TEN YEARS IN EUROPE

IRELAND IN EUROPE 1973-1983

The impact of membership of the European Community

December, 1982

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IRELAND AND EUROPE — TEN YEARS EXPERIENCE

by Richard Burke, member of the European Commission

I've called this paper "Ireland and Europe — Ten Years Experience", but I am perhaps not alone in feeling that it has in reality been a much longer experience — say, twice as long. For if we only succeeded in joining the Community, in step with Denmark and the United Kingdom, ten years ago, the truth is that for a decade previously our whole foreign policy and our economic efforts were focussed on the idea of belonging to this new and exciting construction, which from its establishment seemed to offer a solution to our problems.

We had indeed problems in ample measure in the Fifties and well into the Sixties. It is a little hard to recall them now, but worth the effort.

As a people and a political society we found ourselves trapped in an exclusive bilateral relationship with a very much more powerful neighbour. Nothing new in this: it had been our doubtful privilege for centuries to enjoy this special closeness with Great Britain, and to have our access to Europe and the rest of the world blocked by her.

National independence in the 1920's had seemed to solve our difficulty, but the change left much to be desired. Economically, we were still tied to the British market which was in some ways an extremely unsatisfactory market for our principle product — then, as now, agricultural goods. Politically, the isolation of centuries was sustained through our wartime neutrality and our absence from the postwar alliances.

Let me hasten to say that I have not the smallest criticism to make of our decision to remain neutral in the war. But it has to be acknowledged that it perpetuated our historic remoteness from the mainstream of European experience, and our dependence on a close, powerful and not invariably sympathetic neighbour.

How to break out of this constraining, even claustrophobic, situation? It was a question which preoccupied Irish policy makers throughout the Fifties and Sixties. In the 1930s the League of Nations had briefly provided a forum in which a distinctive Irish view of international affairs could be propounded. Now, in the 1950s, we identified a similar opportunity when we joined the United Nations and set about making an impact there.

I recall the vigour and idealism with which the Irish Governments of that day seized the opportunity to play a role on the world stage. An unintimidated Irish voice was raised on many of the urgent questions facing a world which was just as troubled as our own. Disarmament; the threat of super-power confrontation; the admission of China to the U.N.; the criticism of the colonial powers, and the sponsorship of newly-independent states — the list of questions on which Ireland intervened, and the quality of those interventions, demonstrate the seriousness and energy of our policy-makers at that period.

Nor was it simply a matter of words and good ideas. Irish commitment to international order was shown, tangibly and tragically, in the Congo. I remember that when the coffins came home from Niemba the sense of grief was tinged with a certain pride; the blood of the peacemakers somehow sealed our place among the nations of the earth.

There has been more bloodshed since, most recently in the Lebanon, and Ireland's commitment to the U.N. and its policies has never wavered. But the U.N. itself has had to accept a more modest agenda than it set itself in the days of Hammarskjoeld, and it is doubtful if the U.N. could now bear, for any Member State, the weight of significance which we attached to it when we first joined in the mid-Fifties.

Even then, of course, there was something missing, or several things. U.N. involvement did nothing at all for our economy. Nor did it do much to develop our links with our European neighbours — those links which Britain had continued, historically and geographically, to frustrate. Indeed when the U.N. did involve us with the Europeans it was usually to provide an occasion for criticism on our part — of the Belgians for the Congo, of the French for Algeria, and so on.

So there we were, after forty years of independence, still unhealthily close to and dependent upon Britain, isolated from the European mainland, and relying for our access to the wider world on an international organisation of noble aspiration but indifferent performance.

It was an unsatisfactory and uncomfortable situation to be in, and in retrospect it seems almost providential that the European Community emerged to provide our escape from it.

Ireland, of course, was hardly more than a gleam in the mind's eye of the Community's founding fathers, kindly but distantly regarded. It was for us to establish our claim, and our readiness, to participate.

There followed a long and frequently anguished phase during which we wanted to join, tried to join, were rebuffed, tried again, were accepted in principle, began to negotiate, were delayed, were finally given terms on which, as a people, we could decide, did so, waited one more year — and at last achieved our end, a little tired from all the waiting, but with — I think — some sense that a page in our history was being turned.

Well, how does it look now, ten years and several more pages on? I shall not attempt a comprehensive balance sheet, if only because it would be premature, but I would insist that the broad political and diplomatic objective of membership — which I have tried to describe here — has been substantially achieved. We have ended our damaging isolation. We do retain a very close link with Britain — as we always must — but the old introspective, obsessional relationship has been transformed by being placed in the context of multilateral relationships involving eight other European states.

This is a development which I regard as an unqualified gain. If the Community had done nothing else for us, membership would still have been worthwhile.

But, of course, the Community has done a great deal more. There is, for example, the very basic matter of financial gain. I think that, as Irish people, we are sometines tempted to believe that the success or failure of membership should be measured only in terms of net exchequer gain — that is to say, the transfer of resources towards Ireland achieved through the Community's financial instruments — the Farm Fund, the Social Fund, the Regional Fund and so on.

It is important, I suggest, to remember that the Community's founders always stressed the values of partnership and solidarity, the dynamic economic and political gains to be obtained through common policies. At the present time my special Commission responsibilities for the relationship of Greece and Greenland within the Community remind me constantly of the wisdom of the founders and, while I am glad to take this opportunity to put on record the facts and figures of what Irish membership of the Community has meant, it seems to me that history's verdict will speak much more of those complex dynamic considerations I have already suggested must be taken into account.

But let me give you the figures. They are, I suggest, quite impressive:

In the nine years up to and including 1981 Ireland showed a net gain from Community membership of just over three thousand million pounds — Irish pounds — to be exact, £3002.55 million.

I think this allows those of us who urged Ireland's entry to the European Community a measure of satisfaction. What disappointment there is must be largely attributed to the deterioration of the world trading environment, triggered largely by the first energy crisis of 1973 and its reverberations.

May I turn now to the less tangible aspects of Ireland's membership of the Community in the past decade and ask you to consider first, what — if anything — Ireland has brought to the Community and, secondly, where things stand now in regard to a key political aspiration, namely the hope that in some way, over time and in a dialogue of mutual confidence, membership of the European Community by Ireland and the United Kingdom would help to bring the peoples of the island of Ireland closer together in a new working relationship.

Let us have no illusions, Ireland is a tiny country in the Community, both in terms of population (3.4 million out of 260 million people), as well as operationally (in the Commission, for example, 170 out of 11,000 officials). Yet the Irish voice and contribution are out of all proportion to our size, due partly, it must be said, to the brilliant conception of the Communities' institutional structures which make an Irish voice at the Council of Ministers the equal of everyone else around the table. It was a pleasant surprise to everyone — ourselves excluded — that Ireland carried the Presidency of the Council of Ministers with such distinction.

In the Commission, Irish officials have made a worthwhile contribution in most of the fields in which they serve and are greatly strengthened by the fact that their colleagues know that there is no lack of commitment in Ireland's participation in the Community. There are difficulties in ensuring that staff appointed from newly acceding states are adequately placed in positions of responsibility and, where merited, have in due course the possibility of promotion. This is something which I am having examined through my current responsibility for Personnel and Administration and it is a task given topical importance by the necessity to ensure that the integration of Greek staff in the Commission takes place fairly and effectively.

At a more political level, commentators on international affairs constantly refer to the fact that Ireland alone of the Ten member states of the present Community is not a member of NATO. Some of them occasionally forget that this has the institutional effect of helping to ensure that the Community does not become a mere subsidiary component of the Alliance; in other words, it reinforces the Community's political and institutional autonomy in the world. Others, particularly in Africa and Latin America, see Ireland as bringing a moderating and friendly voice into the forum of European political co-operation as well as into the formulation of the Community's economic policy towards the developing world.

I remain convinced that we have scarcely begun to realise, much less to exploit, the Irish potential for the promotion of the European enterprise. There are, however, some patterns of Community behaviour that I find a constant source of disappointment and frustration and which occasionally raise question marks in my mind about the continuing purpose and political effectiveness of the European ideal.

While the speed and solidarity of the initial Community response to the United Kindgom's request for an economic embargo as an instrument of pressure in early attempts to bring about an Argentine withdrawal from the Falkland Islands was something I had no difficulty in applauding, it nevertheless served to highlight the oddity of the fact that Northern Ireland has never been a topic of urgent political discussion within the EEC.

All Member States sustain the highly questionable view that the Northern Ireland problem is an internal matter of a kind which falls outside the frames of reference of both the Community Treaties and the political cooperation process. Within the Commission, I am glad to say, we have now a working group of Commissioners with a particular interest in Northern Ireland and I am hopeful that its creation will in due course be seen to be helpful, not least in increasing the flow of Community aid to the North.

Nevertheless, not enough has been done in the past decade, nor is in train now, to keep alive in people's minds the fact that the ethical basis of European integration is the reconciliation of peoples, a reconciliation whose historic achievement has been the construction of a creative relationship between France and Germany. This is the reconciliation required of the peoples of Ireland and the United Kingdom of Great Britain and Northern Ireland, as members of the European Community.

I have no doubt but that the imaginative use in an Anglo-Irish context of institutional models developed in the European Community and its continental Member States could help to provide a framework for reconciliation. Recently, when I again had the privilege of participating in a European Parliament session, I found myself strengthened yet again in the conviction that if all party interests there can at times write in a measure of support for the beleaguered peoples of the North, why cannot Irishmen and Englishmen — of distinctive traditions but with so many common roots — find a partnership in reconciliation and reconstruction at home. Between the Member States of the European Community there are no longer nations at war, let us not leave anything undone which helps us to sustain those who could have won within the compass of any Member State.

I have spoken of a decade — a decade which it will take at least another decade to assess with the objectivity of a historian. Let us remember that neither Ireland nor Europe can wait on the historian and that each day is crucial to many enterprises. If I have ended in a rather sombre note in my review of *Ireland and Europe — Ten Years Experience* it is because I believe anniversaries are better used for genuine reflection than for self-congratulation on what has been achieved. I hope I have persuaded you of the merits of such an approach.

Speech to the National University of Ireland Club, London, November 21 1982.

TEN YEARS IN EUROPE

HOW IRELAND JOINED

Application

Ireland's application to join the European Economic Community was first made as far back as 1961. This decision by the Government headed by Mr. Sean Lemass was clearly influenced by the example of our main trading partner, the United Kingdom. Denmark and Norway also applied.

The six-nation EEC negotiated first with Britain as its integration into the fast-developing Community was going to be the most difficult. These negotiations broke down in January 1963 when President de Gaulle of France vetoed British entry and any further action on the Irish, Danish and Norwegian applications was consequently suspended. Ireland had shortly before applied to join the European Coal and Steel Community (ECSC).

The four applications were re-activated in 1967 when Ireland also applied for membership of the European Atomic Energy Community (Euratom). Again the idea of British entry ran into French objections but all four applications remained on the table of the EEC Council of Ministers.

The breakthrough came at the EEC Summit meeting at the Hague in December 1969, eight months after the surprise resignation of President de Gaulle. His successor, President Pompidou, and the heads of government of the other EEC countries agreed to re-open negotiations for enlargement "in a most positive spirit".

Negotiations

The negotiations were formally opened between the EEC and the applicant countries at a meeting in Luxembourg on 30 June 1970. The Irish negotiating team was headed by the then Minister for Foreign Affairs, Dr. Patrick Hillery. Unlike on the previous occasions, the negotiations with the four applicants moved together in parallel although the main attention focussed on the more complex issues raised by British entry such as agriculture and the size of financial contributions.

The Irish negotiations moved forward smoothly. The regular meetings at ministerial level at which the main decisions were taken were thoroughly prepared by sessions involving senior officials. The Irish team at this level was led by Mr. Sean Morrissey, Assistant Secretary at the Department of Foreign Affairs and a former head of the Irish Mission to the EEC in Brussels.

The negotiations took place on the basis that the applicants accepted the Treaties of Rome and Paris for the EEC, Euratom and the ECSC and their political objectives as well as all the decisions taken by the Communities since the Treaties came into force. It was also laid down that the solution to any problems of adjustment which might arise would be sought in transitional measures and not in any change in the existing rules.

