

## Note on 11<sup>th</sup> ENTERPRISE FORUM ON BREXIT AND GLOBAL CHALLENGES

Tuesday, 28<sup>th</sup> May 2019

### Attendees:

Minister Heather Humphreys TD	Minister for Business, Enterprise & Innovation
Dr Orlaigh Quinn	Secretary General – Dept of Business, Enterprise & Innovation
Jonathan Mc Millan	Enterprise Ireland
Kieran Donoghue	IDA Ireland
Mark Redmond	American Chamber of Commerce
Aisling Carney	American Chamber of Commerce
Simon McKeever	Irish Exporters Association
Pascal Koenig	Irish Exporters Association
Neil Mc Donnell	ISME
Oliver O'Connor	Irish Pharmaceutical Healthcare Association
Danny Mc Coy	Ibec
Kathryn O'Donovan	Ibec
Paul Kelly	Food & Drink Industry Ireland
Paul Sweetman	Financial Services Ireland
Bryan Rankin	Retail Excellence Ireland
Sven Spollen-Behrens	Small Firms Association
Shane Connelly	Chambers Ireland
Philip Kelly	DBEI
Declan Hughes	DBEI
Anne Coleman Dunne	DBEI
John Hughes	DBEI
Jean Carberry	DBEI
Cathy Madden	DBEI
Derval Monaghan	DBEI
Conor Hand	DBEI
Paul Mc Mahon	DBEI
Caroline Savage	DBEI
Karl Finnegan	DBEI
Sinead McDonnell	DBEI
John Deegan	DBEI
Pauric McPhillips	Adviser to Minister
Elaine Sloan	B&A

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### Item 1: Minutes from 10<sup>th</sup> meeting

- The Minister welcomed all attendees & the minutes from meeting 10 were approved.

### Item 2: Update on International Trade & Investment Environment

- John Hughes from the DBEI Trade Policy Unit made a presentation on the current International Trade and Investment environment.
- Key issues covered included the importance of Irish-US trade; the current state of play in relation to the EU-US trade relationship, and future EU-US trade scenarios; and developments in US-China trade relations and the impact that these developments are having on global growth.

- The presentation was followed by a discussion amongst members, where a number of additional points were raised, including: a discussion on the US view of the various international institutions governing international trade; the importance of Chinese investment in both Ireland and the EU.
- It was noted that Ireland has a unique exposure both at a macro level and at a sectoral level due to sectorally targeted tariffs (e.g. agri-food, exposure in the aircraft leasing sector, including disputes affecting this sector in a WTO context) to developments in EU-US trade relations. A potential future FTA is the best vehicle to resolve these difficulties, although, it must also be borne in mind that Ireland has concerns about the inclusion of agri-food in any such talks.

### **Item 3: Update on Brexit Negotiations and Preparedness:**

- The Minister introduced this agenda item, highlighting that Prime Minister May announced that she will resign on 7 June, with the process to elect her successor commencing the week after she steps down.
- The Minister noted that PM May has demonstrated a great sense of duty and commitment in her efforts to find a path forward in a very difficult situation. Throughout this process, Prime Minister May has always stressed her commitment to protecting the Good Friday Agreement and the gains of the peace process.
- However, clearly a change of Prime Minister will not change the facts of Brexit. The European Council has made it consistently clear that the Withdrawal Agreement, including the backstop, cannot be opened or renegotiated.  
At this point, there are few signs that the UK is any closer to breaking the current impasse on Brexit.
- Philip Kelly provided a further update on current state of play in relation to Brexit, noting that the risk of no deal had increased as a result of the changing UK political situation.
- In reality, a no deal outcome is essentially a WTO outcome. Nothing has emerged so far from the UK in terms of “credible, alternative arrangements” with regard to the border.
- The danger of Brexit fatigue amongst citizens and the business community was noted.
- Whereas previously much of the focus was on “no regret” planning (i.e. investment and expenditure decisions by both firms and the Government that needed to be made regardless of the Brexit outcome), the Government has now moved into making “insurance” related decisions, to prepare for any “just in case” eventualities. The cost implications were acknowledged.
- The various contingency measures already agreed and put in place by the European Commission were on the basis of a March Brexit – the scope for further latitude or additional extensions cannot be taken for granted; the 31 October deadline, therefore, must be taken seriously.
- Further, the mechanics of how the EU institutions function may make further mitigation measures difficult (or impossible) to approve.
- Domestically, preparations continue with the rollout of infrastructure, the signing of the MoU on the Common Travel Area etc.

### **Item 4: B&A Study: SME’s Brexit Preparedness Survey – Q1 2019**

- The results of the Brexit Preparedness Survey of SMEs for Q1 2019 were presented by Elaine Sloane of B&A.
- The results of this survey of 1,000 SME companies are statistically representative and are being considered by the Minister and will be published shortly.
- The key takeaway from the data is the need to target Brexit-preparedness messages at specific cohorts of impacted firms, including regionally based firms, medium sized firms, firms that both import and export, and firms in key sectors such as food.

## Item 5: Tour de table

- The Minister invited the members to provide an update on their preparedness efforts and key challenges. She also asked that the representatives use their influence to work with member companies to get them ready for Brexit.
- Principal challenges and suggestions include:
  - The challenges posed by stockpiling (many firms had stockpiled inventories in the run up to March and were now selling this stock off). It will be costly to repeat this process in the run up to October, particularly with Christmas and January sales planning also required around this time.
  - Keeping business focus on Brexit – the delay in Brexit means that many companies are now focussing on other challenges and it is difficult to reengage them on Brexit preparedness.
  - Ensuring that companies seeking direct access to the continent can secure bookings on ferries.
  - The need to educate firms about the regulatory risks of Brexit and to encourage them to identify *and* take action to respond to these risks.
  - The constraints which are emerging in relation to the number of available customs agents – there is a sense that customs agents are reluctant to hire additional staff at this time, even though there may be insufficient capacity amongst providers to meet anticipated demand.
  - The appropriateness of existing supports and interventions was also considered – for example, debt (i.e. loan schemes) are not always the right solution for companies facing Brexit challenges; the range of ITI supports may not be beneficial to micro firms.
  - The importance of ongoing sectoral outreach was emphasised as was the need to coordinate events and to engage with a range of sectoral bodies, including, for example, the accountancy bodies. In this regard, the Minister noted that a meeting is scheduled with the main bodies.

## Item 6: AOB

- No items were raised under Any Other Business
- It was agreed a further meeting would be scheduled over the summer.