

EU POLICY PAPER
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Building a Stronger Union

Young Fine Gael's Submission on the Future of Europe -
Second Edition (2020)

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Building a Stronger Union

Foreword

A chara,

I am delighted to preside over the second edition of the YFG International Committee's Building a Stronger Union EU Reform Document. I am proud to have played a part in contributing to the previous iteration of the document when I was a member of the International Committee in 2018 and witness how well received the document was at the time. Yet again in this second edition of the document, YFG's International Committee remains at the cutting edge of developing pioneering, relevant policy related to the European Union and its place in the world.

On behalf of the National Executive, I would like to commend the International Secretary Paula Campbell, the Deputy International Secretary Eoin Scarlett and all of the team on the International Committee for their work on this excellent document. We look forward to engaging with Minister Simon Coveney, our Fine Gael team of MEP's, YFG's Cllr Eileen Lynch, Secretary General of the Youth of European People's Party (YEPP) and all of our friends in YEPP and the Nordic Conservative Student Union (NKSU) as we discuss our ideas of how to protect and progress the European project in these changing times.

Above all else, COVID-19 has shown us just how important the power of unity and togetherness is as we tackle a pandemic that knows no race, no gender, no socio-economic status and no borders. The European ideals of "Unity in Diversity" are not only more relevant than ever before but they represent an opportunity for us to come together and chart our path forward as one Union built on shared ideals and interests: respect for the rule of law and democracy, liberal democratic values, our shared security and our shared future of economic and social success. Now is the time for us to send a resounding message to the rest of the world that working together, Europe will stand stronger and more resolute than ever before.

I hope that you enjoy reading this document. I am proud that YFG continues to assert itself at the heart of the conversation on the future of the European Union.

Is mise le meas,

Daire Lawler

President of Young Fine Gael, 2019-2021



Dear Member,

As Young Fine Gael's International Secretary, I am pleased to see the second iteration of YFG's European policy document launch and that YFG remains fully engaged with European policy, after our initial document in February 2018. With this document, YFG is focusing on the policies we wish to see advanced as the need for closer European ties and cooperation came into the spotlight earlier this year through our combined efforts to fight the COVID-19 pandemic.

Our document has not deviated from the structured asks of before as we still believe that the key asks are for a more competitive, assertive and secure European Union. We in Ireland stand to benefit enormously from a better functioning EU - from better competition and better quality services for consumers, to collectively standing up to and sanctioning those who continue to violate human rights.

I would like to take this opportunity to thank the current International Committee for all their efforts in putting this document together and their continued work on the committee:

Eoin Scarlett, Áine Cooke, Sarah Canavan, Mourad Mejdi, Luke Byrne, Art O'Mahony, Jude Perry, Drummond McGinn, Conor McArdle, Ali Khan, Jamie McCourt

I would also like to thank our two National Executive liaisons Shane Price and Obi Ekoba as well as YFG President Daire Lawler and Vice President Garry O'Sullivan for their input and continued support.

Is mise le meas,

Paula Campbell
International Secretary

**Dear Member,**

I am proud to present to you the second iteration of Young Fine Gael's policy document on reforming the European Union. Work on this document began in February 2018 following on from a YFG meeting I organised with Brian Hayes MEP to discuss the future of Europe. What emerged from the meeting was a great number of ideas from the YFG membership about how to reform the EU. I decided, together with our International Secretary Paula Campbell, to use these ideas as the basis for YFG's submission to the European Commission's Future of Europe public consultation process. The rest of the International Committee soon edited and added to the policy paper. The first iteration of the document was completed at YFG Summer School in Bundoran in July 2018. In Bundoran, all members of YFG had an opportunity to suggest amendments to the document and it was passed as official YFG policy unanimously by our membership. The first iteration of the document was submitted on behalf of YFG to the European Commission's consultation process in Autumn 2018. The International Committee also met with a number of important figures in Fine Gael and the EPP to present them with the document and lobby on its contents. These included: Tánaiste and Minister for Foreign Affairs Simon Coveney TD; Leader of the EPP in the European Parliament Manfred Weber MEP; Minister for European Affairs Helen McEntee TD; Sean Kelly MEP; Mairéad McGuinness MEP; Brian Hayes MEP; and Deirdre Clune MEP. The first iteration also formed the basis of YFG's Youth Manifesto in the 2019 European elections.

Work on the second iteration by a new International Committee began during the height of the COVID-19 crisis in Spring 2020. Paula and I proposed writing a second iteration in recognition of how dramatically the political and economic environment in the EU has changed since the last European Elections. However, we believe COVID-19 has not undermined the possibility of the reforms we proposed in 2018, but rather has accelerated the need for them. For this reason, we have retained all of the proposals we put forward in our first iteration. The purpose of this second iteration, therefore, is not to fundamentally change our vision of a reformed union, but to add to it. We also hope this new iteration will not only take into account and offer solutions to the COVID-19 crisis, but also better respond to the challenges and opportunities presented by the rise of China and the 2020 U.S. General Election. Dramatic times require dramatic action. For this reason, the second iteration of our policy paper is more radical and extensive in its scope.

