



Rialtas na hÉireann  
Government of Ireland

# Department of Enterprise, Trade and Employment – Working to Progress Ireland’s Trade and Investment Objectives

Developed by the Department of  
Enterprise, Trade and Employment

[www.enterprise.gov.ie](http://www.enterprise.gov.ie)



*“Throughout the pandemic, Irish industry has shown remarkable grit, determination and adaptability in the face of unprecedented challenges. Companies have changed business models, refitted premises, retrained staff and come up with new and innovative ways to maintain international and Irish supply chains. We’ll get through this pandemic together and we can get out of this economic crisis together too”.*

**Leo Varadkar TD,**

Tánaiste and Minister for Enterprise,  
Trade and Employment —  
March 2021

**Developed by the Department of  
Enterprise, Trade and Employment**



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# Tánaiste's Foreword

I am pleased to present this report on Ireland's Trade and Investment performance for 2020. A priority for my Department along with Enterprise Ireland and IDA Ireland is to deepen and extend Ireland's global trade.

In a world of nearly two hundred countries, Ireland is consistently ranked in the top tier in terms of prosperity and high living standards.

Whereas some countries are able to use their rich natural resources to create employment and fund services, trade is Ireland's source of economic growth. Our attractiveness as a place to invest and our ability to enter and keep international free trade agreements with other countries is the foundation of our economic model. It is what has consistently raised our living standards over decades and created hundreds of thousands of jobs for our citizens.

The purpose of this report is to outline how the Department is working with its officials overseas, across government and with Enterprise Ireland and IDA Ireland to:

- maintain and enhance our ability to sell our goods and services into international markets.
- attract foreign direct investment (FDI) to Ireland.

Due to the incredible resilience of our export focused firms, 2020 saw a record level of goods exports. In responding to COVID-19, they moved quickly to adapt processes and to develop new products and services.

Irish exporters are succeeding in keeping supply chains open worldwide for their products and services. In 2020 the value of exports (goods and services) reached a record level of €391 billion, a 4.7% increase over 2019. This export success is contributing to the sustainability of our public finances during these challenging times for our domestic economy.

Foreign Direct Investment (FDI) continued to be a major contributor to Ireland's economic development. Over 1,600 foreign owned companies have a presence in Ireland and contribute to the direct and indirect employment of over 463,000 people in our cities, towns, and rural areas.

The impact of the global pandemic on economies worldwide has been severe. Its unprecedented nature has forced us to close large parts of our economy to save lives. The strong performance of our exporters and inward investment base is a reassuring sign that the fundamentals of our international trade and investment model have continued to withstand the strain of the COVID-19 pandemic.

My Department is assisted in supporting international trade investment and supply chains by its Offices and Agencies. It also works closely on trade and investment promotion with other Government Departments and their agencies.

This report describes how our officials represent Ireland's trade and investment interests in relevant fora in Brussels, Berlin, Washington, London, Beijing and in the World Trade Organisation in Geneva. Teams in Dublin and abroad are working with our EU and international partners to build and strengthen alliances to shape emerging policies, regulations and international agreements that can improve on Ireland's economic and business environment.

I hope this report provides you with a valuable insight into our work during these challenging times.



**Leo Varadkar TD,**  
Tánaiste and Minister for Enterprise,  
Trade and Employment

# Minister's Foreword

In 2020, the world – and Ireland's place in it – underwent significant change and challenge. The COVID-19 global pandemic fundamentally altered our way of life, how we do business, and how we interact with our customers at home and abroad.

As a small, open economy, trade is essential to our recovery as we look ahead to a post-pandemic future. The promotion of Ireland as a dynamic export orientated economy, open to exploring new markets and reaffirming links with our close trading partners is more important now than ever before.

As Minister of State with responsibility for Trade Promotion, I firmly believe that we need to focus on opportunities to expand our global footprint, support businesses that are trading currently to grow and scale, and encourage new businesses to trade internationally.

Despite the pandemic, the Department and its trade and investment promotion agencies, Enterprise Ireland and IDA Ireland, have adapted to the virtual world to continue with the important work of Irish trade and investment promotion. At home and abroad our officials are working diligently to represent and defend Ireland's international trade interests.

While there were no physical trade missions in 2020, I was happy to actively participate in a number of virtual events, where I was very impressed by the energy and hard work of our exporters and their willingness to address the challenges the pandemic has created for international business. It is heartening to see Irish companies win contracts overseas, and for FDI projects to land in Ireland during these unprecedented times.

The European Union has a large network of trade agreements with over 70 countries and regions and is currently negotiating agreements with more countries and regions. Ireland has helped shape these agreements and given Trade Promotion is a core priority for me, I strongly encourage Irish firms to take advantage of the opportunities that these agreements offer. Using new online tools such as the European Commission's Access2Markets online portal, our small and medium businesses can take the first steps to grow their exports beyond our EU borders. It was great to see the successful virtual seminar held in December, hosted by the Department and the Commission to promote the portal.

Looking forward, the Department of Enterprise, Trade and Employment and its agencies will use all the resources available in 2021, to highlight to the world Ireland as a strong trade partner. I am confident in a post-pandemic environment that Ireland's trade and investment ecosystem, having shown great resilience, will continue to prosper and grow its global market share.



**Robert Troy,**  
Minister of State for Trade Promotion,  
Digital and Company Regulation





# Chapter 1

## Ireland's Trade and Investment Performance 2020



## 1.1 Introduction

### The mission of the Department of Enterprise, Trade and Employment, as outlined in its Statement of Strategy 2021–2023, is as follows:

We will lead on sustainable economic development and recovery through the creation and maintenance of high quality employment across all regions of our country:

- By championing enterprise
- Ensuring a competitive business base to incentivise work, enterprise, innovation and investment
- Strengthening global connections and promoting trade
- Promoting fair and competitive markets, best business practice
- Safe, flexible and decent workplaces through the regulatory and enforcement work of the Department, its Offices and its Agencies

The Department, together with its Offices and Agencies and working closely with stakeholders and across government, has played a lead role in addressing the major challenges that Ireland has faced over 2020. This collaborative effort has contributed to maintaining our inward investment model and our exporting base and supporting SME's during the pandemic.

Through its lead role in trade and investment policy the Department strives to increase the productive capacity of the economy. Working closely with other Departments and Agencies, we aim to maintain growth in exports and to continue to attract foreign direct investment across our cities and regions.

As a Department we work to deepen and extend Ireland's global business and trade in a fair and sustainable manner supportive of high labour standards and grow further the all-island economy.

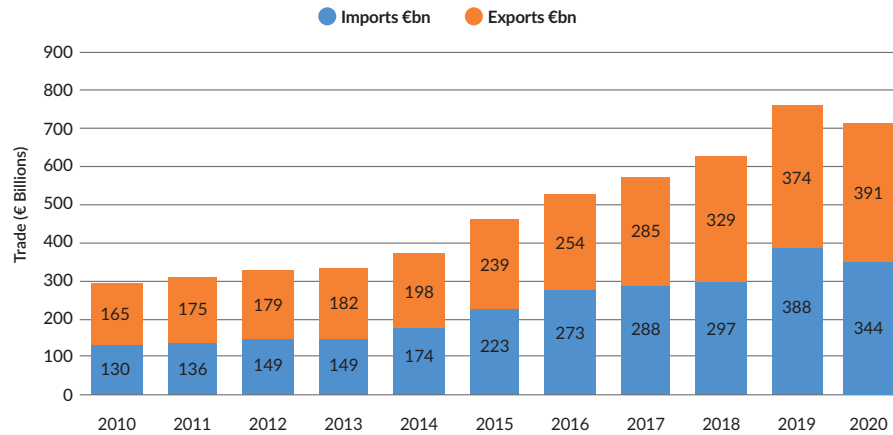
### How we achieve this:

- Work with our EU and international partners and build and strengthen alliances to shape emerging policies, regulation and international agreements that impact Ireland's economic and business environment.
- Advocate for new and exploit existing EU Free Trade Agreements to expand Ireland's trade into new markets.
- Ensure that Ireland's position on all trade deals supports the transition to a sustainable global economy including the aims of the Paris Climate Agreement.
- Work across Government and with our EU partners to identify and remove barriers to trade, particularly in services, to secure a fully functioning EU Single Market for the benefit of our exporters, businesses and other consumers.
- Advocate at EU level for policy and regulation that promotes an innovation-friendly digital economy.
- Assist enterprise to enter and benefit from international markets and to expand into new markets.
- Work with our agencies as part of Team Ireland abroad to promote our exports and highlight Ireland's attractiveness for investment and innovation, to capitalise on global shifts in business models and emerging disruptive technologies and attract the next wave of technology and business activity.
- Reform and re-mandate the former Export Trade Council to establish a new Trade and Investment Council.
- Progress Joint Economic Commissions.
- Develop a new national strategy for Trade and Investment, including governance structures to support implementation.
- Carry out an economic and sustainability assessment of the EU/Mercosur trade agreement to inform the Government.
- Ensure rigorous enforcement of EU Export Controls and Trade Sanctions, in support of global security and human rights.
- Strengthen important supply chains on the island of Ireland to grow cross-border trade, and foster opportunities for collaboration in the context of a Shared Island.
- Work jointly with the European Commission and EU Member States to ensure that the WTO is at the heart of a global, rules-based, multilateral trading system, delivering on its negotiating, dispute settlement and trade capacity building and outreach remits.
- Lead on Ireland's engagement with the Council of Europe in relation to the European Social Charter and the International Labour Organisation, coordinating their wide-ranging agendas across Government with a focus on employment and labour market standards.

## 1.2 International Trade

As a small open economy, Ireland relies on external demand and international markets for sustainable and continued growth. Ireland’s export performance has shown resilience in the face of the COVID-19 pandemic.

Ireland’s Trade 2010–2020



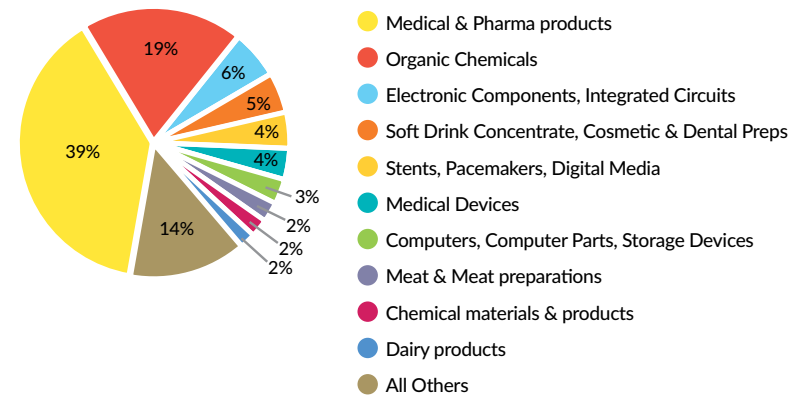
## 1.3 Goods Exports

Exports lead to sustainable job opportunities and growth in revenues for firms beyond that available from the domestic economy while having a substantial multiplier effect across the entire economy in terms of jobs and tax revenues.

Export growth in recent years has been exceptionally strong and exports continue to contribute positively to Ireland’s economy, despite the global headwinds caused by COVID-19.

Exports are now at an all-time high. In 2020 the value of exports (goods and services) reached a record level of €391 billion, an increase of €17 billion over 2019. Preliminary figures from the Central Statistics Office (CSO) for 2020 show that goods exports were valued at €160.8 billion, the highest total on record. This is an increase of €8.3 billion (+5%) over 2019.

Goods Exports Categories



Source: CSO 2020



In 2020, the largest category of goods exports was medical and pharmaceutical products. Exports of these goods accounted for 39% of all exports, or €62 billion. This represents an increase of €12.6 billion (+25 %) on the 2019 value. CSO data released in February 2021 shows that the EU accounted for €63.9 billion (40%) of total goods exports in 2020, an increase of €7.2 billion (+13%) on 2019.

Goods exports to non-EU countries in 2020 were valued at €82.5 billion which is an increase of €2.4 billion (+3%) on the 2019 level of exports. The USA was the largest non-EU export destination, accounting for €49.8 billion or 31% of total exports in 2020. Exports to Great Britain in 2020 were €12 billion, which is a decrease of €1.2 billion (-9%) compared with 2019. Exports to Great Britain accounted for 8% of total goods exports in 2020.



## 1.4 Goods Imports

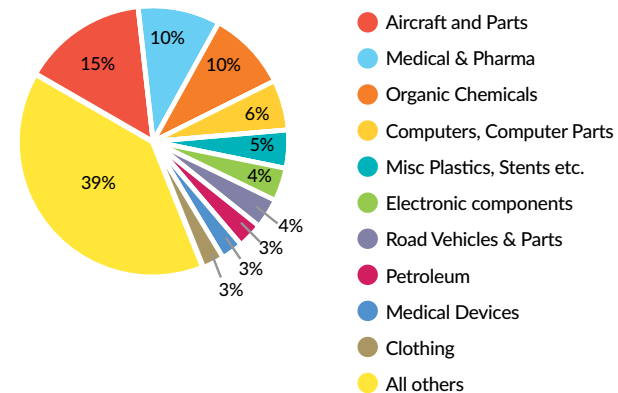
According to February 2021 CSO data, there were €30.3 billion of goods imports from the EU in 2020, representing 36% of total Irish goods imports. This was a decrease of €3 billion (-9 %) on 2019.

