

DÁIL ÉIREANN

AN COMHCHOISTE UM GHNÓTHAÍ AN AONTAIS EORPAIGH

JOINT COMMITTEE ON EUROPEAN UNION AFFAIRS

Déardaoin, 15 Iúil 2021

Thursday, 15 July 2021

Tháinig an Comhchoiste le chéile ag 9.30 a.m.

The Joint Committee met at 9.30 a.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Dara Calleary,	Lisa Chambers,
Francis Noel Duffy,	Regina Doherty.
Seán Haughey,	
Ruairí Ó Murchú,	
Neale Richmond.	

Teachta / Deputy Joe McHugh sa Chathaoir / in the Chair.

Developments at European Union Level: Commissioner Mairead McGuinness

Chairman: We have received apologies from Deputy Harkin and Senator Martin. We are going to have an engagement with Commissioner Mairead McGuinness this morning. Ar son an choiste, cuirim fáilte go dtí an cruinniú roimpi. Is é seo an chéad chruinniú a bhí againn léi óna ceapachán. Táimid ag dúil go mór leis an díospóireacht agus leis an gcomhrá faoi réimse pointí. On behalf of the committee, I extend a very warm welcome to Commissioner McGuinness. We are delighted to have her here this morning and look forward to a very constructive engagement. We will see how she has been getting on in her new role and members will obviously wish to raise a number of specific pertinent issues. We look forward to that.

Before we begin, all witnesses are reminded of the long-standing parliamentary practice that they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable or otherwise engage in speech that might be regarded as damaging to the good name of the person or entity. Therefore, if the witness's statements are potentially defamatory in relation to an identifiable person or entity, she will be directed to discontinue her remarks. It is imperative that she comply with any such direction. Witnesses participating in this committee session from a jurisdiction outside the State are advised that they should also be mindful of domestic law and how it may apply to the evidence they give. 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 of the Houses or an official either by name or in such a way as to make him or her identifiable.

I remind members of the constitutional requirement that they must be physically present within the confines of the place in which Parliament has chosen to sit, namely, Leinster House or the Convention Centre Dublin, in order to participate in public meetings. I will not permit a member to participate where he or she is not adhering to this constitutional requirement. Any member who attempts to participate from outside of the precincts will be asked to leave the meeting. In this regard, I ask any members participating via Microsoft Teams to confirm they are on the grounds of the Leinster House campus prior to making a contribution.

I am aware that Commissioner McGuinness is in Brussels this morning. During an initial conversation I had with her offline, she told me that the weather is not good there. If I may speak on behalf of the committee, our thoughts are with the people of Germany, where there have been terrible floods and lives have been lost. We are thinking of them this morning. I invite the Commissioner to make her opening statement.

Ms Mairead McGuinness: Good morning Chair and honourable members of the committee. I thank the Chair for recognising what has happened in Germany and the loss of life there. When I say that Brussels is grey and rainy this morning, it is an understatement. There have been very unusual weather patterns across the Continent. In Canada there are extreme forest fires. Maybe we will touch on the big subject of climate change in our conversations.

As the committee knows, my portfolio is financial services and it covers quite a broad range of policy areas. However, I am not long gone from being a Member of the European Parliament, so I come to this role with the parliamentary perspective. As First Vice-President, I was

charged with engaging with national parliaments and I chaired many discussions with the national parliaments across the Union, which is something we need to do more of. My successor in the role is also deeply engaged, particularly now as we look towards the future and a conference on the future of Europe. National parliaments have a key role to play and no doubt this committee will do just that.

We are emerging, although not fully, from a pandemic that no one was prepared for. Those of us in the developed world should hang our heads in shame that we were not prepared for a global pandemic. We have had to catch up very quickly in terms of investment in public health. Equally, businesses have been so badly impacted by the pandemic that the old saying that health is wealth is absolutely true. In fact, some of the learnings from Covid-19 will feed into our discussions around climate change and the need for the financial system and corporates to move towards sustainability. In the past few businesses would have thought about investment in public health as being an important contributor to their bottom line and to their financial well-being. Whereas today businesses, large or small, know that public health measures have impacted, in some cases severely, and, in many cases, businesses may not reopen. The consequences of being vulnerable and not being resilient are being felt right across the system. Across Europe, both within member states and between member states, the impact of Covid-19 has been different, in particular in those countries that rely heavily on tourism and hospitality. The discussion in Ireland is very strong at the moment.

There was a difficult start with our vaccination roll-out. However, Europe should be proud of what we have achieved despite that difficult beginning. We have managed to export significant quantities of our production of vaccines from the EU to more than 90 countries. We are the only bloc to have done that. Others have put up barriers to the export of vaccines. I acknowledge the role of the President of the European Commission, President Ursula von der Leyen. She announced at the weekend that we have produced and delivered enough vaccines to cover at least 70% of the adult population. That is very significant. I compliment Ireland, the HSE and the Government for its roll-out of this campaign, which is regarded as one of the great successes. This is good because it will allow us reopen, but we are all conscious that new variants exist and more could happen. My sense is that we will be living with Covid-19, and learning as we go along.

Let me speak briefly about the recovery, because we are looking to this as well. One of the things that we prioritised was to make sure that the banks could continue to lend to businesses and citizens, so as much flexibilities as possible were brought into the system to accommodate that requirement. Equally, the fiscal supports that governments have provided, and monetary policy from the ECB, have both helped the banks continue to lend to the real economy. It is noteworthy that bankruptcies have declined during the pandemic. This is probably an indication that some supports are masking problems. We may see an increase in this problem as we come through the recovery. When we launched our non-performing loans strategy last December, I said it was really important for lenders and borrowers to talk early to see if there can be a restructuring or a situation where viable businesses that are vulnerable at the moment because of being closed can actually survive. That is a very important conversation happening across the member states.

In addition we have this Next Generation EU, with €750 billion being borrowed from the marketplace. So far, when we have gone to the marketplace as the European Union there is an avalanche of investors wanting to provide the finance towards our recovery, because of the stability of the Union. Equally, we are determined that the money is invested in the future. We

do not want to invest to recreate the past or the *status quo*. We have to ensure that a significant part of the money is used for the green and for the digital transition. Indeed, we may discuss that in more detail.

My role is in financial stability, so anything that impinges on that is something that I have to be mindful of. I am also very conscious that the world is changing and the world of finance is utterly changing. For example, Covid-19 has accelerated digital transactions. Cash is not being used as much, but it is still important that people can use cash. We are seeing a big increase in the number of innovative FinTechs providing services traditionally provided by banks. I am having a discussion regarding an ideas forum on what that means for the future. Many central banks, including the ECB, are looking at digital currencies, and we are slowly rolling out that process of trying to navigate what it might mean for the financial system.

At the global level, I refer to the work I do around sustainable finance, which is greening the financial system, to invest in green. This week I had very good discussions with Ms Yellen, Secretary of the US Treasury, during her trip to Brussels. The work Europe is doing around climate change, environmental degradation, and making the finance flow towards sustainability, is leading at global level. What we need to do is make sure that other countries are with us on that journey, because Europe alone will not tackle climate change. If we look to what is happening around the world in terms of weather events, people know there is something there that we need to tackle.

Yesterday we launched quite a significant package, Fit for 55, to achieve a reduction in emissions by 2030 by that very ambitious 55%. There is much activity, and the financial system, is absolutely key to us achieving those very ambitious targets.

Chairman: Thank you Commissioner. We will move straight to our engagement. I call Deputy Calleary.