Young Fine Gael's vision for a reformed European Union can still be summed up in three words. This is why the sections in this document are named "Competitive", "Assertive" and "Secure." We want to create a more competitive union that allows the EU to compete better economically in a rapidly changing global economic environment. We want the EU to become more assertive in global politics, with the ultimate aim of the EU becoming an equally powerful voice alongside the United States for western liberal democracy and the rules-based international order. We want a more assertive union to challenge a rising China and the authoritarianism it promotes, at home and across the world. Lastly, we want a more secure union, better defended against threats such as terrorism, Russian aggression and cyber warfare and one in which EU citizens are more economically secure. We also want the EU to be a champion of the fight against climate change both internally and externally. Making the EU more competitive, assertive and secure will, we believe, build a stronger Union.

Eoin Scarlett
National Executive Liaison Officer on the International Committee





Introduction

In 2020, the European Union finds itself at a crossroads. The COVID-19 pandemic is forcing Europe to make hard and dramatic choices about its future for decades to come. The pandemic has resulted in the deaths of tens of thousands of Europeans. It has taken away the jobs of millions more. COVID-19 has also highlighted many of the divisions, contradictions and structural flaws within the EU. Added to the enormous problems presented by the pandemic, Europe faces many other longer term domestic and international challenges.

The introduction to the first iteration of this document took particular note of the worrying growth of extremist political parties in Europe on both the hard left and the hard right, and their exploitation of rising Euroscepticism. Much of this Euroscepticism was grounded in the same fears that led British voters to choose to leave the EU in the 2016 Brexit referendum. We acknowledge that this kind of Euroscepticism has since mostly receded. This is proven by the high support levels for continued EU membership in nearly every member state. However, the pandemic has revealed a new and perhaps more worrying version of Euroscepticism. This is the divisions over economic policy between richer northern and western member states and less prosperous southern and eastern states, and the greater political divisions between western and eastern members. The fundamental problem appears to be that different member states want different things out of EU membership. Some states, such as the so-called 'Frugal Four', believe the EU has gone too far and see it in many respects as an economic burden. Others, especially southern states like Spain and Italy, believe the EU has not done enough and requires far deeper integration. At the same time, newer eastern member states, namely Hungary and Poland, have flagrantly breached EU political and judicial standards. These states appear to have an entirely different interpretation of the political requirements of EU membership than that held by older western members. Ireland, being both a net contributor to the EU budget while also being generally in favour of deeper integration, finds itself in the middle

of this division. We in Young Fine Gael believe that this unique position gives our small country the opportunity to help forge a compromise that will save and strengthen the European project. This has already been reflected in Minister Paschal Donohue's recent election as President of the powerful Eurogroup.

The domestic challenges confronting Europe are immense. The most urgent of these is the need to resolve the unfinished nature of the monetary union. The incompleteness of the Eurozone has been exposed as a major weakness by both the pandemic, and the recent decision of Germany's constitutional court. The acceptance by the European Council of the Franco-German compromise over the issue of the next seven-year EU budget and the COVID-19 economic stimulus package represents a way forward. However, the primary structural failings of the Eurozone remain. **YFG argues that the way to solve these failings is through completion of the single market, a shared debt instrument for the Eurozone, enhanced powers for the ECB and consolidation of fiscal and monetary policy.**

Undoubtedly, the single biggest international challenge to the European Union is the rise of China. The Western-led rules-based international order has declined and there has been a subsequent increase in authoritarianism across the world. China has proven itself in the last number of years to be a global challenger to liberal democracy and to basic European and Western values of human rights, the rule of law, and personal liberty. This is proven by China's incarceration of millions of its ethnic Uighur citizens in concentration camps in Xinjiang province, its effective ending of 'one country, two systems' in Hong Kong, its aggressive policies across South-East Asia, the use of the 'Belt and Road Initiative' to increase China's power overseas and the exporting of high tech mass surveillance technology to authoritarian regimes all over the world. China's economic model of authoritarian state capitalism also represents a long term economic challenge to Europe, despite the temptation to view China purely as an exciting new

market for European goods. **For these reasons, YFG advocates for the EU to adopt a much more assertive policy package to counteract China's challenge to liberal democracy.** Many other strategic challenges outlined in our first iteration also remain. These include Russian aggression, the potential resurgence of Jihadist terrorist groups, cyberwarfare and the threat presented by rogue states such as Iran and North Korea.

