



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Thursday 27 February 2014

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**Thursday 27 February 2014**

**CONTENTS**

<b>INTERESTS.....</b>	<b>Col. 1849</b>
<b>INDEPENDENCE: EUROPEAN UNION MEMBERSHIP INQUIRY .....</b>	<b>1850</b>

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**EUROPEAN AND EXTERNAL RELATIONS COMMITTEE**

**6<sup>th</sup> Meeting 2014, Session 4**

**CONVENER**

\*Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP)

**DEPUTY CONVENER**

Hanzala Malik (Glasgow) (Lab)

**COMMITTEE MEMBERS**

\*Clare Adamson (Central Scotland) (SNP)

\*Roderick Campbell (North East Fife) (SNP)

\*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

\*Jamie McGrigor (Highlands and Islands) (Con)

\*Alex Rowley (Cowdenbeath) (Lab)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Neil Bibby (West Scotland) (Lab) (Committee Substitute)

Eric Byrne TD (Houses of the Oireachtas Joint Committee on European Union Affairs)

Seán Crowe TD (Houses of the Oireachtas Joint Committee on European Union Affairs)

Timmy Dooley TD (Houses of the Oireachtas Joint Committee on European Union Affairs)

Dara Murphy TD (Houses of the Oireachtas Joint Committee on European Union Affairs)

**CLERK TO THE COMMITTEE**

Katy Orr

**LOCATION**

Committee Room 1



## Scottish Parliament

### European and External Relations Committee

*Thursday 27 February 2014*

[The Convener *opened the meeting in private at 10:00*]

10:18

*Meeting continued in public.*

### Interests

**The Convener (Christina McKelvie):** Good morning, and welcome to the sixth meeting in 2014 of the European and External Relations Committee. I make the usual request that people switch off mobile phones, as they interfere with broadcasting. I welcome again Dr Dan Kenealy, who is the committee's adviser for our inquiry. We have received apologies from Hanzala Malik, and in his place today is Neil Bibby—welcome back to the committee, Mr Bibby.

Alex Rowley MSP has just joined the committee and we welcome him here for the first time. You are arriving in the middle of an inquiry, but we wish you the best and I hope that we can give you any help and support that you need. The clerks are excellent, so refer to their wisdom at all times. Do you have any relevant interests to declare, Mr Rowley?

**Alex Rowley (Cowdenbeath) (Lab):** Thank you for your welcome, convener. I would refer anyone to the declaration of interests that will be submitted to the Parliament later today.

**The Convener:** Thank you.

## Independence: European Union Membership Inquiry

10:19

**The Convener:** Agenda item 3 is our inquiry into the Scottish Government's proposals for an independent Scotland's membership of the European Union. This is the main item on our agenda today. Members of the Houses of the Oireachtas Joint Committee on European Union Affairs will give evidence by videolink. Good morning, gentlemen.

**Dara Murphy TD (Houses of the Oireachtas Joint Committee on European Union Affairs):** Good morning.

**The Convener:** We have with us today Dara Murphy TD, the vice-chair of the committee; Timmy Dooley TD; Eric Byrne TD; and Seán Crowe TD. Mr Murphy is going to make an opening statement. For the official report, I ask that you introduce yourselves first.

**Seán Crowe TD (Houses of the Oireachtas Joint Committee on European Union Affairs):** I am TD for Dublin South-West and I represent Sinn Féin in the Irish Parliament.

**Timmy Dooley TD (Houses of the Oireachtas Joint Committee on European Union Affairs):** I am a Fianna Fáil TD for County Clare, in the beautiful west of Ireland, which hosts the Cliffs of Moher. Indeed, there are many tourism facilities there for you to come and visit if you so wish at any stage.

**Eric Byrne TD (Houses of the Oireachtas Joint Committee on European Union Affairs):** I am a member of the Labour Party, which is the coalition partner of my colleague Dara Murphy's party.

**Dara Murphy:** I am from the even more beautiful county of Cork, in the south. I am a member of the Fine Gael Party, the senior party in the Government.

I am pleased to be able to make some opening comments. We welcome this morning's meeting and we wish you all very well in Scotland. When the meeting was arranged, we were not in the same European championship group. I hope that we can be as civil to each other as possible, although I know that we have a couple of big football matches to engage with.

On behalf of our committee—the Houses of the Oireachtas Joint Committee on European Union Affairs—I thank you for your invitation to join you this morning. At the outset, I stress that we are engaging with you to discuss Ireland's experience in the European Union. We do not want to

interfere in any way in the domestic debate that is taking place in Scotland in advance of your referendum in September. That is entirely a matter for the people of Scotland to decide upon.

I am the vice-chair of our joint committee and a member of Fine Gael. My colleagues are deputies who each represent one of the four largest political parties, so this is quite a good cross-section of our Parliament. Our committee membership has 14 deputies and senators, and our role is to consider cross-sectoral, institutional and strategic matters concerning Ireland's membership of the European Union. Since 2011, the Oireachtas has operated a mainstream system whereby nine sectoral committees are responsible for EU scrutiny on matters that fall within their various remits.

