

Note on 2nd ENTERPRISE FORUM ON BREXIT AND GLOBAL CHALLENGES
Wednesday 24 May 2017

Attendees:

Minister Breen (chair)

DJEI: Dr Orlaigh Quinn, Dermot Mulligan, Declan Hughes, Pauline Mulligan, Conor Hand, Gerry Wrynn, Jean Carberry, Karl Finnegan, Cathal Fitzgerald, Helen Pyke

Thomas Hunter McGowan, InterTrade Ireland

Anne Lanigan, Enterprise Ireland

Mary Buckley and Niamh Roddy, IDA Ireland

Darrin Morrissey, Science Foundation Ireland

Pat Ivory, Director of EU and International Affairs, Ibec

Marc Coleman, Director of Financial Services Ireland

Paul Kelly, Director of FDII

Neil McDonnell, Chief Executive, ISME

Mark Redmond, Chief Executive, AmCham

Oliver O'Connor, Chief Executive, Irish Pharmaceutical Healthcare Association

Simon McKeever, Chief Executive, Irish Exporters Association

Fiona Burke, Irish Exporters Association

Ian Talbot, Chambers Ireland

Thomas Burke, Director, Retail Ireland

Lorraine Higgins, Retail Excellence Ireland

Tara Buckley, Director General, RGDATA

Brendan McCormack, Department of the Taoiseach

Item 1: Minutes from 1st meeting & update on recent Brexit developments

- The minutes from meeting #1 were agreed.
- It was noted that the Terms of Reference for the Forum have been uploaded to the DJEI website along with membership details and the agenda for the first meeting. Minutes will be uploaded once signed off at meetings. This is to comply with the Lobbying Act/Transparency Code.
- DJEI provided an update on recent developments at the European Council and General Affairs Council. The Group was informed that the European Council has agreed the Guidelines for the negotiating mandate of the Barnier Taskforce and the General Affairs Council adopted a decision on 22 May formally authorising the opening of negotiations with the UK after the UK election on 8 June.

- It was noted that DJEI are in the process of organising a sectoral dialogue with colleagues in the Department of Education and Skills on the topic of “*Enterprise Skills Needs arising from Brexit*”. The provisional date for the event is 3 July and it is due to take place in Dublin.

Item 2: Follow-up to SME Survey on Brexit presented at last meeting

- DJEI provided an update on the SME Survey on Brexit which has now been published.
- Three measures are being progressed in response to the needs identified in the survey. Agreement of the Cabinet Committee for Economy, Trade and Jobs has been secured to progress the development of a proposed Brexit Working Capital Guarantee Scheme and to scope out the need for a longer term Business Development Loan Scheme which would assist firms in investing for a post-Brexit environment. The final measure is the establishment of a Business Financial Advisory Hub which will build on existing supports in place by the Agencies.
- Work is underway in collaboration with D/Agriculture, D/Finance, EI and SBCI to bring proposals back to the Cabinet Committee.
- In response, Forum Members provided an update on the various studies and surveys being conducted by their organisations; FSI, ISME, Retail Ireland, Retail Excellence Ireland, Ibec and Chambers noted their work to date. Concerns highlighted include trade and customs issues, regulatory divergence, competitiveness and currency fluctuations. AmCham are also conducting qualitative research regarding the impacts of Brexit.
- Members were asked to share their analysis with the Brexit Unit in DJEI.

