

# DÁIL ÉIREANN

---

## AN COMHCHOISTE UM GHNÓTHAÍ EACHTRACHA AGUS TRÁDÁIL, AGUS COSAINT

## JOINT COMMITTEE ON FOREIGN AFFAIRS AND TRADE, AND DEFENCE

---

*Déardaoin, 21 Meitheamh 2018*

*Thursday, 21 June 2018*

---

Tháinig an Comhchoiste le chéile ag 9 a.m.

The Joint Committee met at 9 a.m.

---

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Niall Collins,	Ivana Bacik,
Seán Crowe,	Mark Daly.
Noel Grealish,	
Tony McLoughlin,	
Maureen O'Sullivan.	

Teachta / Deputy Brendan Smith sa Chathaoir / in the Chair.

## **Business of Joint Committee**

**Chairman:** We will now go into private session. Is that agreed? Agreed.

*The joint committee went into private session at 9.04 a.m. and resumed in public session at 9.08 a.m.*

**Chairman:** With regard to the detention of children on the US-Mexico border, I put out a statement the other day stating that I would seek the approval of the committee to send a very strongly worded statement to the chargé d'affaires in the American Embassy in Dublin expressing our outrage and condemnation of the practice. There has been a change with the US President's executive order last night, but we should still communicate with the embassy outlining our concern that this happened and for the children who are still in detention. With approval of the committee, we will contact the chargé d'affaires today outlining our concern about what happened and expressing our concern about what is proposed regarding the children who are still being held in detention and the fact that the holding of these children in detention is totally unacceptable to us and should be to any civilised society. Is that agreed? Agreed.

We referred earlier to the request from Crosscare for a meeting with the committee and asking the Minister of State, Deputy Cannon, to meet us with regard to the Indecon report and returning emigrants. One issue of concern to all of us - it is an issue on which we receive representations from constituents - is the position of the undocumented Irish in the United States. At a time like this, when immigration is in the media and getting a lot of attention, quite understandably, we still have worries about the position of our own undocumented Irish. The Government, the Tánaiste and Minister for Foreign Affairs and Trade and the officials in the embassy and the consulates throughout the United States are working to try to achieve progress in respect of immigration reform. I seek the approval of the committee to write to the Tánaiste and Minister for Foreign Affairs and Trade urging him again to ensure that every effort continues to be made to assist the undocumented Irish and asking for a report on the up-to-date position on negotiations with the US Administration outlining whether immigration reform is likely to occur in the near future. Is that agreed? Agreed.

### **100th Anniversary of Georgian Independence: Motion**

**Chairman:** A motion has been proposed in the names of Deputies Maureen O'Sullivan, Niall Collins and Noel Grealish to congratulate the people of Georgia and express our support on the occasion of the 100th anniversary of the Democratic Republic of Georgia. It refers, *inter alia*, to unwavering support for Georgia's sovereignty and territorial integrity and welcomes the country's substantial progress on its EU integration path. It is more comprehensive than that but those are some key points. I call on Deputy O'Sullivan to move the motion.

**Deputy Maureen O'Sullivan:** I move:

The Joint Committee on Foreign Affairs and Trade, and Defence:

Congratulates the people of Georgia on the occasion of the 100th anniversary of the declaration of independence;

Welcomes the growth of political relations and cooperation in a variety of fields be-

tween Ireland and Georgia, including intensifying the inter-parliamentary cooperation;

Encourages further development of bilateral trade, economic and investment cooperation between Ireland and Georgia for the mutual benefit;

Reaffirms Ireland's unwavering support for Georgia's sovereignty and territorial integrity within its internationally recognised borders;

Expresses concerns at the decision recently taken by the Syrian regime to recognise the so-called independence of the indivisible regions of Georgia – Abkhazia and Tskhinvali Region/South Ossetia;

Commends the people and Government of Georgia for their successful reforms in recent years towards consolidating democracy, ensuring human rights protection, rule of law, media freedom and good governance as well as strengthening government transparency and judicial independence;

Welcomes Georgia's substantial progress on its EU integration path, including successful implementation of the Association Agreement, and reaffirms its strong support to this process. Notes that abolishment of the visa requirements for the Georgian citizens stands out as an important milestone achieved on the EU-Georgia cooperation agenda;

Expresses concern that after 10 years of the Russia-Georgia war and occupation of Georgian regions of Abkhazia and Tskhinvali region/South Ossetia by the Russian Federation the security and human rights situation on the ground has been further aggravated;

Supports the Geneva International Discussions as an important format to address the security and humanitarian challenges stemming from the Russia-Georgia conflict and underlines the need for tangible results on core issues of the negotiations, including the non-use of force, establishment of the international security mechanisms in Georgian regions of Abkhazia and Tskhinvali region/South Ossetia and the safe and dignified return of IDPs and refugees, with the aim to achieve lasting peace and security on the ground;

Underlines the necessity of implementation of the EU mediated 12 August 2008 Ceasefire Agreement by Russia;

Recommends, that Ireland and Georgia should continue close cooperation with the aim to further deepen Georgian-Irish partnership both in bilateral and multilateral formats and work together towards an open Europe of unity and solidarity, to contribute to the global peace and security.

Question put and agreed to.

**Chairman:** The motion will be reported to both Dáil and Seanad Éireann. I propose also that a copy of the agreed motion be forwarded to the Minister for Foreign Affairs and Trade and also to the Oireachtas permanent representative in Brussels for the information of other EU member states. Is that agreed? Agreed.

### **Christian Aid Tax Report: Discussion**

**Chairman:** Session A of today's meeting is with Christian Aid to discuss its recent report on the impact of the Irish tax system on the developing world. I welcome from Christian Aid Mr. Sorley McCaughey and Jennifer Higgins and Dr. Sheila Killian, associate professor from the School of Finance and Accounting at the University of Limerick.

I remind witnesses and members to turn off their mobile phones completely for the duration of the meeting as they interfere, even on silent mode, with the recording equipment in the committee room. Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the House or an official either by name or in such a way as to make him or her identifiable.

I draw the attention of witnesses to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable.

I call on Mr. McCaughey to make his opening presentation.

**Mr. Sorley McCaughey:** I thank the Chairman and the committee for inviting us to speak about our recent report. I have submitted an opening statement which is on the detailed side. As such, there would not be great value for the members if I went over it again. I propose, therefore, to read a more simplified version.

Our report set out to determine whether the Government was justified in claiming that Irish tax policy does not and cannot undermine the tax take of developing countries. The spillover analysis of 2014 concluded that the size of economic and financial linkages between Ireland and developing countries was so small as to make any fiscal impact of the Irish tax regime insignificant. This conclusion was reached in substance on the basis of a sample study of years and countries of trade, portfolio investments and foreign direct investment flows from Ireland to developing countries. Our research shows that the years and countries chosen by the researchers were unrepresentative of investment from Ireland into developing countries in the period 2009 to 2015. The researchers took the years 2009 and 2012 as their sample years. While these did, indeed, show low levels of foreign direct investment from Ireland to developing countries, our research shows that 2009 and 2012 were anomalous and that 2010, 2011, 2013 and 2014 showed higher levels of foreign direct investment to developing countries. In addition, the countries chosen for the analysis also proved to be untypical of the flows of foreign direct investment to developing countries. In other words, other countries were more significant recipients of foreign direct or portfolio investment than those focused on by the researchers.

