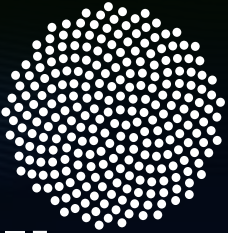


ibec Europe & Global Focus

Issue 13 | Spring 2020



ibec
For Irish Business

**COVID-19:
How the EU is responding**

**European Commission:
Green Deal and
Digital Future analysed**

**Interview with Barry Andrews
Ireland's newest MEP**

Profile

**Profile of Ibec member
Cook Medical**

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Challenging times ahead for the EU and its Member States

Welcome to the thirteenth edition of Ibec Europe and Global Focus, which is published during an extraordinary and challenging time as Europe and countries around the world grapple with the Coronavirus pandemic. Ireland is dealing with COVID-19 as our political system struggles to form a new government following an indecisive result from a general election held in February 2020.

We start this issue by focusing on the social and economic challenges of COVID-19 and look at the responses of the EU institutions to this global pandemic. Ireland responded rapidly to COVID-19 by introducing testing and social distancing measures early, intensifying these measures as the pandemic progressed. Ireland moved quickly through the containment phase, focused on all cases, to the delay phase with initiatives put in place to slow the spread of the virus. As the curve has flattened there is an increasing focus on cases with the most severe symptoms and ensuring proper intensive care is in place in the health system to deal with the crisis.

On the economic side the acting government responded to Ibec calls for a Wage Subsidy Scheme and other supports needed by businesses severely impacted. The Government also introduced a Pandemic emergency social payment of €350 per week for those who lost their job. At the time of writing COVID-19 restrictions have been extended until at least 5 May.

Ibec is highlighting the need for collaboration on how reopening society and the economy is sequenced. Advance communication will also be important to allow for business planning along with safeguarding of employees, suppliers, customer and communities. The collective action demonstrated on the health agenda must now be matched on the economic agenda. Health experts have been central in supporting Government action and communications to flatten the curve, but Government now needs to bring business and economic expertise to the fore too. How Ireland, the EU and our international partners move forward in reviewing measures will be critical in supporting our societies and economies to recover.

A review of the general election highlights a second

challenge facing Ireland - forming a new government. The long-established centre right party duopoly has come under pressure from a surge in support for left-wing parties. However no single party reached the quota required to form a government. While Sinn Féin secured the highest proportion of first preference votes it failed to attract partners to form a government. Subsequently, Fianna Fáil and Fine Gael have agreed a coalition framework but will need the support of smaller parties e.g. the Greens or independents to form a government. Ibec's pre-election campaign focused on quality of life issues, highlighting that infrastructure gaps exist in housing, health, public transport and education. Any new Irish government will have to address these issues and will also have to establish a new model of social dialogue to exit the COVID-19 crisis and support economic recovery.

On future EU-UK relations, formal negotiations have begun with both sides publishing their approach to the negotiations. COVID-19 has slowed the pace of progress but has not halted the talks. On 30 March, the EU and the UK held their first Joint Committee meeting under the Withdrawal Agreement. Statements released show both sides are committed to safeguarding the rights of EU and UK citizens, and have agreed to start the work of Specialised Committees, including one on the Northern Ireland Protocol. With the second round of negotiations on the Future EU-UK relationship only beginning remotely in late April the timetable is under even greater pressure. The priorities of Ibec remain ensuring that the unique Irish challenges continue to be addressed and that the EU and the UK have the closest possible future relationship. COVID-19 makes trying to conclude and ratify the deal by year-end ever more challenging.

On general EU affairs, we explore what post-Brexit seat redistribution means for Ireland and the European Parliament. We examine the progress of the Croatian Presidency of the Council 2020. The special spring European Council saw EU leaders postpone reaching agreement over the Multiannual Financial Framework. It is likely that various priority areas for Ireland, including

Ireland is dealing with COVID-19 as our political system struggles to form a new government following an indecisive result from a general election held in February 2020

From the Editor

the CAP, will face further pressure as the EU reviews its priorities to address the impact of the COVID-19 crisis.

We examine the European Green Deal which was promoted as a transformative green growth strategy. The Deal is not just about climate change and the circular economy and if fully implemented would affect nearly every policy area and business sector. New and revised legislation is expected in most sectors including energy, financial services, transport, food production, chemicals and buildings.

Our Ibec member focus in this issue is Cook Medical, a leading producer of minimally invasive medical devices. Emmett Devereux outlines Cook Medical's positions on major regulatory issues as well as its solutions for patients and customers.

We profile Ireland's newest MEP Barry Andrews who sits in Renew Europe and is a full member of the Committee on Trade (INTA) and Delegation for Relations with South Africa. He answers questions on the future direction of the EU, his priorities for the next five years and the importance of Irish business increasing its representation in the EU.

In our member state roundup, we focus on Poland and their reluctance to sign up for the Green Deal, and both Finland and Belgium's new government formations.

On global trade and international affairs, we discuss the ongoing EU-US trade war. Ibec calls for the US Administration and the European Commission to negotiate a settlement to the civil aircraft disputes and agree standards that could become a template for future support for the aviation sector globally. In other news on the global front, we cover EU-China trade and the importance of complying with export controls.

On Europe's digital future, we discuss how digital leadership is critical for Europe's future economic success and well-being. Embracing further technological change presents both opportunities and challenges in globally competitive world. Progress is being made but the EU must not be complacent and strike the right balance in encouraging further innovation. Ibec's three priority areas include digital leadership, enabling everyone to reach their potential in a digital age; and championing digital innovation, enterprise and trade.

In December 2019, Ibec launched its EU institutional priorities for 2019-2024 with the campaign document 'Ireland in the EU: Focus on the Future'. These priorities include, unlocking the potential of the Single Market, embracing the digital transformation, leading the world in trade and investment, embracing competitive taxation policy, respecting Member State's labour and social policies and tackling climate change. Delivering on these priorities will be even more important to boost economic recovery from COVID-19.

We highlight some key events that we have participated in so far this year. In January, Danny McCoy and I participated in Business at the OECD (BIAC) meetings with the OECD Secretary General Angel Gurría and Ambassadors for an exchange on policy priorities. In March, Ibec had another very successful visit to the Washington DC, meeting with US and Irish business leaders and political stakeholders, including hosting an Ibec-CBI Joint Business Council (JBC) event in the US Congress.

As always, we hope you enjoy this issue of Ibec Europe & Global Focus and we look forward to engaging with you further on any of the issues featured here. In the meantime, we hope you are staying well and safe during these unprecedented times.

If you want to pick up on any of these items, don't hesitate to contact any member of the team.



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COVID-19: Actions of EU institutions

The COVID-19 pandemic represents a major social and economic challenge for Irish business and society. Ibec is playing a key role in influencing the policy response required to assist business and provide effective guidance and support for our members.



Ursula von der Leyen, President of the European Commission

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EU member states responded to the crisis with restrictive lockdowns which have put business activity on hold and made social distancing the norm. In Ireland, public health is the primary focus of our collective efforts, and given the scale of

the response there have been both temporary and potentially longer-term pauses on business activity. On the one hand a large number of work-places have moved to remote working, as have the EU institutions. On the other hand, essential manufacturing and services in critical areas such as biopharmaceuticals, medical technology, food, drink and retails services are continuing to operate.

In response to the moves of several member states to implement so called 'lockdowns' which has seen entry granted only to citizens and residents, the European Commission issued [guidelines](#) which instruct member states on how to ensure there is no disproportionate effect on supply chains, the free flow of goods and services, and the movement of workers.

The economic shock of such severe and sudden action, taken in order to slow and stem the spread of the virus, has had an impact on the Single Market. Freedom of movement has been disrupted, whole sectors are shut down and international supply chains have been disrupted. The Single Market must remain open – particularly to facilitate supply of essential goods such as food and medical supplies.

The European institutions have developed a roadmap towards lifting containment measures and restarting certain areas of the economy. From the outset, the institutions have promoted a coordinated response, and as such in their roadmap are calling for a coordinated effort in the easing of any restrictions.

European Institutions: Actions

The European Commission has taken [numerous measures](#) to date to address health and economic crisis created by the Covid-19 pandemic.

The European institutions continue to operate but primarily remotely and via videoconference, with the physical meetings of the European Parliament, College of Commissioners and Council postponed until further notice. MEPs are primarily working from their home constituencies with voting and meeting facilitated online, while Council meetings, recently held more regularly and informally, are taking place via teleconferencing.

Among the measures taken are:

Research funding includes:

- €140 million in research funds to develop treatments and vaccines including: €48.5 million for 18 projects for vaccines and treatments via Horizon 2020 and €90 million in public and private funds for therapeutics and diagnostics.
- Additionally: €164 million for SMEs and start-ups for innovative solutions to tackle the COVID-19 outbreak

A package of supports for jobs, workers, businesses and member states totalling €540 billion:

- A programme devised under the [EU Solidarity fund](#) : **SURE** (mitigating the worst impacted workers and unemployed) will provide loans of up to €100 billion to member states to finance programs which ensure that worker incomes continue and businesses keep staff.
- European Investment Bank (EIB) creating a pan-European fund with loans of up to €200 billion for companies with a focus SMEs.

