BRIEFING
European Union History Series

European Parliament

Ireland and Denmark in the EU
Fiftieth anniversary of accession

SUMMARY

This year marks the 50th anniversary of the signing of the accession treaties to the former European Communities by Ireland and Denmark. The path to membership was not smooth for either country, with their first two applications made in 1961 and 1967, together with the United Kingdom, effectively blocked by French opposition. With a change of government in France, the six members of the European Communities reaffirmed their agreement to the enlargement of the Communities, and negotiations on membership began with Denmark, Ireland, Norway and the United Kingdom (UK). In Denmark, Ireland and Norway, referendums were held to decide on possible membership. The Danish and Irish people voted 'yes', while citizens in Norway narrowly rejected membership, with 53.5 % voting 'no'. On 1 January 1973, Denmark and Ireland (along with the UK) officially became members of the European Communities after more than a decade of negotiations. Over time, Treaty ratification referendums took place in other countries too, but were most concentrated in Ireland (7) and Denmark (4). In fact, Ireland remains unique in this sense as the only Member State that has held a referendum on every major Treaty revision since voting in 1972 to become a member.

This was the first enlargement of the European Economic Community (EEC), bringing membership from the original six to nine members. It also meant that the number of Members of the European Parliament rose from 142 to 198, which represented an increase of nearly 40 %. This paper looks at the background to the decision to seek membership of the European Communities, examining the economic and political conditions that caused Ireland and Denmark to seek to become Member States. It also discusses key features of EU membership: for Ireland, the decision to join the euro and its relationship with the Schengen Agreement; and for Denmark, the opt-outs introduced with the advent of the Maastricht Treaty.

Signing ceremony of the Accession Treaty of Denmark, Ireland, Norway and the United Kingdom, held on 22 January 1972 in the Egmont Palace in Brussels. Pictured: Jack Lynch, Taoiseach of Ireland and Patrick Hillery, Minister for Foreign Affairs and future President of Ireland.

IN THIS BRIEFING

EPRS | European Parliamentary Research Service

Author: Ann Neville with contribution by Philippe Perchoc; Graphic: Lucille Killmayer
Members' Research Service

