Speech by the Taoiseach at the IBEC CEO Conference

February 28th, 2013

“All of our predecessors, whether in politics, business, or simply a citizen, have played their role in the development of the modern day European Union.

It can be easy to forget the scale of their achievements. 27 separate member states working together. A dynamic marketplace of over 500 million people. And European business using the Single Market as a springboard to global success.

It is quite a legacy. And now it falls to all of us to ensure that this grand exercise in European co-operation and economic development continues to prosper so we can pass the baton to the next generation.

The experience of the past few years has shown that this is a constant challenge, requiring enduring vigilance and attention.

Today, we are one-third of the way through Ireland’s Presidency of the European Union. We are confident that we will deliver on the Presidency that we promised – one focused on Stability, Jobs and Growth.

I believe the experience of Ireland, and lessons learned, are relevant to the wider European experience.

Both have faced profound, some might say existential, crisis.

It was perhaps inevitable that the focus of efforts at European level have been directed at crisis-management to the detriment of planning for Europe’s long term economic well being.

At times Europe’s collective response to the financial crisis has been frustratingly slow. The scale of the crisis is unparalleled in modern times. However, following new forward looking positions adopted at European
Council we are finally seeing the emergence of solutions, and with it, increasing stability.

And from stability we need to quickly refocus our efforts back to jobs and growth.

Those of you from Ireland will have heard me say many times that my ambition is for Ireland to become the best small country in the world for business by 2016.

It is an ambition I believe we will achieve. The scale of reform and action across Government to improve our competitiveness is unyielding until we reach our goals.

It is important to understand that becoming the best location for business and enterprise is not an end in itself. It’s not for business sake that we do it. But it’s for the people. It’s for them.

Only a successful and thriving enterprise environment can provide the type of opportunities that our people demand. The jobs from a growing economy can support their dreams, fuel their ambitions, and provide for their families.

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

We cannot allow economic recovery to be a jobless recovery. Similarly European recovery has to address the huge unemployment problems experienced across the Union.

Our citizens rightfully expect us to show leadership to get the economy moving again, to help businesses grow and to get people back to work.

We must now show leadership to transform the way we do business, to build a sustainable future for both business and our citizens.

**Leadership in Europe**

In the European Union, evolution and change is constant as we strive to do
things better, to encourage innovation and new co-operation. – It has been a hallmark of the forty years of Ireland’s membership of the EU.

European business has continued to excel in their sectors and maintained a reputation for excellence that has been earned through decades of hard work.

This transformation was made possible by a continuous thread of informed leadership across the decades. And Ireland has played its part.

**For example:**

Our Presidency in 1975 oversaw the creation of the European Regional Development Fund.

Our Presidency in 1979 was on foot of first direct elections to the European Parliament and oversaw the establishment of the European Monetary System.

During our 1984 Presidency, the EU signed the Trade and Economic Cooperation Agreement with China, and facilitated the accession of Spain and Portugal.

In the aftermath of the collapse of the Iron Curtain, Ireland’s Presidency in 1990 agreed the common approach to German reunification and to community relations with Central and Eastern European countries.

In 1996, our Presidency delivered the basis for the Amsterdam Treaty, which focussed on the rights of EU citizens and established mechanisms to further boost the role of the European Parliament in the EU decision-making process. Most recently, during Ireland’s 2004 Presidency the “Day of Welcomes” held in this Dublin’s Phoenix Park heralded the single biggest expansion of the EU in its history.

Today we are at another critical staging post in our journey, with a shared goal of rebuilding our economy and confidence so that we can provide a better future for our people and European business.

Europe has depended on committed stewardship over its history and this year Ireland as Presidency will lead a programme for the Union which targets meaningful decisions to deliver economic stability, jobs and growth.
Decisive action across the EU – at government and business level – is necessary to reverse the drastic economic and social effects of the current crisis.

For governments, this means fixing the weaknesses in the monetary and fiscal framework of the EU, and barriers to competitiveness in Member States.

For you and your teams, this means being ready and willing to adapt to the emerging and improving business environment, working with Governments as we seek to improve national competitiveness, improving levels of innovation and productivity, and keeping ahead of the competition by improving the goods and services you offer.

This is a business model based on excellence, a European model, an Irish model, and has proven itself to be both successful and robust.

**Enterprise Priorities for Ireland’s Presidency**

Responding effectively to the financial, banking and Eurozone crises remains a central concern for the European Union but can only be part of our efforts to get the European economy back on track.