The EU budget has increased €3.1 billion and has redirected funds to tackle the crisis.

- A [Coronavirus Response Investment Initiative](#) (€37bn) under which the Commission is seeking to ensure that member states will be provided with financial back-up and targeted assistance. In the case of Ireland, this will mean about €33m is readily available in March and April to the Irish government for measures to tackle the challenges posed by the COVID-19 pandemic.
- Up to €28 billion of as yet unallocated structural funds are eligible. Up to €800 million from the EU Solidarity fund available to hardest hit countries.
- Cohesion Policy Funds (€37 billion) are being redirected. Co-financing obligations are being relaxed, as is related administration. The relevant Cohesion Policy funds include the European Regional Development Fund, the European Social Fund and the Cohesion Fund. This includes about €8bn of unspent EU cohesion money that Member States can keep instead of reimbursing to the EU, €29bn of co-financing from the EU budget.
- A further €200 billion in loans for EU companies will need to be underpinned by €25bn from member state guarantees.
- Fiscal measures equate to 3 % of EU GDP with liquidity support measures equating to 16 % of EU GDP.

Other measures include:

- The Commission has mobilised €1 billion euro via the European Investment Fund to guarantee 100,000 SME bank loans.
- An approved Commission proposal alleviated airlines from obligation to fly in order to keep [airport slots](#).
- An approved Commission proposal coordinated member state closure of external borders for 30 days and measures to maintain the free movement of goods e.g. '[Green Lanes](#)' initiative



- **State Aid:** Temporarily revised State Aid framework allowing direct **grants of up to €800,000** to all businesses. The Commission has [approved of the Irish government's state aid response](#). This [new temporary framework](#) will enable direct grants, state guarantees, subsidised public loans and safeguards for banks. The State Aid measures will be in place until December 2020 with the possibility of an extension. The Commission are ensuring a swift approval process of member state schemes including as few as 2 days for approval i.e. 31 March Commission approval of Irish scheme of €200m in support for companies
- The Emergency Support Instrument will receive €3bn, of which €300m is to be allocated to RescEU which supports common medical equipment stockpiling.

European Central Bank (ECB): President of the European Central Bank (ECB) Christine Lagarde has reinforced her organisation's commitment to the eurozone, and on 19 March unveiled a package: [Pandemic Emergency Purchase Programme \(PEPP\)](#) of €750bn established,

purchasing obligations, member state notes and corporate notes. Purchases will be conducted until the end of 2020. €120 billion was proposed by the ECB in quantitative easing and €20 billion in debt purchase. Lagarde also stated she is not ruling out further measures to support the bloc as it deals with the challenges of COVID-19. Philip Lane, Member of the Executive Board of the European Central Bank and former Governor of the Central Bank of Ireland, held an exchange of views with Ibec National Council at the beginning of April.

European Council: The European Council has held regular video conferences with Heads of States sharing their efforts to contain and mitigate the effect of COVID-19 on their citizens, residents, public health infrastructure and economies. In a [joint statement](#), issued 26 March, the Council called for fast implementation of the Commission's economic proposals and tasked the Commission with developing a roadmap to exit the European wide lockdown. The Council endorsed common temporary closure of external EU borders for 30 days and coordinated provision of medical equipment, masks, respirators, limiting virus spread and vaccine research as well as repatriation of EU citizens from third countries.

COVID-19: Responses of EU institutions

- **Eurogroup deadlock resolved:** Eurogroup, the group of the eurozone's finance ministers reached agreement on 9 April after being tasked by the Council in March with reaching agreement over bailout plans for the bloc following the COVID-19 crisis.

The package of liquidity measures presented totalled €540 billion and included measures for national governments, companies and workers; respectively the ESM, provisions for the European Investment Bank and the Support to mitigate Unemployment Risks in an Emergency (SURE), the European Commission's new instrument to help workers. The package of measures presented in order to bailout affected eurozone countries included a proposal for the provision of €240 billion from the European Stability Mechanism (ESM). A group of member states reportedly including Ireland, Italy, Spain, France, Belgium and Luxembourg feel measures ought to go

further than what is provided under the ESM, which is reserved for eurozone countries.

Eurogroup leaders still have to reach agreement on the subject of joint debt issuance or 'coronabonds' and a plan for the EU's economic recovery. To date, lines of disagreement over debt-sharing have seen the Netherlands, reportedly backed by Germany, Austria and Finland favouring strict conditions on soft loans for member states affected by the COVID-19 fallout under the bailout fund the European Stability Mechanism (ESM). Austria, meanwhile, reportedly wanted a 'country specific memorandum of understanding' including growth enhancing reforms to be implemented once the crisis has been exited. Compromise proposals to agreement on 7/8 April included a suggestion to leave open the ESM chapter in order to allow discussion on wording to continue, but this was opposed by Spain.

Ibec view:

Ibec, at the outset of the COVID-19 crisis, called on the Government to increase the scale of its fiscal support, keep firms alive, employees engaged and to act as an income source of last resort for impacted households.

Since the crisis began, Ibec has welcomed the Government's introduction of a Temporary Wage Subsidy Scheme (TWSS) as a 'strong solution for business and workforce continuity' which 'will continue to play a vital role in enabling the economy to bounce back at the other end of this crisis'

Ibec welcomed the announcement of additional liquidity supports of €1 billion to address the credit crisis currently facing Irish business. Ibec also believes it is important that the present political situation is resolved

so a new Government can introduce further liquidity supports for business, in particular as liquidity challenges are currently impacting on businesses of all sizes.

Ibec has communicated to government to importance of a consistent framework for engagement between business and government with systematic and regular Government engagement on social and economic measures as well on an exit strategy for a stepped return to comprehensive economic activity.

In consultation with members, Ibec is working to develop and deliver a deep and credible campaign with a roadmap to reboot Ireland; underpinned by policy recommendations for Government and messaging for business.

Irish General Election Overview:

A general election in Ireland, held Saturday 8 February, saw a structural shift take place in Irish politics with the country's century-old centre-right duopoly challenged by an increase in support for left-wing parties. No single party, however, achieved the seats required to independently govern. Ireland's two largest parties pre-election Fine Gael (in government) and Fianna Fáil (left government in 2011) emerged from the election with seat numbers essentially level with Sinn Féin. Coupled with this 10.7% increase for Sinn Féin were seat gains for smaller parties such as the Green Party and the Social Democrats.

A total of 80 seats are necessary for the majority required to govern. As the three largest parties received just short of 40 seats each, a coalition of two plus a smaller grouping, or a confidence and supply arrangement, will be necessary to form a government.

As such, several government formations are possible, including both a coalition of two centre-

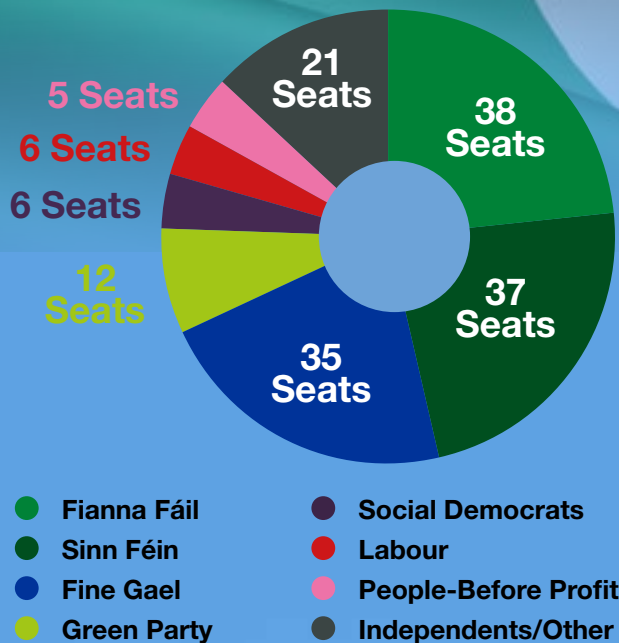
right groups, as well as a coalition of the centre-left and centre-right.

While all new TD's have taken their seats in Dáil Éireann, the absence of a new coalition or appointed government means the Taoiseach and cabinet of the previous government continue to carry out their Ministerial duties in an interim capacity. This has proved to be important for Ireland's response to the COVID-19 virus.



Irish General Election

The results were as follows:
Overall seats 160 including Ceann Comhairle (speaker of Parliament):



Alignment at a European level:

In European Parliament Fine Gael is aligned to the EPP (European People's Party) and are represented by five MEPs. Fianna Fáil have two MEPs and are aligned to Renew Europe. Sinn Féin have one MEP who is aligned to GUE-NGL (European United Left-Nordic Green Left). The European Commissioner for Trade Phil Hogan is a member of the Fine Gael party.

Where are Ireland's political parties on the EU?

In advance of the 8 February Irish general election, [Fianna Fail \(FF\)](#), [Fine Gael \(FG\)](#) and [Sinn Fein \(SF\)](#) all detailed their stances on Ireland's involvement in the EU in their manifestos.

Fine Gael self-titles itself the 'party of Europe' while Fianna Fáil and Sinn Féin believe change is needed, while favoring Ireland's continued EU membership.