The research also ignored the fact that even small amounts of foreign direct investment into developing countries might represent a relatively large amount for developing countries, especially compared to GDP or the overall tax take of an individual country. The Irish spillover analysis failed to make specific estimates of investment returns to Ireland from individual developing countries or the tax treatment of those returns. In other words, in contrast to the spillover analysis conducted by countries like the Netherlands, the Government's analysis made no attempt to estimate the size of potential tax impacts at all. We have tried to show some simple methods by which such estimates could be made.

Overall, our research estimates that between €500 million and €1.6 billion is being returned to Ireland from developing countries. This is the return on foreign direct and portfolio investments into developing countries. While the sums are not huge in the global scheme of things, the tax treatment of that money cannot be dismissed as insignificant. It is approximately two to four times the size of Irish overseas aid. According to these simple estimates, South Africa may have lost out on withholding tax over three times the amount of Irish aid it received. In Zambia in the three years before the revision of the tax treaty between that country and Ireland, withholding tax forgone and interest on dividends may have been the equivalent of between 20% and 40% of Irish development aid to Zambia.

Our numbers in this regard are undeniably ballpark figures as they are based on a simple ratio analysis. That is to say we know how much foreign direct or portfolio investment goes to developing countries from Ireland and we know what percentage that represents of Ireland's overall outgoing foreign direct and portfolio investment. The Government publishes consolidated global figures only rather than figures broken down by region, never mind country, of the rate of returns from that foreign direct or portfolio investment to Ireland. We can make an estimate by applying the same ratio of Irish foreign direct investment as a percentage of global FDI to the overall global figure being returned. Assuming developing countries retain approximately 15% of those returns as withholding taxes, we can estimate roughly how much comes back to Ireland post tax. For individual developing countries, we can be more specific on tax rates and the size of investments. It is not exact but it provides initial figures for analysts to work with. It is a contribution as an alternative methodology which the researchers might have adopted and might want to revisit. It is also the case that the Government is likely to have unpublished data on returns from overseas investments from different regions or countries and on other financial flows which would provide a more accurate picture still.

There is a second set of problems with the Government's spillover analysis. It claims that certain aspects of Irish tax law, in particular after reforms in 2013 and 2014, make various tax avoidance structures impossible. However, our research shows that two years after that reform such structures are not only possible, they are already in operation by some multinationals, including those with significant revenues from developing countries. For example, a scheme dismissed by the Government's researchers as impossible is a structure which allowed the double Irish tax avoidance scheme to exist. Our research shows that as early as 2014 tax advisers were already offering alternative structures to the double Irish which were very similar in nature. Instead of Cayman or Bermuda, they used Malta, which provided exactly the same outcome with negative impacts on the revenue take of developing countries.

Why does any of this matter? We consider these things important for the reasons set out in the written presentation I submitted to the committee beforehand but it is worth going over them here. Clearly, there is an ethical dimension to all of this. We cannot in good conscience, however inadvertently, undermine the tax take of some of the poorest countries in the world. Irish corporation tax policy has served Irish people well, but that cannot be at the expense of others. The Government is committed to ensuring there is policy coherence across Government in support of development. This commitment is reflected in various policy positions of the Department of Finance and Irish Aid. Indeed, policy coherence for development is codified in the Lisbon treaty. As such, we have a legal and moral obligation to ensure the policies of one Department do not undermine Irish Aid's objectives. Irish citizens and taxpayers have a legitimate expectation that their contribution to Irish Aid is put to the best and most effective use and not undermined by the policies of another Department.

The sustainable development goals negotiated so effectively under Ireland's joint stewardship require unprecedented levels of policy coherence in order to be achieved. Having played such an important role in bringing the goals into existence, Ireland's performance in achieving them will be keenly observed. Moreover, achieving greater coherence across often competing objectives - not limited to taxation, but also climate concerns and peace-building - will be an important indicator of Ireland's progress to achieving the strategic development goals, SDGs.

Ireland has established itself as a leader in the area of spillover work. The Department of Finance was under no obligation to conduct this research and deserves credit for taking it on. The Netherlands is the only other country in the world to have carried out a spillover analysis and its particular history of colonialism and ties to its former colonies made its spillover analysis qualitatively different to that carried out by the researchers for the Department of Finance. Ireland therefore has established itself as something of a world leader in this area, which is why it is so important that we get it right. Other countries are already looking to Ireland as an example.

Reputational damage is also an issue. We are all aware that a month rarely goes by in which our corporation tax policy is not subject to international criticism. Whatever the merits of these criticisms, they are unquestionably damaging to our reputation. Conducting a spillover analysis and, more importantly, addressing the gaps we identify in our report to make it the best in class is a really important way of showing that Ireland is not a maverick operator in matters of tax, as characterised by some, and takes its international commitments very seriously.

Ireland must have an overarching vision of what it wishes to do with its tax system. It should be based on human rights and should recognise the obligations Ireland has, not just to itself, its people, the constituents of Members of these Houses and their jobs, but also to the lives of people around the world who are dependent on the natural resources of their own countries.

**Chairman:** Do any of Mr. McCaughey's colleagues want to say anything at this juncture?

**Dr. Sheila Killian:** I am happy to take part in the discussion.

**Deputy Maureen O'Sullivan:** Christian Aid, together with other NGOs, has done amazing work, as usual, in providing incisive insight into the area of taxation. Irish Aid has a very strong and positive reputation because it is poverty focused and is untied. The report published by this committee reviewing Irish Aid recognised that. Within that report there was a strong recommendation on the area of policy coherence. I totally accept what Mr. McCaughey has said on that matter. It was said that the Department of Finance did not have to do this. How did it get it so wrong? How were the selected countries chosen?

We know about the changes that have occurred in Zambia. What brought about those changes? Where did the impetus for that come from? Are the witnesses seeing similar examples emerging from other African countries? At the conference I attended it was great to hear of the work going on within African countries - led by Kenya - in terms of assessing tax issues within the continent and the need to help one another. There is a need to build capacity for budget and finance committees in African countries in order that they can lead on the tax income revenue on which they are missing out. Is Christian Aid involved in anything like that?

On foreign direct investment, I have been pushing for sight of the human rights in business report. It has finally been released and I note Ms Jennifer Higgins was at the conference in Galway. While it was good, I was slightly disappointed that it did not go far enough and that we were not seeing any impetus to implement the recommendations it contained. Ireland is

looking for new trading partners because of Brexit and so on. We have a great reputation when it comes to aid and foreign countries, particularly African countries, want to trade with us because they believe we will be ethical. However, I believe that we need to generate much greater awareness among businesses of that report in order that they will take on the recommendations it contains.

