

COMHCHOISTE UM GHNÓTHAÍ EORPACHA
JOINT COMMITTEE ON EUROPEAN AFFAIRS
Sub-Committee on Ireland's Future in the European Union

Tuesday, 4 November 2008

Overseas Development Aid: Discussion.

Chairman: I welcome the witnesses to the meeting and before we start I will give them the background to what we are doing and explain why we have invited them before the sub-committee. The sub-committee is considering Ireland's future in Europe. We are examining where things stand for the country at present and what are our options in light of the referendum result. We have four terms of reference, based on which we have created a work programme of four modules.

The module we are examining this week is what Ireland's future in Europe should be in reference to particular policy areas. The policy area on which we will focus this afternoon is development aid and our work overseas. Many members of the sub-committee felt it was important to hear representatives from the sector to give a view on the work we are doing and what we can do.

We will write and publish a report by the end of November. We have a tight deadline and therefore we have organised our work rigorously. Each group is given ten minutes to make a presentation and I will inform the speakers when nine minutes have elapsed. We will then hear a representative from each group present who has ten minutes to put questions on any matters he or she wishes. Anybody who has not spoken by then is given six minutes to put questions. I apologise in advance for cutting anybody off. Prior to explaining any more procedure I thank Mr. Andy Storey for coming before the committee. I apologise to him because the invitation did not focus specifically on development policy. The submission he has brought will be circulated to all members of the sub-committee and we will use it for another part of the module. I thank him for agreeing to speak on this area and we are grateful to him for doing so. It has not arisen yet and I am sure it will not this afternoon but I must make witnesses aware that while members of the sub-committee have absolute privilege, the same privilege does not apply to witnesses appearing before the sub-committee. I remind members of the parliamentary practice that they should not comment on, criticise or make charges against a person outside the Houses or of an official, either by name or in such a way as to make him or her identifiable.

Dr. Andy Storey: I thank the Chairman for the acknowledgement on the submission issue. It may not be quite as much of a mismatch as it seems because the paper I circulated is on military and security policy but it discusses extensively the implications of this for developing countries. For example, we discuss the range of tasks which EU forces may engage in overseas and the reasons that can be adduced for these interventions.

We raise questions in the submission on whether it opens up the door to greater Irish participation in missions which could be to do with the interests of western powers rather than genuine humanitarian or developmental needs of people in poorer countries. There is a close link between those military policies and development issues and concerns for people in the majority world. I hope the submission will be of relevance to this module as well as to the module that will be discussed next week.

We are living in interesting times compared to where we were when the vote on the Lisbon treaty took place. One aspect is the general questioning of the economic paradigm through which we lived in recent years in terms of the deregulatory liberalised model or the neoliberal model of economic governance, as it is referred to by those involved in development studies. That has been cast in grave doubt and question by what has happened to financial and other markets in recent months and raises interesting questions about the future of the European Union and Ireland's future therein.

On the issue of development, the other contributors will agree there is very little to take issue with when it comes to the European Union's language *vis-à-vis* developing countries. For example, Article 10a of the

Lisbon treaty refers to principles of democracy, the rule of law, universality, indivisibility of human rights and so on. When the treaty gets down to the Union's external actions *vis-à-vis* development, it refers to sustainable economic, social and environmental development and the eradication of poverty as an objective in its dealings with developing countries. None of us has a difficulty or a disagreement with the language used.

The question is whether it does what it says on the tin. Does the practice match what it preaches? Campaigning organisations such as Afri have grave doubts about this. We refer to the practice, for example, under the general agreement on trade and services where the European Union acting as a single actor tables sectoral requests to individual countries asking them to open up their service sectors or sections within them to competition from European firms and *vice versa*. We look to the well documented record that these requests are very much influenced by the European Services Forum, a corporate lobby group which, in large part, dictates EU trade policy in this area. Work done by, for example, the World Development Movement concludes that the European Union in the GATT negotiations targets some of the poorest countries in the world in its pursuit of services market access and countries where non-market based delivery systems are in operation because these operations deny commercial profit opportunities to European exporters. That is one example of an area where the Union's practice does not match its rhetoric.

A second area where many campaigning groups, including Afri, Trócaire and Comhlámh, are active is the European Union's negotiation of economic partnership agreements with developing countries. This is an ongoing issue. The European Union is trying to negotiate with African, Caribbean and Pacific countries, moving towards reciprocal free trade arrangements. A number of our concerns about such agreements relate, for example, to the way in which poorer countries will lose tariff revenue, a vitally important source of government revenue for them, as they reduce their trade barriers. We also have grave concerns about the way in which the European Union is trying to oblige these countries to open up and liberalise their public procurement processes to European companies and fully expose their service sectors to competition from European exporters, among others.

The Commission, in particular, and the European Union, in general, are pursuing a broadly neoliberal agenda which, in many respects, is prejudicial to the development prospects of poor countries. Other contributors will discuss aid. Significant aspects of EU trade policy undermine or are incoherent with the aid objectives and principles the Union claims to uphold. Given that was how existing powers in the areas of trade and development were being used, with many other groups, we have grave concerns about extending these powers in the Lisbon treaty. Without wishing to rehash the debate, it is clearly to the fore of everybody's mind, based on the discussion during the final ten minutes of the previous session of the sub-committee.