PE 698.877 – January 2022

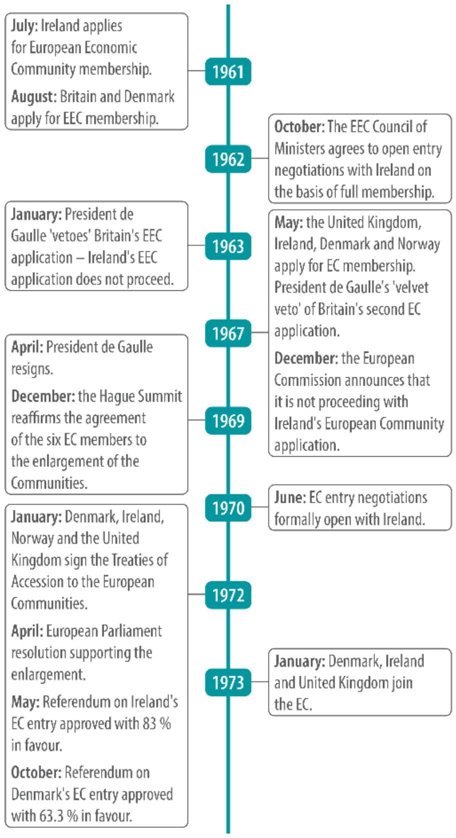
Ireland's European journey

Ireland formally became a member of the European Communities on 1 January 1973, but its membership journey had begun at least a decade earlier. Ireland's decision on 31 July 1961 to apply for full membership of the then European Economic Community (EEC) marked a definitive shift towards free trade, away from the policy of protectionism that had been the dominant economic policy since Éamon de Valera came to power in 1932. The need for a change of economic policy had become clear to decision-makers because of the untenable nature of adhering to the policy of economic self-sufficiency, with its exclusionary tariffs designed to protect the national economy. Ireland in the 1950s was a country of mass emigration and large-scale unemployment. For the decade from 1951 to 1961, 400 000 people emigrated to seek work, with the population declining to 2.8 million by 1961, a 5 % drop from the population at the time of independence. In 1957, unemployment stood at 78 000 people. In terms of trade, Ireland was wholly dependent on the UK, with 81 % of Irish exports going there in 1956.[1] Ireland's economic struggles were in stark contrast to the economies of the six EEC members who were enjoying the benefits of post-war economic growth. In terms of international relations, Ireland had just begun to take the first steps away from its isolationist policies, joining the United Nations in 1955 and the International Monetary Fund and World Bank in 1957.

When Sean Lemass became Taoiseach (Prime Minister) in 1959, he decided to implement the ideas expressed in a Government White Paper, the *Programme for Economic Expansion*. The new policy aimed to increase Irish agricultural production and look for opportunities in the European continental food market, where prices were higher. It also sought to attract foreign investment in manufacturing export industries in order to boost employment at home.[2] The EEC plans to develop a common agricultural policy were particularly attractive to Ireland, as its price guarantees and export subsidies would suit the agriculturally dominated Irish economy. When Lemass became aware that a British application for EEC membership was likely to occur, his government published a White Paper on the EEC in July 1961, and let the six EEC Member States know that in the event of the United Kingdom applying for EEC membership, Ireland would also apply. When the UK applied for full EEC membership in 1961, Ireland joined it as well as Denmark, submitting a formal letter of application on 31 July 1961. While the Council of Ministers meeting of September 1961 allowed the UK and Denmark to proceed to the negotiation stage, the founding six EEC countries expressed doubts about Ireland's economic capacity and how Irish military neutrality would impact on its ability to play a full role in the EEC. Lemass engaged in intense diplomatic efforts, involving personal visits to the capitals of the six, offering assurances with regard to Irish neutrality and the ability of the economy to handle the demands of EEC membership. In October 1962, the EEC Council of Ministers agreed to open entry negotiations with Dublin on the basis of full membership. However, when France vetoed the UK's accession to the Communities in January 1963, Ireland had no choice but to withdraw its application for economic reasons. With its main trading partner remaining outside the EEC, Ireland could not continue alone.

The UK applied again in 1967, submitting its application on 11 May, with Ireland following 15 minutes later. Denmark and Norway also applied. Five days later, French President Charles de Gaulle issued a 'velvet veto,' explaining that conditions were not right for the UK to join the European Communities. While the Taoiseach, Jack Lynch, engaged in diplomacy in an effort to preserve Ireland's chances of EEC membership, in December the Council of Ministers decided against the formal opening of entry negotiations with any of the applicants. General de Gaulle's resignation in 1969 opened the door to the possibility of membership. The six agreed in The Hague in December 1969 that entry negotiations would begin in mid-1970. Ireland's entry negotiations eventually began on 30 June 1970, with the first face-to-face negotiations between Ireland and the Commission commencing in September 1970. Negotiations continued until January 1972, when, at a ceremony held at the Egmont Palace in Brussels on 22 January 1972, the first Accession Treaty was finally signed (it entered into force on 1 January 1973). As such, a major change to Irish politics required constitutional approval on 10 May 1972, a referendum was held seeking popular support

Figure 1: Timeline to 1973 EEC enlargement



for the decision to enter the European Communities. Some 83 % of Irish people voted 'yes', and Article 29.4.3 of the Irish Constitution holds that: 'The State may become a member of the European Atomic Energy Community (established by Treaty signed at Rome on the 25th day of March, 1957)'.

Ireland and Schengen

The Treaty on the Functioning of the EU (TFEU) provides EU citizens with the right to 'move and reside freely within the territory of the Member States'. It also requires the EU to ensure the absence of internal border controls on any persons within the EU territory, regardless of their nationality, (Articles 21(1), 67(2) and 77(2) (b) and (e) TFEU). Since the entry into force of the Amsterdam Treaty in 1997, the EU constitutes an area of freedom, security and justice. This is given effect by a body of law known as the Schengen *acquis*. In practical terms, this permits 450 million EU citizens and anyone legally present in the EU to move around the countries in the Schengen Area without being subject to border checks. Most EU countries participate in the Schengen Area, except for Bulgaria, Croatia, Cyprus, and Romania, though all are currently in the process of joining and already largely apply the Schengen *acquis*. Additionally, four non-EU countries (Iceland, Norway, Switzerland and Liechtenstein) have joined the Schengen Area.