General EU priorities:

In their manifesto, Fianna Fáil outlines their motivation for increased Irish representation in and engagement with the institutions, and Fine Gael calls for collaborative EU engagement. Fine Gael are strong proponents of Erasmus+ while Fianna Fáil pledge to develop a new programme focusing on European languages at the Junior Cycle level. Sinn Féin is determined to further democratise the EU and reduce the powers of the European Commission. They pledge to return powers to member states and increase the influence of national parliaments in the EU legislative process.

Future EU-UK relationship:

On the EU's future relationship with the United Kingdom (UK), All parties support the need to protect the Good Friday Agreement and the full implementation of the Northern Ireland protocol under the Withdrawal Agreement. Fianna Fáil and Fine Gael align on the topic of fisheries in

Irish General Election

Brexit negotiations, with both parties pushing for reciprocal access to fishing grounds and the protection of quotas. Sinn Féin indicate that EU regulations on fisheries have had a negative impact on Irish fishermen. Fianna Fáil and Fine Gael are both committed to establishing a formal structure between Irish and British governments to enhance cooperation post-Brexit. Fianna Fáil promises to work together with SMEs who are not adequately prepared for Brexit. Both Fianna Fáil and Fine Gael pledge to push for a low-impact exit and a close relationship with the UK.

Corporation Tax Rate:

One point on which all three main parties align is Ireland's present corporation tax rate. In their respective manifestos, they acknowledge the benefits that a comparatively low corporate tax rate has brought to Ireland, and are determined to retain this rate.

Common Agricultural Policy (CAP):

The three parties are united in their defence of the budget for the Common Agricultural Policy (CAP) but will be advocating for a rebalancing of payments to benefit smaller farmers.

Trade:

Fianna Fáil, in their manifesto, say that Ireland has thrived and prospered as a result of Free Trade Agreements (FTAs). Fine Gael is also supportive of EU trade. Regarding the EU-Mercosur agreement, Fine Gael promises to conduct an impact assessment in advance of the ratification on the deal. Sinn Féin opposes the Mercosur agreement, questioning its impact on Irish agriculture.

The Ibec view:

Ibec's pre-election campaign focused on quality of life issues; identifying that considerable infrastructure gaps exist in areas such as housing, health, public transport and education. Ibec believes public services ought to improve proportionately with private investment and wealth. Priority issues for voters in the February election included public services and infrastructure, with exit polls revealing voter concerns were primarily centred on housing and health. There was also increased focus on climate change issues.

Sinn Féin secured the highest number of first preference votes and effectively tied for the highest number of seats with Fianna Fáil, while Fine Gael came third. Early attempts to form a coalition Government failed due to many areas of policy divergence and differences in decision making structures between Sinn Féin and Fianna Fáil. Major business-related areas of divergence included mandatory union recognition, income taxation levels and approach to

the banking sector. Areas of alignment include maintaining Ireland's current level of corporation tax, participation in the BEPs process and the preparation of Irish companies for Brexit. Recent discussions have focused on a potential coalition led by Fianna Fáil and Fine Gael, this possibility has increased due to the need for a coordinated response to the COVID19 crisis and medium-term impact on the economy.

Following the election, Ibec is calling on any new Irish government to manage the political asks of the election by establishing a new model of social dialogue and a Commission on Taxation. Whichever combination of parties ultimately govern will adopt a country which has experienced several years of sustained growth, but which also faces serious social and economic challenges, with COVID-19 being the most immediate, and the evolving EU-UK relationship and a change of global rules on taxation in the more medium-term.

EU-UK Negotiations update

EU-UK Negotiations update

On 30 March, the EU and the UK held their first Joint Committee meeting under the Withdrawal Agreement. The teleconference meeting was co-chaired by the European Commission Vice President Maroš Šefčovič, and the UK Chancellor of the Duchy of Lancaster, Michael Gove. The online meeting was also attended by a small delegation of Member States representatives and ministers from the Northern Ireland Executive.

The EU statement released following the meeting, can be found [here](#), and the UK's post meeting readout [here](#).

The Commission's statement emphasizes the need for the UK to produce a detailed timetable on the introduction of customs procedures. The UK restated their commitment to protect the Belfast/Good Friday Agreement and uphold their obligations under the Northern Ireland Protocol. Both sides noted the importance of safeguarding the rights of EU and UK citizens, and have agreed to start the work of Specialised Committees on Northern Ireland, citizens' rights and on the Sovereign Base Areas in Cyprus and on Gibraltar.

All island economy and FTA negotiations

During Ibec's annual St Patrick's Week outreach work in Washington DC, discussions were held on the implications for the all island economy, the Ireland/Northern Ireland Protocol and the Good Friday Agreement in US FTA negotiations with the EU and UK. US officials in the Department of Commerce and USTR directly responsible for Ireland and these FTAs, sought information on the Protocol and all island economy. Ibec's outreach heightened awareness of the importance of the Ireland/Northern Ireland Protocol among these key officials involved in the US negotiations with both the EU and UK.

Ibec, in collaboration with CBI NI, also held a Joint Business Council (JBC) briefing on 'Resetting the agenda' on the all island economy sponsored by Congressman Brendan Boyle in the US Congress. We were delighted that the UK Secretary of State for Northern Ireland, Brandon Lewis participated in the full event.

Next steps

The following dates have been agreed for formal negotiating rounds lasting a full week:

w/c 20 April

w/c 11 May

w/c 1 June

Comparison of the EU and UK negotiating mandates

The EU and the UK have formally entered negotiations on their future relationship. Both sides have published their approach to the negotiations. The talks were planned to alternate between Brussels and London every 2.5 weeks, this allowed time for the Commission negotiators to brief institutional and other stakeholders ahead of a formal negotiation round, and to debrief. With the COVID 19 crisis and associated restrictions physical meetings in Brussels and London are not possible. It is not yet clear to what extent online meetings will take place and what progress can be made in such circumstances.

The negotiators are currently working in 11 work streams simultaneously, these are:

1. Trade in goods
2. Trade in services and investment and other issues
3. Level playing field for open and fair competition
4. Transport
5. Energy and civil nuclear cooperation
6. Fisheries
7. Mobility and social security coordination

8. Law enforcement and judicial cooperation in criminal matters
9. Thematic cooperation
10. Participation in Union programs
11. Horizontal arrangements and governance

The [EU mandate](#) refers to an overarching framework agreement with three components; economic partnership, internal and external security co-operation and governance. The [UK](#) emphasises a comprehensive free trade agreement (FTA) with separate agreements for fisheries, aviation, energy, internal security, irregular migration, mobility and social security, nuclear co-operation and security of information with each agreement having its own governance and dispute settlement arrangements.

Both parties plan to conclude and ratify the deal by the end of the year. The deadline for extending the transition period is 1 July 2020, and the Joint Committee established by the Withdrawal Agreement makes that decision in response to a request from the UK government. However, the UK explicitly state they will not ask for an extension. At a high-level summit planned for June both sides will assess progress of the negotiations. The EU outline that a fisheries agreement should be concluded and ratified by 1 July 2020 to ensure everything is operational by 1 January 2021, and that data flows adequacy talks which are independent and parallel negotiations, and financial services equivalence should ideally be ready by the end of 2020. Again, it is unclear how dealing with COVID 19 will impact on the planned June summit and on the possibility of an extension or otherwise of the transition period due to end in December 2020.

Market Access

The UK's approach references previous EU FTA's throughout. Both parties want no tariffs or quotas but in the case of the EU, there may be exceptions. The EU refers to standard rules of origin while the UK calls for similar rules of origins to those in the EU's FTA's with Japan and Canada with the possibility of 'diagonal cumulation' with partners that both the EU and the UK have trade agreements. On services and investment, the EU includes the protection of public services and substantial sector coverage. The UK also wants substantial sectoral coverage and references the Canada and Japan agreements but would like to go further in professional and financial services. Neither mandate includes investment protection and the EU excludes audio-visual services.

The EU mentions regulatory cooperation while the UK wants regulatory independence. The EU tie market access with regulatory convergence. The UK outlines mutual recognition of conformity assessments and proposes sectoral annexes for chemicals, medicinal products, motor vehicles and parts and organic products. The EU requests the application of international standards, and on SPS measures, to uphold the precautionary principle. The UK promotes good regulatory practices and acceptance of conformity assessment procedures in line with the EU's FTA with Canada.

Securing a level playing field in the future EU-UK relationship is critical for the EU, specifically the EU wants the UK to commit not to roll back legislation in the areas of social, environment, competition, state aid and taxation. The UK proposes keeping high standards and cooperation in these areas but not to maintain EU

rules or follow them in the future. The UK is open to discuss a link between the EU ETS and the future UK emissions trading system as a sovereign state with its own domestic legislation. On cooperation in different EU programs and projects, including R&I, the EU want a framework based on EU rules and possible financial contributions by the UK. The UK state they are ready to consider standard third country participation where both the EU and the UK have an interest.