Deputy Dara Calleary: I thank the Chair and the Commissioner for joining us this morning. She mentioned the vaccine roll-out which has been incredibly successful. However, the original invitation to her to speak to the committee came in the context of the triggering of Article 16 back on 29 January 2021. I know the European Commission wants to move on from that and pretend that it almost did not happen but, as the Joint Committee on European Union Affairs, we need an understanding that it will not happen again in the manner that it happened in that the Irish Government and the Irish State were blind-sided. The consequences of that decision are still being felt today on the island. Despite the enormous work done by the European Commission, the Parliament and all the institutions in defending our island's interests during Brexit, that couple of hours of madness undermined much of that work. We need an understanding that there are new procedures in place to ensure that such a thing will never happen again and that where our strategic interests are central, the Irish Government will be centrally involved. As the Irish nominee to the Commission, what has the Commissioner changed in terms of her ways of working to ensure that does not happen again and that we are not blind-sided?

In regard to the Commissioner's role, there is an area around the financial equivalence side of Brexit. I suspect we are going to move from sausages to financial services very quickly. The Governor of the Bank of England, Andrew Bailey, said recently that on equivalence, nothing has moved forward. Can the Commissioner give us an update from her perspective of where we are in negotiations on financial equivalence? I do not want the Commissioner to show me the poker cards, but to give me a sense of her vision for the EU's financial markets post-Brexit and

post the city of London not being part of the EU. Are there opportunities for Ireland in that?

In regard to the banks, the Chairman and I are dealing with a situation which the Commissioner will be familiar with from her parliamentary days, namely, pyrite in blocks and mica. It speaks to building defects, and not just in Ireland. We see the whole issue of cladding in England. I imagine there are similar issues across Europe. They all have an impact on banks' balance sheets because banks have invested in homes and commercial properties. Is the issue of building defects on the Commissioner's radar across the European Union with respect to its potential impact on the balance sheets of banks?

To move to the climate side of things, I will refer to the human impact of these weather events we have been referring to this morning. We have seen this in Germany. The Chairman has referred to that. It is appalling. There will also be an impact on the physical buildings and capital assets that are used as collateral by our financial institutions. At what stage does the Commissioner believe there will be an awakening as to this potential impact?

On the climate agenda, does the Commissioner get the sense that the financial companies and institutions around Europe are engaged in respect of this matter? There is a phrase used. I am sorry; my brain is not fully working yet. I believe the term used is "greenwashing". Is it a question of greenwashing on the part of the financial services industry? Are these companies just seeking to be seen to be doing something and to tick the boxes or are they actually going to engage? The Commissioner mentioned digital currency. We know the impact this has on, for example, electricity usage which, in turn, has all sorts of consequences for our climate. Does the Commissioner get the sense that the financial institutions see this as a serious issue and are genuinely interested in truly green products or are they greenwashing? If they are greenwashing, what is she going to do about it?

Chairman: I would like to be associated with Deputy Calleary's point regarding mica.

Ms Mairead McGuinness: I thank Deputy Calleary very much. He made five points. I will try to answer them in the order in which he raised them.

With regard to the issue of Article 16, the invitation from the committee to be here was sent last December. We had difficulty finding time. On the Deputy's specific point on what happened and ensuring that it will not happen again, I have been very public about what happened. It certainly will not happen again. The Deputy should acknowledge the words of the President of the European Commission, Dr. Ursula von der Leyen, her apology and her commitment to Northern Ireland and to the full implementation of the protocol. The idea that this would have consequences was accurate at the time but we should not allow the past to blur the situation today or to be used inappropriately by those who might have other ideas as to what should happen in implementing the protocol on Northern Ireland. The Deputy asked me a direct question. I can give him absolute guarantees with regard to the system in place. There is now an onerous system regarding issues relating to Northern Ireland and Ireland. There are many issues that will impact on Northern Ireland in our normal day's work. We in the Cabinet are very focused on that.

I wish the United Kingdom would apologise for its unilateral action. We have never seen such an apology. There should be an acknowledgement that the President of the European Commission and my colleague, Vice President Maroš Šefčovič, whom the Deputy knows very well, reached out to Northern Ireland and gave an abject apology in the week after the Article 16 issue arose. That should be accepted for what it is. I can give the Deputy guarantees that

this will not happen again. I am sure that, in politics, all of us have seen things happen that should not have but, if people are big enough to apologise and if that apology is accepted, we should move on, wiser to what happened and making sure that it does not recur in the future. I am a little worried that our UK friends bring this up all the time. I do not believe we should help them in their case because they can do that quite strongly themselves. It is inappropriate at this stage. This is now the month of July. Brexit happened on 1 January. Article 16 was not triggered but there was an interim of a few hours before that was clarified. We have learned from that, as we all should when errors are made. I again hope that we will not ignite a fire that should not exist and allow others to use, in a very inappropriate way, a mistake that was made, acknowledged and apologised for.

To move on to the area of financial services, it may be useful to say that financial services do not form part of the trade agreement, as colleagues will be aware. There is no formal negotiation around financial services. What we did before 1 January was to grant equivalence in a small number of areas where doing so was in our interest. That is what equivalence is. It is interesting that, just before 1 January, the United Kingdom granted equivalence on 28 areas of the financial system, although not to the European Union but to the EEA. That is significant. I am not sure how the Deputy would read that. The Deputy asked me about what is happening in respect of the negotiations. There are no negotiations on financial services. What we are doing, and the UK has done likewise, is making sure that the financial system that Europe relies on post Brexit is stable. We are looking to see where our interests will lie in the future. We have agreed a technical memorandum as to how we will work with the United Kingdom. These are technical discussions. We have the same sorts of agreements with the US and they work really well. It is a forum where we can discuss regulatory issues because there will be common issues which we need to discuss.

With regard to equivalence, we have granted equivalence to the one area of these central counterparties, CCPs, in the London system which Europe relies on until June of next year. We are now looking at what will happen for the future. We have made no final decision on that but we will be looking at it from the point of view of what is in the best interests of the financial stability of the European Union. When we get down to having regular engagement with the United Kingdom, as we do with the US, there will be global issues on which we will have to have conversations. These may include digitalisation or other parts of the system which are changing. I hope we get to that stage. We do not have any poker cards. The situation is not quite the same as that which obtained during the trade negotiations because it has been very clear from the outset that finance was not part of the conversation.

For the European Union, this means that there will not be one main financial centre. London was the main financial centre for the European Union but it is now outside the Union. From my experience, I have come to the view that we will see different centres emerge for different services. Whether in Frankfurt, Dublin or Amsterdam, we will see these developing. There are opportunities in this area for many member states. Up until Brexit, it was very appropriate to have a central place like London. Covid has shown us that it is not always necessary to have one location. We now know that people can work from all sorts of places once the technology exists. I cannot stress enough that the role I play here in the college is to make sure that the financial system is stable and that we can weather not only the good weather, but the bad days. As I look out my window here in Brussels, it is pretty grim and pretty grey with heavy rain. On the financial side, that is the objective. There are no specific timelines or deadlines we have to do things by. I am listening to the comments of the chancellor and others in the financial system. They believe they can continue to serve us with a lot of the infrastructure. We have to see

whether that is in our interests. I am sure the UK is taking the same view.

