

**Houses of the Oireachtas  
Joint Committee on European Affairs**

**THE LISBON REFORM TREATY  
INTERIM REPORT**



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## **FOREWORD**

On behalf of the Joint Committee on European Affairs I am pleased to present this Interim Report on the Lisbon Reform Treaty to both Houses of the Oireachtas.

The report derives from a number of meetings which the Committee has held to discuss details of the Treaty. The Committee obtained the views of a number of Social Partners and engaged with them on the issues they raised. The Committee also heard the views of the Minister of State with Special Responsibility for European Affairs, Mr. Dick Roche T.D. Further meetings with other key organisations are planned. The Committee wishes to express its thanks to all those who contributed to its work.

A common theme which emerged from our meetings was the need for simple, objective and jargon-free information on the Treaty to be made available to the general public as soon as possible.

A number of organisations which made presentations to the Committee laid considerable emphasis on the importance of Ireland maintaining a veto on any future proposals for changes to existing arrangements with regard to corporate taxation.

There was a general welcome for new Treaty articles which confer new powers on National Parliaments. These innovations will facilitate the Houses of the Oireachtas in becoming involved from an earlier stage in EU policy formulation, and to exercise more effective control over the European Commission if it fails to respect the principle of subsidiarity.

The Committee presents this report to both Houses of the Oireachtas as its first contribution to facilitate the debate during the referendum campaign in Ireland. As a follow-up to this Interim Report, the Committee will organise a series of open meetings at various regional venues to give the general public an opportunity to air their views on the Treaty and to engage directly with Members of the Committee. When it has concluded this exercise it will present a second and final report, as well as its own opinion on the Treaty.

Bernard Durkan T.D.  
Chairman  
27 February 2008

## JOINT COMMITTEE ON EUROPEAN AFFAIRS THE LISBON REFORM TREATY

### EXECUTIVE SUMMARY

The Joint Committee on European Affairs held a number of meetings with the Minister of State with Special Responsibility for European Affairs and with the Social Partners to obtain their views on the Lisbon Reform Treaty. Further such meetings are planned. The Committee is also organising a number of regional meetings to give it more direct access to grass-roots opinion. At the end of the process it will present a report to both Houses of the Oireachtas.

Minister Dick Roche (Minister of State with Special Responsibility for European Affairs) in the course of two meetings outlined the key points of the Treaty and their importance in the Irish context. He also explained the intentions of the Government with regard to preparations for a referendum on the Treaty and the

information that would be made available to the public. A summary of his contributions is included in our Interim Report.

During the first stage of this exercise, the following were the main issues raised by the Social Partners:

- the urgent need for explanatory information on the Treaty
- the status of Ireland's corporate tax structure
- democracy in the EU (new powers for National Parliaments and for the European Parliament, new arrangements for the composition of the European Commission)
- the Charter on Fundamental Rights
- sovereignty issues
- need for clarity on Ireland's opt-outs from certain Treaty articles
- economic competitiveness versus workers' rights



*Members of the Joint Committee with Vice-President of the European Commission Margot Wallström, who has responsibility for Institutional Relations and Communication Strategy.*

## BACKGROUND

The Lisbon Reform Treaty was signed by the leaders of the 27 EU Member States in Lisbon on 13 December 2007. Before it can enter into force on schedule in January 2009 it must be ratified by each Member State according to its own constitutional or legal requirements. In Ireland this will be by way of a referendum, which is expected to take place in May or June 2008.

A Bill containing the proposal to enable the State to ratify the Treaty must first be approved by both Houses of the Oireachtas and then submitted to a referendum. If approved by the people, the Bill will be signed into law by the President, thereby enabling the State to formally ratify the Treaty. A number of EU Member States have already ratified.



