We would broaden the initiative beyond apprenticeships to

include work placement and collaboration with industry and enterprise, which is an agenda that we very much share with IBEC. In that regard, the human capital initiative that the Government announced in last year's budget, and the first tranche will be allocated in next year's budget, is €300 million over five years and €60 million each year starting in 2020. We have been in discussions with the Department of Education and Skills about the initiative. We emphasised that the fund should not just be about the number of placements, apprenticeships or students but bring about system change in third level, particularly how we, as third level providers, can innovate in the delivery of our courses and have greater agility in terms of how we engage with enterprise. We have shared some of our ideas on that with the Department. We hope that the higher education institutes fund would be structured in a way that allows us to work together to progress that agenda. Therefore, we are very much in agreement with the Senator's view on that.

I shall leave it to my colleague to respond to the question on the recognition of qualifications and progression. I shall address the other issue raised by the Senator. I refer to the funding and push by certain forces in the EU to have a greater proportion of Erasmus funding borne by domestic governments. We would be in agreement that that should be strongly resisted. Erasmus is a European fund, which has been very successful, and should remain so. Any moves in that direction need to be resisted and we hope our view can be carried across European interests. I shall revert back to the point I made earlier about the overall funding for the system. It is described here, and maybe I described it as such, as an investment in universities or third level but that is not what this is about. This is about investing in our future. A current Minister has referred to young people as our "oil reserve". Perhaps in these green days talking about an "oil reserve" has become somewhat of a dirty term. However, it is an interesting metaphor because oil reserves are not a whole lot of use unless one invests quite a lot of money to harness them, bring them to the surface and then use them to benefit the economy. Ireland does not have natural resources when compared with almost any of our European competitors. Our economy is now largely built on the oil reserve that is our people. The only way we can keep our competitive edge is if we invest in those people to harness that reserve for the future. This is not about campuses, universities, lecturers and courses. It is actually about the future of our economy. European funds can carry us so far. The following is particularly relevant to research funding. If there is more money for the Horizon Europe 2021 to 2027 programme, and it looks like there is, our capacity to compete for that money is only as good as how much we invest ourselves because it is a matching funding equation, and it is important that we invest more in same.

Mr. Lewis Purser: I shall pick up on a couple of those issues, as requested. Ireland is seen as a very good example across Europe in terms of the recognition of academic qualifications. Students who move around in other countries, as correctly identified by the Senator, face challenges when they return home. I mean in terms of having been abroad for a semester or a year and the recognition of their modules or whatever they bring back with them. That is not the case for Irish higher education institutions. We have good systems in place but, even more importantly, we have very good systems for recognising foreign qualifications when people come to Ireland either for the purposes of work or further study. We are an attractive destination for both purposes, as the Senator noted.

Quality and Qualifications Ireland, QQI, is the quality and quality assurance agency and national agency. It maintains an excellent database on foreign qualifications. What they translate to on the Irish framework of qualifications and what they can most readily be compared with in terms of a qualification delivered by an Irish education institution whether that is further or higher education, a university, an institute of technology, etc. That example in Europe is ad-

mired by many countries. QQI is often solicited to talk about the issue and how to manage the situation. The Senator is right in saying that we sometimes have a problem in this country in terms of transfer and progression from further education to higher education, particularly from further education into the university world. It is something of a double-edged sword because universities have quotas set aside for further education applicants but we have great trouble filling them. We are undertaking major work that is being led by the Irish Universities Association but with representatives from all the universities and in close consultation with SOLAS and the Department of Education and Skills. The aim is to try to remove many of the barriers that we have built up over the years. They make it too complicated and bureaucratic for further education award holders to progress easily and transparently to the university sector. This work is under way. We expect to see the results in several years' time. In the meantime, we still have places that we would like to fill. The process is rather difficult.

Reference was made to the need for greater flexibility in the delivery of reskilling and upskilling and the use of micro-credentials in particular. This is something we have been asking the Department of Education and Skills to consider as part of the human capital initiative. We hope to achieve our goal of using the additional investment or new money coming in through the employers' contribution to the national training fund to enable us to deliver or leverage our existing higher education provision in more flexible ways for people who need it. If this arises in a smaller way through micro-credentials, more flexible learning, part-time learning, etc., then it is a win-win situation for everyone involved.

Deputy Durkan mentioned some of the challenges facing European democracy. We have ample evidence of it. The Deputy was in Romania in recent days and will have seen the demographic support around populism throughout Europe, from Romania to the United Kingdom to our country. Unfortunately, we know the demographics relating to that. However, those who are part of the younger and more educated demographic are far more likely to be pro-European, engaged citizens and progressive in terms of democratic involvement and so on. This is one of the positive societal outcomes of investing in education at every level. We have seen the role it plays. We have seen the role of our young people in driving the economy, innovation, social change and healthy societies. That is why we need to invest in the future for Ireland.

We have considerable support from our colleagues throughout Europe. One point mentioned was the possibility of a no-deal Brexit and the risks. While we have sorted out, at least in the short term and medium term, the mobility of staff and students across these islands - north, south, east and west - a disorderly Brexit would result in the United Kingdom crashing out of eligibility for European research funding. UK researchers are the biggest players and they are our biggest partners in research output. Not only are they Ireland's biggest partners but they happen to be the biggest and most important partners of many European countries, especially the smaller ones. This is an opportunity for Ireland as a small country, but one with an active and developing research and innovation scene on the industry side and on the higher education side. We could team up with some of the other countries looking for new partners. We have made some suggestions in our written submission to the committee about countries we see as useful when it comes to strengthening links in future. That is set out in the submission. We would be happy to work with the committee if it is receiving delegations or if members are visiting and would like the Irish Universities Association to brief them in advance on whatever they think would be useful.

Vice Chairman: I thank our guests for attending. We have had a good exchange. I thank them for their time, effort energy and for continuing their excellent work. As a team Ireland

26 JUNE 2019

initiative, we are in this together. I know they are doing their utmost. Their contacts in Brussels will continue after Brexit but the contacts in the United Kingdom in particular are vital because we have to work together in future.

The joint committee went into private session at 3.25 p.m. and adjourned at 3.40 p.m. until 2 p.m. on Wednesday, 10 July 2019.