Within this framework, the Irish negotiators succeeded in winning a basic transition period of five years for phasing in the abolition of industrial tariffs and the implementation of the common external tariff. The move to the substantially higher agricultural prices inside the EEC was also spread over five years but Ireland could benefit immediately from the price support system and the farm export subsidies.

An unusually long transition period of 12 years was granted for the phasing out of the system to protect the motor assembly industry. Ireland was allowed to continue controls on the entry of workers from other EEC countries for five years but Irish workers could benefit fully from the free movement provisions to other countries from the moment of accession.

There was considerable satisfaction over the negotiation of a special Protocol modelled on that of Italy whereby the Community recognised the need to ensure the success of the Irish Government's policy of industrial and economic development. The Protocol called on the Community institutions to use all the means at their disposal, especially the financial resources, to attain these ends. In particular it was specified that special account must be taken of Ireland's position in applying the provisions of the Treaty dealing with the admissibility of State aids. In mind here especially was the unique Irish system of full tax relief on export earnings.

Pre-accession period

The negotiations were successfully concluded by the end of 1971. A last-minute hitch arose over the provision in the EEC common fisheries policy which appeared to lay down equal conditions of access by each member state to each other's waters. A breakdown was averted thanks to a special arrangement to maintain more or less existing fishing limits for a 10-year-period to be followed by a review.

Ireland and the other applicants signed the Treaty of Accession in Brussels on 22 January 1972. The Irish signatories were the Taoiseach, Mr. Lynch and the Minister for Foreign Affairs, Dr. Hillery.

The Treaty of Accession had to be ratified before Ireland could formally become a member of the EEC on 1 January 1973. A constitutional amendment was also necessary because several aspects of the EEC treaties such as their legislative provisions were incompatible with the Irish constitution.

Instead of a series of detailed amendments, the Government decided to insert one blanket clause into Article 29 to the effect that nothing in the constitution invalidated any laws or measures adopted because of membership of the Communities nor prevented acts or measures adopted by the Communities from having the force of law in the State. This proposed change had, of course, to be submitted to the people in a referendum.

The campaign was a lively one but a majority in favour seemed assured when the government's proposal was supported by the main opposition party, Fine Gael, the farming organisations, industry and the principal newspapers. The Labour party, much of the trade union movement and an articulate lobby under the name of the Common Market Study Group opposed EEC entry.

The referendum was held on 10 May 1972 and the necessary amendment approved by 1,041,890 votes to 211,891 votes (83.1% in favour, 16.9% against). The Dail later in the year passed the enabling legislation and the European Communities Act 1972 became law on 6 December. In the meantime a referendum held in Norway had resulted in a negative vote on EEC membership so the necessary changes had to be made in the Treaty of Accession to provide for enlargement to nine countries instead of ten.

The way was now clear at last, 11½ years after the first applications, for Ireland, Britain and Denmark to enter the EEC as full members on 1 January 1973.

TEN YEARS IN EUROPE

HOW THE EEC WORKS

Although a transition period was granted to Ireland and the other new members to adapt their economies to the various EEC policies, full participation in the Community's institutions went ahead from the first day. But some adaptation was going to be necessary as the EEC was unique as an international organisation and previous Irish experience of such bodies as the United Nations or the Organisation for Economic Cooperation and Development was not going to be much help.

What makes the EEC unique is its law-making function. This was why there had to be a referendum in Ireland before the country could join. For the first time in its history, Ireland was conceding to a body other than the Oireachtas the right to frame laws which would be directly applicable in Ireland. Ireland had, of course, joined other international organisations and entered into international agreements, such as the General Agreement on Tariffs and Trade and the Anglo-Irish Free Trade Agreement, which involved legally-binding commitments. But joining the EEC, it has been said, is like getting aboard a moving train — since 1973, Ireland has implemented several thousand regulations, decisions and directives which have passed through the Community's legislative machine.

The role of the Institutions

The first stage in the law-making process begins in the EEC *Commission* which is often referred to as the "executive body" of the Community, thus indicating that this institution is directly involved in the drafting stage of legislation and in the much later stage of administering the laws and checking that the Member States are enforcing them. The Commission itself does not approve legislation. This is the role of the *Council of Ministers.* Before the Council adopts its decisions, it in most cases seeks the opinions of the *European Parliament* and of the *Economic and Social Committee.* Ensuring that the Treaties and the laws deriving from them are being observed is the role of the *Court of Justice.*

The Commission

The Commission is a collegiate body of 14 members appointed for four years by agreement between the governments of the Member States. The larger countries each nominate two members of the Commission and the smaller countries such as Ireland nominate one. The Irish members have been Dr. Patrick Hillery (1973-76), Mr. Richard Burke (1977-80), Mr. Michael O'Kennedy (1981-82) and again Mr Burke from April 1982.

Although the members of the Commission are nominated by their respective governments, they are required to act independently and are enjoined neither "to seek nor take instructions from any governments or any other body." The Commissioners share out responsibilities for different areas among themselves but, as they are a collegiate body, their decisions are taken collectively (by simple majority if necessary) and each member can have an input into proposals which have been drawn up under the responsibility of a colleague.

Under the Commissioners is a staff of about 11,000 (the "Eurocrats") grouped in directorates-general and specialised services. About a third of the staff is involved in the interpreting and translating services. Irish, incidentally, is an official language of the Community but for practical reasons it was agreed not to require an Irish translation of secondary legislation.

Just under two hundred Irish men and women are employed on the staff of the Commission (and smaller numbers on the secretariats of the Council and the European Parliament). There are no national "quotas" as such but recruitment policy is to try and ensure a reasonable spread of nationalities throughout the various posts.

The Council

The Council is the law-making body among the institutions and so corresponds most closely, as regards powers, to national parliaments. Each country is represented by one minister at a Council which may be "general" and consist of the Foreign Ministers, or "specialist" and deal with agriculture, transport, energy etc. and have the appropriate ministers.

The EEC Treaty has laid down that in most cases decisions should be taken by majority vote with the votes weighted according to size. Thus, Britain, France, Germany and Italy have 10 votes each, Belgium, Greece and Netherlands have five, Ireland and Denmark three, and Luxembourg two. Safeguards are built into the system to prevent the big countries using their extra votes to "bulldoze" their own proposals through the Council. For example, if the Council wishes to amend a Commission proposal, a unanimous vote is required.

Since 1966, however, when France refused to attend Council meetings for six months because of a dispute over proposals concerning the Common Agricultural Policy, the use of qualified majority voting has been virtually abandoned and decisions have to be taken unanimously if a country indicates that "very important" national interests are at stake. Although this apparent right of "veto" might seem re-assuring to small countries, it has all too often resulted in long delays in implementing policies which would benefit the Community as a whole.

During the Irish Presidency of the Council in 1975, attempts were made to re-introduce gradually the use of majority voting with some success. Recently, majority voting was used in the annual agricultural price-fixing.

European Council

In 1974 it was decided to adopt a French proposal to "institutionalise" the "summit" meetings at Heads of State or Government level which used to take place occasionally. Thus was created the European Council which meets three times a year usually to try and give a stimulus at the highest political level to areas where the ordinary Council has got bogged down. The first European Council in Dublin in March 1975 resulted in an acceptable solution to the problem of the size of the British budgetary contribution although the problem has since re-appeared. Discussions on political cooperation have also become an important part of these high level meetings and the resulting declarations are a well-publicised way of telling the world how the EEC is reacting to major world events.

European Parliament

The European Parliament has so far mainly a consultative role in the decision-making process. One power which it has never exercised is to dismiss the whole Commission but in recent years the Parliament has been granted extra powers in the procedure for adopting the annual budget of the Communities and has to give it final approval.

When Ireland joined the EEC in 1973, the Parliament had 198 members who were nominated by their respective national parliaments. Ireland had 10 MEPs as they are called. The members do not sit according to nationality but according to political groups — Christian Democrats (including Fine Gael), Socialists (Labour), European Progressive Democrats (Fianna Fail). Parliamentary sessions are held in Strasbourg, committees meet in Brussels and the permanent secretariat is based in Luxembourg.

Since 1979, the Parliament has been enlarged and is elected by direct universal suffrage. Ireland now has 15 members out of 434. Direct elections have given the Parliament more authority but without any increase in its formal powers. This development has been seen most clearly in the budgetary area where the Parliament has taken on the Council in a battle of strength and won concessions resulting in increased spending in the Regional and Social Funds (both of considerable importance to Ireland). The next elections are due in June 1984. The present Irish members are:

Fianna Fail: Paddy Lalor, Gerry Cronin, Noel Davern, Sile de Valera, Sean Flanagan

Fine Gael:	Mark Clinton, Joe McCartin, Tom O'Donnell, Richie Ryan
Labour:	Frank Cluskey, Seamus Pattison, Sean Treacy, John Horgan (resigning Jan. 1st, 1983)
Independents:	Neil Blaney, T. J. Maher

Economic and Social Committee

This is an important advisory committee which has also a role in the decision-making process. It consists of representatives of producers, farmers, transport operators, workers, merchants, the professions. Ireland has nine members who are appointed for four years. An Irish representative, Mr. Tomas Roseingrave, was President in 1980-82. The Committee gives expert advice on draft legislation. It also has the power to offer advice on its own initiative on any Community matter.

European Court of Justice

The Court with its 11 judges, including an Irish one Aindrias O Caoimh, sits in Luxembourg and has the role of ensuring that Community law is observed and interpreted in the same way throughout the Community. The Commission can bring a Member State before the Court for suspected breaches of the Treaty or derived law and this is happening more and more as the extent of such law increases.

There is no appeal from a decision of the Court and member States found to be in breach of Community law are expected to comply with the Court ruling. Individuals can also take an action before the Court on condition that an alleged irregularity is of "direct and individual concern".

When cases involving the interpretation of Community law come before national courts, it is usual for the judges concerned to adjourn the hearing and request the European Court for a "preliminary ruling" on the point in question. It is on the basis of this ruling that the national court will give its own judgement. There have been several notable examples of this procedure in Irish courts in cases concerning fishing limits, the Pigs and Bacon Commission and, more recently, the Whitegate oil refinery.

Court of Auditors

This is a comparatively new EEC institution and began working in 1977. As its name suggests, its job is to examine the accounts of all revenue and expenditure of the Community and any bodies set up by it and determine whether the financial management has been sound. In its few years of existence, the Court has made a considerable reputation for its rigorous auditing and has spotlighted areas where waste is occurring. The first President of the 10-member Court was a former senior Irish civil servant, Mr. Micheál Ó Murchú.

European Investment Bank

The EIB, as it's usually called, was set up in 1958 under the EEC Treaty to provide capital for development purposes in the poorer regions of the Community. The Member States are the shareholders and the bank is non-profit making. Its lending capacity was recently raised to over £20 billion.

Ireland has been a notable beneficiary of EIB loans which since 1973 have totalled £1,200 million and most of which have been granted with substantial interest rate subsidies allotted under Irish membership of the European Monetary System. The EIB loans to Ireland have been made to support industrial, agricultural, energy and infrastructure development in nearly all parts of the country such as the Cork to Dublin natural gas pipeline, IDA advance factories, 10.000 acres of new forest, over 1,000 small and medium-sized industrial and tourism ventures etc. With just over 1% of the Community's population, Ireland has received 10% of all the Banks lending in the Community since 1973.

In June 1982, Dr. Noel Whelan became the first Irish person to be appointed one of the Vice-Presidents of the EIB Management Committee. The Irish Minister for Finance is a *de facto* member of the Board of Governors.

TEN YEARS IN EUROPE

IRISH AGRICULTURE IN THE EEC

The advantages held out by the EEC's Common Agricultural Policy (CAP) for Irish agriculture back in 1972 were well-nigh irresistible. Prices for most of the major products were higher in the EEC, but in the beef and dairy sector, which together accounted for about 60% of Irish output, the difference was as high as 50%. In addition, a system of price supports protected farmers from the worst effects of market fluctuations and other adverse conditions.

There was also a system of export rebates for the principal products to make up the difference between EEC prices and the usually lower world prices. Compared to the traditional dependence on the British market, ruled by an artificial cheap food policy, the Community offered farmers an attractive alternative. A fundamental objective of the CAP has always been to ensure a fair standard of living for the agricultural community. Schemes were also being drawn up to aid younger farmers expand and modernise their holdings and so ensure them incomes comparable to those in industry. Older farmers were being offered EEC-backed pensions and annuities to encourage them to sell off their farms to "development" farmers who could benefit from advisory services and specialised training.