Ireland was granted an opt-out from Schengen, as it wanted to retain the Common Travel Area with the UK.[3] This permits an open border with Northern Ireland, along with other rights and entitlements for Irish and UK nationals, including the right to work, study and vote in certain elections, as well as access to social welfare benefits and health services in Ireland and the UK. The UK had chosen not to opt in to Schengen. However, the Protocol on the Schengen *acquis*, integrated into the TFEU, specifies that Ireland (and the UK) could request to opt into the Schengen *acquis* on a case-by-case basis, subject to the unanimous approval of the other participating states. Ireland initially submitted a request to participate in the Schengen *acquis* in 2002, which was approved by the Council of the European Union.[4] A 2020 Council decision approved the implementation of the provisions on data protection and the Schengen Information System for Ireland. This permits Ireland to participate in some of Schengen's policing cooperation agreements under which Member States coordinate policing activities. Ireland also participates in the second generation of the Schengen Information System (SIS II). A centralised secure database, SIS II is used by Member States for maintaining information (alerts) related to border security and law enforcement and as a critical component of the open border policy in Schengen countries. Ireland's integration of SIS II into its national systems means that automatic alerts are generated in real time in instances where, for example, a Garda (police officer) encounters a person who is wanted or has been involved in a serious crime in another jurisdiction. The SIS II system also generates alerts on missing persons (in particular children), as well as information on certain types of stolen property, such as cash, vehicles and firearms. Ireland connected to SIS II on 15 March 2021. In its first six months of operation, there were 74 arrests in Ireland based on SIS data, for offences including drug trafficking, robbery, sexual assault, theft, assault, fraud and property offences. There were also an additional 52 arrests on European arrest warrants. This is double the corresponding figures for the same six months in 2020, and shows the value of Ireland's participation in European policing initiatives facilitated by access to the Schengen Information System.[5]

Ireland and the euro

Ireland was one of the first countries to adopt the euro on 1 January 1999. Euro notes and coins first appeared in Ireland (as in the other 11 original euro-area members) on 1 January 2002, after a transitional period of three years when the euro was the official currency but existed only as 'book money'. The dual circulation period, when both the Irish pound and the euro had legal tender status, ended on 9 February 2002. From 1928 onwards, when the government of a newly independent Ireland decided to issue its own currency, it had maintained a one-for-one parity link with UK sterling. This had the aim of ensuring the stability and integrity of the new state's monetary system, as well as exchange rate stability with the UK, then Ireland's main trading partner, accounting for approximately 90 % of Ireland's trade at that time. The link with sterling remained in place until the 1970s, when an unstable and depreciating sterling caused inflation in Ireland, limiting the Government's ability to manage the economy and causing policy-makers to question the benefits of a continued link with sterling. Ireland's economic links with the UK were by then falling, while its links with EEC Member States were increasing. While in 1960, exports to the UK had been nearly 75 % of the total, by 1978 they amounted to 47 %, with exports to the EEC representing over 30 % of Irish exports. A similar picture emerges from imports to Ireland during this period, with a diminishing share coming from the UK, and imports from the EEC increasing. In 1979, Ireland took the decision to align with the European exchange-rate mechanism (ERM), a system which limited the amount to which currencies could vary in value against each other. As the UK had decided to opt out, this led to the breaking of the one-to-one currency link with sterling. This decision was political, as well as financial. As analysts have observed: 'While financial issues were to the fore in the discussions, the final decision to join was based on a strategic vision that Ireland's economic and political future lay with Europe, rather than the former colonial power'.[6]