With regard to the Deputy's questions on banks, I will refer first to the broad question of climate risks and the financial system. Climate risks will cause financial instability if they are not addressed. That is a fact. We see that from all of the regulators. We know that this will be the case. It speaks very much to the Deputy's point. You can have an investment portfolio of buildings which might be subject to flooding or which might be just wiped out, as we saw on the Continent. Your balance sheet will be fairly skewed if this happens to a significant degree. I draw the Deputy's attention to a strategy, which I can share with the Cathaoirleach, that we launched just last week. It relates to financing the transition. One of the four pillars relates to the resilience of the financial system. The Deputy asked me if the financial system is aware of all of this or whether greenwashing is taking place. I have been here for approximately nine months and it is very clear to me that the financial system gets it now. Those involved understand that climate change is a risk for them and for their bottom lines, and that they have to act. When you hear the big asset managers who have not traditionally supported climate action and so on speaking to both their boards and their shareholders about what they need to do for the future and see them seeking to invest in sustainability, it is clear that they get the message. They can see that the consequences for their bottom lines will be really severe. We have asked the supervisory authorities here to look at the regulatory implications of taking climate into account, which we have to do. The ECB is also looking at this. It may speak to the point I made in my opening remarks that business used to divide itself from health in the sense that one never thought the other would impact on it in the way it has. Business now realises that nature hits it and it hits nature. There is what we call in Europe a double materiality concept. In terms of sustainability, we are making sure that corporate entities report on their impact on climate and the impact of climate change on them, and that the financial system reports on what it is doing around sustainable investments.

We are trying very hard to avoid the disaster that would be greenwashing. We have had a good bit of it up to now because there are many, but no clear, standards. We have issued a directive on corporate sustainability reporting. When that is in place, it will give clarity to the corporate world and the financial system.

The only way to avoid any sort of washing, in particular greenwashing, is to check. We will insist on assurances. Those who carry out audits and those involved in sustainability reporting will have to give assurances to the system that what they are saying is what they are actually doing. If they do not do what they are saying, penalties will apply. We are using a carrot-and-stick approach. We are making sure there is transparency so that investors, whether small or large, know what they are investing in and their investment requirements as individuals or pension funds are met because they have access to this information. The point the Deputy raised is very important.

As to the specifics around mica and pyrite, it is on my radar because I represented the areas that are impacted by this. Our hearts would go out to people whose homes are crumbling. It has not been brought to my attention in terms of the financial system, but following the intervention of the Deputy, I will make an inquiry and perhaps reply to him separately around that. He can bring it to the attention of colleagues.

We are awake to the impacts of climate change. The financial system is now on board and it is our duty to make sure it stays on board. We also need to stop investing in what is not sustainable. That is perhaps another part of our conversation. It may arise later.

Chairman: I thank the Commissioner for the comprehensive response.

Deputy Seán Haughey: I thank the Commissioner for her very comprehensive overview of the issues affecting the European Commission at this time. She has responsibility for sanctions and plays a role in the preparation and monitoring of sanctions. That brings me to the situation in Belarus and the awful regime of Alexander Lukashenko, involving political prisoners, the suppression of human rights and so on. The Belarusian opposition leader is having a very successful trip to Ireland as we speak and has been very well received by many people.

I refer to the sanctions being imposed on Belarus. Sanctions were imposed on 78 individuals and eight entities, as well as seven economic sectors. How are they going? Is there any feedback on the effect they are having on the Belarusian regime? Is there scope for more sanctions? What kind of extra sanctions or pressure can be brought to bear on the regime? This follows the outrageous hijacking of the Ryanair plane and the incarceration of Roman Protasevich and his partner. I am interested in hearing what the Commissioner has to say about that.

The Commissioner did not deal with this in her opening statement, and I know it is not part of her brief, but I would like her to comment on rule of law issues generally and the position in Hungary. In a report published yesterday it was stated the European Commission is to launch a legal action against Hungary today in response to a law seen as discriminating against LGBTQ citizens. The Dutch Prime Minister has gone so far as to say that Hungary should leave the EU. European values are under threat in Hungary, in particular, as well as in other countries. Is there a real commitment by the Commission and the other institutions to deal with this issue or does the *realpolitik* of the European Council mean it is never effectively addressed? I refer specifically to the EU recovery and resilience facility. Hungary's application for €7.2 billion from that fund still has not been agreed. Is that due to the content of the plan it has submitted or rule of law issues? In summary, can real sanctions be imposed on these states?

I want to throw in a bit of a hand grenade regarding the OECD moves in respect of global corporate taxation. Does the Commissioner believe the OECD will reach agreement on the 15% corporate tax rate and the other measures proposed? Does she think Ireland should sign up to that? If the OECD does not come to an agreement, is the EU willing to press ahead with our own arrangements to deal with this issue?

Ms Mairead McGuinness: I thank the Deputy for his questions. I will try to deal with them in the order in which they were asked.

The Deputy takes a particular interest in sanctions, an important issue. What happened with the Ryanair flight shocked us and perhaps brought to global attention what is happening in Belarus, and no harm that it does. My role in sanctions is threefold. I oversee their drafting, guide their implementation and monitor them to make sure they are fully implemented by member states.

On Belarus, the Deputy saw what happened. There was quite a strong reaction and unanimity at EU level that this was an issue that had to be tackled and addressed. The sanctions were adopted in record time. On 4 June, the EU adopted a ban on aircraft flying over the airspace. On 21 June, we adopted the additional designations and the Deputy mentioned the people and entities involved.

On his question on the impact of sanctions, I would not be able to say they are having a specific impact, but I think they are. I daresay the Belarusian authorities will not tell us how

severe the impact is, but we are carefully monitoring the situation.

The shock of what happened has catapulted concerns around what is happening in the region. The whole idea of sanctions is a difficult area of policy. They target those who are up to no good. In some ways, this is a sensitive issue. We have to try to avoid impacting those who are not part of the problem. The humanitarian side of sanction implementation is something we have to be very mindful of, but it is fair to say the immediate response, the unanimity around that response and the targeting of citizens and entities was real and strong. The Council will consider this again and, if needs be, examine whether to impose more sanctions on the regime until it realises democracy matters and countries cannot interfere in flights that citizens are on without getting some reaction to that.

On the rule of law, the Deputy asked whether there is real commitment, and I will answer that very strongly. I am sure he has listened to the President of the Commission speaking about rule of law issues, Hungary and recent events. She leads us in our total commitment to making sure the rule of law and values are respected and we use whatever instruments we can to insist this happens. I want to be very clear on that.

I understand what one leader said about Hungary. The Council meeting was particularly emotional, and rightly so, because what Hungary was and is doing is completely against the rights of individuals and the things we hold dear. We have to do whatever we can to make sure any member state that does that, in particular Hungary, is aware this is not acceptable.

The Deputy asked specifically whether there is a link with the recovery plan. I cannot give him a definitive answer. It may well be the plan is still going through the scrutiny process because, as he knows, some plans were submitted early and approved while others remain to be approved. If I have more clarity, I can reply to him separately on that. The real sanction comes through money. We have to use all the tools available to us to insist members of the European Union abide by the customs, laws and values of the union. Members cannot pick and choose or discriminate. The European Union, for all its difficulties over time, has been strong on our freedoms, including freedom to move and freedom of speech. Non-discrimination is a core element of our values. Whatever we need to do to make sure countries comply with that will be done.

The hand grenade remark is worrying. Let us stand back from the discussion around tax. Ireland feels in a particular position but I take a different view and took such a view in the European Parliament. The world is changing on two fronts. First, citizens are wondering whether big companies pay a fair share of tax. The sense is they do not because they can avoid paying a fair share. Second, digitalisation means things are more mobile. Where countries are located may be different from the markets they serve. The European Union fully supports the work of the OECD. There is a view it has been more rapid than might have been the case had there not been a different Administration in the United States. The Biden Administration has been to the fore in trying to have this global agreement.

Regarding the details, my colleague, Paolo Gentiloni, a happy Italian this week for reasons we all know, is deeply involved in all this. He would like to see the European Union collectively agree to what the OECD is working towards. There are three member states concerned, namely, the member state I know best, Estonia and Hungary. I am reading various reports and have listened to the Minister for Finance, Deputy Donohoe, discuss this. It is not clear yet whether these details will get through the US Congress and what the details are. While the European Union would have to move as one rather than as some, there is an opening to address some of the concerns of those who have not signed up to the agreement yet.