2020 will be a year of reckoning for the European Union. The COVID-19 crisis and deep-rooted divisions among member states are forcing the EU to choose between dramatically different economic and political paths. Member states can choose a path of deeper integration for the Eurozone and a more flexible, multi-layered structure for the wider Union which will reconcile the contradicting desires of different states. Or, leaders can fail to agree to major reforms, continue with the paralysis of the last decade, and risk the gradual disintegration of the European

project. The 2020 U.S. Presidential Election also represents a crossroads in EU foreign policy. If the likely outcome does indeed play out and Joe Biden is elected U.S. President, Europe will have a choice. It can revert to the role of being the junior partner in the Transatlantic alliance, but with an American ally that is far less focused on Europe or willing to subsidise its defence. Or, it can significantly strengthen its defence capabilities and foreign policy, become the primary Western actor in the extended European neighbourhood, and **become an equal leader alongside the United States of the democratic world.** We firmly believe Europe should choose the latter course. In this second iteration of our vision for the future of Europe we offer many new specific policy proposals in recognition of new challenges and the need for more extensive reform. However, our central view remains the same. **This is that it is only by making the EU more competitive, assertive, and secure that we can build a stronger union.**



Competitive

The economic rise of newly industrialised countries such as China presents a major economic challenge for European industries. The EU economy must reform in order to better compete with these countries. We believe freer and better trade is central to this.

Our proposed reforms are:

1 The establishment of a fully integrated Capital Markets Union

Capital markets remain mostly along state lines. This confines businesses to rely on domestic markets for financing, many of which remain underdeveloped and ill-equipped in meeting needs of domestic enterprise. Establishing free intra-EU capital flows would increase aggregate business creation within the EU, remove financial power asymmetries, and provide greater opportunities for investors.

2 The establishment of a fully integrated services union

As with capital markets, the full integration of services markets would allow a service provider to operate barrier-free in any member state regardless of where they are incorporated within the EU. This would increase competition in the services sector as well as opening up a larger market for service providers.

3 An updated and more stringent competition policy for the 21st century

Global corporate consolidation has increased significantly since the mid-twentieth century resulting in lower competition, reduced business dynamism and hampered innovation. The EU should aim to have the world's most competitive markets through a tranche of policies; enforcing market share rules (i.e. any one company can exercise a market share of no more than 20-25%) within the EU economy as a whole and within member states,

the retroactive breaking up of dominant firms that exceed this, restrictions on anti-competitive mergers i.e. "buying out your competitors" and a firm rejection of 'European champions'.

4 The further integration and deepening of intra-EU supply chains

With Brexit threatening (and already eroding) European supply chains combined with COVID-19's effect on the future of EU-China trade, there is a need to both improve existing supply chains between member states whilst creating new ones. The creation of new supply chains can be facilitated via the EU sponsoring/funding tax breaks for the establishment of said supply chains. The end goal would be a greater level of supply chain integration between northern and southern member states, as opposed to the existing regional divides of production.

5 More free trade deals

We want the EU to expand on its success in signing the CETA and JEEPA free trade agreements. We would like to see the EU sign more free trade agreements, particularly with the MERCOSUL trading bloc in South America on the condition that the EU standards for meat production are met by these nations and also with key African countries.

What can Ireland do?

Ireland should try to lead trade negotiations as much as possible. Irish politicians and officials should play major roles in EU trade negotiations such as the key role Commissioner Phil Hogan played in the JEEPA negotiations. When the government completes its aim of doubling the size of the Irish diplomatic corps overseas, a significant part of this increased diplomatic corps should be devoted to working on behalf of the EU.

6 More business with developing countries

European businesses should be encouraged and incentivised to set up more operations in developing countries. The market for European goods is rapidly expanding as developing countries become richer. This is a great opportunity for European business which very much links in with new EU free trade agreements with newly industrialised countries.

What can Ireland do?

Again, Ireland can use an enlarged diplomatic corps, as well as an enlarged IDA, to increase business for Ireland and the wider EU with developing countries.

7 Opposition to Common Corporate Tax Base (CCTB)

We firmly oppose any efforts to create a CCTB for the EU on the basis that it will make the EU less competitive. Differing tax rates attract business into Europe, especially in the IT sector and changing this risks losing one of the EU's major industries. The CCTB would also punish smaller member states such as Ireland, Estonia, Latvia, Denmark and Sweden which all have large IT industries. The CCTB would, by removing a major part of member states' sovereignty in the freedom to set their own tax rates, fuel anti-EU sentiment.

What can Ireland do?

Ireland must continue to veto any attempt to introduce a CCTB at the European Council. However, Ireland should support cross-border cooperation on corporate taxation and aim to cut down on tax avoidance by large corporations.