Without wanting to pre-empt your questions or the contributions of my colleagues, I will briefly make a number of opening points. Ireland's experience as a small EU member state has been overwhelmingly positive. Ireland has taken a constructive approach to EU engagement since our accession in 1973. Membership of the European Union has given us a presence at the top table in Europe and has enhanced rather than diminished our sovereignty. Membership is critical to the achievement of our foreign and domestic policy objectives and, indeed, to the prosperity of the Irish people. The role of the European Commission and the community method are important for smaller member states, and where the Commission is sidelined, smaller member states such as ours tend to suffer.

Public perception of the European Union in Ireland is generally very positive, although it is fair to say that confidence declined somewhat during the economic crisis and the bailout. Communicating with Europe is an on-going challenge, as are all forms of politics, but it is particularly so here because Ireland is constitutionally required to hold referendums on major European Union treaties.

As a member of the euro zone, Ireland has a keen interest in the application of new rules around economic governance that bind those countries that share the common currency. I do not think that the euro itself was seen as the problem during the crisis; rather, it was other economic matters. As I am sure you are aware, Ireland was in a bailout programme but we have exited from it. It is fair to say that our successful presidency of the Council of the European Union during the first half of 2013 has helped to restore our reputation in Europe.

In 1973, when we entered the European Economic Community as it was then, we were largely concerned with agriculture and structural funding. Although agriculture remains very important in an Irish context, Irish priorities today

include the single market for goods and services, the single market for research and innovation, and enlargement policy generally.

The EU scrutiny system of the Oireachtas—which is the term for both of our Houses of Parliament—is a work in progress. We have significantly improved EU scrutiny, but far more work can be done. Our committee engages in worthwhile interparliamentary co-operation with members of other EU committees and national Parliaments across the European Union, including the EU committees of the House of Commons and the House of Lords.

A debate on democratic legitimacy in the EU and the role of national Parliaments is taking place in Europe. We believe that national Parliaments can play a more positive role in the EU in the future and can help to build a bridge between the citizen and the EU. We and the United Kingdom share many views on EU issues. The view in political and official circles in Ireland is that the United Kingdom is good for the European Union and, indeed, the European Union is good for the United Kingdom.

We look forward to your questions. Let me know, convener, whether members want to ask questions individually or whether you are going to make statements. I hand back to your good self now.

**The Convener:** We tend to ask questions directly of the panel, and whichever panel member would like to contribute we are happy to allow them to do so. We much prefer a free flow of information to stunting the discussion in that way.

You will not be surprised that I will open with a question. Let us go back to an early comment in your statement, for which I thank you—it was informative and has answered some questions on my list. Given that Ireland celebrated 40 years in the EU last year, and given your statement that Ireland's membership of the EU has enhanced rather than diminished its sovereignty, what impact has being a member of the EU had on Ireland within the rest of the world?

**Dara Murphy:** I will deal with that question first and will then bring in my colleagues.

Before our membership of the European Union, many parts of Irish life were underdeveloped, particularly the economy. Our membership allowed us to avail ourselves of structural funding and access to markets. We had a developing economy and we were able to grow. At that stage, our gross domestic product per person was around a quarter of the European average, but we have now moved above or at least level with the European average. In that context, membership allowed a country that had been only at that stage

40 or 50 years to grow in many areas right across all sectors in its life.

Does Timmy Dooley have a comment on that?

**Timmy Dooley:** Yes. The vice-chair of our committee has made valid comments on how membership has strengthened our economy generally, initially by way of financial support. That was to ensure that we participated on a level playing pitch with our European partners and it was welcome and helpful, particularly the structural and cohesion funds. [*Interruption.*] The bell that can now be heard in the background relates to our Senate. If it is disturbing you, you can ignore it, as it will stop shortly. What I am talking about was very much part of the economic development side. Membership allowed us to compete more equally to access European markets.

We have now moved beyond that phase and see ourselves entering a phase in which we will be net contributors to the European Union. We see that as important because it is about broadening and strengthening the Union as a whole, thereby giving citizens of the member states that joined more latterly access to the same benefits that we have succeeded in achieving. A growing and strengthening European Union, with its 500-odd million citizens, benefits everybody.

10:30

We have made social gains as well. Many of the changes in our labour law, such as the notion of equal pay and equal status for men and women, emanated from European directives.

Working more closely with member states has allowed us to benefit from changes that they have made and from experiences that they have had. We would not have been considered an industrial nation, so we were perhaps a little bit behind in our thinking. However, all the issues that flow from that have already been experienced by our partners in Europe, so we do not have to reinvent the wheel if we reach an impasse on particular issues; we simply look around our partners in Europe and ask what best practice is. We have benefited from that.

