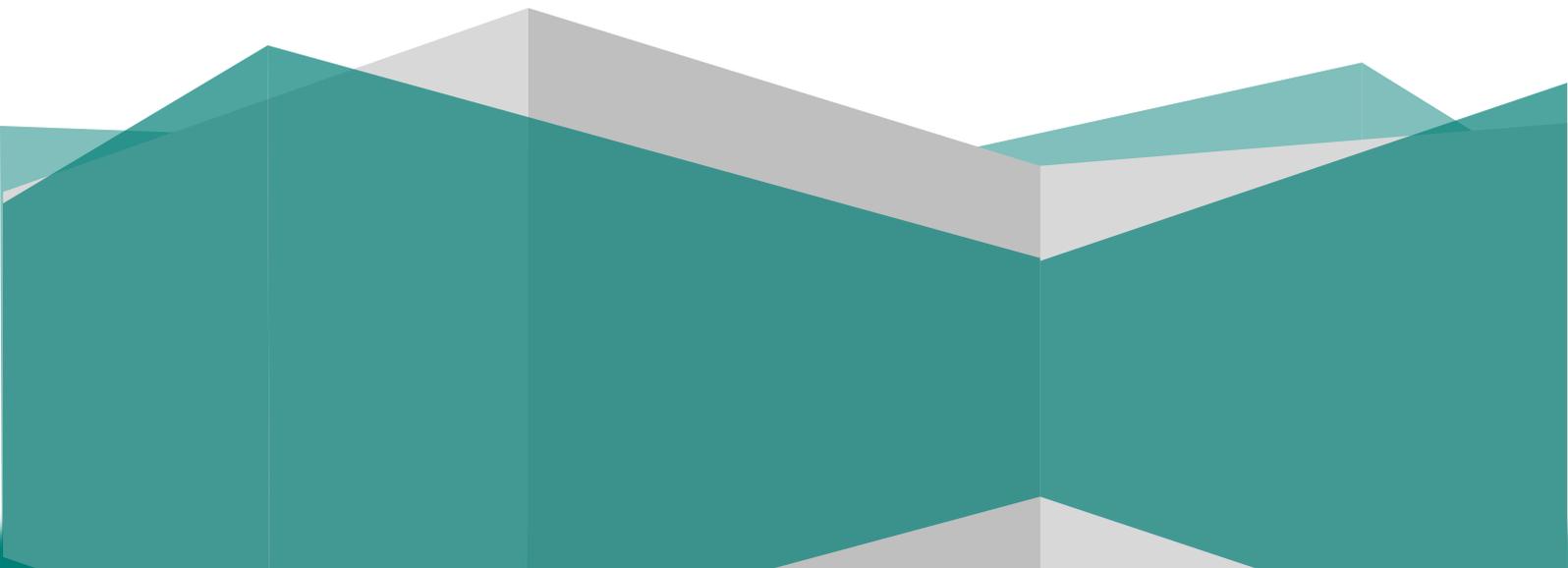


Irish Exporters Association

Pre-Budget Submission
Budget 2019



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Introduction

The Irish Exporters Association (IEA) assists its members to grow their exports to world markets. We drive and support the growth and development of all exporting businesses based in Ireland by:

- **Representation** – leading the export agenda as the voice of Irish exporters
- **Membership development** – enhancing the export knowledge and skillset of members through a range of training services and export development programmes
- **Networking & Connectivity** – connecting our members with Government and business stakeholders domestically and in market
- **Export Services** – enabling our members with practical assistance and critical support services

The IEA represents the whole spectrum of companies within the export industry including SMEs who are beginning to think about exporting for the first time right through to global multinational companies who are already extensively exporting from Ireland. It is the connecting force for Irish exporters, providing practical knowledge and support across the Island of Ireland and in foreign markets.

The IEA Pre-Budget 2019 Submission has been drafted in consultation with the IEA National Council and its wider membership. In addition, a number of seminars and working group consultations have taken place across the country. The IEA Supply Chain Series 2018 and the IEA Markets Network have been particularly active.

