

DÁIL ÉIREANN

AN COMHCHOISTE UM GHNÓTHAÍ EACHTRACHA AGUS TRÁDÁIL

JOINT COMMITTEE ON FOREIGN AFFAIRS AND TRADE

Dé Céadaoin, 18 Meitheamh 2014

Wednesday, 18 June 2014

The Joint Committee met at 2.30 p.m.

MEMBERS PRESENT:

Deputy Seán Crowe,	Senator Mark Daly,
Deputy Bernard J. Durkan,	Senator Michael Mullins,
Deputy Olivia Mitchell,	Senator Jim Walsh.
Deputy Dan Neville,	
Deputy Maureen O'Sullivan,	
Deputy Brendan Smith,	

DEPUTY PAT BREEN IN THE CHAIR.

BUSINESS OF JOINT COMMITTEE

Business of Joint Committee

Chairman: Apologies have been received from Deputy Eric Byrne and Senator David Norris. The draft minutes of the meeting on 11 June have been circulated to members. Are they agreed to? Agreed.

Transatlantic Trade and Investment Partnership Agreement: American Chamber of Commerce Ireland

Chairman: I remind members, delegates and those in the Visitors Gallery to ensure their mobile phones are switched off completely for the duration of the meeting as they cause interference, even in silent mode, with the recording equipment in the committee rooms. This is particularly important because the meeting is being broadcast live.

The subject matter of the meeting is important; it is one that has been ongoing since the Irish Presidency of the Council of the European Union, namely, the transatlantic trade and investment partnership agreement, better known as the TTIP, the discussions on which are ongoing. One year ago the Trade Council of the European Union agreed to formally launch negotiations with the United States on the TTIP and in the intervening period a number of rounds of talks have taken place. The joint committee has been involved to the extent that we met the then president of the Irish Farmers Association last October. Today we are meeting representatives of the American Chamber of Commerce Ireland. I welcome its new CEO, Mr. Mark Redmond, as well as Mr. Brian Cotter, its public affairs director. The format of the meeting is that we will hear a presentation by Mr. Redmond which will be followed by a question and answer session with committee members. I am delighted to see so many of them present for the presentation and I am sure they all regard this issue as being extremely important. If there is a successful outcome, I hope it will lead to the creation of extra jobs in the country. I call on Mr. Redmond to make his presentation.

Mr. Mark Redmond: I thank the Chairman and committee members for inviting us to speak to them. As the Chairman stated, I am joined by Mr. Brian Cotter, director of public affairs at the American Chamber of Commerce Ireland. We are here to discuss the potential benefits for Ireland of a comprehensive transatlantic trade and investment partnership, TTIP, or EU-US trade deal. With the Chairman's permission, I will begin by talking about the work of the chamber and the importance of the bilateral economic relationship between Ireland and the United States. The American Chamber of Commerce Ireland represents the 700 US companies which have created jobs in Ireland and which directly employ at least 115,000 people. At least the same number of jobs has been created indirectly as a result of US company employment here. These companies account for over 70% of all IDA Ireland-supported employment. Total US investment in Ireland stands at \$204 billion and represents 26% of GDP.

It is important to note that this is a two-way street. The relationship is bilateral - 230 Enterprise Ireland companies have created at least 130,000 jobs across the 50 states of the United States. We are constantly amazed at the vote of confidence of the United States in Ireland. The total investment here exceeds the combined investment by the United States in France and Germany and exceeds by 20% the combined investment in the BRIC countries, Brazil, Russia, India and China. For such a small country we have succeeded exceptionally in becoming a global location of choice for investment and trade. Ireland is home to nine of the top ten phar-

maceutical companies in the world and 13 of the top 15 medical technology companies and is rightly considered the Internet capital of Europe, with all ten of the top ICT and “born on the Internet” companies located here, creating fantastic jobs.

These companies and their 115,000 employees are creating outstanding products and services that are making a difference to people’s lives throughout the world. For example, four out of every five medical stents used throughout the world, 50% of all hospital ventilators which save and help to maintain lives throughout the world and one third of all contact lenses which are very important in the context of the events of this week are made in Ireland. They have an impact on our social fabric, the education system, the job opportunities available to young people and our physical infrastructure. A short walk from here the “digital docklands” have been transformed by the vote of confidence of these companies.

The chamber’s role is to encourage a policy environment that attracts this investment and keeps these jobs in the country by fostering the development of bilateral trade and investment flows between Ireland and the United States. Reasons for our success include certainty in policy; the commitment at the highest political level to ensuring we create a jobs-friendly environment; the outstanding qualifications of Irish people; the transparent tax system; and, most important, as recognised throughout the US foreign direct investment community, the ability of Irish people to deliver successfully on the mandates they are given by US companies. We are positioned as a provider of products and services consumed globally and used daily for the reasons I have outlined.