Dispute Settlement

The EU outline a governing body to supervise implementation and potential disputes. The UK alludes to provisions in Canada and Japan's FTA's with the possibility of a Joint Committee to support the implementation of the Agreement, and mechanisms for dialogue and dispute resolution. The parties differ on the ECJ. The UK wants no role for this body while the EU wants it to have the final say on EU law. The EU mentions the possibility of suspending the agreement or parts of it, and in some cases, the use of remedies including safeguards if one of the parties does not comply with its obligations.

Business approach

Ibec continues to support Irish business in preparing for the change in EU-UK trading relations from January 2021. Even with the Protocol on Ireland/Northern Ireland and a comprehensive FTA, there will be several changes to how we do business with the UK. Our priorities for the future relationship remain ensuring that the unique Irish challenges continue to be addressed and that through negotiation the EU and the UK have the closest possible future relationship.

European Parliament

What post-Brexit redistribution means for Ireland:

Following the withdrawal of the UK from the European Union in January 2020, 27 new MEPs officially took their seats in the European Parliament, starting on 1 February.

The seat-share of the European Parliament itself was redistributed to reflect the UK's departure, with the 751 seats of 2014-2019 revised to 705. In the last sitting the UK had 73 seats, however only 27 of these were redistributed, with 46 kept in reserve for future enlargement of the EU.

The redistribution ensured that no member state lost seats, with some gaining between 1 and 5 seats.

For Ireland, it meant that an additional two MEPs joined our national delegation of 11: Dublin Barry Andrews

MEP (Fianna Fáil/Renew Europe), who is profiled in this issue, and returning MEP for Ireland South Deirdre Clune (Fine Gael/EPP).

The tables below show which countries gained MEPs as well as the relevant committees of new Irish MEPs. Also included in the list is replacement MEP for Matt Carthy of Sinn Féin – Chris MacManus, after Carthy was elected to Dáil Éireann in the Irish general election 2020.

Of note in the below committee positions is that Barry Andrews takes up a full member position on the *Committee on Trade* (INTA), Deirdre Clune takes up a full member position on the *Committee for Internal Market* (IMCO) while Chris MacManus replaces Carthy as a substitute on the *Committee on Economic and Monetary Affairs* (ECON).



MEPs & their relevant committees

MEP	GROUPING	FULL MEMBER	SUBSTITUTE MEMBER	Remarks
Fitzgerald	EPP	ECON / FEMM	DEVE	EPP Coordinator for FEMM
Kelly	EPP	ITRE	INTA / DROI*	
McGuinness	EPP	AGRI	AFCO / ENVI	Reappointed as VP
Walsh	EPP	EMPL	PECH / LIBE	
Clune	EPP	IMCO	TRAN	
MacManus	GUE-NGL	AGRI	ECON	
Daly	GUE-NGL	LIBE	TRAN	
Flanagan	GUE-NGL	AGRI / CONT	INTA / SEDE*	GUE-NGL Coordinator for AGRI
Wallace	GUE-NGL	ENVI / SEDE*	AFET	
Cuffe	Greens-EFA	ITRE / TRAN	REGI	Greens Coordinator for TRAN
O'Sullivan	Greens-EFA	ENVI / PECH		Greens Coordinator for PECH
Kelleher	Renew Europe	ECON	ENVI	
Andrews	Renew Europe	INTA	DEVE	

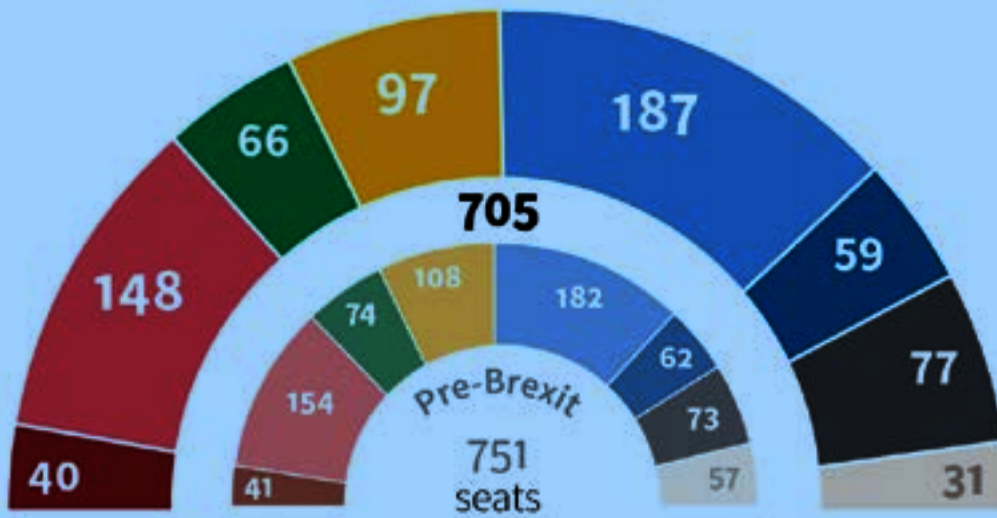
Acronym	Committee name	Acronym	Committee name	Acronym	Committee name
AFCO	Constitutional Affairs	DEVE	Development	JURI	Legal Affairs
AFET	Foreign Affairs	ECON	Economic & Monetary Affairs	LIBE	Civil Liberties, Justice & Home Affairs
DROI*	Subcommittee on Human Rights	EMPL	Employment & Social Affairs	PECH	Fisheries
SEDE*	Subcommittee on Security & Defence	ENVI	Environment, Public Health & Food Safety	PETI	Petitions
AGRI	Agriculture & Rural Development	FEMM	Women's Rights & Gender Equality	REGI	Regional Development
BUDG	Budgets	IMCO	Internal Market & Consumer Protection	TRAN	Transport
CONT	Budgetary Control	INTA	International Trade		
CULT	Culture & Education	ITRE	Industry, Research & Energy		

REGI denotes a subcommittee under AFET, rather than a full standing committee



European Parliament

Composition after Brexit and the departure of British MEPs



Description of groups

- Far left and greens
- Socialists and social democrats
- Greens and regional parties
- Liberals and centrists

- Christian democrats
- Eurosceptic conservatives
- Far right
- Non-aligned, inc. Brexit Party and 5-Star Movement

© AFP Source: European Parliament



What the departure of the UK means for the European Parliament at large:

The European Parliament is assembled into large, [multi-country](#) groupings from the left to right of the political spectrum including: the far-left Nordic-Green Left/European United Left (GUE-NGL) the Socialists & Democrats (S&D), the Greens-European Free Alliance, the centrist Renew Europe, the centre-right European People's Party (EPP), the European Conservatives and Reformists Group (ECR), the far-right Identity and Democracy and a non-group of unaligned.

Given the Parliament has been reshaped in the aftermath of Brexit, and several new MEPs have joined, this has implications for the size of these political groups and on future votes.

Ibec analysis:

- Groups both lose seats (with the exit of UK MEPs) and gain others (with incoming MEPs).
- Long-time partners EPP (now 187) and S&D (now 147) change in size: EPP gain 5 seats, while S&D lose 6. The EPP seat gain, where the Irish contingent is largest, strengthens not just their political weight but also partners S&D and Renew Europe, who continue to vote together purely on a case by case basis. The EPP includes significant numbers of German, Romanian and Polish MEPs. The suspended Hungarians vote more with ECR than EPP group.
- The departure of the UK means the centre-left groups RE, S&D, Greens-EFA are no longer as strong as before. Renew Europe, the rebranded ALDE, remains third largest with 98 seats, the Greens-European Free Alliance (down to 67 seats) fall back to fifth place (and is now behind far-right Identity and Democracy (up to 76 seats) in terms of size).
- New MEPs are primarily from eurozone member states and largely French, Italian and Spanish, some more inclined towards protectionist and interventionist policy making.
- French MEPs are strongest in Renew Europe and Identity & Democracy, while German MEPs are well represented in EPP, S&D and the Greens-EFA (25 of 67 seats).
- The smallest grouping, the far-left GUE-NGL stands at 39 seats, while 29 MEPs remain unaligned.
- The 13 Irish MEPs are represented in the political groupings as follows: EPP – 5 FG MEPs, Renew Europe – 2 FF MEPs, Greens-EFA – 2 Green MEPs, far-left GUE-NGL – 1 Sinn Féin and 3 Independent MEPs.

Further detailed info on how the EP has transformed following Brexit is accessible [here](#).

European Council

European Council: Deadlock on Multiannual Financial Framework

Spring European Council, 20 and 21 February, saw EU leaders postpone reaching agreement over the Multiannual Financial Framework (MFF), i.e. the long-term budget for 2021-2027. Points of divergence included the overall level as well as the volumes of main policy areas, their financing and incentives.

Following the summit, newly-installed Council President Charles Michel said he regretted the failure to reach agreement and noted that it was a huge ask to reconcile conflicting interests on the multi-annual framework given the UK's departure had left such a large financial hole (approximately €75 billion).

Michel had commenced the negotiations with a proposal of €1.095 trillion in spending commitments, or 1.074% of the EU GNI. The Commission, meanwhile, proposed €1.135 trillion (1.11% of GNI). While Michel and member states spent the Thursday night (20 Feb) and Friday (21 Feb) locked in bilaterals it appears Michel had hoped to secure agreement in a single summit, when traditionally agreement over the MFF takes multiple summits.