We were concerned about the provision in the treaty that the European Union's common commercial policy would be explicitly extended to cover trade in services, the commercial aspects of intellectual property rights and foreign direct investment and to conclude agreements, and that qualified majority voting would be applied at Council of Ministers level with restricted exceptions. I will explain what seemed to be driving that, as it appeared to us. It seemed that the use of qualified majority voting would be the norm for trade in services. It seemed that the use of the national veto would be the exception, even in areas like health and education. In other words, it seemed that liberalisation was being introduced into new areas of the European services market, in part to ensure that the EU could offer bargaining chips to non-EU countries, as a *quid pro quo*, thereby strengthening its ability to negotiate the global liberalisation of trade. This brings me back to my opening point, which was that the endorsement of a unidirectional liberalisation agenda was not wise in the context of the original debate on the Lisbon treaty. The wisdom of that approach has been cast into even graver doubt over recent times.

Similarly, Article 56 of the Lisbon treaty stated:

Within the framework of the provisions set out in this chapter, all restrictions on the movement of capital between Member States and between Member States and third countries shall be prohibited.

In other words, the central thrust of EU policy on the global south was to ensure completely unfettered capital mobility. The Union was legally prohibiting the regulation of capital movements, regardless of the

implications of such movements for poorer countries, or even for people in Ireland and elsewhere in Europe. The free movement of capital could not have been challenged, regardless of its implications for development. That was worrying then and is more worrying now that we know where unfettered, unrestricted and unregulated free movement of capital has led us. I refer to the current financial crisis. The Lisbon treaty also contained other commitments to liberalisation. It made reference to the progressive abolition of restrictions on international trade and the lowering of customs and other barriers. In essence, it represented an attempt to constitutionally ensure that the EU's negotiating stance in international trade negotiations had to involve the pursuit of the liberalisation of capital and trade in goods and services. Action from Ireland was not alone in expressing concerns about this. Many non-governmental organisations, including Action Aid, Christian Aid, Oxfam and Trócaire, expressed serious concerns at the time. I do not suggest that they were calling for a "No" vote, but they were highlighting their particular concerns. A document that was signed by 79 non-governmental organisations involved in development, including the four I have just mentioned, pointed out that the treaty appeared to prioritise trade liberalisation over a pro-development trade policy as the guiding principle of the EU.

The EU's attempt to strengthen its commitment to trade liberalisation and the other components of a neoliberal external agenda has to be questioned at this point in time. I argue that it is not the best way of promoting development in poorer countries, or indeed in Ireland. The time is right for a paradigm shift that involves much greater regulation of capital, for example. We need a much more strategic trade policy that allows poorer countries to avail of infant industry protection and other protections in order to build up their industrial and service sectors. Such a policy should involve much greater flexibility and a much greater willingness to question the neoliberal orthodoxy that has prevailed for the last 25 years, at least. That orthodoxy has increasingly guided the EU's external actions. I argue that it is not suitable, or useful, to the development prospects of poorer countries. Perhaps the post-Lisbon treaty period of reflection, in which we consider Ireland's future in Europe in the context of the financial crisis we are enduring, represents a good opportunity for us to rethink that agenda and put the focus on development, rather than liberalisation, once more.

Chairman:   I thank Dr. Storey. I invite the representatives of Dóchas, Ms Mary Keogh and Mr. Hans Zomer, to address the sub-committee.

Ms Helen Keogh: I am delighted to be here. I thank the sub-committee for inviting representatives of Dóchas to this meeting. It is nice to see one of my former colleagues in attendance. The Dóchas network, which is a fairly wide church, welcomes this opportunity to discuss European Union matters with the sub-committee. The network's member organisations agree that the sub-committee's work is vital if a thorough debate on Ireland's place in the European Union, and the Union's place in the wider world, is to be promoted.

Approximately six months ago, a delegation from Dóchas addressed the Joint Committee on European Affairs. We were asked to give our analysis of the likely impact of the Lisbon treaty on development co-operation, in general, and on the work of the network's member organisations, in particular. Our verdict was that the Lisbon text contained many of the key principles we would like to underpin European member states' co-operation in foreign policy and development co-operation but that the jury was out on what tangible implications those statements would have in European practice. That caused some of the rather difficult discussions around that time and the nebulous part of that debate. Overall the approach from our members was very firmly that we should vote "Yes".

We are grateful for the opportunity to follow up on that discussion. It is an important time in our nation's history. We have had much turbulence over the past while. We face a new reality and challenges as a country and the choices we make will define us for the future. The sub-committee's work is of great importance. It gives an opportunity to discuss our values and aspirations as a country in an increasingly globalised world. The member organisations of Dóchas are among the most obvious manifestations of the new Ireland. They represent globalisation, working in Ireland, Europe and, naturally, so many countries further afield.

Our member organisations link 850,000 people in Ireland who support them with the millions of underprivileged people around the globe. While they may have different motivation for their work and differing views on what aspects to prioritise, they are united in their belief that it is possible and necessary to make poverty and global injustice history. While our approaches are sometimes quite different, we have a common cause. Our members work together through Dóchas to share experiences and ideas and help each other gain greater impact for their efforts. By building on our diversity, Irish development NGOs are working to effect lasting change in the lives of the world's poorest people. The work is driven by the belief that their support for people and organisations in developing countries can help end human suffering and indignity.

We are keenly aware that there are limits to what we can achieve. For our members to bring about lasting change they need to do more than provide relief and enhance people's livelihood and health care. They seek systemic change that redresses political, economic and social exclusion and gives poor people a fair chance. The work of Governments is of paramount importance. Governments in poor countries have to put in place the conditions for human development while those in richer countries have to reform the structures and policies that perpetuate poverty. Ireland has recognised that making poverty history is about more than giving aid. The 2006 White Paper on Irish Aid rightly emphasised the importance of ensuring our foreign and external policies, including trade, migration and education, could negatively impact on the chances poorer countries and people are given.