It is significant that there is now a realisation that those big earning companies have a requirement to pay tax at a certain level and that it is apportioned to where the services are delivered. That has consequences for the member state I know best and I have been reading about those. A wider discussion may be required about peripheral countries' economic model for the future.

I have listened to commentary about undue pressure being put on Ireland. I do not see that as the case. There is an understanding of Ireland's perspective but also a hope and expectation Ireland will join with the rest of the European Union if a global agreement comes into play. We should all hope it does. If it does not, it shows multilateralism has not worked. With the Biden Administration back around the table on many issues, including finance and climate, there is a hope that multilateralism is back in vogue. We will not solve any of our problems without that. While it is a concern in Ireland, at the broader level the European Union is keen that there be a global agreement.

Deputy Neale Richmond: I thank Ms McGuinness for her presentation and her presence, albeit virtually. I hope she gets home in the coming weeks, if feasible and work allows among everything else.

I want to go back to a couple of the answers and questions from the first session with Deputy Calleary to tease out a couple of issues further. The first relates to the next steps of the protocol. Ms McGuinness rightly referred to the worrying unilateral actions taken by the British Government. A couple of weeks ago, the grace period was extended and a bit of hope - I hope it was not false hope - was brought back that we might be able to get a workable solution in the medium term. That hope is fading rapidly due to the actions of the British Government and, more important, the statements by their key implementer, Lord Frost, in his joint opinion piece in *The Irish Times* and various responses he has given to questions in the House of Lords and at committee meetings.

My major concern is there will be further unilateral action by the United Kingdom. If that is the case, what preparations have been made by the European Commission? Commissioner Šefčovič, who appeared before this committee, has made references to the scope for further legal action and retaliatory measures. Will Ms McGuinness elaborate on that suite of options? None of us wants them to be needed but we need to be frank that there is a worrying mindset and attitude among certain members of the British Government.

It goes to the protocol and the outworkings of it on this island. We are, thankfully, starting to see in the past week a few people be more vocal about the upsides and possibilities of the protocol. Much credit must go to the SDLP MLA for Belfast South, Matthew O'Toole, who has been consistent in talking about the opportunities provided for Northern Ireland and the whole island by the protocol. We are starting to see that from business leaders and other non-political actors in Northern Ireland.

I hope we have seen some of the political rhetoric around the protocol dampened down because it was getting to a dangerous stage and being used and abused by certain political actors. Any sign of flexibility from the European Commission was being jumped on and we saw all manner of accusations made against the European Commission and the Irish Government which were false, bogus and unnecessary. What role can the European Commission play?

It was welcome to see Commissioner Šefčovič appear before the executive committee in Stormont and to see continued outreach by the European Commission and by Ms McGuinness,

as the Commissioner who knows Northern Ireland best. It was her near neighbour, once upon a time. Many people asked how we retain a Northern Irish voice in the European decision-making process and how, in Ireland and working in partnership with Ms McGuinness, her colleagues and wider European figures, we play a substantive role in Northern Ireland and make sure the people of Northern Ireland feel their voices are being heard and they have an element of influence.

I move on to a wider Brexit point. Deputy Calleary focused on financial services and the ongoing negotiations. We are grateful for Ms McGuinness' previous appearance before the Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach, which I sit on. We went around the houses on the issue at that time. It is about looking at the growth opportunities in financial services post Brexit, particularly for member states like Ireland, related to an exodus from Great Britain or people looking to diversify. We have seen it in other member states. What initiatives are being taken, primarily by Ms McGuinness in her brief, to develop the financial services sector across the European Union post Brexit and to seize every opportunity? We have said many times there is no such thing as a good Brexit but we have to take every opportunity. There is one for growth in financial services for all EU member states post Brexit. Within that sector, opportunities will be provided for citizens.

Ms McGuinness spoke before of the joint EU approach to things like mortgage provision, health insurance and motor insurance, and of how we can use Brexit as a catalyst to develop that. How do we tailor the supports provided by the Brexit adjustment fund, of which Ireland is the largest benefactor of all member states? We do not just look at sectors that are most negatively impacted by Brexit, such as agrifood exports into Great Britain. We must also use that fund with the recovery and resilience package to take every opportunity. We have seen through this troubling pandemic period that there are opportunities for certain sectors and workers in them, especially in Ireland. We have shown a commendable level of resilience in society as a whole. We have to encourage such resilience. It goes back to the salient point that underlines everything that we are all talking about today that it is easy to criticise the EU but we do not recognise enough when the EU is playing such an important part. With the Brexit adjustment fund, that is key. I would be grateful to hear the Commissioner's opinion on those points.

Ms Mairead McGuinness: I thank Deputy Richmond for a number of points but clearly around the Brexit scenario and what next, including financial services.

I will start at the very beginning here. The United Kingdom, in these last weeks, reached out and looked for an extension of the grace periods. Because it was requested, the European Union has given that up until the end of September as well as a number of other important offers to make implementing the protocol easier. What has been quite shocking is the reaction from the UK side. I was in Brussels last weekend and I listened to an interview given by the UK ambassador to Ireland. I read the Op-Ed from Lord Frost and I thought as to whether they were listening, whether they read what the European Union has offered here, and if they had, that their response lacks any graciousness. Worse still, it seems that the response was written before there was any acknowledgment of the strong reply from the European Union side wanting to solve problems and wanting to sit down with the United Kingdom to make sure that the protocol is implemented, that the benefits of the protocol to Northern Ireland flow towards Northern Ireland and that difficult areas are solved. I was a little concerned when I heard the ambassador talk about medicine shortages. This is something that European Commission Vice-President Mr. Maroš Šefčovič has said from the outset we are addressing. I thought it lacked grace that there was no acknowledgement of the work we have done here at EU level which begs the ques-

tion as to what the United Kingdom intends to do for the future. Based on past performance which, they say, is not always an indication of future performance, I would be afraid that it might be. I would be concerned that after September we would be back into this, where the UK refuses to acknowledge what it signed up to in the protocol and continues to point the finger at the European Union and accuse it of all sorts of things.

I will be very clear with this committee. Mr. Šefčovič and I talk all the time about this. My colleagues around the table were aware, for example, around sensitivities with the month of July. I note there were big bonfires but I am relieved that there was nothing more than that. There were the celebrations of the loyalist community around that day which is important for them but at least we did not see violence. Europe understands that. Mr. Šefčovič was sensitive to the month of July. The reason we were so willing to offer an extension was because we understand the sensitivities. The committee also should know that Mr. Šefčovič tried to reach out after that debacle that Deputy Calleary alluded to in January but was not helped by the UK side, to colleagues in Northern Ireland to explain and, indeed, carry that apology.

Let us look at what this means for the future. If the United Kingdom thinks that if it persists in non-application this problem will go away, that will not be the case because this problem gets worse. This is an international agreement and I am sure the rest of the world is watching with some interest as to how an international agreement is being regarded by the United Kingdom. From our side, I repeat that we want it fully implemented but we also want to iron out those difficulties for citizens and businesses. That is already being delivered on. More can and will be done but we have to do it with the United Kingdom. We have to do it with a United Kingdom that is open to implementing what it signed up to. This is important.

Deputy Richmond asked in particular about what action we might take. It is not wise at this stage to talk about retaliation. It is not our style. In the long run, politeness and good manners matters. Diplomacy matters. While people might say you should be tougher and you should perhaps give a kick to the shin which does not happen in football matches but sometimes can, it is not the right approach. The approach we are taking to keep calm during all of this is not an easy one but it is important as a partnership of 27 countries that we stay calm, respect sensitivities in Northern Ireland and find solutions. I would just say that plans are being made and will certainly be unrolled and revealed if we do not see co-operative implementation of the protocol.