The TTIP stands apart from other international trade agreements for several reasons. First, the scale of the existing economic relationship between the European Union and the United States is unprecedented. Nearly half of global economic output is generated by the European Union and the United States, which is extraordinary. The total commercial relationship generates €45 billion in commercial activity each day and supports 15 million jobs on both sides of the Atlantic. Second, this commercial relationship is not based solely on commercial interests but on shared values such as democracy, civil liberties, the rule of law and a long and rich history of friendship and strategic partnership. Third, the TTIP is unique because of its potential to set high standards for 21st century trade and investment agreements around the world in areas such as protecting intellectual property, cultivating the digital economy and combating trade and investment protectionism. This is a particularly important point. The benefits could be immense. Ireland is positioned as a gateway for the United States to the European market. Given that Ireland is the largest export platform in the world for US companies, we have the potential to emerge as a significant beneficiary of a successful and comprehensive transatlantic free trade deal.

The TTIP would increase the volume and value of transatlantic trade and investment, create employment opportunities, boost incomes for citizens in both the United States and the European Union, and improve the global competitiveness of both parties. Because Ireland exports 80% of everything we produce, tens of thousands, if not hundreds of thousands, of Irish jobs depend on good foreign trade relationships and agreements. Reducing barriers to trade would make a significant difference to businesses of all sizes throughout Ireland.

Various levels of monetary tariffs are imposed and average 4%. They can have an impact on Irish businesses and their reduction or removal would have significant consequences for sectors in which Ireland is commercially active. There are also non-tariff barriers and the greatest benefit of the TTIP would come from reducing these blockages which increase the cost of doing business and restrict market access. Different regulatory structures make it difficult for firms

to enter the market across the Atlantic and, according to estimates, these bureaucratic hurdles alone are equivalent to customs duties of 10% to 20%. They inflict significant trade costs on industries in which Ireland has been successful in attracting investment, including manufacturing, chemicals, finance and ICT. Improving the compatibility of standards and regulations and greater mutual recognition of standards would eliminate many of these barriers.

By co-operating, both the European Union and the United States would be able to achieve legitimate policy objectives such as protecting the environment and public health, without any diminution of standards, while avoiding the duplication of effort that makes goods and services more expensive. For example, the pharmaceutical industry is one of Ireland's biggest industries, creating significant, high value employment and producing ground-breaking treatments that are saving and enhancing lives around the world. We have nine of the top ten global pharmaceutical companies located here. Having a set of common standards would increase or maintain safety, while cutting costs. Because Irish pharmaceutical products are thoroughly tested here, they can be sold throughout the European Union, but they must undergo costly testing again to enter the US market. This is despite the fact that Irish pharmaceutical plants have an outstanding record in terms of FDA inspections and are rated extremely highly globally.

Although the Internet allows small retailers to sell their products easily across the world, exporting can be difficult. Retailers can be hindered in their exporting abilities by having to comply with a plethora of customs rates and import rules for all the products they sell. This is particularly burdensome for the small and medium-sized business sector. Eliminating tariffs and streamlining regulatory procedures will make it easier, faster and cheaper for online retailers to ship their products and access markets that were too complex to tap into before.

The Centre for Economic Policy Research, a leading independent, pan-European economic research organisation, has predicted that an ambitious EU-US trade deal would increase the size of the EU economy by approximately €120 billion, 0.5% of GDP, and the US economy by €95 billion, or 0.4% of GDP. I need not tell members about the difficulty in our current straitened budgetary times of coming up with innovative ways to stimulate the economy and create jobs. This is a very important opportunity for us to do so.

Ireland is well positioned to benefit significantly from a successfully concluded transatlantic trade and investment partnership, TTIP. As I hope the committee has seen, we have built a very strong and solid foundation for investment in our country and we foresee substantial opportunities arising from greater and easier EU-US trade and investment. The small and medium enterprise, SME, sector has most to gain from these new possibilities as removing tariffs and reducing red tape and regulatory burden for them will, importantly, allow access to new export markets and opportunities that are currently out of reach. I assure the committee that the American Chamber of Commerce Ireland will continue to support the efforts on all sides to reach an ambitious and comprehensive agreement and spread the positive message of the EU-US trade deal.

I thank the committee for its attention and we are happy to take any questions.

Chairman: I have a question about agriculture. Yesterday we saw protests outside Agriculture House and I know the US Secretary of Agriculture is paying a visit here. Will we see much benefit from a trade deal in agriculture? The beef market with the US will open imminently, and we have hormone-free beef and good quality products. The Americans have a tariff on beef currently but would a deal boost agriculture?

Mr. Mark Redmond: We believe so, although I am conscious that agriculture is a very broad agenda. Currently, Ireland produces enough food for 30 million people, and we understand that rate will double in 20 years. The export opportunities are therefore superb. Ireland has a quality reputation, and the Chairman mentioned Irish beef, which is grass-fed, and we also have an outstanding reputation for dairy products in the US market. There is tremendous opportunity, although we are not naïve about the scale of the US agricultural machine. With Ireland's reputation for quality, there is a super opportunity. The European negotiators have been very clear from the word go that hormoned beef is off the agenda in these talks.

