

LSE European Institute *Perspectives on Europe* public lecture

Ireland: Economic Recovery and the EU Presidency - Stability, Jobs & Growth

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<http://eu2013.ie/media/eupresidency/content/speeches/11032013-Speech-by-the-Taoiseach-to-LSE.pdf>

Good afternoon, Ladies and gentlemen, distinguished guests.

Thank you Peter for your kind introduction and for your warm welcome here to the London School of Economics.

I was delighted to accept the invitation to speak and am equally delighted to see that so many have turned out here to listen.

It's a positive message that I bring to London today, a message of determination, faith and confidence.

The start of St Patrick's Week is a fitting time to reflect on those remarkable days, two years ago, when her Majesty Queen Elizabeth to us *Banrian Eilis a Do* came to visit Ireland.

With two words she brought healing across our too-divided history.

She addressed us as A Chairde, friends.

It is a case of some joy on both our islands that Britain and Ireland are indeed good friends and good neighbours.

The ties that bind us are reflected in the meetings undertaken today and indeed in all those undertaken as part of Ireland's current Presidency of the Council of the European Union.

This then is a symbolic and important day for me to be in London.

It allows me to address the important agenda my Government is currently pursuing in areas such as the financial sector, economic recovery, trade and political engagement.

Above all, my visit is one of strengthening, consolidating and indeed honouring, the British-Irish relationship.

British Irish Relationship

It was a year ago under this strengthened relationship, Prime Minister Cameron and I agreed a Joint Statement setting out our goals and objectives for the next 10 years.

Later this afternoon the Prime Minister and I will review the progress being made on achieving those goals.

I believe we are both heartened that substantial work has been ongoing across all areas covered in our Joint Statement to turn the aspirations and ambitions into concrete results.

The signing of the memorandum-of-understanding on energy cooperation earlier this year is a clear example of this welcome progress.

Of course in addition to nurturing our ever-closer economic ties, both our Governments remain committed to working together to realise fully, a peaceful, prosperous Northern Ireland.

The Good Friday Agreement is the bedrock upon which much progress has been made and upon which we – Britain and Ireland as co-guarantors - must seek to build further.

Irish Economic Recovery

Saturday last marked two years since my Government took Office.

The Irish people gave Fine Gael and the Labour Party a clear mandate to take the necessary decisions to achieve economic recovery and get Ireland working again.

We inherited then a country and economy in deep crisis.

Ireland had just been forced into a bailout arrangement.

The public finances were out of control.

Banks were on the brink of collapse.

Jobs were being decimated at an alarming rate.

Our international reputation was in tatters.

Since then, my Government has been working with the Irish people to implement our agreed plan for economic recovery.

I firmly believe that Ireland is now heading in the right direction.

Our focus and determination are starting to pay dividends.

Ireland's economy is entering its third consecutive year of growth.

We have made significant competitiveness gains with prices and costs falling back to 2003 levels.

Our successful phase return to the bond markets continues apace.

During the second half of last year the number of people working rose over a six-month period for the first time since 2008.

Ireland is rebuilding its international reputation, restoring its confidence, laying the foundation for a better, brighter, more prosperous future.

We face many challenges up ahead and our economy remains fragile, but I believe that 2013 can be the year in which Ireland exits its Programme and shows leadership to Europe.

Ireland's Fiscal Position

Fiscally, we have made progress in tackling one of the major challenges which we face domestically – our debt level.

By way of example we are replacing short-term, emergency Central Bank lending secured against Promissory Notes with longer-term, more affordable financing.

This was a major step on the road to our economic recovery as it will reduce the burden on Irish taxpayers and inject further stability and confidence into the economy.

The reaction from our business and investment community has been very encouraging.

This necessary adjustment, and other structural reforms, mean that our cost base has improved significantly.

That, in turn, means that we are now much more competitive than a few years ago. And competitiveness relative to our main competitors in the EU has improved by over 20% since 2009.

Ireland is now ranked number one in the world for the availability of skilled labour.

Ireland is ranked the top destination country for foreign direct investment.

Ireland is seen as the most attractive country to foreign investors for investment incentives.

We must capitalise on the opportunity that this represents.

We have to turn sentiment into confidence into investment into jobs.

We are implementing a very challenging budgetary adjustment of about 20% of GDP over the period from 2008 to 2015, with most of this already achieved. We remain on track to fall to below the 3% of GDP-target by 2015.

This new stability and confidence has been hard-won.

But it has paid off with long-term Government-bond yields, now at less than 4%, coming down from a high of 14% two years ago.

Now we must build on this new stability to get our country working again.

Unemployment

The devastating shock of unemployment cannot be underestimated.