Indeed, the UK during its membership had been a net contributor and as such, the more 'wealthy' member states who remain within the bloc were keen not to bear sole responsibility for plugging the gap. In this sense, interests diverged between net contributors and net recipients, with the self-declared 'frugals' (the Netherlands, Austria, Denmark, Sweden) refusing to raise the budget above 1% of the EU's GNI. Moreover, Germany's Merkel was looking for a rebate system to be enshrined for the full seven-year budget period.

By contrast, Portuguese Prime Minister Costa asked his colleagues to think of Europe's future, and sought to coordinate the efforts of countries which benefit most from Regional Development funds.



*Charles Michel,
President of the European Council*

Following the summit, Taoiseach Leo Varadkar emphasised that splits had emerged over the contrasting priorities of member states, and that his priority was the protection of funding for the Common Agricultural Policy (CAP).

The European Parliament has also been critical of the MFF proposal presented by Michel, on the back of the Finnish Presidency. In a statement, the Parliament said that while more financing would be expected to fund a policy as transformative as the European Green Deal and Europe's digital transition, the proposal 'deepens the cuts to funding for agriculture, cohesion, research, infrastructure investments, digitalisation, SMEs, Erasmus, youth employment, migration, defence and many other areas'.

It is probable that a number of priority areas for Ireland, including the CAP, will come under further pressure in future negotiations, as the EU reviews its priorities following the COVID-19 crisis.

European Council

Albania and North Macedonia take first step on road to EU accession

A videoconference of the General Affairs Council (GAC) granted the green light to the commencement of EU accession negotiations with Albania and North Macedonia on 25 March. The opening of accession negotiations with the two countries in the Western Balkans had been put on hold after member states including France and the Netherlands expressed reservations in late 2019.

Strict reform criteria precede the opening of accession talks with any potential new EU member states. Indeed, following the postponement of the decision in late 2019, France and nine EU member states separately issued proposals to enhance the enlargement process. Various political leaders who support the opening of accession talks with Albania and North Macedonia have stated that in respect of the countries fulfilling their accession criteria, a clear roadmap and timeline to the realisation of accession should be set out and promises kept on both sides.



Andrej Plenković, Prime Minister of Croatia

Croatian Presidency of the Council 2020: Progress to date

In January 2020, Croatia commenced its first Presidency of the Council of the European Union since its EU accession in 2013. At the outset of its Presidency, Croatia outlined its priorities under the slogan, '[A Strong Europe in a World of Challenges](#)': a Europe that develops; a Europe that connects; a Europe that protects; and an influential Europe. The Covid-19 situation has become an unexpected but urgent focus of the country's Presidency, with the Council, among other bodies, calling for a coordinated response to the crisis.

Multiannual Financial Framework:

The Croatian presidency is keen to reach an ambitious and sustainable agreement on the [Multiannual Financial Framework](#) for the forthcoming period (2021-2027) after their Finnish counterparts failed to do so late last year.

Environment:

Falling under the Croatian Presidency's first pillar 'A Europe that develops', in early March 2020 the Environment Council adopted the EU's submission to the United Nations Framework Convention on Climate Change (UNFCCC) on the long-term low greenhouse gas emission development strategy of the EU and its member states.

Cybersecurity:

Cybersecurity is becoming ever more important for a Europe that protects. Defence ministers from six member states signed a Memorandum of Understanding concerning cooperation on a project entitled 'Cyber Response and Mutual Assistance in Cyber Security' which aims to create a network of cyber security response mechanisms.

Enlargement:

In their quest to create a more influential Europe, the Croatian presidency aims for the continuation of a credible and effective enlargement policy - reflective of a member state which has only recently completed its EU accession. When the Ministers for European Affairs met in March 2020, they reached a political agreement to open accession negotiations with Balkan countries Albania and North Macedonia.

Future EU-UK relationship:

Assuming the Presidency just a month before the United Kingdom left the EU, Croatia hopes to contribute to the future partnership. On 25 February, the Council formally nominated the European Commission as the EU negotiator and adopted a clear mandate for chief negotiator, Michel Barnier.

European Commission

The European Commission in 2019 made a number of ambitious pledges to position the EU as a geopolitical player, coordinating its key policy areas to enable it to compete with and to become a leading example to other global powers. Underscored by the appointment of two Executive Vice-Presidents to spearhead the programmes, both Climate and Digital have become the flagship policy agendas of the first 100 days of the new Commission.

The European Green Deal

The European Green Deal presents a green growth strategy for the bloc in response to challenges such as climate change, pollution and reduced biodiversity. The Green Deal envisages a resource-efficient, economically competitive Europe with zero net emissions of greenhouse gases. To do so, it provides mechanisms which fund the transitions for disproportionately affected industries and workers in their respective member states.

Under the Green Deal, the Commission is greening its economic policies and channelling its green agenda through a number of priority proposals. These include the European Climate Law – legalising the 2050 climate neutrality target, its Investment Plan seeking to create €1 trillion of investments to support a green and modern EU economy, a carbon border adjustment mechanism which aims to provide for a global level playing field by encouraging global partners to follow the EU's example as well as a Just Transition Mechanism & Fund providing billions of euro to revamp communities reliant on carbon intensive industries.

Measures to green Europe will include major offshore wind buildouts, a vastly increased acceleration of heat and transport and well as the development of carbon capture projects. The Commission is looking to persuade business to follow its lead as much as international partners by investing in environmentally friendly tech and in supporting industry to innovate greener models. However, the EU institutions are having a hard

time convincing even their own member states to begin with, and indeed some member states including Poland, Hungary and Czechia have identified that their fossil fuel reliance distances their starting point from EU partners. As the COVID-19 crisis deepens and its full effects become apparent on the European economy, it is probable that many aspects of the Green Deal will be delayed, but that others including decarbonisation will be a factor in economic stimuli.

The EU will also provide financial support and technical assistance to help people, businesses and regions that are most affected by the move towards the green economy. This is called the Just Transition Mechanism and will help mobilise at least €100 billion over the period 2021-2027 in the most affected regions.

Ibec has identified the transition to a competitive low carbon economy as a significant opportunity for Ireland. Ibec maintains that the focus of climate change policy should be smart, cost-effective and evidence-based and that the transition is an opportunity to improve our energy security, boost competitiveness, improve quality of life and create thousands of sustainable jobs across the country. Ibec's [roadmap to a low carbon economy](#), launched last year in advance of the Commission's Green Deal, includes six priorities including the development of a national social dialogue and a Just Transition taskforce to help build a national consensus that brings together industry, trade unions, environmental groups, local representatives, and political parties. Ibec will closely monitor and seek to influence the Green Deal on behalf of Irish business.



Frans Timmermans, First Executive Vice President of the European Commission

The man behind the Green Deal, Frans Timmermans, in November 2019 assumed the elevated position of First Executive Vice President of the European Commission. Since, Timmermans has led on drafting the Commission's European Green Deal and Climate Law.

Timmermans has a long political record in the EU, which includes a previous term as First Vice President responsible for Better Regulation, Inter-Institutional Relations, the Rule of Law and the Charter of Fundamental Rights. This followed two Ministerial stints in the Netherlands, both in European and Foreign Affairs. Politically, Timmermans has long been affiliated to the Socialists & Democrats Group.

Cook Medical

Cook Medical Europe's Director of Government and Regulatory Affairs for EMEA (Europe, Middle East & Africa) Emmett Devereux shares his thoughts on Brexit, EU Medical Device Regulation, international harmonisation and how Cook Medical is helping to shape the debate in these areas.



Cook Medical, which has operated in Limerick, Ireland, since 1993, is a leading producer of minimally invasive medical devices, providing its products to 135 countries with 12,000 employees globally.

The privately held company was founded in 1963 in Bloomington, Indiana, USA where its first products included wire guides, needles and catheters. In 1969, Cook Medical chose its first European location in Bjaeverskov, Denmark and today operates sales and support functions across the EU. An essential part of the Cook supply chain are the two Cook Medical facilities in Limerick, with 850 employees across manufacturing, design and customer support roles.

For the past 20 years Emmett Devereux, an Engineering graduate of the University of Limerick, has contributed in a variety of senior roles within Cook Medical. In his current role as Director of Government and Regulatory Affairs (EMEA), Devereux has spent five years communicating Cook Medical's positions on regulatory issues, particularly on the implementation of the EU Medical Device Regulation (EU MDR), the International Harmonisation of the Medical Devices approval systems and Brexit. A key focus is educating EU policymakers on Cook Medical's patient-first approach which advocates solutions which benefit the patients, doctors and customers they serve. As Devereux comments 'We have a long history of speaking about what's right for the patient and in my role I am simply carrying on that legacy'.

