



**IEA**

Irish Exporters  
Association

# Policy Paper

**Preparing Irish exporters for a  
changing global environment**

The Irish Exporters Association (IEA) is the voice of the exporting industry in Ireland. Representing more than 500 companies across the exporting industry, the Irish Exporting Association works with regional, national and European policymakers to create the legal framework that fosters Irish exports around the world.

To drive and support the growth and development of all exporting businesses based in Ireland, the IEA provides its members with an all-island platform of enhanced information and knowledge sharing and consular services.

Despite the continued uncertainties about the United Kingdom's future relationship with Ireland and the European Union, increased trade tensions and economic protectionism around the world, the Irish exporting sector remains fiercely optimistic and committed to expanding their global market share. According to the Central Statistics Office, in 2018, Ireland recorded its sixth consecutive annual increase in goods exports to more than €140.7bn – a 14% year-on-year increase and record high. According to data by Eurostat, Ireland was the 8th strongest goods exporter to non-European Union markets and 13th largest goods exporter within the EU28, representing 3.8% and 2.0% of all extra-EU trade respectively.

IEA members are increasingly looking at diversifying their export markets and supply chains with the United States, Germany, France and the wider Eurozone considered the most important markets for Irish exporters. Moreover, IEA members, and Irish exporters at large, continue to look eastwards towards high-potential markets.

Goods and services “Made in Ireland” are globally most sought after. Ireland's Life Sciences, food and drink, agricultural goods and technology sectors are renowned around the world. Significant opportunities exist for Irish products in markets around the world. Yet, according to the CSO, Irish exports largely focus on already matured markets in the United States and the European Union as well as China, Canada and Australia.

Great growth opportunities remain in high growth markets like China and India as well as rapidly growing economies in the Middle East and South America. The growing middle classes on the African continent and South-East Asia also offer significant future opportunities.

### ***Key recommendations:***

- **Prepare Irish businesses for a changing climate**
- **Maximise Ireland's EU Membership**
- **Promote Market Diversification/Facilitate Market Access for Irish exporters**

## **Prepare Irish businesses for a changing climate**

Climate change, on a micro and macro level, is our generation's defining challenge. As an island nation Ireland is, and will increasingly be, particularly affected by the effects of a changing climate over the coming years. This requires Irish businesses, especially those in the food and drink sectors, but also in the logistics and transport sectors to adapt and consider measures to manage and mitigate the different effects on their businesses.

We welcome the many steps already taken by the IEA membership and the Government at local, regional and national level to reduce their environmental impacts through investments in innovative and sustainable solutions to agricultural development, manufacturing and logistics. However, more can, and must be done by at all levels to reduce Ireland's reliance on fossil fuels and accelerate the transition to a zero-emissions economy.

In light of the changing cultural, economic and trade environment, the time for detailed action on tackling climate change is now, and we call on the Government to implement clear measures to prepare businesses and mitigate its expected impacts.

We welcome the Government's commitment to decarbonising the transport industry by 45—50% by 2030 as outlined in the Climate Action Plan through modal shifts and the promotion of alternative fuels vehicles. In this context, we welcome the many steps IEA members have already taken to diversify and promote alternative fuel solutions for both, their manufacturing processes and logistics use.

However, specific and sustainable solutions must be found for the heavy road freight industry who may not be able to transfer to fully electric and/or LNG-powered transport solutions. Without a holistic approach to promoting and enabling alternative transport and fuel modes, overly restrictive measures may have significant negative impacts on businesses' ability to export their goods.

Climate change is our generations defining challenge and the Irish business community is committed to addressing it head-on. As such, the Irish Exporters Association, supports a sustainable increased in the carbon tax. However, any increase should be balanced and accompanied by a reduction in the chargeable VAT-rate for renewable technologies and Government grants that enable companies to adapt and transition without having to take on added financial risks.

Irish exporting businesses are due to be significantly impacted by the changing climate and the adverse weather events many parts of the world are already experiencing. However, our natural geographic location as an island in the Atlantic also presents Ireland with a unique opportunity to establish itself as the key renewable energy provider/exporter to the European market.

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## Maximise Ireland's EU membership

For Ireland, our membership of the European Union and close relationship with our friends and partners with its member states has greatly benefitted and strengthened Ireland's role and influence in the global trade environment. Although an island at the periphery of the European continent, our EU membership places us at the core of Europe.

After Brexit, Ireland's deep and close relationship with the United Kingdom will continue, albeit differently. While our strong trading relationship will continue, its departure from the EU's political and economic structures will require Ireland and Irish businesses to foster new and closer relationships with our partners in the European Union.

Since our accession to the European Economic Community in 1973, Ireland has been among the key beneficiaries of the Union's homogeneous Single Market, Customs Union and more than 70 Free Trade Agreements (FTAs).

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## Addressing challenges in global trade

The Irish Exporters Association welcomes the EU's conclusion and entering into force of both, the EU-Canada Comprehensive Economic and Trade Partnership (CETA), provisionally applied since 2017, and the EU-Japan Economic Partnership Agreement (EPA), which entered into force in February 2019. In addition, we welcome and support the recent conclusion of negotiations on agreements with the Eastern and Western African Communities, Vietnam and Singapore as well as the April 2018 agreement in principle on the renegotiation of the EU-Mexico Global Agreement. We equally support the European Commission's resumption of trade negotiations with the US administration under the EU-US Joint Statement of 25 July 2018 and ongoing endeavours to negotiate FTAs with Australia, New Zealand, Chile and Indonesia.