8 Energy market union

EU citizens should be allowed to choose their electricity and gas suppliers from any energy company based in the EU. We believe that this would not only give greater choice to European consumers, but it would also encourage the growth of the renewable energy market.

9 Language policy

The EU should launch a common language policy to encourage better language teaching in schools as well as sponsoring more exchange programmes for language students.

What can Ireland do?

The Irish government must reform its foreign language syllabus in schools to have a greater focus on oral teaching. Foreign language education also must begin much earlier at primary school level.

10 Digital education programmes

The EU should encourage member states to launch compulsory digital education syllabuses in primary and secondary schools. This would help address the problems of deliberate disinformation on social media by foreign powers, namely Russia, as well as fake news in general and also protect children and teenagers from abuse online.

What can Ireland do?

Ireland can lead by example by introducing a national compulsory digital education syllabus in primary and secondary schools. This should be closely modelled on the digital education syllabus which the Swedish government has introduced in its schools.

10 Civic education

Brexit and recent European elections have highlighted the lack of knowledge about the true workings of the European Union. Quality civic education with a European dimension should be encouraged across all Member States to address this shortfall. This would better inform young people about the workings of the European Union and it would foster political and civic participation from a young age.

What can Ireland do?

Ireland should encourage fellow Member States to teach a curriculum like our own CSPE, with a focus on European issues.



Monetary Reform

1 Allow the ECB to act as a “lender of last resort”

Whilst the ECB is currently prohibited from acting as a lender of last resort, it has exploited various loopholes to act as a de facto version of this. Such a modus operandi has yielded its problems in the face of legal challenges, most recently in the form of a German High Court ruling. The enshrinement of the ECB as a lender of last resort (as most other central banks are) would allow it to fulfil its obligation to the fullest without the threat of legal implications. It would also remove a degree of the uncertainty that underpins European markets.

2 The creation of a permanent single debt instrument for the Eurozone

A single debt instrument would allow for shared borrowing at an EU level. This would aid in the investment in highly indebted member states whilst facilitating the shared benefit of European economic power. A permanent instrument would also provide markets with an additional safe asset that the EU can avail of in order to properly utilise a larger amount of private savings within the market. We already see that this is a very real possibility, as a temporary common debt instrument has been agreed upon between EU leaders in 2020.

3 Amendment of the ECB’s mandate to one of: price stability, balanced nominal growth and full employment

Unlike other CB’s, the ECB only has one mandate: price stability. Whilst this is an important feature of any prosperous economy, limiting the ECB to a single mandate restricts the European economy from properly utilising monetary policy. The ECB should both adopt and act upon the Federal Reserve’s mandate in the US and target full employment throughout the EU. An adoption of a balanced nominal growth strategy would mandate the ECB to ensure that the European economy hits its GDP targets whilst ensuring convergence between the more affluent and less well-off regions of the EU.

4 The expansion and implementation of permanent TLTROs

Target longer-term refinancing operations (TLTROs) have been one of the most significant facets of European monetary policy. The ECB offers conditional loans to banks at low (or even negative) interest rates. The conditions are generally that said loans are passed onto an area of the economy of the ECB’s choosing. Basically, the ECB uses private banks as a vehicle for pumping money into the real economy. Done correctly, this can be a powerful tool in improving lagging sectors in the economy whilst increasing the money supply quickly and efficiently. Expanding their use would allow for the improvement and diversification of the EU market. This would facilitate business growth, job creation, emerging industries and competition.

Fiscal Reforms

1 The consolidation of Eurozone fiscal responsibilities into a single EU institution

The consolidation of the fiscal responsibilities of the Eurozone member states under a European Fiscal Authority (EFA) would both ensure a stronger economic future for Europe, whilst achieving the goal of an ever closer union. The integration of fiscal powers with already consolidated monetary powers would increase the EU's ability to invest in a robust and prosperous future by increasing EU-wide output, whilst offsetting the current imbalance caused by integration of monetary responsibility alone. The move towards fiscal harmonisation would involve the EU retaining the right to levy taxes on: carbon emissions, high-risk financial assets, cross border financial flows within the EU and cross-border transfer pricing.

2 Repeal the mandated 3% budget deficit cap set out in the Fiscal Compact Treaty (2012)

The 3% cap was set arbitrarily. There are no strong economic arguments as to why a cap should be set at 3%. Having a quasi-balanced budget rule (as this is) can limit growth as it effectively prohibits governments from utilising expansionary policies in order to grow their economies.