Deputy Brendan Smith: I thank Mr. Redmond for this contribution, as he has outlined very clearly the importance of US investment in this country and the creation of much-needed employment. That has been a feature of US investment for many decades, and I am glad Mr. Redmond also mentioned the major contribution of Irish companies to employment in the United States, as it is often forgotten. Great credit is due to the companies employing approximately 130,000 people in the US. Some of these are brands for Ireland, particularly in the food industry.

Mr. Redmond mentioned that the US and the EU account for half the world's economic output. I read recently that a third of global trade is represented by the EU and US, so any trade agreement is of major significance, not just for those two trading blocs but for the entire world. Naturally, we want proper standards achieved, with the benefit of trade deals accruing from extra business and the creation of employment.

The World Trade Organization seems to have been sidelined to a certain extent. President Barroso has been very keen to advance the Mercosur deal and if agreement is reached, there will be very big down sides for Ireland, particularly the food area mentioned by the Chairman. There may be one or two sectors in the food industry that would welcome the Mercosur deal, such as the drinks industry, which has great potential to export to South America. Is there an impetus to complete the Mercosur deal before this European Commission's term of office expires before the end of the year?

I have a concern about one element of TTIP, the clause dealing with investor to state dispute settlement. My understanding is that the provision would allow investors to challenge countries in international courts. If that is correct and it is part of an agreement, it would curtail a government's ability to respond to some issues. For example, climate change is not addressed enough in any trade deal over decades, as far as I can see, and countries are sidelined in some of the decision-making processes. A country may wish to introduce new climate change policies, strengthen energy efficiency standards and provide better support for renewable energy in general. A greater reliance on fossil fuels runs counter to the ideals of the Intergovernmental Panel on Climate Change, and any of us in Parliament should uphold the primacy of governments being able to make their own decisions and retain competencies to the greatest extent possible. If states do not retain competence and policy flexibility to regulate the exploration and exploitation of their own natural resources, we will be moving to a very difficult area that may not be beneficial, particularly for less developed countries. We must be careful of that issue, although we support a deal that would be balanced, protect workers' rights and offer adequate support for the environment. It should help to improve and advance human rights throughout the world. These are basic factors that should form an important part in any final agreement.

Mr. Mark Redmond: I will make some comments before handing over to Mr. Cotter to make some comments.

Chairman: We have some other speakers as well.

Mr. Mark Redmond: The Deputy made some really important points. As he correctly states, this is the largest trading bloc, and for that reason the trade agreement is important not only in itself and with respect to the trading relationship between the EU and the US but also as an example for future trade agreements. That is one of the key reasons this investor to state dispute settlement mechanism mentioned by the Deputy is a component. It is not necessarily a burning issue for the two trading blocs which are negotiating this agreement but it should be present because the agreement will provide an exemplar for trade agreements with other parts of the world where the legal framework may not be as robust as it is between the United States and the European Union. If somebody is to invest seriously and create jobs in a territory, they want to ensure that investment will not just be protected but will remain undamaged by elements like expropriation of assets and so on. It is interesting to consider the record of using that mechanism over recent years in trade deals, as it has been used 60% of the time by EU member states and 7% of the time by the US.

The Deputy also referred to the Mercosur deal but I am not very close to it. As I understand it, that is a very different market with different concerns, particularly for the beef industry. With regard to the timing of the TTIP deal, the US will want to conclude the trans-Pacific partnership deal before TTIP.

Mr. Brian Cotter: I will not add much but I agree that the farm industry is quite sophisticated. It combines not only traditional but nutritional sectors, including companies producing infant milk, for example, for a significant share of world markets. Considering the relationships between Ireland and the United States, the investor relationship is very important and Irish companies generate more sales from Irish investments in the US than in trade. Similarly, US investment here generates much more in terms of sales than the exports of US companies to Ireland. That is an important consideration. The Deputy has indicated that when we consider the totality of the impact from the trade deal, we must consider it at many levels to see what sectors gain and lose, etc. A lot of the reports that are produced, and the economic analysis, examine this matter. Broadly speaking, our members are involved in industrial trade and would welcome greater harmonisation of high standards to support trade and a reduction of barriers.

The trade investment agreement has not been an issue for Ireland because it has not been a part of our tax treaty networks and otherwise. That is because the rule of law here is well respected. About 1,400 agreements exist between European countries and others so it is quite complex. The Lisbon treaty transferred that competency to the Commission to standardise the process. I agree that the main objective is to ensure that in areas where the rule of law might not be as robust, there is some degree of arbitration when a dispute arises. In particular, if it exists between the United States and the EU, when other trade agreements are made, be it the WTO or other regional trade agreements, the important principle of having an investor to state agreement is enshrined, at least, in one of the biggest economic relationships which was just outlined.