In this context, the Irish Exporters Association particularly welcomes and supports the designation of Phil Hogan as the European Commissioner for Trade. With his extended political background and former experience as European Commissioner for Agriculture and Rural Development, Mr. Hogan is perfectly placed to ensure that Europe and indeed Ireland's significant agricultural export sector is strongly protected in any future European Free Trade Agreements.

Significant export opportunities are available for Irish exporting businesses in markets around the world, and these new FTAs will offer businesses with further market diversification opportunities.

Unfortunately, there remains little knowledge or understanding among the Irish exporting community of the various Free Trade Agreements in place, or their potential benefits to ease of business and market entry.

We call on the Government, specifically the Department of Foreign Affairs and Trade and the Department of Business, Enterprise and Innovation, to develop a holistic communications strategy to inform and actively encourage Irish businesses to avail of the potential economic benefits of the EU's numerous Free Trade Agreements. As the voice of the exporting industry in Ireland, the IEA stands ready to work closely with the Government on developing a comprehensive communications and outreach programme.

Since 2018, the IEA's Markets Network Series has reached an estimated 500 export industry experts through a series of webinars, workshops and webinars on exporting to, amongst others, France, Canada, the United States, Germany or India. In this context, we would like to extend our gratitude to the Department of Foreign Affairs and Trade's overseas network for their close engagement on this series.

Yet, significant challenges to global trade continue to revolve around key topics such as online commerce, cross-border data flows, intellectual property rights (IPR) and the ongoing World Trade Organisation (WTO) discussions on minimising illegal state aid market distortions and resolving the dispute settlement mechanism.

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## Safeguard Ireland's place in the Single Market/Customs Union

Our economic success of past decades is inherently tied to our position within the EU's Single Market and Customs Union. It is difficult to fully quantify the importance of Ireland's membership of the European Union and the Eurozone for the continued success of Ireland's export industry. The EU's Single Market provides Irish exporting businesses with easy, tariff and customs-free access to the market of more than 500 million consumers right at our doorstep.

The EU's single rulebook on many standards, services and requirement on key topics such as manufacturing, transportation, health and safety and competition policy ensure that Irish businesses manufacturing goods for export to other EU and EEA countries enjoy vast benefits and cost-reductions from, among others, legal certainty and level playing-field requirements. Moreover, the ability to source goods and/or services on a just-in-time basis from highly specialized partners in other member states, greatly reduces costs and increases Irish exporters' global competitiveness.

Our Eurozone membership ensures that Irish businesses are now trading with 19 other European countries with zero risk of fluctuating currency exchange rate risks and conversion costs. In addition, our eurozone membership provides Irish businesses with enhanced access to investment opportunities.

We welcome the Government's unfettered commitment to Ireland's continued EU membership, and call on both, the Government and Irish Members of the European Parliament to continue their work to reduce barriers to trade, create the right conditions to foster business and investment opportunities and open new export markets through new FTAs and Economic Partnerships.

We note with concern the threats Brexit and the continued uncertainty regarding an EU customs and regulatory border on the island of Ireland may have for Ireland's place in the EU Single Market and Customs Union. As a small nation at Europe's western periphery, our economic success and attractiveness as a global FDI destination highly depends on our position within the certainty provided by the EU's Single Market and Customs Union. In a global trade environment increasingly defined by economic protectionism, international trade disputes and unilateral actions undermining the rules-based multilateral order, our EU membership is a protective safeguard for our exporting industry. We therefore call on the Government to unequivocally safeguard Ireland's place in the Single Market and Customs Union.

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### **Promote Market Diversification/Facilitate Market Access for Irish exporters**

Goods and services ‘Made in Ireland’ are renowned for their high quality and standards, with them greatly sought after in many markets around the world. While the United Kingdom had traditionally been Ireland’s premier export market, businesses have, over past decades, worked extensively to diversify their export markets. According to figures from the Central Statistics Office (CSO), the value of Irish goods exported to Great Britain in 2018 was €14,097 million, a reduction in trade by €237 million (-1.65%) on the previous year. Similarly, total goods imports from Great Britain for 2018 accounted for €18,500 million, an increase of €989,525 million (+5.65%) on the previous year.

Overall, according to the statistics, while Irish exports to the world have been booming, goods exports to Great Britain have remained relatively stable due to the continued uncertainty surrounding the United Kingdom’s departure from the European Union.

Considering the continued uncertainty surrounding the UK’s departure from the EU, IEA members continue to further diversify their export markets and supply chains with the United States, Germany, France and the wider Eurozone considered the most important markets for exporting businesses in Ireland.

Official CSO data strongly reflects this sentiment with Irish goods exports to the United States having increased by 17.9% and Germany by 11.7% in 2018. Strong export growth has also been recorded to other EU countries such as Greece (52%), Italy (38%), Czech Republic (37%) or Bulgaria (25%). This highlights Irish exporters strong drive to both, diversify their export markets and make the most out of Ireland’s EU membership. Moreover, IEA members and Irish exporters at large continue to look eastwards towards high-potential markets such as Japan (44%), Taiwan (19%), China (8%) and Russia (4%) experiencing continued growth.

The IEA welcomes the Department of Foreign Affairs and Trade’s “Global Ireland” strategy to further and significantly expand its economic policy team through its overseas embassy network as well as the opening of ‘Ireland Houses’ in Japan and the United States. The strategy is an important step to promote and establish Irish exporting businesses through in-market expertise and connections.

However, as a membership-led organisation, we urge the Government to take a holistic approach to enabling Irish exports overseas and take a balanced approach to funding and cooperation between state agencies and private sector organisations.

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