Goods imports from non-EU countries totalled €35.5 billion, a decrease of €1.6 billion (-4%) on the 2019 level.

Imports from Great Britain in 2020 were valued at €17.8 billion, a decrease of €861 million (-5%) when compared with 2019, meaning there was a trade deficit of €5.4 billion with Great Britain in 2020.

Goods Imports from Great Britain accounted for 21% of total Irish goods imports in 2020.

### Goods Imports Categories

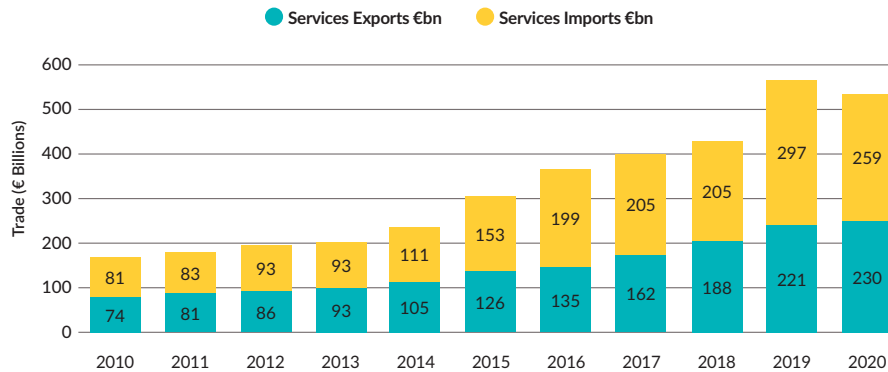


Source: CSO 2020

## 1.5 Services Trade

In 2020, the value of Services exports from Ireland increased by 4% to €230 Billion and the value of Services imports decreased by 13% to €259 billion.

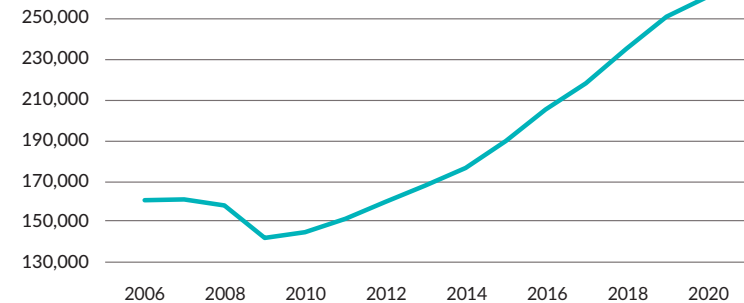
### Services Trade 2010-2020



## 1.6 Foreign Direct Investment

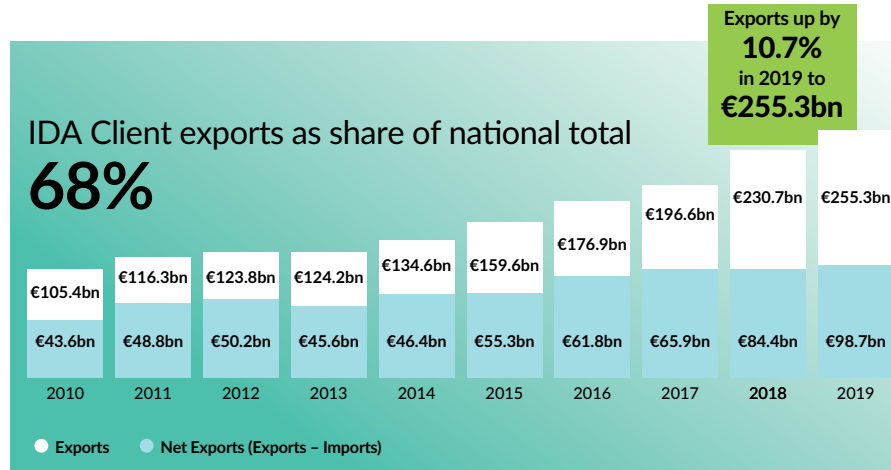
Foreign Direct Investment (FDI) continues to be a key contributor to Ireland's economic development and growth. There are now over 1,600 IDA Ireland supported client companies in Ireland. In 2020 employment growth within IDA's multinational client base grew by 3.6% to reach a record of 257,394 people employed across Ireland.

### Total IDA client employment



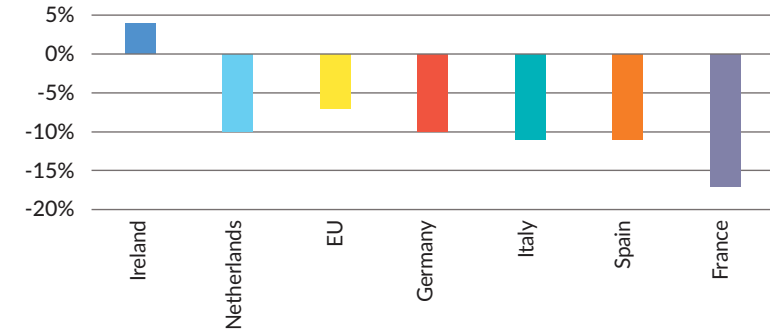
The attraction of Foreign Direct Investment (FDI) has been a central part of Ireland's enterprise policy since Ireland first took proactive measures to secure internationally mobile investments in the 1950s.

Companies choose to invest in Ireland for a variety of reasons but primarily, because Ireland is regarded and regularly ranked as one of the best places in the world to do business. They are drawn by Ireland's young, highly educated, highly-skilled, multi-lingual work force, our membership of the European Union, the strong base of existing FDI companies, the proximity to the European market, a consistent, attractive tax regime of 12.5%, a much-improved cost competitiveness and a safe and secure Common Law jurisdiction.



Multinational Companies (MNCs) invested approx. €25.2 billion directly in the Irish economy, including expenditure on Irish materials and services totaling €10.1 billion and an annual payroll spend of €15.1 billion. In addition, MNCs inject capital expenditure of €7.9 billion on new buildings, machinery and equipment, leading to high levels of employment in the Irish construction sector.

### The Impact of FDI on Irish Good Exports % change (y/y November 2020)



FDI companies exported 68% of all national exports in 2019 with a value of €255.3 billion up 10.7% on 2018. IDA supported MNCs directly accounted for 10% of national employment in 2019. It is estimated that FDI in Ireland directly and indirectly accounts for 463,000 jobs in 2020, approx one quarter of employment in the private sector in Ireland.



## 1.7 Two way trade flows in goods between Ireland and key trade partners in 2020







# Chapter 2

## Trade and Investment Missions





## 2.1 Trade and Investment Missions

The UK's decision to leave the EU highlighted the need for Irish companies to seek business opportunities in markets beyond the UK. While the UK is, and will remain, a major market for many Irish companies, expanding the Irish export footprint in markets beyond the UK is a key priority. In that context, our strategy is to support Irish exporters to be more innovative, competitive and market diversified.

Ministerial-led trade missions support the Government's major drive towards market diversification. In 2019, the majority of trade missions took place to the Eurozone, North America, the Gulf States and Asia Pacific region; all of these regions represent the strongest growth opportunities for Irish companies. Their focus was on promoting the innovative capabilities and competitive offerings of Irish companies to international buyers in sectors including; Internationally traded services, Fintech, High-Tech Construction, Engineering, ICT and Life Sciences.

The organisation of the annual programme of Ministerial trade missions is an integral part of the work of the Department and its enterprise agencies - Enterprise Ireland and IDA Ireland - which work to develop and expand Ireland's exports and inward investment from existing and new international markets.

Trade and investment missions are a global Ireland effort; together with the Department of Foreign Affairs and Ireland's Embassy and Consulate network, our teams work closely together to ensure their success.

In recent years, our approach has proven to be very successful in terms of establishing Ireland's credibility with, and gaining access to, the business community in the target markets at the appropriate level. Trade missions raise Ireland's profile as a world-class supplier of goods and internationally tradable services and contribute to the generation of incremental sales to foreign markets. They also provide Ireland with a platform in a competitive foreign direct investment climate to encourage overseas HQ companies to invest and expand into Ireland. It can provide comfort to investment decision makers that Ireland is the right choice of location and that Ireland can offer them the business environment to make their investment a success.

We began 2020 with optimism of building on the record exports achieved in 2019. However, COVID-19 delivered a huge shock to the global economy with supply chain disruption, business and travel restrictions, and changing buyers' needs.

Travel restrictions at home and internationally, as well as the sudden curtailment of major trade events in many markets, presented a challenge to exporters.

This Department and its agencies responded quickly in adapting to remote working while still providing continuity of supports to Irish companies. Together we worked to convert the traditional person-to-person trade promotional events to become virtual events. Irish exporters increasingly sought more information about their target markets and how to respond to their changing buyers' demands.

Throughout 2020, Irish companies have shown remarkable resilience and the ability to adapt their business in response to the most challenging of years. EI's in-market teams helped to assist Irish firms to find new ways of establishing and protecting business relationships and in some sectors, to pivot their business model fast thereby benefitting from new opportunities that unexpectedly arose.

Robert Troy, TD, Minister of State Department of Enterprise, Trade and Employment with responsibility for Trade Promotion, participated in numerous buyer-focused virtual events throughout the year, in support of Irish enterprise.

## Case Study: Enterprise Ireland Virtual International Markets Week 2020

International Markets Week (IMW) is Enterprise Ireland's largest exporter event and one of its longest running annual events; overseas-based teams return to Ireland to engage directly with clients on a one-to-one basis to review and support their overseas plans for the coming year. Clients have the opportunity to speak to market advisors from their existing markets, and to take the opportunity to get advice and support for potentially new target export markets. The week traditionally involves a Ministerial-led launch event followed by approx. 2000 individual EI-client meetings.

In March 2020 it was clear that a traditional IMW would not be possible in 2020 and it was equally clear the need for IMW had never been greater for Enterprise Ireland client companies who were challenged by the dual impact of COVID-19 and Brexit looming.



Enterprise Ireland senior management decided that IMW needed to move to a virtual format. Appreciating the immense undertaking required, a cross-functional team was established to design and deliver a virtual event that would meet clients' expectations of EI's standard of delivery and outputs, and this from a geographically dispersed team who could not physically meet; using new technology, new processes and providing new experiences for nearly 1000 clients and 140 EI staff to collectively engage with and do business.

When IMW's core purpose was distilled, the one-to-one client meetings with EI market advisors and Brexit consultants were prioritised. Other EI supports and services were signposted on EI website and in a digital brochure. The platform solution with the best technology fit was B2Match.com.

In addition, EI developed new technology to capture and track IMW Action Plans and integrate with other EI systems to support the client engagement and follow-up.

Much time was invested in communicating and supporting all stakeholders, clients and EI staff, who all needed to understand the new IMW so that it could be successfully delivered and engaged with.

## The Results



### Innovative Spin-off

Attendee feedback and the evaluation from virtual International Markets Week indicated that while the virtual setting allowed for constructive meetings, many missed the ‘coffee dock’ opportunity to meet for an informal chat. This feedback illustrates the value of networking at events and using the feedback, Enterprise Ireland created a Market Intelligence Network called IMW Connect – a platform that allows IMW participants to connect with companies operating in various Industry Sectors and Markets. Enterprise Ireland is rolling out this platform in early 2021.

