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# Ireland's Foreign Relations in 2010

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## ABSTRACT

This article examines international events in 2010 and Ireland's role in international affairs during this period. It looks at the foreign policy process in Ireland, examining government policy, debate in the Oireachtas and, more generally, coverage in the media. Ireland's interests and role in the European Union during the Spanish and Belgian presidencies are considered, including European responses to the global financial and economic crisis and the development of EU external relations. Developments in the UN are reviewed; including Ireland's involvement in a number of UN institutions, initiatives and peacekeeping operations. Finally, the review considers Irish governmental policy towards and involvement in politics in Northern Ireland.

## INTRODUCTION

In 2010 the continuing international economic recession that had affected many advanced industrialised states, including the USA and much of the European Union, since 2008 remained very much in evidence. International markets were volatile; economic growth was at a standstill in many of the developed states; and political leaders in these societies had to face up to making difficult economic decisions, including cutting public expenditures, in an effort to curb inflationary pressures and stimulate economic growth. In contrast, China, India and Brazil seemed to weather the economic downturn, with China providing financial support to the USA and to EU states.

The changes in the world trading system were not always mirrored by changes in international politics. Many of the conflicts evident in the previous year were still ongoing during 2010, including in the Horn of Africa, where much of Somalia was lawless and the Transitional National Government seemed powerless to restore order. The year also saw a deterioration of the situation in Côte d'Ivoire, leading eventually to much bloodshed; and forgotten conflicts, such as that in Western Sahara, remained unresolved. More broadly

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in the Horn of Africa, a growing food crisis threatened to lead to famine. In the Middle East, the ongoing struggle over Gaza and the West Bank led to renewed attempts at peace negotiations brokered by the US. At the same time, the blockade of Gaza by Israel led to an international attempt by an aid flotilla to bring in supplies by sea; the flotilla was forcibly intercepted by the Israelis, an action that led to international condemnation. Natural disasters also posed significant humanitarian challenges for the international community during the year. Earthquakes in Haiti and Chile, as well as floods in Pakistan and China, necessitated international assistance coordinated through the UN and its agencies, supported by donor states.

There were, however, some welcome signs of peace during 2010, including an increasing easing of tensions between the USA and Russia. In April those two nations signed a nuclear arms reduction pact and also adopted united front against Iran's nuclear programme. In addition, President Obama sought rapprochements with, amongst others, Syria, North Korea, Sudan and Cuba, reflecting the changing focus of US foreign policy. Unfortunately, not all these efforts were successful, with North Korea unwilling to reciprocate the American diplomatic moves and instead engaging in military posturing, including the sinking of a South Korean ship. In the latter part of the year President Obama embarked on a tour of India, perhaps reflecting America's recognition of this country's growing economic importance. Also in Asia, the release of Aung San Suu Kyi from house arrest in Burma in mid-November was greeted with much fanfare by those in the international community who had long campaigned for her release.

In Europe, Herman Van Rompuy became the first appointed president of the European Council, aided by Baroness Catherine Ashton, who became the EU's foreign policy chief. These appointments, brought about as a result of the ratification of the Lisbon Treaty the previous year, although welcomed by European leaders, seemed to have a limited impact on the EU's ability to act in international affairs. The Union, beset by domestic economic problems, particularly in Ireland, Greece, Portugal, Italy and Spain, faced formidable domestic economic challenges. The banking and economic crisis heightened internal divisions within the EU, with many of the wealthy states, such as Germany, France, the Netherlands and Sweden, reluctant to bail out those states in economic difficulties. Indeed, attempts to do so seemed to threaten the very existence of the Euro currency and heightened Euroscepticism in some states.

#### THE DOMESTIC CONTEXT

In Ireland, the Fianna Fáil/Green coalition government led by Taoiseach Brian Cowen continued in power during 2010. Its popularity fluctuated during the course of the year, reflecting widespread public concern over the state of the economy and the tough budget decisions that had to be made in December. There were also a number of high-profile resignations during the year: including those of Trevor Sargent (Minister of State and former Green Party leader) and Willie O'Dea (Minister for Defence, Fianna Fáil) both in February. Minister O'Dea was replaced at Defence by Tony Killeen (FF). In March, Minister for Arts, Sports and Tourism Martin Cullen (FF) also stood down on grounds of ill health, while the Minister for Finance, Brian Lenihan, continued on in

government despite being treated for cancer. There were ongoing inquiries into the banking crisis (with two reports published in June<sup>1</sup>), the publication of the Murphy report on the response of the Catholic Church to child abuse,<sup>2</sup> and revelations about the behaviour of key players in the banking and construction industries. At the end of November, the taoiseach announced that he would call a general election in the new year. The Green Party had already announced that it would pull out of the government after the budget was passed in December. Furthermore, the government's majority of three in the Dáil was under threat, it having lost the support of two independent TDs. The taoiseach's troubles were further compounded in late November by the decision by Minister for Justice Dermot Ahern to retire at the next election; this was followed by a similar announcement by Minister for Transport Noel Dempsey.

On the economic front, the state faced major difficulties due to stalled growth and the effects of the banking crisis. It was clear from very early in the year that many Irish banks would need to be recapitalised and would most likely have to go into state control. In the course of the year, Allied Irish Bank (AIB) and Bank of Ireland received €3.5 billion each in recapitalisation funds, while Anglo-Irish Bank received a further €4 billion. It was evident that many of the major developers in the construction sector were hugely in debt to the banks and unable to pay back their loans. It was also revealed that there were over 43,000 unfinished or empty housing units across state, with many so-called ghost estates being identified in the National Housing Development Survey. The growing indebtedness of the state was compounded by the personal borrowing of many individuals, who now were unable to service their debts and many of whom were falling into mortgage arrears. As the year progressed unemployment rose, reaching in excess of 14%; emigration began to rise as people sought opportunities overseas, whether in the UK, Canada, Australia, New Zealand or elsewhere. The government's response was to curtail public spending, leading to cuts in welfare spending and a reduction in wages. Meanwhile, it kept promising that that growth was just around the corner; however, the four-year budget plan that had been published in September 2009 was queried during the summer by the IMF.

The government had sought, through its decision to establish the National Assets Management Agency (NAMA), to manage the damage to the Irish economy and create economic stability by buying-up bad debts (€15 billion of loans provided by Irish banks were considered to be bad debts). However, the true costs of the banking crisis began to become increasingly evident during the year. The costs of bailing out Anglo-Irish Bank proved to be far higher than

<sup>1</sup>These were the report by the Central Bank governor, Patrick Honohan, 'The Irish banking crisis: regulatory and financial stability policy 2003–08', published on 31 May 2010, available at: <http://www.bankinquiry.gov.ie/The%20Irish%20Banking%20Crisis%20Regulatory%20and%20Financial%20Stability%20Policy%202003-2008.pdf> (18 October 2011); and the report by banking experts Max Watson and Klaus Regling, 'A preliminary report on the sources of Ireland's banking crisis', available at: <http://www.bankinquiry.gov.ie/Preliminary%20Report%20into%20Ireland's%20Banking%20Crisis%2031%20May%202010.pdf> (18 October 2011). The reports highlighted the failure of government policies, poor financial regulation and poor practices in the banking sector. They also suggested that the crisis affecting Ireland was home-grown, and not the result of the collapse of Lehman Brothers Bank in the US in September 2008. The taoiseach acknowledged that the government of which he had been Minister for Finance had made mistakes and should have operated a more prudent fiscal policy. See Simon Carswell, Stephen Collins and Ciaran Hancock, 'Homemade factors to blame for the financial crisis, reports claim', *Irish Times*, 10 June 2010.