The EU has likewise recognised there cannot be European prosperity without global justice. From the outset, the European project has emphasised the importance of Europe's role and responsibility to bring about a fairer world and we are proud to state that to be a European means to be committed to international justice. The EU is a key actor on the international stage and the biggest donor of official development assistance in the world. Development co-operation has been a principal expression of the EU's relations with the rest of the world since the EEC was first established. Since the Maastricht treaty the EU has committed to avoid undermining its aid programmes through unintended negative consequences of other EU policies. For all these reasons the future of Europe is of central importance of Dóchas members.

The Lisbon treaty contained much that was positive. It established that Europe's development policy will be clearly focused on poverty eradication and that it is the principal framework for its relations with all developing countries. The treaty provided, for the first time, a legal provision for the EU's humanitarian assistance. Within the Lisbon treaty the two main articles that dealt with development co-operation and humanitarian aid set the eradication of poverty as the primary objective of development co-operation. It called for coherence between EU policies that affect developing countries and development goals and required member states and EU development co-operation to complement and reinforce each other. Dóchas members welcomed the treaty provisions that would have meant that the EU's development policy would be the legal framework for all of the EU's relations with developing countries. At the moment that is split between different Commissioners and fragments of Commission services. Dóchas considers it vital that any arrangements that may emerge in the debate about the EU post the Irish "No" vote maintain these elements of a strong and clear legal framework for development policy, with poverty eradication at its heart and the legally enshrined principle of the coherence of EU policies with development objectives as proposed in the Lisbon treaty.

On the other hand, development NGOs saw the dangers in aspects of the Lisbon treaty, such as increasing military co-operation among member states both inside and outside Europe's own borders, extension of new powers to the Commission in the area of trade where it has already been aggressive in dealings with developing countries, and the drive for consistency in all EU external relations, with the risk that development and humanitarian responses could be subordinated to political and security objectives. It is our view that the many positives of the treaty text need to be maintained and the areas where the nature and scope of proposals in the treaty text were not clarified need to be discussed further and, importantly, the appropriate mechanisms need to be put in place that make it possible to implement the aspirations of the treaty. For better or worse, Ireland is uniquely positioned after the "No" vote to engage actively to ensure that arrangements to be put in place have a positive impact on development and humanitarian work within the EU and its member states. That is an opportunity well worth exploring.

It would be wrong to come to this sub-committee and not refer to just how important scrutiny is and how important it is that the Oireachtas and its committees continue to ensure that the legislative and policy implications of new EU initiatives are carefully considered in an Irish context. I know how difficult the onus is on committee members who serve on so many different committees and often do not have the resources to deal with these issues. However, it is so important from the point of view of the understanding of the context of humanitarian aid and development issues that people are informed and have the opportunity to have people like ourselves attend to engage in discussion. Once again, I thank the Cathaoirleach for this opportunity.

Mr. Tom Arnold: I am very grateful to be on this panel with Dr. Storey, Mr. Zomer and Ms Keogh. One must begin with a sense of the vocation of Europe, whether it is acting in a broadly positive way *vis-à-vis* developing countries or in a broadly negative way. I would have to draw the conclusion from what Dr. Storey said that he interprets it as operating in a broadly negative way. I do not think that is in accordance with the reality of how Europe has acted and what Europe has written down in treaties. If we go back to put a certain historical perspective on this, the earliest European convention that connects Ireland is the first Lomé Convention signed in 1975 with the African, Caribbean and Pacific states. That was regarded at the time as a model for development. It was regarded as introducing a principle of equal partnership with developing countries at a time when that principle was not very well established or accepted in international relations. That convention was largely negotiated by former Minister for Foreign Affairs, Dr. Garret FitzGerald, and Ireland played a very significant role in bringing that forward. The subsequent two or three Lomé conventions which built on the first, were equally concluded under Irish Presidencies. Europe had a positive role in that regard and was continuing to play it.

Development and humanitarian policy probably began to find expression in European treaties in Maastricht, which talked about coherence and consistency. It has been further built upon. The Lisbon treaty had made some further gains. Dr. Andy Storey, quite rightly, says the language of the Lisbon treaty is broadly positive. Where he diverges is in the interpretation of the language. The language is important. The Lisbon treaty represents a considerable advance on the foreign and humanitarian policy development in the Maastricht treaty. I will go into that in more detail.

Many people accept that the underlying principle and purpose of the European Union is that it is a peace project. It is, therefore, not surprising that it tries to extend some of those principles into its relationship with other parts of the world. Some years ago, when African leaders decided to embark on the African Union, as a replacement for the old Organisation for African Unity, they chose Europe as a model. That is a world view of Europe, where it starts from and how it might find expression in its policies. Ms Helen Keogh has covered a number of the Lisbon treaty issues but there are a few core advances in the Lisbon treaty language which are important. It says, for the first time, that EU development policy is the principal framework for EU co-operation with all developing countries. That is a substantial and important thing to say. It sets down the primary objective of that policy as the reduction and eradication of poverty. That is also important. It confirms the principle that all EU policies which have an impact on developing countries must be coherent with the Union's development policies and their implementation. That is a broad statement. It is possible to find examples where this has not been fully lived through but it is, nevertheless, a treaty commitment and it is important that it is there. After that, one has policy debates and practical implementation to give expression to that commitment. The principle of consistency across EU external policies is also retained in the treaty. In a series of areas, the Lisbon treaty represented a substantial advance in formal European policy towards development issues.

It then went on to deal with a number of institutional structures, such as creation of the high representative and the establishment of the European external action service, all of which were designed to ensure that the European Union could act more coherently and consistently in its relationships with other countries.