Here in Ireland we are rebuilding the economy by transitioning it from a failed model based on property speculation, banking and debt to a sustainable economy based on enterprise, innovation and exports. We must enhance Europe’s competitive advantage and regional competitiveness, to now promote economic growth, trade and investment and - ultimately - creating jobs.

Stability, Jobs and Growth are the central themes of the Irish Presidency and I believe they are shared by Governments and citizens across Europe.

Indispensable to this is achieving a budget for the EU that supports the jobs, growth and the investment agenda. We are putting in place a budget of almost €1 trillion which can be used to boost growth across the EU and to enhance quality of life for our citizens.

We are working with the European Parliament not just to reach agreement on the overall budget for the EU but also on the Programmes that put this funding
into action and make sure it makes a difference. The Horizon 2020 Programme will ensure that the EU makes a smart investment in innovation – making sure that this investment translates into new jobs.

We will progress the Programme for Competitiveness and SMEs so that we can strengthen the competitiveness and sustainability of EU small businesses and encourage a more entrepreneurial culture.

I know that the Minister for Jobs, Enterprise and Innovation, Minister Bruton will host an informal meeting of the EU Competitiveness Council in Dublin in May. In line with the overall theme of the Irish Presidency, the focus of this informal Council meeting will be ‘SMEs as a driver of European Growth’.

These important discussions will centre on access to finance for SMEs, promoting entrepreneurship in Europe - in particular regional entrepreneurship – and assisting SMEs to “go global”.

In selecting our Presidency priorities we asked a very simple question – will this action make a difference that matters for business or for our citizens? 

The Treaty establishing a Unified Patent Court, which was signed last week in Brussels, is a fine example of the practical benefits the Union can bring. Finally, businesses will have a one-stop-shop where they can register and protect their businesses across the European Union.

We will continue to press forward to secure agreement on other measures that can make that bring real benefits.

The European Commission estimates that the digital economy is growing at seven times the rate of the rest of the economy, but that its potential is currently held back by a patchy pan-European policy framework. With most net job creation generated by fast-growing young firms, this is a key growth area that demands our attention.

We are working to create a genuine Digital Single Market by building confidence in cross border transactions and services such as reform of data protection and providing a pan-European framework for e-signatures.

As we continue to improve our competitiveness our capacity to compete on the global stage grows ever stronger.
As much as 90 percent of future global growth is set to be generated outside Europe. It is estimated that there is potential for up to 2% growth in GDP across the EU if Free Trade Agreements can be concluded with Europe’s strategic partners including US, Canada, Japan and China. The EU has an ambitious bilateral Trade agenda and Ireland, as Presidency, has no lost no opportunity to profile its benefits or to facilitate progress.

I was particularly pleased to see President Obama recognise the potential of EU-US trade in his State of the Union address. I will meet with President Obama when I visit Washington next month.

I will work with our partners to ensure that the mandate for those negotiations can be completed before the end of our Presidency.

A Transatlantic Trade and Investment Partnership would create new opportunities for exports, for investment and for jobs.

Within the unemployment challenge lies the particular crisis of youth unemployment. More must be done at national level across Europe to reduce youth employment.

This means re-doubling efforts to promote young people's first work experience and their participation in the labour market. The goal must be that within a few months of leaving school, young people get a good quality offer of work, continued education, an apprenticeship or a traineeship.

As part of the EU Budget deal reached earlier this month, it was agreed that €6 billion would be directed to addressing the problem of Youth Unemployment.

A meeting which Minister Joan Burton is today chairing in Brussels, Social Affairs Ministers will discuss and, I hope agree, on an ambitious Council recommendation for a Youth Guarantee.

This aims to ensure that within four months of leaving school or losing a job, all young people up to the age of 25 would receive a quality offer of employment, continued education, apprenticeship or traineeship.
Ireland’s Fiscal Position

It has been a tough few years for all of us, but it has been especially challenging for Ireland.

I’m glad to say that significant progress has been made in dealing with the many legacy problems that were left by previous administrations.

Over the past two years we have worked hard to bring a new level of stability to our economy and politics which is now allowing us to focus on the main challenge of getting Ireland working again.

I am pleased to report that we have made significant progress in tackling one of the other major challenges which we face domestically – our debt level.