It is amazing that tax did not feature more prominently within the SDGs. The taxes, if we get them, will pay for those goals.

**Deputy Niall Collins:** The Department initiated the exercise and carried out the report itself and the witnesses have commented on it. How did the Department react to the expert analysis offered by the witnesses and what dialogue has it had with the witnesses since? What did the Department have to say about the main criticisms in the report produced by the witnesses? Is their report gaining any traction?

**Dr. Sheila Killian:** I agree that Irish Aid has a terrifically strong reputation, based on policy coherence, and it is very important. On the question about how the Department of Finance got it so wrong and how it has responded to criticisms, it must be said that this was a pioneering piece of work at the time, and we can look back at it and see methodological flaws. Like any other piece of analysis, academic or otherwise, we can see that it was done in one way but that it might have been much better if it was done differently. The methodology in spillover analysis generally, for countries and corporations, has moved on since this spillover analysis was done.

Perhaps rather than asking how the Department got it so wrong it would be better to point out the obvious things that could have been done to improve the methodology used. For example, as Mr. McCaughey said, it should not rely solely on publicly available information when other information is available. It should not just rely on direct flows because many such flows go indirectly through other countries. It should pay as much attention to gaps as it does to flows. If one looked at the spillover of Ireland's policy on the rest of Europe, it could be said that we compete aggressively for foreign direct investment, which probably has a dampening effect on investment in France and Germany. That is a policy decision on the part of the Government and it is made consciously. It leads to slight negative spillover to European neighbours but that is a decision we have made. If we do a spillover analysis that does not capture that element, we risk having spillovers that are not decided upon but which are inadvertent and which are causing incoherence with Irish Aid. This is why work on spillover analysis coming from City, University of London, now looks at the political economy element, as well as the flows. As an accounting and finance professor I am allowed to criticise things that only focus on the accounting and finance and I believe it is important that something like this includes political economy and a social element.

Capacity building was mentioned. It is worth noting that the Revenue has done quite a bit of good work in that area.

**Mr. Sorley McCaughey:** On the capacity issue, Ireland and Irish Aid are commendably very focused on building capacity but could be criticised slightly for the kind of capacity building being done. It is capacity building within a particular paradigm that has perhaps developed without much input from developing countries. The capacity is being developed in order to implement solutions that are not particular to their needs. We would like to see greater policy space for developing countries to develop individual policy responses to the unique set of challenges each country faces in keeping revenue within that country. That kind of capacity building is at least as valuable, if not more valuable, to developing countries than building the ca-

capacity to implement the base erosion and profit shifting, BEPS, process, which those countries played very little part in developing.

In fairness to the revenue authority, the issue concerning Zambia was highlighted in response to a report published by Action Aid, which showed that a subsidiary company in the International Financial Services Centre, IFSC, was being used by a large multinational based in Zambia to shift profit out of Zambia into Ireland and on to further countries - tax havens - at a cost of approximately €8 million a year to the Zambian authority. The company based in the IFSC had no employees; it was a total swizz. Revenue here had not been aware of it but when it found out, it moved to renegotiate it with the Zambian authority. This is an example of very effective advocacy on the part of a poorly resourced NGO. There is a question as to how Revenue did not know about that if a poorly resourced NGO could identify and bring it to light. That is not a great scenario. Similarly with our report, we highlighted the existence of the single malt structure, which got some profile. I am not sure if it is an entirely great situation whereby four days of poorly-paid researcher's time manages to identify that and we, as a State, are not identifying it. There are some concerns in that regard. Dr. Killian will refer to the sustainable development goals, SDGs, and tax.

**Dr. Sheila Killian:** That was brought up repeatedly when the SDGs were being developed because it is needed to finance all of them. Domestic revenue mobilisation is much more sustainable than aid. It has just been diverted into goal 17, which concerns partnerships for the goals, and the goal relating to sustainable cities. It is a pity that given there was a global tide for it there was not more of a trend for it at the time.

**Ms Jennifer Higgins:** On the SDGs, Ireland is currently conducting its voluntary national review. Christian Aid has been working as part of Coalition 2030 and, as a result, we have been inputting into the shadow report for that and we have been trying to put a strong focus on tax specifically in goals 16 and 17.

**Mr. Sorley McCaughey:** In the early days of the SDGs, there was a good reference to tax and it was a battle that was lost for people who wanted to have it in. The only real reference, apart from domestic resource mobilisation as being important as an element to finance development, and the only other element we are really focusing on is the definition around what constitutes an illicit financial flow. At present, it really only applies to clearly illegal practice like money laundering and tax evasion. It ignores the very large grey area, but the potentially very damaging area of tax avoidance, which is a very murky area where it is only legal until it is proven that it is illegal. That is an area where we would like to see the definition expanded so that it can include some of these tax avoidance schemes which have such a negative impact on developing countries. That is an ongoing battle and it is one on which Christian Aid is very much to the fore to expand that definition.

In response to Deputy Niall Collins, the relationship between Christian Aid and the Department of Finance is very good, and it has been since 2007. This report was always meant as a constructive policy input into its work in the area. The Department was under no obligation to do it. It responded to civil society and it also responded to a changing international tax environment whereby Ireland was in the spotlight a lot. It probably saw, sensibly, that this was something it could do.

It would be good to get the Department in here to respond because I do not feel well placed to speak on its behalf. Its position is largely that this was our attempt at doing something that had barely been done before. We acknowledge that methodologically there could well be gaps,



so it might have been done differently. The Department states that this was the methodology of the International Bureau of Fiscal Documentation, IBFD, which is a very well respected international body in the Netherlands. There is an issue in terms of the ownership of this research. For us, the Department of Finance owns it. The Department managed the process and signed off on the methodology but sometimes when speaking to the Department, I am told the IBFD did this, it carried it out and that I should ask address my questions to it. We have asked the IBFD about the gaps we identified but we have not really got responses.

**Deputy Niall Collins:** Could Mr. McCaughey expand on the criticism of BEPS? That is the first base of defence when the country comes under attack for being a tax haven. The Government or the Department of Finance will always point to the BEPS project.

**Mr. Sorley McCaughey:** I will ask Dr. Killian to comment and then I will comment.

**Dr. Sheila Killian:** It is less BEPS than the involvement of developing countries in the development of BEPS, which has been problematic. BEPS is developed by the OECD and the G20, which involve a relatively small subset of the countries in the world. It gave developing countries and the UN observer status. It is very common for there to be criticisms on why it is not particularly democratic in its involvement and then perhaps not fit for the variable geometry that is needed for developing countries. It is quite rigid.