Ms Keogh briefly touched on the Lisbon treaty's provision of a legal basis for humanitarian assistance. The article dealing with this states that European humanitarian aid policy should be based on the principles of international humanitarian law. International humanitarian law refers to issues such as objectivity and dealing with humanitarian crises in a non-political way, and that was what the Lisbon treaty

established. This becomes important. When we look at tragic situations like those in the Democratic Republic of Congo, where, if there is to be any chance of peace and political stability, there necessarily must be external action under the United Nations, surely Europe has a key role to play in such circumstances. It was in that spirit that the Lisbon treaty attempted to create both the language and the institutional arrangements to enable that to happen.

Chairman: I thank Mr. Arnold for his submission. The order of speakers is the Labour Group, the Independent Group, Fine Gael and Fianna Fáil. We will begin with Deputy Costello who has ten minutes.

Deputy Joe Costello: I thank our guests for coming in here and giving of their wisdom. It is particularly valuable to us to hear how the non-governmental organisations dealing with overseas aid who interlink with the European Union perceive the Lisbon treaty.

To go back a step further, the values and principles reasserted in the Lisbon treaty seem to state clearly that the relationships within the EU and with countries external to the European Union would be based on fundamental international rights and would be in accordance with the United Nations, and so on. That detailed statement of underpinning values and principles in the Lisbon treaty had not been expressed before. It seems to me that European Union law arising out of that would need to reflect such values and principles in any of its pronouncements and that all of that would carry on to the European Court of Justice. I ask our guests to comment on how they see that impact on decisions that might be made in terms of either aid or trade with third-party countries.

The other significant issue in the Lisbon treaty was the sheer emphasis on the relationship between the European Union and the eradication of poverty, establishing a statutory basis for development aid and for humanitarian aid. It seemed to go out of its way to reflect on these issues of the relationship between the European Union and other countries. Does Dr. Storey see this as largely rhetoric or does he suspect that it may be rhetoric? Is this informed by his experience of the activities of the European Union in the past? Mr. Arnold has spoken about the Lomé conventions and the attempt to create partnerships. Does Dr. Storey see a gap between the principles that have been laid down and the practise? If so, are we talking about two different things? Are we talking about a decent appropriate structure and its implementation? Is Dr. Storey questioning the basis of the relationship between the European Union and Third World countries or is he questioning the manner in which this relationship is being worked out? I want to ask about the other side of the coin, namely what we, as Oireachtas members, do and what they, as non-governmental organisations, do. One of the issues with regard to the Lisbon treaty was that the Oireachtas should enhance its role, the Executive should have greater accountability for legislation and we should be the guardians of the principle of subsidiarity. How might parliaments as distinct from governments link up better with non-governmental organisations with regard to overseas development aid? In areas that might experience difficulties in the future are there certain lines of communication, consultation and accountability that could be of benefit?

Chairman: The Deputy has reached the half-way mark.

Mr. Tom Arnold: With regard to the first comment made by Deputy Costello about the basic language and the principles, these are crucial and represent the formal legal statement on what Europe wants to do and how the relationship is governed. Of course it will have detailed outworkings and it is probable that they will not all be perfect all of the time. However, if the basic principles are right it is more likely that the detailed outworkings of the relationship will be right.

With regard to the role of parliament, a point which is often neglected is that many African countries have improving standards of governance. One of the important things that needs to happen is that parliamentary systems need to continue to improve. In this regard, the work of the AWEPA, through which Members of this House have had a long and honourable tradition of reaching out to their parliamentary colleagues in Africa, has been extremely valuable. This is how parliaments can play an important role. Parliaments also have a critical role in oversight of European development policy and how it works. This is another dimension in which the Lisbon treaty facilitated greater involvement.

Ms Helen Keogh: I agree with what Mr. Arnold stated and I want to emphasise that in strengthening any of the Oireachtas committees, it must be ensured they have the wherewithal and resources to fulfil their mandate. With regard to the improvement in governance in African countries, we often hear simplistic slogans which only have some basis in reality.

Mr. Hans Zomer: The key argument we are making today is that the values which underlie the European integration project are of great importance and the statements made in the treaties which form the legal basis for European co-operation are extremely important.

The other key message we have is that these values need to be protected on an ongoing basis. It is not enough to state there is a commitment to it in what is effectively our European constitution. This is where Oireachtas oversight comes in. Europe is being created all the time. Day in, day out decisions are made at European level that impact on us as European citizens and on the wider world. This is the reason it is so important that we continue to measure what we do at European level against the benchmarks we have set for ourselves in our constitutional documents.

After the issue of the Lisbon treaty has been resolved, the key issue will be how we implement the principles and statements contained in the text. A number of initiatives were contained in the treaty that were not fleshed out, such as the creation of a new structure within the Commission and the Council with the high representative, and a new European external action service — effectively a new bureaucracy to head up the objectives of the treaty. These decisions will need to be taken even after we have resolved the current situation regarding the treaty. They are as important as the principles contained in the treaty. We call on committees such as this for continued oversight of these discussions in order that many of these decisions are not taken by default but on the basis of an informed discussion nationwide.

Dr. Andy Storey: I refer to Deputy Costello's question. I have a certain reaction to a statement such as, "To be a European means to be committed to international justice". To be a European means one says one is committed to international justice but the proof of the pudding is in the eating. My disagreement and my different emphasis compared with Mr. Arnold is around the model of European interaction with development countries. The model referred to by Mr. Arnold under the Lomé Convention has been largely replaced by a much more right wing, neoliberal vision in terms of how that works out in the Cotonou Agreement and its successors. The EU started out as a peace project in part but it is many other things now as well, including a realist economic actor promoting the commercial interests of the European economy and European companies within that. That, at times at least, may not be consistent with the development prospects of poor countries.