On the subject of the EU Medical Device Regulation, Devereux explains, 'Cook Medical was one of the first companies to embrace the changes proposed within this regulation, the principles of which are solid, providing a level-playing field across Europe and most importantly give the patient the assurances and protections that they deserve and need'. However, Cook Medical remains concerned with progress on the implementation of the Medical Devices Regulation and feel member states ought to find solutions to ensure the system is ready by the end of the transition period, which was originally set at May 2020. With that said events are moving quickly with regards to the EU Medical Device Regulation and the COVID-19 pandemic has focused the need for companies like Cook Medical to maintain the on-going supply of devices during this time. Cook Medical welcomes the announcement of the European Commission on March 25 to propose the postponement of the date of application for the Medical Devices Regulation by 12 months and also welcomes the support that the European Parliament has expressed for this. The Commission text has yet to published but Cook Medical hopes that such a postponement will allow them to focus all their efforts on supporting global patients at this time and also give time and space for the authorities to focus on the current crisis.



On the COVID-19 crisis, a fast-developing situation as we go to print, Devereux explains, 'There is no doubt that these are extraordinary and challenging times as COVID-19 continues to impact more people around the world. As part of the critical healthcare system, we in Cook Medical have a responsibility to support doctors, nurses and patients by ensuring continued access to important medical devices. At the same time, we are also committed to protecting our employees and preventing transmission of the virus in our communities. Personally, though I have not been surprised I am very proud of the way everyone in Cook Medical has responded to this crisis'.

Cook Medical believes international trade deals should be embraced and that, where possible, global medical device regulations ought to be harmonised. Cook Medical continues to push for timely global access for patients to Cook Medical's technology – not yet a reality owing to fragmented global and regional systems. Central to making that message a reality is the company's global network, of which its Brussels presence plays a major role. Indeed, Cook Medical Executive Vice President Bill Doherty is on the

board of MedTech Europe and works closely with Devereux to communicate the organisation's positions to stakeholders. Cook Medical also engages with Ibec at both a national and EU level, considering the insight it benefits from in its membership as 'invaluable' to generating meaningful outreach.

Cook Medical has served the UK market since the 1960s, a market which it fully intends to support and supply as the future relationship between the EU and UK takes shape. Cook Medical believes a meaningful and workable trade agreement is crucial for all stakeholders and as Devereux elaborates, 'We would like to see the UK and EU regulations on medical devices to be aligned and harmonised with a longer transition period for medical devices. With these in place we firmly believe that patients in both the UK and EU can continue to have timely access to the lifesaving technologies that they require'.

Emmett Devereux is keen to elaborate on Cook Medical's positions on major regulatory issues as well as its solutions for patients and customers and encourages those interested to get in touch.



Cook Medical Executive Vice President (EMEA) and MD for Cook Medical Europe Bill Doherty and Emmet Devereux, Director of Government and Regulatory Affairs (EMEA), Cook Medical

Interview: Barry Andrews MEP (Ireland – Fianna Fáil/ EP - Renew Europe)

Barry Andrews first entered Irish politics in 1999 after topping the poll in the Dún Laoghaire Rathdown County Council elections. He entered Dáil Éireann in 2002 and was appointed Minister for Children and Youth Affairs in 2008. Andrews qualified as a barrister in 1997. He was elected as MEP for the Dublin constituency in the May 2019 European elections in fourth place and had to wait until 1 February 2020, when the UK formally left the EU, in order to take his seat. Andrews has served as DG of the IIEA and CEO of Ireland's humanitarian agency GOAL.



In the European Parliament Andrews sits in Renew Europe and is a full member of the Committee on Trade (INTA) and Delegation for Relations with South Africa, as well as a substitute member of the Committee on Development (DEVE) and the Delegation to the EU-Turkey Joint Parliamentary Committee.

1) The debate on the future direction of the EU is already well advanced and the European Parliament now has an important role to play in the Conference on the Future of Europe. What concerns you most about the future direction of the EU and what do you think Irish business can expect?

Almost every major expression of multilateralism is being undermined by the US and Chinese governments in different ways but for the same purpose. And yet multilateral institutions are the only ones that can adequately address the global crises we are facing today from global pandemics to climate change. For example, the US administration has not adequately funded the World Health Organisation (WHO) while the Chinese administration has undermined the WTO through its trade practice. The challenge for the EU will be to somehow persuade EU citizens that these problems are existential and that the EU is at the tip of the sphere in multilateralism being the only significant political unit that can deliver equitable outcomes.

2) What are your priorities for the next five years and in particular what do you hope to achieve in your membership of the Committee on International Trade? Imagine it is 2024 and you are finishing your term in the European Parliament, what is one priority above all others you would like to have accomplished?

As an open trading economy Ireland will feel the breeze of a global trade recession quicker than most. Our economic output and trading markets are

diversified however 2020 and 2021 will clearly be difficult years thanks to Brexit and COVID-19. My original priority was to track the EU/UK Free Trade agreement negotiations. Now it will include a focus on keeping markets open and eliminating barriers to trade – the EU can play a key role in supporting trade during this period. Restoring the WTO's appellate function would be a good start and I know that this is a priority for Commissioner for Trade Phil Hogan. By 2024 I would hope that the UK is firmly embedded as a trading partner and not a trading competitor and that the WTO is strengthened in a way that demonstrates that global trade benefits all.

3) What is the best piece of advice you can give to Irish business to help navigate EU policy and how important do you think business representation is in that process?

The absence of the UK is a major loss for Ireland in terms of influence in the EU. Like it or not, the two governments were closely aligned on many economic issues and we will miss the legislative x-ray machine that was Whitehall. One area I would like to see greater activity on is the extent to which SMEs are able to benefit from new and existing trade deals with third countries. Only two thirds of exporters use Free Trade Agreements.

4) Finally, if you could change one thing about the European Parliament, what would it be?

In a word, Strasbourg. What a complete waste of money.



Poland

Poland drags heels on a greening Europe

The European Commission's Green Deal proposal identified that numerous industries, communities, regions and member states would be disproportionately affected by the effort to green Europe's economy.

One such member state struggling to get on board with the Commission's new climate agenda is Poland and indeed on 13 December 2019, at the European Council Summit as Heads of State signed off on an ambitious climate action plan for Europe to reach climate neutrality by 2050, Poland – presently operating at 80% coal-powered electricity - refused to sign-up.

Institutional Presidents von der Leyen and Michel were keen to portray this as a postponement, not a derogation, with Michel claiming that 'for one member state [Poland], it is necessary to take more time for them to implement this commitment'. The issue of Polish commitment to the EU's climate goals will be raised again on the leaders' agenda at the European Council Summit in June after the publication of the EU's Climate Law.

Poland's reluctance to sign up on the matter is noteworthy as the country, now the bloc's fifth largest member by population and sixth largest in GDP terms, will be a key player to get on board with the Commission's plans if the Green Deal is to be made a success.

Poland has however indicated it is willing to work towards compromise with the EU institutions on judicial matters including the selection of judges as domestic legislation



Finland

A new generation steers Finland into 2020

Saana Marin, Finland's former Minister of Transport and Communications, has taken on the role of Prime Minister.

Previous policy priorities of Marin have included the introduction of a four-day working week, state supports for AI promotion and an increased use of digital across business and manufacturing. Marin has also campaigned for Finland to become carbon neutral by 2035 and wants to raise income and capital gains taxes to provide funds for improved care of the elderly.

Marin is the EU's second youngest Prime Minister (Austria's Chancellor Kurz is a year younger at 33) and Finland's third female Prime Minister. Her cabinet, at the time of appointment in late 2019, had an average age of 33. It represents a cross-section of Finnish political life, with representatives from the Centre Party and the Green League taking Ministerial roles along with Marin's Social Democratic Party.

Moreover, 12 of the 19 members of Marin's cabinet are female.

*Saana Marin,
Prime Minister
of Finland*



Belgium

Belgian deadlock broken under extraordinary circumstances

Sophie Wilmès, of the Reformist Movement (MR), who has served as Belgium's caretaker Prime Minister since October 2019, has been officially sworn in as the leader of a permanent minority government in order to confront the challenges of the COVID-19 crisis.

The confirmation of Wilmès, Belgium's first female Prime Minister, ends a 15-month deadlock in the country but also underscores the seriousness of the COVID-19 crisis. Wilmès emergency powers come as Belgium, like its EU neighbours, took the extraordinary steps to pause substantial areas of the country's activity in order to facilitate social and physical distancing amid the public health emergency.

Previously, between 2010 and 2011 it took 541 days for a government to be formed in the country, a federal state, with French, Flemish and German speaking communities, all with their own political parties, priorities and autonomous powers.

Wilmès succeeds Charles Michel, President of the European Council, both as Prime Minister of Belgium and as leader of the MR.

*Sophie Wilmes,
Prime Minister of Belgium*



US Trade update

USTR consultation on Airbus tariffs

In February, the US Review of Action: Enforcement of U.S. WTO Rights in Large Civil Aircraft Dispute resulted in existing tariffs remaining, a 5 percent tariff increase for new airplanes and other new aircraft, butchers' or kitchen chopping, or mincing knives added to the 25 percent tariff list and prune juice removed. The increase from 10 to 15 percent for new airplanes and other aircraft was implemented on the 18 March just as the COVID 19 crisis was escalating in both Europe and the USA, which has hugely reduced flights and grounded aircrafts.