The Deputy talked about the upside of the protocol. What is troubling - I saw this during the Brexit referendum campaign - is there were voices that were silenced because they were afraid to speak up. There are businesses in Northern Ireland quietly getting on with doing more business but they may not be willing to speak out because it is such a divisive issue that they are better off if they work away and increase their business under the protocol and the opportunities it would give continuously and seamlessly - access to both the EU and to the UK. On this point, it occurred to me that was the same during the referendum campaign. One of the saddest parts for me as a politician when I was still in the European Parliament was I would have delegations coming from Northern Ireland because the Assembly was not functioning and they had no voice at all. Their concerns about the negotiations were not being heard and I did my best to try and raise to those concerns, indeed, as Deputy Richmond does in his work as well. I would hope that the quiet application of business people and entrepreneurs getting on with it and finding new opportunities will tell its own story. Frankly, headlines never do. I was a journalist and I can say this with some clarity. That will perhaps happen. Yesterday Lord Frost commented he had some concerns about an increase in cross-Border trade. I cannot understand why. I would have thought that, as a free marketeer, a global Britain would be delighted to see an increase in

trade. It was an interesting observation.

Let me move to the wider point Deputy Richmond makes around the financial sector. There are two areas where I have particular work to do. One is banking union and the other capital markets union, in particular, green capital markets which I referred to in my opening remarks. There is a huge opportunity for all member states together to development the capital markets union. At present, we have fragmented capital markets. We need a union of those markets. We particularly need it now going into the recovery. Our businesses rely too heavily on bank lending. We need equity funding. Indeed, we need to change our own mindsets around saving and investing. If you look at the balance sheets of banks in Europe, and indeed in Ireland, those who are working have not been spending and there are enormous amount of savings waiting to find a home. One of the concerns - it is a hot topic in Ireland - is our property prices. Perhaps we think that Ireland is unique, but I spoke to finance Ministers just this week and practically every member state has this concern. It is to do with people with cash trying to find opportunities to invest. We need to look at that in the round to see what are the consequences.

In addition to that, we are seeing quite a high level of increase in raw material and construction costs. We had a good debate last week in the Parliament on this that I was engaged in. That will feed in to the work of different member states, including Ireland, around trying to build houses to house our citizens. To answer the Deputy's point directly, there are huge opportunities in the financial system and around sustainability, but I understand the Government is already focusing on this. We have many asset managers and funds in Ireland and there are opportunities to go that direction.

Deputy Richmond asked a question about how we tailor supports. We will have more details around Ireland's recovery and resilience package and the Brexit adjustment fund. In one sense, I will almost put that back to the members. The members are best placed as elected representatives in Ireland to know where these funds should go. I dare say that the Cathaoirleach, with his fishing constituency, will be well aware of the impacts of Brexit on fishing from coastal communities. The money will be put to good use.

It also is important to say that the amount of money that Ireland gets recognises that we are the member state in the hot seat, if you like, most impacted by Brexit. That continues to be the case.

Lastly, as a general remark, Brexit has been front and centre of all our minds since 2016 and before, but we have many other issues as well. It is important that we do not lose sight of other policy areas where we have to do important work, notwithstanding that Brexit remains unfinished business. I have said before, and am probably going to be blue in the face saying, that Brexit is always going to be with us because there are consequences of a major country leaving the European Union. There are consequences around engagement at international level. On climate change, however - and we all hope to be going to Glasgow for Conference of the Parties, COP, 26 in November - we need to work together. In a way, Brexit is a fragmentation. It is a fragmentation of capital markets, of people and of all the things Europe stands for. On the other hand, the UK, Europe, the US, China and Russia all face the global challenges in the context of environment and climate issues. The only way we will solve those challenges is collectively because if we do it individually, it just will not work.

Deputy Ruairí Ó Murchú: I thank the Commissioner for coming before us today. I apologise if I repeat anything anyone else has said, I had to go in and ask a question of the Minister for Agriculture, Food and the Marine. Given what it related to, I might just direct it to the Com-

missioner. There is a particular issue for maize growers in Ireland in the context of the directive on single-use plastics. There was an unintended consequence with some of the plastics used. Obviously, finding alternatives is where we need to go. In the short term, however, I am dealing with a number of farmers and contractors who have probably spent a huge amount of money on plant machinery for these particular types of oxo-degradable plastics and suchlike. Is there something the State could look at in the form of mitigations, derogations or something of that nature? This is in short term because alternatives would obviously be better in the long run.

I welcome what the Commissioner said on the idea that health is not an EU competence but that the Commission definitely got its act together. The bulk-buying of vaccines and the solidarity involved have been shown to be the correct action. Beyond this, however, none of us is safe until all of us are safe, to use that terrible phrase. How engaged are we in finding a real solution? I am not ideologically wedded to the TRIPS waiver but I have yet to see an alternative put in place that we will look to as being a real solution. When we talk about COVAX, it is something that is probably only going to cover 20% of the population of developing countries. I am afraid to leave some of this to the market because we can imagine where it would go.

Will the Commissioner give us some general indication of the conversation on the movement relating to a possible European digital tax? Obviously, there is the whole conversation around tax harmonisation and the housing of profits in particular states. Some of this is just the world catching up with where the tech world has been for a long time, but there are particular implications for this State. It is about where we go from here.

There has already been considerable discussion on Brexit. I welcome what the Commissioner said about businesses in the North. It would be similar to some of the conversations I have had or what the Minister for Foreign Affairs, Deputy Coveney, said to us about dealing with unionist businessmen and farmers who are getting on with it and are just looking at solutions in respect of particular issues. Whatever about kicking shins and throwing an occasional elbow - and occasionally they are required - the big thing is us knowing for sure that the Commission and the EU are not for moving and that the Irish protocol is here to stay. It is about knowing that while we will look at mitigations and all the rest of it, the protocol is the only show in town. Sometimes we think the British Government is just engaging in conversation with itself. The problem is that it destabilises unionism and almost gives it false succour so it is dangerous, particularly at this point.

We have the conversation around legacy issues and the unilateral action on the part of the British Government. From time to time, the EU has been very strong on human rights and other issues. I wonder can it be part of this conversation, while accepting Brexit has changed things.

There was a motion moved in the Dáil recently on recognising what is going on in Palestine, namely, *de facto* annexation by Israel. We have had the conversation here about the occupied territories Bill. I am assuming that the Minister for Foreign Affairs has started a conversation on what role the EU could play in that regard. It is no different to what the EU is doing in respect of Belarus, that is, taking action against those who engage in international foul play, for want of a better term. I apologise, but I have a string of questions here.

There is an issue, which Maroš Šefčovič has been open to, regarding the democratic deficit that exists in the context of representation in the North. We have citizens who are going to be impacted by EU rules but who have no voice at this point. There are modalities being looked at which may take the form of observer status or some sort of situation that could address this deficit. The Commissioner has already mentioned the difficulties around pricing and the supply

chain problems at the minute. That is impacting on the housing crisis we have here to a great degree.

I welcome that the EU is looking at the impact of investment funds, etc. That is something which must be done. There has probably been a change of tack across the board during the pandemic in the sense that we cannot leave everything to the market. I assume that means there has been a change of tack in Europe, not just from the point of view of the pandemic but even onwards towards the necessity for states to take action.

This is my final question, and I apologise again for the number I have asked. We have a huge issue here with insurance, specifically public liability insurance, and the lack of players in the market. Is there, or should there be, a general audit of services such as this across Europe to see where those deficits are? They are going to impact on the economy in general and on organisations, community centres and businesses. It might put them out of action which will obviously have an impact on this State but also on the wider European economy. Beyond that, we have recovery and resilience and whatever else. Are we looking at something further in terms of fiscal stimulus into the future in order that we will avoid entering a recession following the pandemic, particularly as we are not through it yet and there are still major difficulties with the Delta variant and so forth? I thank the Chairman and apologise again.