Deputy Seán Crowe: I welcome the delegation here this afternoon. At one level everyone agrees that trade between countries and regions is a positive thing. I do not think there is anyone present who would disagree with my comment. However, trade needs to be based on fairness, sustainability and respect for citizens. There are trade agreements with countries that have a poor human rights record.

Part of the difficulty with TTIP is that there has been no real debate on it in Ireland. There have been catchy headlines along the lines of “Over 500 billion positives” regarding trade.

Underneath all that there has been no debate. Therefore, I welcome the fact we are here today to discuss this matter for the first time. The Oireachtas Joint Committee on European Union Affairs had people in last week and the week before but that was the first time we had a debate on the matter.

Would the delegation agree there has been secrecy surrounding the negotiations, particularly in Ireland and right across Europe but not in the US? During the third round, 50 stakeholders were brought in to take part in a debate. Does the delegation think that would be a positive thing for the Irish Government and others involved in the negotiations to do? Should we include everyone who will be impacted by these negotiations, for example, the trade union movement that represents workers or sectors such as the beef industry and agrifood? Would their inclusion be a positive move? If we do not have such scrutiny, people will ask where are we going and what are we being sucked into in regard to this matter. It would be positive to have such scrutiny to develop this matter.

The elimination of regulation, such as non-alignment tariffs, which were mentioned, and the elimination of blockages for business were put forward by the promoters of TTIP. No-one would oppose anything that eliminates blockages to business and eliminates bureaucratic hurdles. However, some of the areas covered by non-tariff measures are very sensitive such as food and beverages, chemicals, pharmaceuticals, cosmetics and automotives. In terms of balance, safeguarding public policy in these areas is probably the most crucial aspect.

In terms of a common standard, we must ask ourselves the following questions. Will the standard go up or down? Are we dumbing it down? Will we have a level playing field? Everyone agrees with a level playing field but we know to our cost that some countries have higher regulations than others in this matter.

With regard to investor to state dispute settlements, I can give an example. Last week the Seanad held a debate on the packaging of cigarettes and tobacco products. One of the issues that arose under this policy in Australia, for instance, was that court cases were taken against the Australian Government by some of the companies. That would be a concern for me, as it would be for any reasonable person. Fracking caused similar difficulties for the Federal Government in Quebec. Fracking is a controversial issue here. Does the delegation believe that the inclusion of an investor to state dispute settlement measure is a negative or positive step - if there are positives, I would like to hear them - in the context of EU countries having a policy without fear of unfair litigation? That is one of the policy areas we would like to tease out and hear more about, particularly from companies, and I have given two examples.

With regard to EU trade, five papers have been prepared in this area and four of them have been fairly positive. One paper was commissioned by the United Left in the European Parliament and the group gave its submission to the Joint Committee on European Affairs. It was a bit critical but such papers help the debate. We need to examine all of these matters. Everyone has spoken about the positives but that group suggested there could be negatives in some cases such as employment. Some countries will do well with the increase in trade but there is a danger that some will not be able to compete with cheaper exports. That situation will affect not only trade between the US and Ireland but trade within Europe. Some countries do not have such high regulations in respect of climate change, for example, and these are additional costs, which means those countries will face difficulties. One can say that this matter forms part of the debate but we are not hearing that and that is why I keep coming back to this matter.

Chairman: The Deputy has asked a lot of questions and I suggest Mr. Redmond be allowed

to answer them. He is anxious to answer some of them. I will call on the Deputy again afterwards.

Mr. Mark Redmond: I thank the Chairman. I will make a few comments which will be followed by a few comments by Mr. Cotter.

I agree with Deputy Crowe's analysis that we need far more debate on these talks. Today's discussion is an important contribution to that debate. We, in the American Chamber of Commerce, are doing our very best to create an awareness of these talks in Ireland. I give credit to the American embassy which has worked with us on a number of events to create awareness. As I said in my remarks, if the agreement is done successfully, it would be particularly good news for consumers and small businesses here.

With regard to the question on the privacy or secrecy of the talks, one must strike a balance. During negotiations one cannot reveal one's cards. Having said that, I would give credit to the efforts made by the European side to be as transparent as possible, and I will give examples. At the last round of negotiations, 700 representatives of trade unions, federations, NGOs and consumer protection agencies were involved. Last February the European Commission established a new advisory group to assist it with the negotiations which comprised 14 representatives from sectors including trade unions, consumers, environmental protection and so on. We think these elements are very important, but we also agree with the Deputy that people do not know enough about these talks. We can all play a role in improving that situation. Let us remember there are 115,000 direct jobs, and the same number of indirect jobs, involved and we all know families who have benefited from this process. Therefore, it is in our interest to have an informed debate on this matter.

The Deputy is right about standards. It is important that our EU negotiators continue to insist, as they have done throughout, that there will be no diminution of standards as part of this process. However, people need to hear that message more.

