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Chapter 4 The influence of national and EU policy

4.1 Outline three Irish government policies that impact on three different sectors of the economy in Ireland.

OL Paper 1 Q4 (f) (ii)

(ii) Identify **one** government policy and describe the impact this policy may have on any sector of the Irish economy.

Government Policy:
Impact:

OL Paper 1 Q4 (f) (ii) Solution

Climate Action Plan –> Energy Sector

The Climate Action Plan aims to reduce carbon emissions and expand renewable energy. This impacts the energy sector as electricity suppliers must invest heavily in wind and solar power, while firms relying on fossil fuels face reduced demand and rising carbon costs.

Housing for All –> Construction Sector

Housing for All is the government's strategy to increase housing supply and reduce homelessness.

This impacts the construction sector by creating more building projects, generating jobs and demand for materials, but also leading to cost pressures and labour shortages.

National AI Strategy –> ICT Sector

Ireland's National AI Strategy promotes the development and responsible use of artificial intelligence.

This impacts the ICT sector by providing funding for research and digital skills, opening new opportunities for tech firms, but also requiring compliance with new ethical and regulatory standards.

4.2 Explain the difference between government policy and legislation.

OL Paper 1 Q4 (f) (i)

(f)

Government policy and legislation are tools used by the government to manage a country effectively.

(i) Choose the correct words from the list provided to complete the sentences below. (one word does not apply)

Symbols **Laws** **Plans**

Government policies are ______________________ that outline the government's intention.

Legislation refers to ____________________, which must be followed by all individuals and organisations.

OL Paper 1 Q4 (f) (i) Solution

(i) Plans
(ii) Laws

4.4. Identify the key decision-makers in European policy development.

OL Paper 1 Q3 (f) (i)

(f)

The right to request flexible working arrangements for parents and carers is a requirement of the European Union (EU) Work Life Balance Directive.

(i) Identify **two** European Union (EU) policy making institutions.

1	
2	

OL Paper 1 Q3 (f) (i) Solution

1. **The European Commission** – Proposes new EU laws and policies and ensures they are implemented.
2. **The European Parliament** – Made up of elected MEPs; debates, amends, and approves laws with the Council.
3. **The Council of the European Union (Council of Ministers)** – Represents the governments of member states; agrees and adopts laws (co-decision process).

4.5 Distinguish between European regulations, directives, and opinions.

OL Paper 1 Q3 (f) (ii)

(ii) Circle the **correct option in each** of the following statements.

- An EU **directive / regulation** applies to all EU member states and has immediate effect.
- An EU **opinion / regulation** allows an EU institution to make a statement that is not legally binding.

OL Paper 1 Q3 (f) (ii) Solution

(i) Regulation
(ii) Opinion

4.6 Evaluate the effect of one EU regulation of their choice and one EU directive of their choice on business activity in Ireland.

HL Paper 1 Q5 (c)

(c) **(i)** Name an EU regulation you have studied **and** explain how it has been implemented in Ireland.

Name:
Explanation:

(ii) Examine two positive **and** two negative impacts the EU regulation you named above has on different stakeholders in Ireland.

HL Paper 1 Q5 (c) Solution

Regulation: The EU Emissions Trading System (ETS) Regulation.

Implementation in Ireland

The EU ETS sets a cap on total greenhouse gas emissions and requires companies in energy and heavy industry to hold an allowance (like a carbon token) for every tonne of CO_2 they emit.

In Ireland, the Environmental Protection Agency (EPA) administers the scheme.

Power plants and airlines must monitor and report their emissions, purchase extra allowances if they go over their free allocation, or invest in cleaner technologies to reduce the number of allowances they need.

Positive Impacts

Government

Gains revenue from auctioning carbon allowances, which can be reinvested into renewable energy projects and public infrastructure. This gives the government both an incentive and the resources to drive further climate action.

Local Community

Benefits from cleaner air and a healthier environment as emissions fall, supporting long-term sustainability and wellbeing. This can improve public health outcomes and make local areas more attractive for residents and businesses.

Negative Impacts

Business Owners (energy/industry)

Face higher operating costs as they must purchase emissions allowances or invest in costly low-carbon technologies. This may reduce profitability, slow expansion, or discourage inward investment in high-emission industries.