We have all experienced a crisis with the euro and issues connected with banking over the past couple of years but, collectively, we will find a solution that will ultimately benefit the next generation and the next wave of member states that join the Union.

**Eric Byrne:** There is no comparison between Ireland in 1973 and Ireland 40 years later. From the Labour Party's point of view, it is important to remember that, in 1973, European thinking and development were way ahead of the national

thinking on many issues, mainly social issues. We were very backward vis-à-vis the progressive thinking of the EU members. Our national infrastructure was weak, but thanks to the regional development funds that our European partners have contributed we now have a fantastic interlinking road network throughout the country. Then there are labour laws and the role of women in society. In 1973, we were a conservative Catholic country and Europe's social agenda was far in advance of Ireland's. The European social fund helped us in many ways. To a large degree, it liberated women who were trapped in the traditional role of housewife, conditioned by Irish society and the church.

It has been a liberating 40 years. We have been 40 years in the European Union, but we have also managed seven presidencies of the Council, so we have a lot of experience for a small country. It is fascinating to note—it is a source of great pride for me as a member of the Labour Party—that our most recent presidency was internationally acclaimed as showing very fine leadership both within Europe and in the progress that we made in assisting other countries to develop and strengthen their partnership with Europe.

One must think back to 1973 and compare Ireland then with Ireland today. We can also be thankful to Europe for the assisted bailout. It was not Europe that sabotaged our economy—that was done domestically—but our European friends came to our rescue. We have managed to get out of that bailout now and are looking forward to healthy economic development in the next couple of years.

I wish you the best of luck in your deliberations. I understand that they will not be easy. We are here not to interfere with the decisions that you make, but to engage with you and exchange ideas.

**Seán Crowe:** Far be it from me to give a different view of Irish history. I was a relatively young person 40 years ago, but I remember the arguments pro and anti joining the EEC at the time.

In 1973 we had the Irish pound and the pound in the north, and there was conflict in the island of Ireland. The country is a different place 40 years down the road, but many concerns were expressed at the time. The big push in relation to the negotiations concerned agriculture, but we also had a potentially huge fishing industry, which was not developed although we had the fish off our shores, and there was concern at the time that we would lose out. We did lose out in the negotiations and we are still paying the price for that today, because everyone else seems to be able to fish our waters but the Irish fleet has shrunk and shrunk.

There is a view that, although huge positive gains have come out of the European Union around women's rights and social issues, there have been negatives, too. We have ceded some of our sovereignty, and there is no denying that at Lisbon, Maastricht and a succession of other treaties we ceded power from the Government here in Ireland to the EU. That pattern has continued right up to this day.

There was concern, and there still is concern, about the direction in which Europe is going. James Connolly, a great Irishman and a great Scotsman, talked about the Europe that he wanted, which was a federation of free peoples. That is the view that most people right across Europe hold. In all countries, large and small, there is concern about power being centralised.

We may discuss later the fact that there is concern throughout Europe about the role of the European Union in the crisis and about whether the European solidarity that we all talk about has been there to help smaller countries and those that are in difficulty at the moment. I would argue that the EU has not stepped up to the plate. I was in Madrid at the weekend, talking to people about the 40 per cent unemployment rate, and there is no real urgency coming from Europe about that.

I wish you well in your debate today. There have been huge positive gains for Ireland from the EU, but we have also ceded some sovereignty and there have been negatives associated with that.

**The Convener:** Thank you for those comprehensive answers, which covered a range of issues. Many members of the committee will want to come in on them, but the key elements that I took from your contributions are the positives of Ireland's membership of the European Union and the forgotten aspect of its social impact. We have benefited from equal pay and all the other measures, but we tend not to debate them as much as we should.

Before committee members ask their questions, I ask them to say who they are and where they are from, for the benefit of our Irish colleagues. Please also state your party, so that we can show that we have cross-party representation on this committee.

**Clare Adamson (Central Scotland) (SNP):** Good morning. I am Clare Adamson and I am a Scottish National Party list member for Central Scotland.

Thank you for your opening statements. It was interesting to hear about Ireland's engagement in the EU and your successful presidencies. Many of the witnesses who have come before us have cited Ireland as an excellent example of a small country that has made the most of building relationships across Europe. I know that you have been expanding your embassies. You recently

opened an embassy in Croatia, which is the newest member of the EU, and you plan to have a presence in every European capital. Will you explain how important that strategy has been and what the benefits to Ireland have been from that engagement?

**Timmy Dooley:** I shall answer that question because I have to leave to speak in Parliament in about five minutes.

The strategy to try to have a presence in as many member states as possible has been effective. As well as the social and economic benefits that we have talked about, which have strengthened our infrastructure at home, we see Europe as a market for the goods that we produce. We are a green island and we produce a lot of food that is sold throughout Europe. More than 80 per cent of everything that we produce in the agricultural sector is exported.