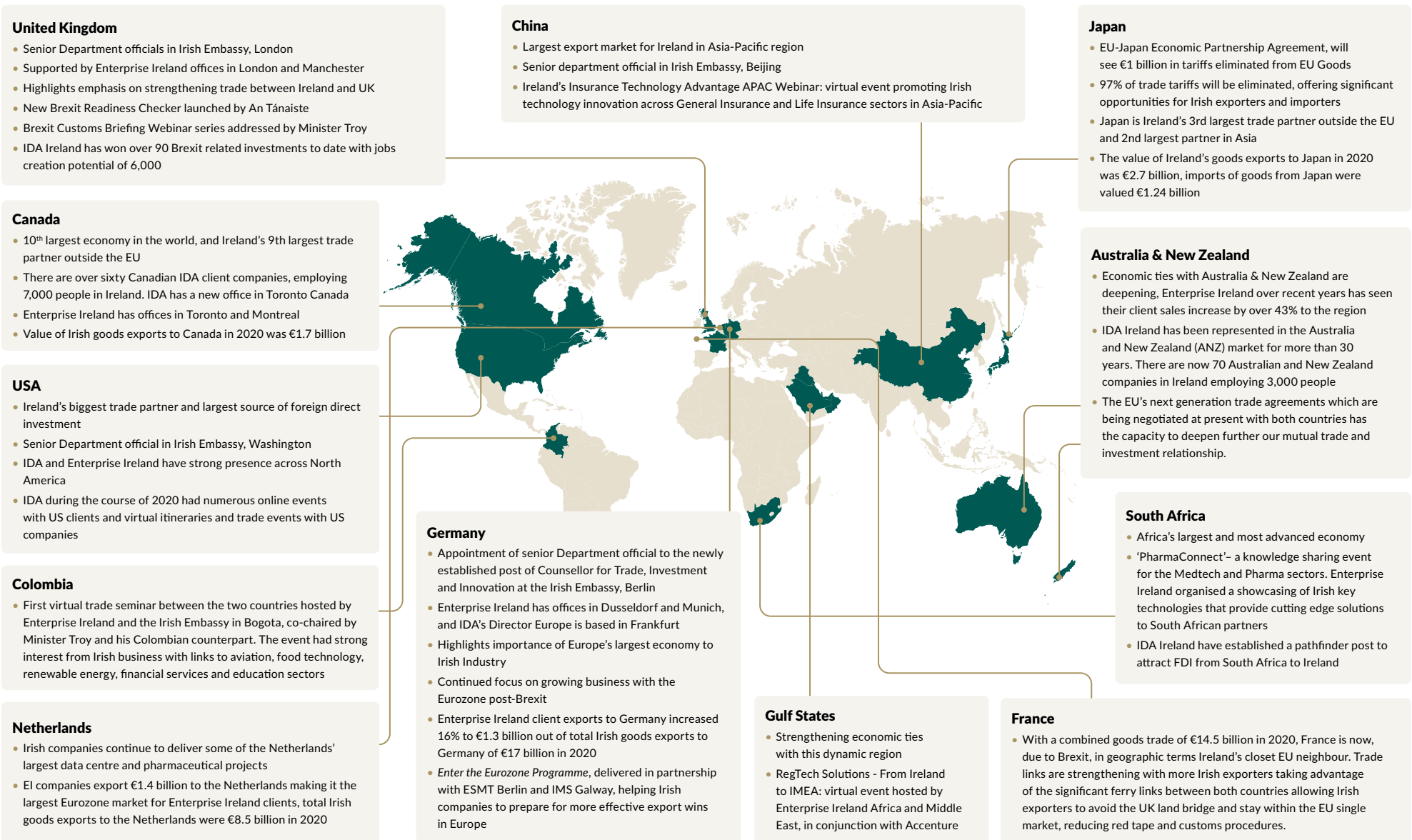
Minister Robert Troy opened an Enterprise Ireland virtual event, *The Future of Digital Transformation in US Dairy*. The event highlighted an increased demand for digital solutions within the US dairy sector and promoted opportunities for companies from the Irish dairy and agri-tech sector who can provide innovative technologies to US food and beverage companies, and dairy co-operatives.



At the launch of the Enterprise Centre Fund, An Tánaiste and Minister for Enterprise, Trade and Employment, Leo Varadkar, T.D. and Julie Sinnamon, CEO Enterprise Ireland. The Enterprise Centre Fund is part of the government’s July Stimulus package, a €7.4bn package of measures designed to stimulate a jobs-led recovery and build economic confidence while continuing to manage the impact of COVID-19. The Enterprise Centre Fund is administered by Enterprise Ireland.



## 2.2 Trade and Investment: A snapshot of Irish virtual trade engagements in 2020



## Ministers supporting trade and investment with Ireland



Minister Robert Troy and Colombian Minister for Commerce, Tourism and Industry, Mr Jose Manuel Restrepo attended a virtual high-level meeting of the Irish Colombian Business Network in November 2020. The event was organised by the Irish Embassy in Bogota with the objective of strengthening bilateral relationships between Ireland and Colombia. High-level representatives of many Irish businesses operating in Colombia, or seeking to enter the market, and the trade promotion agencies from Ireland (Enterprise Ireland) and Colombia attended.



Announcing the expansion of the Mastercard Tech Hub in Dublin in February 2020 – Tánaiste Leo Varadkar; Martin Shanahan, Chief Executive at IDA Ireland; Ed McLaughlin and Ken Moore Mastercard.

# Chapter 3

## EU Free Trade Agreements

## 3.1 EU Free Trade Agreements

In addition to the global efforts supported by the enterprise agencies of the Department, key to Ireland's success in growing our exports and attracting foreign investment has been our commitment to trade liberalisation in order to open new markets for our indigenous sectors. With a small domestic market, further expansion in other markets is essential to our continued economic growth and, in this regard, Ireland continues to support the EU's ambitious programme of negotiating new Free Trade Agreements, which open new markets for Irish companies and increase export and investment opportunities.

The European Union negotiates Trade Agreements with other countries, or trading blocs, on behalf of EU Member States. The Department of Enterprise, Trade and Employment, having regard to its responsibility for the identification, formulation and development of Ireland's international trade policy, represents and promotes Ireland's interests in discussions which the European Commission initiates with Members States when proposing to open trade negotiations with third countries. The Department conducts appropriate stakeholder consultations in advance of such negotiations to ensure that the interests of Irish industry, trade unions and sectoral representative groups are carefully considered. These stakeholder consultations include specific regional issues and opportunities.

Prior to commencing negotiations with a potential Trade Agreement partner, the EU conducts impact assessments which are designed to assess whether a trade agreement is the best way to improve trade relations with a specific partner country and what issues should be covered in a negotiation. The EU also conducts analyses of the impact of individual trade agreements once they are in force. These reports can cover the economic, social, human and labour rights and environmental aspects of the deal. Sectoral specific impacts are tracked and documented as part of these reports.

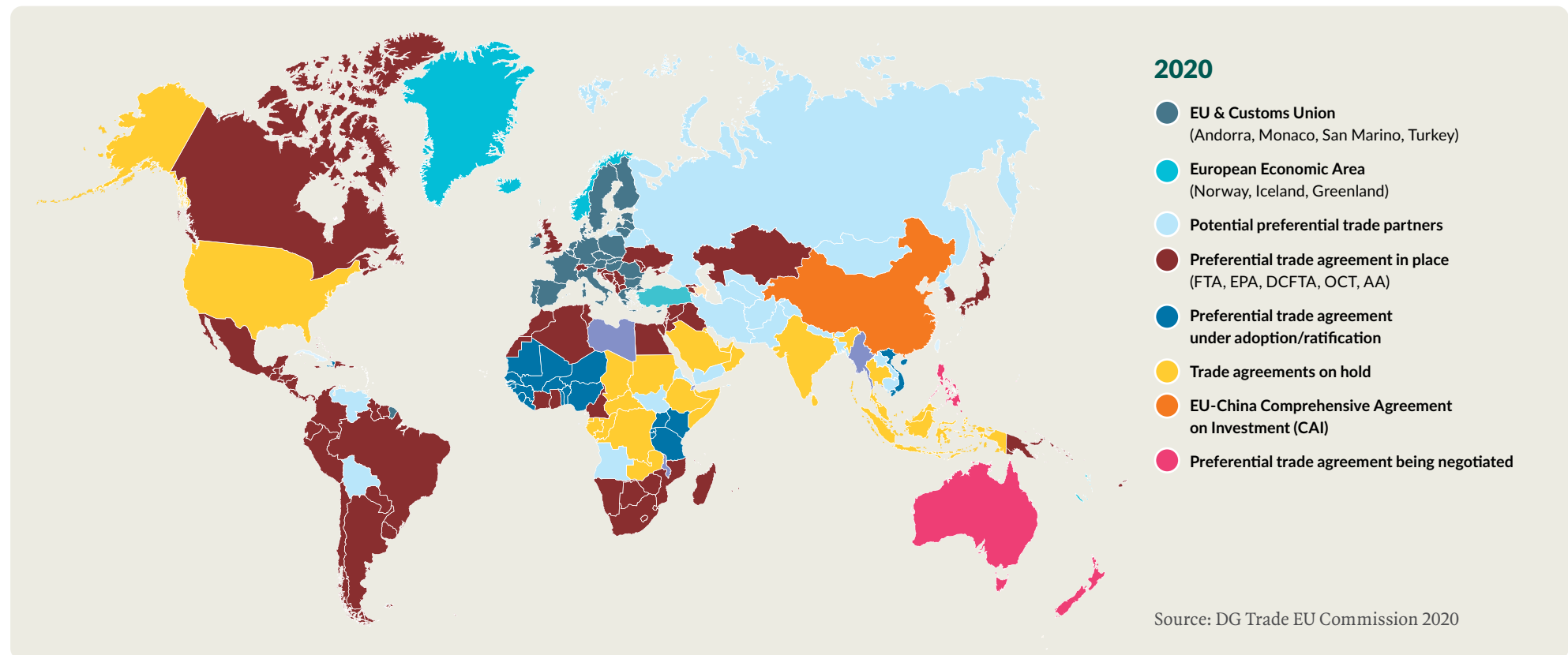


## 3.2 Economic Benefits of Free Trade Agreements

The EU has the largest Free Trade Agreement Network in the world, with 41 trade agreements covering 72 countries worldwide and accounting for 39% of the EU's external trade. This growing network of trade agreements creates opportunities for workers across Europe. Trade with countries outside the EU supports 36 million jobs in the EU. Foreign investment into the EU supports 16 million European jobs. The EU negotiates on behalf of all Member States so businesses and consumers can buy and sell goods and services on global markets that would be difficult for small nations like Ireland to access. It's estimated that international trade supports around 650,000 jobs in Ireland, particularly in the agri-food, pharma, medical devices, med-tech, and financial services sectors.

The EU's free trade agreements deliver real economic results for consumers, workers, and small companies without compromising on core principles like human rights and sustainable development. Negotiating trade agreements is a lengthy and complex process, often taking several years to conclude, but the rewards make them worth the time and effort. Significant EU trade deals go through the full democratic process before they enter into force. They must be approved by the European Council (heads of government of all EU 27 member states), and MEPs must give their consent in the European Parliament, meaning these trade deals come under deep scrutiny, and substantial agreements can't go ahead until ratified by all Member States.

**Fig 4: Map of EU Trade Agreements**



## 3.3 EU Next Generation Trade Agreements

The 'Next Generation' Trade Agreements are about more than just tariffs. For example, as part of the negotiations there are generally steps agreed which aim to make it easier for Irish companies to:

- Access Public Procurement,
- Get products certified or comply with labelling rules,
- Avail of simplified customs procedures,
- Have professional qualifications such as architects recognised,
- Access business visitor visas,
- Deliver cross border services,
- Protect their intellectual property rights.

Examples of Trade Agreements that were recently agreed or are the subject of ongoing negotiations are as follows



**Australia** – The negotiations were launched in June 2018. Through 2018, 2019 and 2020 nine rounds of negotiations have taken place with substantial progress being made on each agreement. Ireland exported €889m worth of goods to Australia in 2020. Australia is the 14<sup>th</sup> largest economy in the world.



**New Zealand** – Operating to a similar schedule as Australia, these negotiations were also launched in June 2018, and there have been nine rounds up to the end of 2020. According to an EU impact assessment, as a result of the agreement trade between New Zealand and the EU could increase 36%.



**Singapore** – The Free Trade Agreement and the Investment Protection Agreement between the EU & Singapore were signed in October 2018. The FTA came into force in November 2019. The agreement will scrap all duties on EU exports. It has been designed to stimulate 'green growth' by removing trade obstacles for green tech and create opportunities for environmental services.



**Vietnam** – The Free Trade Agreement and Investment Protection Agreement were signed in June 2019. The European Parliament approved the agreements in February 2020. The Trade Agreement was approved by the Vietnamese National Assembly paving the way for its entry into force on 1<sup>st</sup> August 2020. The investment protection agreement with Vietnam will still need to be ratified by all Member States. Once ratified, it will replace the bilateral investment agreements that 21 EU Member States currently have in place with Vietnam. As part of the deal Vietnam is ratifying several International Labour Organisation conventions that provide rights to workers.



**South Korea** – The EU – South Korea Free Trade Agreement was provisionally applied in 2011 and formally ratified in 2015. As part of the agreement South Korea removed most import duties on EU products. For Ireland, exports have increased 133% since the deal was signed.



**Mexico** – On the 21<sup>st</sup> of April 2018 the EU and Mexico announced that they had reached Political Agreement in their negotiations to modernise the existing EU-Mexico Global Agreement. The EU and Mexico on the 28<sup>th</sup> April 2020 concluded the last outstanding element covering the reciprocal opening of public procurement markets, in the negotiation of the new EU-Mexico FTA. Once the legal revision and translation of the agreement have been completed the Parties can advance to the signature and ratification in line with their respective rules and procedures.



**Canada** – The Comprehensive Economic Trade Agreement provisionally entered into force in 2017 (CETA). The deal removes 99% of tariffs. As part of the deal Canadian Public Procurement processes are opening up for European firms. There have also been frameworks and structures put in place that can allow for easier certification of products and the recognition of professional qualifications such as architects or engineers. For full ratification CETA needs to be approved by all 27 EU Member States in line with their national procedures.



**Japan** – The Economic Partnership Agreement between the EU and Japan was signed on 17<sup>th</sup> July 2018 and came into effect on 1<sup>st</sup> February 2019. Tariff reductions will be delivered on a phased basis over a period of 15 years. This is the world's largest trade deal, removing tariffs on 99% of EU exports to Japan. The agri-food sector, medical devices and pharmaceutical products will see particular benefits.



**Mercosur** – Mercosur comprises Argentina, Brazil, Paraguay and Uruguay. Together this is a market of 260m people. In June 2019 a political agreement on a comprehensive trade agreement was reached. In addition to cutting tariffs the agreement promises to ease the customs and compliance procedures that EU firms experience when exporting to the region. The full text of the agreement will now move forward for legal revisions, translations and will need to be approved by the EU Council and Parliament.

