



Report on DJEI All Island Brexit Stakeholder Consultation

Carrick-on-Shannon
30 January 2017



An Roinn Post, Fiontar agus Nuálaíochta
Department of Jobs, Enterprise and Innovation

Department of Jobs, Enterprise and Innovation – All Ireland Brexit Stakeholder Consultation

Carrick-on-Shannon, 30 January 2017

Minister Mary Mitchell O'Connor T.D. hosted a Department of Jobs, Enterprise and Innovation Brexit Stakeholder Engagement Event in Carrick-On-Shannon on 30 January, attended by over two hundred Departmental stakeholders.

The Minister and Secretary General of the Department outlined the Government's ongoing response to Brexit and the impact across the policy areas for the Department. Two informative panel sessions, chaired by broadcaster and Journalist Olivia O'Leary, focused on the impacts of Brexit on the economy from an Agency and an Employer/Employee perspective.

The Agenda is provided in Appendix 1, while the key discussion points are summarised below.

1. Challenges and Opportunities

- Ireland must manage our relationship successfully with the EU, UK and the US simultaneously
- The challenge is grow our economy while simultaneously continuing to diversify markets
- Brexit represents a long term structural shift in the economy – companies must also take a long term view and focus on competitiveness and innovation
 - A renewed focus on costs competitiveness – especially those domestically controlled costs, included State influenced costs – is required
 - The National Planning Framework represents a key policy tool to encourage balanced regional development, and to support competitiveness
- Increased corporate tax competition is not the main threat posed by Brexit – the UK was already on a downward trajectory before Brexit; other issues include the regulatory environment, State Aid rules etc.
- Brexit will result in increased opportunities in relation to foreign direct investment (FDI). There is a need for us to be unambiguous regarding Ireland remaining in the EU and offers access to a large and lucrative market
 - At the same time there are some risks to the IDA portfolio amongst a small number of companies who are dependent on the UK market
 - For many firms, Brexit has already occurred – companies must make decisions today about their future strategies and cannot wait for the outcome of Brexit negotiations
 - Many firms are already shortlisting jurisdictions for future investment to mitigate the impact of Brexit

- Opportunities for Ireland primarily relate to financial services, pharma and technology
 - From an FDI perspective, encouraging investment in the regions is a challenge – highly mobile international investment is drawn primarily to urban areas – but IDA Ireland has performed well in this regard in the past with 52 per cent of new employment in IDA supported firms occurring outside of Dublin in 2016
- Some Irish companies may choose to move some of their capacity to the UK – the agencies (and Enterprise Ireland in particular) are working on a company-by-company basis to mitigate risk and to improve company sustainability
- In relation to research and development, Ireland has relatively low exposure to the UK
 - About 13 per cent of Ireland's collaborations in Horizon 2020 include a UK partner; furthermore, the UK has committed to honouring existing collaboration arrangements
 - Innovation will be key to addressing the challenges posed by Brexit – in some instances, companies will need to innovate to survive and alter the products being produced to attract lower tariffs
 - Innovation can also act as a counter measure to the impact of adverse shifts in the exchange rate, enhancing productivity
 - Firms must be encouraged to increase their innovation spend in reaction to the threats posed by Brexit – innovation is the new global currency and will be key to firms' ability to adapt, survive and grow
 - There is a need to ensure that the R&D tax credit is accessible to all firms – some small firms may struggle with the bureaucracy attached
 - Opportunities exist in the innovation space – to build and deepen bilateral relationships outside of the UK
- Ireland is also working through Science Foundation Ireland to strengthen cooperation with the UK (regardless of its participation in the successor to Horizon 2020) to fund joint academic programmes with major universities in the UK, including Oxford and Cambridge
- Consideration should be given to greater use of the "social clause" in relation to public procurement – particularly as a means of supporting the growth of SMEs

2. Economy and Trade

- To date, much of the conversation about Brexit has focused on the Common Travel Area – there is, however, a growing realisation that the trade impacts are critical
- Ireland's strong recent macroeconomic performance has, to a degree, disguised the impact of Brexit
- There is significant uncertainty amongst firms about the likely impact of Brexit on their ability to trade cross border (both in relation to North-South, and East-West trade), and their growth trajectory
- The imposition of tariffs is a possibility

- Such tariffs could prove particularly challenging for sectors such as the beef and dairy sectors. We should aim to negotiate tariffs to zero
- The majority of micro firms export to the UK if they export at all
 - Many firms may not be fully aware of their exposure to the UK – in addition to firms that are exporting directly, many other firms sell to exporters dependent on the UK; others are importing from the UK or are competing with UK companies for business. Ultimately complex supply chains increase the number of Irish companies exposed to risks
- There is a need to develop an evidence base to understand the meaning and impact of Brexit at the firm level and for individual sectors
 - InterTrade Ireland's work in this regard will provide a valuable evidence base which can be shared with sectors and companies once completed to help them prepare for Brexit
- Firms must also engage in a greater degree of forward planning – there are actions that are within firms' own control (e.g. forward purchasing, establishing UK bank accounts) and which will increase their resilience
- The availability and cost of finance for firms continues to be a challenge