Mr. Brian Cotter: On the question of the various economic reports, the contribution made by the Austrian think tank was quite useful. It was very clear on the conditions of its analysis. In particular, it tried to estimate potential dislocation costs etc., which I thought was useful. I note that the author said that, long term, the implications were positive, as reflected in the Deputy's comments. Looking at the industry make-up of Ireland, it is less exposed to these dislocations. The clusters Ireland has built in its trading sector are strong. Ireland exports such a huge proportion of its output that it is quite sophisticated, has high skills and is competitive in the international environment. Exporters are well placed to benefit from the industry clusters in the life sciences, ICT, Internet companies and traded services. The dislocation costs may not be that significant. The committee may want to note that the Department is planning to launch a report it commissioned to assess the impact. One of our messages to the Department was not to focus exclusively on trade, which would be important and have an impact, but also to consider the question of how it impacted on the investment relationship which would be more important to Ireland because it acted as a key in the international cog of the activity of our members, US multinationals servicing the world. It is tricky, but our members seem to believe anything that enhances economic activity and trading and investment activity between the United States and Europe will give Ireland opportunities. That is what we want to emphasise.

Chairman: I understand the European Commission launched a public consultation programme in March and that it can be accessed through the European Union's website. It will be live until 7 July.

Deputy Maureen O’Sullivan: One might be forgiven for thinking the delegates are like the fairy godmother or godfather and, with a magic wand, all of our problems will be solved through the TTIP and trade agreements, with austerity becoming a distant memory. There are concerns in civil society and among NGOs about the lack of serious and meaningful debate. I take it that the delegates welcome the debate and that there has been a start made in Europe. There needs to be a start made in Ireland and I hope the committee will encourage hearing the other side of the argument. I hope we will propose that a debate be held in the Dáil on these important issues.

The delegates referred to harmonisation and regulatory standards. Other trade agreements have seen a race to the bottom when it comes to the environment, labour and consumer standards. That has happened in the past. How can we ensure this agreement will be different? With regard to employment creation, the Single Market and the common currency have led to job losses. As we now have a figure of 26 million people unemployed in Europe, what we have seen to date has not created the employment the delegates seem convinced we will see. I accept that they are saying they hope it will lead to improved standards, but other agreements have not done so. I accept the facts presented about multinational companies in Ireland, but we have had multinational companies that availed of the tax breaks and tax concessions and left, leading to the loss of employment. We see others that are planning do this or downsize. There must be greater job security. There are fears that we are seeing what are termed yellow pack workers. The incident at Bausch & Lomb in Waterford shows that workers are being told they can take it or the employers will leave. We see aggressive lobbying for them to move to New York. We are up against the idea that firms can come and go. We must be careful about this.

In respect of the United States and Europe, Ireland is the gateway and benefiting. How will it continue to benefit after the TTIP is agreed to?

My other question concerns the tax implications. We do not want Ireland to be a tax haven, yet we see aggressive tax avoidance measures by multinationals. How can we ensure a free trade agreement will not make profit shifting easier?

Deputy Olivia Mitchell: The last time we had a major trade agreement was when we joined the then EEC. We had a major debate that was not just confined to Dáil committees. It took place in schools, universities and pubs and involved every citizen before the major decision was made. It is valid that we should have a debate on this agreement and I can understand people’s fears about the investor and state dispute settlement. While we understand that if there is no rule of law to protect investment, it will not happen, there is a fear that the expertise, money and might of big investors against poor countries might give them an unfair advantage. Many of people’s questions and concerns relate to the fact that the European Union is a trade bloc, but it also has the European Commission ensuring harmonisation of standards and mutual recognition to the highest standards. Not alone does it make standards, it enforces them, even though there are still offenders within the Union. Ireland is often threatened with fines. The concerns my colleagues are expressing are valid.

Having said that, I support the notion of a trade agreement. While there are problems, there are also major advantages for all sides as it will allow countries to capitalise on their absolute and comparative advantages and brings jobs and investment to both sides for their mutual advantage. The European Union did this for Ireland and all other countries, but there were losers in certain sectors. Do the delegates foresee that sectors in Ireland will struggle as a result of this agreement? I can understand they may be reluctant to name them in response to that difficult question, but not everyone can be a winner in a case like this, although we hope that it will raise

all boats.

Mr. Mark Redmond: I thank both Deputies for their questions. It is correct that this is not a magic wand and it should not be portrayed as such. It will not solve the problem of the 330,000 jobs we have lost since the crisis. As I said, Members of the Oireachtas recognise the budgetary challenge of trying to incentivise the creation of jobs. This is a move in that direction, by making it easier to trade with our largest trading bloc, without expenditure to the State. It is right to raise and debate the issue of the diminution of standards. European Commission negotiators are adamant that there will be no diminution of standards and the same point is made by the US negotiators. We must monitor this, but, as Mr. Cotter said, the levels of standards among the member companies we represent such as the pharmaceuticals and medical appliances industries are exceptionally high on both sides of the Atlantic, as they should be. We are suggesting we should not duplicate a set of high standards and should see if we can provide for synergism.