### 3.4 EU and China Comprehensive Agreement on Investment

The cumulative EU foreign direct investment (FDI) flows from the EU to China over the last 20 years have reached more than €140 billion. For Chinese FDI into the EU the figure is almost €120 billion. EU FDI in China remains relatively modest with respect to the size and the potential of the Chinese economy.

As regards investment, the EU-China Comprehensive Agreement on Investment (CAI) agreed on the 30<sup>th</sup> of December 2020 will ensure that EU investors achieve better access to a fast growing 1.4 billion consumer market, and that they compete on a better level playing field in China. This is important for EU global competitiveness and the future growth of European industry. In addition, China has made Commitments to respect core International Labour Organisation (ILO) principles and to effectively implement the ratified ILO Conventions. Including a specific commitment on the ratification on ILO fundamental Conventions on forced labour. In the area of the environment, a commitment has been made by China under the CAI to effectively implement the Paris Climate Agreement.

The CAI makes the conditions of market access for EU companies clear and independent of China's internal policies. It also allows the EU to resort to the dispute resolution mechanism in CAI in case of breach of commitments.

In addition, the EU has negotiated further and new market access openings and commitments such as the elimination of quantitative restrictions, equity caps or joint venture requirements in a number of sectors. These are restrictions that severely hamper the activities of EU companies in China. The overall package is far more ambitious than what China has committed to before.

On the EU side, the market is already open and largely committed for services sectors under the General Agreement on Trade in Services (GATS). EU sensitivities, such as in the field of energy, agriculture, fisheries, audio-visual, public services, etc. are all preserved in CAI.

### 3.5 United States and European Union Tariff Agreement

In August 2020 the EU and the US announced an agreement on a package of tariff reductions that will increase market access for hundreds of millions of dollars in US and EU exports. These tariff reductions are the first US and EU negotiated reductions in duties in more than two decades.

Under the agreement, the EU will eliminate tariffs on imports of US live and frozen lobster products. US exports of these products to the EU were over \$111 million in 2017. The EU will eliminate these tariffs on a Most Favored Nation (MFN) basis, retroactive to begin August 1<sup>st</sup>, 2020.

The EU tariffs will be eliminated for a period of five years and the European Commission will promptly initiate procedures aimed at making the tariff changes permanent. The United States will reduce by 50% its tariff rates on certain products exported by the EU worth an average annual trade value of \$160 million, including certain prepared meals and certain crystal glassware. The US tariff reductions will also be made on an MFN basis and retroactive to begin August 1<sup>st</sup>, 2020.

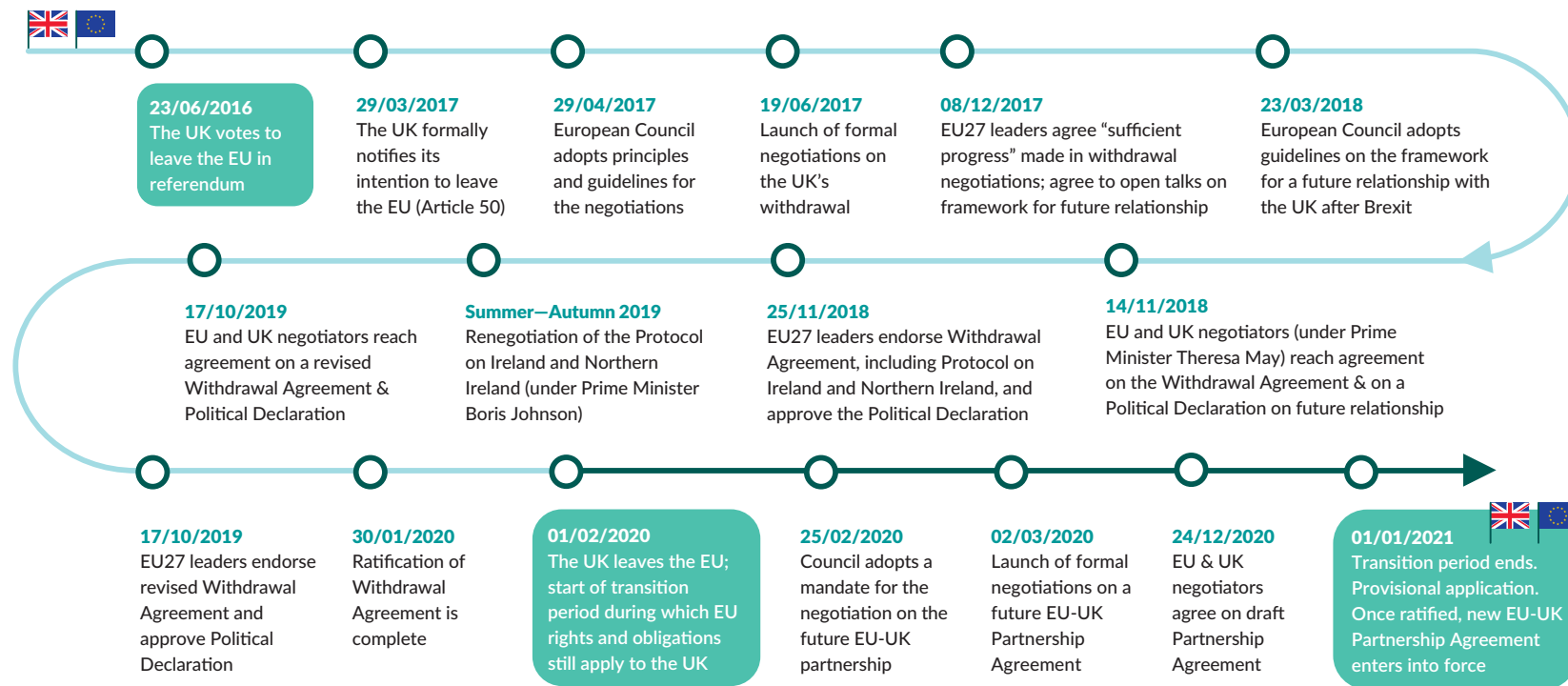
A number of trade related disputes and actions between the EU and US remained to be resolved during 2020 and into 2021. Both the EU and the US have been found at fault by the WTO for providing certain subsidies to their commercial aircraft manufacturers, Airbus and Boeing respectively. These long running trade disputes came to a head in October 2019 when the US were authorised to apply 'retaliatory measures' to the value of \$7.5 billion against the EU. In this regard, the US imposed significant tariffs on aircraft and non-aircraft products initially to an aggregate value of approx. \$2billion. For Ireland, sensitive food products were included, such as butter, cheese and cream liqueur. Despite not being involved in subsidising Airbus, Ireland was impacted significantly given the strong bilateral trade and investment relationship between Ireland and the US – e.g. on a per capita basis Ireland was the most impacted within the EU. In November 2020, the EU were authorised to apply 'retaliatory measures' to the value of \$3.9 billion against the US in the "Boeing" dispute and imposed tariffs on US imports, proportionately mirroring the US measures. Importantly, the EU also proposed a mutual suspension of tariffs while a solution is worked out and this came to fruition on 5<sup>th</sup> March 2021.



In relation to steel and aluminium tariffs, on the 31<sup>st</sup> May 2018, the US announced the imposition of tariffs on imports of EU steel and aluminium products, following an investigation by the Department of Commerce that found the imports were a threat to US national security. The EU has rejected the notion that its exports represent such a threat and is clear that these tariffs are in conflict with WTO rules. Moreover, the import duties in place are proving ineffective, while burdening industry and consumers with unnecessary barriers and costs.

In response, on 22<sup>nd</sup> June 2018, the EU introduced rebalancing tariffs on US imports, while making it clear that it is ready to remove its measures immediately provided the US lifts theirs. A case was also launched at the WTO challenging the measures as incompatible with WTO rules. No progress was made on this particular trade dispute in 2020 and there is a 50% increase in these tariffs due in mid-2021 with the EU renewing our proposal for a mutual suspension of tariffs to the new US Administration to facilitate a negotiated outcome.

### 3.6 EU-UK Trade and Cooperation Agreement



Source: EU Commission 2020

The United Kingdom (UK) left the European Union (EU) on January 31<sup>st</sup>, 2020, marking the end of frictionless EU trade with the UK. The **EU-UK Trade and Cooperation Agreement** avoids the worst-case scenario of no deal – but is unique in being a trade agreement that **reduces** rather than enhances market access.

## Why is this agreement different from other agreements covering trade?

- This is the only time the EU negotiated an agreement with a former member of the European Union. It deals with the management of divergence, rather than seeking convergence.
- The agreement covers a wide range of areas, from fisheries to justice and home affairs, that go far beyond usual Free Trade Agreements.
- The agreement is unprecedented given the geographic proximity of the UK and the degree of economic convergence and mutual interdependence.

It allows for tariff and quota free EU-UK trade in goods, subject to significant non-tariff barriers e.g., customs formalities, rules of origin requirements and level playing field provisions. The agreement includes very limited provisions on trade in services, significantly reducing EU-UK market access.



### Consequences of UK exit from EU, Single Market and Customs Union

- |                 |   |
|-----------------|---|
| <b>Goods</b>    | <ul style="list-style-type: none"> <li>• Increased red tape for businesses trading between EU and UK.</li> <li>• Customs formalities &amp; regulatory checks on UK goods when entering the EU, and vice versa.</li> <li>• No mutual recognition of standards across the two markets for highly regulated goods (known as conformity assessments) – producers must meet both EU &amp; UK standards.</li> </ul> |
| <b>Services</b> | <ul style="list-style-type: none"> <li>• UK service suppliers lose automatic right to access EU Single Market (e.g. no 'country of origin' principle or 'passporting').</li> <li>• UK service providers required to comply with host-country rules of each EU country (which often vary).</li> <li>• No automatic recognition of professional qualifications.</li> </ul>                                      |

### Key provisions under the EU-UK Trade and Cooperation Agreement (TCA)

- Provisions to ensure a level playing field for open and fair competition.
- Zero tariffs and quotas on goods trade (provided rules of origin are met).
- Mutual recognition of trusted trader programmes (Authorised Economic Operators) to reduce some customs formalities.
- Some sector specific steps to facilitate trade and regulatory cooperation (e.g. recognition of Good Manufacturing Practice inspections).
- Non-discrimination obligations to ensure suppliers/investors from EU will be treated no less favourably than UK operators in the UK (and vice versa). Prevention of 'unjustified' barriers to digital trade, including prohibition of data localisation requirements (in line w/ GDPR).

## The Withdrawal Agreement and the Ireland/Northern Ireland protocol upholds measures to:

- Avoid a hard border between Ireland & Northern Ireland
- Protect the EU Single Market and Ireland's place in it
- Recognise the Common Travel Area
- Continue North-South cooperation
- Maintain the Single Electricity Market

To avoid a hard border on the island, Northern Ireland is in the UK customs territory while also continuing to apply EU customs rules and certain EU legislation.

Companies in Northern Ireland maintain access to the EU Single Market for Goods – subject to the same level playing field terms that apply to companies in the EU. The movement of goods from Great Britain to Northern Ireland is subject to some checks and controls.

Northern Ireland is now outside of the EU Single Market for Services.

## Extensive contingency planning by Ireland for new EU-UK trading relationship

While the US and EU are more significant trading partners, Ireland is however uniquely exposed to Brexit within the EU due to close economic and geographic ties with the UK. Numerous mitigating actions and extensive contingency planning since 2016 to reduce the impacts of Brexit on businesses. This work is continuing to ensure disruption is limited.

Budget 2021 takes expenditure on Brexit measures across successive Budgets to over €1 billion. Financial supports include the €300m Brexit Loan Scheme, the €800m Future Loan Scheme, the 'Ready for Customs' grant.

The €3.4 billion Recovery Fund announced in Budget 2021 in response to COVID-19 will also provide support for businesses impacted by Brexit.





## 3.7 European Union Trade Policy Review – An Open, Sustainable and Assertive Trade Policy

### Why a new EU Trade Strategy?

In June 2020, the European Union launched a new trade strategy review to address the challenges that all members of the EU face at present:

- The economic recovery post the Covid pandemic
- Climate change
- Environmental degradation
- Growing international tensions
- Greater recourse to unilateralism and its consequences for multilateral institutions

The new strategy aims to establish a new consensus for trade policy based on openness, sustainability and assertiveness. It reinforces the EU's position as a global champion of open, rules-based trade that is fair and sustainable.

Trade is one of the EU's most powerful tools. It is at the centre of Europe's economic prosperity and competitiveness, supporting a vibrant internal market and assertive external action. As a result of the openness of Europe's trade regime, the EU is the world's largest trader of agricultural and manufactured goods and services and ranks first in both inbound and outbound international investments. Thanks to the common commercial policy, the EU speaks with one voice on the global scene. *This puts the EU Member States in a unique position.*

This benefits small open economies like Ireland. The influence of Europe and its weight at the trade negotiation table gives Ireland leverage that it would not ordinarily have with large 3rd countries.

### Six areas that are critical to achieving the EU's Trade Policy objectives in the medium term

With new internal and external challenges and more particularly a new, more sustainable growth model as defined by the European Green Deal and the European Digital Strategy, the EU needs a new trade policy strategy – one that will support achieving its domestic and external policy objectives and promote greater sustainability in line with its commitment of fully implementing the UN Sustainable Development Goals. Trade policy will play its full role in the recovery from the COVID-19 pandemic and in the green and digital transformation of the economy and towards building a more resilient Europe in the world.