<sup>2</sup>See 'Report by Commission of Investigation into the handling of allegations and suspicions of child abuse against clerics of the Catholic Archdiocese of Dublin', available at: <http://www.justice.ie/en/JELR/Pages/PB09000504> (18 October 2011).

anyone predicted, with Minister for Finance Brian Lenihan acknowledging in September that it might cost €34 billion. That same month, Minister Lenihan announced that budget savings of more than the projected €3 billion would be required. On 4 November he stated that this had now grown to €6 billion. Meanwhile Taoiseach Brian Cowen announced that the government would have its four-year budget plan in place by mid-November.

By the latter part of the year interest rates had risen in response to concerns that Ireland might not be able to repay its debts. The ECB's early support proved insufficient, and additional funding was required to stave off economic bankruptcy when it was clear that Ireland could not service its debts. In November the EU Economic and Financial Affairs Commissioner, Olli Rehn, visited Dublin, amid debates and rumours of IMF-EU intervention, to discuss what might be done to stem the tide. Despite insistence by government ministers that such rumours were unfounded, a joint IMF-EU team arrived in Ireland in mid-November for negotiations. The size of the proposed EU-IMF bail-out for Ireland was put at €85 billion, a massive figure. At the end of the year, the Irish government nationalised its fourth financial institution, Allied Irish Bank, injecting €3.7 billion in the bank.<sup>3</sup> This followed High Court approval of the bail-out of AIB. In December also, Ireland's credit rating was further downgraded by rating agency Moody's to three notches above junk status.

In the face of these economic challenges and against the background of spending cuts, the promotion of Irish industry and trade overseas was a key priority for the government. It was notable that by the end of 2010, the sales of goods and services were up on 2009. Ireland's exports were growing by the end of the year, and costs were down. Visits overseas by the president, taoiseach and various ministers provided important opportunities for the government and state agencies to market Ireland and establish political, economic and cultural links. The details of these key overseas visits by members of the government and/or the head of state are noted in Appendix B, along with visits to Ireland by heads of state and government or foreign ministers.

### *The Oireachtas*

Many of the major developments highlighted above and the response of Ireland's political leaders and diplomats to these were discussed during the year in the chambers and committees of the two houses of the Oireachtas. The taoiseach and his ministers reported to the houses on the various EU meetings that took place during the year, including the outcome of European Council meetings and other significant EU events. There were a number of Dáil debates and motions on issues such as events in Northern Ireland, the Gaza Flotilla, the international financial crisis, Ireland's economic problems and the recapitalisation of the banks. Of these, probably the debates around the state of the economy, the banking crisis and the EU-IMF-ECB rescue were among the more important. The Seanad also held a number of debates on a range of foreign policy issues, including especially the Middle East and Northern Ireland. The Oireachtas also considered a number of bills throughout the year, of which the following were of immediate importance to Ireland's role in Europe: the Euro Loan Facility Act (May) and the European Financial Stability Facility Act (July). Other measures connected with the financial crisis included the Credit Institutions (Stabilisation) Act (December), the Pensions

<sup>3</sup>Jill Treanor, 'Ireland nationalises fourth bank in attempt to stem run on AIB', *The Guardian*, 24 December 2010.

and Social Welfare Act (December) and the Financial Emergency Measures in the Public Interest Act (December). The passage of these pieces of legislation was key to Ireland's future economic and political well-being and critical to the four-year recovery plan.

On the committee front, the Joint Committees on Foreign Affairs and European Affairs provided the main forums for debate on European and international affairs in the Oireachtas during 2010. The Joint Committee on Foreign Affairs, which was chaired by Michael Woods (FF), met on twenty occasions during the year. It was supported in its work by two sub-committees, on human rights and overseas development, which met on four and three occasions, respectively. The committee's discussions and presentations focused on issues such as the situation in Haiti, Gaza and the aid flotilla, the report by Kevin Farrell, Ireland's special envoy for hunger,<sup>4</sup> Afghanistan, the crisis in Pakistan, the situation in Iran and humanitarian aid. In April it produced a report, *Ireland's trade promotion policy: developing international markets for Irish exports*, and in September it released a further report dealing with the visit by members of the committee to the USA on 6–12 June 2010.

The Joint Committee on European Affairs, which was chaired by Bernard Durkin (FG), held 36 sessions during the year. At the outset of the year the committee's work programme for 2010–11 included regular monthly briefings by the Minister for Foreign Affairs (or Minister of State) on the issues on the agenda of the EU General Affairs and External Relations Council, discussion of the EU Commission's work programme for 2011 and conclusions of the European Council. As one of the busier committees, it held hearings on a diverse array of topics, ranging from the Europe 2020 report<sup>5</sup> to the European Citizen's Initiative,<sup>6</sup> the financial crisis, the sovereign debt crisis, the EU and Turkey, the EU and the Middle East, and the EU Single Market. It was also aided by a sub-committee established to look at the role of the Oireachtas in European Affairs. This committee, which was chaired by Lucinda Creighton (FG), met on six separate occasions during March and May 2010. Its report, published in early July, recommended stronger accountability of the government on EU matters to the Dáil. Beyond these two committees, the EU Scrutiny Committee, chaired by John Perry (FG), met on twenty occasions to consider EU legislation and the response of government departments to such legislation.

#### IRELAND AND THE EUROPEAN UNION

On the European front, Spain assumed the presidency of the EU for the first six months of 2010. Spain, like Ireland, had been hit by the economic crisis because of its own dependence on the construction sector, development and real estate. In this context, economic recovery and the creation of jobs was very much on

<sup>4</sup>On 2 November 2010, Kevin Farrell presented to the government his report (*Hunger Envoy Report*) on Ireland's progress in implementing the recommendations of the Hunger Task Force; the text of his report is available at: [http://www.irishaid.gov.ie/uploads/Hunger\\_Envoy\\_Report.pdf](http://www.irishaid.gov.ie/uploads/Hunger_Envoy_Report.pdf) (18 October 2011). The Hunger Task Force was set up to examine the contribution Ireland could make to tackling the root causes of hunger, especially in Africa; its report, *860 million people is enough: report to the government of Ireland* was launched at the UN in 2008, and is available at: [http://www.irishaid.gov.ie/uploads/hunger\\_task\\_force.pdf](http://www.irishaid.gov.ie/uploads/hunger_task_force.pdf) (18 October 2011).

<sup>5</sup>Europe 2020 is the EU's growth strategy for the decade ahead; further information is available at: [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm) (18 October 2011).

<sup>6</sup>The European Citizens' Initiative represents a new form of public participation in EU policy shaping. Further information is available at: [http://ec.europa.eu/dgs/secretariat\\_general/citizens\\_initiative/](http://ec.europa.eu/dgs/secretariat_general/citizens_initiative/) (18 October 2011).

the agenda of the new presidency. There was also progress to be made on the development of the new External Action Service, which serves as a foreign ministry and diplomatic corps for the EU, and on external relations. The adoption of the Lisbon Treaty brought with it new developments and challenges for the EU, including deciding who should speak for the EU and role the Union should play in international affairs. In his first major address, the new European Council president, Herman Van Rompuy, chose to focus on economic matters, calling on member states to double their growth rates to 2% to match developments across the globe. This address, however, seemed to go relatively unnoticed, perhaps an indication of things to come.