On the tax haven debate, Ireland is absolutely not a tax haven. I always try to think of the 115,000 great people working for US companies here producing great products and services, creating jobs and spending €20 billion in the economy every year through payroll, goods and services. That is real substance and the opposite of a tax haven.

On the idea that companies come and then depart, the company mentioned in Waterford is staying in Ireland. Thank God, 400 new jobs were announced this morning in PayPal in Dundalk. It is a great boost of confidence for Ireland and people in the region are delighted with the news.

Chairman: I compliment the president of the American Chamber of Commerce Ireland, Ms Louise Phelan, who is CEO of PayPal. They are important jobs for the country.

Mr. Brian Cotter: We appreciate the concerns about standards and in civil society. We must reinforce the point that the negotiations' objective is the mutual recognition of equal or higher, not lower, standards. Interestingly, we understand from civil society in the US that one of the reasons the negotiations with Europe have moved along with more enthusiasm is that some groups in the US look to Europe for those higher standards in terms of the environment and labour that they do not necessarily get at the state or federal level in the US. It is interesting from that perspective.

I agree with Mr. Redmond that it is complex from the point of view of the industrial base. However, we can say that the traded sector in particular, that is, the exporting sector comprising multinationals and indigenous companies, has performed very strongly at a time of great economic turbulence and global uncertainty. Such companies are always competing and changing. There are organisations which employ the same numbers of people now as ten years ago but what those people do might be completely different. There will always be change and the Deputy will appreciate the importance of a skills strategy in that context. We must be very cognisant of where the future opportunities lie for companies and what people will need in terms of training and so forth. That is an ongoing debate.

It is interesting to look at the profile of our member companies. Many of them have a global role. They have responsibility for operations not only in Ireland but all around the world. They have a unique perspective and I would encourage the committee to get that perspective on more strategic issues. They see competition coming, from an investment perspective, years ahead of competitors in their trade or service because they need to win the investment first. It is complex and very intense. That intensity has existed for a number of decades in Ireland and that is why

traded industry in Ireland has been a strong contributor during this recessionary period. They are proud of their contribution and want to do more.

Deputy Bernard J. Durkan: I thank our guests for coming before us and giving us the benefit of their expertise and knowledge in the area. I strongly support the concept of the removal of barriers, whether technocratic or bureaucratic, as quickly as possible. At the same time, we must bear in mind that any trade agreement is a two-way process. We must always recognise that there are benefits and losses and we must try to minimise the latter. There is not much sense in entering into an agreement that is beneficial to one or two sectors but hugely damaging to others. That must be borne in mind in the context of the negotiations taking place. The EU and the US are natural partners. They are both huge trading blocs with an enormous amount of production and have great potential to complement each other's efforts.

I am concerned about the ongoing references to Ireland as a tax haven because it is damaging. I am not having a political dig at my colleague here but much of the commentary is being trotted out in a way that is undermining our attempts to attract foreign direct investment and create employment. Often times there is a lack of objectivity and I cannot understand where it is actually heading. We hear foreign commentators regularly refer to the "double Irish" in a sneering way which is not helping our efforts to create employment and encourage foreign direct investment. We must be very aware of that. Any attempt to pretend that this is not damaging is wrong.

I attended a meeting six months ago where an international entrepreneur of considerable wealth had a swipe at us for the so-called "double Irish" in a way which clearly illustrated his belief that we were up to some kind of chicanery, had double standards and were not being honest. We are trading in the international arena and must take cognisance of the fact that all of this information goes abroad and can gain traction in a way that is damaging to our economy.

It should be clarified that profits earned in this country are taxed in the normal way at 12.5% and that there are no exceptions to that. It is open to companies which have operations in other countries to reroute their profits through EU states, but it is for them to decide whether to pay tax in the countries in which they have a manufacturing base. We should avoid attempting to undermine our own credibility in this area to the extent that we have done. Certainly, we should not collaborate with others who have a vested interest in competing with us in the international arena.

In the context of the point made by Deputy Smith, there is an enormous amount of Irish overseas investment at present. There are many major international companies located all over the globe which are providing jobs and benefiting local economies. It is not a one-way process and we should recognise the huge contribution made by such firms over many years. The day is gone when we were simply begging bowl artists. We now have a highly educated population with highly advanced technical skills. Our education system has produced some of the finest entrepreneurs in the world who are sought after internationally. We should not be apologetic about the fact that we have the power and the wherewithal to compete with anybody and to do so regularly.

Chairman: I must ask Deputy Durkan to pause for a moment because a vote has been called in the Dáil. I will allow the Deputy to continue on our return.

Deputy Bernard J. Durkan: What a sad situation. I was just coming to my main point.