The second comment was that this is where Ireland finds a defence against accusations or allegations made about our tax system. That is a very important point because we have leaned on BEPS and our participation in it in order to say that we are best in class. By doing an updated and better spillover analysis, there is an opportunity to really be best in class. There are opportunities here. This presents a massive opportunity for the Government - spanning the Departments of Foreign Affairs and Trade and Finance - to produce a really solid spillover analysis that takes in all of those elements, including political economy, and that allows an economic, social and human rights analysis of the impact of double tax treaties that we sign. There is a chance to do that and it would strengthen our case under the SDGs. It would also mean that we would be less vulnerable to the accusation of simply hiding behind BEPS. Reputationally, this is quite a critical juncture for Ireland because the US, in its relations with the world in general, is perhaps less predictable than it has been in past. We are very heavily dependent on US foreign direct investment so it is a very good time for us to be putting a second string to our bow and underpinning our position as best in class.

**Mr. Sorley McCaughey:** I want to underscore that, particularly as it relates to one of the asks we want to put to the committee. The spillover analysis was never meant to be a once-off. That was never how it was conceived or expected to play out. When the spillover first came on the scene, it was always supposed to be a question of having a baseline spillover and then follow-up spillovers for when there were any significant changes to the country's tax system. Ireland has done a really solid job of putting a spillover analysis in place but it will not really be of the value that it could be without a follow-up and without saying we have done a solid job. Let us bring it to the next level in the way Dr. Killian outlined.

**Deputy Seán Crowe:** The witnesses are all very welcome. I thank them for their campaigning work on tax justice and for all the research they have done in this area. They are playing a hugely significant role. We all collectively use their figures and a lot of their research.

In the past week, academics at the University of California, Berkeley, and the University of Copenhagen released a report entitled The Missing Profits of Nations. It estimates that foreign

multinationals shifted €90 billion corporate profits to Ireland in 2015. I do not know if the witnesses are aware of the research. It suggests that the amount involved was more than that for all the islands of the Caribbean combined and well ahead of Singapore, Switzerland and the Netherlands. The report measures the extent of profit shifting to avoid paying tax by multinationals around the world and finds that for every \$1 spent on wages in this State, \$8 of profit is declared here, which is approximately 16 times the average of other jurisdictions where profits are not routinely shifted. That gives a sense of what was going on in 2015. Did the witnesses see the research and what is their opinion of it?

It is also interesting that in 2015 - the year on which the research focused - the Fine Gael-Labour Government introduced a capital allowance deduction of up to 100% on intellectual property, which was clearly designed as a mechanism to replace the criticism of what was going on in relation to the double Irish scheme which was being used by the tech giants to pay obscenely low rates of tax. We have heard about the fallout from that and the impact it has had on reputation.

The Government recently launched its Global Ireland 2025 campaign, which, again, is supposedly designed to improve our global footprint. Do the witnesses agree that we can never be seen as a global leader on issues of world importance, or even as responsible global citizens, until we bring about real change in this area that would bring our so-called tax dodging schemes to an end?

When the committee was preparing its report for Irish Aid, I spoke on policy coherence for development. I see it as a contradiction that one arm of the State is doing positive work internationally while the other arm is undermining that work. That is happening. I presume the witnesses would agree there is a growing realisation of Ireland's tax system and that some companies are using Ireland as a tax haven, which is undermining our status.

Deputy Maureen O'Sullivan touched on the issue of capacity building, budgets and the supports we give developing countries and other countries in that regard. A difficulty I have as a spokesperson on foreign affairs is that Irish Aid come in here every year and we get a breakdown of where it spends money and so on but it is basically a graph. We do not get any detail on that. We give developing countries, particularly the opposition parties, support in terms of capacity building so that they can scrutinise budgets and so on, but we do not do that here. I do not believe this committee has that capacity to scrutinise. The Department said it will look at that. I realise it is one of those questions that is a bit skewed but I believe it is central to what we are trying to do. If we expect other countries to try to follow a particular model, we should be doing the same here if we are serious about scrutinising every euro spent in terms of Irish Aid. We are all great supporters of the work being carried on, so it would add to the work of the committee and to the transparency of the work Irish Aid is doing if we had that because there are concerns about where some of the money is being spent, not necessarily the bilateral funding but the multilateral and basket funding, and whether it goes to the right areas. I would be interested to hear the witnesses' comments on that.

**Senator Ivana Bacik:** I thank the witnesses for the detailed analysis they have done and the important work on raising these issues. It is especially instructive to hear the interaction between non-governmental organisations, NGOs, that are represented by the witnesses and Action Aid and the Department and Revenue in terms of unearthing particular practices. As Mr. McCaughey said, it is alarming that NGOs uncovered these anomalies, particularly the issue with Zambia. However, it is good to hear Revenue took action on them once they were unearthed.

My question relates to some of the witnesses' conclusions in terms of the idea of a follow-up spillover analysis and that this should not have been intended as a one-off. When I look at the response from the Department of Foreign Affairs and Trade, which it must be said we got very late this morning, and it was a Department of Foreign Affairs and Trade response rather than a Department of Finance response, it strikes me that some of its comments on the witnesses' critique relate to time lag and that, effectively, whatever criticisms they made of the spillover analysis have been rectified because, for example, Zambia and Pakistan treaties have been renegotiated and there have been changes. In the time since both the report and the witnesses' critique of the report, the Government has signed the Addis Tax Initiative and Seamus Coffey's review of the corporate tax code has been published.

How can we address the problem that it is very difficult to find out exactly the issues with the spillover analysis when inevitably there will be a time lag in terms of the policies investigated, the publication of the report and then the critique? For example, should we have a rolling spillover analysis? Should there be a unit within the Department of Finance, presumably with links to the Department of Foreign Affairs and Trade and Revenue, to ensure there is an ongoing review of our tax policies? We all acknowledge those are changing all the time and that significant attempts have been made to address the very serious critiques of the likes of the double Irish and so on, but it is very difficult for us as legislators to see the state of play currently. What are the criticisms that are currently valid and what changes can be made to address the critiques? I am sorry for the somewhat rambling question but it is about how we can best ensure that critiques will have an effect, that we can ensure changes that will have an impact and that we are not coming to this very late after changes have been made that have addressed the critiques the witnesses have made.

Did NGOs have an input into the Coffey review of the corporate tax code? Are they happy with some of the recommendations that were made? Do they believe the Addis initiative sign-up in 2017 will change anything? Should that see improvements in our structures? What do the witnesses think of the idea of some facility for ongoing spillover analysis to be carried out on that cross-institutional basis so that it is not just a matter for the Department of Finance, the Department of Foreign Affairs and Trade, and Revenue?

**Dr. Sheila Killian:** To address some of the questions, Senator Bacik made a very good point. The analysis highlights particular strategies such as the single malt or the double Irish and then they get backfilled. Water flows around a blockage. I am a former tax adviser and tax advisers are a fairly innovative bunch.