An integral part of our missions in other member states, alongside those of the diplomats from our Department of Foreign Affairs and Trade, usually sits with people from our economic development agencies and the agency that assists Irish companies with improving the quality of what they produce, and with accessing and selling into the markets in Europe. We see it as vital that we have a presence there over and above the standard diplomacy, and that we have active engagement with the marketplace. From that point of view, the spread of the missions across the EU is important in assisting our corporates to develop, engage with and understand the marketplace. As you know, that marketplace can change quite quickly, so we need that presence and engagement, and it has benefited and will continue to benefit us, particularly on the food side.

As we have identified, the population of Europe is growing and the consumption of the kinds of product that we produce—meat and dairy—is growing. As a result of that engagement, we have developed a harvest 2020 strategy to increase our production to a significant level to meet that expected increased demand for food across Europe.

**Eric Byrne:** I have a comment on the Croatian embassy decision. The European Union now has 28 members and—notwithstanding the closure of a number of embassies in the recent past, not least of which was the Holy See, which is going to reopen—we recognise that we must have a strong presence in each of the other 27 countries. The role of a small country in Europe is an issue that the Scottish people should also debate. It is important to point out that we use allegiances and alliances with our friends very effectively through our diplomatic presence in each of those 27 countries.



You will also understand that we have permanent representatives in Brussels. They are basically the ambassadors and a huge and successful team that liaises between the national Parliament, our MEPs and other countries. There are huge interlinked debates going on there. Diplomacy and trade go hand in hand. Our embassies do not concentrate just on the issuing of visas and passports or whatever. We concentrate hugely on trade issues.

It would be argued in Ireland that our bailout has been achieved effectively through the enhancement of Ireland's image by our diplomatic services throughout Europe and the trade links that we are developing from that. We see that there are occasions when alliances with smaller countries can be formed through diplomacy and trade, and most of the countries are much smaller than France, Germany, Britain—or England—and Spain.

**Timmy Dooley:** I am going to have to take my leave. I wish you well with your deliberations. I will be speaking on Ireland's engagement with the European Union in the main Parliament, so I wish you the best of luck with all your efforts.

**The Convener:** Thank you for your evidence and good luck with your speech.

**Jamie McGrigor (Highlands and Islands) (Con):** I am Jamie McGrigor, an MSP for the Highlands and Islands for the Scottish Conservatives. On a clear day, I can see Ireland from Argyll, and it always looks as if you are having much better weather over there, I have to say.

We know how well Ireland has done out of the EU. It has received €17 billion in structural and cohesion funds and €44 billion from the common agricultural policy. We also know about the excellence of your agricultural products and your expertise in marketing them. Everything looked rosy in the garden in Ireland, and then suddenly the financial crisis came along and you were involved in a €67.5 billion rescue package.

There is a lot of talk about what currency an independent Scotland would use. Do you consider that Ireland having to use the euro, and the inflexibility of the euro, was the major part of the crisis that was caused in Ireland?

10:45

**Dara Murphy:** No. The major part by a large margin was that we had a banking crisis. We had a property bubble that was fuelled by an inflationary economy and, when the bubble burst, the losses of the bankrupt banks were in effect taken on to the shoulders of the sovereign. That was for a variety of reasons, including I suppose

the negotiations with our EU partners and with what ultimately ended up being the bailout grouping or troika of the International Monetary Fund, the European Commission and the European Central Bank. I think it is fair to say that what happened in Ireland would have happened irrespective of the currency.

On how we dealt with it subsequently, one could argue that our lack of independence and ability to devalue or revalue our currency had a potential short-term impact, as we could not accrue that benefit. We have to balance that with the other side of the argument, which is that there was a greater onus on the other members of the currency to not allow contagion from Ireland to spread to other member states that share the euro. We argue that Europe still has a long way to travel in that regard. We are looking for a retrospective bail-in from Europe in relation to the moneys that were put in place to secure what is a very large bank in the Irish context and a reasonably large bank in the European context. To answer the question, it would be overly simplistic to suggest that the euro was any part of the problem, or a significant part of it.

The one area where the single currency has been charged as being part of the problem is the very low interest rates across the European Union. The Irish economy was performing much more strongly than economies in other parts of Europe, but monetary policy across Europe was to have very low interest rates. That meant that in Ireland—and in Spain and Portugal—money was sucked from the core into the peripheral regions, and very cheap money was available, which gave rise to inflation and rising property prices. I suppose that, in a state with its own currency, inflation rates could have been dampened. My colleague who has left us is a member of the party that was in government at the time, but I suppose that measures could have been taken in Ireland, such as measures on better banking regulation.

The one-word answer to your question is no; the euro really was not at the core of our problems.

**Seán Crowe:** To an extent, there was a lack of manoeuvrability because we were tied to the euro and we did not have greater flexibility. For instance, we could not print more money or take other such steps.