For the Irish Government, the prospects were also enticing. Not alone would a sector employing a quarter of the work-force and accounting for almost 18% of GNP receive a major boost, but the burden on the Exchequer of subsidising the prices of the main foodstuffs, estimated at £35 million a year, would be completely taken over by the EEC farm fund (FEOGA). The White Paper of January 1972 forecast that the value of agricultural output would grow by over 75% by 1978 and farm incomes by well over 100%. The effect on consumer prices was estimated at about 1% per year or between 2p and 3p per £1 spent on food. As most of the increased agricultural production would have to seek outlets abroad, the resultant gain to the balance of payments was estimated at up to £160 million in the period up to 1980.

Entry into the Community coincided with a world-wide surge in food prices, especially beef, before even the first of the adjustments to EEC prices had been made. This was followed by the oil price explosion at the end of 1973 which affected oil-based inputs into agriculture and a collapse in beef prices in 1974. The Irish cattle trade had a disastrous 1974 but farmers generally suffered a 28% drop in income which was all the more felt after the substantial gains of the two previous years.

The dairy sector did not suffer anything like as badly as the beef and cattle sectors where the slaughtering and intervention systems had to cope with an unprecedented situation. By 1975, farm incomes were on the increase again until 1979. (See tables attached).

Monetary problems

The fluctuations in the beef cycle and the upheaval provoked by the energy crisis was compounded in the CAP by the erratic movements of the EEC currencies which threatened the vital "single market" principle. As some currencies such as sterling and the then linked Irish pound declined relative to the gold-based unit of account in which CAP prices were fixed, border taxes called Monetary Compensation Amounts (MCAs) had to be applied to intra-Community trade. A "green rate" had also to be fixed for the Irish pound to allow farmers to benefit from the successive devaluations. It was an extremely complex system compared to the way the CAP should have worked in theory and the stage was reached where the MCAs reached a level where Irish farm exports were suffering damage.

On the other hand, the monetary movements permitted Irish farmers to gain exceptionally high annual price adjustments as they were usually accompanied by devaluations in the "green rate" which could add up to 8% to the general price rise. With the entry of Ireland into the European Monetary System (EMS) the Irish MCAs have been phased out and the possibilities of further "green rate" adjustments eliminated. Compensation has been sought instead in "special packages" of premiums, subsidies and structural aids.

Flow of funds

Although the CAP is somewhat battered from the effects of the energy crisis, excessive inflation, monetary upheavals, the row over British budgetary payments, attacks from outside for its export policies etc., its benefits to Irish agriculture have been considerable. While many of the measures listed below have not been sufficient to relieve farmers of the full effects of the squeeze they are experiencing from inflation on one side and farm price restraint on the other, they would not have been possible at all or else on a much reduced scale if FEOGA resources were not available.

FEOGA guarantee section

This part of the Fund covers costs incurred by farmers or the Exchequer in private storage, animal feed, withdrawal of produce, various subsidies, premiums and special dairy measures such as school milk, social butter etc. It also finances the intervention buying of beef, skimmed milk powder, butter and cereals when the market price falls below a certain level. Over the period 1973-81, Ireland has received about £2,000 million from the guarantee section.

FEOGA guidance section

This section finances measures to improve agricultural structures such as farm modernisation, vocational training, headage grants in the disadvantaged areas, herd conversion schemes, producer groups, disease eradication, drainage, marketing and processing. It also includes aids to inshore fishing. The aids granted to Irish farming have risen steadily from £3 million in 1973 to £55 million in 1981 to total £195 million over the whole period.

The following are examples of the main measures being aided by FEOGA:

Farm Modernisation scheme

This provides that land released as a result of farmers retiring under the Farm Retirement scheme is made available on a priority basis to those farmers who can show they need extra land to achieve an income comparable with that of non-farm workers. It has attracted great interest and from its introduction in 1974 until the end of 1981, 108,616 farmers applied to participate in the scheme and grants totalling £197 million have been paid, representing an investment of £590 million.

Higher grants are paid to "development" farmers in the Disadvantaged Areas and, in addition, a 30% grant for the purchase of basic silage-making equipment is available for farm groups in these areas. Over 11,000 groups are now participating in the scheme and about £9 million will have been paid by the end of 1982.

Western drainage scheme

A £42 million five-year scheme to accelerate drainage in the Disadvantaged Areas of the West of Ireland began in 1979. It is 50% financed by the EEC and covers the counties of Donegal, Leitrim, Sligo, Mayo, Galway, Monaghan, Longford, Cavan, Roscommon, Clare, Kerry, West Cork and West Limerick. The scheme for both field and arterial drainage has now been extended until the end of 1986 at a total cost of over £80 million, of which the EEC will provide £40 million.

Western Development programme

Aimed at stimulating the development of agriculture in the same areas, this programme provides special aids for improving farms and farm buildings, infrastructures such as roads and electrification, the development of beef and sheep production, the planting of shelter-belts etc. The overall cost is estimated at £300 million of which the EEC will provide £150 million.

EEC interest subsidy scheme

Introduced in September 1981 for a two-year period in favour of farmers classified as "development", it provides a 5% per annum interest subsidy on loans for improving holdings. So far, about 7,000 applications have been received and about £4 million paid out.

Dairy sector measures

A number of subsidies and aids are provided under EEC rules for such schemes as: butter purchased by hospitals and similar non-profit making organisations and the defence forces; butter for social assistance beneficiaries; consumer subsidy on butter of 35p/lb of which the EEC pays about 14p/lb; school milk scheme, now open to all schools, receives an EEC subsidy of 96p a gallon.

Future of CAP?

Ireland has watched with some anxiety the debate over the future shape of the EEC budget which has been going on since 1979 when the British Government raised again the problem of its contribution which it believes is "unacceptably" high under the present system of "own resources" financing. Apart from the specific British problem, the situation is also fast approaching when expenditure from the Community budget may outstrip receipts unless the 1% limit on the contribution from VAT is raised. The accession of Spain and Portugal will increase pressure for budgetary reform.

The combination of these two factors has led to a detailed review of the operation of the CAP which now accounts for just over 60% of the budget. This percentage has been falling rapidly in recent years from a high of 74% in 1979 and, to put it in perspective, the total cost of the CAP is 0.5% of Community GDP. A sizeable part of the costs of the CAP depend, however, on the movement in world food prices and a fall in the dairy products sector could cause a steep increase in the cost of export subsidies.

Already measures such as the co-responsibility levy have been introduced to limit EEC open-ended support for production in the dairy sector which is of such importance for Irish farmers. Production targets for milk have also been set and if exceeded will result in price restrictions in the following year; these seem likely in 1983.

It remains to be seen if further "special packages" of structural aids, interest subsidies, headage grants etc. will be available to boost Irish farm earnings. The effects of the earlier measures should begin to yield greater productivity but structural reforms are by nature slow working.

As the first decade of Ireland's membership of the EEC passes, the Common Agricultural Policy on which so many Irish hopes were pinned is itself passing through a difficult and critical phase. One thing is sure. It will have no more staunch defender than Ireland at the EEC Council table.

AGRICULTURAL OUTPUT, INCOME, EXPORTS AND PRICE INDEX 1970/80

Year	Gross Agricultural Output (a)	Family Farm Income	Volume Index of Gross Agricultural Output (a)	Agricultural Price Index	Agricultural Exports
	£ million	£ million	(Base 1968 = 100)	(Base 1968 = 100)	£ million
1970	344.2	182.3	103.1	107.6	179.5
1975	859.0	476.9	125.3	237.3	596.1
1976	1023.1	535.7	119.9	298.3	658.4
1977	1365.9	744.1	131.2	365.2	840.0
1978	1593.0	834.5	139.7	412.9	924.4
1979	1677.5	734.3	138.6	437.1	1053.7
1980	1665.6	672.0	138.7	425.5	1226.0

(a) Includes changes in livestock numbers.

Source: Dept. of Agriculture.

VALUE OF GROSS AGRICULTURAL OUTPUT AND FAMILY FARM INCOME
(Years, 1970, 1973, 1976, 1979 and 1980)

Commodity	1970 £ million	1973 £ million	1976 £ million	1979 £ million	1980 £ million
Horses	3.4	4.9	11.4	10.5	8.1
Cattle and calves	107.3	195.6	362.7	573.9	712.3
Milk	80.0	148.9	288.2	542.1	539.6
Sheep	12.9	32.2	30.0	54.3	58.6
Wool	1.8	4.6	5.0	5.7	5.4
Pigs	40.8	61.8	86.5	135.7	133.4
Poultry, eggs, etc.	18.1	30.4	42.0	61.2(a)	67.5(a)
Wheat	11.5	10.1	15.7	22.8	21.5
Oats	1.1	1.6	2.0	3.8	3.6
Barley	15.1	27.6	45.2	99.6	107.0
Sugar beet	8.2	11.0	25.2	33.8	32.5
Potatoes	11.1	13.6	36.1	41.8	29.2
Other (Horticulture, turf etc.)	19.1	24.6	46.5	66.5	72.7
Gross Agricultural Output (excluding stock changes)	330.5	559.3	998.9	1651.7	1791.5
Value of changes in Livestock numbers	+13.7	+65.2	+24.1	+25.9	−125.9
Gross Agricultural Output (including stock changes)	344.2	624.6	1023.1	1677.5	1665.6
Value of Farm Materials (seed, feed, fertilisers)	81.6	144.9	262.5	526.7	502.8
Net Agricultural Output (including stock changes)	262.6	479.7	760.6	1150.8	1162.8
Other operating expenses	84.3	126.0	198.1	385.1	471.0
Land Annuities (Less Subsidy)	2.2	2.2	2.0	2.2	3.0
Plus subsidies not related to sales	6.2	13.0	16.7	24.8	45.0
Family Farm Income	182.3	364.5	535.7	734.3	672.0

(a) hen eggs only

MILK PRICES
Deliveries to Creameries, Returns to Suppliers etc.

Year	Average Price paid per gallon	Quantity of Milk delivered to creameries	Value of Milk delivered to creameries by suppliers (b)	Average return per supplier (b)	Number of suppliers
	Per gallon	(million gallon)	(£ million)	£	('000)
1970	11.5p	514.1	58.88	619	95.0
1977	47.4p	750.6	348.56	4,710	74.0
1978	51.8p	864.5	436.2	6,030	72.6
1979	52.2p	886.0	450.7	6,376	70.7
1980	53.1p	866.0	444.0	6,477	68.2
1981	61.0p	859.0	507.6	7,910	64.2

(a) Average price for whole milk (including skim)
(b) Including cash payment for skim milk purchased and subsidy on the quantity of skim milk returned to suppliers.
(c) 1981 figures are estimates.

PRODUCTION OF MAIN DAIRY PRODUCTS

Year	Creamery Butter	Natural Cheese	Milk Powder		Chocolate Crumb
			Whole	Other	
	(tonnes)	(tonnes)	(tonnes)	(tonnes)	(tonnes)
1970	69,634	28,173	17,635	34,702	51,014
1977	101,601	53,552	31,349	146,745	45,315
1978	118,752	48,655	27,716	169,448	40,804
1979	121,807	57,820	18,913	147,648	42,580
1980	110,991	49,343	32,072	134,386	33,107
1981	111,650	52,743	34,894	141,298	30,651

EXPORTS OF DAIRY PRODUCE

Product	1980		1981	
	Quantity (tonnes)	Value (£'000)	Quantity (tonnes)	Value (£'000)
Butter	90,454	126,420	80,890	153,031
Chocolate crumb	18,857	14,574	17,762	15,268
Milk and cream (incl. skim milk etc.)				
Dry	173,749	98,087	162,780	135,250
Fresh	12,285	4,243	10,657	4,663
Evaporated + condensed	900	285	44	49
Cheese and Curd	37,826	58,853	44,011	80,593
TOTAL	334,070	302,462	305,364	388,854

TEN YEARS IN EUROPE

TOWARDS A COMMON FISHERIES POLICY

In spite of the relatively small size of the sea-fishing sector in the Irish economy (3,400 in full-time employment in 1981), probably no other aspect of EEC membership has aroused such emotion and controversy. The recent blockade of Irish ports was only the latest in a series of arguments, disputes, protests and unilateral actions involving the highly articulate fishermen's organisations, foreign trawlers, the Governments of the day and the EEC authorities.