*Members of the Joint Committee held a press conference to announce its programme of work in relation to the Lisbon Reform Treaty.*

## INTRODUCTION

The Joint Committee on European Affairs agreed to prioritise the Lisbon Reform Treaty in its 2008 Work Programme up to the holding of the referendum. As part of the implementation of this phase of its work programme, the Committee invited the Minister of State for European Affairs, as well as representatives of the main Social Partners to address the Committee and engage in debate with it on aspects of the Treaty which

were of particular importance to them. The official reports of these meetings can be accessed on the Committee's website [www.euaffairs.ie](http://www.euaffairs.ie). Resulting from these meetings the Committee has prepared this Interim Report on its findings for presentation to both Houses of the Oireachtas and the Government.

At this stage the Committee's work is incomplete; it is therefore premature for the Committee to state its opinion on the content of the Treaty or to reach definitive conclusions. The Committee presents this Interim Report as its first contribution to facilitate the debate during the referendum campaign in Ireland.

The Report outlines the main findings of the meetings with the Minister of State with Special Responsibility for European Affairs, Mr. Dick Roche T.D., and the following organisations:

- Irish Business and Employers Confederation (IBEC)
- Irish Congress of Trade Unions (ICTU)
- Chambers Ireland
- Irish Small and Medium Enterprises Association (ISME)
- Irish Farmers' Association (IFA)
- Irish Co-operative Organisation Society (ICOS)
- Irish Creamery Milk Suppliers Association (ICMSA)

## FUTURE WORK

Further meetings will take place in the run-up to the referendum. In addition, the Committee will hold a number of public meetings at strategic venues throughout the country once the date for the referendum has been fixed. These meetings will be publicised in local media and all members of the public will be encouraged to attend and have their say. At the conclusion of this exercise, the

Committee will present a final report to both Houses of the Oireachtas. The Committee will also issue an accompanying opinion on the contents of the Treaty.

### **THE DEBATE SO FAR**

The following is a summary of the key points raised during meetings of the Committee on the Lisbon Reform Treaty:

#### **MINISTER OF STATE WITH SPECIAL RESPONSIBILITY FOR EUROPEAN AFFAIRS**

- The Treaty responds to the needs of an enlarged Union of 27 Member States
- It will improve the way the EU works by providing more coherence and efficiency
- It will enable the EU to play a more positive and progressive part in international affairs
- The creation of a President of the European Council for a two-and-a-half-year term will ensure continuity
- The new post of High Representative will increase the EU's visibility and influence in international affairs
- The Treaty will enable the EU to make a concerted response to 21st century issues like energy security, climate change, development and immigration
- New voting arrangements are in the interests of small and medium-sized Member States
- New arrangements for the composition of the European Commission will give Ireland exact equality with all other Member States, large or small
- The enhanced role of the European Parliament will make the EU more democratic. The Parliament will become co-legislator with the Council of Ministers and will also see its budgetary role strengthened
- Greater powers for National Parliaments represent "one of the most significant features of the new Treaty". For the first

time they will have direct input into the EU legislative process and increased supervisory powers over EU decision-making. This represents an important part of the solution to the perceived democratic deficit

- The Charter of Fundamental Rights will be given legal status by the Treaty. At present, it is only a political declaration. The Charter sets out the EU's values and the rights of citizens in dealing with the Union
- No attempt was made during the Treaty negotiations to press for changes in areas of special sensitivity to Ireland, such as defence and taxation. Unanimity is preserved for all decisions in these areas
- The Treaty will be promoted by the Government on its merits

#### **IBEC**

IBEC believes that the EU has been a major positive factor in Ireland's economic growth to date and IBEC will be recommending a "yes" vote to its members. It will be campaigning for ratification of the Treaty, as it has done in all previous EU referenda. It believes that it is important that the referendum is carried because of the signal a "No" vote would send out. Ireland is in the EU for the long haul, not in it to cherry-pick.