- 1 Reform the WTO**
- 2 Support the green transition and promote responsible and sustainable value chains**
- 3 Support the digital transition and trade in services**
- 4 Strengthen the EU's regulatory impact**
- 5 Strengthen the EU's partnerships with neighbouring, enlargement countries and Africa**
- 6 Strengthen the EU's focus on implementation and enforcement of trade agreements, and ensure a level playing field**

The Department of Enterprise, Trade and Employment will be working closely with other Government Departments and with all stakeholders to shape and influence EU Trade policy as this strategy is developed and implemented.

### 3.8 Access2Markets Online Trade Portal



In October 2020 the European Commission launched the Access2Markets online portal to help small and medium-sized firms trade beyond the EU's borders. The Portal can be accessed at [Access2Markets Welcome home page \(europa.eu\)](https://europa.eu/access2markets).

The portal responds to requests from stakeholders to better explain EU trade agreements and help companies ensure their products are eligible for duty discounts. It will serve both companies that already trade internationally and those only starting to explore opportunities in foreign markets.

The Rules of Origin Self-Assessment tool (ROSA) is a free interactive tool developed by the European Commission which allows exporters using EU trade agreements to learn about preferential rules of origin and assess if their product qualifies for the tariff preferences that trade agreements offer. It can also be used by suppliers to an exporting company to assess the origin of their product before they issue a supplier's declaration.

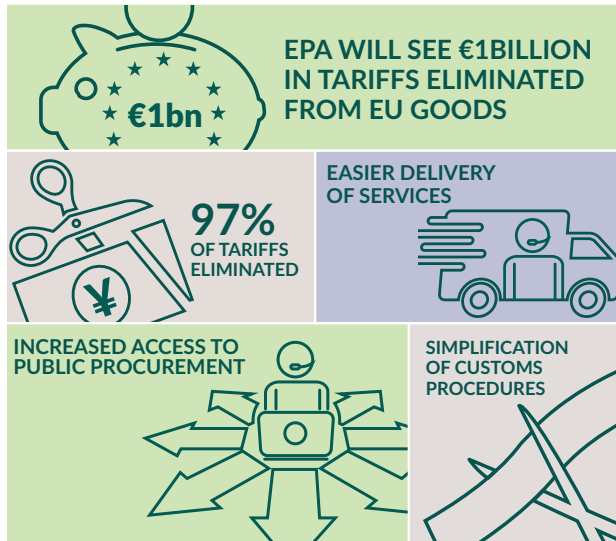
In December, the Department of Enterprise, Trade and Employment in conjunction with the European Commission's DG Trade held a one-day online tutorial for over fifty Irish companies to demonstrate the advantage of the EC Access2Markets tool.

This was followed up with on-line publicity by the Department and DG Trade to targeted Irish exporters and importers.

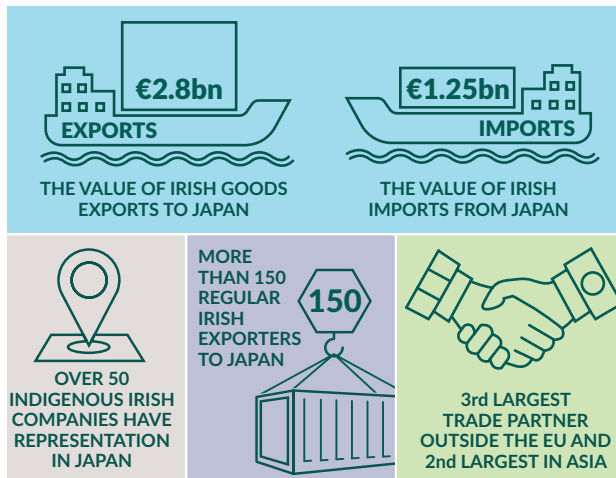
*“The Irish Government has committed to providing significant financial resources to help companies navigate the post-Brexit landscape and to continue to overcome the challenges posed to their businesses by COVID-19. The Access2Markets online portal is another tool, freely available to all businesses, to help them make the most of the EU’s network of international trade agreements and get the best access to the markets, products and inputs they need to grow and stay competitive. I would encourage Irish exporting companies who wish to grow their exports to become familiar with this platform and take advantage of the network of countries with which the EU has negotiated Free Trade Agreements”.*

**Robert Troy,**  
Minister of State for Trade Promotion, Digital and Company Regulation

The Economic Partnership Agreement (EPA) is a trade agreement between the EU and Japan which came into force on 1st February 2019.



**IRELAND - JAPAN TRADE - GOODS 2020**



Source: DETE 2020

### 3.8 Case Studies

## Case study EU Japan Economic Partnership Agreement in Focus: Benefits to Ireland

The Economic Partnership Agreement between the EU and Japan came into force on 1<sup>st</sup> of February, 2019. This Trade Agreement opens a new marketplace of 635 million people and covers almost a third of the world's GDP. Japan is Ireland's 3<sup>rd</sup> largest trade partner outside the EU and the 2<sup>nd</sup> largest in Asia. Over 50 Indigenous Irish companies have representation in Japan, with more than 150 regular exporters to the Japanese market.

**Japan is an attractive market for exporters:**

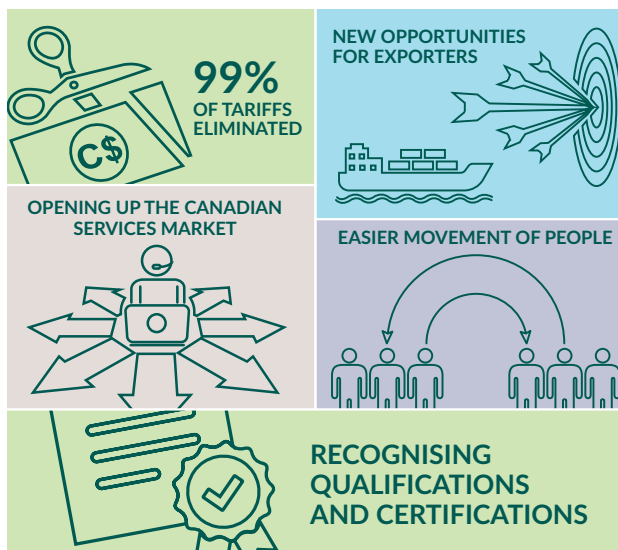
- It is the third largest economy in the world,
- There are 126m wealthy consumers,
- It is a technologically advanced economy with a large manufacturing sector.

**For Irish companies the Agreement will have a number of impacts:**

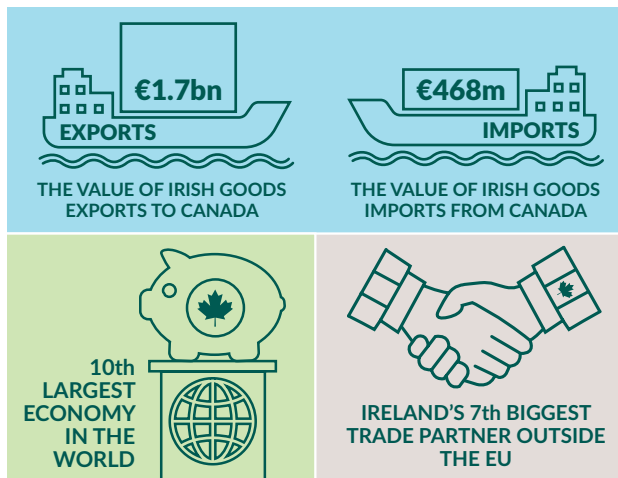
- 97% of all tariffs eliminated. This equates to duty savings of over €1 billion on EU goods. Beef duties will dramatically reduce from 38.5% to 9% and the duty on cheddar will be scrapped.
- Geographical Indicators have been recognised meaning that descriptions such as 'Irish Whiskey' and 'Irish Cream' can only be used by genuinely Irish products.
- In the large Japanese Public Procurement market Japan has made significant changes. Irish companies can bid on an equal footing as Japanese firms for contracts with more government agencies and 54 large Japanese cities.
- The Agreement has advanced provisions for the delivery of services. This includes easier mechanism for business travel visas and a framework for the recognition of qualifications.
- For medical devices, Japan has adopted the international standard on quality management systems (QMS) on which the EU QMS system for medical devices is based. This considerably reduces the costs of certification of European products exported to Japan.

In pharmaceuticals, the EU and Japan have agreed to broaden the range of medicines for which they will recognize each other's inspection of manufacturing sites. The Mutual Recognition Agreement allows regulators to waive batch testing on Irish medicines entering Japan.

The Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada came into effect in September 2017



### IRELAND - CANADA TRADE - GOODS 2020



Source: DETE 2020

## Case Study: Canada

There are currently 60 IDA Ireland Canadian client companies, employing 7,000 people in Ireland. Of these, 17 are located either in Toronto or within 100 km of the city. The presence of a dedicated IDA office in Canada enables the agency to develop and deepen linkages with existing clients and target more effectively new name companies within the Canadian market.

**Canadian businesses in Ireland also showed great resilience with significant investments and growth announced during 2020 by many key players including:**

In December, Opentext, a leading enterprise software company, headquartered in Waterloo, announced a significant expansion of its 200 person strong European operations based in Cork. They are looking to increase headcount by over 30 people across a range of functions including DevOps, technical support, application engineering, database administration and many more.

In November, Telus International, which had one of the most successful IPOs in Canada last year, announced the acquisition of Lionbridge AI. With this acquisition, Telus now has 3 sites in Ireland (Cork, Dublin and Mayo) and their headcount in Ireland continues to grow, today it stands at over 2000 people across the 3 sites.

In August, Bathfitter / Bain Magique, headquartered in San Eustache, announced that it had chosen Limerick, Ireland as its first location in Europe, hiring sales and support for building out its European business. Their CEO, Glenn Cotton commented that "Picking the right location as a base of operations is essential to the success of our expansion into Europe, the UK and beyond. Limerick felt like the right fit for so many reasons, from the talented local workforce to the well-developed international communication links that support this growing city. There's a good reason that nine of the top 10 US tech companies have operations in Ireland."

Earlier in July, Greenfield Global, a global leader in the production of ethanol, high-purity speciality alcohols, and solvents, announced the commissioning phase of its new EU Manufacturing Headquarters in Portlaoise – a 3,800 sq. metre facility, the company's first outside North America, to produce Pharmco branded products serving Life Science customers globally and is located on IDA Ireland's Business and Technology Park. The new facility will result in 75 new jobs over the next five years, while 170 construction jobs were created during the build and fit-out phase of the project. The Portlaoise facility is one of the first NZEB (near zero energy buildings) to be completed under the new European standards.

These and other Canadian companies such as Shopify, Clio, SOTI, Blackberry Cylance, Traction Guest, RBC, Sun Life, Lighthouse Studios, Brown Bag Films and many more continue to hire and grow at their Irish operations.

IDA has one executive assigned to its Canadian Office, with plans to assign a second executive in 2021. In seeking to attract FDI from Canada, IDA Ireland works closely with, and leverages support from, other Departments and Agencies who have a presence in Canada.



A person is silhouetted against a bright sunset sky, standing on the peak of a rugged, rocky mountain. The foreground is filled with large, dark rocks, some covered in moss. In the background, a series of mountain ranges stretch across the horizon under a warm, golden light.

# Chapter 4

## **The Department of Enterprise, Trade and Employment and its Agencies**

– Working together to progress our Trade and Investment objectives

# 4.1 Enterprise Agencies

The Department of Enterprise, Trade and Employment plays a key role in implementing the Government's policies of stimulating the productive capacity of the economy and creating an environment which supports job creation and sustain existing jobs. The Department also has a remit to promote fair competition in the marketplace, protect consumers and safeguard workers. The Department is assisted in implementing these policies by a number of Offices and Agencies. Working with two of these Agencies, namely Enterprise Ireland and IDA Ireland, the Department's remit includes increasing and deepening export opportunities, and attracting foreign direct investment to Ireland.



- Enterprise Ireland International Offices
- IDA Ireland International Offices



## 4.2 Enterprise Ireland

Enterprise Ireland (EI) supports the development and growth of Irish exports in world markets, working in partnership with entrepreneurs and enterprises located in Ireland to help them start, grow, innovate and win export sales in global markets. The Agency has a team of business and specialist advisers based in Ireland, who work with colleagues located in our international office network, to help Irish companies compete for and win international sales.

EI's success relies on a deep understanding of the products, services, management teams, R&D and financial capacity of their client companies and matching this with its intelligence of global and regional market demands and trends, and its knowledge of international buyers, i.e. key firms and personnel in the market.

EI's comprehensive supports are designed to further market research, new product development and market-entry leading to increased internationalisation. EI also has a full range of supports to assist companies with the funding challenges that arise during their growth development phases and product lifecycles.

Through its network of 40 overseas offices and its extended Pathfinder (Trade Consultant) network, EI provides client companies with key supports in target markets. EI's client companies can access market knowledge on a regional and industry-specific sectoral basis, gain introductions to buyers/suppliers/partners, secure in-market and market intelligence, and access incubation and Hot Desk facilities. In 2020, Enterprise Ireland adapted its business to remote working to ensure the well-being of its staff while also providing a range of financial supports to Irish businesses, including the Sustaining Enterprise Fund and COVID-19 Business Financial Planning Grant. These new financial supports provided by DETE helped Irish companies to stabilise, enabling them to focus on resetting and recovering from the impact of COVID-19.