The problem the Lisbon treaty encapsulated in some ways was when that incoherence between commercial self-interest in Europe and the development prospects of poor countries arose, it could not have been resolved by, say, reversing trade liberalisation or by imposing capital controls because the treaty explicitly sought to outlaw those policy options. At one level, it is just rhetoric but it is more than that. It is not only that one thing is being said and another done but certain potentially progressive policy options were sought to be foreclosed within the treaty. It is about more than simply the gap between rhetoric and reality; it is also about the nitty gritty of what was outlawed and what was included within the range of policy options available to European countries and developing country partners through various relationships.

Senator Déirdre de Búrca:   I welcome the representatives and thank them for their presentations. I was struck by the nuances between the different presentations. They are all well known representatives of the development community. Dr. Storey gave a critical overview of the role of the Union in development co-operation and its relationships with developing countries, while Mr. Arnold was positive in stressing the Union's track record and the new provisions of the treaty. He said the principles and the language were important and the treaty contained formal legal statements about the Union's position on development issues. The Dóchas position was somewhere in the middle.

Mr. Zomer acknowledged the positives in the treaty and the specific commitment to the eradication of poverty in development policy, a legal basis for EU humanitarian assistance and a role for the European

Parliament and the national Parliament in oversight of trade and other policies. It was helpful that he made specific proposals. He said that even though provisions are recognised as positive, questions remain unanswered and the interpretation and implementation of the treaty will determine whether it is pro-development.

The proposals were good and perhaps the sub-committee could make recommendations to support them. One proposal relates to the independent space for development. Mr. Zomer mentioned concerns about the role of the office of the high representative and the external action service to try to ensure the roles and remits given to both are clear in regard to the development element as well as other roles they might have to fulfil.

The possible appointment of an EU development Commissioner was also mentioned. I am interested in the proposal that Ireland should try to secure that position. In light of Ireland's strong track record in the development area, it might be an appropriate portfolio for us to look for.

The need for policy coherence at EU level has also been highlighted. No specific mechanism was suggested in that regard. The point was well made, however. There is a commitment to policy coherence in the treaty. Dr. Storey mentioned that there has been a conflict between trade policy and development policy in the Union's previous treaties. Perhaps that is an issue of more concern in this treaty than in previous treaties. We need to find a way to ensure there is policy coherence. The trade policy being advanced by the European Union should not undermine its aid policy.

The important scrutiny role of national parliaments and the European Parliament was also mentioned. I would be happy if an Oireachtas committee could play such a role. I do not want to ask many questions. Would the representatives of the various bodies be satisfied if the sub-committee were to make recommendations in respect of the proposals they have made? We need to address to some extent, at least, the kind of concerns that have been raised here today about the EU's policy on development and developing countries.

Dr. Andy Storey: I am not sure I agree. While it would probably be useful if the sub-committee were to make such a statement, I do not think it would necessarily resolve the concerns of many people about these matters. We need to broaden the debate a little so that it is not just about the Lisbon treaty. It should also be about the general direction of EU development and trade policy over recent years. The policy in question has become more aggressive in areas like the General Agreement on Tariffs and Trade, the economic partnership agreements and other negotiations. Any statement that reaffirms the centrality of development would be welcome, useful and a good political counterweight to the phenomenon I have mentioned. It would not necessarily resolve the problems people have with the institutionalisation of some of the more regressive measures in the context of the Lisbon treaty.

Ms Helen Keogh: It would be helpful for the sub-committee to make a recommendation on these issues. It is clear that we are trying to address the problems people have with the treaty. We need to set out how we would like things to continue. It would be helpful if the sub-committee were able to focus on these areas. We would be a step further on if we were able to strengthen these areas.

Mr. Hans Zomer: I thank Senator de Búrca for her proposal. There is much more to our proposals than we have mentioned today. We are keen to continue dialogue with the sub-committee. A couple of months ago, we were in this room to address the Sub-Committee on Overseas Development. We outlined our proposals on how to enhance policy coherence in Ireland. A great deal of European decision-making needs to start at nation state level. Ireland can do much better in terms of guaranteeing policy coherence from Dublin. It could influence Brussels in that way. Along with our colleagues across Europe, including the CONCORD network, we have done a great deal of work on coming up with proposals for enhancing policy coherence at European level. We could make those proposals available to the sub-committee if it wishes.

Mr. Tom Arnold: I agree with Senator de Búrca. I will repeat the basic point. Some good language and principles are enshrined in the Lisbon treaty, but they do not automatically translate into good policies. As

Mr. Zomer said earlier, that is where the big challenge lies. Parliament has a critically important role in that regard. If we start with the right language and the right policies, we will have the right starting point.

Deputy Lucinda Creighton:   I welcome our guests. I apologise for arriving slightly late. I had to rush from another meeting.

I would like more clarity on a couple of issues. Dr. Storey raised the point on the conflict between what he calls neoliberal economic policies in the EU and the development agenda. The economic agenda of the EU has proven very successful for Ireland and all of the EU. We have seen eastern European countries which have had humanitarian problems knocking down the door to get into the EU and benefit from those policies. We must be very circumspect about any denigration of those policies. I see the point he makes in that aspirational statements are one thing, but we need to see delivery in practice, and there is no doubt about that.

In the current global economic crisis, there is a difficulty regarding political and public will to deal with the problems in another continent when we have serious enough problems on our own continent with recession hitting a number of member states and probably more to come and real fears about unemployment, lack of competitiveness, etc. It is difficult to reconcile those matters. I urge caution in attacking an economic agenda in the EU. I point particularly to the Lisbon strategy, which is designed to make the EU more competitive. One could lose public opinion very quickly. Even in this country, in the last couple of months as we have entered much more difficult economic waters, more people are coming to me and questioning Ireland's commitment to the millennium goals. I am on the ground as a public representative; it is probably slightly different in the world of academia. We need to hold our nerve and be very committed in word and practise to those commitments but we also need to be sensitive to the challenges that lie ahead in Europe. I would like to hear Dr. Storey's views on it.