Chairman: Well done. The Deputy has covered absolutely everything there apart from the European Championships.

Deputy Ruairí Ó Murchú: I never asked about the Narrow Water bridge. Obviously, in the context of INTERREG funding, there has been a change of tack but-----

Deputy Dara Calleary: There is no need for Deputy Ó Murchú to ask about the Narrow Water bridge. It is sorted.

Deputy Ruairí Ó Murchú: Yes, but it is about the money. We have had many false dawns.

Chairman: I thank the Deputy. It is my fault for facilitating his reintroduction.

Ms Mairead McGuinness: I miss this sort of politics. It is really good to hear that it is alive and well. Deputy Ó Murchú's lack of sleep has not impacted on his ability to ask questions. Fair play to him. I will try to answer them all because they are really important questions and I thank him for them.

The issue regarding single-use plastics has been around since 2019. As I understand it - and I hope I am correct in saying this - there are some stocks still in storage but these can be depleted. I will certainly double-check to ensure that I have given the Deputy the correct answer. Agriculture is near and dear to my heart. There are many areas of the agricultural supply chain in the context of which we are going to have to look at resilience with regard to where our vulnerabilities lie, but perhaps that is a matter for another day.

Europe does not have competence in health but it needs to. Again, the initiative by the President of the Commission pushed out the boundaries, if you like, but did it in a way that has given us positive results around protective equipment and vaccines. The record stands despite a difficult start where many people rightly had concerns and great fears.

On COVAX, again the EU led the charge in acknowledging that even if we look at ourselves and our children it is not enough and we must look after the wider world. That is being done at

EU level. We are pushing this strongly. Equally the Commissioner for Health and Food Safety, Ms Kyriakides, and our colleague Mr. Thierry Breton, Commissioner for Internal Market, are trying to motivate companies to invest in Africa and to construct plants. There is a lot of talk about the rules around intellectual property rights, but all of that will pale into insignificance if the facilities, skills and people are not there. We are working at that level and that is where we will see the results.

On the Delta variant, we should be as cautious as our public health experts are. Around Europe, we are starting to become as concerned as Ireland is and we do not want this to get out of control again.

The Deputy's third point was on the digital levy. As he knows, the proposal is not being moved forward because these OECD discussions are ongoing. We will look to see where those discussions are in the autumn. That might point to what will happen with the digital levy.

On business in Northern Ireland, I want to say clearly that I understand the sensitivities of the unionist community well. We cannot dismiss those genuine fears and concerns. I would hope to convince the unionist community that we negotiated in good faith with their Prime Minister. There were other options and the Theresa May option would have avoided all of these problems, but the unionist and loyalist community did not particularly want that option so we now have the protocol. There is an obligation and duty on the EU and the United Kingdom Government, led by Boris Johnson, to implement what has been signed up to and to stress we have found solutions to particular problems. What troubles me is that every time we find a solution, the UK finds another problem. That is not a good way to do business because we have to make sure the protocol is implemented fairly and in full. I hope business will show the full value of the protocol by action rather than word.

On legacy issues, I am aware of the statements made and this is a sensitive issue. I will not give a direct answer on what our role will be in that because it is a sensitive issue. I will just express our sympathy with families that will carry these traumas to their graves. We are all sensitive to that.

The foreign ministers have to agree on the issue of Palestine. There is a conversation to be had on unanimity on this and that is something the committee might look at.

On the democratic deficit and the fact Northern Ireland is not represented at EU level, that is a fact of life because it is the United Kingdom of Great Britain and Northern Ireland. Therefore, the voices should be coming from the UK side. I would hope our colleagues in the European Parliament - I know the Deputy has a colleague there, as I have - would, either informally or formally, work towards having links with elected representatives in the House of Commons and in the Assembly. In politics, it is important we talk to each other and try to listen to each other. That is important for Northern Ireland in these difficult times.

The Deputy mentioned the supply chain problems with raw materials. That is something to watch for because there has been an unusual disruption to the supply chains. Timber prices have skyrocketed, for example. I took part in the debate on this last week and one statistic was that shipping costs have gone up by 400% in some cases. We are looking at pressures on that side of the system.

On insurance, I am aware of all the issues in Ireland and the work being done to get through them. The truth is that if we had a fully fledged single market in financial services, we would

not worry about having something in Ireland. Rather, we would want to make sure we had access to the best. We have a strong insurance sector in Ireland that services a lot of European business. Maybe we need to broaden that out and develop it further. If anything comes up from the Deputy's work and if there is anything he thinks I should know in my role, I am happy to get information from him in that regard. The single market in financial services is key to resolving the issue.

As to the future, let us first examine what has happened already. When Covid happened, governments responded. Rules that were normally strictly applied were disapplied and the ECB worked to make sure there was money in the system. No one I have spoken to in and around this House has any desire to see a cliff-edge effect. In other words, we want to keep supports going for as long as we deal with Covid but we are conscious that at some point the issue of non-performing loans may arise, for example. We do not want to see those on the balance sheets of banks because that chokes off credit. Everything has its own impact. We are watching all these matters guardedly. We believe that the resilience funds that are being sent out to member states will have an impact. It is interesting that in some sectors we are seeing labour shortages.

There have been interesting developments because of Covid, which are probably more long-term and not fully understood. The only thing I want to say about Covid is that it was a great wake-up call and I hope we were shocked by our lack of resilience and by how powerless we were. In one sense, we were cheeky to think that Covid would be a three-day wonder. I was one of those guilty of it. I left Brussels in March 2020 thinking I would be back in three weeks and it would all be fine. How wrong we were. It is not as if Covid is the only problem we will face.

Equally, we will see other issues around public health linked with climate change. Maybe we were lucky that we had a bit of a wake-up call this time around before it was too late. I would hope the committee could look at the work we are doing around Fit for 55. There is a need to explain what we are doing and it is not something we can force societies to do. We need to change and everything needs to change for the future. I hope we could have a conversation around the enormity of that change at another stage and how we cannot leave anyone behind. We have to make sure that when we talk about a just transition, it is more than just words. I am conscious of the midlands, Northern Ireland and the horticulture industry that is worried about peat supplies. Every sector will face a similar trauma, including the growing of maize, as Deputy Ó Murchú said. That requires us to step back and tell everyone, as we rightly did with Brexit, to look at their supply chains and make changes where they are vulnerable. The same applies to climate change.

Senator Lisa Chambers: I apologise to members and to the Commissioner. The Seanad is sitting this morning so I have been in the Chamber and I was listening with my headphones, but if I have missed bits and if the Commissioner has answered questions I am about to ask, she can feel free to step over them. I have two Brexit-related questions. First, we recently had Commissioner McGuinness at the Seanad Special Select Committee on the Withdrawal of the UK from the EU and I thank her for being there.

The rule of origin issue has popped up quite a bit throughout the process. There are particular difficulties for dairy producers and those in the drinks industry, including whiskey producers, and we had representatives of those sectors before our committee. One of their requests was that in the negotiation of new trade agreements between the EU and third parties and in the renewal of existing trade agreements, the Commission would look at more flexibility around rules of origin relating to North-South trade and supply chains. To give a specific example,

where you have milk from Northern Ireland and Republic of Ireland cows brought together in one vat to produce yoghurt or cheese, the request would be that it could maintain its EU origin. We might try to bring that in when we are negotiating new agreements and renegotiating existing agreements.