Enterprise Ireland has been supporting businesses to deal with the challenge that Brexit presents since 2016. Its dedicated Brexit Unit and Brexit supports have helped many Irish firms to prepare for the UK's departure from the European Union. Supports include the Brexit Readiness Checker which helps companies to examine their preparedness for trading with the UK, highlight any gaps in their preparations, identify priority areas for attention and provides details for further help and support. The Brexit Customs Briefing webinar series was developed in response to increased demand from companies for information on the preparations they needed to make for Jan 2021.

The longer term response to Brexit is for companies across all sectors to become more competitive, more innovative and to diversify their exports to more international markets.

**In this regard, Enterprise Ireland has ambitious targets to:**

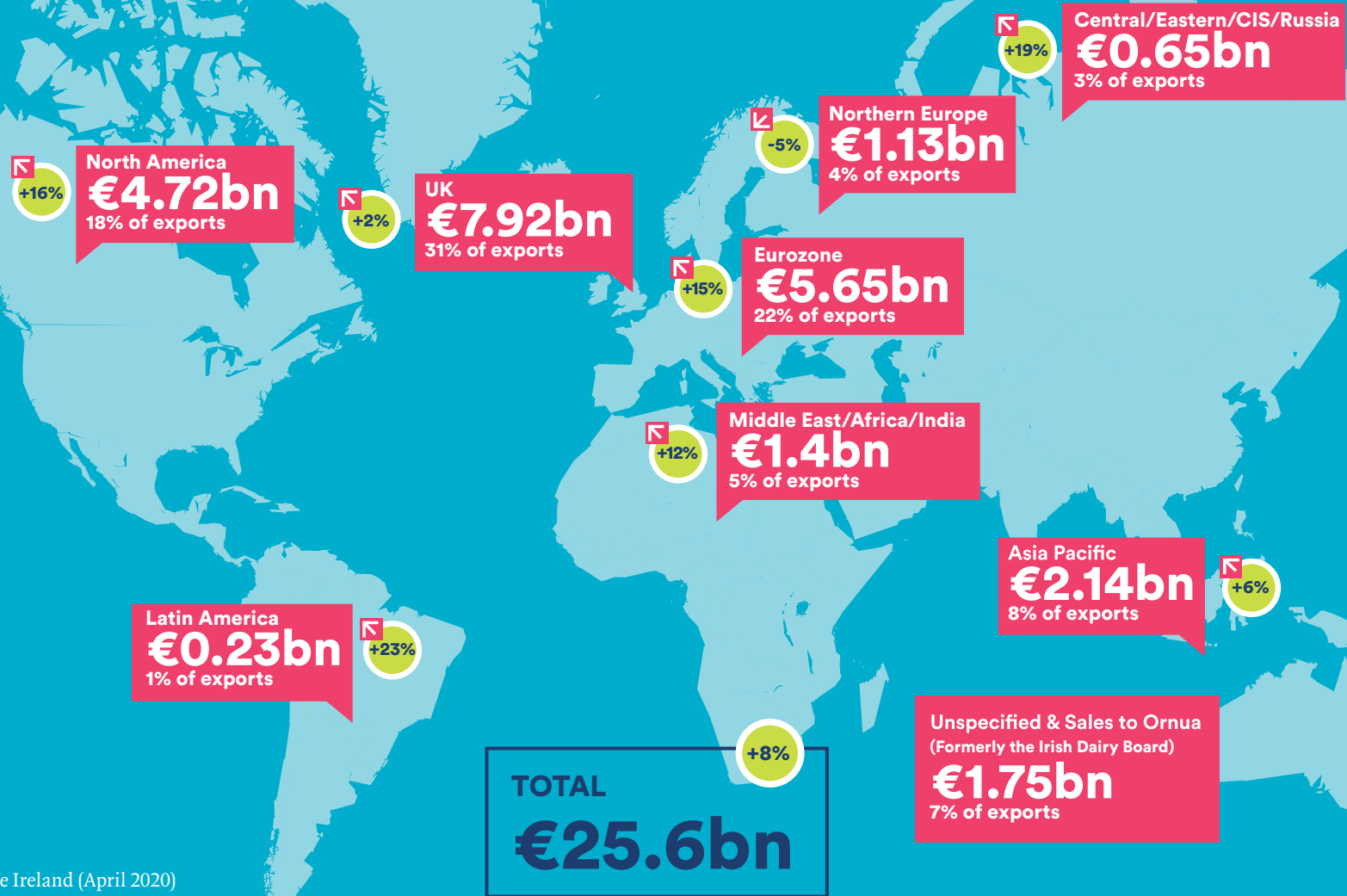
- Double the value of EI client exports outside the UK from the 2015 baseline by 2025;
- Double Eurozone exports by 2025; and,
- Increase diversification of client exports into new markets with at least 70% of exports going beyond the UK by 2025.

Significant progress is being made in achieving these objectives. EI client companies achieved record levels of exports in 2019 of €25.6 billion, despite the double challenge brought about by COVID-19 and the uncertainty of Brexit. In 2019, the Eurozone region, which is a key focus of EI's diversification strategy, saw growth of 15% to €5.65 billion. Exports to North America increased to €4.72 billion in 2019, an increase of 16%. In 2019, exports to the UK were €7.92 billion. While the dependency on the UK as a destination for EI client company exports reduced from 33% in 2018 to 31% in 2019 of total exports, thereby demonstrating EI's diversification strategy it is recognised that the UK is still an important market for many Irish companies.

Enterprise Ireland plays a key role in organising the annual programme of Ministerial-led trade missions. The programme for 2020 included virtual market visits to key locations across the Eurozone, North America and Asia-Pacific regions, which represent the strongest growth opportunities for Irish companies. Trade Missions focus on promoting the innovative capabilities and competitive offerings of Irish companies to international buyers in key sectors, including, Life Sciences, engineering, high-tech construction, ICT, fintech and internationally traded services.

The worldwide travel restrictions imposed early in 2020 due to the COVID-19 pandemic brought an abrupt stop to the trade mission schedule. Enterprise Ireland and the Department quickly adapted to bring trade activities to Irish companies in a virtual format. Irish exporters were eager to learn about the challenges of their buyers and suppliers, and how these businesses were operating in their target markets. Enterprise Ireland's network of 40 international offices rapidly deployed new supports to Irish enterprise to help them maintain and grow their businesses internationally; securing virtual buyer meetings, developing sector specific webinars and virtual in-market events that resulted in international sales and exports similar to the traditional trade mission format.

Enterprise Ireland Client  
Exports 2019 by territory



Source: Enterprise Ireland (April 2020)

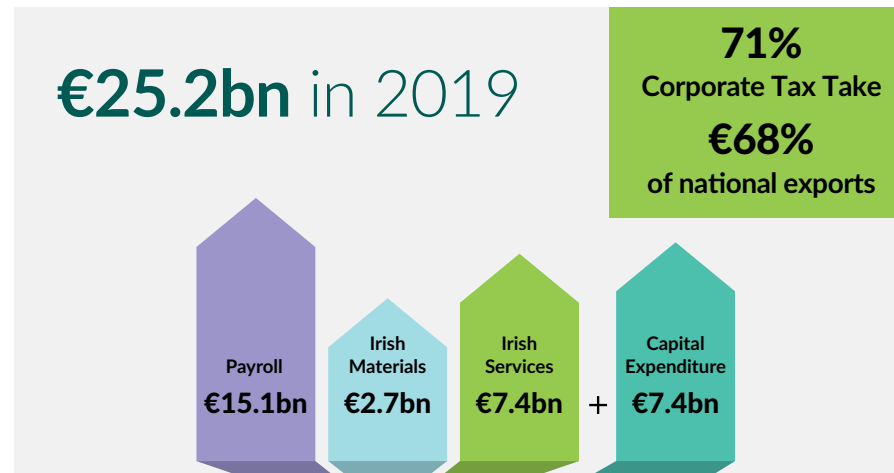


### 4.3 IDA Ireland

IDA Ireland (IDA) is the principal agency of the Department of Enterprise, Trade and Employment charged with attracting foreign direct investment (FDI) to Ireland. IDA's mission is to partner with multinational companies to win and develop foreign direct investment, providing jobs, economic impact and opportunity for the people of Ireland.

IDA Ireland was formed in 1949 as part of the Department of Industry and Commerce at the time, with a brief to 'stimulate, support and develop export-led business and enterprise in Ireland'. Foreign investment, industrialisation and exports were key to re-energising the country's fortunes. The distinct strategies employed in pursuit of this goal were often radical, and usually successful, bringing a host of international business to put down roots in Ireland. The protectionism of old was swept aside as government strategy shifted to maximise foreign investment, removing restrictions on foreign capital and introducing competitiveness corporation taxation.

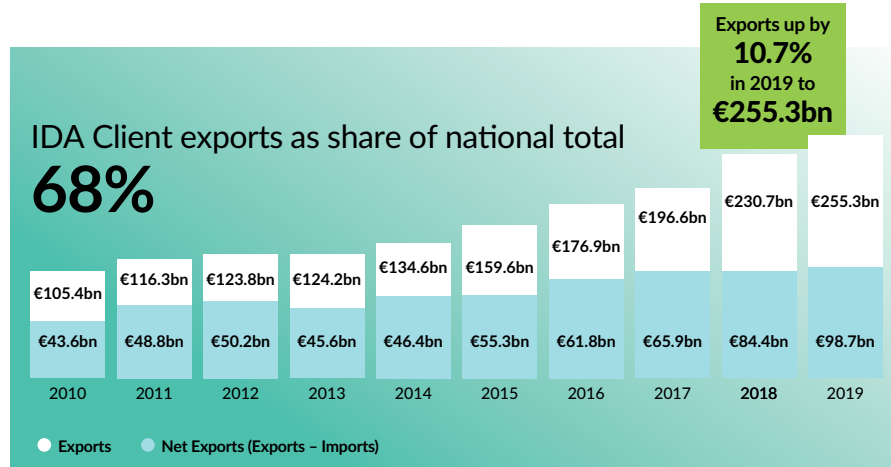
#### Irish Economy Expenditure 2019



Source: IDA Ireland 2020



**Exports of IDA Clients (€m)**



Following the economic recession of the late 2000's, the number of jobs in FDI companies has risen steadily. Today, there are over 1,600 IDA client operations employing 257,394 people in Ireland, with 56% of these jobs outside Dublin. Foreign Direct Investment (FDI) accounts directly for 12.4% of COVID-adjusted national employment, up from 10.9% in 2019.



January 2020. Special recognition award to Apple for 40 years in Ireland. Martin Shanahan CEO IDA Ireland, Tim Cooke CEO of Apple, Tánaiste Leo Varadkar and Frank Ryan Chairman of IDA Ireland. Apple employ 6,000 people across a range of functions in Cork.

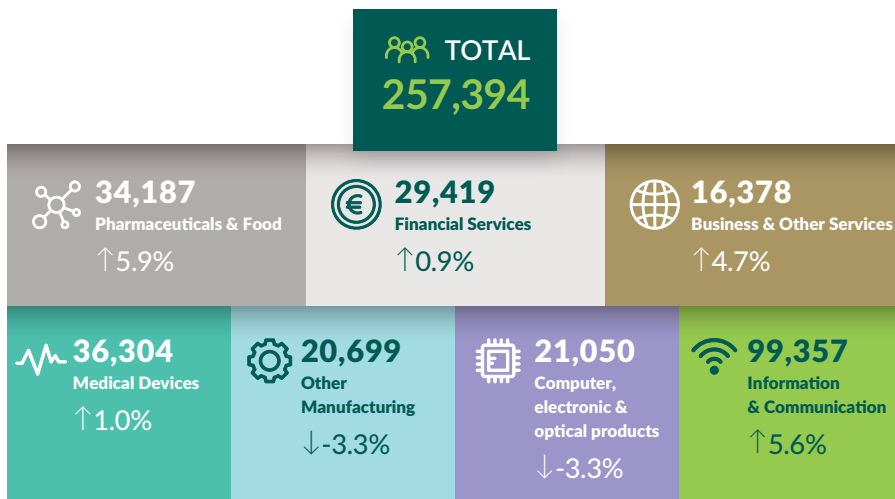
**Total Employment in IDA client companies throughout Ireland in 2020**



IDA client companies are concentrated in the sectors which drive the modern global economy: Technology, Content, Consumer and Business Services; International Financial Services; Biopharmaceuticals & Food; Medical Technologies; and Engineering & Industrial Technologies.

IDA reacted rapidly to COVID-19 early in 2020 to ensure the organisation was positioned to provide a continuity of service to clients and to ensure the safety and wellbeing of the IDA team.

## Total Employment in IDA client companies by sector - 2020



The strength of multinational companies (MNCs) in Ireland has been vital in supporting economic activity, employment, exports and the public finances at a time of severe challenge in many domestic facing sectors. Ireland's economic outperformance in GDP and export terms relative to other advanced economies, and relative to expectations at the outset of the crisis, is in significant part due to the resilience of IDA clients.