These tariffs continue to impose a significant cost burden on businesses and consumers in Ireland, Europe and the USA. Ibec submitted a response calling for the US Administration and the European Commission to negotiate a settlement to these disputes on civil aircraft and agree standards that could become a template for future support for the aviation sector globally. Businesses and consumers on both sides have been, and will continue to be, impacted by the escalation of these disputes and the imposition of tariffs.

The next steps are a decision from WTO regarding damages to the EU in relation to US subsidies of Boeing (due for publication late spring/early summer). The EU has made a proposal to the US in relation to future subsidising of aircraft manufacturing, but the stalemate remains until the WTO award in the Boeing case.

US-China relations

The US Administration has signed a Phase 1 agreement with China. It appears that the main structural concerns that EU and US business share, have not been addressed in this deal. This includes subsidies, SOE's and overcapacity. Whether or not there will be a phase 2 and what can be achieved there remains to be seen. The agreement contains "substantial additional purchases" of U.S. items and a dispute resolution system, and changes in areas of intellectual property, technology

transfer, agriculture, financial services, and currency and foreign exchange. The coronavirus outbreak puts China's commitments in doubt, particularly their ability to purchase American goods. In return, the US agreed to halve 15 per cent tariffs on \$120 billion of Chinese products.

USMCA

The Senate passed the revised North American trade agreement in a rare bipartisan vote, 89-10. President Trump signed the deal, H.R. 5430, on 29 January 2020. Mexico ratified the deal last year, and Canada ratified this month. The United States Trade Representative Lighthizer has sent a notice of an entry-into-force date of 1 June 2020. There is now a three-month period for all three signatory countries to agree on implementation regulations, including naming each country's representatives for the conflict resolution mechanism.

Next steps

Commissioner Hogan headed to Washington on the 6 February to negotiate a truce on the EU-US trade war. He was the keynote speaker at the U.S. Chamber of Commerce's Transatlantic Business Works summit. The Commissioner's planned visit in March was cancelled due to Coronavirus concerns and restrictions.

Various sources claim that the EU is ready to offer a package of concessions, including farm goods such as peanuts and genetically modified plants in addition to a deal on conformity and industrial standards. Industrial goods could also be discussed in the trade-offs with potential to cut the EU's 10 percent tariff on cars. The EU want the US to remove tariffs on EU farm exports such as table olives, wine and cheese and a commitment to not impose tariffs on cars.

Despite US airlines, already struggling under coronavirus travel bans, asking for the removal of any tariffs on Airbus, the tariff increase on European aircrafts still came into force on the 18 March. The U.S. Customs and Border Protection figures show that US airlines have paid more than \$50 million in additional tariffs since the initial tariff hike last October.

EU-China Trade update

On 14 January, EU Commissioner Hogan met with US trade representative Robert Lighthizer and Japan's economy Minister Hiroshi Kajiyama, with the three proposing new rules to curb market distortions from subsidies. The proposal would strengthen existing rules on industrial subsidies and condemns forced technology transfer practices.

Four new types of “unconditionally prohibited subsidies” are proposed. These include unlimited guarantees, subsidies to an insolvent or ailing enterprise without a restructuring plan, subsidies to enterprises unable to get long-term financing or investment from independent commercial sources in sectors or industries with overcapacity and certain forgiveness of debt.

The deal also proposes changing the burden of proof for other subsidies with a “harmful effect”. The subsidising country must show that their subsidy does not cause significant negative trade or capacity effects. The parties discussed disciplinary measures for forced technology transfers. These could include export controls, foreign investment reviews on the grounds of national security, enforcement tools and, potentially, the development of new rules.

BusinessEurope paper on China

BusinessEurope (BE) have, in consultation with members including Ibec, developed a comprehensive paper on China, a key priority objective is to secure a level playing field with China. The paper can be found [here](#).

One area that has generated much interest relates to 5G networks. BE note that 5G is pivotal in the digital revolution as it will have major benefits for agriculture, healthcare, manufacturing retail and transport and will impact hugely on cybersecurity. BE welcomes the EU's proposal to agree on a coordinated approach regarding the security of 5G networks. BE suggest standardisation, reinforcing the EU's own

competitiveness and prioritising developing an EU cybersecurity scheme on 5G infrastructure components.

Other recommendations for the EU include secure a level playing field between China and the EU, mitigate the impact of China's government-induced market distortions, reinforce the EU's own competitiveness and ensure fair competition and cooperation on third markets.

China-EU investment agreement

The negotiations for an EU-China Comprehensive Agreement on Investment (CAI) are ongoing with hopes they are concluded by 2020. The goal is to rebalance market access and to level the playing field for EU companies in China. These talks are the main tool in the EU strategy to rebalance the investment relationship with China. This is also the EU's first stand-alone comprehensive investment agreement.

The agreement includes for dispute settlement (state-to-state and investor-to-state) provisions, and aims to remove barriers to foreign investment, for example, on joint venture requirements and equity caps.

Next steps

A summit planned for March between the European Commission and Council Presidents and the Chinese Premier were all postponed due to the COVID-19 outbreak. EU leaders and China's President are still due to meet in September. However, this meeting may also be affected by COVID-19.

We have set up a Trade Asia mailing list, those interested in joining can contact Jennifer.wallace@ibec.ie.

Compliance with Export Controls

Ibec held a webinar in partnership with the Department of Business, Enterprise and Innovation, as part of their outreach campaign to raise awareness amongst exporters of their obligations to comply with export controls.

Export controls are designed to avoid human rights violations, terrorist acts or the development of weapons of mass destruction. These controls affect dual use goods which are goods, software and technology that can be used for both civilian and military purposes, for example, a drone. They also apply to military equipment, firearms for personal, civilian use (e.g. for hunting or sport), goods which may be used for capital punishment, torture, or other cruel, inhuman and degrading treatment or punishment, and exports to countries subject to EU trade sanctions.

The export of dual use items is controlled by the EU and its member states, including Ireland. The EU defines dual-use items across 10 different categories. They are, as follows, category 0, nuclear materials, facilities and equipment, category 1, special materials and related equipment, category 2, materials processing, category 3, electronics, category 4, computers, category 5, telecommunications and “information security”, category 6, sensors and lasers, category 7, navigation and avionics, category 8, marine and category 9, aerospace and propulsion.

Some of these items may be traded freely within the EU, except for some particularly sensitive items, where transfer within the EU remains subject to prior authorisation. The Department of Business, Enterprise and Innovation are in the process of updating the Irish legislation.

Why is this issue important for Ireland and Member States?

A national competent authority in each member state has responsibility for administering and enforcing export controls, in Ireland’s case this is the Department of Business Enterprise and Innovation. It is important that these export controls are enforced from both a compliance and reputational perspective, especially for countries such as Ireland with dependence on trade.

This Department is also responsible for implementing trade related sanctions. EU sanctions, officially known as EU restrictive measures, are measures utilised by the EU to enforce change in the policies or activities of other countries.

The EU has a sanctions map which has information on sanctions that are agreed by the EU Member States and is a useful resource for companies. The map can be found [here](#). It also covers sanctions regimes that are imposed by the United Nations Security Council and implemented by the EU Council.

A recording of the webinar is available for Ibec members. For further information, contact jennifer.wallace@ibec.ie.

Decoding Europe's digital future

Digital leadership is critical for Europe's future economic success and well-being. Embracing further technological change presents both opportunities and challenges in today's globally competitive context. While progress is being made, the EU must not be complacent and strike the right balance in encouraging further innovation.

On 19 February, the European Commission published a new package on the EU's future policy direction over the next five years. The package has three elements: · [“Shaping Europe's Digital Future”](#), a Communication, outlines a vision of digital transformation that works for all and a proposed framework that aims to promote a democratic, fair, sustainable and human-centric approach to further digital transformation in the EU, using legislative and non-legislative measures. A strengthening of cybersecurity capacities, a review of competition rules and further governance of digital services are also signalled.

- “White Paper on Artificial Intelligence (AI)”, and a related “European Strategy for Data”, that both aim to make the EU a leader in data innovation and the application of data (i.e. AI). Cumulatively, these papers propose measures to:
 - Further develop Europe's capacities to adopt AI;
 - Create a ‘data single market’ with a new governance framework for data flows between businesses and between government and businesses; and
 - Explore a risk-based regulatory approach to AI that considers existing EU rules.

Ibec has already made nine policy recommendations across three priority areas to EU policy makers and influencers. Our three priority areas for Europe include: digital leadership, conditions that enable everyone to reach their potential in a digital age; and championing digital innovation, enterprise and trade.



The Commission package rightly recognises the opportunity of further digital transformation to Europe's economy and well-being. The potential impact of this package will be cross-sectoral not just sectoral. A considered approach to AI governance has been proposed. Ibec is supportive of a principled governance approach that is based on outcomes, evidence, risk and proportionality.

We should unlock the potential of data for further economic and societal benefits. We must intensify stakeholder collaboration to encourage voluntary, responsible, sharing of data for training AI relevant to key sectors while respecting IP, privacy and cyber security requirements. Ibec wants to work with stakeholders to ensure that the package outcomes deliver further investment, digital innovation and trade.