This leads to my very strong view that the Lisbon treaty set out a very clear commitment to those development goals, the most explicit commitment ever by Europe. The best thing about the Lisbon treaty is that it commits member states to working together in a way they have not done before. Ireland has a very successful record in providing assistance to developing countries through our NGOs which have links to international NGOs. Our work, resources, people and money can be much better used through co-operation and co-ordination in a consistent fashion as envisaged in the Lisbon treaty. From the point of view of development agencies, NGOs and people working in the field, it is understandable that so many are so disappointed by the outcome of the Lisbon referendum.

Ms Keogh referred to the nebulous areas in the Lisbon treaty and that this post-Lisbon discussion gives opportunities to discuss those in more detail. I would like to hear more specifically about what those unclear aspects of the treaty were so we can flesh them out in the sub-committee. This is the time to do it. I also ask all of the panel what difference the high representative would make to the development agenda from a European point of view. Given the merging of roles between the Council and the Commission, etc., I ask specifically about that role. Mr. Zomer spoke of how the high representative will function from a bureaucracy point of view, but how will the high representative, in its overall role of co-ordination, impact on the work that is being done in developing countries by Europe?

Ms Helen Keogh: Some of Deputy Creighton's remarks are helpful. Perhaps the entire point of the debate being nebulous was that people just could not grasp some of the issues and perhaps that has as much to do with the method of presentation as anything else. We were coming from behind in that regard. Obviously, the issue of military co-operation is one about which we need more clarity. Unfortunately, there is a great deal of misunderstanding about that and, indeed, the high representative. Mr. Zomer may wish to speak about that aspect of it.

Mr. Hans Zomer: I thank Deputy Creighton for that question. The point which we have made previously, is that there are many mechanisms required to deliver on what the Lisbon treaty states. Many of those are obviously not in the text and must be negotiated over the next couple of years.

Deputy Creighton referred to the external action service. The European development co-operation programme is extremely complex and involves many actors. One aspect is that they have been trying to decentralise it to the countries themselves and the devil is very much in the detail. Who will make these decisions?

Deputy Creighton's question about the role of the high representative is exactly the one we have as well. We have no answer to that. If this is a person who is pro-development, it will be fantastic for us. If, at the same time, it is a person whose main role is to enhance foreign policy objectives and security policies, then we as development organisations are in for a difficult time. We cannot give Deputy Creighton the answer. What we are saying is we need a great deal more debate in Ireland about these themes and it is not good enough if we only have a debate every time there is a referendum on a treaty. We need to have an ongoing debate about the principles and practice of the European Union, and that is really where we see the Oireachtas coming in as the main player. We would like to say today that we are here to work with the Oireachtas. What we have been trying to say is that Europe is extremely important in our work.

Mr. Tom Arnold: I would take up Deputy Creighton's point that with the global crisis there will increasingly be a temptation among politicians and ordinary people to ask about aid and its value. Where I would entirely agree with Dr. Storey is that aid will never be the critical determinant of whether a country develops or not, but aid can play an important role in the right circumstances.

In that regard, there has been work going on for the past number of years under the broad heading of aid effectiveness to get the different development actors — developing countries, donors, aid agencies — to start working together more effectively. In September, there was a crucially important meeting in Accra which, it is generally accepted, advanced that agenda. The point I want to make is that the key player who helped arrive at that set of sensible decisions about aid effectiveness was the European Union. It played a critical role in that regard. It goes back to the basic point. I believe that Europe is acting as a perhaps imperfect but broadly positive actor in the development agenda and that the Lisbon treaty provides the legal framework to enhance that further.

Dr. Andy Storey: To respond to Deputy Creighton's points, the no longer looming but current global recession or depression is definitely a threat to aid commitments. Regardless of who is elected US President tonight the US aid budget will be cut. One of the few explicit statements made in the vice-presidential debate was that it would be cut.

To some extent it is an opportunity in that it allows us to challenge the modes of economic thinking that got us into this mess. Part of this revolves around the model of economic governance within the European Union itself. There was a reference to the Lisbon strategy. The Lisbon strategy for competitiveness has been altered over time whereby the social elements have been downgraded and the economic competitiveness elements have been upgraded.

The European Union operates on a narrow conception of what constitutes competitiveness focused on liberalisation, cost-cutting and deregulation. The Bolkestein services directive is a clear example and fed into debates on the Lisbon treaty in Ireland. This mode of thinking is up for grabs and needs to be rethought. In this sense, perhaps the recession provides us with an opportunity and impetus to do so. To return to the central point, a number of speakers admit good language on development matters is enshrined in the Lisbon treaty but so are some bad policies. In particular I focused on the commitments to progressive trade liberalisation without concern for developmental considerations and the area of capital controls. These are potentially negative for poorer countries. It is not only a question of aspirational statements that need to be translated into good practice. The concern and fundamental issue is that bad practice is being set in stone.

Deputy Thomas Byrne:   I thank all of the witnesses for their presentations. I do not want to criticise or challenge people involved in development or charitable endeavours. However, Dr. Storey comes to this argument with a much wider view or challenge than Ireland's future in Europe. He stated that it is time to challenge the modes of economic thinking as a result of what happened during recent weeks. This is a far broader discussion in terms of our debate and it is a worldwide discussion.