#### **SPECIFIC POINTS**

- The Treaty is a balanced, comprehensive and durable blueprint for the EU in the years ahead
- The European Parliament's equal powers with the Council should help individual citizens feel that they are more effectively represented in Europe in the future
- The principle of Subsidiarity will be underpinned and improved by the enhanced role of National Parliaments
- The new voting arrangements are positive for Ireland as a small country. Ireland now has double protection because of the dual

criteria of a minimum number of Member States and of population for adoption of measures in the Council of Ministers

- IBEC is not concerned by the fact that Member States will not always be able to nominate a member of the European Commission because there will be absolute equality between Member States
- Ireland's veto over corporate tax rate harmonisation is crucial but will not be affected by the Treaty. IBEC strongly believes that the Common Consolidated Tax Base proposed by the Commission and supported by some Member States would, if adopted, lead in due course to common consolidated tax rates
- The Charter of Fundamental Rights, which is annexed to the Treaty, will not have any adverse impact on Ireland's economic competitiveness
- The Treaty will not have a negative effect on Ireland's competitiveness. Any challenge will originate from outside the EU
- The Treaty recognises the important role of social partnership as part of the EU's objectives of a highly-competitive social market economy
- The Irish business community welcomes the Treaty's commitment to price stability and balanced economic growth

## ICTU

While Congress has been pro-EU in past referendum campaigns it has not yet decided on its position on the Lisbon Reform Treaty. This is largely due to a number of factors which do not relate to the Treaty's content (lack of consultation by the Irish Government on immigration, failure to strengthen Irish labour laws, especially for agency workers, the treatment of Irish Ferries workers, its belief that the Irish Government does not adequately represent ICTU's views in Brussels, and that pay restraint has not been implemented in Irish boardrooms).

## SPECIFIC POINTS

- ICTU is not against immigration but rejects any lowering of employment standards
- It contends that EU competitiveness is being prioritised at the expense of workers' rights. While EU social policy has been of huge benefit to Ireland in the past it is in decline and getting agreement on new legislation may be more difficult with Enlargement
- It regards the Charter of Fundamental Rights as a very good document which will help protect the rights of workers but is concerned about how the European Court of Justice will interpret it
- ICTU members in Northern Ireland will not benefit from the Charter because the UK has opted out of its implementation (*Committee's comment: by way of clarification, the UK has not opted out of the Charter. The Protocol on the Charter included with the Treaty at the insistence of the UK simply clarifies the application of the Charter in relation to the UK's national law*)
- Congress is concerned about the issue of Flexicurity, a recent labour market concept designed to encourage workers to show greater flexibility with regard to changing jobs and work practices in exchange for security of employment
- ICTU welcomes the strengthening of the European Parliament's role in decision-making

## CHAMBERS IRELAND

The Chambers supported all previous Treaties but have not yet adopted a definitive position on the Lisbon Reform Treaty. They will consult widely with their members and provide them with information on the Treaty. Their general view is that Ireland has always gained by being a highly-active participant at the core of EU decision-making.

### SPECIFIC POINTS

- Chambers Ireland believe that Treaty revisions which took place over the past three decades have been of benefit to Ireland and to business in particular
- They emphasised the importance of the Government appointing a Referendum Commission as soon as possible and the importance of information being made widely available
- The Chambers placed considerable stress on the economic benefits to Ireland of EU membership, especially in relation to foreign investment
- The new Treaty will provide greater certainty to business but Ireland's veto on corporate tax is crucial
- The Treaty will make the EU more democratic because of the enhanced role of the European Parliament and National Parliaments, as well as the new right of citizens to directly propose a legislative initiative to the European Commission
- The new double majority voting arrangements in the Council will make it easier for the EU to take decisions
- A smaller European Commission will be compensated by a stronger role for the European Parliament in decision-making
- In every area where the Treaty provides for majority voting instead of unanimity it expands the role of the European Parliament in the legislative process

### ISME

The biggest issue for ISME is the need for assurances “in black-and-white” that Ireland can retain its veto on any future proposals for a common consolidated corporate tax base. *(Committee's comment: the European Commission has made no formal proposal, legislative or otherwise, on a common consolidated tax base. There are no changes in*

*the Treaty regarding policies on direct taxation. Unanimity within the Council of Ministers is maintained for decision making in this area, in other words Ireland retains a veto on EU tax policy).* It also emphasised the need to provide unbiased information to allow its Members to make an informed decision.