Chairman: I would like to inform the witnesses that we are not boycotting the meeting by leaving the room. We must go to the Chamber to vote. We will suspend the meeting for a few minutes, and when we come back, Deputy Durkan will resume.

Sitting suspended at 3.27 p.m. and resumed at 3.43 p.m.

Chairman: Deputy Durkan was in possession before the suspension so I invite him to continue.

Deputy Bernard J. Durkan: It is of major importance to a country that exports 80% of its production to ensure we are seen internationally to be reliable, competent and dependable. These are major factors in terms of international investment. We are not looking for easy options or concessions as we are well able to compete in the open market in our own right. The reliability of the services in a country is a major issue for international investors. When investors are considering where they will invest in the world, the criteria are the consistency, reliability and trustworthiness of places, and if those boxes are not ticked, they do not want to go there.

The issue of climate change was raised. As we know, some countries do not recognise the need to take measures on climate change and that can place at a disadvantage countries that are introducing such measures. We need to ensure the playing pitch is level and that recognition is given for meeting the requirements on climate change.

During a previous round of General Agreement on Tariffs and Trade negotiations, we had submissions from NGOs and others on EU trade with Africa in the context of the Common Agricultural Policy, and the thrust of their argument was the need to facilitate the poor farmers in Africa. It had nothing to do with that but with multinational corporations that were anxious to seize a larger slice of the markets and did so to the disadvantage of the poor farmers in Africa. I would always be anxious to facilitate people across the globe who might be in a difficult position, to encourage them and to offer them options.

I agree that common standards applicable to international trade are of major importance. I give as an example the three pin plug versus the two pin plug. When I was young, I was told there was nothing to beat the three pin plug as it was the ultimate in safety. It may well be but it is not recognised all over the world. Different standards apply in the US and in Australia and their economies do not collapse as a result of having different standards. We need to recognise that universal recognition of our standards is for the betterment of our respective economies on both sides of the Atlantic and globally.

Deputy Maureen O’Sullivan: Would the delegates agree that there is a need for independent economic analysis of the possible impacts on Ireland?

Mr. Mark Redmond: I endorse everything Deputy Durkan said and in particular I support his comments on the need for certainty. We must not lose sight of the fact that certainty of economic policy is critically important to continued foreign direct investment.

In response to the question on whether sectors could lose out, I think we need to debate the issue and an analysis needs to be done for the sectors. We cannot go into negotiations with our eyes closed.

Chairman: Before I call Deputy Crowe, I wish to ask a question. Our exports to the US are in the region of about €23 billion and our imports are approximately €6 billion, so the balance is very much in our favour. Since 2010, Ireland has won 14% of all US investment into Europe

although we are only 1% of the population. It is estimated that the benefits of the proposals could be in the region of 4,000 jobs, which would be a plus for us. Round five of the negotiations have been quite successful. Does Mr. Redmond have a timeframe for the conclusion of the talks on the Transatlantic Trade and Investment Partnership agreement?

Mr. Mark Redmond: It is hard to be precise but I will do my best to answer the question. My opinion would be that the negotiations will go on throughout the major part of 2015. In 2015 we may see the end game.

Chairman: Would Mr. Redmond be positive?

Mr. Mark Redmond: Would I be positive? I think-----

Chairman: At this stage. Many challenges still remain in respect of intellectual property-----

Mr. Mark Redmond: There are many challenges, including in the area of agriculture and so on. I would be hopeful.

Deputy Seán Crowe: I do not know if Mr. Redmond agrees with Deputy Durkan's point about the plugs - the two pin plug versus the three pin plug, but I thought the two pin plug was more dangerous. If more fires resulted from the two pin plug, would Mr. Redmond be in favour of it? That is why we need to discuss standards.

Chairman: The two pin plug will still boil the kettle.

Deputy Seán Crowe: If there is more of a likelihood of a two pin plug causing a fire, which plug would one opt for? I think one would go for the three pin plug.

Chairman: They do not. There have to be standards.

Senator Jim Walsh: There are no standards.

Deputy Seán Crowe: Whose standards? That is the point that I want to have debated. We did not touch on the issue of job displacement. All of the studies suggest that there will be job displacement. Again one of the studies raised the cost of unemployment and that the costs arising from job displacement have not been considered. The impact of an agreement on least developed countries, LDCs, was downplayed in many of the studies. One of them refers to a possible reduction in real GDP of up to 3% in these countries. While we heard that this figure was not conclusive, it is a substantial decline, especially in light of the European Union's commitment to reduce poverty in LDCs.

We also heard some frightening figures on internal trade in the European Union. One of the studies indicated the reduction in intra-EU trade would be modest at 3%, while another predicted a much more substantial decline of 30%. Clearly, there is a significant divergence in opinion on this issue.

I heard reports that the Irish Farmers Association would not have a problem if a Transatlantic Trade and Investment Partnership agreement were reached. Given the importance of the agrifood sector, I would have expected farmers to have major concerns about a possible agreement. That does not appear to be the case, however.