Finally, the EU must deliver the investment promised to support further digital innovation and adoption in the next long-term EU budget – the European Multiannual Financial Framework (MFF), for the 2021-2027 period. Without this hoped-for investment, the ambition of the new package could go nowhere.

The Commission has launched a public consultation and invited stakeholder views on the AI White Paper and the Data Strategy (by 19 May). Ibec intends to work with its partners and respond. Interested members are invited to engage. To read more about Ibec's full priorities on Europe's digital future, download our full report and visit our dedicated webpage to engage further.

Ibec launches its priorities for a renewed Europe

On 10 December in Brussels, Ibec launched its EU institutional priorities for 2019-2024 with the campaign document ['Ireland in the EU: Focus on the Future'](#).



Pat Ivory, Director of EU & International Affairs, Ibec, Frances Fitzgerald MEP (Fine Gael/EPP) and Danny McCoy Ibec CEO present 'Ireland in the EU: Focus on the Future'.

Frances Fitzgerald MEP, former Tánaiste, joined Ibec and our stakeholders to officially launch the document in Le Bouche à Oreille in the EU Quarter, Brussels.

Danny McCoy, Ibec CEO and Pat Ivory, Director of EU & International Affairs, Ibec, addressed our European stakeholders on our policy priorities and the challenges and opportunities that lay ahead for Ireland's economic model over the next five years.

Guests included numerous stakeholders from the European institutions and the Irish Permanent Representation to the EU, as well as attendees from European trade associations and policy organisations.

Irish business priorities for the 2019 - 2024 EU institutional cycle include:

1. **Unlock the potential of the Single Market**

The EU has created vast new opportunities for business, but there's much more to do. It must now prioritise the deepening of the Single Market, including completing the capital markets union, the banking union and enhancing our digital Single Market. By focusing on these 'big-wins', the EU can create enormous economic opportunities, drive growth, promote innovation, create jobs and raise the living standards of millions of Europeans.



Ibec staff welcome EU and International stakeholders to campaign launch in Brussels

2. Embrace digital transformation

The European Commission and Parliament can play a key role in preparing for further technological change. Member States must also play their part if the EU is to lead on digital development. The EU should lead further digital transformation, championing innovation and enterprise, and enabling everyone to reach their potential in the digital era.

3. Lead the world in trade and investment

The EU must strengthen its role as a global economic leader that facilitates trade and investment. It should continue to advance ambitious, balanced trade deals with key partners and work to promote rules-based trade and tackle global challenges. Trade policy should be designed for the 21st century, facilitating cross-border data flows, trade in services (including e-commerce) and unlocking the potential of EU business in a digitalised world.

4. Embrace competitive taxation policy

The EU must support companies, economies and Member States as they strive to compete effectively, grow and prosper. We need dynamic, competitive markets across the EU and the EU needs to be able to compete and win internationally. For this to happen, Member States must have the power to choose tax strategies that meet their economic needs.

5. Respect Member State competency to design labour market and social policy

The EU should focus on its core competencies and objectives, and avoid legislating in areas where Member States are better placed to act. In key areas of social policy, for example, local labour market needs mean that decisions should be left to national governments.

6. Tackle climate change

The EU must continue to lead international efforts to implement the 2015 Paris Agreement, reverse climate change, and build a truly circular economy. The EU must prioritise cost-effective decarbonisation, support low carbon investment, protect sectors at risk of carbon leakage, and ensure a just transition for vulnerable workers and communities.



Ibec visit to Washington DC – March 2020

An Ibec delegation including Board and National Council members, Ibec CEO, Danny McCoy and Deputy CEO Liam O'Donoghue visited Washington DC for a programme of meetings and events organised by Ibec, between 10 and 12 March.

The programme included an **Ibec dinner in partnership with Accenture, which brought together US and Irish business leaders and political stakeholders.**

The well attended dinner was addressed by Alastair Blair, Accenture and Danny McCoy, Ibec with guest speaker presentations by Ambassador Kristen Silverberg, Executive VP, US Business Roundtable and Janan Ganesh, Financial Times Columnist.

The Ibec delegation met in the **US Department of Commerce** with Kristin Najdi, Director for Western & Northern Europe and Eli Corry Phinney, Head of Ireland desk to discuss Irish-US, EU-US and UK-US



Alastair Blair, Country MD Accenture Ireland and Deputy President, Ibec

business relations, covering both trade and investment. The Ibec delegation also met with **Assistant USTR Dan Mullaney and Deputy Assistant USTR Tim Wedding** to discuss Irish – US relations and trade policy, including progress on the trio of FTAs under negotiation i.e. EU-US, US-UK and EU-UK. At both meeting Ibec emphasised that the Good Friday agreement and all-island economy dimensions placed Ireland in all three of these FTAs negotiations.



Danny McCoy, CEO Ibec, Brandon Lewis MP, Secretary of State for Ireland, Adrian Doran, Barclays Bank and Chair CBI Northern Ireland, Francesca McDonagh, CEO Bank of Ireland, Dan Mulhall, Irish Ambassador to the USA, Kristen Silverberg, Executive Vice President, US Business Roundtable.

Ibec, in collaboration with CBI NI, organised a **Joint Business Council (JBC) Roundtable in the US Congress** sponsored by Congressman Brendan Boyle. The Roundtable was addressed by Ibec CEO Danny McCoy, CBI NI Chairman Adrian Doran (Barclays Bank) and the UK Secretary of State for Northern Ireland Brandon Lewis. The roundtable was well attended by business leaders and political stakeholders. Michael D'Arcy on behalf of the JBC made a presentation on 'Resetting the Agenda' which was very well received by all participants in attendance.



Ibec Director of Policy and Public Affairs Fergal O'Brien and Director of EU and International Affairs Pat Ivory also participated in a roundtable hosted by Rob Mulligan, Senior Vice President **US Council of International Business Roundtable**, involving a broad range of USCIB business members, to discuss developments on international tax measures (BEPS 2) at the OECD and Irish/EU and US trade relations. Ibec also met with the **US Chamber of Commerce and US National Association of Manufacturers (NAM)** during the visit to Washington DC.

Ibec Head of Corporate Affairs Siobhan Masterson and Director of Member Services Sharon Higgins also participated in a **GlobalWin roundtable on Capitol Hill**.

The Ibec delegation also participated in the Irish Government's St Patrick's Day business leaders lunch, including a panel discussion involving the CEOs of Ireland's State Agencies, and the Northern Ireland Bureau's St. Patrick's Day Breakfast, which was addressed by Northern Ireland Economy Minister Diane Dodds.



Janan Ganesb, US Political Columnist, Financial Times addressing Irish and US business leaders at the Ibec dinner in Washington DC

Ibec CEO Danny McCoy speaks to an audience of EU policymakers at BusinessEurope Day

BusinessEurope Day was held on 5 March in the Cercle de Lorraine, Brussels, against the backdrop of their campaign on behalf of the European business community titled '[People, Prosperity, Planet](#)' which sets out high-level priorities for the next cycle of EU institutional policymaking.

Speakers on the day included Ursula von der Leyen, President of the European Commission, as well as numerous high-profile names from the College of Commissioners including Commissioner for the Economy Paolo Gentiloni, Executive Vice President for the Euro Valdis Dombrovskis and Commissioner for Energy Kadri Simson. The Commissioners spoke about a range of topics including the European Green Deal and the early implications of the COVID-19 crisis for Europe.

Ibec CEO Danny McCoy spoke on a panel titled 'Delivering the reforms needed to strengthen the Economic and Monetary Union'. He was joined on the panel by policymakers José Leandro, Director, Directorate for Economic and Financial Affairs, European Commission, Mr Boris Kisselevsky, Head of the ECB Representation in Brussels and Mr Klaus Günter Deutsch, President of BusinessEurope Economic and Financial Affairs Committee and Director for Research Industry and Economic Policy, BDI.



Danny McCoy, Ibec CEO, addresses a panel debate on Economic and Monetary Union, at BusinessEurope Day in Brussels



Angel Gurría, OECD Secretary General, Danny McCoy Ibec CEO and Barbara Wynne, Accenture

Ibec at Business at the OECD

In January, Danny McCoy CEO and Pat Ivory, Director of Ibec EU & International represented Ibec in Paris at Business at the OECD (BIAC) where they met with the OECD Secretary General Angel Gurría, his leadership team and Ambassadors for an exchange on policy priorities as well as solutions regarding 'The Role of Business in Lifelong Opportunities – People First policies to bridge divides'.

The meeting included more than 35 business leaders, with BIAC executive board members, senior leadership from national member organisations and policy committees.

The discussion included an emphasis on international cooperation, the importance of multilateral institutions, and actions needed to equip people with the skills needed to seize economic and social opportunities in the digital transformation.

BIAC's [statement](#) to the OECD leadership alters the political narrative from fear-inducing policies to people-empowerment. It examines the role of the organisation in supporting business to foster lifelong opportunities and to bridge divides. It includes an emphasis on the opportunities presented by globalisation and open markets, and the acceleration of progress provided for by competitive trade, investment and development policies. It notes the life-enhancing possibilities of the digital transformation and the economic benefits of aligned health, food and agricultural policies.

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