### SPECIFIC POINTS

- The provision of information on the Treaty as soon as possible was emphasised
- ISME recently carried out a poll of its members which indicated that only 4% felt sufficiently informed at this stage. On the basis of existing information their voting on the Treaty would be Yes: 12%; No:19%; Abstentions: 10%; Don't Know: 59%.
- The “jargon” contained in the Treaty needs to be explained in simple terms
- There is need for clarity on Ireland's opt-out from judicial and police cooperation on criminal matters
- There should be more assessment of the impact on SMEs of EU legislation and efforts made to reduce the regulatory burden on small and medium enterprises
- The Treaty would open up public procurement to small businesses, which currently find such access difficult
- ISME would be against the participation of non-Irish campaigners in the forthcoming referendum process because it fears Irish concerns would be side-lined

### IFA

The IFA leadership's policy is to maintain a positive position on the EU and its President, Pdraig Walshe, called for a “Yes” vote from farmers at the Association's recent AGM. He told the Committee that any withdrawal by Ireland from a central role in Europe can only have negative consequences. A non-Treaty issue which might influence the IFA voters is

its perception that EU Trade Commissioner Peter Mandelson is not representing Ireland's best interests in the current WTO trade negotiations. It also accuses him of favouring cheap food imports at the expense of food safety. Mr. Walshe called on the Irish Government to veto the deal he believes the Commissioner is likely to agree to.

### SPECIFIC POINTS

- The Association has concerns about the Treaty's granting of co-decision powers to the European Parliament in relation to agricultural policy. It will have to step up its lobbying efforts vis-à-vis the Parliament's Agricultural Committee and its Political Groups.
- Because the EU now numbers 27 Member States it will be very difficult for Ireland to negotiate special deals on agriculture or other policies as it has done in the past
- The timing of the conclusion of WTO negotiations is important in relation to the farmers' vote in the referendum
- The current Doha Round of WTO negotiations were supposed to give additional attention to Development issues but Commissioner Mandelson has never once mentioned them. The EU has historically been at the forefront of making trade concessions to developing countries but the Commissioner has never once used this fact as a bargaining tool in the negotiations. His policy is to dismantle the CAP and introduce a cheap food policy regardless of its origin. Present proposals would reduce Irish beef prices by 50%.

### ICMSA

The Association has not yet taken an official position on the Treaty, although it supported all previous EU Treaties. Non-Treaty issues that could affect the way its members vote are

the extent to which Irish farmers are subject to on-farm examinations while controls on food imports are lax, as well as concerns about the performance of Commissioner Mandelson.

### SPECIFIC POINTS

- The Association welcomed the new Treaty definition of the powers of the EU, which makes it clear that all powers which have not been conferred on the EU Institutions remain with the Member States
- Ireland must be careful not to become a fringe member of the EU
- The ICMSA saw no danger of the Treaty infringing Ireland's sovereignty. It believes it contains all necessary safeguards
- It urged the Houses of the Oireachtas to make the most of new powers which are provided for by the Treaty to enhance the role of National Parliaments; it believes this will help to reduce any perceived democratic deficit.
- It welcomed the introduction of a so-called "Yellow Card" and "Orange Card" system whereby a minimum number of National Parliaments could oblige the Commission to re-think proposed legislation, as well as the power to take the Commission before the European Court of Justice
- EU structures and decision-making remains complex. The Treaty changes the balance between the EU Institutions in favour of the Council
- More clarity is needed on the Treaty's so-called bridging and flexibility clauses relating to more majority voting or future Treaty changes
- The ICMSA agrees with Ireland's opt-outs in relation to articles dealing with certain aspects of cooperation between Member States in combating international crime, drug-trafficking etc.