3 An official commitment to balanced economies within a balanced Union

The large fiscal surpluses of northern states has hurt the EU, mainly the southern states who have borne the brunt of large corresponding deficits and have further suffered due to the incompatibility of their consumption-driven economic models with EU rules. Likewise, the EU as whole has sought to generate a surplus with the rest of the world which has depressed domestic investment and consumption. An EU commitment to pursue a balance of consumption and production both between member states and between the EU and its trading partners would grow demand throughout the EU whilst encouraging southern states to increase their production. This would go a long way towards addressing the economic divergence and resentment between the northern and southern member states.



Assertive

The last decade has seen Europe's traditional ally the United States become less assertive in global geopolitics. In contrast, China and Russia have both become much more assertive. It is not good enough for the EU to simply hope that the US will reverse this decline. Europe is losing global power and influence and it must now become more independently assertive in international geopolitics. Whether or not the US recovers, the EU must be strong enough to stand by itself. Central to a new, more assertive EU foreign policy is the **promotion of liberal democracy, the rule of law and human rights** as the best system of government in the world. The EU27, guided by the European Commission and Council, must agree to a **wider ranging, clearer and more ambitious Common Foreign Policy (CFP)**. The following points are what we believe the key objectives of the new CFP should be.

Our proposed reforms are:

1 **Qualified majority voting (QMV) on foreign and security policy at the European Council**

The European Council should use the 'Passerelle Clause' to alter the voting procedure on foreign policy and CSDP decisions at the European Council and Council of the European Union from unanimity to Qualified majority voting (QMV). Decisions should require a two-thirds majority in order to pass. Member states that vote against a successful decision should be allowed to opt out of that particular decision, for example, by not signing a joint declaration or not committing a troop contingent to a CSDP overseas mission or operation. This would allow the EU to have a greater military and diplomatic presence overseas, act more speedily and overcome the frequent obstacle of a small number of member states blocking key foreign and security policy decisions. The opt-out mechanism of our proposal would allow for a small number of differing views at the

European Council but would prevent a minority of member states from stopping entirely a policy desired by a majority of the EU27. QMV voting on CSDP decisions would also make it easier for the EU battlegroups to be deployed and would facilitate an increase in the number, ambition, variety and scope of CSDP overseas missions.

What can Ireland do?

The Irish Government can lobby for the introduction of QMV voting on foreign and security policy at all levels of the EU and pledge its European Council vote in favour of such a change in voting procedure. Domestically, the Irish Government should also seek to remove the outdated and restrictive so-called 'triple-lock' mechanism. Removal of the 'triple-lock' would enable our Defence Forces to participate in more current and future CSDP missions or any deployment of an EU battlegroup that we are part of.

2 **Expansion of EU agencies**

The European External Action Service (EEAS), FRONTEX and European Defence Agency (EDA) all need to be significantly expanded in order to successfully implement a more ambitious CFP. The EEAS and FRONTEX in particular need much greater staffing and much larger budgets. FRONTEX needs to be expanded into a force that, together with the national authorities, can effectively police the EU's external border. This will help tackle the issues of illegal migration, human trafficking and illegal smuggling of goods. Expansion of the EEAS will create a much greater diplomatic presence for the EU abroad. We believe EU embassies should be set up in many key countries which the CFP has identified as being potential new long-term partners.

What can Ireland do?

The Irish Government should recruit more staff to EU agencies such as FRONTEX and advertise the career opportunities available to Irish people in these agencies.

3 **A new partnership with Africa**

Recent years have seen massive Chinese investment in African countries. While this has brought many benefits to the infrastructure of African countries, it is also leading to declining European influence, exploitation of African land and resources and the promotion of the more authoritarian Chinese system of government. As Europe's closest

neighbour, Africa's fate is very much tied to Europe and it is now time for the EU to engage in major infrastructure and service-building projects in Africa. This will help the EU to promote the European liberal democratic system of government which will pay greater respect to the human rights of Africans. For example, the EU could establish an effective Libyan coastguard, providing its training, budget and equipment and in return be allowed to establish an EU naval base on the Libyan coast to facilitate the search and rescue and anti-human trafficking operation in the Mediterranean. There should be regular EU-Africa summits which should always be attended by top EU leaders, especially the Commission and Council Presidents. The EU should also start negotiations with certain key partner countries in Africa to sign bilateral trade agreements.

What can Ireland do?

Top Irish government figures should attend all EU-Africa summits and should also aim to address and attend African Union summits regularly. Ireland can also lead EU aid policy through its large NGO charity presence in Africa. The Taoiseach should also place a goal for EU countries to spend 0.7% of GNI on foreign aid, in line with UN targets, on the agenda for the next European Council meeting. Ireland can set an example by holding more bilateral meetings with African leaders.