On 11 February the EU leaders held an informal summit, which was chaired by Council President Van Rompuy. The informal meeting was called to discuss the new Europe 2020 economic plan ahead of the spring European Council. In practice, much of the meeting focused on Greece's economic situation and its ability to meet the targets set in the Stability Programme for 2010. The meeting did agree that, 'All Euro area members must conduct sound national economic policies in line with the agreed rules. They have a shared responsibility for the economic and financial stability of the area'.<sup>7</sup> This provided the grounds for the EU to continue supporting the Greek government, in that the meeting agreed that intervention was required to provide additional loans to Greece to address its continuing economic and budget difficulties. This also marked an acknowledgment that previous efforts to support Greece had not worked. The adoption of further austerity measures was met with violence on the streets in Greece, where citizens protested against the government and its policies. There were also fears that the debt crisis in Ireland and Greece would undermine the Euro, leading to further problems in other Eurozone states such as Portugal, Spain, Italy and even Belgium.

In this context, the principal objectives of Irish representatives in Europe were to ensure that the country's economic interests were looked after and that Europe was supportive of Ireland's economic policy decisions. This included ensuring support for and approval of the establishment of NAMA, which required Commission approval under state aid rules. In February the Commission gave its approval, thereby enabling NAMA to start acquiring property loans from the largest borrowers. On 31 March the Commission authorised an emergency recapitalisation of the Irish banks, including €10.44 billion for Anglo-Irish Bank and €2.7 billion for Irish Nationwide. This was followed in June by approval of an €875 million recapitalisation for Educational Building Society. A further plan for the restructuring of the Bank of Ireland was approved by the Commission in July, while in August the first tranche of assets was transferred to NAMA. The need for European approval for these moves highlighted Ireland's dependency on the EU, as well as the growing budgetary problem arising out of the banking crisis.

In the face of the growing problem in Greece, Ireland and elsewhere there was increasing discussion amongst the member states, the Commission and ECB regarding what was the best course of action for the EU to take. In March the idea of establishing a European Monetary Fund was discussed by German and French authorities as a means of trying to support the Euro. The proposal was also under discussion in the EU Commission and the ECB. At that stage,

<sup>7</sup>Remarks by the taoiseach to the Dáil following the informal meeting of the European Council, 11 February 2010, available at: [http://www.taoiseach.ie.gov.ie/eng/Government\\_Press\\_Office/Taoiseach's%20speeches](http://www.taoiseach.ie.gov.ie/eng/Government_Press_Office/Taoiseach's%20speeches) (16 October 2010).

however, the idea was met with scepticism by the French, although there was greater support for it in Germany, led by Chancellor Angela Merkel.

The ongoing Greek debt crisis overshadowed the European Council meeting of 25–26 March. Ahead of the meeting the Eurozone heads of state and government met to discuss the situation and reached a preliminary agreement that support would be provided to Greece. At the formal European Council meeting agreement was reached on providing loans of up to €45 billion to Greece via the EU and IMF, although the Germans required a tighter system of economic surveillance be put in place. Chancellor Merkel went so far as to suggest that the Lisbon Treaty needed to be amended to ensure greater scrutiny of a member state's finances. Responding to the agreement reached by the Council, Taoiseach Brian Cowen publically supported the provision of loans to Greece. As a part of this agreement Ireland was likely to have to provide €500 million in support to Greece. In return for this support, the Greek government faced the daunting task of implementing three years of budget cuts. On 23 April the Greek government formally wrote to the EU requesting the activation of the EU-IMF aid package. The March meeting also charged Council President Herman Van Rompuy with establishing, before the end of 2010, a taskforce of the member states, working with the Commission and ECB, to look at options for strengthening the EU's framework for economic governance.

On 7 May the Eurozone leaders (representing 17 states) met to agree the final terms of support to Greece. In Washington on 9 May the IMF approved its €30 billion contribution. As a result, Greece was required to adopt further austerity measures to reduce its budget deficit by €24 billion and stimulate competition. German support for the package, following pressure from the IMF and ECB, was only secured on the basis of tough austerity measures. The furore over the terms of the agreement prompted further violence on the streets of Greece. In advance of the 7 May meeting, Minister for Finance Brian Lenihan had briefed the Irish Cabinet on the terms of the bail-out, which included an Irish contribution of €1.3 billion of the proposed €110 billion. This required the passage of legislation through the Dáil (the Euro Area Loan Facility Bill<sup>8</sup>) to enable Ireland to contribute to the bail-out.

In general, the EU finance ministers supported the idea of creating a €750 billion European Stability Fund to support EU governments facing budgetary difficulties. The formal decision on the creation of the fund was taken at the June European Council meeting. In exchange for assistance, the Commission proposed that there would be a system of peer review by member states of national budgets. In Ireland, an MRBI opinion poll found that 49% of those surveyed favoured greater scrutiny and supervision of national budgets.<sup>9</sup> This may have reflected the growing disenchantment in Ireland with the government and past policy decisions that had led to the current economic and financial crisis.

Aside from responding to the ongoing financial crisis, the EU was also engaged during 2010 in discussions about the establishment of the EU External Action Service. Under the terms of the Lisbon Treaty, it had been agreed that such a service would be created and placed under the control of the EU foreign policy chief, Catherine Ashton. This led, however, to infighting between the Commission, European Council and Council of Ministers as to whom should have control and accountability over the service. Ireland's principal concern was

<sup>8</sup>For more information on this legislation, see: <http://www.oireachtas.ie/viewdoc.asp?DocID=14993&&CatID=59> (18 October 2011).

<sup>9</sup>Stephen Collins, 'Majority of voters agree that there should be greater supervision of national budgets', *Irish Times*, 12 June 2010.

to ensure that a number of Irish officials got high-ranking positions within the service. The final agreement on the EU External Action Service was reached on 21 June, following intense discussions over staffing and financing with European Parliament (EP) representatives, who had managed to prolong the discussions as a means of winning concessions for the EP.

In early June the EU agreed to the establishment of the European Financial Stability Facility (EFSF). This was an attempt to present a united front after growing discord had been evident between Germany and France over what should be done to support member states facing economic difficulties. Agreement was reached to write to Commission President José Manuel Barroso requesting that the EU take swifter action in the face of speculation in the markets. It was also clear that there were renewed economic pressures on Spain, Greece, Ireland and Portugal in the bond markets. In the lead-up to the June European Council, French President Nicolas Sarkozy and Chancellor Merkel held intensive talks aimed at agreeing an approach to the issue of economic governance in the EU. The French had previously pushed for the creation of a new institution or secretariat to watch over EU economic affairs, which had been resisted by the German chancellor.

In Ireland, the legislation required to allow the state to support the creation of the EFSF passed all stages of the Dáil on 24 June.<sup>10</sup> This enabled Ireland to contribute funds to the Facility, as well as avail of its support. At the end of June, the European Commission also agreed that the government's Irish bank guarantee scheme could be extended until the end of the year. Similar schemes were in operation across seven other EU states.

