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## **IEA Submission: EU Trade and Investment Review**

*Irish Exporters Association submission to the European  
Commission's Directorate General for Trade*

13<sup>th</sup> November 2020

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### **Overview of the Irish Exporters Association**

The Irish Exporters Association (IEA) is the leading independent representative body and voice for exporters based in Ireland. The IEA represents exporters and supply chain operators across the country and works at regional, national, and European level, representing its members in front of legislators to create a regulatory and legislative framework that supports, drives, and fosters Irish exports.

We assist our members to grow their exports to world markets and drive the growth and development of all exporting businesses based in Ireland. We provide a set of highly relevant business services and products to assist our members with international trade.

- We **represent** the needs of members in the development of policy, lobbying, intervention at Government and EU level and in the media. Brexit and the Diversification of Export Markets, Trade Compliance, Climate Change & Sustainability and their impact on Irish exporters are core to our work.
- We offer **trade services** in the form of practical training, support, and advice right across the supply chain including our Certificate in International Trade, customs awareness, GDP, export and import compliance, consular, business travel support (visa and export documentation), route to market and general assistance with trade related queries.
- We have created **knowledge networks** among our membership to support our members in exploring new markets, route to market scenario planning, understand customs and supply chain challenges and provide thought leadership through a series of events and webinars. Networking and connectivity remain an important part of membership benefits. Our Export Industry Awards programme is our flagship event that celebrates the achievements of exporting companies and highlights the importance of the export sector to Ireland.

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

## Introduction

The Irish Exporters Association (herein the Association) welcomes the opportunity to contribute to the European Commission's major review of its trade and investment policy. Since 1951, the Association has supported our members in bringing their products and services to world markets. Ireland's membership of the European Union (EU) is invaluable to Ireland's small open economy and Irish exporters alike. In June 2020, the Irish Central Statistics Office recorded that the EU accounted for €6,025 million (43%) of total goods exports<sup>1</sup>. This figure demonstrates the importance of the EU market for Irish goods. In turn, Ireland's access to EU trade agreements brings further benefits for exporters.

The impact of the pandemic, the uncertain trading arrangements with the United Kingdom (UK) from 1<sup>st</sup> January 2021 and trade disputes are challenging businesses throughout the EU. Businesses want to plan and implement their strategies; however, uncertainty is compounding business activities. We hope that the European Commission's trade and investment review will bring some certainty, however, given global trade developments in recent years, we expect that traders will operate under riskier conditions than normal in the short to medium term.

This Association supports the growth and development of international trading businesses based in Ireland and we want to continue to assist these companies through the challenges ahead. We have prepared this submission in partnership with our members and our National Council and have based responses on the themes outlined in the Commission's consultation paper<sup>2</sup>. This public consultation is an important opportunity for this Association to further support our members in these turbulent trading times.

## Recommendations

- **EU trade policy:** This Association welcomes the active and forward-thinking trade policy that the EU has pursued to date. An active, open and diverse trade policy will greatly contribute to the COVID-19 economic recovery strategy and, in the case of Ireland, irrespective of what, if any trade agreement is forged with the UK, access to new markets under EU Free Trade Agreements (FTAs) will be of paramount importance and will ensure that jobs are maintained and created in the countries affected by the UK's departure.
  
- As the European Commission is aware, Ireland will be acutely and uniquely disadvantaged by the UK's withdrawal from the EU, more so than any other

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<sup>1</sup> Central Statistics Office (June 2020) Goods Exports and Imports:  
<https://www.cso.ie/en/releasesandpublications/er/gei/goodsexportsandimportsJune2020/>

<sup>2</sup> A renewed trade policy for a stronger Europe. Consultation note:  
[https://trade.ec.europa.eu/doclib/docs/2020/june/tradoc\\_158779.pdf](https://trade.ec.europa.eu/doclib/docs/2020/june/tradoc_158779.pdf)

Member State due to our geographical positioning, bilateral trading relationship and our historical and societal ties to our closest neighbour. Ireland's peripherality and isolation on the fringes of the EU will need to be taken account of in the Commissions trade agenda going forward.

- **Open and sustainable flows of foreign direct investment (FDI):** Any future EU trade agenda should ensure constant and economically secure flows of FDI into the EU and ensure the freedom of EU based businesses to develop direct investment opportunities in the partner countries of those agreements. The flow of FDI will remain a crucial issue to Member States recovering from the COVID-19 economic fallout. We welcome EU Regulation 2019/452 on the screening FDI for any risks to EU security or public order.
- We believe that continued flows of FDI will go a long way to reaching the aims and objectives of the United Nation's Sustainable Development Goals (SDGs), once the investment is sustainable. While achieving the UN SDG's is a common responsibility for the international community, there needs to be a leader, and the EU can and should bring that leadership. The EU's economic recovery strategy is an opportunity to deliver on sustainability and we believe FDI has an important role here.
- **EU trade post-Brexit:** We believe, and have vocalised, that the impact of Brexit on the EU is exacerbated by COVID-19, with Ireland uniquely affected by the former. We eagerly await the outcome of negotiations between the EU and the UK. The outcome will impact the EU's work on its future trade policy, as it will have to consider/foresee the actions of the UK forging trade deals with countries such as the US.
- In terms of Brexit, we would ask that the potential outcome of the EU-UK negotiations is taken account of as much as possible and the UK's trade deal aspirations considered in the Commission's communication on the EU's trade and investment agenda going forward. We have concerns about the access, or lack thereof, that Northern Irish businesses will have to existing and future EU FTAs and the implications that this will have on the all-island economy on the island of Ireland, in which products produced in the Republic of Ireland may have components produced in Northern Ireland and vice versa.
- **Impact of COVID-19 at third country ports:** In the early stages of the COVID-19 crisis, Irish exporters were experiencing great difficulties in exporting products to countries such as China. Containers were offloaded at ports far from the point of destination. This subsequently placed extortionate charges on exporters for the storing of containers at alternative ports through no fault of their own. This activity exposed the intricacies of global supply chains. We call on the Commission to set up working groups within DG Trade

to work with trading partners to resolve problems in the global supply chain as they arise, such as the miss routing of products / containers due to the outbreak of COVID-19.