We have not heard a great deal about genetically modified foods and opinions in the Europe-

an Union and United States on the potential impact of a TTIP agreement in terms of GM foods have diverged. Do the witnesses agree that further study is required on the potential impact of a TTIP agreement on agriculture, GM foods and least developed countries?

Senator Jim Walsh: The expiration of patents in the pharmaceutical sector may have been discussed already. Clearly, the issue is having an impact on Ireland's GDP and I presume it will continue to do so. Does the expiration of patents have any implications on the commitment of major pharmaceutical companies to maintain a base here? It will clearly have implications for their productivity. Does it also have implications for employment and Ireland's ability to attract similar industries to locate here in future? What are the ramifications of this issue and what issues should the joint committee consider in this regard?

Chairman: We will take one final response from the witnesses.

Mr. Brian Cotter: I will respond first to the questions on the pharmaceutical industry. Senator Walsh is well aware of the strengths of the sector. I wish to link my comments to the issue of dynamics as Senator Walsh put his finger on a particular dynamic in the pharmaceutical industry. It is notable that the employment strength of the life sciences sector remains high. Significant new investment is being made here, with new companies locating to Ireland and current companies making new investments. As we discussed, this is a global competitive environment and some of the companies which have patents are looking closely at how they will compete in the relevant businesses. Some will remain and compete with a different business model, while others will divest of the relevant investments. This is a reflection of the type of activity one sees in the pharmaceutical sector, with companies asking whether the portfolio of plants they operate is suitable for the businesses in which they want to be involved.

In general, Ireland has a reputation as being a centre of excellence from a manufacturing perspective. This is a major advantage in whatever business one wishes to be engaged. From our perspective, we want to hold on to this centre of excellence in manufacturing and build upon it by ensuring companies find it attractive to invest in research and development and seek to partner with universities, etc. here in the life sciences sector. There is, therefore, much to play for in the sector. While some of the macroeconomic figures from the Central Statistics Office have been impacted by changes to patents, they do not appear to have had a significant impact on employment in the wider industry base. This is, however, an issue to watch. Speaking to members, they see more upside and opportunities, notwithstanding the obvious threats arising from the issue the Senator identified.

I agree with Deputy Crowe and an earlier questioner that there is room for more analysis. A large number of reports have been published on the investment environment. One of the interesting reports was produced by the Centre for Economic Policy Research in London, which examined intra-trade and the investment relationship. It is curious and very positive that CEPR, in its research, suggests that for American companies operating in Europe, the employment of EU workers may increase by 11%. Given the share of US investment Ireland attracts - the Chairman referred to a figure of 14% - we are very well positioned in the sectors in which US companies are involved. Moreover, there are important indigenous companies involved in these sectors. Deputy Crowe referred to the nutritional business and food. Significant investments are being made in high technology nutritional products and services, not only by US companies but also Irish companies. Kerry Group, for instance, is making an investment in west Dublin focused on innovation and research and development that will create 1,000 jobs. The group is a significant player in the ingredients marketplace in the United States. The Irish Dairy Board and Glanbia are also significant players in this sector. All of these companies trade on the excel-

lence of manufacturing and the reputation of Irish management and workers for delivering high quality manufacturing facilities that meet the highest standards in the world. These sectors can create considerable positive spillover for small and medium-sized enterprises.

On the issue of small and medium companies, we welcome the decision to open a new chapter in TTIP looking at the impact on SMEs, in particular the commitment on both sides of the Atlantic to carry this forward past the negotiations to ensure any blockages to SME access to markets or obtaining information about how to access markets are addressed. This will be very important in enabling small companies to take advantage of opportunities.

Deputy Bernard J. Durkan: The Kerry Group is located in Kildare, which is my constituency. It is the largest food ingredient company in the world and has locations around the globe in many more markets than all of its competitors. It is capable of competing on world markets and the Irish market. I congratulate the company on returning to invest in its own patch.

Chairman: Mr. Cotter may have intended to say “west of Dublin” rather than “west Dublin”. He did not want to upset Deputy Crowe.

Mr. Mark Redmond: I thank the Chairman and members for this interesting discussion. I appreciate their interest and questions. We would be delighted to offer any further assistance the joint committee may wish.

Chairman: I thank Mr. Cotter and Mr. Redmond for this very interesting debate. Perhaps it will be one of many more debates to come on this issue. The removal of tariffs and unnecessary rules and bureaucracy will benefit Irish industry, especially as the United States is our second largest trading partner. This will have significant benefits for all concerned. I thank the witnesses for their interesting observations on the current position in the talks on a Transatlantic Trade and Investment Partnership agreement. I look forward to further discussions on other subjects of mutual interest.

The joint committee went into private session at 4 p.m. and adjourned at 4.15 p.m. until 12 noon on Wednesday, 25 June 2014.