In relation to the euro, people were looking at the bigger picture and not just at the Irish situation. However, the crisis was caused by a lack of oversight, and the European Central Bank had a huge role in that. Money was coming in from the German banks, French investors and all the big powers throughout Europe and, when the crisis came about, Ireland was left holding the baby. People said that they did not want the crisis to spread to other banks and systems, so the Irish

taxpayer was left with a public debt and a private debt, and we are still paying for it to this day. There was a lack of solidarity. To a large extent, the measures that Irish taxpayers took propped up the banking system in Europe, but there has been no reciprocation of that to help Ireland to separate that private and sovereign debt.

Things would probably not have been different if we had been outside the euro, because of the size of Ireland and the nature of the economy. People look at the responses of other countries such as Iceland, which took measures that moved it further up the road than we are. People cite the fact that Iceland is outside the euro as giving it greater flexibility in its finances and how it controls its economy.

There have been negatives and positives. It was suggested that, if we had had the Irish pound, we could have adapted, but I urge caution about that, as it is fantasy stuff. The realistic view is that we would still have been in huge difficulties.

**Eric Byrne:** I appreciate that where Mr McGrigor places himself vis-à-vis Scotland's currency is his business, but I remind him that we transferred into the euro from the Irish punt and not from the sterling region. However, it is important to note that we were conscious of the weak economic growth in Europe.

Probably the majority of the difficulties that we faced in our crisis came from political and banking ineptness in Ireland. The cause was not our membership of the euro; it related to the oversight of banking and the banks' ability to draw down and disburse cheap money to every Tom, Dick and Harry—even sub-prime borrowers, as the committee knows. Everybody was drawing money, including people who had no hope of making the repayments, because of the weak oversight of banking institutions. In Ireland, that was aided and abetted by the outgoing Government's political ineptitude. The people of Ireland are paying heavily for those mistakes.

However, we have a commitment that the leaders of Europe made in June two years ago. We have not given up on our claim, in recognition that we got a raw deal on repaying our debt, to be allowed to separate the sovereign debt. The country had to carry the can on the banks' behalf. Europe recognises that it maybe owes us the return of some of our squandered money.

We look towards the economic and monetary union debate, which we see as an important next development. The debate is about never again allowing the sovereign nations of Europe to carry the financial responsibilities that result from the banks' ineptitude.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** Good morning, deputies. I am the member

for the Kilmarnock and Irvine Valley constituency, which is in the beautiful county of Ayrshire—Robert Burns country. I know many of your colleagues through my membership of the British-Irish Parliamentary Assembly. It is a pleasure to speak with you this morning.

I ask for your opinions about relationships—particularly Ireland's relationship with the United Kingdom and with other small nations in the European Union. I spoke with Minister Donohoe about Ireland's relationship with the UK, and his view is that it is strengthened by Ireland's position in the EU and its influential position among the family of smaller nation states in Europe. Do you agree with the assertion that Ireland's relationship with the UK is much improved because of its membership of the EU?

**Dara Murphy:** I apologise for the departure of my colleague Deputy Crowe. We are debating EU affairs in the Parliament this morning and he is his party's spokesperson on that, but he hopes to return.

It is fair to say that our best relationship in the EU is with the UK. There are many reasons for that. We share so many objectives and targets with the UK, and on most issues Ireland and the UK share a common position. Why has our relationship with the UK strengthened? The reasons are largely historic. We all know the history, but now when we go into Europe, we go in as equal partners and member states.

Having said that—this is my own observation—I believe that one reason for our closeness to the UK relates to alliances. You mentioned the smaller states, the blocs and the relationships. We are disadvantaged in that regard, because there are alliances within the EU such as the Benelux alliance, some eastern alliances, northern European alliances and the Mediterranean alliance, which we hear a lot about now, but we have no natural alliance other than with the UK, which is a little more informal, although it is very strong nonetheless.

There are two types of alliance within the EU. Alliances of small member states come together either geographically or through a shared interest. For example, we often have a shared interest with other countries that have strong agricultural concerns. Then there is our alliance with the UK, which is based on the fact that it is one of the three or four big powerhouses in Europe. We all know that the powerful countries often carry a significant degree of influence within the EU—and rightly so, we could argue, on the basis of population. That has also strengthened the relationship, given that we do not disagree with the UK on many issues in the first place. It is fair to say that, on some issues, we have been there on the coat tails or we have certainly been happy to

allow the UK to take the lead. For those reasons—and maybe others—our relationship with the UK has indeed strengthened significantly.

**Eric Byrne:** As you have already spoken to Paschal Donohoe, our Minister for European Affairs, what we say might be superfluous, because basically he represents our common views.

It is the historic and economic linkages that bond us together. It is important to point out that the relationships between Ireland and England have never been stronger than they are today. You will note the visit of Queen Elizabeth to Ireland. She was afforded a most fantastic reception. We are reciprocating this year with the visit by President Michael D Higgins to England. It is probably agreed by all concerned in the Republic that the relationships have never been stronger. That is important for us because Britain is our largest trading partner. Our trade links with Britain are phenomenally strong and important to us.