4 Promotion of peace

The EU, through an expanded EEAS, should work to be an honest broker of peace agreements across the world. EU-sponsored ceasefires and peace treaties could help to prevent war in conflict areas like Syria, Yemen and the Congo and at the same time enhance the EU's international reputation as a force for good. The EU must defend the Iran nuclear deal (JCPOA) despite the US government's decision to withdraw from the agreement. The EU must be prepared to take on US sanctions in order to guarantee that the agreement survives. The EU should also try to sign more bilateral peace agreements similar to the Iran nuclear deal.

5 The voice of the west

The EU should aim to be the dominant voice of the Western world on the international stage. The lack of the Trump administration's enthusiasm to fill this role means the EU must take its place. Global forums, such as the UN Security Council, should be used by the EU as an opportunity to issue the first and strongest Western reaction to international events. The EU should lead the Western policy towards major international developments and coordinate this with allies such as Australia and Japan.

6 Introduction of a European Magnitsky Act

A European Magnitsky Act would sanction human rights violators and perpetrators of crimes against humanity and war crimes by denying them visa access to the European Union and freezing any assets they hold in European banks. It would also prevent any future use of the European banking system. The European Union prides itself on being a bastion of human rights and seeks its promulgation globally and such an Act would convey the incompatibility of human rights violations with European values.

What can Ireland do?

Ireland should lobby the Commission and the High Representative to hasten the proposal of a European Magnitsky Act and engage with relevant stakeholders to establish a comprehensive legal framework to sanction human rights violators. Ireland's MEPs should also be encouraged to advocate for the passing of such legislation through the European Parliament and participate actively in the committee stage of the legislative process.

7 Foster Greater Alliances with India and South-East Asia

The European Union should seek greater relations with our democratic partners in South Asia and offer trade deals and investment packages as an alternative to the Belt and Road Initiative. Robust support for democracy and the protection of Hong Kong's Basic Law and Taiwan's autonomy should be at the heart of European policy in the region. The European Union should continue to support freedom of navigation in the South and East China Sea and call on the People's Republic of China to cease its belligerence in the region and recognise UNCLOS rulings.

What can Ireland do?

Ireland should encourage the Trade Commissioner to commence trade talks with our South Asian partners and continue the success of recent trade agreements with Vietnam and Japan. Ireland can also use its UN Security Council seat in 2021 to encourage parties to the South and East China Sea disputes to adhere to UNCLOS rulings and protect freedom of navigation.



Secure

On 13th September 2017, European Commission President Jean-Claude Juncker declared in his State of the Union address to the European Parliament: "We need to give Europeans back their sense of security." Now, we believe it is time to act on those words. The last decade or more has seen Europe contend with one of its greatest security crises since the Second World War. Jihadism has been responsible for terrorist attacks across European cities and an increasingly aggressive Russia has waged hybrid warfare in Ukraine as well as threatening many Eastern European member states. With President Trump's open scepticism of NATO and the need for the EU to be able to act independently militarily to further European interests, now is the time to turn the EU into a **Security Union**, as well as an economic and political Union. Economic security must also be improved for EU citizens.

Our proposed reforms are:

Defence and Security Reforms

1 Greater development of PESCO

The decision by 25-member states in December 2017 to set up Permanent Structured Cooperation (PESCO) was a great step towards improving European security. PESCO must now become the facilitator of 1) deeper integration among European armed forces, 2) improved territorial defence of the EU's borders and 3) a greater EU military presence abroad. PESCO member states should embark on more ambitious joint projects in the future to achieve these three objectives. PESCO should also consider setting up a new EU cyber defence agency. The Commission and the Council must work immediately to overcome the legal obstacles which have prevented the EU Battlegroups deploying so far. After this is achieved, the European Council must aim to deploy the Battlegroups frequently, either as

standalone EU operations or in support of organisations such as the UN or African Union. PESCO should also explore the possibility of creating different sized Battlegroups and possibly Naval and Air Support Battlegroups capable of standalone operations or operating in support of the main Battlegroups. The EU should also undertake to deploy the Battlegroups within the EU in a similar operation to NATO's 'Enhanced Forward Presence' to provide greater support to Eastern European member states worried about Russian aggression. Member states must increase their national defence budgets with the aim of all states getting as close to NATO's target of spending 2% of GDP on defence as possible.

What can Ireland do?

The Irish Government should allow the Irish Defence Forces to opt into more current and future PESCO projects. The Irish Government should also aim to implement the ten key recommendations of the defence discussion document 'Defending Our Common European Home' launched by Fine Gael's four MEPs. By far the most important of these is a significant increase to Ireland's national defence budget. YFG has also released a defence policy document which seeks to develop in more detail the recommendations of Fine Gael's MEPs and we would encourage the Government to read this.