Behind the highly-publicised confrontations on the seas, at the ports and inside EEC Councils, a quite spectacular growth has occurred in the Irish fishing industry over the past 10 years while most of our Community partners have experienced decline. In 1973, total Irish catches were 91,000 tonnes but had risen to 188,000 tonnes in 1981. Expansion had already begun before Irish accession to the EEC and landings had tripled between 1963 and 1973 from a very small base of 30,000 tonnes, but the really big expansion in landings, numbers and sizes of boats and numbers employed full-time and part-time has taken place in the EEC common fisheries policy framework.

Fishing limits

From the start, the fisheries question was dominated by the controversy over national fishing limits. On the day the enlargement negotiations began in June 1970, the six EEC countries approved an outline common fisheries policy which provided for equal conditions of access to each other's fishery zones.

The four applicants with the best-stocked fishing grounds in the North Sea and the North Atlantic felt some apprehension at being at the receiving end of such an apparently open-ended policy. After some extremely tough negotiating, a 10-year "derogation" was agreed which gave limited satisfaction to Britain, Ireland and Denmark but led to the rejection of EEC membership by Norway in its referendum.

For Ireland, the terms of the derogation meant the maintenance of an exclusive six-mile limit and its extension to 12 miles on the North and West coasts from Lough Foyle to Cork Harbour for all species of fish, and on the East coast from Carlingford Lough as far as Carnsore Point for shellfish. Before the derogation expired on 31 December 1982, the Commission was to present a report on the economic and social development of the coastal areas and the state of fish stocks. On the basis of this report, the Council of Ministers of the enlarged Community would decide on the arrangements to apply after that date.

This appeared a reasonably good deal for Ireland in the circumstances and by the time the new regime would be decided Irish ministers would be in a strong position to argue for a prolongation of an exclusive zone.

200-mile exclusive economic zone

This situation was drastically altered three years after Irish accession to the EEC when a number of non-EEC countries began anticipating the results of the United Nations Conference on the Law of the Sea and unilaterally extended their exclusive fishing limits out to 200 miles, thereby jeopardising the activities of long-distance Community fleets. It was decided that, from 1 January 1977, the member states should jointly extend their fishing limits in the North Sea and the North Atlantic to 200 miles and the Community would start negotiating with third countries on reciprocal fishing rights.

The Irish Government of the time argued strongly that to ensure the continued development of the fishing industry within the 200-mile limits, Irish fishermen should have an exclusive 50-mile zone, a claim vigorously supported by Irish Fishermen's Organisation. At a meeting of EEC Foreign Ministers at the Hague in October 1976, Ireland had been guaranteed special treatment to ensure a doubling of fish catches over the period 1975-79, and financial aid for fisheries protection vessels and aircraft to patrol the extensive 200-mile zone around the Irish coast.

When repeated efforts to introduce Community regulations for conservation of stocks failed, the Irish Government introduced unilateral measures in April 1977. They limited fishing in a large zone off the West and South-West Coast to vessels not more than 33 metres in length or over 1100 horse-power. There was immediate protest from other EEC governments that the measures were discriminating against their fishermen. The following month a number of Dutch trawlers were arrested for infringing the new measures.

The EEC Commission now intervened and brought the Irish Government before the European Court after it had refused to withdraw the measures. The court ordered Ireland to lift the measures pending the final judgement which, when given in January 1978, ruled that they were discriminatory and therefore contrary to EEC law.

Increased quotas

The 50-mile controversy had distracted public attention from the fact that the slowly-evolving common fisheries policy had many clear advantages for Ireland. The Hague agreement was being honoured and the successive quotas proposed by the Commission for species other than herring were progressively increased for Ireland. It was at the Irish Government's request that herring fishing in the Celtic Sea off the South-East coast was banned in 1977 to allow re-stocking and off the West coast for a temporary period in 1978.

In a speech to the Merriman summer school in Co. Clare in August 1982, the Director General of Fisheries in the EEC Commission, Mr. Eamonn Gallagher, a former Irish diplomat, described the situation for Ireland as follows. The 1975 catch of category I species (cod, haddock, whiting, plaice, redfish and mackerel) was in cod equivalent 19,600 tonnes. The quota proposed for Ireland last July provides for a total of 59,700 tonnes, more than three times the 1975 catch.

In category II which is all other fish for human consumption except herring, the Irish catch possibilities have risen from 967 tonnes in cod equivalent in 1975 to a quota of just over 6,000 tonnes in 1982. All in all, Mr. Gallagher, pointed out, Irish fishermen are now entitled to fish between 80% and 90% of the catch permissible in Irish waters inside the 200-mile limit.

Other measures

The wrangling over quotas and limits has not prevented other aspects of the common fisheries policy from being implemented such as market support measures and structural improvements. Under the market rules, prices for Irish fishermen have risen steadily while the Irish Fish Producers Organisation supports prices by withdrawing fish from the market in times of surplus.

On the structures side, Ireland has been obtaining about 20% of the grants available under the interim regime for the construction and modernisation of trawlers and for mariculture or fish farming projects. The Guidance section of the Farm Fund (FEOGA) through which these grants are channelled also subsidises the creation and improvement of fish processing plants. In 1982, grants totalling £3 million were approved for trawler construction and modernisation and for five mariculture projects.

The £30 million approved in 1978 to be allotted to Ireland in the period up to 31 December 1982 for fisheries protection ships and aircraft is being paid over in instalments as expenditure is incurred by the government and will result in the most modern equipment being available for this work.

Community agreements with third countries have been of benefit to Ireland e.g. the limitation of fishing by Spanish vessels in Community waters, including Ireland's. These agreements, by enabling large Community trawlers to fish in distant third-country waters, have reduced the pressure on domestic stocks in which Irish fishermen have an interest.

Post-1982 regime

After six years of negotiations, the final shape of the common fisheries policy was practically completed by November 1982. On the sensitive question of exclusive limits, there was agreement on a regime lasting for 20 years which for Ireland would mean the prolongation of the existing 12-mile limit with provision for some historic rights for other EEC countries in the outer six-mile band. The partial re-opening of the Celtic Sea for herring fishing has also been a welcome development for Irish fishermen burdened with high repayments for their boats.

With all the elements of the fisheries policy now slotting into place and a reasonably permanent regime in the markets, structures and catches assured for the medium if not the long term, the priority for Irish fishing will be to develop the processing side of the industry so as to maximise added-value and increase employment.

TEN YEARS IN EUROPE

IRISH INDUSTRY IN THE EEC

For Irish business, entry into the EEC was the biggest challenge it had to face since independence. The Anglo-Irish Free Trade Agreement of 1965 which eliminated tariffs with our largest trading partner was a useful testing course, but many firms could only have felt apprehensive at emerging from behind a cosy protectionist screen into the highly competitive arena of the world's wealthiest free trading bloc.

The full impact was cushioned by the five-year transition period for the abolition of customs tariffs. A safety clause for emergency situations was also available, as well as the right to take anti-dumping measures. The motor assembly industry had 12 years to adapt to the new era.

Vast market

The other side of the coin was that a vast market of 250 million consumers lay out there waiting to be exploited by export-orientated firms which knew that marketing skills were going to be as important as production techniques. By the time Ireland joined, the EEC had already embarked on a wide-ranging programme for the gradual abolition of non-tariff barriers in the industrial sphere. This meant the phased harmonisation of the myriad of technical and administrative rules which obstructed the Community-wide free circulation of vehicles, machinery, electrical equipment, measuring instruments, pharmaceutical products and processed food.

Obviously, full harmonisation in these areas greatly simplified life for both exporters and importers but, initially, consumers in Britain and Ireland were worried about rumours of Euro-bread, Euro-sausages, Euro-beer and so on. However, the EEC Commission has been pursuing a policy of "optional harmonisation" whereby products which need to circulate freely in the Community have to respect minimum norms while still allowing producers to cater for the special tastes of the home market.

Fair competition

Irish companies found that they were also entering a Community where strenuous efforts were being made to eliminate unfair competition and to make national business practices as transparent as possible through uniform accounting procedures and harmonisation of company law. This is a slow business, however, and the so-called "Fifth Directive", for example, which is designed to permit workers a greater say in the running of their firms, has still not been approved more than ten years after it was first proposed.

The EEC also opened up the possibility for Irish firms not just to export freely to new markets but to set up business, especially in the services sector, in other member states. The way has gradually been opened up for banks, insurance companies, real estate and law firms, haulage companies and others to establish themselves in countries where national laws would have barred them but for EEC non-discriminatory rules. The converse is also true, of course, but the small size of the Irish market makes it less interesting for EEC firms.

In this connection, self-employed and professional people can also benefit from the right of establishment although there have been delays while mutual recognition of degrees and diplomas are being worked out. These are now in operation for doctors, nurses, dentists, midwives and vets while work goes ahead on numerous others.

Joint ventures, mergers

For small and medium-sized firms interested in spreading their wings in the wider European scene but lacking the necessary experience, the European Business Centre (or "Marriage Bureau") in Brussels facilitates cross-frontier cooperation. This need not entail mergers but can comprise the sharing of facilities and expertise in production, marketing, distribution or technology. The Irish Development Authority maintains liaison with the Centre and through its Joint Ventures Department brings together overseas and Irish companies of complementary strengths. So far, more than 30 Irish firms have established contact with firms in other member states.

In the public sector, EEC membership means that Irish firms can tender for public supply and public works contracts in other countries which are advertised in the Official Journal.

Other effects

Irish trade in EEC conditions, as is noted in another paper, continued to show less dependence on the British market and on agricultural exports although it is thanks to these that Ireland manages a creditable trade surplus with most EEC continental countries. Generally speaking, the new export-oriented firms attracted by the IDA's package of generous grants and tax incentives have performed best under free trade conditions while the older, traditional firms geared more to the small domestic market have run into problems.

Footwear and clothing firms have felt the squeeze not only from EEC competitors but from the cheaper products of Third World countries with privileged access to the Community. The footwear industry had to be given special protection in the mid-seventies both from non-EEC imports and British products.

Joining the European Monetary System has been a mixed blessing for many firms. While the Irish punt is pegged to the currencies of our EEC partners (except Britain), the considerably higher inflation rate in Ireland has made our prices increasingly less competitive. The appreciation of the British currency, while it has also contributed to our excessive inflation has also given Irish exporters to our biggest traditional market some temporary relief.

Investment

Experts find it difficult to assess the impact of EEC membership on foreign investment in Ireland. Such investment depends on so many other factors such as the general economic climate and, unfortunately, Irish entry into the EEC has coincided with a world-wide recession. Nevertheless, Irish EEC membership could only be a strong extra attraction in the incentives offered by the IDA in seeking foreign investment. Non-EEC firms had the possibility of using Ireland as a base to gain tariff-free access to the world's biggest single market. Of the £2,500 million of overseas investment in manufacturing in Ireland between 1970 and 1981, £1,400 million came from the United States. Over the past five years, U.S. investment has increased by an annual average rate of 38% — over three times the EEC average.

There were fears during the entry negotiations that the EEC's strict control of State aids in the interests of equal competition would damage Ireland's attractiveness to foreign investors for whom the tax relief on exports until 1990 was perhaps the biggest advantage over rival bidders. Thanks to the Special Protocol and a sympathetic Commission, the phasing out of this "non-transparent" aid was relatively painless. Existing commitments were honoured and the replacement low 10% corporation tax is now in operation.

It should not be forgotten that Irish industry has benefited substantially from the various EEC funds. Millions of pounds to improve and modernise the communications infrastructure has poured into the country since 1973 in the form of grants from the Regional Fund (£226 million) and loans with interest rebates from the European Investment Bank (£879 million). Training schemes to provide a skilled workforce are heavily subsidised by the Social Fund (£242 million) while agribusiness received a stream of grants from the guidance section of FEOGA (£180 million). The New Community Instrument has provided £112 million in loans for structural investment programmes in the fields of energy, industrial reconversion and infrastructure.

Improved protection for workers

During the past decade the EEC has put increasing emphasis on "harmonising upwards" the various national laws dealing with the protection of workers rights in the industrial sector. Irish workers are thus entitled to the extra protection provided by:

1) the 1975 directive on mass redundancies requiring advance consultations with the workers and efforts to find alternative solutions;
2) the automatic transfer of workers' contractual rights to the new owner in the case of mergers or takeovers as laid down by a 1977 directive;
3) the 1980 directive guaranteeing the payment of wages and other outstanding claims from workers in the event of the insolvency or bankruptcy of the employer. This directive becomes applicable from October 1983.