The IEA Supply Chain Series is sponsored by Ulster Bank, Iarnród Éireann Irish Rail, Rhenus Logistics and Fleet Magazine and comprises of:

- **4 Large Seminars** covering best practice covering many areas including but not limited to: Supply Chain Diversification, Supply Chain/Trade Finance, Supply Chain Integration and Partnering, along with an industry specific focus in the sectors such as life sciences, food & drink, ICT, manufacturing and include updates on regulatory and legal changes.
- **4 IEA Exporters Working Group** meetings are in place to provide a forum for the increasing complexity and challenges of the global supply chain across all sectors. The IEA understands there is a requirement to offer members an open forum for addressing supply chain issues and the need to highlight solutions. These events are for manufacturing companies, exporters and each local regional committee to focus on national and regional issues including trade, finance, energy, transport while address issues across the main sectors: food & drink, finance, life sciences, ICT, energy and engineering.
- **4 IEA Multimodal Working Group** meetings aimed at corporate exporters and provides an open forum to focus on national and regional issues including international trade, trade finance, energy and transport while addressing sector specific issues; and which provides a platform to discuss the importance of multimodal partnering in the supply chain and associated opportunities and challenges.

IEA Markets Network

Launched in March 2018, the IEA Markets Network, set up in association with DHL Express, TransferMate and Bord Bia, offers exporters a series of regional seminars, training days and an online offering made up of e-zines and monthly webinars. The IEA Markets Network aims to support exporters in accessing overseas market opportunities and support them in better understanding the specific opportunities and challenges they may face when exploring, entering and expanding their business overseas. The Network include knowledge briefings with Irish Ambassador's overseas and Ambassadors in Ireland, as well as case studies, to provide the export community with insights into business opportunities in specific markets.

Ireland's exporting sector is one of this country's greatest strengths and has been the key driving force behind Irish economic recovery, economic growth and job creation. It is critical for the Government to recognise how vital Irish exporters are to our nation's economic growth and use Budget 2019 to maximise the opportunities that arise from an increase in global demand. According to CSO figures, Irish goods exports as a whole for the last year exceeded €122 billion, another record year for the industry, resulting in an annual trade surplus of almost €43.5 billion for the Irish economy. However, with the continued fluctuation in sterling exchange rates and high reliance by Irish exporters on the UK market, the unit value of Irish exports shrunk for the first time in three years. While CSO figures show that our total export value to the UK has slightly decreased in the first five months of 2018, fisheries and agricultural produce exports have, in fact, increased year on year.

With less than seven months before the UK is due to leave the European Union, the United Kingdom's future trading relationship with Ireland and the European Union continues to be uncertain. Crucial questions remain concerning the UK government's position regarding the EU's Single Market membership, customs arrangements and regulatory alignment. We call on the UK government and the European Commission to work to agree a comprehensive agreement that does not hinder Irish exports. Irish exporters continue to implement their contingency plans for a 'no-deal' scenario and we call on the government to put a strong emphasis on delivering its Brexit preparation and mitigation strategy.

In light of the increased need for contingency planning, we call on the government to use this budget to put in place measures to safeguard Ireland's future, mitigate the impact on Irish business and help exporters expand and diversify their market reach and supply chains.

In a time of global trade uncertainties, Ireland remains a strong and open economy. To safeguard from potential adverse outside shocks such as escalating US trade tariffs, it is crucial to use this budget to put in place procedures to expand the reach of Irish exporters in new and established markets around the world.

Exports continue to lead the way in driving the Irish economy forward and are the most significant contributor to making Ireland one of the fastest growing economies in the world, helping to reduce unemployment, create new employment in fast growing innovative

companies, and reduce our national debt. Exporting is the success story of the Irish economy. It has helped to attract FDI and position Ireland as a competitive country to do business with internationally. Moreover, it has fostered the development of home grown Irish companies by encouraging more and more entrepreneurs to grow their businesses internationally. We are asking that investments are made to grow the infrastructure required to support the export markets of at least the next 50 years.

Budget Recommendations Summary

The Irish Exporters Association (IEA) are advising that the Government to prepare a prudent Budget 2019 that will build on Ireland's global reputation as a trading hub to encourage the sustained growth of Irish exports to world markets.