What role did the EU play in helping to develop the relationship? I am not sure that we can view it from the European perspective. We are adjacent islands and our linkages inevitably have to be strengthened and developed. I think that they are at an all-time high, and the two countries can only benefit substantially from that warm relationship.

**Willie Coffey:** Thank you very much for that. Scotland has a big decision to make this September. I will not ask you for your views on that, of course. However, looking further ahead, the UK may be considering a referendum, the result of which could be that the UK would pull out of the EU altogether. What are your views on Ireland's relationship with the UK, should that happen—possibly, at that point, with an independent Scotland?

**Dara Murphy:** I am not going to give you a view in relation to an independent Scotland, but our Government has said publicly that we feel that for the UK to pull out of the EU would be bad for Ireland, especially given our relationship on the border with Northern Ireland, where joint membership of the EU between us and the UK is helpful.

It is, of course, a matter for your good selves whether you have a referendum and, indeed, how you vote. Our position—which is, to be blunt, a selfish position—is that we believe that, from an Irish perspective, a Europe with the United Kingdom in it is vastly superior to a Europe with the United Kingdom on its margins.

11:00

**Eric Byrne:** We would view England leaving the EU as catastrophic—not only for Ireland but for Europe. It would be difficult for us in Ireland to envisage England outside the European family.

Our colleague from Sinn Féin mentioned that we were ceding some of our sovereignty. In fact, we do that voluntarily, because we have to put every treaty change to our citizens. That situation is fairly unique in Europe. The people engage fully in the debates on each referendum on treaty changes, and vote however they want to vote. The point is that they have, through a democratic process, voluntarily ceded whatever sovereignty the Sinn Féin member is worried about.

Of course, the Tory party in England is saying only that it will, if it gets an overall majority at the next election, put a proposal to the people. From our point of view, precisely what items it would argue that it wants to return to the sovereign from Europe is vague. Collectively, we in Ireland will say that we would prefer that England did not pull out of Europe, because that would be bad for Europe and Ireland. Of course, you would have to consider the relationship between Scotland and England if such a thing were to happen.

**Willie Coffey:** You said that, if the UK pulled out of Europe, it would be “catastrophic” for Ireland. Could you give a couple of examples of what the impact on Ireland might be?

**Eric Byrne:** As I said, the UK is our largest trading partner. We have a policy that Europe is a unity of families—that is, countries. There is a single market of 800 million people and we view that market as being very important. If Britain were to break that relationship, we would have to have bilateral relations with England. It would make Ireland's trading relationship with Europe and England far more complicated.

Dara Murphy might have a different point of view

**Dara Murphy:** I would not say that it would be “catastrophic” if the UK were to pull out of Europe. We would drive on regardless. I would rather focus on continuing with the positive elements of the relationship that we have today and think about how they can continue. For example, many of the positive elements of the regulatory framework in Europe have been driven by the United Kingdom. Ireland and the UK both strongly support free trade. We would think in terms of a continuation of the shared ethos that we have in these islands, through the strength of the United Kingdom and Ireland working together.

The situation contains too many unknowns for us to be specific about negative impacts. However, as with all things in public and political

life, it is a matter of combining quite a variety of marginal elements to deliver a steady progression.

Our position is that we have shared values, shared political systems, a shared legal system—to a degree—and so on. We got most of that from the United Kingdom originally, and a large part of our concern is about that being diluted.

**Willie Coffey:** Thank you for that. Go raibh míle maith agat.

**Dara Murphy:** Ná habair é.

**Neil Bibby (West Scotland) (Lab):** Good morning, deputies. Thank you for your time—I know that you are very busy, so it is much appreciated.

My name is Neil Bibby, and I am a Labour Party member for the West Scotland region. Ireland has been a member of the EU for 40 years. We are currently having a debate on the Scottish Government's proposal to be independent of the UK but to join the EU. For the record, I think that we should be a member of both. I understand from a recent poll that 29 per cent of people in Scotland do not want to be in the EU at all.

It was mentioned earlier that the Irish people had voluntarily ceded sovereignty to the EU. What is the degree of support? It was also mentioned earlier that support had stalled a bit during the banking crisis, but what is the degree of support in Ireland for membership of the EU? Have any polls been done recently? What do they say?

**Dara Murphy:** All politicians ignore polls when it suits us, but quote them liberally when they are good. Aside from the polls, the fiscal stability treaty put in place the rules under which the so-called austerity programme was implemented. Uniquely, agreement to that treaty had to be put to a referendum in Ireland.