The second issue is around the grace period that both the EU and the UK, thankfully, agreed to extend to September. Maybe I am being a bit pessimistic about it but it is unlikely that things will have resolved by September. Are moves under way to agree a further extension? What is the Commissioner's view on the post-September situation for the full implementation of the protocol?

On a separate issue, this morning in the Seanad we had a motion proposed by Senator Ward on the issue of Belarus and it was supported across parties, including by my party, Fianna Fáil. I note the previous comments of the Prime Minister of the Netherlands, Mark Rutte, when he questioned the future membership of Belarus of the European Union. Many citizens in Belarus are looking to the European Union to help them and they do not want to be under the Lukashenko regime. I am wondering what type of sanctions we can look to to bring that regime on board and to bring it back under EU values, while still protecting the Belarusian citizens who need the EU to protect them.

Ms Mairead McGuinness: I thank the Senator for the three points she raised. On the issue of rule of origin, I recall a politician in Northern Ireland saying that while they may be British, all their cows are Irish. That was to do with a particular animal disease issue. I understand this problem well. I am asking the following question rather than answering it. Can there be a bespoke trade agreement to deal exclusively with rules of origin for Ireland and Northern Ireland? Equally, be mindful that sometimes, if rules of origin are stretched, they might work against the interests of Ireland. It is difficult to say that we can fix that. I will talk to my colleague, Vice-President Valdis Dombrovskis, about it. He is now Commissioner responsible for trade. I will talk to his cabinet about that. I would caution that something that looks simple, if applied, could have unintended consequences. I know it is a problem for both the dairy and alcohol industries.

Regarding grace periods, I do not think that any of us are optimistic, which is disappointing, because significant work has been done on the EU side to acknowledge and grant the request for an extension. I can speak without even checking with my colleague, Maroš Šefčovič. We are not planning to offer an extension to the extension. This could be never-ending. That is not how you do business or implement agreements. We have offered that extension but it came with conditions. We would like to see the UK work on transferring data that are required for checks and putting in place what is required to implement an agreement that Boris Johnson signed, perhaps to get Brexit done. Maybe not enough people read or understood it but that is not our concern. We read it, understood it, respect it, and ask that the co-signatories respect it equally. I hope that will happen. I hear members' pessimism and sometimes I go there too. On the other hand, I hope that global Britain will see the importance of honouring an international agreement.

We referred to Belarus earlier. Sanctions are in place. There is a question of whether this impacts sufficiently on somebody who rules with an iron fist and has no regard for human rights. Usually people bring about change. We have to be mindful about helping that without interfering. We reacted appropriately to completely unacceptable behaviour, with a Ryanair flight being taken to ground and people being removed from it. I speak to some of our interns. Sometimes we in the developed world, a term which I use guardedly, where we have a democracy which we criticise, which is important, really do not understand that a lot of the world

does not have democracy and would love to. There are two points here. One is to try to make sure that when people see how Europe or member states function, they see that democracy is something that they cherish. That is absolutely the case with Belarus. It was lovely to see the leader of the opposition in Belarus reunited with her family in Ireland. I watched that on the news. She carries a significant burden on her shoulders. She did not want to be a politician. Her husband is unfortunately not available to carry this burden. She is doing it. You have to be brave to do that. She is under threat. We are doing anything that we can. If more is needed, we will do that too. This is something that the Ministers for foreign affairs will look at and continue to be active about.

There are many other parts of the world where we could do more. Perhaps with the United States back around the table and the multilateral issue that I referred to, we will see greater co-ordination with sanctions regimes, effective implementation and making sure that we do not hit those that we should not. Humanitarian assistance is important in places like Syria and many others. While we have sanctions, we equally have to look at humanitarian issues.

I thank the Senator for being with us. I welcomed our engagement at the Senator's committee recently.

Chairman: We met with an MEP, Barry Andrews, a couple of months ago. We heard evidence from him that there were proposals for connective tissue which we thought at the time was new medical jargon, but it is more Brussels jargon, which we hope will have a substantive positive outcome. On the issue of connective tissue between the Northern Ireland Assembly and EU institutions, what is the Commission's position on proposals for these links? The second question is about Belarus. Will Ms McGuinness outline the status of proposals for EU sanctions on Belarus? I know she has covered it in her response to Deputy Haughey. I want to hear her thoughts on the status of the proposals.

Ms Mairead McGuinness: I refer to an important question that I did not answer from Deputy Calleary about data centres and energy use. It is pointless for us to try to tackle emissions when on the other hand we have energy-intensive centres. We are looking at the sustainability of these and their impact. There are two proposals which the committee may be interested in relating to digital resilience and to cryptocurrency which are with the Parliament and Council. We have to be mindful of the environmental and climate impact of data centres. I thank the Deputy for raising it. We are looking at their environmental impacts. We have a taxonomy, or dictionary, of what a sustainable economic activity is. We refer to technical screening criteria for data centres. If the Deputy wants more information, my cabinet is happy to provide that.

Regarding sanctions, without repeating what was said in my answers, we have had sanctions in place since 24 June. I cannot give the impact chapter and verse, but they do have an impact. It hits people in the pocket. We will continue to monitor what is currently in place. With foreign affairs Ministers, we will look at whether more is needed. It is my role to ensure that sanctions are fully implemented but do not impact on those who they are not intended to hit.

When the Chairman throws "connective tissue" at me, I go back to my biology classes for my leaving certificate which, given my age, is some time ago. It refers to links between the European Parliament and Northern Ireland as opposed to the ones between my bones and my brain, which sometimes do not quite function. This is a serious point. It was raised by Deputy Ó Murchú. Everyone on this committee knows how politics work. We have many different views but we get around a table and sort them. It is important for Northern Ireland to have a voice. That has to be done through elected representatives, whether formally or informally.

One thing that I have found in this connected world, although I am not sure of the Chair's view, is that it is good that we can communicate, but there is nothing quite like being in the room or being outside the door, in the lift or having coffee and hearing something. Somebody who is aggressive to you in a room can perhaps change his or her spots when you are outside. That is the beauty of politics and engagement. Real presence is vital. The European Parliament managed to go back to being semi-present in Strasbourg recently. While it was always tough for a Member of Parliament to go to Strasbourg, I realised how vital it is to have people there. So many issues can be sorted out. That is part and parcel of the committee's work and of my work on the Commission. One cannot really compensate for real engagement and being in the room.

I refer again to the Conference on the Future of Europe. Europe is criticised all the time, as it should be. With hand on heart, I was the greatest critic of the European Commission until I was put into the chair. I now have some sympathy for the European Commission. It takes a lot of the criticism and rightly so, because we develop policy. We are scrutinised by the European Parliament, which is right, and by the Council. We get on and do our work, convinced that, with all its flaws, Europe is the best answer to any problem you have because engagement works. Even though there are disagreements around the table, we always emerge from the room with a solution. Colleagues from the Oireachtas were present for my first speech in Strasbourg, including Deputy Niamh Smyth, which I really welcomed. We should not just look to what might be but to what is. Freedom of movement struck me. I have used those words flippantly for decades. Now I realise what an awful imposition it is when one does not have freedom of movement and how those who live in regimes where one cannot move or speak freely live awful lives. Let us cherish freedom of movement and other benefits that come with Europe. Those things around freedom of movement and the other issues and benefits that come with Europe should be balanced against its ever-evolving nature because we have different politicians in the room depending on governments. Look at it as always a work-in-progress but do not always assume it will work in the right direction. It only works in the direction of those freedoms we all value and respecting democracy if we all engage. That is as true for citizens in Ireland as it is for all of the other 26 member states, which I hope to visit during my mandate.