On 27 June the European Council met for one day in Brussels. This was the first meeting not dominated by the Greek crisis and where the normal business of the EU could be conducted. The meeting endorsed the 'Europe 2020 Strategy for Jobs and for Smart, Sustainable and Inclusive Growth', and formally signed-off on the five headline targets that constituted part of the strategy. In addition, there was agreement on integrated guidelines for economic and employment policies, which needed to be formally adopted following an opinion of the European Parliament. Other matters discussed included preparation for the G20 summit in Toronto, the UN high-level plenary meeting on the Millennium Development Goals and the UN meeting in Cancún on climate change.

On 1 July 2010 Belgium's caretaker government took over the presidency of the European Union from Spain. Its agenda was dominated by economic issues, including reaching final agreement with the Parliament on the EU's financial supervisory package, as well as addressing EU foreign policy issues, including the establishment of the EU diplomatic service and enlargement negotiations with Iceland, Croatia, Turkey and Macedonia.<sup>11</sup>

In Ireland at the beginning of July the *Irish Times* reported that correspondence from the Commission dating back to March raised questions about the viability of the recapitalisation plan for Anglo-Irish Bank.<sup>12</sup> The publication of the Commission's letter and the disclosure of its concerns over the underlying assumptions being made by the Irish government highlighted the growing unease in Brussels over Ireland's banking sector. On 19 July, Ireland's

<sup>10</sup>The text of this legislation is available at: <http://www.oireachtas.ie/viewdoc.asp?fn=/documents/bills28/bills/2010/3510/document1.htm> (18 October 2011).

<sup>11</sup>Andrew Willis, 'Belgian presidency sets parliament in its sights', *EUobserver.com*, 1 July 2010.

<sup>12</sup>Arthur Beesley, 'EU expresses doubts over State's survival plan for Anglo', *Irish Times*, 6 July 2010.

debt rating was downgraded by credit rating agency Moody's from Aa1 to Aa2. Moody's indicated that its decision was in light of Ireland's GDP to debt ratio and the higher interest rates it was facing. This occurred ahead of the Irish government decision to auction off €1.5 billion in bonds to support the budget deficit. On 23 July, AIB and Bank of Ireland passed the EU-wide bank stress tests. Nevertheless, at the end of August, rating agency Standard and Poor's downgraded Ireland's credit rating to AA-.

Ireland had survived the summer but faced a challenging period during the autumn. In early September, German Foreign Minister Dr Guido Westerwelle commented during a visit to Dublin that he had every confidence in the measures taken by the Irish government to address the debt crisis.<sup>13</sup> On 6 September Minister for Finance Lenihan met with EU Competition Commissioner Joaquín Almunia to discuss guaranteeing large corporate deposits in Anglo-Irish Bank. On 7 September the Irish bank guarantee scheme was again cleared by the Commission and extended until December. There was already growing unease in Europe over Anglo-Irish Bank and its impact on the stability of the financial system. In light of these concerns, the Irish government announced that it intended to wind-up the bank, but would protect its depositors. This provoked further concerns in Brussels. Minister for Foreign Affairs Micheál Martin, speaking at an informal meeting of EU foreign ministers in Brussels during September, rejected the suggestion made by Jean-Claude Trichet, the ECB chief, that states that flouted budget rules should have their EU voting rights suspended.

On 16 September Taoiseach Brian Cowen and Minister Martin attended the European Council meeting, which focused on the EU's strategic relations in light of the Lisbon Treaty. Ahead of the meeting, the taoiseach made it clear that any proposed cooperation between the EU and NATO would not compromise Irish neutrality. Such cooperation would most likely take place around crisis management operations. The taoiseach's remarks were aimed at confronting any domestic Irish opposition, including from within his own Fianna Fáil party, that might reject closer cooperation. It also emerged at this point that no Irish diplomats had been listed for key jobs in the new External Action Service, although three Irish personnel working in the EU's institutions were to be appointed to positions within the service. Later in October, however, Irishman David O'Sullivan was appointed chief operating officer of the new service.

At the end of September the Commission adopted a new legislative package aimed at enhancing EU economic governance. This included enhanced surveillance systems, as well as macro-economic policies and structural reforms. Commissioner Olli Rehn, responding to questions from the *Irish Times*, argued that Ireland would not need to seek emergency funding from the EU provided it adopted budgetary and reform measures relatively quickly.<sup>14</sup> In Ireland, there was a growing concern that the state's low corporate tax rate might have to be reconsidered in light of Commissioner Rehn's comments. The issue of Ireland's 12.5% corporate tax was also a source of controversy and concern to the German and French governments. Former taoiseach Dr Garret FitzGerald called for the government to consult the opposition parties over its proposed

<sup>13</sup>Derek Skally and Harry McGee, 'Germany supports Ireland's crisis measures', *Irish Times*, 3 September 2010.

<sup>14</sup>Arthur Beesley, 'Ireland will not need emergency funding, says EU commissioner', *Irish Times*, 29 September 2010.

economic plans, including on the issue of corporate tax.<sup>15</sup> This suggestion was initially rejected by the taoiseach, despite support for such consultation from the government's coalition partner, the Green Party, but he decided at a later stage to meet with the opposition leaders.

Chancellor Merkel and President Sarkozy issued a joint declaration on 18 October, ahead of the European Council meeting, in which they argued for changes to the EU treaty to enable the Union to provide stronger economic governance and develop a permanent rescue mechanism. In Ireland, the idea of a further referendum on treaty changes raised concerns amongst those in government, who recalled the debacle of the Nice and Lisbon Treaties. Nevertheless, there was acknowledgment that the German public would be unlikely to condone a rescue mechanism without further oversight of national budgets. The taoiseach's meeting with the opposition leaders had confirmed the state's commitment to getting the Irish public finances under control by the 2014 deadline agreed with the EU, and to reaching a 3% public deficit by that time. The ESRI, however, questioned whether this was achievable by 2014 under the strategy being implemented by the government. By the end of October, it was evident that the Irish government would have to make savings of up to €15 billion by 2014. The proposed four-year fiscal plan was discussed by the Cabinet on 25–26 October, and this was then followed by a two day Dáil debate on the economy.

The European Council meeting that took place in Brussels on 28–29 October 2010 focused on EU budget rules, the creation of a permanent EU rescue mechanism and whether changes were required to the Lisbon Treaty. It focused particularly on considering the recommendations of the report of the Van Rompuy taskforce on strengthening economic governance in the EU, which it endorsed and for which it sought fast-track implementation.<sup>16</sup> The meeting also considered preparations for the upcoming G20 summit taking place in Seoul in November, the Cancún Conference on Climate Change to be held in December and upcoming summits with the US, Russia and Ukraine. The October Council concluded with agreement that the EU would look to make 'narrow' changes to the Lisbon Treaty to enable the creation of a permanent rescue fund. Council President Van Rompuy was charged with producing a report on the legal revisions required to create a permanent mechanism in time for the December summit meeting. The meeting also supported measures aimed at supporting joint economic governance and supervision of member state budgets. In his comments following the meeting, Taoiseach Brian Cowen welcomed the moves to create a permanent rescue mechanism, but he was more cautious in his remarks about whether a referendum would be required in Ireland to approve the creation of such a mechanism.<sup>17</sup>

In early November the government announced that its outline four-year budget plan had the support of the EU Commission. This was based on initial

<sup>15</sup>See the *Irish Times*, 2 and 3 October 2010.