Ireland has successfully completed the process whereby 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 we have reduced the burden on Irish taxpayers, and injected further stability and confidence into the economy. The reaction from our business community has been very encouraging.

But there is more work to be done.

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 firmly committed to bring down our deficit level to below 3% by 2015. We see this as a prerequisite for new jobs and investment.

This week saw the conclusion of pay talks with public service unions on the task of finding an additional €1 billion of savings from the pay and pensions bill of public servants.
The pay and pensions bill accounts for 35% of total public spending. In the context of the additional €3 billion in spending cuts required by 2015, this contribution from payroll is absolutely fair.

Implementing these savings by agreement with public service staff would be another big step on the road to economic recovery, and would send out a signal to the world that the Irish people are determined to fix our economic problems and restore the country to prosperity and full employment.

But we also need the continued assistance and co-operation of our European partners to implement the decisions of the European Council to break the vicious circle between banks and sovereigns.

We need to see continued leadership and determination to see these decisions are implemented which will play a big part in restoring confidence in Europe’s banking sector.

Ireland will work to achieve a real Banking Union, including early adoption of the Single Supervisory Mechanism and real and concrete progress on the other elements of Banking Union.

**Irish Competitiveness**

Fixing the banking sector is only one part of the plan to make Ireland the best small country in the world for business.

We are also busy implementing a huge programme of reform and change across the public service to free up and support enterprise to reach its full potential.

This is mainly achieved through our multi-annual Action Plan for Jobs process in which we identify the many individual steps that need to be taken to rebuild our economy and competitiveness. Just like a business implementation plan, each specific action has individually assigned responsibility and tracked timelines.
The first Plan, which was published by Government one year ago this month, provided a comprehensive framework for actions right across the public sector to support economic growth and job creation.

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 net increase of over 12,000 in the past 15 months.

Our work activation strategy ‘Pathways to Work’ continues to prepare job seekers for their return to work and our national internship scheme, Job Bridge, continues to be successful in delivering people back into full time employment.

These competitiveness changes have seen our economy return to growth for the past two years and further growth is forecast for this year. Costs are back to 2003 levels and our exports are breaking new records.

Last year, indigenous Irish exporting companies recorded their highest net jobs gain since 2006.

We have continued our phased return to the bond markets which began successfully last year, and we continue to perform very strongly in attracting Foreign Direct Investment to our shores.

**Corporation Tax Rate**

Our commitment to maintain our transparent and competitive corporation tax rate remains a central part of our competitiveness offering.

Our corporation tax strategy is based around what we refer to as the three R’s: Rate, Regime and Reputation.

Our rate is clear – Ireland has a low rate applied to a broad base. Our clear commitment to the 12.5% rate provides certainty which is essential for business and supports planning and investment decisions into the long term.
Our regime is ranked first for ease of paying business taxes and also involves a small number of highly targeted incentives, such as the R&D tax credit, that encourage innovation and job creation.

Finally, our reputation speaks for itself: we have a positive international reputation based on transparency and cooperation, as is confirmed by our extensive tax treaty network with countries throughout the world.

**Conclusion**

As you continue with your conference today I am confident that the most troubled economic period of the recent decade is now behind us.

For Ireland, our phased return to the bond markets which began last year is continuing and the international markets have responded positively to the Promissory Notes outcome.

This nation is determined to exit the EU-IMF Programme before this year is out. I have no doubt that this will be possible with continued support from our European partners.

For Europe, the focus of this Government will be to continue to work hard to deliver solid achievements that will aid European recovery and job creation.

Aims such as:

- Securing agreement on the MFF with the European Parliament;
- Pushing for agreement on Banking Union proposals to ensure that the commitments made last June will be delivered;
- Attending to the important work needed on CAP and CFP reform, Horizon 2020 and on structural funds;
- Ensuring that the EU is equipped to support and stimulate growth in the digital economy;
- Removing obstacles to a true and genuine Single Market across the EU; and
- Placing a special focus on the EU-US trade relationship

I have always said that politics is about the people.

This European Union of 500 million people works best when we work together for our common good.

We Europeans have consistently overcome the worst types of adversity and have worked hard together to build what we have today.

With renewed confidence and belief in ourselves I have no doubt that will we collectively overcome the current economic challenges before us.

That European business will remain the global standard for excellence.

That European politics will remain an inspiration for international co-operation.

And that Europe itself will remain a peaceful and prosperous land.

This will be a worthy legacy to leave to our following generation.