- **Impact of COVID-19 on importing raw materials:** The difficulties of importing raw materials/product components from third countries for use in EU production during the height of the COVID-19 crisis should serve as a guide to future production and supply chain operations and needs to also be taken account of in this review.
- We call on the Commission to further support the development of more localised supply chains, to increase the diversity of options available to EU internationally trading companies.
- **Establishing EU wide State backed export credit scheme:** This Association has long been calling on the Irish Government to introduce a State backed export credit scheme. The introduction of State backed export credit schemes in Member States may place Ireland at a disadvantage. We hope to see some movement on our proposal to ensure that Irish exporters are not at a competitive disadvantage to exporters in other Member States that have such an agency whilst trading into both the Internal Market and with Third Country Markets
- We were encouraged by an announcement made in March of this year, by Commissioner Margrethe Vestager stating that State aid rules would be relaxed to ensure that short term export credit insurance was more widely available. We would ask that the Commission undertakes a study, as part of its impact assessment, on the impact of such export credit schemes and if Member States without such a scheme are at a disadvantage whilst trading both within the Internal Market and externally.
- **The EU Green Deal and tackling climate change:** The climate crisis has not gone away. Tackling climate change and sustainability should remain a pillar of the EU's work and should feature highly in this review. We welcome the Trade and Sustainable Development chapter incorporated into EU FTAs. We have questions about the strength of these chapters and how the EU assesses whether its partners live up to commitments in this chapter and the international agreements that they reference.
- We support the concept that increasing sustainability in supply chains can further contribute to increasing their resilience, but supply chain actors need more information on what changes they must make in the months and years ahead. We can see that this will become more important through the

agreement that EU leaders made on the EU budget and the green elements it stipulates.

- To enable the development of truly sustainable and low carbon supply chains, EU policy must incentivise transport infrastructure providers and transport passenger and freight service operators to invest and operate in an appropriate manner so as to achieve the “Green Agenda” objective.
- **The need for a well-functioning World Trade Organisation (WTO):** A well-functioning, authoritative and competent WTO is in the interest of all trading partners. With a potential no-trade deal scenario on the horizon with the UK, the WTO’s function will be crucial to trading with the UK as well as other Third Markets. We would urge the EU to facilitate the strengthening of the WTO as much as possible.
- **Agri-food and EU FTAs:** Primary food producers have concerns about the way in which agriculture is dealt with in EU FTAs and feel that the sector is a constant bargaining chip, to the detriment of certain agri-sectors such as the beef sector. We call on the EU to take these concerns on board when negotiating future trade deals.
- Another area we want addressed is the importation of sub-standard products into the EU. This issue should be addressed in the future trade agenda. This is particularly important for the agri-food sector but applies to all sectors. Products coming into the EU must match the high standard to which EU products are produced.
- **EU’s sea fisheries and aquaculture sector:** Ireland’s regions, particularly the southern and western ones, rely on the sea fisheries and aquaculture sectors. We would caution against EU trade agreements that disadvantage this. In this regard we would highlight concerns about the ‘mini deal’ forged between the EU and the US on the eliminating of tariffs on imports of US live and frozen lobster for five years, in return for halving of tariffs imposed by the US on certain EU products, including ready meals and crystal glassware. We would ask that the Commission ensures that agreements are balanced and not to the detriment of Irish export-led fisheries.
- **Cumulative impact of EU FTAs:** We would ask that the pursuit of future trade deals is assessed against a Commission report - Cumulative Impact of future free trade agreements. At the moment the Commission has published a report that assesses the *Cumulative Impact of future free trade agreements on agriculture*, could this be expanded to include all sectors and used as a benchmark for negotiators to use when assessing the pursuit of trade deals and which markets to target ?

- **Economic nationalism:** Trade disputes, trade wars and protectionism are on the rise. The EU needs to ensure that it is not left as the ‘weaker party’ when third countries unilaterally impose restrictions on EU products and services. The EU cannot remain on the back foot, but it should not be advocating such actions – effective retaliatory measures need to be developed.
- **Transatlantic relations:** Forging a strong and lasting relationship with the United States at political level is extremely important for exporters on both sides of the Atlantic. Sound trade relies heavily on the political interactions between the blocs. We would call on the Commission to redouble efforts to build an ambitious transatlantic trade agreement with the new Administration in the US

## Conclusion

We would ask that the EU institutions (Commission, Parliament and Council) maintain its strong outward looking trade agenda developed by former Trade Commissioner Malmstrom and now under the tenure of Commissioner Valdis Dombrovskis in the interest of curbing the economic fallout owing to both Brexit and COVID-19 and for the future economic prosperity of the EU.

On behalf of the IEA,

Simon McKeever  
**Chief Executive**

13<sup>th</sup> November 2020