The so-called "Vredeling directive" proposing a permanent information procedure by management of transnational companies for all their workers concerning the activities of the company as a whole has met strong opposition from employers' organisations and has not yet been approved by the Council.

In spite of the steadily rising unemployment figures, it is significant to note that during the last 10 years Ireland has been the only EEC country to achieve an increase, albeit modest (0.3%) in the numbers employed in manufacturing industry. This is in spite of two economic recessions and the large numbers of young persons pouring onto the labour market.

Coal and Steel sector

Under the ECSC Treaty, the coal and steel industries in the Community have a special social regime originally designed to cushion the effects of widespread mine closures in the 'fifties and 'sixties and the modernisation of the steel industry. Grants are available for the re-training of workers made redundant in these sectors and reduced interest loans for the construction and modernisation of houses. Reconversion loans are available for investment in setting up industries in areas affected by closures which can help absorb the unemployed workers. Irish Steel Ltd. received a loan of £17.5 million in 1979 to aid modernisation of its Haulbowline works in Co. Cork.

European Foundation

Under the Social Action Programme of 1974, it was decided to set up a European Foundation for the Improvement of Living and Working Conditions to be located in Ireland. The Foundation established at Loughlinstown, Co. Dublin, carries out research into the social dimension of industry. A recently completed project was an extensive study of all aspects of shift work.

TRADE

Another name for the EEC is, of course, the Common Market, but from a trade point of view the more precise description is a "customs union". This means a group of countries which allow each other's goods to circulate freely without payment of customs tariffs. It also means that the group of countries will apply the same customs tariffs to goods imported from third countries so that once goods are bought into one of the member states they can then circulate freely throughout the customs union without payment of further customs duties.

Since July 1977, Ireland has abolished customs tariffs on all internal EEC trade and since January 1978 has adopted the common external tariff system. Unfortunately, the customs posts have not also disappeared inside the EEC because the member states have not yet aligned their VAT and excise duties. Frontier posts are also necessary for security reasons. Hence goods imported from one EEC country into another are still liable to payment of these taxes unless they fall within the duty-free allowances available for travellers.

Effects of free trade

When a country joins a customs union the result is usually trade diversification and this duly happened for Ireland. Since 1966, Irish industrial exports had duty free access to Britain under the Anglo-Irish Free Trade Agreement as against a 9% average tariff imposed by the original EEC.

The effect on Ireland's export pattern has been striking. In 1960, three quarters of its total exports went to the United Kingdom and a mere 6% to the EEC but in 1981 the figures were 40% and 30% respectively. With individual continental EEC countries such as France, Germany, the Netherlands and Belgium the increase in Irish exports has been quite spectacular — as much as eight-fold and ten-fold — so that Ireland now runs a regular trade surplus with most of the six original EEC countries. These increases were, admittedly, from a low base.

Within this overall picture, agriculture is still a highly important feature of Irish exports, even if it accounts for about 38% of the total compared with 48% in 1969. The same diversification to continental EEC markets can be observed; ten years ago, 70% of Irish food exports went to the UK compared to 40% now. In the same period, the share to the rest of the EEC has doubled to 30%.

Another interesting factor is the growth in Irish exports to non-EEC countries. In 1960, only 18% of Irish exports went to this area, compared with 30% in 1981. Some of this increase can be attributed to the lowering of tariff barriers negotiated by the EEC through bilateral preferential agreements with, for example, the EFTA group, the Mediterranean countries and the Less Developed Countries, or through the GATT multilateral trade negotiations such as the recent Tokyo Round. Ireland has also benefited by being a member of the world's largest trading block and from its consequent political weight in international negotiations.

Imports

The switch in the pattern of imports during EEC membership has been less marked than for exports. About half come from the UK, 21% from other EEC countries and the rest from non-EEC which corresponds to the pattern just before Irish entry into the Community.

The quadrupling of oil prices in 1973-74 and later increases tend to distort the situation, however, as Ireland imports about 50% of oil requirements from the UK. If the oil imports are excluded, there has been a significant decrease in the proportion of our imports from Britain and a switch to buying capital goods such as heavy machinery from other EEC countries.

DISTRIBUTION BY AREA OF IRISH MANUFACTURED EXPORTS AND IMPORTS

	1973 %	1974 %	1975 %	1976 %	1977* %	1978* %	1979 %	1980 %	1981 %
Manufactured Exports									
EEC (7)	17.6	18.4	22.4	27.1	29.2	30.0	31.2	31.7	30.2
United Kingdom	56.1	53.8	51.5	48.7	47.0	47.0	46.1	42.8	39.6
Other	26.3	27.8	26.1	24.2	23.8	23.0	22.7	25.5	30.2
Manufactured Imports									
EEC (7)	24.5	25.3	24.4	24.0	20.0	21.0	21.5	20.1	31.2
United Kingdom	56.4	53.2	54.8	53.8	48.0	49.0	50.0	50.0	49.7
Other	19.1	21.6	20.8	22.2	32.0	30.0	28.5	29.9	29.1

*Imports for 1977 and both Imports and Exports for 1978 are Total i.e. not only Manufactured.

Technical Barriers

Customs tariffs are not the only obstacle to free trade. Quantitative restrictions and a horde of technical rules on standards, labelling, packaging, health aspects etc. can also constitute serious barriers. Within the EEC all quantitative restrictions are outlawed and a vast programme for harmonising technical standards of vehicles, electrical equipment, machinery of all kinds etc. is almost completed. A similar programme is being implemented as regards the labelling and packaging of food products.

Common commercial policy

Since the end of the transition period, Ireland like her EEC partners, fully applied the Community's common commercial policy. In addition to the customs union already described, this means that any trade agreements or negotiations with non-EEC countries are conducted at Community level and not by individual member states. This does not mean that Irish interests cannot be taken as fully as possible into account in such negotiations.

The EEC Commission actually does the negotiating but only after the Council of Ministers has given it directives on the aims to be achieved and what concessions can be made. Any Irish viewpoint can be taken due account of when the ministers are drawing up the directives. In addition, while the Commission is carrying on the negotiations, a special committee composed of trade experts from each member state is present and frequently consulted.

On the other hand, there are considerable advantages for the EEC in being able to speak with one voice in international trade negotiations. The EEC has a 22% share of world trade (excluding intra-Community exchanges), compared with 15% for the U.S.A. and 9% for Japan.

TEN YEARS IN EUROPE

TRYING TO CREATE A COMMON ENERGY POLICY

Back in January 1973 nobody worried much about energy. It did not even warrant a separate heading in the Government's White Paper on accession to the EEC. A year later everything had changed as the Community struggled to come to grips with an almost overnight quadrupling in the crude oil price. Even worse was the nightmare prospect of a future total embargo on supplies from the Middle East in the case of renewed fighting or serious tension.

The crisis brought home how vulnerable the EEC was. In 1973 the annual consumption of the nine member states was 1,000 million tons in oil equivalent (mtoe). Solid fuels (coal and lignite) accounted for only 23% of requirements, compared with 80% in the years after the war. Oil's share had risen sharply from 10% to 60% — almost all imported. Natural gas which had recently become established as a source in Europe accounted for 12% of energy requirements and hydroelectric, geothermal and nuclear energy for the balance of about 5%.

The crucial figure was the 60% dependence on oil, a figure which the EEC Commission had forecast a year earlier would rise to 64% in 1985. For Ireland the situation was even more precarious. In 1973, imports accounted for 85% of our energy consumption and oil made up over 90% of these imports — a dependency rate exceeded only by Luxembourg and Denmark.

A common energy policy

The dramatic events of 1973-74 proved how vital it was for the EEC to implement an energy policy to ensure that the member states had a reasonably harmonised approach to such aspects as the free circulation of energy, diversification of external supplies, development of nuclear energy, aid to Community production, taxation, storage, import regulations etc. In fact, the EEC Commission had as early as 1968 submitted to the Council of Ministers its "First guidelines for a Community energy policy" and followed this up with communications on "necessary progress" (October 1972) and "priorities" (April 1973).

By the end of 1974, the energy ministers had set up an Energy Committee of senior officials to co-ordinate measures taken by the member states in the energy field. It proved to be more difficult to agree on target figures for Community energy production and consumption until 1985 but the general objective was agreed of reducing the Community's 64% dependence on imported energy to 50% and if possible 40% by 1985. This was to be done by reducing the rate of growth of energy consumption in order to achieve by 1985 a level 15% below the January 1973 estimates, and secondly, through increased production of other energy sources, especially solid fuels and nuclear power.

These are still the basic guidelines of overall energy policy although the targets have to be adjusted in the light of changing circumstances. What has proved exceptionally difficult has been getting the member states agreement to the various measures to implement the overall targets. Progress has been painfully slow in spite of numerous Council meetings but advances have been made on several fronts.

New measures

The Community now has a system to cope with any future sudden shortfall in oil imports. Each country is obliged to ensure that there are minimum stocks of oil and petroleum products maintained to cover a period of 90 days, a requirement which has posed some difficulties for Ireland with its limited storage facilities. In addition, a system has been worked out both within the EEC and the larger group of the International Energy Agency based in Paris whereby available resources can be shared out as effectively as possible in the event of supply difficulties.

The aim of reducing the rate of growth of energy consumption has to be attained without affecting economic growth, so measures to conserve valuable energy and eliminate waste are being gradually implemented. These include incentives for the thermal insulation of buildings, efficient operation of heating installations in existing buildings, improved driving behaviour to reduce fuel consumption, more use of public transport and better information on the energy consumption of electrical household appliances. EEC funds are available for demonstration projects in these areas and among others an Irish experimental programme for energy saving in the dairy sector has qualified.

Alternative sources

Although short-term results cannot be expected, the hunt for alternative sources of energy is being actively pursued through EEC-funded Research and Development programmes. These cover solar, wind, wave-power and geothermal energy, and there are several Irish projects being funded.

Oil exploration in difficult conditions such as the North Sea and off the west coast of Ireland is being encouraged, as well as experiments in improving hydrocarbon technology.

The Community has also decided to restrict the use of natural gas and petroleum in power stations and at the same time encourage more use of solid fuel power stations. Construction of such stations is extremely costly, as are the storage facilities for large quantities of coal, so Community aid has been proposed to subsidise national outlays in these sectors. The new ESB coal-fired generating station at Moneypoint on the Shannon Estuary which will enter into service in 1984-87 is receiving loans for the first two units from the European Investment Bank and the ECSC totalling £250 million.

The coal use at Moneypoint, according to estimates, will not only increase the part of coal in the energy requirements for electricity production to 42% by 1990 from 1% in 1981, but will also be a major factor in reducing Ireland's energy dependence on imported oil from 63% in 1981 to 48% in 1990.

Ireland has been the only country so far to have benefited from the Commission's measures regarding EEC support for peat as an energy source. Between 1976 and 1980, loans totalling £15 million and interest rebates totalling £2 million were granted to finance investment in peat production. During the same period loans totalling £8 million and interest rebates of £1.7 million were granted towards the construction of new peat-fired thermal power stations.

Nuclear energy

When the energy crisis broke, one of the obvious ways of reducing reliance on imported oil was to accelerate the Community's development of nuclear power stations which in 1973 accounted for about 5% of electrical energy production. The target set in 1974 was to have available in 1985 nuclear power stations which would account for more than one-third of total production of electricity and cover some 13% of total energy consumption.

This ambitious programme has run into several problems and it is clear that in 1985 EEC nuclear capacity will fall well short of the 1974 target for various reasons such as reduced energy consumption due to the recession, uncertainty over supplies of natural uranium, the enormous cost of building nuclear power stations and the increasing public unease at the dangers associated with greater reliance on nuclear energy.

Following the reduction in oil supplies and the steep rise in prices as a result of the revolution in Iran, it seemed that there would be more need for Ireland to reduce its dependence on oil through building a nuclear power station at Carnsore Point in Co. Wexford.

