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Ireland's Council Presidency: Serving the Irish Best?

Agata Gostyńska, Kacper Rękawek

Ireland is an example of promising economic transition and could successfully act as a facilitator of an EU-wide debate on the most effective measures to combat the crisis. The stability, growth and jobs-oriented priorities of the Irish presidency mirror the country's domestic challenges. Dublin will therefore attempt to carry out a smooth, businesslike and technical presidency, defusing internal political disruptions.

Crucial Timing. The Irish Council presidency coincides with one of the gravest economic crises in Irish history. Dublin is battling a recession that is now in its fifth year, and the effects of which are seemingly compounded by an austerity programme designed to allow the country to quit the 2010 financial assistance package and return to markets by the end of the year. For the EU, too, the timing of Ireland's presidency, and the trio it heralds (Lithuania and Greece), is delicate. In the aftermath of the December compromise on the essential elements of the Single Supervisory Mechanism (SSM), a discussion on a "Genuine" Economic and Monetary Union (EMU), and an integrated financial framework in particular, is materialising. To this situation will shortly be added EU-wide campaign preparations for the 2014 European Parliament elections, in which economic issues will loom large.

There is, though, an obvious overlap between Ireland's domestic issues and those on the EU agenda. The Irish presidency of the EU Council will likely be consumed by stability, growth and jobs-oriented issues of utmost importance for both Ireland and the EU. That means Ireland is unlikely to be criticised in other capitals for blending its domestic agenda with the European one during the course of its presidency. On the contrary, this overlap might actually contribute to the presidency's success, not least because Ireland can be expected to seek speedy implementation of decisions taken during the European Council summit of 13–14 December 2012 on the further development of the Genuine EMU. There are, however, certain issues on which other Member States will demand that Ireland act as a genuine honest broker, and others where domestic obstacles might prove harder to overcome.

An Honest Broker? This year marks the 40th anniversary of Ireland's EU accession, and over the years its officials have successfully handled six presidencies. Its experienced civil service will facilitate negotiations in such fields as deepening the single market, of utmost importance to Ireland as an investor and entrepreneur-friendly Member State. This will involve reaching agreement on the remaining pieces of the public-procurement package as well as advancing the Digital Single Market agenda. Moreover, the Irish presidency will also promote research and innovation as a further engine of economic growth in Europe. Trade issues critical not only to the EU but also to Ireland's economic growth will feature prominently on the Foreign Affairs Council agenda, which will gather informally in Dublin to discuss the possibilities of working out the Council mandate for the Commission in the potential negotiations on an EU–U.S. Free Trade Agreement (FTA).

Ireland will largely escape responsibility for the Multiannual Financial Framework 2014–2020 negotiating process—the final stage is steered by the European Council President, Herman Van Rompuy. Nevertheless, the tense fallout from the deliberations could affect its efforts in other key EU dossiers, including the further development of the banking union. This issue might prove particularly sensitive for Dublin given the obvious problem of Irish public debt. The question of its own debt relief might cloud its efforts to establish a European banking supervision system that would eventually facilitate direct bank recapitalisation through the European Stability Mechanism (ESM). Promoting this issue during the course of the presidency would weaken its reputation as an honest broker, and risk destabilising Ireland's relations with the German chancellor hostile to the possibility of retroactive recapitalisation via the ESM.

Domestic Distractions. At a domestic level, the determined and focused austerity-driven transition away from the financial-assistance package and towards a return to the markets rests on the pillars of internal Irish political stability and the readiness of the governing coalition, consisting of the conservative Fine Gael and social-democratic Labour Party, to stand by the necessary, difficult economic decisions. Ireland indeed showed signs of economic recovery throughout 2011 and 2012. However, the debate on the 2013 national budget, especially provisions related to cuts in the child benefit, has proved harmful to the smaller coalition partner, the Labour Party. Elected on a platform of standing up for Ireland in Brussels and safeguarding the interests of the working class, it finds itself widely blamed for the government's unpopular austerity-oriented decisions.

Despite significant defections by its parliamentarians, the Labour Party will not withdraw from the coalition. Still, it cannot be ruled out that internal party difficulties will affect the presidency's work on dossiers managed by Labour Party leader Eamon Gilmore, Ireland's Foreign Affairs and Trade minister. His European activities during the presidency will take place against the backdrop of rising internal dissent within the Labour Party. Deliberations tabled for the General Affairs Council include the "Europe 2020" agenda, enlargement, regional policy and—perhaps crucially—institutional development. The management of his own party in times of austerity could occupy a disproportionate amount of time that might otherwise be spent on brokering compromises in the Council.

Conclusions. On the day-to-day political issues that matter most to Poland, the Irish presidency will probably be conducted in a "business as usual" manner, largely uninterrupted by domestic challenges. It will focus on brokering compromises within the Council and on dialogue with the European Parliament and Commission. It could also exercise traits such as making use of its special transatlantic links to smooth FTA negotiations with the U.S. Ireland nevertheless provides the rare case of a recipient of a financial assistance package that is successfully managing the outcome of a severe financial crisis. This gives it the necessary weight to facilitate the EU dialogue on fighting the economic and financial crisis and in completing the EMU in particular and moderating the debate between the supporters of further austerity, fiscal consolidation and economic coordination and those interested in less strict fiscal discipline and dedicated solidarity measures to offset the economic shocks. Since it will not have to behave as an entirely neutral broker in the final stage of the MFF negotiations, Ireland could also defend lighter cuts and opt for a growth-oriented budget.

Yet, one matter of particular significance for Poland, a country that aspires to co-shape the debate on the future of Europe and maintain inclusiveness in its increasingly differentiated setup, may still arise: institutional reform. The December European Council barely focused on issues of democratic legitimacy and accountability in economic governance; however, the ongoing discussions on completing the EMU might be muddied by British Prime Minister David Cameron's statement of intent to use a future treaty change to renegotiate the terms of the UK's EU membership. The Irish presidency would prefer not to touch on EU constitutional affairs, linked as they are with a treaty-amendment process unpopular in Ireland. Dublin could also be viewed by other governments as a "natural interlocutor" with the UK, when in fact it may lack the capacity to play such a role. If the Irish presidency steers clear of this debate, therefore, Poland should aim to limit the risk of it being hijacked by dominant eurozone members or even by the UK. In the Irish presidency Poland could at least find an ally in securing the role of community institutions in the further integration process.