We need to go back to that time. The troika had come into the country, and we ceded our sovereignty to that economic monitoring group for three years while we recovered certain economic targets. At the same time we were, in effect, asking our people to support the same measures in a treaty. It was very politically sensitive. People's wages were being cut and many services were being cut back, but 62 per cent of people voted to support the proposal from Europe to put a very difficult economic programme on their shoulders—albeit that the Lisbon treaty had to go to the people a second time.

On the question of a referendum being put to the Irish people on leaving Europe, no political party in our Parliament is even suggesting that. Sinn Féin has various concerns, but I do not believe that it has a policy for us to leave the European Union. A very significant majority, if not the vast majority, of people here, while being

critical of many policies, want us to remain within the European Union.

**Eric Byrne:** It is hard for me to add to that answer. We are extremely pro-Europe, right across the political spectrum. There are no Eurosceptic parties in the Republic, and there is no sign of a Eurosceptic party emerging. We are happy to say that, ultimately, the people decide by holding referendums on the major issues that affect Ireland vis-à-vis our European partners. A very difficult choice had to be made by the Irish people on the fiscal treaty. By a handsome majority, they supported the Government's position on advocating support for it. It is possible to be cynical and to say that the people had no alternative—because there was no alternative—the logic of which is that there is no alternative to membership of Europe. The question is never really posed. In the political climate in Ireland, nobody seriously advocates withdrawal from Europe. Where else is there for us?

**Dara Murphy:** I will add something, briefly. I know that we are monopolising the committee's time this morning, so we will try to ease back and give you more time.

Culturally—this perhaps comes from how things are taught in schools—Ireland is always described as being in Europe. Europe is a big blue place on a map, and we are in it. We do not necessarily see a competition between our independence and our membership of the European Union.

**Neil Bibby:** Ireland has opted out of the Schengen area and is in the common travel area with the UK. If Scotland became independent, should we seek to opt out of Schengen and maintain the common travel area with the rest of the UK and Ireland? What implications would that have for Ireland?

**Dara Murphy:** I understand that the reason why we are not in the Schengen area is that we have the big landmass of the United Kingdom between us and it. The debate on what has happened recently with the referendum in Switzerland and the four freedoms in Europe—the movement of people, goods, services and capital—is on-going. We already have free movement with the United Kingdom. I suppose that the question is not so much for any part of these islands; I think that we would all need the same agreement, in practice. I think that we would have to move as one in relation to Schengen, irrespective of what any one part of the islands would choose to do down the line. I say that from a practical point of view.

**Eric Byrne:** One would be very worried if complications arose from your position vis-à-vis Schengen. As you know, we work very closely with the British authorities, and we keep changing the rules to facilitate things. For example, Chinese

visitors need a visa to come to Ireland, but if your authorities grant them a visa, they can automatically travel from England to Ireland. That is a very recent development. They used to come in illegally through Northern Ireland, because they could move from England to Northern Ireland and then move illegally down through the unmanned border.

Our relationship with the British authorities is very important for freedom of movement. We do not need passports to travel from Ireland to England or vice versa. In fact, the largest by far non-Irish population in the Republic of Ireland is British. Therefore, we would hate to see any complications arising with your Scottish debate about Schengen, borders, being in or out of Europe, or being independent and the consequences of that.

**Neil Bibby:** Thank you very much.

**Roderick Campbell (North East Fife) (SNP):** Good morning. I am a Scottish National Party member of the Scottish Parliament for North East Fife, which is very beautiful and includes St Andrews—the home of golf.

I want to ask briefly about Schengen and the common travel area. Am I correct to assume that nobody in Ireland would object to the continuation of a common travel area with an independent Scotland?

**Dara Murphy:** That is a hypothetical question that is a matter for you in your on-going negotiations. It is not for me to say whether people would object to that, and it is not really for us to comment on it. That is part of your internal debate. The outcome of that is unknown.

**Eric Byrne:** It is very difficult to comment on that, because the question is hypothetical, as has been pointed out. You would have to develop your own relationship with Northern Ireland, which, as you know, is part of the British—

**Roderick Campbell:** I am thinking more about the opinion from the Republic of Ireland. You would not want disruption of the easy travel arrangements between the Republic and Scotland.

**Dara Murphy:** One can sound selfish in how things are put, but we would not want to see a disruption in free movement between us and any place, whether that is Northern Ireland, the UK or, indeed, Europe. You can take it from that that we would not want to see any disruption. Things seem to me to work very well as they are currently.

11:15

**Roderick Campbell:** Thank you. The committee has heard evidence about the need for small states to prioritise. Could you expand on

your experience of the past 40 years and say whether you agree that small states need to prioritise? What particular successes has Ireland had in negotiations?

**Eric Byrne:** We have had success in agriculture.

**Dara Murphy:** Yes.

First of all, the answer is that small states do need to prioritise. In fact, I think that large states need to prioritise, but to a lesser extent.

The areas in which we have had success historically are, of course, agriculture and negotiations on structural funding. The reality for this part of the world—when I say that, I include all the United Kingdom and Ireland—is that we are now moving to a point at which the northern European countries will be net contributors to Europe. We welcome that because it is a sign of economic strength, to a certain extent.