<sup>16</sup>The taskforce presented its report on 21 October 2010. Its recommendations included strengthening the Growth and Stability Pact; a greater range of sanctions, both financial and political, for countries that fail to impose fiscal discipline, and their application at an early stage in the budgetary surveillance process; and the introduction of a new macro-economic surveillance framework, including an excessive imbalances procedure. The taskforce also sought a strengthening of national budgetary frameworks. The text of the taskforce report is available at: [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/117236.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/117236.pdf) (18 October 2011).

<sup>17</sup>Arthur Beesley, 'No decision now on Irish referendum, says Cowen', *Irish Times*, 30 October 2010.

discussions with EU Internal Market Commissioner Michel Barnier and Catherine Day, the Secretary-General to the Commission. Further discussion took place with Commissioner Olli Rehn on 8 November in Dublin. Commissioner Rehn endorsed the government's budget proposals and urged all parties to support the four-year budget plan. Following this meeting, the taoiseach, responding to a question in the Dáil, stated that if the budget was not passed then Ireland would run out of funds by July 2011.<sup>18</sup> The Labour party publically opposed the plan, while Fine Gael supported it on the basis that adjustments would be likely over the four-year period. Meanwhile, officials in the Department of Finance were engaged in finalising the draft plan. Beyond government, public and investor confidence in the Irish economy was ebbing away, especially on the bond markets, where there were more sellers than buyers of Irish bonds.

By mid-November there were rumours that Ireland was in talks about a draw-down of funds from the EFSF. This was denied by the taoiseach and the European Commission, as well as by various government ministers. There were, however, ongoing technical discussions with the Commission, the ECB and the German foreign minister about Ireland's economic problems. Opposition politicians called on the government to clarify what was happening. Outside Ireland there was pressure from Germany and the ECB, as well as from Austria, the Netherlands and Belgium, for Ireland to apply for funding.<sup>19</sup> Other states, such as France, Spain and Italy, suggested that this was not necessary. The state of the Irish economy was discussed by the Eurozone ministers at their meeting on 16 November. Returning from the meeting to Ireland, Minister Lenihan denied that there was any need for support from the EFSF, arguing that he had no mandate to negotiate a bail-out. In the Dáil on 17 November the taoiseach pledged to protect Irish sovereignty and its sovereign debt from external imposition, while suggesting that he could not comment on the government's negotiating position before talks began. On 19 November an IMF mission arrived in Dublin, with the object of opening discussions with the government on a rescue package.

On 22 November it was confirmed that the Irish government had requested financial assistance of €85 billion from the European Union, and that this request had been accepted by EU finance ministers. It also met with support from the Commission, ECB and member states, who viewed supporting Ireland as important to the overall financial stability of the Eurozone. Taoiseach Brian Cowen and Minister for Finance Brian Lenihan announced the plan at a press conference at Government Buildings, where they noted that receipt of the financial assistance would be linked to a restructuring of the banking sector and a deficit-reduction plan.<sup>20</sup> The three-year loan of the €85 billion was to be paid from the IMF and EFSF, with additional contributions from the UK, Denmark and Sweden. An initial €10 billion was provided to recapitalise Ireland's banks, with a further €25 billion in contingency funding set aside. The remaining €50 billion would be used to support the public finances.<sup>21</sup> The state was required to provide €12.5 billion from the National Pensions Fund and a further €5 billion in cash resources. As a part of the agreement Ireland was also required to

<sup>18</sup>Stephen Collins and Harry McGee, 'State to run out of cash if budget not passed, says Taoiseach', *Irish Times*, 10 November 2010.

<sup>19</sup>Suzanne Lynch, 'Pressure eases slightly on Ireland', *Irish Times*, 16 November 2010.

<sup>20</sup>Harry McGee *et al.*, 'EU approves Irish request for multibillion-euro aid', *Irish Times*, 22 November 2010.

<sup>21</sup>Leigh Philips, 'EU agrees €85 billion Irish rescue, Dublin to raid pensions funds', *EUobserver.com*, 20 November 2010.

undergo quarterly reviews of its progress, which were to be undertaken by a team of inspectors from the EU, IMF and ECB.<sup>22</sup> Ireland's demise, which many had forecast, was nevertheless a bitter pill for many to swallow in Ireland. As one UK newspaper observed, 'The moral bankruptcy of Irish politics is the biggest obstacle to recovery. The EU can bail out the budget; only a public vote can clear out the government'.<sup>23</sup> The *Sunday Independent* called the agreement 'The sell out of Ireland: the blackest day of the blackest week seen since the Civil War'.<sup>24</sup>

Responding to the outcome of the negotiations over 50,000 people took to the streets of Dublin to protest at the EU-IMF-ECB agreement. Unlike demonstrations earlier in the year in Greece, the protests were largely peaceful. Opposition parties stated that if elected they would alter the government's four-year plan and would not be bound by the commitment to reduce expenditure by €15 billion by 2014. Nevertheless, the public outpouring of anger reflected broader public concern at Ireland's demise. Around Europe, the Irish agreement failed to settle markets, and there was a general concern that Portugal and, possibly even Spain, might next have to seek EU help.

On 24 November the government published its four-year National Recovery Plan, which included measures aimed at cutting expenditure by €10 billion and raising €5 billion in taxes. The first €6 billion reduction in expenditure was to feature as part of the December 2010 budget. The plan continued to preserve the Croke Park agreement, thereby protecting the pay of existing civil servants.<sup>25</sup> The proposals were welcomed by Commissioner Olli Rehn, who argued that they were vital to the stabilisation of Ireland's finances. Fine Gael, Labour and Sinn Féin were all critical of the government's proposals; with Fine Gael leader Enda Kenny insisting that if elected to government his party would not be bound by the plan.

On 7 December the Dáil passed the government's budget proposals by a margin of 82 votes to 77. The planned cuts of €6 billion were seen as likely to impact on every household in the state. The extensive range of tax changes, benefit cuts and income-reduction measures, amongst others, marked the most draconian budget in the state's recent history. The final IMF decision on the provision of funding to Ireland was delayed until after the Dáil debate on the issue on 15 December. The IMF then approved, on 16 December, the provision of €22.5 billion to Ireland.

At the European Council on 17–18 December the member states agreed to insert a simple paragraph into the Lisbon Treaty agreeing to empower Eurozone countries to support distressed members of the single currency. The final wording of the paragraph was changed at German insistence. It stated that 'The Member states whose currency is the euro may establish a stability mechanism to be activated if indispensable to safeguard the stability of the euro as a whole'. It further noted that the 'granting of any required financial assistance under the mechanism will be subject to strict conditionality'.<sup>26</sup> Commenting on the wording, the taoiseach suggested that such a change

<sup>22</sup>Full details of the agreement, or Memorandum of Understanding, and the associated documents were published in the *Irish Times*, 2 December 2010.

<sup>23</sup>Editorial, 'Ireland's leaders have betrayed their country', *Observer*, 21 November 2010.

<sup>24</sup>*Sunday Independent*, 21 November 2010.