Working closely with colleagues based in Dublin, IDA Ireland's network of overseas offices continues to play a key role in attracting FDI to Ireland. The agency operates across four main geographies – North America (8 offices), Europe (2 offices), UK (1 office) and Asia/Growth markets (12 offices). IDA Ireland has made significant progress in diversifying FDI source markets and increasing investments from non-US markets. The agency actively reviews its overseas presence to determine which markets could prove the most valuable sources of FDI in the medium term.



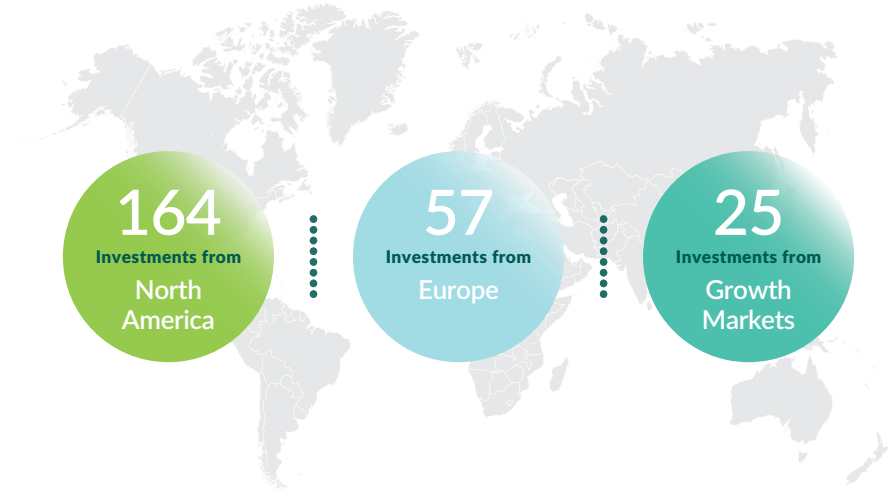
At the launch of IDA Ireland mid-year results July 2020, Frank Ryan Chairman of IDA Ireland, Martin Shanahan, Chief Executive at IDA Ireland and An Tánaiste Leo Varadkar, TD.

IDA Ireland sees opportunities in Growth Market regions which include Turkey, the Middle East, South America and South Africa. IDA Ireland has accordingly appointed Pathfinders in these territories. IDA has over recent years expanded its presence in Sydney and has grown its office footprint in Singapore, China, South Korea and Japan.



### Investment Delivery by Territory 2020

In 2020, North America delivered 67% of investments, Europe 23% and Growth Markets 10%.



November 2020, Government buildings, announcement of €300m Pfizer Capital Investment for their Irish facilities at Grangecastle Co. Dublin, Newbridge Co. Kildare, and Ringaskiddy Co. Cork. This investment will create an additional 300 jobs to the 4,000 people employed by Pfizer in Ireland. L to R Martin Shanahan CEO of IDA Ireland, Karen O’Keeffe, Corp Affairs Director Pfizer, Paul Reid MD Pfizer Healthcare, An Taoiseach Micheal Martin T.D. , Paul Duffy Global Supply Vice President of small molecule operations, Pfizer.



# Chapter 5

## **Expanding the Global Footprint of the Department of Enterprise, Trade and Employment**

# The Department of Enterprise, Trade and Employment, working closely with its enterprise agencies has sought to navigate the economic impact of Brexit and COVID 19 on Irish trade and investment.

## 5.1 Global Economic Challenges

The onset of COVID-19 in 2020 resulted in the effective suspension of economic activity of large sectors of the Irish and global economy. The COVID-19 pandemic added to the already difficult trading environment and particularly the multi-lateral trading system where according to a European Central Bank report<sup>1</sup> there has been a noticeable rise in protectionist sentiment and continued trade tensions between the world's largest trading blocks. COVID-19 has heightened those tensions and will continue to have an impact on the multilateral system as we observe an asymmetric global recovery where some countries and regions recover from the pandemic quicker than others.

It is within this context that strengthening and reaffirming the role of the World Trade Organisation (WTO) is of paramount importance to provide post-COVID-19 stability and certainty to global markets. Noting the very strong position of the Irish economy before the pandemic, Ireland's status, as a highly open, export-focused economy is particularly sensitive to the economic challenges that an asymmetric recovery will have on global trade relations, and in particular with how countries respond to issues arising from an uneven recovery, for example within the steel industry and elsewhere.

Under these conditions, there is continued emphasis on ensuring that Ireland's interests are strongly represented and robustly defended, and reflected at national, European and international level to ensure that the rebuilding of our economy and global demand is based on key principles that support jobs, job growth, competitiveness, productivity, innovation and sustainability.

International developments present us with many challenges and opportunities, but it is hoped that a renewed focus in the WTO under the newly appointed Director General Dr. Ngozi Okonjo-Iweala and a new US Administration will be key catalysts to securing necessary global responses anchored within a multilateral framework.

1. [https://www.ecb.europa.eu/pub/economic-bulletin/articles/2019/html/ecb.ebart201903\\_01~e589a502e5.en.html#:~:text=The%20rise%20in%20protectionism%20implies.2009%20\(see%20Chart%201\).](https://www.ecb.europa.eu/pub/economic-bulletin/articles/2019/html/ecb.ebart201903_01~e589a502e5.en.html#:~:text=The%20rise%20in%20protectionism%20implies.2009%20(see%20Chart%201).)

**Organigram of Trade, Investment and related work across the Department and its Agencies**



Source: The Department of Enterprise, Trade and Employment



Brexit will remain a significant challenge for the Irish economy into the foreseeable future. The Trade and Cooperation Agreement (TCA) concluded by the EU and the UK on 24<sup>th</sup> December 2020 resets the relationship between the EU and the UK. The Agreement provides for tariff-free, quota-free trade and for sectoral cooperation in a number of important areas. The departure of one of Ireland's most important trading partners from the Single Market and Customs Union from 1<sup>st</sup> January 2021 constitutes a significant shock to the Irish economy as businesses adapt to the new trading reality. This means significant and lasting change, particularly for businesses moving goods to, from or through the UK, excluding Northern Ireland. The Protocol on Ireland/Northern Ireland means that no new procedures will apply to goods moving between Northern Ireland and Ireland (and other Member States of the European Union).

In working to realise its goals, the Department has very strong EU engagement in a wide range of EU trade policy fields and takes the lead on Ireland's trade and competitiveness policy, including at EU and WTO level. Working in partnership across Government and with our EU and international partners, we represent Ireland at EU level to influence emerging policies that will support Irish jobs, competitiveness and innovation.

***The Department has officers at Counsellor and Trade Attaché level in Brussels, Geneva, London, Berlin, Washington and Beijing. The focus of these posts varies according to the location, with some concentrated primarily on trade development and assistance, while others are focused on representation of Ireland's interests in EU and international organisations.***

## 5.2 Brussels – European Union

As a small open economy Ireland's financial fortunes are largely dependent on international trade and influenced by global markets. It is vital, therefore, that Ireland can negotiate and implement overseas trading partnerships. Membership of the European Union enables Ireland to do so in solidarity with other Member States. Furthermore, by having staff based in the Irish Permanent Representation in Brussels (PRB), the Department can work to ensure that Ireland's position on individual trade, investment and innovation matters are promoted, secured and protected.

Six members of the Department are currently seconded to the Permanent Representation with responsibility for the trade, competitiveness and employment agendas. By working closely with colleagues in Dublin, the Brussels based staff ensure that the Department can continue to successfully carry out its leadership and coordination role in respect of the EU Trade, EU Competitiveness and Employment, Social Policy, Health and Consumer Affairs (EPSCO) Councils and in strengthening the Single Market. Officials from this Department engage proactively at EU institutional level and with our EU partners to ensure that Departmental EU priority measures are advanced. They support our Ministers in their pursuit of achieving domestic and EU Policy outcomes which, in turn, enable us to achieve our enterprise, competitiveness, single market and employment goals.





## 5.3 Trade Policy

While trade is vitally important for Ireland's economy, issues relating to trade can also prove to be politically sensitive. In today's global economy, trade negotiations can be challenging and typically involve reaching agreement on the extent to which countries will agree the scale and scope of access to each other's markets. It is important for Ireland that there is an expansion of trade opportunities while at the same time being alert to areas where there are particular sensitivities. This involves assessing which industries will gain or lose from a given deal, and what the overall outcome will be, given the subsequent effect for various sectors of our economy.

In Brussels, the main committee at which Ireland can discuss such trade issues is the Trade Policy Committee (TPC). The committee advises and assists the EU Commission in negotiating agreements with third countries or in international organisations in the area of the common commercial policy. It also acts as one of the preparatory bodies in the decision-making process of the Council as regards EU trade policy.

The TPC deals with trade policy matters within three main areas:

- issues related to the World Trade Organization (WTO);
- bilateral trade relations;
- new EU legislation within the trade policy area, as appropriate.

The EU has recently concluded trade deals with Canada, Japan, Singapore and Mexico, each of which was discussed at meetings of the Trade Policy Committee. On 1 August 2020, an EU-Vietnam trade agreement entered into force. The agreement is the most comprehensive trade agreement the EU has concluded with a developing country. On 30 December 2020, the negotiations for a Comprehensive Agreement on Investment (CAI) between the EU and China were concluded in principle. By actively participating in this Committee, the Department's representatives were able to promote Ireland's interests while seeking to protect areas of particular sensitivity.

## 5.4 A Changed Global Environment

The Department must play a leading part in responding to the global challenges currently faced by Ireland - we must ensure that we are best placed to actively and visibly engage with the international community, so that we can effectively promote and protect our strategic national interests.

The Department's Statement of Strategy clearly reflects the fundamental importance of growing our links in the EU and globally. We cannot predict the future, but we can put policies in place to prepare for the unknown and to position Ireland for growth over the longer term. The Department, has accordingly, expanded its overseas presence by appointing four senior officials to the Irish Embassies in Washington, Berlin, Beijing and London. The appointment of these senior officials will enable the Department to:

- Strengthen existing relationships and forge new partnerships with countries of strategic importance to Ireland's trade and investment performance.
- Intensify public diplomacy to promote Ireland's enterprise offering and protect its reputation.
- Develop political and high-level links in high growth and emerging markets, aligned with relevant strategies, to secure enhanced market access and create opportunities for our Irish owned enterprises.
- Deliver on our strategic communications strategy to substantially raise Ireland's visibility throughout the world, tailored to different audiences while ensuring clarity and consistency in our messaging.
- Strengthen and diversify Ireland's attractiveness for foreign direct investment and monitor Ireland's competitiveness in relation to our peer countries.

## 5.5 Washington DC

The senior posting to the Irish Embassy in Washington DC reflects the increasing importance of Ireland's strategic trade, investment and innovation interests and US developments in these policy domains. The Department's Counsellor in Washington DC ensures effective engagement with diverse US enterprise interests and to cultivate relations with the new US Administration and key government departments, federal agencies and relevant stakeholders; reporting on activities, initiatives, major publications and promoting engagement between the Department and these entities.

The transatlantic landscape presents particular challenges and opportunities at this time. Existing trade disputes remain a hindrance to transatlantic trade and investment, and potentially significant challenges are building in the digital and taxation agendas. The US will maintain a strong domestic focus as they seek to recover economically, with American jobs at the forefront of international policy. Within this context, President Biden has prioritised repairing relationships with allies and, in particular, the European Union. Forming and deepening relationships with the US is a significant priority during this time.

## 5.6 Berlin

The Department appointed a senior official at Counsellor level to the Irish Embassy in Berlin in September 2019. Apart from the inherent value of working more closely with Germany, Brexit has put a premium on developing this closer relationship with Europe's largest economy. With this appointment, the Department is developing closer contacts with our German counterparts across several ministries in core policy areas of interest including industry, trade, research and innovation, data and digital, regulatory, and employment. This is opening up opportunities to further develop and deepen links with Germany, including opportunities for enabling further business links.



An Taoiseach, Leo Varadkar in Berlin for Germany's EU Presidency hosted informal meeting of EU Trade Ministers, with the Department's Embassy Berlin team, September 2020

The Counsellor provides support and assistance to the Local Market Team, in particular to Enterprise Ireland and IDA Ireland in pursuing their respective remits in Germany, and to Science Foundation Ireland and its parent Department, as key stakeholders. The Counsellor also engages in wider areas of interest to the Department with a broad range of other governmental entities and non-governmental representative stakeholders in Germany.

## 5.7 Beijing

The need to build on our growing relationship with China, to gain a deeper understanding of the opportunities and challenges for exports and investment and to promote cooperation, has led the Department to make its first deployment to the Irish Embassy in Beijing.

The Trade Counsellor took up position in January 2020 and is deepening links on trade and bilateral issues. The Counsellor works closely with Enterprise Ireland and IDA Ireland to raise the profile of Ireland in China and the broader region.

## Case Study: DETE in London

Since the signing of the Anglo-Irish Free Trade Agreement in 1965, the Department in its various formations over the years has maintained the posting of senior officials (seconded to Department of Foreign Affairs) to cover economic and commercial affairs at the Irish Embassy in London. There are currently three members of the Department working in the Irish Embassy in London and their primary objective is to cultivate and enhance bilateral economic relations between the UK and Ireland. Their key tasks are varied and include:

- Lead engagement on the economic and commercial agenda in conjunction with colleagues in the Embassy from DFA, DAFM, D/Finance and Revenue.
- Build and develop strong relationships with UK Government departments, agencies, institutions and parliamentary groups across Whitehall.
- Track, research, analyse and report on policy developments in the UK economy that may have implications for Ireland.
- Support the enterprise development agencies (Enterprise Ireland, IDA Ireland) to expand access for Irish businesses to the UK market and to attract investment from the UK.
- Facilitate and support ministerial trade missions, high-level visits, enterprise agency events and other relevant bilateral engagements.