The economic benefits of this decision were slow to emerge with the 1992-1993 currency crisis that hit the ERM, causing high interest rates in Ireland and requiring a devaluation of the Irish pound. However, membership eventually delivered low inflation, both in absolute terms and relative to the UK, and the economic growth of the 1990s ensured that Ireland was eligible to join the single currency under the debt and deficit rules. Once again, policy-makers were faced with a decision as to whether or not to opt in to the nascent single currency. An Economic and Social Research Institute (ESRI) paper on the issue commissioned by the Irish Government recommended participation, but with the proviso that the net gains were likely to be modest.[7] Opponents pointed to the fact that the Irish economic cycle was not aligned with that of large Member States and, as a result, it was unlikely that the interest rates and monetary policy of the single currency would act to the advantage of the country.[8] Politics again played a strong role in Ireland's decision to join the single currency, with the ESRI paper stating:

> *Unlike almost all previous developments in the Union, the single currency will divide the Union into an inner and an outer group. Whatever other derogations Ireland may have received over the years, they are as nothing compared with failure to join the EMU. Such a result would entail risks which are hard to evaluate, but may be considerable.*[9]

Denmark's European journey

The Danish accession to the EU needs to be understood as part of Danish cooperation within the Nordic context and its economic ties with the UK. Denmark participated in a number of cooperation projects after the Second World War, such as the North Atlantic Treaty Organization (NATO), the Council of Europe (both 1949), the Nordic Council (1952) and the European Free Trade Association (EFTA) in 1960. However, this latter cooperation, around the UK, excluded agriculture and fisheries, two key sectors for the Danish economy. In August 1961, Danish Foreign Minister Jens Otto Krag asked the Folketinget (the Danish Parliament) to authorise the government to negotiate Danish accession to the European Economic Community (EEC), only four years after the conclusion of the Rome Treaty in 1957. This first attempt, formalised on 10 August 1961, was unsuccessful due to French opposition, as was the second attempt in 1967.

After the second French veto on UK accession to the EEC in 1967, Denmark and its Nordic partners engaged in a project of economic integration called NORDEK. This association would include a customs and an economic union. As the country was divided about accession to the EEC, some leaders presented NORDEK as a step towards accession to the EEC, and others as a separate project. These negotiations with other Nordic countries never concluded, because of pressure from the Soviet Union on Finland, and questions about Sweden's neutral status.

On 22 January 1972, Denmark, Ireland, Norway and the UK signed the Accession Treaty, and on 9 May 1972, the European Parliament expressed its support for the enlargement through a resolution. The political left in Denmark traditionally opposed Danish membership of the EEC. Nevertheless, a broad compromise was found between the liberal, conservative and social democratic parties, and the 'yes' vote won the national referendum by a majority of 63.3 % on 2 October 1972.

On the EEC side, Danish accession generated some questions about the impact of Danish participation in the field of agriculture. Indeed, Danish agricultural industry was already at the time one of the most competitive in Europe.

Denmark and the European Union

A special relationship

Since its accession, the relationship between Denmark and the EU has been challenged a number of times, with some experts arguing that the 'sovereignty question' had significant impacts on Denmark's position in, and Denmark's relations with, the EU, forcing the Danish Government to develop a pragmatic vision of European integration and negotiate specific 'exceptions'. For some academics, support for the EU project finds its roots in the Danish 'pragmatic perception that the EU is a necessary and cost-efficient relationship for a small, continental country'. At the same time, successive Eurobarometer surveys showed that a large majority of Danes believe that Denmark's EU membership is beneficial for the country. Until the end of the 1980s, around 35 % of Danes said they saw EU membership as a 'good thing', and just under 30 % that it was a 'bad thing'. Since the early 1990s, support for the EU project in Denmark has increased reaching about 55 %, while the 'negative view' rarely reached over 20 %. In 2018, support for the EU reached the record level of 84 % of Danes seeing membership as advantageous for them.