- The Association is not concerned about the loss of an Irish nominee to every formation of the European Commission

## ICOS

The Society will be recommending a “Yes” vote to its members. A non-Treaty concern is the issue of modulation (the transfer of some EU funding away from agricultural price support to rural development)

## SPECIFIC POINTS

- The Society welcomed the fact that the Treaty will give more power to National Parliaments and to the European Parliament
- It cautioned that it may take longer to get agreement under the new decision-making arrangements, as well as the fact that the Union is now composed of 27 Member States
- It expressed concern that the reduction in the number of Commissioners might dilute the Rural Development portfolio by amalgamating it with another policy area e.g. environment



*Deputy Bernard Durkan (Chairman) and Deputy Timmy Dooley (Vice-Chairman) present a copy of the Committee's interim report on the Lisbon Reform Treaty to Commissioner Margot Wallström, Vice-President of the European Commission.*

## CONCLUSION

Following this first series of meetings, the Committee decided to issue this Interim Report in order to set out the main issues and arguments regarding the Lisbon Reform Treaty as expressed during the meetings. The Committee wishes to facilitate an open, inclusive and frank debate on the Treaty. It aims to bring the debate to the general public through a series of public meetings in towns and cities around the country. It also plans to hold further public meetings in Leinster House in order to gain a comprehensive understanding of all the issues and the broad range of viewpoints. Following these further meetings, the Committee will prepare and publish a final report together with its opinion on the Lisbon Reform Treaty which will be presented to both Houses of the Oireachtas, the Government and the general public.

The Committee also supports the constructive and impartial work of the National Forum on Europe and looks forward to the establishment of the Referendum Commission. The Committee's work will complement the activities of these two bodies. The Committee also acknowledges the Government's efforts to date to provide factual information to the public on the contents and purpose of the Lisbon Reform Treaty. With a view to framing the debate and bringing certainty to the process, the Committee also believes it is important that the Government publish its White Paper on the Lisbon Reform Treaty as well as the Referendum Bill as soon as possible.

The Committee presents this Interim Report to both Houses of the Oireachtas as a contribution to the debate on the Lisbon Reform Treaty.

## THE JOINT COMMITTEE ON EUROPEAN AFFAIRS

The Joint Committee on European Affairs is appointed under Sanding Orders of Dáil Éireann and Seanad Éireann to:

*consider such matters arising from Ireland's membership of the European Communities and its adherence to the Treaty on European Union, as it may select; and shall report thereon to both Houses of the Oireachtas*

The work of the Committee is largely determined by the policies and proposals which emanate from the EU Institutions. In general the Committee is required to monitor, review and report on the likely implications of EU policies for people in their daily lives and for the longer-term future of Ireland and Europe.

### MEMBERSHIP

The Joint Committee is made up of 17 members drawn from Dáil Éireann and Seanad Éireann. The Minister for Foreign Affairs (or Minister of State nominated to act in his or her behalf) is an ex officio member of the Committee. The Committee is appointed for the life of the Parliament and re-established after each parliamentary election. The Chairman and Vice-Chairman are elected from among the Committee's members. Irish MEPs (and Northern Ireland MEPs) and members of the Irish delegation to the Parliamentary Assembly of the Council of Europe may attend and participate at meetings of the Committee.

### MEMBERS OF THE JOINT COMMITTEE

#### DEPUTIES

Barry Andrews (FF)  
 Pat Breen (FG)  
 Joe Costello (Lab)  
 Lucinda Creighton (FG)  
 Timmy Dooley (FF) *Vice-Chairman*  
 Bernard Durkan (FG) *Chairman*  
 Michael McGrath (FF)  
 Michael Mulcahy (FF)  
 Mary O'Rourke (FF)  
 Billy Timmins (FG)  
 Noel Treacy (FF)

#### SENATORS

Déirdre de Búrca (GP)  
 Paschal Donohoe (FG)  
 John Hanafin (FF)  
 Terry Leyden (FF)  
 Phil Prendergast (Lab)  
 Feargal Quinn (Ind)

### FURTHER INFORMATION ON THE COMMITTEE

Publications of the Committee and other information about its ongoing work can be accessed on the Committee's website [www.euaffairs.ie](http://www.euaffairs.ie).

### CONTACTING THE COMMITTEE

Correspondence should be addressed to:  
 Clerk to the Joint Committee on  
 European Affairs,  
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