Another very important part of the Department's representative role in London is to develop and maximise links with the Irish business diaspora, especially through the Irish networks and lobby groups in Britain. The Department's staff based in the Irish Embassy in London support the work of Irish business networks; for example, the Irish International Business Network (IIBN), the London-Irish Construction Network (TLICN) and the London-Irish Business Society (LIBS), including their contribution to the work and objectives of the business development agencies and facilitating events and programmes.

The Department's team plays a key role leading the Local Market Team in the UK, which focuses on securing inward investment and increasing Irish exports, working together with the enterprise agencies to maximise opportunities for Irish business in the UK market. This role also requires supporting and coordinating the activities of a number of other state agencies who have offices in the UK such as Bord Bia and Tourism Ireland.

The Department's team in London provide regular reports and analysis on developments in UK policy that may influence Irish enterprise policy. Such developments may relate to policy proposals in areas such as trade policy, better regulation, employment rights, climate change, taxation and research & innovation, etc. This research includes tracking policy initiatives and legislative proposals through both the Houses of Commons and Lords, and parliamentary committees.

Negotiations between the EU and UK on the EU-UK Trade and Cooperation Agreement (TCA) were completed and agreed on 24 December 2020. It is in place provisionally since the 1<sup>st</sup> of January 2021, when the Brexit transition period ended and the UK membership of the European Union formally ceased. In addition to the Withdrawal Agreement and the Northern Ireland Protocol, the terms of the TCA will be a persistent feature of the future relationship between the EU and the UK.

The EU-UK TCA sets out a framework for cooperation and platform to build a new trade relationship. The TCA is also dependent on a continual process of discussion and review, and the new rules will result in many changes and challenges. Engagement with UK representatives within EU fora is no longer possible, and therefore sustained engagement by DETE officials based in the Embassy in London is essential in maintaining a constructive bilateral economic relationship across the UK system.

## 5.8 London

The Department's team at the Irish Embassy in London is responsible for leading the development, support and strengthening of bilateral economic and commercial relations between the UK and Ireland, under the leadership of Ireland's Ambassador.

The EU-UK Trade and Cooperation Agreement lays out the framework for our new trading relationship with the UK. The UK is, and will remain, a major market for Irish companies and this comprehensive agreement has provided much needed certainty for the thousands of businesses trading between the two islands. As a small open economy, our relationships across the globe have always mattered, and in this context we have placed a particular emphasis on our nearest neighbour, the UK. Our strategy is to deepen and extend Ireland's global business and trade through support for the development of new opportunities in international trade and investment.

The Department has prioritised the economic importance of maintaining and enhancing our connections with key stakeholders in the UK, and building the new bilateral relationships required following the UK exit from the EU. An economic counsellor, who is responsible for the economic and commercial affairs section in the Embassy, leads the Department presence in London with support from two senior officials, all seconded from DETE.

## 5.9 Geneva – International Organisations

International Organisations, in particular under the auspices of the UN, play an important role in ensuring political and economic stability, which in turn allows international trade and investment to grow. In addition, specialist organisations develop international legal rules and standards that facilitate the flow of trade and investment. The Department has a number of members of staff currently seconded to Ireland's Permanent Mission to the United Nations (PMUN), based in Geneva, to promote Ireland's interests at such International Organisations, principally, the World Trade Organisation, the International Labour Organisation and the World Intellectual Property Organisation.

## 5.10 Geneva – World Trade Organisation (WTO)

As a small open trading economy, reliant on international trade and investment for its economic development and job creation, Ireland is a strong supporter and beneficiary of the global, rules-based, trading system.



There are 164 members of the World Trade Organisation ranging from the EU, US and China to small developing economies such as Vanuatu, Eswatini and Grenada.

The WTO negotiates global agreements, commitments and rules in various aspects and sectors of trade. It monitors compliance with those commitments and rules and it provides a system for settling disputes between members.

The WTO also seeks to ensure that trade policies support wider global objectives such as the response to the global pandemic crisis and the challenge of environmental sustainability.

The work of the WTO is guided by Ministers who meet every two years. The next Ministerial Conference is expected to be held in late 2021.

Decisions taken at Ministerial Conference are implemented through the WTO's General Council and various implementing and negotiating bodies which meet regularly in Geneva.



At the WTO, the Department's officials represent Ireland's interests at various EU and WTO meetings across a broad range of sectors and current negotiating topics including: e commerce; facilitation of investment; trade participation of small and medium enterprises; regulation of trade in services; agricultural supports and restrictions; fisheries subsidies; trade and health; trade and development of developing countries, and; trade and the environment.

Our officials also participate at WTO Committees that monitor compliance with the rules that govern the world trading system such as legally bound tariff levels, non-tariff barriers, regulatory standards, trade facilitation practices and subsidies, as well as dispute settlement cases that impact on Ireland.

Networking with the major players at the WTO, as well as with like-minded members from across the globe, and analysing developments in the negotiations, is critical to promoting Ireland's interests directly in Geneva, as well as informing Ireland's input to the development of EU trade policy in Brussels.

## 5.11 Geneva – International Labour Organisation

The ILO, founded in 1919, aims to promote decent work. It does this by creating international labour standards (conventions), greater opportunities for people to secure decent employment, enhancing the coverage of social protection for all and strengthening tripartism and social dialogue. 187 of the 193 UN countries are members of the ILO. The ILO's tripartite structure, in which Governments, Workers and Employers have an equal voice, is unique in the UN system.



Ireland became a member of the ILO in 1923, the first international organisation which the new State joined. Ireland's links with the ILO can be traced back to Edward Phelan, a Waterford born civil servant, who became the ILO's first official, and went on to lead the ILO as Director-General from 1941-1948. It has ratified 73 ILO conventions out of a total of 189, including the 8 fundamental conventions. In June 2017 Ireland was elected to a Titulaire (speaking and voting) seat on the ILO's Governing Body for the first time. Ireland's annual contribution to the ILO in 2019 was €1.09m. In addition, Irish Aid has a four-year (2017-2021) development cooperation partnership with the ILO, with a commitment to provide approx. €2 million per year.

In recognition of Ireland's expanding interests arising from intensified collaboration on socio-economic (labour) policy at the EU and multilateral level, and Ireland's full membership of the ILO's Governing Body over the period 2017-2020, the DETE staff based in the PMUN in Geneva play a central role in monitoring and participating in negotiations and policy formation at the ILO. This entails attending, and participating in, ILO meetings and seminars including the Governing Body (meetings span two weeks) and the annual International Labour Conference (two weeks in June) all of which take place in Geneva. Ireland is currently Chair of the Western Europe Group (WEG) in the ILO.

The WEG provides a platform for Governments to efficiently and effectively coordinate engagement with the ILO in respect of preparation for meetings of the Governing Body and the International Labour Conference. The DETE officials also monitor, coordinate and contribute to national and EU developments of relevance on the ILO agenda, focusing in particular on sectoral meetings and cross-cutting trade/labour discussions that span the multilateral system.

## 5.12 Geneva – World Intellectual Property Organisation (WIPO)

WIPO was created in 1967 to encourage creativity by promoting the protection of various forms of intellectual property. WIPO has 192 members and administers some 26 international treaties. The work of WIPO is an area of particular importance to Ireland given our heavy investment in the area of science, technology and innovation (STI) as reflected in Ireland's strategy for research and development, science and technology, Innovation 2020.



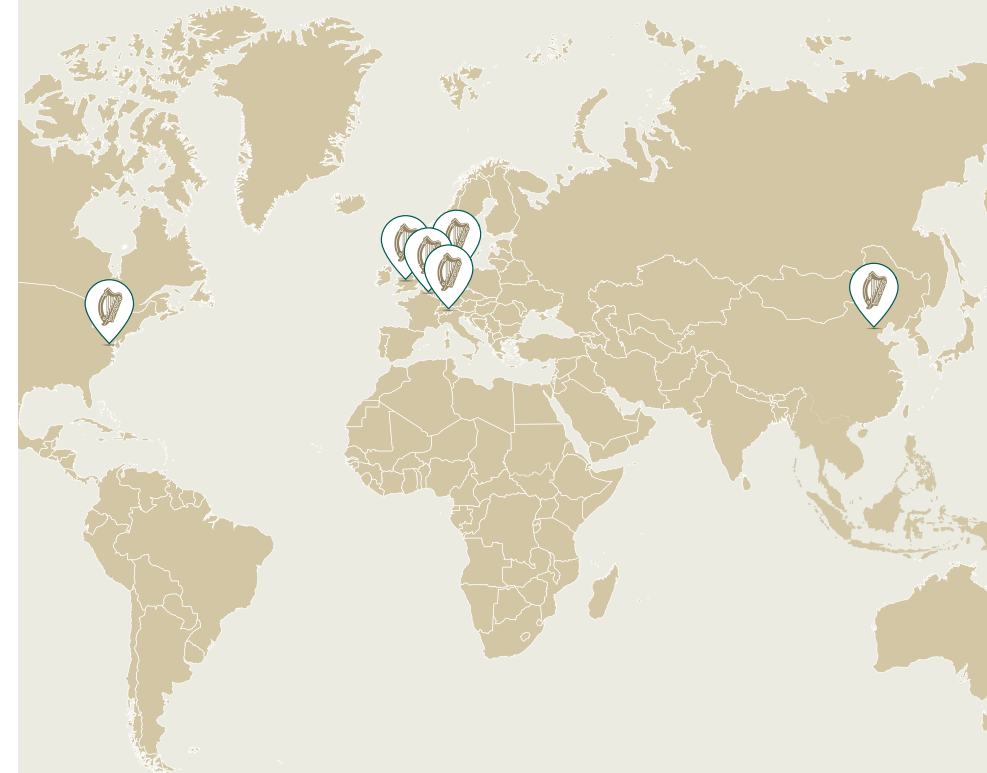
The work of WIPO is directed by the General Assembly which comprises delegates from member states who convene on a biennial basis to establish policy positions and which are in turn effected by the various standing committees that convene on an ongoing basis at the organisation's headquarters in Geneva.

It is important that Irish Intellectual Property interests are reflected internationally, and the Department's officials keep abreast of both the General Assembly and the work of the various related standing committees, particularly those on the topics of enforcement, law of trademarks on industrial designs and geographic indications, copyright and related rights and law of patents.

Our engagement with WIPO provides a strategic international focus to Ireland's legislation and policy development on STI to ensure that we maintain and continue the Ireland's development as an innovation driven economy.

## Map of Department of Enterprise, Trade and Employment Footprint

- London
- Brussels
- Geneva
- Washington DC
- Beijing
- Berlin



# Chapter 6

## Looking Ahead



**Ireland is a small, open economy trading in a global economic environment which is becoming increasingly complex. International developments present us with many challenges and opportunities in relation to competition for mobile investment and the development and growth of indigenous business. The Department of Enterprise, Trade and Employment, working closely with Enterprise Ireland and IDA Ireland, will continue to**

- enhance our ability to sell goods and services into international markets
- attract foreign direct investment to Ireland; and
- build long lasting and meaningful relationships with international partners of excellence to deliver on Ireland's ambition to become a global innovation leader.

Working with both Agencies, the Department is actively engaged in a programme of virtual trade promotional events while also preparing for the return to physical trade missions later this year.

We will continue to drive the development and delivery of enterprise development programmes to ensure Ireland continues to be promoted as the best small country in the world to do business.

The Department will continue its active engagement at European and international level to influence for policy and regulations that enables Irish companies to compete in world markets. Together with EU Member States and working collaboratively with other Government Departments, Agencies and its teams of officials in Irish Embassies abroad, the Department will continue to advocate for international trade policies that support wider global objectives such as the response to the current global pandemic crisis and the challenge of environmental sustainability.

Ongoing EU Free Trade Agreements that are being negotiated and nearing completion, with key partners such as Australia and New Zealand, will enable Irish companies to exploit new trading benefits and increase exports to these markets. The Department will promote the benefits of these economic partnerships to stakeholders in Ireland and will continue to promote the utilisation of the European Commission's Access2market tool to help Irish SME increase their exports.

Building on decades of trading relations with the UK, this Department together with other Government Departments, will continue working to strengthen and develop trading relations with the UK, to secure supply chains as well as employment and exports in those sectors that benefit from our bilateral trading relationship. At the same time, we are focussed on diversifying the geographical reach of our exports into other regions.

In addition, we will continue working on sector initiatives of interest to Ireland to ensure companies develop competencies and competitiveness for trading in world markets, as well as providing the right trading environment for mobile investment.

The Department is committed in 2021 to establishing a new Trade and Investment Council that will develop a national Trade and Investment Strategy to support Irish businesses. Collaborating across Government and with relevant State agencies, as well as with industry stakeholders, this new strategy will reinvigorate and recalibrate Irish trade and investment policy for the years ahead.





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