If Irish exports are to maintain the record growth it has seen over the past decade, the Government's Budget 2019 should reiterate its strong commitment to:

1. Address and improve our **National Competitiveness**
2. Combat the **War for Talent**
3. Open new **export markets** and **business opportunities**
4. Prepare for the **digital transformation**

The IEA Pre-Budget 2019 submission sets out recommendations in the following areas:

Cost Competitiveness

Brexit

- Implement customs contingency plans to reduce the impact on Irish exporters
- Develop the North Sea – Mediterranean Ten-T corridor to address the loss of the UK land bridge
- Put in place a temporary state aid framework to support businesses excessively exposed to trading with the UK which will need time to develop new markets further afield
- Implement a postponed accounting of import VAT scheme for SMEs overly exposed to the UK market for a limited period of 6 months

Infrastructure

- Implement the National Planning Framework to sustainably grow investment, jobs and population regionally
- Develop the Atlantic Corridor to increase connectivity along Ireland's west coast
- Develop and increase cargo and service capacities at Irish airports
- Develop and increase capacity and capabilities at Irish seaports to continental Europe
- Address the acute warehouse shortage at Irish sea and airports
- Invest in crucial improvements to Ireland's critical broad broadband and mobile phone coverage infrastructure

Supporting Irish entrepreneurship

- Create a level playing field for entrepreneurs

War for Talent

- Tackle the structural housing deficit and improve regional access to shift talent from Dublin to Ireland's regions
- Address future skills challenges through strategic investment in training and education schemes

Diversification of Export Markets and Supply Chains

- Further exploit EU membership to reduce costs and access new market opportunities
 - Increase resource funding for state representatives to promote Ireland in global trade
 - Build on the Government's 2017 trade strategy with a strategic long-term approach
 - Partner with the IEA to drive the success of the Irish exporting industry
- Formalise the role of the Export Trade Council in overseeing the co-ordination of state resources supporting international trade

Prepare for the digital transformation

- Increase strategic investment in digital infrastructure
- Prepare an impact analysis and roadmap on intelligent transport systems

Cost Competitiveness

Brexit

With less than seven months to Brexit day, the UK's future relation with the European Union remains uncertain. It is imperative that Irish businesses diversify and re-align their export markets and supply chains.

While Ireland has become less reliant on the UK market over the past four decades, it remains one of our closest and largest trading partners. In our most recent January 2018 survey on Brexit, 66% of IEA members surveyed have said that they planned to further diversify their export markets in the next 6 months, with Germany (29%), the USA (27%) and France (23%) the top destinations.

In light of the increased need for Brexit preparedness, the Irish Exporters Association calls on Budget 2019 to reflect on:

Implement customs contingency plans to mitigate the impact on Irish exporters

According to IEA membership and CSO statistics, total exports to the UK increased in 2017. Despite members being largely concerned about the reintroduction of customs controls and tariffs (81% and 74% respectively), Irish businesses remain bullish on trading into the UK. This calls for the Government to continue implementing its Brexit contingency planning to mitigate the adverse impact on business.

With the outlook of relatively stable export volumes to the UK after March 2019, the IEA calls on the Government to significantly up its implementation of its Brexit contingency plans. We welcome the announcement earlier this year of more than 1000 additional customs and veterinary inspectors and the development of new customs facilities at Dublin. While this is an important step in the right direction, we believe that further resources across all government offices and agency are required to effectively mitigate the prospected impacts at Ireland's sea and airports. In light of the UK's expected departure from the EU's Customs Union, we call on appropriate staffing resources to managing both, the expected administrative burdens and need for physical checks. Moreover, we call on relevant agencies to investigate new technological solutions.

Develop the North-Sea – Mediterranean TEN-T corridor to address the loss of the UK land bridge

Ireland is an integral part of the EU's North-Sea – Mediterranean TEN-T core network corridor allowing for the swift transport of goods from Scotland and Ireland through to the South of France. Today, Ireland connects to the UK – continental corridor through the Dublin – Liverpool sea-bridge, with haulers using the UK land-bridge to ship goods to continental Europe through the ports of Dover and Calais.

With the departure of the UK from the European Union, Ireland faces losing direct access to the crucial TEN-T core network¹ as current direct Irish sea corridors do not connect to any

¹ The Trans-European Transport Network (TEN-T) is an EU policy towards implementation and development of a Europe-wide network of roads, railway lines, inland waterways, maritime shipping routes, ports, airports and rail-road terminals. It consists of a Comprehensive network and a Core Network.