**Senator Ivana Bacik:** Very creative.

**Dr. Sheila Killian:** Not all the creative accountants are in trouble. If a particular aspect is blocked off, something unexpected may become the new tax feature. I am not sure the detail of the current individual structure is a useful use of the time of this committee because we could highlight the current structures being used and then it would be hoped those would be closed off. The bigger issue is closing off the flow.

**Senator Ivana Bacik:** Yes.

**Dr. Sheila Killian:** That can be done by signalling a significant change in terms of our attitude to tax and to flow. Related to the Senator's idea of having an ongoing spillover analysis is having an impact assessment of all our new tax treaties and our annual budgets that would not simply be an economic impact but an economic, social and human rights impact. If all our

tax rules that came in were subject to such legislation, that would have a very strong effect on an ongoing basis and would be very good reputationally for Ireland. It would be nice to move beyond being constantly defensive every time a new report comes out from Copenhagen, California or wherever and to be able to say that we have genuinely made changes here in the way we are approaching this system and we are genuinely and actively trying to discourage aggressive practices and encourage real investment in the country that will create jobs and prosperity.

It requires very strong signalling as well as strong regulatory measures. The Copenhagen report focused on an innovative aspect, namely, the ratio of wages to profit. It was an interesting measure and it highlighted things that look odd. All of these reports set out to measure the invisible. They are trying to measure the amount of tax that is not being declared. If I put in place a piece of academic research to measure the invisible and I say it is €90 billion, it is not difficult to say it is not €90 billion and that it is more like €20 billion because what we are measuring is invisible.

We need to get to a point where we do not have to be defensive about those reports rather than having constantly to critique their methodology. That was an innovative idea. It will not provide a very accurate measure but it does highlight disparities. To do that we need to get away from filling in all the little holes and turning off these illicit flows into Ireland. That demands both regular spillover analysis and updating the methodology because the methodology used previously is now outdated. If it is to be done again, it should be done with a new methodology. It also demands having true impact assessments for all our fiscal measures that are introduced. This is something that will be required. It may not be required for five or ten years but we can future-proof our policies and get a certain amount of reputational first mover advantage by doing it now rather than waiting until we are told to do it and then saying we are being obedient to the base erosion and profit shifting, BEPS, process. As Mr. McCaughey said, we can establish a reputation here and that would change the signalling and reduce the kind of harmful investment that comes through Ireland. That would have a positive effect on the developing world.

**Mr. Sorley McCaughey:** I do not want to get involved in a back and forth argument about the Department of Finance or the Department of Foreign Affairs saying this and we are saying that. It is just not the case, however, that the issues we have identified have been addressed, and it is not a time lag issue. These are things that existed before the spillover analysis and that exist now. For example, the manner in which we treat royalty payments that flow out of Ireland has not changed at all, before or after the analysis. We barely apply withholding tax to royalty payments that leave this country. There are very few instances in which we apply withholding tax to them. It makes Ireland very attractive as a conduit country in that case. We know this is an integral part of the ongoing double Irish and single malt structures. That is one example. Another example is that the treaties Ireland has signed since the spillover analysis was published are still classified as regressive from the point of view of developing countries. It seems slightly strange to claim that the issues we have identified have been addressed when they are classed as being regressive from the perspective of developing countries.

They are just two issues from the top of my head, but there are many others. The fundamentals of Irish corporation tax policy have not altered, before or after the spillover analysis. Perhaps some of the recommendations of the Coffey report will be implemented. That would address some of the things we raise, particularly regarding our transfer pricing regulation legislation. That was identified in the Coffey report as weak and not up BEPS standard. It allows for some pretty creative shifting of money between multinationals. If that was brought up to OECD BEPS standard, we would have a better chance of getting a more accurate evaluation of

intellectual property as it is being transferred.

Dr. Killian has spoken about a rolling spillover analysis. That is a fantastic idea. It is important. That is how the spillover analysis was always envisaged as working. There is another thing I would say which is not in any way a criticism but an argument for carrying out a subsequent spillover analysis. Since the last year that the researchers looked at, which was 2012, there has been a significant spike in trade between Ireland and some developing countries, in particular Ghana, with which we signed a double tax agreement, Cabo Verde and Nepal. There are significant levels of trade between Ireland and those countries. That was not known to the researchers at the time. Now it is, so one would like to think that this would prompt them to go back and review those trade flows to see if they come up with anything interesting.

Deputy Crowe raised the Global Ireland initiative and reputation. He is correct. That is something we spoke to in our presentation. I am not privy to the inner workings or thinking of the Department of Finance or the Department of Foreign Affairs and Trade, but I suspect it is very much on their minds reputationally at a time when Ireland needs friends in Europe and internationally in a way it has rarely done previously. The constant and ongoing criticism of Irish tax policy, merited or not, is damaging to the country as it moves to develop strategic alliances with other countries. I would not like to think that it will come back to bite us, but any measure we can adopt to mitigate the negative reputational damage that our tax code is creating would be a very sensible idea. It goes beyond the spillover analysis to a key and obvious thing we could do to demonstrate our credentials internationally. There are also issues around transparency that the Department of Finance resists. The public accessibility of country-by-country reports of companies is something we have advocated for almost ten years. These country-by-country reports should be publicly available so the media, civil society and researchers can know what companies are doing in each of the jurisdictions in which they operate. The Department of Finance does not wish to make that publicly available. That runs contrary to any kind of good sense. This is an opportunity to say that we want to be the gold standard of transparency when it comes to the disclosure of tax operations by companies.

There are other issues around transparency that we have advocated and lobbied on for years and that the Department of Finance has been slow to adopt. Again, it would be sensible to adopt them when it is constantly in the firing line for its tax policy.

**Deputy Maureen O'Sullivan:** Deputy Niall Collins asked about engagement with the Department of Finance. What is the level of engagement with Irish Aid on this issue? Returning to business and human rights, is there no scope in that report for the tax issue or is that just going to be more wallpaper?

**Ms Jennifer Higgins:** I joined the Deputy on the excellent symposium on business and human rights. The business and human rights national action plan was released last year after a very long process. There was much critique by civil society and others regarding the policy objectives set out in it, to the effect that it was not ambitious enough or highlighting some of the more pertinent issues around business and human rights emerging globally. It is definitely not strong enough on specific policy and actions. We are not seeing a link between tax and human rights. We are working towards developing a tax and human rights policy position ourselves that it is hoped will bring together these two specific areas. Unfortunately, they have not been merged much and we have not seen them in the business and human rights model. In addition, there is a type of confusion between corporate social responsibility and business and human rights. As the Deputy said, we must highlight the business and human rights model more with businesses, but sometimes we see a confusion with corporate social responsibility as being

enough.