<sup>25</sup>The Public Service Agreement 2010–14, agreed at Croke Park in Dublin between the government and representatives of public service workers, represented a commitment by public servants and their managers to work together to reform the public service. Further information is available at: <http://per.gov.ie/croke-park-agreement/#> (18 October 2011).

<sup>26</sup>Arthur Beesley and Harry McGee, 'Crisis fund will be "last resort" after Merkel demand', *Irish Times*, 17 December 2010.

would not require a referendum in Ireland, given that the additional treaty text did not increase the competences of the EU. There was, however, no agreement at the summit to increase the size of the fund (standing at €750 billion), and there was considerable disagreement about whether or not to introduce 'euro bonds'.

On 21 December the Commission authorised further support for AIB, Bank of Ireland and Anglo-Irish Bank. By the year's end, the EU's experience of bailing out Greece and Ireland also raised concerns about the growing problems evident in Portugal, Spain and Italy. Underlying these concerns was the issue of whether the EU had done enough to stem the tide and whether the funds available were sufficient to ward off a further economic crisis in 2011. Moreover, questions remained as to whether the EU's system of economic governance was sufficiently robust to manage in times of crisis.

#### IRELAND AND DEVELOPMENT AID

In the face of growing domestic economic difficulties there was always going to be pressure on the Irish aid budget in 2010. Nevertheless, as public opinion polls commissioned by Dóchas demonstrated, the Irish public still remained committed during the year to supporting aid to those in developing states and those impacted by humanitarian crises: 81% of those surveyed felt that the government should maintain its commitment to spend 0.7% of its GNP on overseas aid.<sup>27</sup> In 2010, Ireland spent 0.53% of GNP on aid. (For an in-depth exploration of the Irish aid programme during 2010, see Helen O'Neill's review in this issue.) Minister of State Peter Power, who had responsibility for the aid programme, had, however, always been clear that this level of support might not prove sustainable in light of ongoing public expenditure cuts. Of the funds allocated for the aid programme in 2010, the vast majority of the money was focused on seven priority countries in sub-Saharan Africa. The other recipients were East Timor and Vietnam.

In the course of the year, Ireland supported a number of humanitarian efforts in the face of natural disasters. This included providing aid and support to Haiti in the aftermath of the earthquake, including funnelling support through Irish NGOs, UN agencies and the Red Cross. Irish Aid, through the rapid response mechanism, sought to deploy skilled individuals to support the emergency effort in Haiti. Minister Power visited Haiti in early July, where he met with representatives of UN agencies and humanitarian groups. In August Ireland also provided financial support for the relief of those suffering after the floods that struck Pakistan. Ireland committed €810,000 in humanitarian aid through Trócaire, Concern and UN agencies. Irish Aid also provided funding of €600,000 through the UN World Food Programme to combat hunger in Sudan.

Minister Power also undertook a number of overseas visits during 2010, including to Lesotho (in March) where he focused on Ireland's HIV/AIDS initiatives. Later in the year Ireland renewed its partnership with the Clinton Foundation with a commitment to provide €16 million of funding to fight AIDS in Lesotho and Mozambique.<sup>28</sup> In June, Minister for Foreign Affairs Micheál Martin visited Uganda, where he spent three days at Irish-supported

<sup>27</sup>Mary Fitzgerald, 'Minister refuses to rule out further cuts to aid budget', *Irish Times*, 7 December 2010.

<sup>28</sup>Department of Foreign Affairs, 'Minister for State for Overseas Development, Mr Peter Power, TD renews partnership with the Clinton Foundation to tackle HIV and AIDS in Sub-Saharan Africa' Press release, 6 May 2011, available at: <http://www.dfa.ie/home/index.aspx?id=83506&media=print> (18 September 2010).

projects, and launched Ireland's five-year programme of assistance to Uganda. This was followed by a visit to Ethiopia from 30 June to 2 July, where he met with the prime minister, representatives of Irish NGOs, and visited various clinics. The latter visit also included a meeting with the chairperson of the African Union Commission, Jean Ping.

In November, as already noted above, Ireland's special envoy for hunger, Kevin Farrell, published his report on Ireland's progress in implementing the recommendations of the Hunger Task Force. The report highlighted Ireland's achievements, but also identified areas for further action. Mr Farrell argued that spending in relation to alleviating hunger should be ring-fenced and not subjected to cuts. As with other areas of expenditure, however, the government faced considerable pressure to reduce spending, and it was almost inevitable that the Irish aid programme would suffer further cuts going into 2011.

#### IRELAND AND THE UNITED NATIONS

Ireland remained a strong supporter of the UN's institutions, agencies and actions during 2010. Annually, the Minister for Foreign Affairs attends the opening of the UN General Assembly, where he outlines Ireland's priorities and issues for the forthcoming year. These occasions afford world leaders the opportunity to participate in fringe events, including regional meetings, as well as to hold bilateral discussions with other state leaders. In 2010 Minister Martin spent over ten days in New York attending the international hunger conference (see below) and two disarmament conferences, as well as addressing the UN General Assembly on 27 September. This commitment of time reflects the opportunities that attending the UN affords the state to influence policies and events at an international level.

In September Ireland co-hosted with the USA an international hunger conference in New York. The conference, which took place on the margins of the annual opening of the UN General Assembly, was co-chaired by Minister Martin and US Secretary of State Hillary Clinton. It was also attended by Minister of State for Overseas Development Peter Power, who addressed the opening round-table. The conference, which brought together representatives from over 190 states, focused on the issues of food security and under-nutrition of children. The Millennium Development Summit had originally committed the UN to halving the number of under-nourished and underweight children. Ireland has previously, through Irish Aid, focused its efforts on the issue of hunger, with the publication of the previously mentioned Hunger Task Force report in 2008 reflecting the state's long-standing commitment to finding approaches and concrete measures to address the issue of hunger amongst some of poorest peoples in Africa and Asia.<sup>29</sup> The September 2010 event in New York was also commented on positively by a number of heads of Irish NGOs, such as Trócaire, Concern and Gorta. The challenge, however, as an editorial in the *Irish Times* noted, is turning fine words into a concrete action plan.<sup>30</sup>

Ireland has, however, also been willing to be critical of the UN. Minister Martin, commenting on the meeting convened by UN Secretary-General Ban Ki-moon in September to consider revitalising the work of the Conference on Disarmament, suggested that the progress being made was 'unacceptably slow'. The conference has been paralysed by procedural wrangles for much of the last decade. Ireland has traditionally been a strong supporter of disarmament

<sup>29</sup>Lara Marlowe, 'Praise for Ireland's approach to hunger', *Irish Times*, 22 September 2010.

<sup>30</sup>'Words and action on poverty', *Irish Times*, 21 September 2010.

initiatives, including having supported the Convention on Cluster Munitions, which came into force during 2010. Ireland has also signed and strongly supports the Comprehensive Test Ban Treaty, which has been signed by 182 states.<sup>31</sup>

During the course of 2010 Ireland continued to play an active part in supporting moves to advance the peace process in the Middle East, through both bilateralism and by working with others in the UN and EU. On many other international issues Ireland continued to take a stand, holding true to its commitments to fighting human-rights violations, such as in Burma, supporting developing states and helping states emerging from conflict. This was reflected in overseas commitments undertaken by Minister for Foreign Affairs Micheál Martin, who visited Gaza and Egypt at the start of the year. These trips were followed by visits to China, Uganda and Ethiopia, as well as to various international fora such as the UN and OSCE. Minister of State Peter Power was also actively engaged in meeting with political leaders, visiting developing states where Ireland has strong ties and participating in high-level international meetings hosted by the EU and UN.