A number of important EU decisions have been taken by the Member States in Copenhagen. In 1973, immediately after Denmark's accession, a European summit adopted the 'Declaration on European identity', which set up the priorities for European integration for the decade following the first enlargement of the European Communities. In Copenhagen in 1993, the European Council adopted the criteria for EU enlargement, following the fall of the Berlin Wall. These are still known as the 'Copenhagen criteria'. Nevertheless, after a first difficult, but positive, vote on the country's EEC accession, Denmark has remained critical of some aspects of EU integration. The Danish democratic system favours citizens' direct participation in key decisions that affect the country's sovereignty. In 1992, by a majority of 50.7 %, the Danish people rejected the Maastricht Treaty. As the Treaty needed ratification by all 12 Member States in accordance with their respective constitutional requirements, Member States entered negotiations to address Danish concerns, as expressed in the memorandum presented by the Danish Government, 'Denmark in Europe', of 30 October 1992. This negotiation resulted in four 'exceptions' from the Treaty, as outlined in the conclusions (Part B) of the European Council Presidency from Edinburgh in 1992. Denmark enjoys exceptions on the adoption of the euro, common security and defence policy, justice and home affairs, and European citizenship. Denmark has subsequently organised two referendums on the opt-outs. On 28 September 2000, the Danes voted to confirm their decision not to adopt the euro by a majority of 53.2 %, even though significant parts of the political and business communities advocated a 'yes' vote. This means that the country does not participate in the third phase of economic and monetary union (EMU), and maintains the national currency (krone), as well as powers in relation to monetary policy. However, the country retains the right to decide if and when to join the euro (Protocol No 16 of the Lisbon Treaty). In December 2015, a second referendum was organised to decide whether Denmark should abandon its opt-out from the area of freedom, security and justice and to move to 'opt-in' arrangements similar to those of Ireland (and the UK). More than 53 % of voters rejected the referendum proposition, thus confirming the Danish opt-out.

Danish economic integration

Greenland leaves the European Communities

Greenland joined the European Communities in 1973 as a constituent part of Denmark, however, as early as the 1972 Danish referendum on Community membership, Greenlanders were against joining (70 % against), while 63 % of the Danes voted in favour. After obtaining home rule in 1979, a referendum on withdrawal from the European Communities took place in Greenland.* In 1982, voters voted in favour of leaving the European Communities, which resulted in Greenland's formal withdrawal in February 1985 (the Treaty amending, with regard to Greenland, the Treaties establishing the European Communities).

* In 1979, the Home Rule Act (Lov om Grønlands Hjemmestyre) entered into force and created, inter alia, the Parliament of Greenland. It was adopted following the Greenlandic referendum, resulting in 70.1 % of voters (63 % voter turnout) asking for increased autonomy.

Since its accession to the EU, the Danish economy has been firmly anchored in the European economy. In 2018, intra-EU trade accounted for 61 % of Danish exports, while 8 % went to the United States of America and 6 % to Norway. In terms of imports, the EU was dominant, with more than 70 % (mainly Germany at 22 %, followed by Sweden with 12 %), while China accounted for 7 % and Norway 6 %. In 2014, studies on the single market since 1992 showed that Denmark and Germany benefited the most from the economic integration process. In the 1950s, agriculture was the main economic sector in Denmark.[10] In 2018, a study by the Danish Business Authority reported that Denmark's gross domestic product (GDP) was 5 % higher than it would have been had Denmark not participated in the single market. It further argued that EU membership had raised Danish productivity by 3.7 %, had improved household and family conditions (with real wages 10 % higher and household consumption 6 % higher than would be the case with no access to the single market), and has offered Danish companies new business opportunities (exports were estimated at 7 %, and investments 6 % higher). While the number of farms in Denmark declined from 200 000 in 1960 to 37 000 in 2015, the share of agriculture in Danish exports remains strong, as it represents around 24 % of the total. In this field, the common agricultural policy and the EU common trade policy played a positive role in the modernisation and the promotion of the Danish economy. In the first years after its accession, Denmark benefited greatly from its participation in the then common market, as the common agricultural policy was a strong pillar. Denmark's contribution to the EU budget was half that of what it received.[11] As early as 1980, the revenue per capita of Danish farmers was the highest in the EEC.[12] Since then, Denmark has remained one of the most competitive economies in the EU. In 2020, it enjoyed the third highest GDP per capita in the EU, after Luxembourg and Ireland. More recently, a 2020 European Central Bank working paper estimated a 5.67 % growth impact of the single market on Denmark. A 2018 study attempts to quantify the 'Cost of Non-Europe' (the cost that the Member States would incur should they decide to move back to 'traditional' trade agreements instead of remaining in the single market). The study shows a loss of welfare in Denmark of 5.6 % on average.