At present, the world revolves around the capitalist system and the movement of capital. Free movement of capital within the EU has been a fundamental principle since day one. I know Dr. Storey has issues beyond this in terms of developing countries but in the course of his comments he has questioned even this. What is his position on the IFSC? It depends on free movement of capital within the EU from which our economy has grown which in turn allows us as a country to contribute a larger amount of money to developing countries through our development budget. Some of the consequences of what Dr. Storey stated would be far reaching if they were given credence.

He also mentioned lowering customs barriers. He meant this on a worldwide or international basis but within the EU it is a fundamental matter and one of the original aims of the EEC was to lower and remove customs barriers. Does Dr. Storey have a view on this and will he clarify what he stated and explain how it is relevant to development?

I agree with what Mr. Tom Arnold stated. The role of the EU in development and its contribution to the developing world has been broadly positive. One cannot get everything right but I challenge Dr. Storey's generally negative view of the European Union which is colouring his view of the Lisbon treaty. The consequences for this country of what he stated would be disastrous. If free movement of capital even between member states was to be interfered with or customs barriers were raised again it would have major negative consequences for this country in how we deal with the developing world.

Does Dr. Storey favour of a European approach in general or would he rather that Ireland pursued its own agenda? Are there advantages to working with a supranational body such as the Union, which tries to work as one voice, even though it does not always succeed? I do not wish to give out to Dr. Storey but he took a position in the debate and it is fair that I ask these questions.

Dr. Andy Storey: It is not a secret that I took a position in the debate and the Deputy does not need to apologise for reminding me of that. They are fair questions. There are advantages to participation in a wider economic bloc in terms of co-operation. In the context of the current crisis, the scale of the Union allows for a more effective response. I was trying to broaden the Lisbon debate. The sub-committee's remit, as I understand it, is to discuss Ireland's future in the Union but that cannot be done outside the wider context of the profound seismic shifts currently affecting the European and global economy and that is crucial.

I will clarify my position on capital controls and trade liberalisation. Liberalising the movement of capital can be developmentally beneficial for countries, as can liberalisation of trade in goods and services and the lowering of customs barriers. The question is whether they should be set in stone and that is where I have a problem with the direction in which the EU, although not exclusively, is moving. For example, following the Asian financial crisis in the late 1990s, Malaysia recovered best and quickest because it reimposed capital controls in the wake of the crisis. The crisis proved more long lasting in South Korea which, at IMF insistence, abandoned capital controls. The selective ability to impose such controls and regulate capital to a much greater extent, as borne out by the recent crisis, is a vital part of the toolkit that developing countries need to have to promote development.

That is a wider theme within development literature currently. Writers such as South Korean economist, Ha-Joon Chang, or the London School of Economics economist, Robert Wade, emphasise the centrality of what they call policy space, that is, countries having the means to impose a strategic trade policy that is not a rush to liberalisation before sectors are in a position to deal with that competition, the ability to have subsidies, the ability to impose restrictions when necessary and building up progressively a viable economy in the way developed countries, including European countries, did. All used protection, capital controls and other measures selectively and sometimes for long periods.

Affording poor countries that ability to have that policy autonomy and space is an absolute precondition for successful development. Trying to take away such autonomy and make it a blanket inability on the part of those countries to implement such policies is a recipe for development disaster.

Deputy Thomas Byrne:   What is Dr. Storey's view on the movement of capital within the Union?

Dr. Andy Storey: Nobody is challenging the free movement of capital within the EU nor are they likely to, but who knows? Nobody predicted the current turmoil in global financial markets but it is not on the agenda, nor is the reimposition of trade barriers between European countries. At the same time, where barriers remain such as in the services area, which the Balkanstein services directive sought to tackle, the answer is not necessarily complete liberalisation allowing services to be freely provided across borders, regardless of social consequences in terms of employment standards. Where barriers remain, the answer is not necessarily liberalisation.

Ms Mary Lou MacDonald, MEP: The free movement of capital is topical at European level where complete deregulation has reaped its own rewards. A specialist group, including one of Deputy Byrne's former colleagues, Commissioner McCreevy, is examining the matter. Recent events have illustrated very clearly that those who contend market forces or a neoliberal agenda will solve all societal ills and raise all boats have been left with serious amounts of egg on their faces. It creates an interesting global context in terms of how we come at these issues.

I thank the speakers for their interesting presentations. I am somewhat taken aback that neither Dóchas nor Concern has expressed any criticism of EU trade policy. I am astounded at that. Perhaps they might clarify that matter for me. Does Ms Keogh contend that the Lisbon treaty had the capacity to alter the EU's behaviour in respect of the General Agreement on Tariffs and Trade or the economic partnership agreements? If the answer to that question is "No", I wonder if the fine language we have all commended can be equated to the "simplistic slogans" that were mentioned by Ms Keogh earlier.

Can I ask each of the speakers about the position of high commissioner and the proposed external action service? Where do the speakers realistically expect development matters to feature in the hierarchy of needs? How do they assess trade policy, which I consider to be an acute danger? What is their view on such matters as the EU's foreign policy needs, the increased military role of the EU and the fight against terrorism? If I were a betting woman, which I am not, I would bet that such issues will far outshadow the trade agenda, rhetoric notwithstanding.

As Dr. Storey is present, I cannot miss this opportunity to ask about the intersection between development issues, the EU's relationship with NATO and the militarisation agenda, to use a loaded term, at EU level. Can Dr. Storey comment on that matter?

I will conclude by commenting on Ireland's position as a neutral country, which is always a matter of concern when we debate Europe. To what extent do the representatives of the various bodies believe the Lisbon treaty will intrude in that regard? If the representatives of Dóchas and Concern could alter one aspect of the text of the treaty — if they could make one insertion, amendment or critical intervention — what would that be?