On the peacekeeping front, Ireland contributed troops to a number of EU and UN peacekeeping missions during 2010. As of December, there were only 131 personnel serving overseas on 14 missions and assigned to international organisations. The drop in numbers from the previous year reflected the withdrawal of troops from the UN mission in Chad and the reduction of troops committed to missions in the Balkans (participation in UNMIK ended in October 2010). There were some 20 personnel serving on UN missions (MINURSO, MONUC, UNTSO); 19 on NATO Partnership for Peace-led missions (KFOR, ISAF); 40 with the EUFOR–SFOR mission (in Bosnia and Herzegovina); 14 with the EU military staff; 6 with the OSCE; and 13 at the Nordic Battlegroup HQ (in Sweden).<sup>32</sup>

The main Irish troop commitment during the early part of 2010 was with the EU-led operation in Chad and the Central African Republic, with 425 personnel serving with EUFOR TCHAD/RCA. Ireland's participation in the mission dates back to May 2008. An Irishman, Lieutenant-General Pat Nash, served as the operation's first commander. In March the government announced that it would be withdrawing from the operation in Chad by the end of April or beginning of May, when the existing mandate expired on 15 May. This led to calls from PDFORRA, the body representing members of the armed forces, for the troops to remain in Chad.<sup>33</sup> Particular concerns were expressed about the low levels of personnel serving overseas, with fears that this might drop to 70 or so by the year's end. However, by the end of the year, the Defence Forces were engaged in planning a return to south Lebanon as a part of 12,000 strong UNFIL force. Proposals included sending in a mechanised brigade, such as in Chad and Liberia, with troop levels likely to reach 440. The final decision on such a deployment was subject to Dáil approval in the early part of 2011.

<sup>31</sup>Lara Marlowe, 'Martin says disarmament conference an example of all that is worst in the UN', *Irish Times*, 25 September 2010.

<sup>32</sup>See <http://www.military.ie> for further details of ongoing missions.

<sup>33</sup>Conor Lally, 'Troops must remain in Chad, says defence forces group', *Irish Times*, 3 April 2010.

## NORTHERN IRELAND

The year in Northern Ireland was marked by continuing progress towards fulfilment of the Good Friday Agreement, with final agreement on the devolution of policing and justice powers to the Northern Ireland Executive.<sup>34</sup> This was a significant development, and one that Sinn Féin had long been seeking. There were, nevertheless, outbreaks of violence during the course of the year. In January, Lord Eames and Denis Bradley, co-chairs of the Consultative Group on the Past, presented their findings on how to deal with the legacy of the past to the British prime minister. On 6 January the UDA declared that it had completed decommissioning, and this was verified by the Independent International Commission on Decommissioning. This was followed in February by the announcement by the INLA and the Real IRA that they had decommissioned their weapons.

In the course of the year, two new political leaders were elected: Margaret Ritchie (elected to lead the SDLP after Mark Durkan stood down in February) and Tom Elliot (elected as UUP leader when Sir Reg Empey stood down following his party's poor electoral showing in the May British general election). The UUP had agreed to field joint candidates with the Northern Ireland Conservative Party for elections to the House of Commons and European Parliament, under the name Ulster Conservatives and Unionists—New Force. The changing of the guard in Northern Ireland once again reinforced the normalisation of politics and the desire by many to put the past behind them and concentrate on dealing with Northern Ireland's economic and social problems.

The early part of 2010 was also noteworthy for the personal controversy surrounding First Minister Peter Robinson, whose wife's extra-marital affair with a young man and controversy about her business dealings appeared to damage his political career. He decided in January to step down as First Minister for six weeks, with his DUP colleague Arlene Robinson (Minister for Enterprise) assuming this role. He was, however, able to recover from his personal problems and resumed the role of First Minister on 3 February and led his party into the May general election.

Throughout the early part of the year a series of ongoing negotiations took place, aimed at reaching agreement on the devolution of policing and justice powers from Westminster to Belfast. These negotiations included meetings between Prime Minister Gordon Brown and Taoiseach Brian Cowen in London on 14 January, and again on 24–27 January in Hillsborough Castle. These talks involved bilateral meetings with the Northern Ireland political parties, as well as plenary sessions. On 27 January the two governments were sufficiently confident that progress had been made to suggest that dates might be set for devolution and a transfer of powers. On 5 February Prime Minister Brown and Taoiseach Cowen met again at Hillsborough, where they were able to announce in a joint statement that agreement had been reached between the parties to enable the devolution of policing and justice by 12 April.<sup>35</sup>

In the Seanad on 17 February, Minister Martin called on the parties in Northern Ireland to seize the opportunity for change, and praised the political leadership of the parties who had made the deal possible. On 9 March the Northern Ireland Assembly voted in favour of devolved policing and justice. This was in turn supported by parliamentary orders backed by Westminster

<sup>34</sup>'Northern Ireland moves forward', *Irish Times*, 6 February 2010.

<sup>35</sup>Joint Statement by the Prime Minister and the Taoiseach, 5 February 2010, [http://www.taoiseach.ie.gov.ie/eng/Government\\_Press\\_Office/Taoiseach's%20speeches](http://www.taoiseach.ie.gov.ie/eng/Government_Press_Office/Taoiseach's%20speeches) (16 October 2010).

that allowed for the establishment of a Department for Justice for Northern Ireland. This came into being on 12 April with the transfer of powers from the Northern Ireland Office to the Northern Ireland Assembly and Executive. David Ford was elected as Minister for Justice in the Executive. On 12 April also, the Irish government announced funding of €1.46 million from the Department of Foreign Affairs Reconciliation and Anti-Sectarian Funds to 43 groups involved in reconciliation initiatives.

The British general election in May marked a further changing of the guard in Northern Ireland. After the 2005 elections the DUP held nine seats (33.7%), the UUP had one seat (17.8%), Sinn Féin had five seats (24.3%) and the SDLP had three (17.5%). In the May 2010 election, the DUP held eight of its nine Westminster seats, with the only loss being in East Belfast, where Peter Robinson lost his seat to the Alliance candidate, Naomi Long. Sinn Féin won five seats again; the SDLP won three seats; and the Alliance Party and Independent Unionists won one seat each.<sup>36</sup> The election affirmed that the centre ground had been held in Northern Irish politics, with those opposed to the power-sharing agreement losing ground. The focus during the election campaign was very much on the economy, jobs and the future of Northern Ireland, reflecting the concerns of voters. Peter Robinson, despite his shock defeat, held onto the leadership of the DUP. Following the general election, the new British prime minister, David Cameron, appointed Owen Paterson as Secretary of State for Northern Ireland. The election of the Conservative-Liberal Democrat coalition in Westminster caused concerns among some in Northern Ireland that this would lead to spending cuts across Northern Ireland.