It is important to highlight that action plan. When submissions were requested for the drafting of the business and human rights action plan, we made a submission and we would have highlighted tax as part of that. Obviously, we were disappointed not to have seen it. The drafting was housed in the same Department as Irish Aid, and Irish Aid has recognised the importance of tax for developing countries gaining enough revenue to develop their own services for the fulfilment of human rights. It is unfortunate we have not seen that reflected in other plans within the same Department. It goes back to policy coherence, as we mentioned. There will be a further drawing out of human rights and tax in the future. The Center for Economic and Social Rights, CESR, under the Switzerland review under the Convention for the Elimination of All Forms of Discrimination against Women, criticised Switzerland because its tax policies do not allow developing countries to provide full services for women. It found that its tax practices contravened its obligations under the Committee on the Elimination of All Forms of Discrimination against Women, CEDAW. This is something we hope to draw out further in the future, to look at how our human rights obligations interact with our tax practices.

**Mr. Sorley McCaughey:** To add to that, the majority of the submissions made during the business and human rights consultation made reference to tax as a human rights issue, yet it was not reflected in the final document. That decision is being made at a more senior level.

**Dr. Sheila Killian:** It highlights that Ireland's tax policy is unusual. Our tax policy is essentially a foreign affairs issue so it should not be regarded as something that is only for the Department of Finance. As our tax policy has such an impact internationally and because it is based so much on international flows, it should rightly be part of this committee's remit as much as it is that of the Committee on Finance, Public Expenditure and Reform, and Taoiseach. That is even separate from the incoherence with Irish Aid. There should be more joint input.

**Mr. Sorley McCaughey:** Deputy O'Sullivan will remember - I do not know if other members were in the room at the time - when Professor Philip Alston, the UN special rapporteur on extreme poverty and human rights, was here. He was very clear on the relationship between tax and human rights. He was very critical of Ireland and referenced our obligations under various international human rights conventions to which we are a signatory and under which we are failing. There are additional territorial obligations on Ireland to ensure that we do not compromise the revenue of other countries but we are not honouring those obligations at the moment.

**Deputy Maureen O'Sullivan:** Is Irish Aid listening?

**Mr. Sorley McCaughey:** Irish Aid is, and always has been, very supportive of this agenda. The politics of the situation are that the Department of Finance calls the shots on this issue. The committee should use its not inconsiderable weight to advocate for a follow-up spillover analysis, which Dr. Killian, Ms Higgins and I have called for. We need a broader spillover analysis that has a methodology that goes beyond the rather limited scope of the original analysis. The committee should ask the Department of Finance to come before it and speak to the findings of this report in a constructive manner. That would be a useful part of a process that will, ultimately, lead to a follow-up spillover analysis, hopefully.

**Chairman:** I thank Mr. McCaughey. Has Christian Aid appeared before the Joint Committee Finance, Public Expenditure and Reform, and Taoiseach? Has there been a hearing on the spillover analysis by that committee?

**Mr. Sorley McCaughey:** We were scheduled to appear before the committee on this issue but then the issue of digital tax arose and the subject matter of the scheduled meeting changed. We ended up speaking about the digital tax proposals for technological companies. We have never had the opportunity to speak to the aforementioned committee on the findings of this report, to my regret.

**Chairman:** Does Mr. McCaughey know if this subject is part of the work programme of that committee?

**Mr. Sorley McCaughey:** Not that I am aware of. It would be wonderful to have that opportunity because this issue will not go away. It remains a live issue.

**Chairman:** I suggest that if the Joint Committee Finance, Public Expenditure and Reform, and Taoiseach does not have this issue on its work programme for this year that we ask officials from the Department of Finance to appear before us to discuss this. The witnesses in their opening statement suggested that it would be timely and sensible for the Government to conduct a follow-up spillover analysis. I propose, with the agreement of the committee, that we write to the Tánaiste and Minister for Foreign Affairs and Trade and to the Minister for Finance seeking such an analysis. Is that agreed? Agreed.

I thank Mr. McCaughey, Dr. Killian and Ms Higgins for their presentation this morning on this important subject. We will follow up on this as I have just outlined. We will now suspend for five minutes to allow our next witnesses to take their seats.

*Sitting suspended at 10.04 a.m and resumed at 10.12 a.m.*

### **Current Political Situation in Cuba: Mr. Fernando González Llort**

**Chairman:** In session B we meet Mr. Fernando González Llort to share views on the political and social situation in Cuba. He is very welcome to our meeting.

I remind members, witnesses and those in the Public Gallery to ensure that their mobile phones are switched off completely for the duration of the meeting as they cause interference, even when on silent mode, with the recording equipment of the committee room.

I also remind members of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person or body outside the Houses or an official either by name or in such a way as to make him, her or it identifiable.

By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the joint committee. If they are directed by the Chairman to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable.

I invite Mr. González Llort to make his opening statement.

**Mr. Fernando González Llort:** If the Chairman does not mind, I will speak in Spanish and

use an interpreter.

**Chairman:** That is fine.

**Mr. Fernando González Llort:** Good morning. It is a pleasure for me to be here. I am head of the Cuban Institute of Friendship with the Peoples. I was also recently elected as a member of the Cuban Parliament, which began its ninth legislative term in April, selecting a new Council of State and new ministers. The Council of State is led for the first time by a member who was not traditionally part of the Cuban revolution and military. We know there was a lot of speculation outside of Cuba about this fact, but for us it was a natural process. Our colleague, Miguel Díaz-Canel, has made his career in the party and in government and has the trust of the party and of the Cuban people. There was a generation that traditionally led the Cuban revolution. Our colleague, Miguel Díaz-Canel, is the progression of this. Women comprise 53% of the Parliament. The Council of State, apart from the president and first vice president, has five other vice presidents, three of whom are women. Of these three women, two are black women. It is a Parliament that represents all areas of Cuban society and is constituted of parliamentary groups of solidarity. We hope we can establish links between this committee, other Irish parliamentary committees and European committees to strengthen relations between our countries and to understand the experiences of both countries.

Our Parliament is also involved in the process of reformation of the constitution, particularly in respect of the realities of the current Cuban economy. Our country has been involved in a modernisation of its economic model in recent years, with new forms of economic activities, including private companies and co-operatives. This requires fundamental change to the Cuban constitution, which will be a complex process. We must also pass this on to the people because all changes in Cuba must be voted on by the people. The constitutional process that emerges from this process will be put to a popular vote.

There is an accord between Cuba and the European Union. It still needs to be ratified by the Irish Parliament. We hope the Irish Parliament will ratify the agreement between the European Union and Cuba.

That is the end of my introduction and I welcome any questions.

**Chairman:** I thank Mr. González Llort for his opening remarks. I welcome the outline he gave us of the reform process under way and the increasing participation of women in parliament and government.

Deputy Niall Collins has another commitment so I will allow him to contribute before Deputy Maureen O'Sullivan.

**Deputy Niall Collins:** I have to step out. Will Mr. González Llort give us an overview of the levels of trade, if any, between Ireland and Cuba and the number of Cuban nationals living in Ireland? What are the ties between our two countries?