This pressure showed itself in the course of a statement by the then Taoiseach, Mr. Lynch, following the European Council in Stasbourg in June 1979 where the post-Iran oil crisis was discussed. Mr. Lynch told the Dail: "There is little point in deluding ourselves into believing that countries which are themselves looking to nuclear energy to supply one-fifth or one quarter of their total needs will look with sympathy on the case of a country like ours if we deliberately, or by omission, continue to leave ourselves vulnerable to the vagaries of supply in the market for commodities of limited and declining availability."

By 1982 there was no sign that any Irish government was contemplating the building of a nuclear power station with the likely cost a major factor. The EEC continues to encourage prospecting for natural uranium and about £¼ million has been awarded in grants to three Irish projects.

The steep rise in oil prices has caused serious balance of payments difficulties for most countries but Ireland and Italy, with their exceptionally high dependence on imports, were especially affected. This is why in 1976-77 the Community raised a special loan to give some relief. Ireland's loan amounted to £156 million and certain guidelines on government borrowing requirements were also laid down.

Oil refining capacity

The oil refining capacity in the Community is marked by over supply and the trend is towards fewer, more sophisticated refineries with an increase in the movement of finished products between member states. The consequences of this trend have been discussed a number of times by energy ministers who have agreed that contraction and re-structuring are necessary but with the proviso that the security of supply of the various regions was not jeopardised. Ireland pointed out that it could not accept the situation in which closure of its sole existing refinery at the Whitegate would seriously damage the country's security of supply.

It was for this reason that when Whitegate was re-opened in the Summer of 1982 under full state ownership, the Government compelled oil companies to use it for refining a minimum of 35% of their products. This regulation has been challenged by some oil companies as an infringement of the EEC Treaty and the European Court has been asked for a preliminary ruling.

REGIONAL POLICY

An obvious danger for a small, relatively under-developed country like Ireland joining a customs union with much wealthier countries is that the existing gap in incomes and living standards will increase unless deliberate corrective action is taken. This is why Ireland attached so much importance when joining the EEC to the development of a vigorous Community regional policy and especially a well-endowed Regional Fund.

It has to be said that this aspect of Irish membership has been somewhat disappointing. Arguments over the size of the Regional Fund delayed its start until 1975 and resulted in resources well below expectations. Another disappointment was the extension of the Fund's resources to over half of the EEC area, covering about one-third of the population. Critics call this the "watering can" policy with inadequate resources spread too thinly to have the required effect of economic convergence.

On the other hand, the Community's regional policy does not consist solely in the operations of the Regional Fund. The whole of Ireland is classified as qualifying for the maximum level of permitted aids so there is, to a considerable extent, a regional aid aspect to the funds allotted to the country from the "guidance section" of the agricultural fund (FEOGA), the Social Fund, the European Investment Bank and the Coal and Steel Community.

Regional Fund

When the Fund started operations in 1975, its budget for the first three years was fixed at £542 million instead of the originally proposed £938 million. Quotas were fixed for each country with Ireland's at 6%. Ireland's allocation over the period 1975-77 came to £35 million.

The Fund could help two kinds of projects: industrial, handicraft or service activities where the aid could not exceed 20% of the investment and, secondly, infrastructure investment which contributes to the development of a region which can be aided on a sliding scale ranging up to 40% of public expenditure.

Examples of the first kind of projects are advance factories and tourism development. Infrastructure schemes which have benefited include telecommunications, roads, water supplies, drainage, the Howth to Bray rail electrification, Cork Harbour Development. The EEC aid does not have to be paid directly to the promoters but can be paid to the Government which can further "top up" its aid to the project concerned or, more usually, use the EEC aid to promote new schemes. This flexibility has led to controversy in some countries over the Fund's "additionality" effect.

Regional Fund — second phase

The European Council of December 1977 decided that the Regional Fund should have resources of £1,200 million for the three-year period 1978-80 which would give Ireland about £72 million under its quota. It was also decided to set up a non-quota section of the Fund equivalent to 5% for specific Community measures.

Although the European Council laid down the overall amount of resources for the period, it was also decided that each year's endowment would be determined in the general budget. This has given the European Parliament a say in fixing the exact amount within certain limits, so each year since then the Parliament has tried to increase the size of the Fund with some success. Ireland thus received substantially more than seemed likely in 1977, or £118 million instead of £72 million.

For 1981, the Irish allocation was £65 million and for 1982 is estimated at £68 million. These figures are all commitments guaranteed from the Fund but not actual payments which always lag behind because of the nature of the projects.

Non-quota section

This innovation finally received formal approval in October 1980. The Commission had already proposed five specific types of measures for aid under this section. One of these is the economic development of areas on both sides of the border in Ireland and concerns the five counties directly adjoining the border on the southern side and eight district councils on the northern side.

The proposed measures are aimed at developing economic activities in the fields of tourist accommodation, tourist-linked infrastructure, communications and artisan enterprises. The Irish Government submitted a special programme to the Commission and a Special Fund has been set up for it which will be jointly financed by the Exchequer and the non-quota section. About £16.5 million will be allocated to the Fund over the five-year programme.

Studies

Detailed studies on how best to tackle regional problems can be financed up to 50% by the Regional Fund. More than a dozen studies have been carried out concerning Irish areas. These include the Shannon Estuary, the Midlands, the Mid-West, Rossaveal Harbour, Lough Key, Derry/Donegal (communications and fisheries), Cavan-Monaghan-Leitrim (energy resources), the Erne catchment area and the Mourne fisheries.

The Future

Discussions are at present taking place on a reform of the Regional Fund. Ideas put forward by the European Commission include greater geographical concentration of grants; a switch from individual project financing to the financing of programme contracts; special aid for small and medium-sized enterprises; an expanded non-quota section; a greater role for the regional authorities and the coordination of national and Community regional policies.

IRELAND AND THE SOCIAL FUND

The European Social Fund has turned out to be an unexpectedly valuable stimulus and support for vocational training in Ireland since entry in the EEC. At that time public attention was focussed more on the promise held out by the European Regional Development Fund and the possibilities of the Social Fund, which has been in operation since the EEC began in 1958, were perhaps not fully grasped.

All that is changed now and the aid that has poured into Ireland from the Social Fund over the past decade has surpassed all expectations and helped to transform the training roles of such agencies as AnCO and the IDA and, for the handicapped, the National Rehabilitation Board. The total amount of aid received from the Social Fund from 1973 to the end of 1982 including commitments is £323 million. For 1982 alone the figure was almost £90 million.

How it works

Originally the Social Fund was set up to finance 50% of the costs incurred by public bodies in retraining and resettling workers who had lost their jobs. Until 1972 the Fund helped more than 1½ million workers to find new jobs but it operated in a rather mechanical fashion, simply reimbursing governments half of their costs. The bigger and wealthier countries which spent more on retraining thus received more than the smaller and less well-off.

In 1972 the Social Fund was transformed into a more dynamic instrument aimed at making it more flexible and geared to various Community policies. The Fund's rules were revised again in 1977 to try and cope with the mounting unemployment figures and, as a result, the worst-hit areas such as Ireland, north and south, Italy's Mezzogiorno, the French Overseas Departments and Greenland can get back 55% of the cost of their approved retraining schemes instead of the usual 50%. The processing of applications has been greatly speeded up by grouping them, and advances of 30% on commencement and at the half-way stage can be paid.

Who are helped?

One section of the Fund helps workers affected by Community policies. These include those leaving agriculture and those in the textile and clothing industries. As the unemployment crisis has deepened, other categories have been added such as young people under 25, women over 25, migrant workers and handicapped persons. The money available for each category is obviously limited but Ireland, because of its high priority-rating, gets preferential treatment.

Another section of the Fund allots aid to re-training schemes in regions of the Community which are most affected by unemployment and here again Ireland has qualified for priority treatment.

The flow of aid from the Social Fund has enabled AnCO to expand its activities right from the start of EEC membership. Its training centre capacity rose from 1,800 places in 10 permanent training centres and three temporary ones in 1973 to 5,550 places in permanent centres and temporary ones in 1981. The number of unemployed adults and young job-seekers trained was 2,000 in 1972 and 11,200 in 1977, plus 1,102 craft trainees.

IDA's efforts to attract new industries are greatly helped by complementary Social Fund-assisted training schemes and the numbers trained rose from 2,300 in 1973 to 9,500 in 1981. Other agencies assisted by the Social Fund include SFADCo at Shannon, B.I.M., CERT (hotels and catering), Udaras na Gaeltachta, E.S.B., Irish Management Institute, the Departments of Education, Labour and Environment and the Youth Employment Agency.

Handicapped

The Social Fund has meant a great boost for the training facilities of the physically and mentally handicapped in Ireland. The National Rehabilitation Board which channels the applications to Brussels estimates that the Social Fund will help finance 46 projects in 1983 involving 16,800 handicapped persons.

Reform proposals

New measures to make the Social Fund more adaptable to the worsening unemployment situation are being studied by the Council of Ministers. A new emphasis will be given to aid specific unemployment "black spots" but the criteria which give Ireland special category status should not be affected.

TEN YEARS IN EUROPE

GRANTS AND SUBSIDIES APPROVED FOR IRELAND

from European Community Funds

	1973 £m	1974 £m	1975 £m	1976 £m	1977 £m	1978 £m	1979 £m	1980 £m	1981 £m
European Farm Fund (Guarantee Section)	36.7	63.8	102.2	102.07	244.46	366.07	397.9	377.4	305.0
European Farm Fund	2.9	5.1	7.0	14.2	16.55	27.5	28.0	40.7	54.8
European Social Fund	4.1	7.0	9.4	13.0	19.70	29.8	38.5	53.5	73.0
European Regional Development Fund	—	—	8.3	14.4	12.63	23.57	41.4	52.6	67.7
Other (incl. EMS Interest Subsidies	0.1	0.4	0.6	1.3	1.24	0.123	44.38	48.0	50.68
TOTAL Grants and Subsidies	43.8	76.3	127.5	144.97	294.58	447.063	550.18	572.2	551.18
Contributions to the European Communities									
TOTAL	6.1	7.5	10.4	16.5	21.8	42.0	60.36	91.56	112.215
Loans Granted from Community Sources to Ireland									
European Investment Bank (EIB)	11.1	24.8	22.0	35.4	52.1	78.5	226.1*	252.8*	237.0*
European Coal and Steel Community (ECSC)	0.21	—	1.21	—	0.17	0.123	17.5	3.1	7.8
TOTAL	11.31	24.8	23.21	35.4	52.27	78.623	243.6	255.9	244.8

*Including New Community Instrument (NIC)

TEN YEARS IN EUROPE

THE EEC AND YOUTH

A mere six years after the end of World War Two, countries which had fought against each other on the battlefields of Europe resolved, in the words of the Preamble to the Treaty establishing the European Coal and Steel Community, "to substitute for age-old rivalries the merging of their essential interests; to create, by establishing an economic community, the basis for a broader and deeper community among peoples long divided by bloody conflicts; and to lay the foundations for institutions which will give direction to a destiny henceforward shared."

These ideals must have had a powerful appeal to the young generation emerging from a war-devastated Europe but 30 years later they can sound even irrelevant to a new generation of young people who are one of the main victims of an unemployment crisis which has 11 million EEC citizens unemployed, 40% of whom are under 25.

Social Fund aid

By 1975 it was clear that the revised Social Fund would have to devote special attention to the youth unemployment problem. More specialised training was needed to improve the job prospects of school-leavers and those youngsters who had drifted into unskilled, dead-end jobs.

It was decided in July 1975 that the rules of the Fund be changed to make aid available for operations likely "to facilitate the geographical and vocational mobility" of young people under 25 who were unemployed or seeking employment. It was also decided that priority would be given to those seeking employment for the first time. Hitherto the Social Fund was unable to aid those who had never worked.

Between 1975 and 1977, more than 200,000 young unemployed people benefited from training schemes partly financed by the Social Fund throughout the EEC. This aid came to about £200 million.

Unfortunately, these measures proved to be inadequate to cope with the problem and the European Council meeting in Bremen in July 1978 asked for further action by the Social Fund to be implemented. From January 1979, Social Fund assistance became available for certain job creation measures for young people under 25 in the private and public sectors.

The Fund subsidy was calculated on the basis of a job creation premium of about £20 a week over 12 months. For Ireland, this meant that £11 of the premium was paid by the Social Fund and has proved to be a valuable contribution to the various Irish job creation schemes. In 1980, the two-pronged action in favour of young people accounted for 40% of the Fund's resources — a sizeable amount but still only intended to be a support to the main actions taken by governments themselves.