The publication of the Bloody Sunday Report (the findings of the Saville Inquiry) on 15 June was greeted with a mixture of relief and feelings of vindication for those involved in the events of Bloody Sunday in Derry and beyond.<sup>37</sup> This led to much debate and discussion in the newspapers. Following the publication of the report, Prime Minister David Cameron publically apologised on behalf of the country for the events that took place in 1972. Minister for Foreign Affairs Micheál Martin, in statement following publication of the report, suggested that ‘Today, a great wrong has been corrected and the families have rightly proclaimed the innocence of their loved ones’.<sup>38</sup> The publication of the report was welcomed by the taoiseach, who spoke of meeting family members in Dublin on the day after its publication. The report was also acknowledged by the taoiseach in the Dáil at its sitting on 30 June, where a motion on the report was recorded.

On 5 July the tenth meeting of the North-South Ministerial Council took place at Farmleigh House, Dublin. The meeting was chaired by the taoiseach and attended by First Minister Peter Robinson and Deputy First Minister Martin McGuinness. At the end of meeting, a communiqué noted that much of the discussion focused on the fiscal challenges facing the governments on both parts of the island of Ireland, as well as the possibilities for collaboration in support of innovation and economic growth. The meeting also reviewed progress across a range of areas, such as infrastructure, which involve North–

<sup>36</sup>‘How Britain voted’, *The Guardian*, 8 May 2010.

<sup>37</sup>The Inquiry, chaired by Lord Saville of Newdigate, was charged with examining the deaths of 13 people killed by British troops on 30 January 1972 in Derry. The text of the report is available at: <http://webarchive.nationalarchives.gov.uk/20101103103930/http://bloody-sunday-inquiry.org/> (18 October 2011).

<sup>38</sup>Department of Foreign Affairs, ‘“Today a great wrong has been corrected” says Minister Micheál Martin’, Press release, 15 June 2010, available at: <http://www.dfa.ie/home/index.aspx?id=83577&media=print> (18 October 2011).

South cooperation. The Irish government also continued to promote dialogue and projects in Northern Ireland. In July the Department of Foreign Affairs, through the Reconciliation and Anti-Sectarian Funds, announced funding of €456,000 for 37 cross-community and cross-border outreach groups. It also supported the fifth Reconciliation Networking Forum that took place at the Royal Hospital Kilmainham on 5 July. The minister also announced further funding of €917,100 for 59 groups at the end of the year.

There were renewed outbreaks of violence during July in Belfast (Ardoyne) and Derry, with rioting on the streets. The violence resulted in considerable damage, and a number of PSNI officers sustained injuries. The PSNI, however, sought to avoid any escalation of the situation, and the number of arrests was minimal. Minister Martin condemned the violence, arguing that the actions of dissident republicans were the greatest threat to peaceful co-existence and Irish unity. Ahead of the parades planned to take place in Derry and the Ardoyne, Minister Martin called on those involved to participate in a calm and peaceful manner. He also called for an end to the targeting of PSNI officers. In August, the Apprentice Boys Parade in Derry took place without any major incident; there were some peaceful protests.

In November, Sinn Féin leader Gerry Adams resigned his Westminster seat and announced that he would stand down from the Northern Ireland Assembly, so that he might stand for election in the upcoming Irish general election. This marked a further departure of one of the key architects of the peace process and reflected the overriding desire of Sinn Féin to become an all-island party, having representatives in government both north and south of the border.

It seemed that the threat of violence from mainstream political groups and paramilitaries receded in Northern Ireland during 2010. There remain concerns, however, that dissident groups such as the Real IRA and Continuity IRA are committed to continuing violence. Intelligence reports from MI5, as well as those produced by the Independent Monitoring Commission, suggested that such violence and dissident republicanism is growing.<sup>39</sup>

The other threat facing Northern Ireland in 2010 was one shared by its neighbours, namely the growing economic crisis and the threat of public spending cuts. The new UK government announced spending cuts, of which it was claimed £4 billion would fall on Northern Ireland. This has been the new challenge for the political institutions there, with both Peter Robinson and Martin McGuinness aware that it may prove equally as testing as anything that they have faced in the past. As was the case for their counterparts in Dublin, the economic situation has led the two leaders to visit the US in support of investment in Northern Ireland, and in October they participated in an investment conference with US industrialists arranged by Hillary Clinton. The difficult financial climate has also required prudent budgetary planning, reflecting the demands of normal day-to-day politics in Northern Ireland.

## CONCLUSION

The events of 2010 serve to highlight the continuing fragility of the international economy and the threat of further recession. There can be little doubt, seen from mid-2011, that the economic recession is far from over, and the banking sector in many EU states is still in difficulties. The events of early 2011 highlight the ineffectiveness to date of President Barack Obama's economic policies, as well as Europe's own failure to deal adequately with the

<sup>39</sup>Gerry Moriarty, 'Monitor to warn of dissident threat', *Irish Times*, 4 November 2010.

economic crisis. Indeed, divisions within Europe, and spats between EU leaders, have pointed to the weakness of the EU as a system of economic governance. Equally, meetings of the G20 have been fraught with division, and there has been little agreement about what to do about the international economy; meanwhile, the IMF's pronouncements have done little to build confidence. In contrast India, China and Brazil appear to have done better during the economic recession, but these upcoming economies still lack the ability to provide political leadership. The world landscape is changing, and the emergent configuration of power and political relations is still in the making. What is clear is that there are limits to what states can achieve on their own and that international cooperation in fora such as the UN, EU and other regional organisations, while far from perfect, is still the best way forward on many issues and in response to international crises.

## APPENDIX A

**Meetings between the taoiseach and the British prime minister**

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14 January	London
26–27 January	Hillsborough Castle
5 February	Hillsborough Castle
11 February	Informal European Council, Brussels
25–26 March	European Council, Brussels
17–18 June	European Council, Brussels
16 September	European Council, Brussels
28–29 October	European Council, Brussels
17–18 December	European Council, Brussels

**Plenary meetings of the British–Irish Council**

25 June	Guernsey
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**Plenary meetings of the North–South Ministerial Council**

21 January	Armagh
5 July	Dublin

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## APPENDIX B

**Principal diplomatic visits during 2010\***

<i>Date</i>	<i>Visits to Ireland</i>	<i>Visits by members of the Irish government and/or head of state</i>
23 February		MFA to Egypt
25 February		MFA to Gaza
28 February–1 March		President to England
2 March		MFA to UN Disarmament Conference, Geneva
10 March	MFA of Turkey	
8–9 March	President of Timor-Leste	
14–18 March		Taoiseach and MFA to USA
22–26 March		President to Turkey
31 March	MFA of Bosnia and Herzegovina	
26 April		MFA to Germany
3 May		MFA to UN summit in New York
9–11 May	President of Lithuania	
11 May	President of Finland	
17 May		Taoiseach to EU-Latin America and Caribbean Summit, Madrid
19 May	MFA of Cuba	
20–24 May		President to USA
23–28 May		MFA to China
12–18 June		President to China
26 June–3 July		MFA to Uganda and Ethiopia
11–14 July		Taoiseach to USA
7–11 September		President to Russia
2 September	Vice-Chancellor and MFA of Germany	
8 September		MFA to OSCE, Austria
21–27 September		MFA to UN in New York
4-5 October		Taoiseach to Asia–Europe Summit, Brussels
7–8 October		MFA to Bulgaria and Romania
10–13 November		President to Denmark
11 November	PM of Georgia	

\*Includes major official working visits at head-of-state, head-of-government and foreign-minister levels. PM = prime minister, or equivalent; MFA = minister for foreign affairs, or equivalent.