TEN-T network port. The Irish Exporters Association welcomes current proposals by the European Commission for the development of new shipping routes between Dublin and Cork and Zeebrugge and Antwerp in Belgium as well as Rotterdam in the Netherlands. However, the IEA is concerned that the long shipping times involved, could have significant impacts on the quality of highly perishable goods, such as food exports. Existing direct shipping corridors from Ireland to France already connect to non-TEN-T ports in Roscoff and Cherbourg. However, the close-by French port at Le Havre is connected to the Atlantic core network corridor.

We call on the government to invest appropriate resources at the EU-level to ensure that, under the ongoing review of the TEN-T network, any potential new direct shipping lines to the continent connect through Le Havre to ensure continued access to the TEN-T core network and reduced shipping times for highly perishable goods.

Put in place a temporary state aid framework to support businesses excessively exposed to exchange rate fluctuations

Since the UK referendum in June 2016, the sterling exchange rate has already lost close to 20 percent, adding considerable exchange rate cost to Irish exports to the UK. The weakening of the pound against the euro has had and is expected to continue to have serious implications for the Irish export industry as there is currently considerable risk that the euro continues to strengthen against the pound.

Of IEA members surveyed who had done an impact assessment on the effect of Brexit on their business, 55% of respondents said the weakened sterling has had a negative impact on their business with about half of IEA members surveyed having 0% £GBP receipts hedged for the next 12 months, 23% have hedged up to 25%, 14% between 26% and 50% and 8% from 51% to 75%.

Last year's budget acknowledged the high likelihood and challenges of exchange rate re-alignment to Irish exports to the UK. Irish exporters are already squeezing their financial resources and the likely further appreciation of euro-sterling exchange rates may, thus, pose high macro-economic risks to the Republic's wider economic stability. We therefore call on the Government to earmark for a 'Brexit mitigation fund' in Budget 2019 to assist Irish exporters excessively exposed to exchange rate fluctuations.

While we welcome the European Commission's recent state-aid decision to approve a Brexit support scheme to help the restructuring of SMEs in Ireland, it is largely limited in scope and application. We call on the Government to further expand the scheme's reach, to become a business support and stability fund.

Implement a postponed accounting of import VAT scheme for SMEs overly exposed to the UK market for a limited period of 6 months

Much of the Brexit focus up to this point has been on the exporters in particular. However, Brexit equally raises many potential challenges for importers. This is particularly true for the Supply Chain, where imported goods make up part of the final export good. It is important to remember that trade is not one-way. 63.5% of IEA members surveyed import products from

the UK. With continued uncertainty about the UK's future trading relationship with the European Union, fears are increasing that supply chain imports from the UK would incur a 23% import VAT, in addition to potential import tariffs.

In a post-Brexit deal situation there is a scenario whereby import VAT may be imposed immediately at the point of entry, before goods will be released by customs. Currently, the best possible scenario for importers is an application to Revenue for deferred payer status. If approved, their goods can be released upon import without the immediate payment of import VAT. This, however, must then be paid in full before the 15th day of the next month. The current import VAT system could create considerable cash flow burdens for importers from the UK, affecting intrinsic supply chains and damaging Irish exporters' competitive advantage, as they may have to finance import VAT payments for a considerable period.

Depending on the outcome the Brexit negotiations, the Government need to be mindful of this possibly significant extra burden placed on the supply chains of Irish companies. To protect Irish supply chains and manufacturers, the IEA call on Budget 2019 to implement a postponed accounting of import VAT scheme for a time-limited period of 6 months. VAT deferral regimes already exist in a number of EU countries including the Netherlands, Belgium and Greece. Such scheme would allow for a deferred in import VAT payment for a time-limited period, allowing importers to sell their product in free circulation. We believe this would assist the cash-flow of affected Irish companies and increase the stability of supply chains and prevent potential supply shortages for manufacturers. Subject to special conditions, importers of goods from the UK should not be required to pay the VAT at point of entry (or by the 15th day of the next month under a deferred payer scheme), but allowed to account for import VAT through their periodic VAT return.