2 More CSDP overseas missions

Through an enhanced Common Security and Defence Policy (CSDP), the EU should undertake more operations and missions abroad. This should be frequently linked to EU infrastructure projects as outlined in Section 2 above. The EU should undertake more peace support operations such as the EUFOR Chad/CAR mission in 2008, as well as more training missions and NAVFOR operations. Through PESCO, mechanisms must be put in place to make the creation and deployment of these overseas missions and operations more rapid. Groups of member states should be allowed to undertake CSDP overseas operations/missions even if other member states do not wish to contribute to these operations/missions.

What can Ireland do?

Ireland can deploy more troops on CSDP missions, possibly by redeploying some troops from low-intensity UN peacekeeping missions. Fine Gael should also propose legislation to remove the so-called "triple-lock" mechanism

and replace it with a “double-lock” mechanism, requiring government and parliamentary approval only for the deployment of twelve or more Irish troops overseas. This would facilitate greater Irish involvement in more wide-ranging CSDP missions and more rapid deployment of Irish troops on these missions.

3 Ban malevolent actors from 5G networks and other vital national security industries

The European Union's success has been predicated upon open competition and free trade but it must now recognise control of certain strategically vital industries by hostile foreign actors would be inimical to European interests. The operation of 5G networks by Chinese-owned companies risks undermining European security and would leave the EU vulnerable to manipulation and extortion.

What can Ireland do?

Ireland can ban Huawei from the building and operation of 5G infrastructure nationally and call for a European-wide ban on Huawei and other Chinese state-controlled entities from involvement in building up strategically vital sectors. Furthermore, the European Union should cooperate with its democratic allies to create alternative 5G providers or work with existing ones.

4 Mandatory disclosure by foreign companies that are state-controlled

All foreign companies that wish to operate within the European Union and pose a threat to security should be required to disclose whether they are controlled by a foreign government, particularly those which are hostile to European values and interests. An inventory should be established to list these companies so European governments, consumers and businesses can make an informed decision about whether to engage and transact with such companies. Companies that are controlled by a malevolent foreign actor should not be allowed to collect sensitive data about European consumers or security data.

What can Ireland do?

Ireland can call for the Commission to update the Investment Screening Framework to include mandatory disclosure of state

control by foreign companies entering the European market and create a registry of all such companies. The Department of Justice should work with its European counterparts to implement this on a European-wide level.

5 Greater development of the PESCO EUFOR Crisis Response Operation Core (CROC) project

The EUFOR CROC project, led by Germany and France, represents by far the most ambitious of the current PESCO projects. The project aims to create an inventory of interoperable military forces from participants in the project which would greatly speed up the formation of a 60,000 strong force for deployment overseas in a crisis situation. This idea is a step in the right direction for the development of a true and effective European Defence Union. However, currently only five member states participate fully in the project and a further four are observers. More member states must be encouraged to participate. The ambition of the project should also be expanded by establishing inventories for other sized forces, establishing inventories for the formation of purely naval and air task forces, agreeing a mechanism for deciding how to deploy such a joint force (see QMV proposal in 'Assertive' Section), establishing clearer command and control procedures and conducting regular large and small scale joint training for interoperable forces on the inventory.

What can Ireland do?

Ireland as a member of PESCO should participate fully in the EUFOR CROC project, which would be of great benefit to the Defence Forces. Ireland should also lobby for expanding the ambition of EUFOR CROC.

Economic Security

1 European Monetary Union

EU citizens must also be more economically secure. Growth in member states like Ireland that implemented reforms during and after the global financial crisis show that domestic structural reform efforts pay off. Therefore



we are in favour of an EMU that requires actions to be taken domestically first to tackle structural problems at member state level. Member states need to build up fiscal buffers in national budgets to allow room for national fiscal policies in order to navigate economic downturns.

2 European Banking Union

The 2016 Council Roadmap to complete the Banking Union should remain the basis for future discussion. The next steps that the EU should work towards are adequate buffers for bail-in, flexibility to address macroprudential and systemic risks at the national level, sound provisioning policy for non-performing loans, regulatory treatment of sovereign exposure (RTSE), ongoing work on improving the efficiency of national insolvency procedures, and minimising the use of state aid. A focus on risk reduction needs to be maintained as well as fostering cross-border private risk sharing to support progress on the development of a Capital Markets Union.

What can Ireland do?

Ireland needs to continue to reduce the level of government debt, develop more robust income sources, reduce dependence on volatile revenues such as stamp duty and address bottlenecks in infrastructure development.

3 Reforming CAP

Future EU budget funds for CAP will come under increasing scrutiny as Britain prepares to leave the EU and takes their contributions with them. Therefore, CAP needs to ensure that it strikes the balance between efficiency, safety and sustainability. European consumers deserve the highest quality food which is 100% traceable. To deliver this, farming needs to continue to produce high quality products whilst also simultaneously stepping up to the challenges of environmental stewardship and tackling climate change. Future CAP payments should be linked to rewarding the meeting of sustainability targets, specifically regarding water, air and soil quality and build on the success of schemes to protect the environment which mitigate and adapt to the effects of climate change.