Consumers

Experience higher prices for energy and transport, as firms often pass increased compliance costs onto households and businesses. This reduces disposable income and can lower demand in other parts of the economy.

Here is a sample solution for a directive should it get asked like that:

Directive: The EU Single-Use Plastics Directive (Directive (EU) 2019/904)

Implementation in Ireland

The directive aims to reduce plastic waste and marine litter by banning or restricting single-use plastic products such as cutlery, plates, straws, and polystyrene food containers.
Ireland implemented it in July 2021 by banning a list of single-use plastics, introducing deposit-return schemes for plastic bottles, and planning a levy on disposable coffee cups (the “latte levy”).

Positive Impacts

Suppliers / Green Packaging Firms
Benefit from new demand for sustainable packaging materials, creating opportunities for innovation and growth in the Irish packaging industry. This supports long-term competitiveness in eco-friendly products.

Local Community
Sees reduced litter and plastic pollution, leading to cleaner towns, coasts, and public spaces. This improves quality of life and boosts Ireland’s reputation as a clean, green country.

Negative Impacts

Business Owners (cafés/restaurants)
Face higher costs as they must switch to more expensive biodegradable packaging. This can put pressure on margins, especially for small independent food businesses.

Consumers
May pay higher prices for takeaway food and drinks as businesses pass on the cost of sustainable packaging. Some may also find the ban inconvenient if reusable alternatives are less accessible.

HL Paper 2 Q5 (d)

(d)

(i) Name an EU directive you have studied, and explain the purpose of this EU directive.

Name:
Explanation:

(ii) Evaluate how this EU directive impacts on business activity in Ireland.

HL Paper 2 Q5 (d) Solution

Directive: The **EU Single-Use Plastics Directive (Directive (EU) 2019/904)**.

Purpose
The directive aims to reduce the environmental damage caused by single-use plastic products.

It targets items most commonly found as litter, such as straws, cutlery, plates, and polystyrene containers, with the goal of cutting plastic waste, protecting waste in seas, and promoting the use of sustainable alternatives for the longer term.

1. Increased Costs and Compliance Pressures for Food Businesses

Cafés, restaurants, and takeaways must switch from cheap plastic packaging to more expensive biodegradable alternatives.

This raises operating costs and may reduce margins, particularly for smaller businesses. Some evidence of this impact can be seen in higher takeaway prices and businesses passing costs onto consumers.

2. New Market Opportunities for Sustainable Packaging Firms

The directive stimulates demand for alternative materials, creating growth for Irish suppliers of paper, compostable, or reusable packaging.

Businesses that innovate in this space gain a competitive edge, while larger retail chains can use sustainable packaging as a marketing advantage.

3. Positive Environmental and Reputational Effects

Reduced plastic pollution benefits local communities and supports Ireland's reputation as a clean, green economy.

This can attract tourists and foreign investors who value sustainability. The directive also helps businesses align with customer expectations, as consumers increasingly prefer environmentally responsible companies.

Regulation: The **EU Emissions Trading System (ETS) Regulation**.

Purpose

The regulation aims to reduce greenhouse gas emissions across the EU by setting a cap on the total amount of emissions allowed.

Companies in energy, aviation, and heavy industry must hold allowances (carbon credits) for every tonne of CO_2 they emit, which can be traded on a carbon market. This creates a financial incentive to cut emissions and invest in cleaner technologies.

1. Increased Compliance Costs for High-Emission Industries

Power plants, airlines, and cement manufacturers must buy additional carbon allowances if they exceed their free allocation.

This raises operating costs and can reduce profitability. Some firms may delay expansion or pass higher costs onto consumers, showing a clear financial burden on carbon-intensive businesses.

2. Incentives for Innovation and Clean Energy Investment

The regulation drives businesses to adopt energy-efficient technologies, renewable energy, and low-carbon processes to reduce their need for allowances.

In Ireland, this has encouraged investment in wind energy projects and greener aviation practices, supporting long-term competitiveness in sustainable sectors.

3. Government Revenue and Policy Leverage

The auctioning of allowances provides revenue for the Irish government, which can be reinvested in climate action measures, such as renewable energy grants or retrofitting schemes.

This strengthens Ireland's ability to meet EU climate targets while supporting green businesses and the wider economy.