Infrastructure

The IEA welcomes the government's announcement of allocating €91 billion in Exchequer funding as part of its overall €116 billion investment over the next ten years under the new 'Ireland 2040 National Development Plan'. In particular, we welcome its focus on addressing Ireland's infrastructure shortcomings to sustainably grow investment, jobs and population in the regions. Maintaining and developing crucial infrastructure across the country is vital to not only encourage and grow indigenous Irish business, but attract investment and pragmatically encourage an influx of FDI throughout the country.

Ireland is a trading nation with key sea and airports serving every region. To facilitate the further volume growth in the export industry, extensive investment will have to be made in the country's road, rail, air and sea ports and networks. We continue to see major growth opportunities in Ireland's Tier 1 in Dublin, Cork, Shannon-Foynes and regional Tier 2 ports of Belview/Waterford and Rosslare-Europort. Moreover, continued investments are crucial in the roll-out of high-speed broadband and 5G mobile networks. We call on the government to take into account sectoral needs in Budget 2019.

Develop the Atlantic Corridor to increase connectivity along Ireland's west coast

Ireland's regions form an important counterbalance to Dublin's economic strength and are the backbone of Ireland's Agri-food exports. Further growth, however, is stalled by limited accessibility to high-class transportation infrastructure.

The IEA call on the government to earmark significant resources in Budget 2019 to develop the Atlantic Corridor as a part of the island's Ten-T network to provide businesses with better and increased access leading to greater economies of scale and increased investment and regional growth. In light of Brexit and the European Commission's Brexit preparations, we call on the government to investigate the use of funding under the EU's European Regional Development Fund and Cohesion Fund to mitigate the impact on the Irish exporting industry.

Develop and increase cargo and service capabilities at Irish airports

Ireland's airports are crucial to the island's exporting capabilities. Of IEA members who use airports, 81% use Dublin airport as their primary to export gateway. This in spite it not being the geographically closed airport for 15% of them. According to our membership, business would use another airport if offered more frequent flights and better connections (36%), road network connections between primary distribution centre and another airport were improved (23%), and if another airport was upgraded (14%).

Further upgrading Ireland's airports could offer significant growth opportunities to indigenous and exporting businesses through opening up new routes to continental Europe and/or the Americas. To provide exporters in the West of Ireland with a viable, cost-efficient and accessible alternative to Dublin airport, the IEA asks for the government to allocate funds to further develop and increase cargo and service capabilities at Ireland West Airport Knock.

The development of a West of Ireland aviation transport hub with direct connections into London Heathrow, Amsterdam Schiphol, Frankfurt or Paris Charles de Gaulle would significantly enhance business connectivity and attractiveness to locate in the west of Ireland. We believe this can be achieved with the implementation by the Irish Government of a public service obligation scheme (PSO). In an uncertain Brexit environment with a potential impact on regional employment, this may be one way of investing in creating and fostering local employment.

With regard to Dublin Airport, we welcome recent announcements by the DAA about new direct routes to Beijing and Hong Kong and continued work towards the delivery of the North Runway. We also welcome the start of development of Dublin Airport Central Business Park. These developments are an important step in accessing new overseas markets and growing the domestic economy. It is crucial to continue building and expanding on this network to promote and grow Irish exports in Asia.

Passenger numbers at Dublin Airport continued to increase by 6% in 2017, making Dublin Airport the eleventh largest airport in Europe. The level of growth at Dublin Airport is staggering and infrastructure needs to be put in place now to ensure that Dublin Airport is equipped for further growth in the coming years. In relation to this, we welcome the commencement of construction work on Dublin Airport's North Runway which is expected to

be operational from 2021. We, however, have strong objections to Finglas County Council's attached restrictions on night-time operations due to noise levels. Should these restrictions continue, they may significantly reduce flight traffic, thus impeding Ireland's exporting growth. Additional priority should be given to the Metro North link between Dublin City Centre and Dublin Airport and ensuring that planning and road development in the environs is put in place to deal with this growth.

In light of Brexit and the relative proportion of life science companies located in Ireland, we also call on the government to take immediate steps to install necessary infrastructure.

