



**CHAMBERS
IRELAND**
IN BUSINESS FOR BUSINESS

The Future of Europe

Chambers Ireland Submission to the Oireachtas Committee on EU Affairs

October 2017

Introduction

Chambers Ireland is the largest business network in the State. With members in every geographic region and economic sector in Ireland, we are well positioned to understand the concerns of businesses from all areas in the country and represent their views. We welcome the opportunity to contribute to the work of the Joint Oireachtas Committee on European Affairs in formulating a view on the Future of Europe.

As part of our work representing the interests of Irish business, we work closely with the European Association of Chambers of Commerce and Industry, also known as Eurochambres. Founded in 1958 it forms one of the key pillars of business representation to the European Institutions. It voices the interests of over 19 million member enterprises in 45 European Countries through a network of National, regional and local Chambers. The mission of Eurochambres is to represent, serve and promote European Chambers of Commerce and Industry, strengthening the voice and position of European Chambers as significant, respected, valued influencers of European affairs on all major economic issues.

Concerning the work of the EU, our specific areas of interest include trade, completing the Single Market (particularly the Digital Single Market), access to finance and ensuring that EU law making is SME-friendly and administratively efficient. A number of these areas were identified as part of the European Commission's Work Programme for 2017. These include;

- Supporting the European Commission's trade agenda, particularly with regard to increased transatlantic trade, but additionally striking new trade deals with regions of strategic interest to Irish business.
- Reducing administrative burdens for business, particularly SMEs
- Completing the Single Market, particularly in ways that support Ireland's growing digital economy
- Supporting SMEs when it comes to promoting entrepreneurship, accessing credit and encouraging internationalisation

The Challenges for the EU

After several years of sluggish growth, the Euro-zone returned to strength this year and is amongst the strongest advanced economies in the world.¹ However, many challenges continue to beset the EU, including security, skills deficits, changing demographics, migration and the subsequent integration of migrants and climate change. Youth unemployment is also a challenge for the EU, although some improvements have been made in recent years.²

Further, while the consequences of the imminent departure of the UK from the EU are not yet clear, the loss of the UK from the EU will present budgetary challenges and obstacles to trade. It will also present significant challenges for the Irish economy, including loss of trade, threats to relative competitiveness and potential political challenges for cross border trade and free movement on the island of Ireland. The departure of the UK from the EU also may have geo-political consequences for Ireland and for the wider EU27, as the UK is viewed as a counterweight to the larger economies of France and Germany. The UK was also viewed as a like-minded ally for Ireland on issues relating to Single Market, the REFIT agenda and the Common Consolidated Tax Base. Without the UK, Ireland may find itself without support on a number of crucial economic issues, particularly corporate tax.

The 60th anniversary of the Treaty of Rome, which founded what we know as now the European Union (EU), has accelerated the debate on the future of Europe. After successive years of crisis management, the British vote to leave the EU, an international environment more actively hostile to European integration, and the surge of anti-EU sentiment across the continent, there is significant pressure on political leaders to confront these new challenges.

The Future of Europe - Where to next?

Following the publication of the White Paper on the Future of Europe in February 2017, Chambers Ireland and our colleagues in Eurochambres engaged with the members of the wider European chamber network regarding the five proposed scenarios for how Europe could evolve by 2025, as set out by the European Commission.

These scenarios describe different degrees of integration and cooperation among countries, as well as suggesting that Member States might agree to work more closely together on a selection of different policy initiatives.

Following a dialogue with our own Chamber Network, Chambers Ireland identified the following two as being the preferred path for the EU.

Preferred option - Carrying On

¹ <https://www.weforum.org/agenda/2017/06/these-are-the-world-s-fastest-growing-economies-in-2017-2/>

² http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics#Youth_unemployment_trends

- There was a degree of consistency when it comes to supporting the first path proposed by the European Commission in its White Paper - *Carrying On*. This proposal commits to making reforms across the EU27 and ensuring incremental progress across the functioning of the Eurozone, the EU's foreign affairs agenda, Budget and regulation. It also commits to strengthening the Single Market and pursuing progressive trade agreements. Ireland has benefitted enormously from its EU membership. We do not believe that it would be of benefit to the EU-27 to limit the work of the EU at this time to just the Single Market and abandon all other initiatives as outlined in Option Two - Nothing But the Single Market.

Second Preferred Option - Doing Less More Efficiently

- If it is not possible to reach agreement as an EU-27 to continuing on this current path, OUR Network proposes that the next preferred option would be to think strategically about how we narrow the portfolios on which the EU focuses its attention. The objective being that the EU can ensure that these priority issues are dealt with far more efficiently, meaning that the EU is empowered to act faster and more decisively in these roles. We believe that this option is preferable to option two (nothing but Single Market), and proposals to have a form of two tier EU. We believe unity in the EU is of the utmost importance, even if this means reducing the portfolios of the EU to some degree. We do not believe that the current political environment will result in the EU-27 agreeing to do more together.

However, across the wider European Chamber Network, no clear consensus solution was identified by the business community in EU-27 countries. Instead, it was felt that there might be room to propose a further scenario that shares some of the characteristics in a number of the scenarios outlined by the Commission; for example, that countries who want to do more together, should be enabled to do so; that certain areas like trade; energy and socio-economic challenges require the complete co-operation of member states to avoid market distortions; EU legislation must be properly implemented and enforced across the Single Market; institutions should focus time and energy on core issues of importance to the EU project, such as strengthening the Single Market; the EU must continue to pursue a progressive and ambitious trade policy.

The EU has proved for 60 years that peace and prosperity is a result of solidarity and unity among the member states. However, policy-making should evolve and adapt to the needs of citizens and businesses. From the perspective of the business community, reducing red tape and guaranteeing favourable conditions for trade inside and outside the European Union will be crucial to ensuring that support for the EU remains steady and that the success of the EU project, in both political and economic terms, continues for years to come.