Community governments committed themselves in November 1982 to ensure that over the next five years all young people entering the labour market for the first time should be given the opportunity of taking vocational training or first job experience.

Education

Not all the EEC action in favour of youth is job training oriented. In 1980 the Council of Education Ministers encouraged the study in school of Community problems in their geographical, historical and political contexts. Community funds are helping numerous European documentation centres as well as European study institutes created by universities. All the EEC countries are involved in the running of a university postgraduate institute in Florence where several Irish graduates have already received doctorates for research work in European studies.

Giving youth a voice

In order to enable young people to have a say in how the Community is run, a European Youth Forum has been set up in Brussels with support from the European Commission, which consults it on a variety of legislative proposals, particularly those affecting young people. The forum brings together representatives of national youth organisations, including Ireland's National Youth Council. A young Dublin solicitor, Alan Graham, has been President of the Forum for the past two years.

Exchange programmes

For almost 20 years the EEC has been running an exchange programme whereby young workers between 18 and 28 years have been able to obtain European grants for study courses lasting between three weeks and six months in other EEC countries in order to extend their training and personal contacts. About 1,000 young people including Irish workers benefited from these exchanges in 1981.

In a new development, the EEC Commission has contributed to the preparation of some 170 transnational study programmes involving over 300 universities with the aim of enabling young people to do part of their studies in other member countries.

TEN YEARS IN EUROPE

THE EEC AND WOMEN

Ireland's entry into the EEC gave a direct boost to the situation of women employees in the country because of Article 119 in the Treaty of Rome which spells out "the application of the principle that men and women should receive equal pay for equal work". For historical and social reasons, women's pay for the same or comparable work as men tended to lag well behind.

The Commission on the Status of Women had recommended to the Government in October 1971 that equal pay for equal work should be implemented in Ireland but on a phased basis and not be fully implemented until the end of 1977 at the latest. The EEC Commission had discovered that even Article 119 had a loophole where the private sector was concerned so a directive as part of the 1974 Social Action Programme strengthening the equal pay obligation became effective in February 1976.

The Irish Government immediately requested the Commission to authorize a postponement of the equal pay directive in the case of certain industries for two years but the application was rejected and additional aid from the Social and Regional Funds offered instead. Since that time the Commission has monitored the implementation of the directive and has reported that in all manufacturing industries in the EEC the gap between male and female pay remains considerable.

Several countries which have not passed all the necessary legislation to comply with the directive have been the object of legal proceedings by the Commission but Ireland is not among them. The machinery now exists here for any woman who believes she is not receiving equal pay for equal work to take legal action under the Anti-Discrimination (Pay) Act of 1974.

Equal Treatment

The EEC Social Action Programme which, incidentally, was first drafted in the Commission by the then Vice-President Hillery, also laid down that another directive would be enacted concerning equal treatment for men and women workers in regard to access to employment, vocational training and promotion and working conditions.

This far-reaching directive resulted in Ireland in the Employment Equality Act 1977. Under the Act, the Employment Equality Agency has been set up to work towards eliminating discrimination and to promote equal opportunity for men and women in employment.

The Agency can also carry out formal investigations into suspected breaches of both the equal pay legislation and the Employment Equality Act and is empowered to seek High Court injunctions in cases of persistent discrimination. The Commission has drawn the attention of the Government to certain sections in the Act which in its view are in conflict with the Equal Treatment directive.

Social Security

In all EEC countries it was found that women, especially those with dependents, were discriminated against under most social security schemes, both the public statutory ones and private schemes. This discrimination arose from the traditional idea of the father as the family breadwinner and the mother as the keeper of the home.

In November 1978, the EEC approved a directive whereby by 1985 the member states have to eliminate from social security schemes all discrimination based on sex, either directly or indirectly, by reference in particular to marital or family status. In Ireland, the areas in the social welfare code where discrimination exists are mainly those of the entitlements of married women whose benefits tend to be lower than men or single women, or of shorter duration.

The directive applies to the working population, including self-employed and those whose work has been interrupted through illness, accident or involuntary unemployment; to persons seeking jobs, invalid workers and those in retirement.

Social Fund

Men and women have equal access to all the operations subsidised by the European Social Fund which specialises in increasing employment prospects through training schemes. However, since January 1978, the Social Fund has also been empowered to help solve certain problems specific to women in the job market.

The Social Fund now subsidises operations to encourage the employment of women over 25 (those under 25 can benefit from programmes for young people) who wish to take up a job for the first time or after a long absence or who have lost their jobs. These operations must comprise preparation for working life or encouragement to move into new areas of work and facilitate entry into jobs and working life in general.

Bureau for Women's Affairs

To help ensure that the various EEC measures in favour of women are effectively implemented, the Commission has set up a Women's Bureau in its Social Affairs Directorate-General. The Bureau coordinated the activities relating to women at work being developed by the Commission or by other Community organisations. It tries to ensure the best possible utilisation of the limited financial resources available and influence thinking and behaviour through informing women of their rights and how to achieve the maximum results.

Education

The Council of Education Ministers in 1980 drew attention to the need to eliminate stereotyped images of the roles of the two sexes in educational material, to encourage young women to consider a wider range of professions, and to make teachers and those responsible for vocational guidance more aware of these problems.

Studies are being made at Community level of the impact of co-education, ways of countering traditional prejudices and methods of making girls more aware of vocational opportunities open to them.

Action Programme 1982-85

The Commission proposed in December 1981 a new Community Action Programme on the promotion of equal opportunities for women covering the period 1982-85. The programme sets out 16 actions aimed at strengthening the rights of women under the heading of equal treatment. This means better application of the existing legislation and its extension in the social security section and to certain self-employed categories (in agriculture) where some indirect discrimination remains.

TEN YEARS IN EUROPE

THE COMMUNITY AND THE CITIZEN

In the past the Community has frequently been branded with a mercantilist tag and accused of being a Rich Man's Club. While it is true that progress towards European integration has been made largely at the economic level, the ensuing prosperity has been to the advantage of the individual citizen. But, hand-in-hand with these economic developments, the Community has introduced other measures which are specifically designed to protect the individual and to improve our overall standard of living.

Helping the Consumer

The creation of the Common Market has meant an unprecedented expansion in trade in consumer goods and foodstuffs over the past 10 years. This has given shoppers a wider choice and has resulted in more competitive pricing.

The Community tries to ensure that consumers have as much information about an article as possible when they are making a purchase and, where possible, tries to protect them from products with hidden dangers. From the beginning of 1983, for example, new Community legislation is due to come into force controlling the labelling of pre-packaged foodstuffs. EEC laws already exist to ensure that harmful additives are not used in food processing. In addition, cosmetics must give details of their ingredients.

The Community's fair trade laws prohibit cartels or large firms abusing a dominant position in the market by, for example, shutting out smaller competitors to maintain artificially high prices. Many firms have been fined heavy sums for this type of practice.

A cleaner environment

Over the past 10 years, steady progress has been made to clean up Europe's environment and to guard against new pollution. EEC legislation exists to control the discharge of dangerous substances into our rivers and lakes; there is also legislation on the quality of bathing water as well as on the quality of drinking water.

New Community directives now lay down maximum concentrations for sulphur dioxide and lead in the air, although Ireland is not at present obliged to observe Community directive setting a maximum level for lead in petrol.

There are also Community laws controlling the dumping of toxic waste and on noise levels from motor vehicles, aircraft and the like, as well as bans on the slaughter of rare wild birds and imports of whale products.

Easier travel

Since 1974, Community member states have not been required to make checks on third party insurance cover (green card) in respect of vehicles normally based in one member state but travelling in another, so easing the bureaucratic complications of cross-frontier travel.

From the beginning of 1983, a driving licence obtained in one member state may be exchanged for one issued in another member state if you choose to take up residence there, without having to take a new driving test. Four years from now a standard Community driving licence will be issued.

A common passport is to be introduced at the beginning of 1985.

While you are abroad on holiday or on short business trips, you are entitled under Community legislation to obtain free of charge the same medical care as is available to nationals in any Community member state. To qualify, you simply take with you Form EIII which is issued by the Department of Health and Social Welfare.

Duty-free

Since Ireland joined the Community, duty-free allowances for travellers have been increased regularly. From January 1, 1983, the level of allowances will be increased from 180 ECU (1ECU = approximately 69p) to 210 ECU for adults. The European Commission is planning to propose a further increase to 270 ECU shortly.

For travellers under 15 years of age, the allowance from January 1 will increase from 50 to 60 ECU. In addition, travellers are entitled to bring home the following:

	I *Travel between third countries and the Community*	II *Travel between Member States*
(a) tobacco products		
cigarettes	200	300
or		
cigarillos (cigars of a maximum weight of 3 grammes each)	100	150
or		
cigars	50	75
or		
smoking tobacco	250g	400g
(b) alcoholic beverages		
—distilled beverages and spirits of an alcoholic strength exceeding 22°	1 standard bottle (0·70 to 1 litre)	to a total of 1·5 litres
or		
distilled beverages and spirits, and aperitifs with a wine or alcohol base of an alcoholic strength not exceeding 22°, sparkling wines, fortified wines	to a total of 2 litres	to a total of 3 litres
and		
—still wines	to a total of 2 litres	to a total of 4 litres
(c) perfumes	50g	75g
and		
toilet waters	¼ litre	⅜ litre
(d) coffee	500g	750g
or		
coffee extracts and essences	200g	300g
(e) tea	100g	150g
or		
tea extracts and essences	40g	60g

EXTERNAL RELATIONS

When Ireland joined the EEC on 1 January 1973, European Political Cooperation, or EPC as it is usually termed, was a little known aspect of the Community's extra-curricular activities. It was not just coincidence, however, that the Hague Summit in December 1969 which gave the green light for the enlargement of the EEC was also the one which gave a mandate to the Foreign Ministers of the Six to study "the best way of achieving progress in the matter of political unification within the context of enlargement".

Under the guidance of Viscount Davignon, Political Director at the Belgian Foreign Ministry and now a Vice-President of the EEC Commission, a report was drafted and approved in Luxembourg in October 1970. It proposed that EEC governments should cooperate in the field of foreign policy with a view to

(1) ensuring better mutual understanding on major international problems, and
(2) promoting harmonisation of views, coordination of positions and, where possible and desirable, common actions.

A Political Committee was set up which met at Foreign Minister level twice a year and more often at Political Director level. The Paris Summit of October 1972 called for an intensification of this activity and the ministers began to meet four times a year. It is sometimes forgotten that the Paris Summit, at which Ireland and the other applicant countries were represented, also set the target of transforming the whole complex of relations between the member states of the enlarged Community into a "European Union" before 1981.

Soon after Ireland joined the Community, a second EPC report was approved in Copenhagen in July 1973 which contained a political commitment by the member states to consult together on all important foreign policy questions before fixing their own definitive positions. Of course, none of the decisions reached under the EPC procedures were legally binding acts as they were drawn up outside of the EEC treaties.

Some opponents of Irish membership of the EEC began to express fears that the country's involvement in EPC would undermine its neutrality in the military sphere and lead to pressure to join NATO, as Ireland is the only EEC member which is not in the Atlantic Alliance. Irish foreign ministers and senior officials involved in EPC have always insisted that military or defence questions are not discussed at these meetings.

Common Approach

Under EPC, the foreign ministers discuss a common approach to all the major problems which trouble the international scene and usually succeed in agreeing on joint declarations on how a solution can best be reached. Notable examples were the Middel East, Southern Africa and arms control and disarmament questions.

For successive Irish governments and diplomats, the fact of being involved in drafting common positions with our EEC partners on major international issues has had a real impact on Irish foreign policy which before entry would have only dealt with such issues in the much broader and looser framework of the United Nations.

The EPC process also envisaged "common actions" where possible. Thus, the foreign ministers agreed on trade sanctions as a result of events in Iran, Afghanistan, Poland and, more recently, the Falklands. Although the decision to implement sanctions was taken originally in an EPC framework, the implementation was through the EEC's common commercial policy. This illustrates the increasing linkage which exists between EPC and the EEC proper, but there is still a long way to go before the stage of a real common foreign policy and political unification is reached.