Sea ports

Looking at the figures and trends in shipping, traffic through all Irish ports is growing strongly. However, volume levels transported through Dublin Port are increasingly disproportionately large to shipping volumes at local or regional ports. While we welcome the new shipping route from Cork Port to Santander in Spain, we continue to see large growth opportunities for the port to develop to take a larger share. In addition, ports such as Drogheda and Galway, currently designated as regional ports, should be further developed to reduce the traffic volume at Dublin Port.

Of those IEA members surveyed who use sea ports, 83% use Dublin Port as their primary shipping route with 24% saying that this was not their closest port geographically. Members surveyed said that they would use a different Irish seaport as their primary shipping point if there were more frequent sailings/crossings from another port (56%), road networks between primary distribution centres and another port were improved (21%) or if another port received an upgrade (19%).

In light of the UK's expected potential from the EU customs union, increased and faster direct services to continental Europe will be needed. Regional ports, particularly Rosslare and Waterford, offer great opportunities to exploit their geographical locations. We call on the government to earmark capital funding in Budget 2019 to upgrade both port's infrastructure and road access to these ports.

Address the acute warehousing shortage at Irish sea- and airports

IEA members consistently voice their concerns about the acute shortage in warehousing and cargo handling capacity at Irish sea- and airports. Logistics service providers raise particular concerns regarding terminal and cargo handling facilities for pharma and other controlled goods as well as refrigeration and control facilities at Irish airports. This lack of handling facilities forces freight forwarders to transfer Irish produced cargo to continental airports for global distribution.

The acute shortage of warehousing facilities around Ireland remains a major concern for the exporting industry. The development of warehousing facilities across Ireland, including specialist pharmaceutical storage facilities, could be a huge opportunity to develop the country as a new distribution hub to Europe, a function which the UK currently serves. There is a serious opportunity for the Irish economy in the development of 'logistics clusters', geographically concentrated sets of logistics-related business activities. Logistics clusters

typically develop around transportation hubs, such as air or sea ports, or areas with easy access to road or rail networks. As with large industrial clusters, logistics clusters exhibit a positive feedback loop, leading to economies of scale and economic growth.

Broadband and mobile phone coverage

Immediate solutions need to be sought to the broadband and mobile phone coverage deficits to businesses and homes across the country. If Ireland is to remain competitive, improvements in broadband and mobile phone infrastructure need to be immediate. 35% of IEA members surveyed, stated that their fixed broadband or Wi-Fi connection was lacking sufficient speed or quality to meet their business needs, this increased to 57% for respondents whose main Irish operation was located in a rural area.

In an increasingly digital world, a lack of reliable high-speed access to broadband and mobile internet significantly undermines Ireland's competitive edge and ability to attract the highest level of investment and talent. We call on the government to allocate capital funding to ensure access to high-speed broadband and mobile internet across the country as soon as possible. In the absence of private interest in the national broadband rollout, this is something the Government must take responsibility for and implement itself.

Supporting Irish entrepreneurship

Entrepreneurial innovations are a key driver for sustained economic growth and is crucial for building a strong indigenous economy which can balance and compliment inward investment. The IEA calls on Government to promote a business-friendly environment that encourages and stimulates investment and entrepreneurial risk-taking. Key to this is attracting innovative companies to establish their operations in Ireland. Only 3% of IEA members surveyed feel that the Irish taxation system (e.g. USC, CGT, income tax, etc.) is supportive of the self-employed (66% said that it was not supportive).

Levelling the playing field for entrepreneurial taxation

The Irish Exporters Association strongly believes that a level playing field is crucial for Ireland's economic success and sustainable development. We are convinced, however, that the Irish taxation system severely penalises entrepreneurs and self-employed. We call on the government to level the economic playing field by seriously reforming the Irish taxation system to make Ireland an attractive destination to establish enterprise.

We reiterate our call to urgently address the perennial issue of the widening gap between PAYE workers and the self-employed. Ireland needs to have a taxation system that does not penalise entrepreneurial risk-takers who drive our economy and create employment. Instead, Ireland needs to reward entrepreneurial activity rather than propagate a potential barrier to business development.

The IEA welcomes the increase in the Earned Income Tax credit to €1150 in last year's Budget. To create a true level playing field, we however, call for a further increase of the Earned Income Tax credit to €1650 to be in line with PAYE tax credits.