I suppose it is natural that creditor countries will focus on other areas. The focus for us now, as a very open small economy with a large trading relationship with America, is the area of the transatlantic trade and investment partnership, or TTIP, which is very important for us. It is also important that we see a greater amount of European money being put into research and development because, in that, Europe is falling behind other areas.

In order to achieve, it is far better to target a couple of areas. We certainly prioritised the recent common agricultural policy negotiations as part of the broader European budgetary talks, and we feel that we got quite a good outcome in that.

**Eric Byrne:** You will be aware that there are a huge number of unemployed people throughout Europe, so we and Europe's social agenda function have put a lot of effort into prioritising our position on and support for the youth employment project of Europe. We are keen to see that incentives and funding are made available to create employment for the long-term unemployed, especially the youth, throughout Europe.

**Roderick Campbell:** Mr Murphy talked about the recent CAP deal and how the fact that Ireland is a small state did not prevent your getting a deal that you are happy with.

**Dara Murphy:** It did not prevent that. It is possible, however, that some of our farming unions and perhaps the Opposition would argue that we could have done a better deal, although that might be the nature of politics. In that example, strategic alliances were made through the negotiations. That is quite commonly known; other countries that had similar agricultural objectives also came together. The broader agricultural policy is one of the very few areas in

which Ireland and the UK do not share a position. You can argue about the effect of being a small country either way, depending on your political perspective. Certainly, criticism of the deal was very muted here, which leads me to believe that it was broadly accepted as being about the best that we could manage.

**Roderick Campbell:** Thank you.

**The Convener:** We are quickly running out of time and I know that the witnesses have a busy schedule, as do we. I have two quick supplementary questions on the CAP—one from Clare Adamson and one from Jamie McGrigor, who will ask their questions, after which we will take answers from our Irish colleagues.

**Clare Adamson:** We have all come through the recent CAP negotiations. A pillar 2 uplift was awarded to the UK because of low productivity in Scotland, but Scotland received only 18 per cent of that money, so the payment in Scotland remains the lowest in the EU, at €12 per hectare. That compares with a payment of €69 per hectare in Ireland, as Ireland secured €1.946 billion. What competitive advantage does that give Irish farmers and how important is it to your food harvest 2020 plans?

**Jamie McGrigor:** I see an advantage for Scotland in that the UK has 29 votes in the Council of Ministers, whereas Ireland has seven. I imagine that Scotland, which has more or less the same population as Ireland, would have about seven votes if it was independent. I believe that Scotland benefits from its position in the UK by having the value of those 29 votes in the Council of Ministers. How does Ireland maximise its seven votes to get what it wants?

**Dara Murphy:** I will take the first question first, which was about the money that is coming in through the deal that was done on the common agricultural policy. I am not fully aware of the UK's deal. In relation to 2020, the view here is that the subsidies will be short lived, as Europe continues to move to an agricultural policy that means—particularly in relation to our milk and other products—that farming will over the next 20 or 30 years have to stand on its own two feet and that the total quantum of money that will come into countries such as Ireland will reduce over time. The figures show quite a large difference, but the economic positions of Ireland and the UK must be taken into consideration. In the negotiations, a country's envelope of money, rather than just where money goes subsequently, is often looked at.

As for voting power and how that is broken up, it is quite difficult for small countries to form allegiances, because there are many different inputs. My experience is that relationships do not

break down into all the small countries against the big ones. It might be too strong to say that we are jealous of the UK's strong voting bloc, but it is unquestionably a fact of life that having a larger voting bloc allows greater influence. That is down to population sizes. When votes are used well, they can benefit the bigger countries. That is broadly democratic and as it should be.

**Eric Byrne:** You will notice that I do not say an awful lot about the common agricultural policy, because I represent a working-class urban constituency in Ireland's capital. We share some of the views about agriculture perhaps being subsidised too much. However, we are united around the table today, so we will not criticise the benefits to the farming community.

It is fair to say that, as a small country, Ireland benefits largely from the position of the French on agricultural issues. Dara Murphy is right; the capital intensification of factories that are being built in Ireland shows that, because of the lifting of the milk quotas, we are targeting, and are in a prime position for maximisation of, the agricultural base in Ireland for extensive exports of food produce and dairy produce. The Chinese market is vast; Xi Jinping visited Ireland and looked at our agricultural produce. That is an area of potential serious growth, which I am happy to applaud.

**The Convener:** We have run out of time and have gone past the time that we expected to take. I extend our gratitude to your committee for taking part in our inquiry and I ask you to pass on that gratitude to Mr Dooley and Mr Crowe. I hope that this is not the last time that we will collaborate to work on important issues that are worthy of scrutiny. We appreciate the time that you have given us.

11:25

*Meeting continued in private until 11:26.*

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