What can Ireland do?

In addition to encouraging CAP to become greener and

continuing to safeguard the highest standards of food production, the Irish government should be lobbying in favour of further digression of payments as the system has, in the past, disproportionality benefitted farming in more fertile regions with larger farms.

4 Opposition to transnational lists

The Irish government should oppose the introduction of transnational lists in European parliament elections.

5 Paris Climate Agreement

Climate change is one of the greatest challenges the world will face over the coming century. The EU should ensure the full implementation of the Paris Agreement by all member states. Currently, the target of a global increase in temperatures of no more than 1.5-2.0°C during this century has no enforcement mechanism, although reporting of emissions and targets is mandatory. The EU has set a target of a 55% reduction in emissions by 2030. To ensure this target is met, it should increase funding available to member states for decarbonisation and it should consider sanctions on countries who fail to make progress.

What can Ireland do?

Ireland should lobby for increased funding for decarbonisation measures. We should lead by example and encourage all EU member states to set ambitious targets as in the Irish government's 2020 Climate Action Plan.

6 Social rights for the self-employed

Nearly 15% of EU employment is self-employment. The self-employed are the foundation for wealth generation in society, yet their access to basic social rights varies by member state. Social welfare benefits should be available to all citizens, regardless of their employment status.

What can Ireland do?

Ireland should support the European Commission which has proposed measures in this area. We should also encourage fellow Member States to extend social welfare benefits to the self-employed, as we have done over successive terms in government.

7

European Deposit Insurance Scheme – In 2008, Ireland faced the worst banking crisis of any EU state with 25% of our GDP being used for bailouts. These bailouts not only restored stability to Ireland, but to the EU as a whole. It is imperative that in a future crisis the mechanisms to restore stability operate at a European level. The EU's Banking Union is a set of policies that works towards that aim, with the Single Supervisory Mechanism (SSM) and Single Resolution Mechanism (SRM) already in operation. The missing piece in this puzzle is the European Deposit Insurance Scheme (EDIS) which would protect deposits up to €100,000 in the event of a failing bank. The EU should press ahead with EDIS and make it operational before another crisis hits.

What can Ireland do?

Germany is most opposed to EDIS. Ireland should directly lobby Germany and make the case that it will benefit from increased security in the European financial system.



Conclusion

Member states should go beyond filling the gap in the EU budget left by the UK's withdrawal from the EU and each should proportionally increase their contributions to the EU budget. This is crucial to allow the Union to fund the new initiatives outlined in this document.

The current global political situation is widely regarded as increasingly unstable. Added to this, certain foreign powers are attempting to fundamentally alter the international order established by the Western world and championed by the US. In this atmosphere, the EU must emerge as a defender of the fundamentals of this order and a champion of the liberal democratic system of government. Internally, the EU must seek to restore public confidence in democratic institutions and improve the economic security of Europeans. In order to do this, we must strive to make the EU more **competitive, assertive and secure.**

Young Fine Gael believes that only by doing this will we **build a stronger union.**

YOUNG FINE GAEL

Young Fine Gael (YFG) is the youth wing of the Fine Gael party and always welcomes new members aged between 15 and 35. YFG is a powerful vehicle for young people to seek political change in this country. As an autonomous youth organisation, it has the advantage of embodying the values of the Fine Gael Party, while maintaining the independence to express the views of young people.

Members of YFG can also be members of Fine Gael and take part fully in the party at all levels. YFG has its own President and National Executive.

YFG believes strongly in the ideals of the European Union and is a member of the Youth of the European People's Party (YEPP), an organisation of one and a half million members. YFG has been influenced by the ideas of Christian Democracy and Compassionate Centrism. This means that YFG, like Fine Gael, evaluates everything and tries to move on what it sees as the right thing to do in each given situation. Over the years, we have developed wide ranging policies at this level, and in recent years we have been at the forefront of YEPP, devising successful and important policy resolutions on topics like improving EU banking regulations or introducing an EU-wide vetting scheme for youth and children workers.

For more information about Young Fine Gael

Fine Gael National Headquarters,
51 Upper Mount Street, Dublin 2
Phone: 01 619 8444 Fax: 01 662 5046
Email: yfg@yfg.ie Web: www.yfg.ie

www.yfg.ie

Fine Gael National Headquarters, 51 Upper Mount Street, Dublin 2

☎ 01 619 8444 ✉ yfg@yfg.ie 🌐 www.yfg.ie

🐦 @yfg 📘 /young.finegael 📷 @youngfinegael 🌐 Young Fine Gael

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