The London Report

The third and most recent report on the development of EPC was drawn up under the British presidency of the EEC in the summer and autumn of 1981 and approved in London on 13 October. As the drafting process involved outgoing and incoming Irish governments, a temporary controversy blew up over the precise significance of including references to "security" in the report.

Ireland's special situation was satisfactorily allowed for by the passage which laid down:

"As regards the scope of European Political Cooperation, and having regard to the different situations of the member states, the Foreign Ministers agree to maintain the flexible and pragmatic approach which has made it possible to discuss in Political Cooperation certain important foreign policy questions bearing on the political aspects of security."

Genscher-Colombo initiative

About the time the London Report was being finally approved, an initiative by the German Foreign Minister, Mr. Hans Dietrich Genscher, for a "European Act" was being launched. The Italian Foreign Minister, Mr. Emilio Colombo, actively associated himself with this initiative which has been studied by the other EEC members over the past year and amended in the process. The European Act has been described by its authors as a "a framework in which a European Union can be realized". The intention is to take "the institutions of the Ten as they are without touching their legal bases and bring them into a significant relationship".

TEN YEARS IN EUROPE

IRELAND AND THE THIRD WORLD

Membership of the EEC has drawn Ireland into a complex web of relationships with the under-developed countries of the world and substantially increased our financial commitments to them. Before 1973, official Irish aid to developing countries was channelled through United Nations agencies and the World Bank. In 1972, this aid totalled £800,000 or .036% of Gross National Product, compared with 0.7% which was the target set in 1968 by the richer countries. Ireland is the 24th richest country in the world, which puts it in the top fifth of over 150 nations.

Ireland did not have a bilateral aid programme whereby funds were channelled to specific countries. In the non-official sphere there were, of course, numerous Irish persons working in education and hospitals in the Third World, usually in a missionary capacity.

What EEC membership has meant

From 1971, the Community had been applying the scheme to help poorer countries called the Generalised System of Preferences (GSP) and had been the first to do so among the industrialised countries. Under the GSP, preferential tariff treatment is granted to more than 100 Third World countries. Duties on industrial products have been abolished although for a limited number of sensitive products there are quantitative restrictions. Duties have been cut on some 300 processed agricultural goods from these countries.

Ireland has been operating the scheme since 1974 and it is being constantly improved. For the textiles and footwear sectors, Ireland was granted an extra two years before applying the full GSP concessions. Imports in these sectors have caused serious problems for the home industries, including substantial lay-offs of workers. Temporary relief has been granted when the pressure of cheap imports has become excessive. The other side of the coin is that Irish consumers have a wider and cheaper range of products to choose from.

As a member of the EEC, Ireland also acceeded to the International Convention on Food Aid whereby cereals and other foodstuffs are sent free to countries in need. Ireland's annual contribution has risen from about £200,000 in 1973 to £770,000 in 1982.

Lomé Conventions

More than 60 African, Caribbean and Pacific countries (the ACP countries) have an extensive preferential trade and aid agreement with the EEC under the terms of the second Lomé Convention covering the period 1980-85. Both this convention and its predecessor were signed by Irish foreign ministers, Dr. Garret Fitzgerald and Mr. Michael O'Kennedy who were Presidents of the EEC Council of Ministers for the closing phases of the negotiations for both agreements.

Under the terms of the Convention, virtually all products from ACP countries enter the Community duty-free without reciprocity being demanded. A special sugar protocol guarantees the ACP countries a sugar price equivalent to that offered to European producers. As a result, more than half the ACP exports go to the Community and for some countries the figure is as high as 90%.

A unique feature of the agreement is the "Stabex" system whereby the earnings from ACP exports of 44 products are guaranteed against sudden downward movements in world prices. The main products concerned are cocoa, coffee, peanuts, tea and sisal, but the second convention added certain minerals to the list.

The convention also comprises the European Development Fund (EDF) which helps finance the development programmes of the ACP countries mainly in four sectors: rural development, industrialisation, economic infrastructure and social development.

Ireland's contribution to the EDF in Lomé I was about £8 million. In Lomé II, it will come to about £13 million.

Lomé II has put more emphasis on industrial and agricultural cooperation between the EEC and ACP countries in such areas, for example, as new energy sources, maritime transport and fishing. An Industrial Development Centre helps to promote contacts between investors and enterprises.

Irish firms can bid for contracts awarded under the EDF but most of these are in the heavy engineering and specialised equipment sectors. In the technical cooperation area, where Irish specialised firms and consultants have the necessary expertise, only 2% of the available contracts have gone to Ireland, so more effort should yield better results.

It would be misleading to think that only the ACP countries benefit from these agreements. Apart from the contracts won by Community firms under the EDF, the ACP countries are some of the EEC's best export customers. The Third World as a whole is the Community's first client, taking nearly 40% of its exports. Community dependence, on the other hand, on the developing countries for raw materials is as high as 90%. Incidentally, Irish semi-State bodies estimated that they alone earned 40% more from the supply of services to the Third World in 1980 than the figure for the entire official Government development assistance for the same year.

Bilateral aid

It is clear that entry into the EEC stimulated the Government into setting up a bilateral aid programme which would run in parallel with the increased commitments in aid to the developing countries entailed by the Community's multilateral-type programmes financed through the EEC budget. It was at an EEC Council meeting in April 1974 that the then Minister for Foreign Affairs announced that Ireland planned to triple or possibly quadruple its official development assistance by 1978 and seek membership of the OECD Development Assistance Committee.

In the same month the Agency for Personal Service Overseas was established. Funded by the Government, the agency sponsors Irish persons wishing to serve on economic and social development projects in developing countries. 1974 also saw the payment of £240,000 to the first bilateral aid projects financed from Irish official funds in India and the drought-stricken Upper Volta.

The bilateral aid programme today is concentrated in four countries in Africa — Lesotho, Zambia, Tanzania and Sudan. Total expenditure in 1982 on bilateral aid was £7.94 million, an increase of 54% over 1981. The priority countries mentioned above receive about two-thirds of total bilateral expenditure each year. Individual development projects are also being implemented in a number of other "partner" countries — mainly Burundi, Rwanda and Swaziland. Other major areas in the bilateral programme are co-financing of development projects by non-government organisations, training and education for students and trainees from Third World countries and development education.

Total aid

Official Development Assistance in 1981 amounted to £17.84 million representing 0.18% of GNP (compared to £800,000 or .036% of GNP in 1972). Of this figure, £11.3 million (63%) was in the form of multilateral aid and £6.54 million (37%) in the form of bilateral aid.

For 1982, it is estimated that the total of ODA will be about £26 million or 0.22% of GNP, which represents almost a 50% increase over 1981 — a very creditable achievement in hard times.

TEN YEARS IN EUROPE

CHRONOLOGY

1973

Dr. Patrick Hillery took up office on January 6 as Vice-President of the European Commission with special responsibility for social affairs. He had been given the important job of giving the Community a ''human face''.

From February 1 the terms of the Common Agricultural Policy applied to Irish farming.

It was a time of developing new policies. The Commission brought out proposals for a Regional Development Fund (July 3) and a Social Action Programme (October 25).

But there were economic problems ahead. In December a group of oil shieks caused a sensation by turning up in Copenhagen during a summit meeting of Community Heads of Government, foreshadowing a fundamental change in the world economic balance.

1974

In February the first approvals of money for Ireland from the Social Fund were announced.

An air of greater uncertainty entered Community affairs when, in April, the British government tabled a request for re-negotiation of its membership terms, the prelude to a year of discussion.

A directive on modernisation of farms came into effect. It concentrated resources on the farmers with best prospects. Some Irish farmers felt it was too restrictive.

Many farmers were hit by a slump in cattle prices. Urgent negotiations by Ireland's Minister for Agriculture Mr. Clinton brought special price rises from the Community.

The year ended on a more optimistic note. Heads of Government meeting in Paris decided to launch the European Regional Fund in the New Year.

1975

Ireland took the reins of Community affairs for the first six months of the year — in the form of the Presidency of the Council of Ministers.

In February Garret FitzGerald travelled to Lomé in Togo to sign an historic trade and aid convention on behalf of the Community with 46 countries in Africa, the Caribbean and the Pacific.

On March 10-11 in Dublin, the Taoiseach Mr. Cosgrave chaired the first ''European Council'' which concluded the terms to settle Britain's ''renegotiation'' request.

In June, Greece applied for membership of the Community.

On November 30, the UK and Ireland agreed to make a joint application to the Community for funds to carry out cross-border studies in communications and fisheries.

On December 2, the European Council in Rome decided that direct elections to the European Parliament should take place in May or June of 1979.

1976

In May the European Foundation for the Improvement of Living and Working Conditions held its inaugural meeting in Dublin.

More steps were taken towards direct elections. The number of seats in each country was decided by the European Council in Brussels (July 12-13), and instruments concerning the election were signed on September 20.

On November 3, the Council of Ministers decided that Member States should declare 200-mile zones in the North Atlantic and the North Sea.

And on December 3, Vice-President Hillery resigned from the European Commission to become President of Ireland.

1977

In January, Mr. Roy Jenkins took office as President of a new Commission. The new member from Ireland — Mr. Dick Burke — took responsibility for taxation, consumer affairs, transport, and relations with the European Parliament.

At Downing St. on May 7-8, the Community took part in its own right for the first time in some of the discussions at an "economic summit" of western industrialised countries.

Spain applied for membership of the Community on July 28.

In September a "coresponsibility levy" was introduced for dairy farmers to pay for the disposal of surplus supplies of milk.

1978

Ireland completed its transition period to full Community membership on January 1. The last tariffs against other Community goods were dropped and farm prices took the last step towards the full Community level.

On January 31 eight countries, including Ireland, took a big step towards a common fishery policy by agreeing draft interim measures for the conservation and management of resources.

As the need for closer economic integration became clearer — to combat storm clouds on the world front — preparations went ahead for a European Monetary System.

The European Council in Brussels in December agreed interest subsidies to help Ireland adapt to the proposed system.

1979

In January the planned launch of the EMS was delayed by France's insistence on a timetable for the phasing out of border taxes on farm trade.

A formula was agreed, and on March 10 the European Council in Paris brought the EMS into operation. The United Kingdom decided not to play a full part in the system.

On June 7-10 voters throughout the Community went to the polls in the first direct election to the European Parliament. They elected 410 members. In Ireland Fianna Fáil won 5 seats, Fine Gael 4, Labour 4 and T. J. Maher and Neil Blaney were returned as Independents.

Ireland took the chair at Council meetings for the second half of the year. As President of the Council, Michael O'Kennedy signed a new Lomé Convention on October 31 on behalf of the Community. Fifty eight countries signed this time on the African, Caribbean and Pacific side.

The European Council in Dublin on November 29-30 was dominated by Mrs. Thatcher's demand for a cut in Britain's payments to Europe.

1980

Continuing disagreement on the budget issue led to Britain's delaying a decision about farm prices for the year.

At the end of May Mrs. Thatcher got a two-year deal. The farm prices went through two months late, and the Common Agricultural Policy was extended to include sheepmeat.

The Commission was given a "mandate" to review the future of the budget and of other Community policies.

In October the Community proclaimed a state of "manifest crisis" in the steel industry and brought in quotas for producers.

1981

On January 1, Greece became the tenth member of the Community.

Ireland's member of a new European Commission — Michael O'Kennedy — was, among other responsibilities, given the job of co-ordinating the debate on the "mandate". After deep thought on how the Community should develop, the Commission issued recommendations on June 24. They included a new formula to limit budget payments by Member States, and changes in the Common Agricultural Policy.

Discussions on the recommendations were still not complete by the end of the year.

1982

Greenland decided by referendum on February 23 to leave the Community.

Michael O'Kennedy returned to Ireland to win a seat in the February general election. He resigned from the Commission and was replaced by Mr. Dick Burke.

In March Greece submitted a memorandum seeking changes in the terms of its Community membership. Mr. Burke undertook negotiations with the Athens government about how Community rules affect the country.

Mr. Burke also started talks with Greenland about its future links with the Community.

Continuing discussions on the "mandate" recommendations produced agreement on Britain's budget payment for 1982, and on targets to limit the Community's commitment to fully support certain farm products.

Negotiations continued on the applications by Spain and Portugal for Community membership.

As the end of the year approached all Member States except Denmark agreed terms for a Common Fisheries Policy.

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