MAIN REFERENCES

Baker T., FitzGerald J., and Honohan P, *Economic Implications for Ireland of EMU*, Economic and Social Research Institute, Dublin 1996.

Barry F., '*The Irish Single-Currency Debate of the 1990s in Retrospect*', TRiSS Working Paper Series, No 02, Trinity College Dublin, The University of Dublin, Trinity Research in Social Sciences (TRiSS), Dublin, 2017.

Friis, Lykke. 'The Battle Over Denmark: Denmark and the European Union', *Scandinavian Studies*, vol. 74, No 3, [Society for the Advancement of Scandinavian Study, University of Illinois Press], 2002, pp. 379-96

Honohan P. and Murphy G., '*Breaking the Sterling link: Ireland's decision to enter the EMS*', Institute for International Integration Studies, Trinity College Dublin, February 2010.

Keogh D., 'The diplomacy of 'dignified calm': An analysis of Ireland's application for membership of the EEC 1961-1963', *Chronicon 1*, 1997, 4: 1-68.

McGee O., *A history of Ireland in international relations*, Irish Academic Press, Newbridge, 2020.

ENDNOTES

1. Keogh D., 'The diplomacy of "dignified calm": An analysis of Ireland's application for membership of the EEC 1961-1963', *Chronicon* 1, 1997, 4: 1-68.
2. Keogh D., 'The diplomacy of "dignified calm": An analysis of Ireland's application for membership of the EEC 1961-1963', *Chronicon* 1, 1997, 4: 1-68.
3. Publications Office of the EU, 10 November 1997, Article 2 of the Protocol on the application of certain aspects of Article 7a of the Treaty establishing the European Community to the United Kingdom and to Ireland, attached to the Treaty of Amsterdam.
4. Council Decision (2002/192/EC) of 28 February 2002 concerning Ireland's request to take part in some of the provisions of the Schengen *acquis*.
5. Department of Justice, Government of Ireland, press release, 17 September 2021.
6. Honohan P. and Murphy G., *Breaking the Sterling link: Ireland's decision to enter the EMS*, Institute for International Integration Studies, Trinity College Dublin, February 2010.
7. Baker T., FitzGerald J., and Honohan P, 'Economic Implications for Ireland of EMU', Economic and Social Research Institute, Dublin 1996.
8. Barry F., The Irish Single-Currency Debate of the 1990s in Retrospect, TRiSS Working Paper Series, No 02, Trinity College Dublin, The University of Dublin, Trinity Research in Social Sciences (TRiSS), Dublin, 2017.
9. Baker T., FitzGerald J., and Honohan P, Economic Implications for Ireland of EMU, Economic and Social Research Institute, Dublin, 1996.
10. European Parliament archives, *Données de base sur les positions du Danemark*, (EU.HAEU !PE1.P1.200 !EXER.215 !VIS !-19800513 !0110.1).
11. European Parliament archives, *Le Danemark et la Communauté européenne*, (EU.HAEU !PE1.P1.200 !PRES.210 !EXER.215 !VIS !VISI-19800513 !0100.1).
12. European Parliament archives, *Données de base sur les positions du Danemark*, (EU.HAEU !PE1.P1.200 !EXER.215 !VIS !-19800513 !0110.1).

DISCLAIMER AND COPYRIGHT

eprs@ep.europa.eu (contact)

www.eprs.ep.parl.union.eu (intranet)

www.europarl.europa.eu/thinktank (internet)

http://epthinktank.eu (blog)