Capital Gains Tax

The rate of Capital Gains Tax is a key factor in determining investment into an economy. It is important to facilitate entrepreneurs in their business endeavours and to reward success. There are a number of specific areas relating to existing tax reliefs which, in our view, need to be addressed in the short term in order to create a tax environment that is supportive to the needs of small businesses, entrepreneurs and FDI in Ireland.

We call on Budget 2019 to earmark for an increase in the ceiling for Capital Gains Tax for entrepreneurs (Entrepreneurs Relief) from €1m to €10m to increase Irish entrepreneurs' competitive advantage with the UK.

War for Talent

According to the CSO, unemployment in Ireland fell to 5.1% in July, down from 6.8% in July 2017. Having peaked at 15.2% in the height of the recession in 2012, the State's jobless rate is now three points lower than the euro-area average of 8.2%. While these unemployment figures show rates close to full employment, they highlight a risk of the Irish economy overheating. With structural problems such as housing and infrastructure deficits persisting, Ireland may not be able to attract the necessary high-skilled overseas workers needed to address domestic labour market shortages.

In August, 66% of IEA members surveyed stated that there were vacancies in their company in the last 6 months for which there was difficulty experienced in trying to find candidates that met the minimum criteria for the positions. Of these, the most difficult positions to fill included: engineering (20%), sales & marketing (19%), transport logistics (16%), supply chain (15%), operations (14%), quality control (14%), process & manufacturing (11%) and administration (10%).

The difficulties experienced in recruiting or retaining staff included: meeting salary expectations (41%), lack of available talent in Ireland (40%), competition in Ireland from other companies (25%), meeting benefits expectations (17%), cost of living in Ireland (16%), availability of affordable housing (15%), and unattractive income tax levels (11%).

Tackle the structural housing deficit and improve regional access to balance talent between Dublin and the regions

Ireland's poor road network is having an impact on IEA regional members being able to attract and retain suitably qualified staff. Members consistently cite poor road and public transport infrastructure as a key factor in poor regional retention. Regional development is imperative to further shift investment focus away from Dublin. Encouraging the development of diverse regional clusters we believe is crucial in addressing the acute housing shortage in the capital and spreading highly skilled and paid jobs across the island.

The government has taken many steps in recent years to address Ireland's housing deficit, such as increased expenditure in the provision of housing, the introduction of the Vacant Site Levy, which will be coming into full effect this coming January, and the fast-tracking of planning to An Bord Pleanála of developments that propose 100 residential units or more.

However, in spite of these efforts, more immediate and effective proposals need to be implemented to combat Ireland's housing deficit, which is deterring new export companies from setting up in Ireland and new foreign talent from coming to existing Irish export companies. In this respect, housing is a top priority for the export sector in Budget 2019.

[Address future skills challenges through strategic investment in training and education schemes](#)

This Government will need to urgently address the chronic shortage of skills in specific sectors to continue to attract innovative business and inward investment. 53% of IEA members surveyed stated that staff availability or a shortage of necessary skills would dissuade companies from investing in or relocating to Ireland.

We are calling on the government to restructure the National Training Fund to increase training and reskilling opportunities for those in employment to ensure they have the necessary skillset to succeed in a modern economy. Currently, only 23% of the fund is allocated to those in employment. We recommend increasing this to 50% and a rebalancing of the fund to upskill those currently in the workforce using initiatives such as Skillnets.

CSO figures show that Ireland's youth unemployment rate (persons aged 15 to 24 years) was 11.7% in July. Although below euro-area average (18.8%) it continues to be too high. We therefore call on the government to further increase its focus on mobilising young people into the workforce.

We call on the government to put in place meaningful further education alternatives to universities. We believe that apprenticeships offer a real and valuable alternative which offers much needed skills development and creates direct capital into the economy. Apprenticeship programs are already being developed across a wide range of industries and sectors, including construction, electrical, engineering, medical devices and financial services. The IEA welcomes the Department of Education and Skills' Action Plan to Expand Apprenticeship and Traineeship in Ireland and supports its ambitious targets.

The IEA ask for a communications strategy and implementation roadmap to promote apprenticeships and alternative further education schemes through a national promotional campaign from the junior cycle upwards.