3. Northern Ireland

- There appears to be no Brexit upside for firms in the border region
- The imposition of a hard border would create significant practical difficulties for firms and individuals alike – technological solutions may provide some relief
- While the concept of a border that ensures the movement of people and goods in a manner that is as "frictionless as possible" is welcome, there is concern about the practicality of such a scenario
- The North-West region is particularly threatened by the possible imposition of a hard border given its dependence on port infrastructure in Derry

4. Common Travel Area

- The mobility of students will be needed to be considered to maintain Ireland's attractiveness to foreign students
- Skills issues persist – there is also an issue in relation to HGV drivers – once the UK leaves the EU, their drivers will no longer be EU drivers and this presents a range of practical and regulatory challenges (e.g. work permits)

5. The European Union

- There remains a need to reiterate that Ireland is at the heart of Europe and is fully committed to EU membership – our continued membership is beyond doubt
- It is also important to ensure that the unique nature of our relationship with the UK and the subsequent risks we face from Brexit are clearly articulated to other member states
- Ireland must continue to espouse a global vision and maintain an outward looking and global focus

- It would appear that the UK would like to negotiate a free trade agreement with the EU – the purpose of such an FTA would be to negotiate all tariffs to zero)
- EU fiscal rules are limiting Ireland's ability to invest in necessary infrastructure to enhance our productivity and competitiveness – transport investment and broadband are essential in this regard; broadband in particular is a vital element to foster and facilitate innovation (and it supports growth in the regions). Likewise, further investment in skills is paramount

6. Citizens

- Protecting the quality of life of our citizens is a key goal for Ireland
- Ireland's unique relationship and high degree of interdependence with the UK means that no one in Ireland has an interest in Brexit happening – the challenges presented by Brexit are not of our making and so to protect Irish jobs and quality of life, the EU needs to support Ireland
- A bad outcome in Brexit negotiations for the UK, is a bad outcome for Irelands and a bad outcome for our citizens
- Ensuring that workers' rights are protected is also a key concern
- Brexit will possibly create opportunities for urban areas but has resulted in significant concern and fear in more rural regional areas who may have less scope to respond to the challenge presented

Appendix One: Agenda

DJEI Brexit Stakeholder Engagement Event

The Bush Hotel, Carrick-on-Shannon, County Leitrim

Monday 30 January 9:15 – 1:00pm

Moderator: Olivia O'Leary, Broadcaster & Journalist

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| 8:45 – 9:15 | Tea/Coffee and registration |
| 9:15 – 9:30 | Opening remarks Mary Mitchell O'Connor TD, Minister for Jobs, Enterprise and Innovation |
| 9:30 – 9:40 | Government response to Brexit and impacts across DJEI policy areas Dr Orlaigh Quinn, Secretary General, Department of Jobs, Enterprise and Innovation |
| 9:40 – 11:00 | Panel 1, Impact on the economy - Agency perspectives, responses and plans Mary Mitchell O'Connor TD, Minister for Jobs, Enterprise and Innovation Julie Sinnamon, CEO Enterprise Ireland Martin Shanahan, CEO IDA Ireland Mark Ferguson, Director General SFI & Chief Scientific Adviser to the Government Thomas Hunter McGowan, CEO InterTrade Ireland Sheelagh Daly, Head of Enterprise, Wicklow Local Enterprise Office |
| 11:00 – 11:30 | Tea/Coffee |
| 11:30 – 12:50 | Panel 2, Impact on the economy - employer and employee perspectives John Halligan TD, Minister of State for Training, Skills and Innovation Fergal O'Brien, Director of Policy and Public Affairs, Ibec Eamonn Kielty, Director, ISME John McGrane, Director General, British-Irish Chamber Patricia King, General Secretary, ICTU Denis Hayes, Managing Director, Industry Research & Development Group |
| 12:50 – 13:00 | Closing remarks – reflections on discussions & next steps John Halligan TD, Minister of State for Training, Skills and Innovation |

Appendix Two: Invitees

Invitations were sent to approximately 600 people, with over 200 attending. The invitee list included:

- CEOs of DJEI's offices and agencies [e.g. EI, IDA, SFI, ITI, LEOs, CCPC, HSA, etc.]
- Employer representative bodies [e.g. Ibec & ISME]
- Employee representative bodies [e.g. ICTU]
- Chambers Ireland and the CEOs and Directors from the British- Irish, Franco-Irish, German- Irish, & American Chambers of Commerce
- Political Parties, both in Northern Ireland and the Republic of Ireland
- Members of the Joint Oireachtas Committee on Jobs, Enterprise and Innovation
- Members of the Inter Departmental Group on Brexit
- VPs & Directors of Research from Universities & Institutes of Technology, along with the Education and Training Boards, THEA and the Higher Education Authority
- Committee Chairs of the Regional Action Plan for Jobs and the Regional Enterprise Champions
- Representatives from the Financial sector [e.g. Central Bank, Micro Finance Ireland, ICLU]
- Representatives from the Manufacturing, Retail, Transportation, Hospitality sectors
- Individual companies
- Officials in key policy areas in DJEI