Dr. Andy Storey: I will start by talking about the high commissioner and the need for more coherence. I am sure the representatives of Dóchas and Concern agree that it is a really important issue. The worry that trade interests, security interests or wider foreign policy interests could trump development interests is a serious one. I am concerned about the way in which development is understood. Even if development interests remain high on the agenda of the high commissioner, whoever he or she may be, the manner in which he or she understands development will be important. If he or she understands it as a matter of liberalisation, that will become part of the problem. I am worried not just that development will slip off the agenda but that a certain concept of development will continue to rule the roost.

I wish to comment on the military aspects of the Lisbon treaty that were highlighted by Action from Ireland, particularly during the referendum campaign. We had concerns about the extension of the tasks EU forces could engage in. We were worried about what seemed like a commitment to increase military expenditure. We were concerned that links with NATO were to be centralised or increased under the structured co-operation provisions. We had very real concerns that the treaty would represent another

advance in the militarisation — I do not hesitate to use the term, even though it is loaded — of the European Union. We had specific concerns about how that would impact on developing countries. I wish to reiterate a point I made in the paper I submitted to the sub-committee. Nobody who has read the papers in recent weeks, particularly Dr. Tom Clonan's piece in *The Irish Times* the week before last, can be sanguine about the fact that Irish army officers are assisting the NATO mission in Afghanistan. That is a deeply worrying development for future Irish security and the security of the Afghan people who are being killed much more regularly by NATO forces than by Taliban insurgents. This is not connected directly to the Lisbon treaty because it can take place without that legal framework but represents the kind of intervention that can happen. We also have very serious concerns about how the Chad intervention, well-intentioned though it undoubtedly is by many of the participants, could reinforce the foreign policy goals of the French Government. Our concerns regarding the militarisation-development nexus are about the likely uses of enhanced EU military capability both in co-operation with NATO and acting separately. We were sceptical about how that would, if at all, promote development or security in the global south. It comes back to this overall vision of Europe. If liberalisation trumps development, as I argue it does, in the overall formulation of EU external policy, EU military policy will follow a very similar agenda. I do not suggest EU military forces would be directly deployed to secure access to particular resources or promote specific European trade interests. It would not necessarily be as crude as that. However, the overall thrust of EU external policy is based on a narrow concept of economic self interest and a commitment to neoliberal and, often, anti-developmental principles. It is reasonable to assume military policy, as a component part of that overall foreign policy, would be largely driven by similar considerations.

Ms Helen Keogh: In our recommendations we have been critical from time to time on trade issues. We want improved policy coherence for development so development goals are not undermined by other policy priorities. We do not refer only to trade but to agriculture and security. A number of us here are involved in the Joint Consortium on Gender Based Violence, which does very good work on the protection of women, particularly in war. Our Defence Forces are a very important part of that consortium. We must maintain an element of balance. We are very aware of the issue of security and militarisation and it is very well understood, particularly by the organisations in the Dóchas network. We must maintain balance and reality regarding Ireland's situation in this.

Mr. Tom Arnold: Ms McDonald asked if there was no criticism of European trade policy. While I would not claim that European trade policy is perfect, Europe's position on, for example, the Everything But Arms initiative was a positive action towards the developing countries, particularly Africa. They have attempted to promote regional integration mechanisms within Africa, which are at least as important as, and in many cases probably more important than, securing a fair international arrangement. That is where the theatre of economic activity is. Europe has continued to play an important role in both those areas. Debates continue on the final outcome of the WTO talks and the degree to which the interests of developing countries are taken account of in any such final outcome. Europe should play a progressive role in this.

On foreign policy and the question whether there is a risk that Europe will become a negative actor in this field, these are political choices. We must look at the record. Has the European Union performed honourably or dishonourably in this field? Obviously, people will take different sides of that argument. What has been happening, particularly since the Maastricht treaty, is that the European Union has been equipping itself through treaty provisions, institutional and policy arrangements to play a wider role commensurate with its international vocation. Obviously, there are others who will have a different interpretation. Overall, the European Union has played an important role here and in a way the formal language of the Lisbon treaty represents the framework to take it further. Translating it into actual policies to behave honourably towards the rest of the world is the political challenge. That is why scrutiny by the Oireachtas and other parliaments, as well as the wider civil society, remains very important.

Mr. Hans Zomer: I thank Ms McDonald for her questions. Senator de Búrca also picked up on the fact that Dóchas had a diverse view. We have 39 members. As Ms Keogh stated, we have 850,000 supporters. We will not claim that they are all in agreement on every aspect of the Lisbon treaty. We used the opportunities such as that created by the Oireachtas to debate ahead of the vote on the treaty, for which we were grateful.

A number of statements made by Dóchas during the years were highly critical of EU trade policy. We have done this together with the Irish Congress of Trade Unions and others. I can make the statements available to the sub-committee. For us, it is important that these matters are being debated. Fundamentally, what we have been trying to say today is that, even with the Lisbon treaty, the Europe Union cannot make us do things we really do not want to do. As a country, we need to make use of the opportunities available to influence European Union decision making. If we let it happen without a strong Irish input, we cannot complain that it is negative. The Lisbon treaty has given a nice boost to public debate on the European Union and we would like to see it continue. We need more democratic scrutiny of European decision making which I hope is where we and the sub-committee come in.

Chairman:   On behalf of the sub-committee, I thank everyone very much for giving of his or her time. All the groups have had an opportunity to put questions and everything that has been said will be on the record, as will the three submissions made. We will draft our report on this basis. I again thank the delegates for their contributions and giving of their expertise.

The sub-committee went into private session at 5.38 p.m. and adjourned at 5.41 p.m. until 9.30 a.m. on Wednesday, 5 November 2008.