[Diversification of Export Markets and Supply Chains](#)

Irish trade has been highly successful in the last year, despite, the lingering Brexit uncertainty for Irish exporting businesses.

According to figures from the Central Statistics Office, Irish goods exports reached record levels in 2017 with exports up by 2% on 2016. This unambiguously shows the strength of Ireland as a global exporter. However, with 13.4% of Irish exports going to the UK, an increase of 0.8% to 2016, it remains one of Ireland's key trading partner. This over reliance of the UK market, makes it crucial for Irish businesses to further diversify their export markets and supply chains to ensure business continuity and stability.

[Further exploit EU Single Market membership to access new market opportunities](#)

According to CSO statistics, exports to other EU plus EFTA members, which accounts for more than 43 per cent of the total value of Irish exports, saw continued strong growth in 2017 to more than €5.3 billion. The EU's Single Market, offers Irish businesses with an unrivalled market of close to 500 million consumers and supply chain partners right at their footsteps. Irish agriculture and food exports have already become increasingly popular in a range of continental markets and there continue to be great growth opportunities.

The Irish Exporters Association welcomes the European Union's recent finalisation of its economic partnership agreement with Japan and Free Trade Agreements (FTAs) with Singapore and Vietnam. We also welcome the start of negotiation rounds with New Zealand, Australia as well as ongoing negotiations with Mexico and the Mercosur bloc. We do recognise, however, that many businesses remain unaware of FTAs in place as well as their benefits. We call on the Government to develop a communications strategy to inform Irish exporters about the economic benefits of Free Trade Agreements. The Irish Exporters Association stands ready to develop a comprehensive outreach program together with the Government.

[Increase resource funding for trade representatives to promote Ireland in global trade](#)

More focus needs to be given to high growth markets like China and India, rapidly developing economies such as certain African and South American countries, as well as emerging opportunities in places like some of the ASEAN market, for Ireland to reduce its trade dependency on its core trade relationships with the EU, USA and UK.

To succeed, Irish exporters need greater frontline support from state agencies such as Enterprise Ireland and Bord Bia as well as our overseas Embassy network. The Irish Exporters Association's close relationship with our diplomatic service has been extremely positive in securing new business opportunities for Irish businesses. We welcome the state's continued commitment to international trade and the appointment of Commercial Attaches by the Department of Foreign Affairs & Trade to represent Ireland's trade interests around the world. We look forward to supporting them in developing in-market networks for Irish exporters that can work alongside the Embassies and State agencies.

Whilst we are aware that the in-market resources of our various international trade supporting state entities cooperate well, we believe that more can be done to coordinate these at HQ level. Positive achievements, including the work of the Export Trade Council, have already been achieved, but more is possible and necessary.

[Digitalisation](#)

Digital technology is shaping the future of global trade and investment. One aspect of the adoption of digital technology by global exporters and importers is the purchase and sale of goods and services online. In addition, the use of automated data exchange systems, cloud computing, big data and open source operating systems can help businesses run international supply chain management more efficiently.

Increase investment in digital infrastructure

With new advancements in robotics, additive manufacturing/3D printing, big data and analytics or blockchain, innovations in manufacturing and business operations are giving rise to a digital revolution or traditional industry. In order to compete and lead in a digitalised industry requires secure, robust and scalable ICT infrastructure, data centres and 5G communications connectivity.

The export trade in particular, is undergoing a rapid digitalisation to facilitate fast and convenient customs operations and manage complex global supply chains at a fraction of the traditional manpower needs. We, therefore, call on the government to ensure that necessary resources are put in place to protect and update crucial digital customs services. In addition, we call on the government to create a regulatory environment that fosters and promotes the use of innovative digital solutions.

Prepare an impact analysis and roadmap on intelligent transport systems

The increasing digitalisation of transport is expected to bring profound changes to the export and transport industries. From drones, autonomous driving and electrified haulage trucks to connected transport infrastructure, future technological changes in the transport sector will require significant public planning and state resources. With market requirements and technological advancements moving at rapid pace, we call on the government to undertake an impact analysis on the effects of digitalisation in the transport sector and develop a roadmap on addressing potential actions.