**Mr. Fernando González Llort:** I do not have the exact figure for the number of Cubans who reside here. The ambassador has told me it is 300. It is not a considerable number considering the number of Cubans who reside in other European states. For example, in Spain there are a large number of Cuban residents. They are possibly in other European countries but Spain is the country where they mostly reside.

In terms of trade, there could be more links. In the context of technology, biotechnology and



pharmaceuticals, there are a lot of links we could establish with the Irish State and a lot of trade links that could be promoted and established further with the Irish State.

**Deputy Niall Collins:** Is there any significant trade at the moment?

**Mr. Fernando González Llort:** I do not have the figures on the level of trade that exists between Ireland and Cuba but I imagine it is heavily impacted by the embargo the United States has on Cuba. The magnitude of the trade is small; it is concentrated in replacement pieces for construction and some dairy products. Ireland has a lot of spheres in which trade could be beneficial to both countries. We should look for ways to promote that trade without letting the US embargo affect it.

**Chairman:** I understand the Irish Dairy Board has sought permission to tender for the supply of dairy products. Maybe Mr. González Llort could help progress that process, which would be beneficial to our dairy industry.

**Deputy Maureen O'Sullivan:** Ar dtús, cuirim fíorfáilte go dtí an Dáil agus an coiste seo roimh na finnéithe. Mr. González Llort is very welcome. I also welcome the newly appointed ambassador, Mr. Hugo René Ramos Milanés. I acknowledge the role of the previous ambassador, Mr. Hermes Herrera Hernández, his relationship with the committee and the work he did in building relations between Ireland and Cuba.

Ireland and Cuba have a great deal in common. Ireland was colonised but it took us longer - 800 years - to get rid of our colonial power. Cuba was quicker in that regard. We are still both in the shadow of our big neighbours. Cuba has the United States and we have Britain. Brexit is coming. I have just returned from Cuba and I met Mr. González Llort in Havana. I acknowledge the work ICAP does when people visit. Anybody who has been there has to acknowledge the health system and the education system. One thing in education that is so impressive is the literacy campaign that took place just after the revolution. Today, Ireland, as a developed country, still has literacy issues. Cuba has done much on that issue.

I have a number of questions. The blockade is the biggest challenge at the moment. I feel the EU could play a stronger role. What does Mr. González Llort think about the agreement that has been signed? We know the fines that certain banks faced in the United States if there was engagement with Cuba. That is the first question.

The second question relates to the fact that when one is in Cuba, one can see the benefits of private enterprise. Will that be a challenge for those who work in the public sector, such as the great doctors and teachers Cuba has? How can that dilemma be addressed? One cannot talk about that without talking about Guantanamo Bay, which is one of the biggest human rights abuses in the world. That the United States has been allowed to continue its presence in Guantanamo Bay is amazing, to put it mildly.

My final question is on food. The briefing note we got referred to the extent of the importation of food and yet Cuba is a very fertile country. There are parts of Cuba that are greener than Ireland. How is that issue being addressed?

**Mr. Fernando González Llort:** Despite President Obama making the decision to change the relationship with Cuba two years ago, the blockade still remains. His opinion, stated publicly, was that the blockade should be eliminated. However, the blockade can only be removed by Congress; it is a legislative decision, not an Executive one. There is not sufficient will in Congress for this change. It is not just a question of changing one law but involves a combina-

tion of laws. In the initial six months after Donald Trump assumed the Presidency, his Administration began a process of revision of Cuban-American policy. That revision culminated in a public declaration on the part of the President of the United States on the reinforcement of the embargo against Cuba, which was to be expected and would take place, the pursuit of every financial or commercial transaction with Cuba, discouraging travel by north Americans to our country and searching for a pretext to reduce the operations of their embassy in Havana and ours in Washington. This policy shift is having an effect on the functioning of our economy.

In terms of the private sector playing a bigger part in the economy, this is something that has been deeply debated in the Cuban Parliament. The promotion of small enterprises and small entrepreneurs does not go against socialist principles. Private enterprises are already a reality within the Cuban economy. What really creates imbalances and problems is the double currency that exists in Cuba. At the moment, we are involved in the very complex process of trying to unify the two currencies. We are looking for the exchange rate that will have the least impact on the economy when the two currencies are merged. It is a very complex issue that in another place could perhaps have been sorted from one day to another. The unification will have an effect on those who earn the least in Cuban society so when these changes are brought about, the emphasis is to be on having the least effect on those who are at the bottom and suffering the most. It is established already that the unification of the currencies has to happen as soon as possible. The imbalance which the Deputy observed is something that the Cuban Government is examining.

There was a reference to another imbalance in our economy, namely, that relating to the production of food. For us, it is contradictory that although we have land to cultivate, we have to import the equivalent of €2 billion each year in produce. Part of the policy of remodelling the Cuban economy has to do with maximising internal food production. There will always be a number of products that we will have to import because they cannot be produced in our climate. However, we need to be prepared to produce the largest amount of food possible. That is what our people expect and that is what we are working on. It has not been easy but we are working in that direction.

On Guantanamo Bay, it is a scar on our dignity. It is a territory on our island that the United States occupied in an illegal manner and that it maintains against the will of our people and our Government. There are American military bases in many countries. In some countries, they exist against the will of the population but are accepted by the national government. This is not the case with Guantanamo Bay. The latter is the only military base which operates against the will of the people and the Government. It was obtained by the United States in an illegal manner at a critical moment in Cuban history. This is an important question because the debate is often made around whether the base should be opened or closed. There is no debate, however as to why that base is there or its legality or illegality. It is important that this issue becomes part of the debate's agenda. For Cubans, this is a key issue and there is no possibility of fully normalising relationships with the United States as long as it continues to occupy that territory. We can have increased dialogue with the United States Government but the complete normalisation of relations cannot happen while a territory in our state is being occupied.

**Senator Mark Daly:** I have been in Cuba and I enjoyed the experience. If there is anything the committee can do to assist in strengthening relationships between Cuba and Ireland, we would be delighted to do so.

**Deputy Seán Crowe:** I welcome the witnesses. I attended a wedding in Cuba on this day 17 years ago. I am wishing I was back there now rather than sitting here.

Anyone who visits Cuba is impressed by its healthcare and education systems, the arts and the country's climate, as well as the friendliness of the people. There is a relationship and warmth between the Irish and the Cuban peoples. There is a realisation that we have something in common. Deputy Maureen O'Sullivan spoke about our difficult relationship with our largest neighbour. We have much in common with humour and other traits too.

When I visited Cuba, I saw people queuing up for food but I did not see any homeless individuals like one would see in Ireland. People's living conditions were basic. There was great hope after the former US President, Barack Obama, shook hands with the Cuban President, Raul Castro, that things would open up. Unfortunately, it has not happened.