As the members know, I came in a year late and have hit the ground running. I am lucky that I knew many of the colleagues around the table. I am lucky we are led by a President who is committed to many of the things I value, including equality. In my long years - I am 62 and am happy to say it; as long as you survive to it, it is good - she is the most committed to equality of any person I have worked with. I commend her on that and I feel very privileged to serve as the Irish Commissioner and to be nominated by An Taoiseach, Micheál Martin. I appreciate his engagement with me and I hope to be with him tomorrow in Ireland when the President will also be present for an event.

My sincere thanks to the Cathaoirleach. I am happy to take a question if there is time. I very much appreciate the engagement this morning.

Chairman: We still have a bit of time. We will have the Commissioner on the move. She has physically to get to another meeting at 11.15 a.m., at the latest. I have two supplementaries from Deputy Ó Murchú and Deputy Haughey. I insist that both Deputies be as concise as they possibly can in order that the Commissioner can reply.

Deputy Ruairí Ó Murchú: I believe I did not ask a sufficient number of questions the last time so I will make up for it now. I appreciate the time the Commissioner has given. Whatever about the questions I asked, I was impressed with the fluidity of answers. I am not saying I necessarily agree on every point but I thank the Commissioner for the interaction. I welcome

the conversation around the connective tissue and whatever can be facilitated. I understand with regard to the Conference on the Future of Europe, especially the meetings here, that there is an intention to have a serious Northern aspect or input from Northern citizens, and that is vital. What I would like to see down the line is some sort of observer status. I hope we can get to that point.

With regard to the single-use plastics situation as regards the maize growers, is it possible at some point to look at - I will term this completely incorrectly - not necessarily a full derogation but a derogation as it relates specifically to these types of films on a short-term basis. It is something the State may need to look at.

With regard to INTERREG funding, and there is the idea that INTERREG has changed the nature of what it funds in that it is more into community-based projects rather than capital infrastructure, are there any money streams the likes of infrastructural cross-Border projects such as Narrow Water Bridge that could be looked at?

Deputy Seán Haughey: The Commissioner then went on to talk about the Conference on the Future of Europe a short time ago. I reiterate the importance of that. Brexit changed everything in that a member state left the European Union and then Covid-19 changed everything in many respects. The conference is timely. I take the point Ireland should not get consumed by Brexit, albeit terribly important to us as it is, in that there are many other developments taking place in the EU that we need to be engaging in. The Government was reported to have said it is not in favour of treaty change in the context of the Conference on the Future of Europe. I did question the Taoiseach in the Dáil on that and he said no, what was reported in the newspapers was a position paper or whatever and the Government is open to treaty change if that transpires to be necessary. Is the Commission neutral on the question of treaty change and the conference on Europe, is it steering in a different direction, or is there a view we need new competencies as regards the EU? What role does the Commission have in co-ordinating the whole thing? Is it proactively trying to change Europe as a Commission or is it neutral in this process?

Chairman: The Commissioner is now in her own hands in terms of her time constraints. We will hand it back to her to do a final wrap-up.

Ms Mairead McGuinness: I know Deputy Ó Murchú hails from County Louth and I perhaps should not have a soft spot for him but I am a Louth woman and will indulge. With regard to his point on the Narrow Water Bridge, I looked at this project. It would be a hugely beneficial one and I hope it comes to fruition and that citizens benefit from it. I listened to his comment on the engagement of citizens in Northern Ireland in the conference. All engagement helps.

With regard to the single-use plastics directive, one of the things I was really concerned about was the abolition of the use of plastic straws. Some people with a disability need them. There is always an unintended consequence that lawmakers need to be aware of and I was able to bring that issue. With regard to plastic use in agriculture, derogations are possible. I am not fond of them because it should be phased out. I am sure if the Irish Department of Agriculture, Food and the Marine speaks to my counterparts here in the Commission on that issue, there may be some capacity to move, but with regard to the use of plastics generally, we should not try to continue to use them. We should find other ways. There is always another way. When you are forced to find it, you will, while understanding some of the problems of contractors.

I do not have much to say on funding that would not take a long amount of time. I take the Deputy's point. It is changing its direction but there are significant flows of money still avail-

able, including through agriculture policy.

On the bigger question on the future of Europe, which might be a good one to end on, to be clear, my colleague, Vice-President Dubravka Šuica, is our go-to person on the conference here. She is excellent and I recommend she be invited to the committee, perhaps in the autumn. The Commission is not steering the Conference on the Future of Europe in any direction. I hope nobody is. Ireland has a very good example of deliberative democracy where people come together. My friend, Enda Kenny, would have put this idea forward and many people have realised it works. When you give people the responsibility of taking on an issue and going through, they will come up with some interesting answers because they are committed to it. We hope the same will happen with the Conference on the Future of Europe.

On treaty change, the idea of referendum always puts people ill at ease. On the other hand, if in this discussion with citizens we feel there are areas in which treaty change is needed, we should not shy away from them. These are always important moments. We might be on different sides occasionally around the way the treaties are being changed, but at least we get to debate it. With regard to Irish citizens in particular, from my memory of referendum, if you do not give enough information and they do not believe what they are being told, they will not vote in favour. It also puts a responsibility on the political system to address concerns and questions citizens may have. What I would say on the Conference on the Future of Europe is that minds should be open about the future.

Post Brexit and post Covid-19 is probably a good time to have a chat about what we want. I know during the heat of the awful months of this year, when people were dying from Covid-19, getting ill and the vaccination roll-out was not as rapid as we all wanted, there was a sense that we would be better off on our own, which tends to be the immediate reaction until you step back and say I am glad we were not on our own because, especially if you are a small member state, you may be forgotten. However, I come from a small member state. It never inhibited my work as a Member of the European Parliament when I started in 2004 because I engaged. We are lucky we have Members of the European Parliament who engage and it is very important they do because you have to spread yourself quite thinly. I hope the conference excites and unites people in Ireland and that they have a conversation around it. If treaty change is required, so be it. We should all be ready for that challenge.

Chairman: Gabhaim buíochas leis an gCoimisinéir as ucht-----

Ms Mairead McGuinness: I am thanking Ms Deirdre O’Hea for this, my very able assistant who I was able to steal from the Parliament to the Commission because of her long experience. There are colleagues on the committee who are also members of COSAC. I would have engaged with national parliamentarians at meetings of COSAC. It is really important. I cannot stress that enough and I think members realise the importance of the informal networks it helps to create. Certainly, in my work in the Parliament, I was very conscious of a sense sometimes among national parliamentarians that they did not have enough access to the European decision-making process. I hope that my engagement this morning shows that this is not the case. The committee has met with other colleagues and will meet with more in the future. We want the engagement of national parliaments. In fact, Europe cannot grow without the engagement of national parliaments. They have the power to make it prosper or to weaken it, depending on how national parliaments view the European Union. I know that the committee, while often critical, still believes in the concept of a united Europe, which is better not just for Irish citizens but for all European citizens.

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Chairman: Gabhaim buíochas arís leis an Choimisinéir as ucht teacht os comhair an choiste inniu. Gabhaim buíochas lena foireann, Deirdre agus a comhghleacaithe sa Bhruiséil, freisin. Gabhaim buíochas freisin le baill ár gcoiste, go háirithe na Teachtaí, a bhí suas thar an oíche agus atá tuirseach traochta inniu. Gabhaim buíochas le mo chomhghleacaithe timpeall an bh-oird. Táim fíorbhuíoch as ucht freagraí cuimsitheacha an Choimisinéara agus as ucht a teacht chugainn arís. Tá an cruinniú críochnaithe anois. Beidh an chéad chruinniú eile den chomhchoiste ag 12.30 p.m. inniu.

I thank the Commissioner for attending. We are very grateful for her engagement with the committee. This meeting is adjourned.

The joint committee adjourned at 11.10 a.m. until Wednesday, 15 September 2021.