Item 3: Enterprise Ireland: SME Brexit Scorecard

- Anne Lanigan from Enterprise Ireland provided an update on the EI Brexit Scorecard which encourages companies to prepare and plan for Brexit.
- By completing the online questionnaire, the Brexit SME Scorecard will provide companies with an assessment of their preparedness under six key pillars - Business Strategy, Operations, Innovation, Sales and Marketing, Finance and People Management. The tool is a starting point for SME management teams looking to develop an action plan to help mitigate risks and leverage opportunities, which may arise from Brexit.
- Take-up has been good but EI would like to encourage more companies to use the scorecard. Feedback from companies that have used it has been positive; a version tailored for the LEOs is launching shortly.
- EI has also introduced a ‘Be Prepared Grant’ which offers up to €5,000 in funding to support exporting client companies develop a Brexit Action Plan. It is designed for SMEs who would benefit from further research and the use of external expertise in developing this plan.
- An advertising campaign to promote the Scorecard and Grant is due to commence on 30th May; roadshows are being held in Waterford, Monaghan and Galway this week.
- The recently published EI annual results show that growth in exports to the UK, while still positive, slowed from 12% per annum to 2% per annum – this is in value terms and reflects the impact of exchange rate movements.
- It was noted by the Forum that there are a number of quality toolkits available to companies, all of which complement each other.
- As well as the “Be Prepared” grant, it was noted that other supports are available from a range of sources including the LEOs and Údarás na Gaeltachta.
- The Minister asked Forum members to encourage companies in their sectors to use the Scorecard.

Item 4: Brexit related research

InterTrade Ireland/ESRI Study on Cross-border Trade Impacts – presentation on initial findings

- DJEI, presented preliminary findings from the DJEI funded InterTrade Ireland / ESRI research project on “The Potential Impact of WTO Tariffs on Cross-Border Trade”.
- The analysis provides an understanding of the impact of different trade and tariff regimes which might be imposed following Brexit, together with data on the extent and concentration of Cross Border Trade.
- The project is focussed on goods and does not include services. It deals with a “worst case scenario”.

- The project consists of three strands; the first strand is to assess the potential impact of Brexit on cross-border trade; with a deeper analysis of the data in the following two strands.
- Initial findings include:
 - North/South trade is very significant for SMEs, with border SMEs already impacted by Brexit.
 - Multinational companies dominate a large part of Ireland's exports but they are generally not engaged in North/South trade.
 - Political and social factors are highly significant in cross-border trade; trade normalises the relationship between N/S and encourages engagement.
 - Ireland's agri-food sector is likely to be most adversely impacted by high tariffs.
- This strand of the project is due to be completed and published in June.
- ITI will use the analysis to support individual firms, by sharing relevant product-specific information with them.

DJEI Study of Brexit Sectoral Impacts at the Firm Level – update

- DJEI updated on progress of a research project investigating the implications for Ireland's most exposed enterprise sectors - in terms of trading and economic relationships - of the UK being outside of the European Single Market and Customs Union. The pilot research has been completed, with an initial focus on three sectors: food/drink, wholesale/retail and computer consultancy - the next stage is to roll out the analysis to a further 15 sectors. The project is due to be completed by end 2017.

DJEI Study on Strategic Implications Arising from EU-UK Trading Patterns – update

- DJEI updated on the "Strategic Implications arising from EU-UK Trading Patterns" project. Submissions have been received and it is envisaged that contracts will be signed by mid-June. The successful tenderer will be required to profile the composition of trade and investment of Ireland and a range of EU Member States with the UK, and to provide an evidence base to inform Ireland's policy positions as part of the wider negotiation on the UK's future relationship with the EU. This will require the development of post-Brexit Scenarios. This project is due to be completed by end-2017.

Following the presentations, Forum members provided feedback. The importance of East/West trade was highlighted, as was the importance of leveraging allies across the EU27.

Item 5: Update from business representative groups on Brexit impacts in their sectors

Members provided updates on Brexit impacts in their sectors including:

- IDA Ireland has had 2 recent high profile Brexit events – the first was a financial services event held in New York and included a briefing by the Central Bank. The 2nd event was a cross sectoral event in London attracting interest from firms across a range of sectors;
- The recent JP Morgan investment announcement is a welcome development;
- The publication of Ibec's Brexit "Guide for Business" was noted;
- Financial Services Ireland held a conference in Limerick in May exploring how best to ensure growth in the Financial Services sector in the Mid-West;
- The IPHA highlighted the need for customs administration procedures to be highly efficient in order to ensure the quality of time sensitive pharmaceutical products; and
- The overall importance of maintaining cost competitiveness was noted, as was the importance of investment in infrastructure to support enterprise, particularly in the regions.

Item 6: AOB

- DJEI will be in touch with members regarding the date for the next meeting.

Brexit Unit

25 May 2017