The Irish President, Michael D. Higgins, visited Cuba last year and spoke about building a mutual relationship between Ireland and Cuba. What concrete steps can the Irish Government and people take to improve Irish-Cuban relations? While we are all concerned by the sanctions, not many people understand their impact and how it affects simple things such as banking. For example, if a company trading with Cuba uses a bank which has a subsidiary in the US, the bank is open to fines. There is a concern that there may be a trade war between Europe and the US. Some of the sanctions which impact on Cuba may happen in Europe too. I wish Mr. González Llort well with building relations with Ireland and Europe.

We have a Cuban solidarity group in the Parliament. It is one of the more active ones. I am sure Mr. González Llort will encourage Irish people to travel to Cuba. Meeting people at first hand is the best way of building friendships.

When I was in Cuba, there was much coverage about the arrest of Mr. González Llort and his four colleagues in the US. The American Government claimed they were spying and were a threat to America. I understand Mr. González Llort's group was trying to infiltrate groups involved in no-warning bombing campaigns, blowing up aeroplanes and killing innocent people, and not just in Cuba. He wanted to get information to prevent such attacks. The Cuban Government at the time sent back information to the US authorities about what was happening. Many of us would see what he was doing was positive but the American Government had a different view. Will he elaborate on his experience in the American jail system? I am glad he is now home with his family and I congratulate him on his election to the Cuban Parliament. I hope there are concrete steps our Government and this committee can take to build on the friendship between the two countries.

**Mr. Fernando González Llort:** I was part of a group of five who were in prison in the United States for 16 years. We were arrested in 1998 and we left prison in 2014. Our presence in the US was due to a history of ongoing violence coming from groups based in the United States, even though US laws state that one cannot organise in a manner to bring about violence in a foreign country. It is a law which is never mentioned, the Neutrality Act. At the beginning of the triumph of the Cuban revolution, many Cubans went to southern Florida and began to organise and conspire against the revolution from there. These groups obtain finance, weapons and logistical support in the United States of America, from where they attack Cuba and Cuban interests all across the area.

As a result of these attacks, 2,000 Cubans have been killed, while 3,000 have been mutilated. This has been ongoing for decades, since the triumph of the Cuban revolution. The US authorities that are supposed to act on these actions have never done anything to the individuals involved. Cuba has no other option but to send individuals to south Florida to identify them and discover where they are getting their armaments and logistical support. That is what we

were doing in south Florida. We never set out to get any information on the US Government; that was not our objective. However, the US authorities arrested us and prosecuted us on espionage charges. I believe it was part of the historical hostility of the US Government towards our country.

An international campaign was organised, in which a lot of our colleagues in Ireland were involved. A number of Irish parliamentarians signed the petition to have us freed and express solidarity and support, for which we were deeply thankful. Little by little the truth began to emerge as to why we were in prison. Thanks to this solidarity, the factual and real information on our case began to get through and in the end we won the battle and were freed. I believe the truth imposed itself. Once again I take the opportunity to thank all of the parliamentarians and people involved in the campaign in order that I could be here today speaking to the committee. There is an interparliamentary solidarity committee in Cuba and the Irish Parliament also has a Cuban solidarity group. I believe every mechanism that promotes dialogue and co-operation between our two countries is important.

On international policy, I believe there are a lot of areas where we have common points. The ratification by the Irish Parliament of the EU-Cuba co-operation agreement was a very important step. The visit to Cuba by the President of Ireland was also a very significant act of solidarity. Any time a head of state visits a foreign country it is a great show of solidarity. It also shows a will to advance economic and social co-operation. It creates interest within the Irish business sector to trade with Cuba. Cuba also has a lot to offer in trade. We have a highly educated population. Sectors of the Cuban economy rely very much on the important contribution made by the knowledge economy. There is development of the biotechnology and pharmaceutical sectors in Cuba from which Ireland could benefit hugely. Cuba could also benefit from Ireland's experience in these sectors.

In my modest opinion, Ireland and Cuba should go down those roads. I hope this Parliament will support those objectives in order that they can be made more concrete.

**Deputy Maureen O'Sullivan:** I acknowledge the role played by Cuba, with Norway, in the Colombian peace process. With Colombia having a new president, how confident is Mr. González Llort that the peace process can be maintained? The larger picture is the manner in which lawfully elected governments in Latin America are being undermined by forces which are being orchestrated by outside forces.

**Chairman:** I thank the Deputy. As we are under time pressure, I ask Mr. González Llort to offer brief responses to the questions asked by Deputy Maureen O'Sullivan.

**Mr. Fernando González Llort:** I thank the Deputy for her questions. All Cubans are very proud of the role Cuba has played in the negotiations between FARC and the Colombian Government. Its role has also been recognised by the guerillas and the Colombian Government. It has been acknowledged that when the negotiations were going through a very difficult time, Cuba, among other countries, helped to maintain the process in as smooth a manner as possible. In his public statements the new President of Colombia has given the impression that he will not support the peace process to the same extent as his predecessor. He has stated that although he supports the peace process, he wishes to reform and modify the document on which it is based. However, what someone says when they are a candidate may be different from what they say when they are the president of a nation. We wish for the peace process to be strengthened for the good of Colombia and the wider world.

That is connected to the Deputy's second question and relates to the efforts made by the United States to undermine all progressive governments in the region. Those efforts are evidenced by the shameful manner in which the United States removed Dilma Rousseff from the presidency of Brazil and the imprisonment of Luiz Lula da Silva, the most popular candidate for the presidency. These actions were taken to prevent them from winning the election.

The hand of the United States is evident in the irrational violence in Nicaragua. The Nicaraguan Government is trying to mend differences through dialogue, but the violence is continuing.

The interference of the United States can be seen in the war being waged against Venezuela and its legitimately elected government. The Venezuelan Government that has won 23 elections in 18 years is constantly attacked and undermined internationally. It is part of a strategy to weaken and remove any progressive government in the region and instead establish neoliberal policies which would lead to big benefits for multinationals.

**Chairman:** I thank Mr. González Llort. He will note from the contributions that the committee and the country wish to build on the relationship between our two countries and avail of the opportunity to increase trade. I have mentioned that the Irish Dairy Board has sought access to the opportunity to tender for the supply of dairy products to Cuba. We hope that administrative matter can be progressed.

Deputies Maureen O'Sullivan and Seán Crowe and Senator Mark Daly have visited Cuba. Deputy Maureen O'Sullivan who is Vice Chairman of the committee has, for many years, been a powerful advocate for improving relations between our two countries which she continues to promote at every opportunity at the committee and during parliamentary debates. I welcome the visit of Mr. González Llort and hope we can send a clear message on the natural affinity between our two countries and the opportunities for trade in order that we can build on our bilateral relations. I thank Mr. González Llort and the ambassador for their presence and presentation.

The joint committee adjourned at 11.10 a.m. until 10 a.m. on Thursday, 5 July 2018.