Facing a day with no work to go to.

Particularly for our young people.

Their confidence corroded.

But worse, their hopes eroded.

No unemployment figure is acceptable.

Ireland, like many countries in Europe, including Britain, has experienced an unemployment blow in the past few years from which we have yet to recover.

However, we cannot allow economic recovery to be a jobless recovery.

This is the challenge of our generation.

It's a challenge with no simple solution but it is a challenge we must meet head on.

Thankfully very recently we have started to see some positive improvements in the unemployment situation in Ireland.

We have seen a turnaround in private sector employment; moving from a net loss of 250,000 jobs in the three years leading up to this Government's election into office, we have recorded a modest increase in private sector jobs last year.

We have an unrelenting focus on implementing a comprehensive Action Plan for Jobs to improve the business and job creation environment.

Our work activation strategy continues to prepare job seekers for their return to work.

Europe, too, has a similar priority - €6 billion will be directed to addressing the problem of Youth Unemployment across the EU. This is a very welcome and significant initiative.

EU Presidency

Ireland is nearly at the half-way point of its current Presidency of the Council of the EU.

I am satisfied with the progress made to date.

Agreement on Two-Pack legislation.

Breakthrough on CRD4.

The signing of the International Patent Court Agreement.

And crucially, agreement on the Youth Guarantee.

This is Ireland's seventh EU Presidency.

But never before have the priorities of our country and our union elided in such a way.

Stability, jobs and growth are central to Ireland's recovery and indeed to Europe's own.

It is absolutely clear to us that Ireland's long-term economic and political interests lie in a strong and cohesive EU.

Be those interests economic in export access to the Single Market

Or indeed policy, business and social interests that are affected by legislation.

The Irish Presidency's focus on stability will help build a secure foundation for renewed economic growth and job creation across our Union.

In a globalised economy purely 'national' responses prove increasingly inadequate.

Moreover, a well-regulated and well-functioning financial sector is critical to Europe's future economic growth.

Which is why making progress on the proposals for Banking Union is a major priority for Ireland in its Presidency.

We are pleased, that in recent weeks we reached agreement with the European Parliament on the Capital Requirements Directive.

When implemented, it will ensure that European banks hold enough capital and of sufficiently-high quality to withstand future economic and financial shocks.

Our next task will be to secure agreement on the establishing a Single Supervisor which is critical in facilitating the direct recapitalisation of banks across Europe by the European Stability Mechanism (ESM).

Furthermore, the Irish Presidency is seeking to ensure that EU Governments undertake the necessary reforms

to restore fiscal health

to strengthen budgetary discipline

and to support reforms

So that we can deliver smart and sustainable jobs that all-important growth.

Completing the Single Market removing barriers to business, increasing trading-opportunities and improving competitiveness, are all critical in improving the environment for jobs and growth.

The next phase of Europe's recovery will involve modernising the Single Market to reflect the way we live now thanks to technology in a Digital Single Market.

The Irish Presidency has brokered agreement with the European Parliament on the "two-pack" of economic surveillance and governance measures.

It aims to providing an early warning and intervention to prevent a recurrence of the crises that have blighted our continent in recent years.

The current crisis, however, is certainly not over, but the Euro and the EU are in calmer waters than they were even a year ago.

Later this week, the European Council will meet to assess the progress made by Member States under the European Semester process.

The Irish Presidency has also committed itself to make advances on the external trade agenda so that exporters across the EU can access new markets and develop their businesses.

We are off to a good start on EU-US trade and we will continue to do all that we can to secure a Council mandate to start intensive EU-US trade talks and to advance the pace of trade negotiations with other key partners.

Many of the programmes that I mentioned require some funding from the EU budget. Last month EU leaders and Heads of State and Government agreed a budget from 2014-2020 after long and intensive negotiations.

The Parliament's assent is required before this Multiannual Financial Framework can be adopted and it falls to Ireland as Presidency to gain this assent.

Securing the European Parliament's assent will be a major challenge, but I believe that reaching agreement on this deal is absolutely critical to underpin and indeed to spur economic growth and job creation in communities across the EU, through the provision of supports for cohesion and regional funding programmes, education and training initiatives and growth in research and innovation.

Finally, the time available today does not allow me to explore fully what I know is a hot topic for you here – the question of the UK's position in the European Union.

Let me say simply, we joined the Union together 40 years ago. We have travelled a great distance together within it. We are of like mind on so many of the vital issues the Union faces, especially the jobs and growth challenges I have already set out.

The UK is an enormously important partner for us in Europe. We greatly value the contribution you make, and we look forward to it continuing long into the future. It is good for Europe, good for Ireland and, not least, good for the UK.

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