



Priorities for the Programme for the new Government and Oireachtas

April 2020

The British Irish Chamber of Commerce presents the enclosed Proposals to the Negotiators of the new Programme for Government. At a time of unique challenge to Ireland from the COVID-19 threat, our country still faces considerable uncertainty and challenge also from other issues including the unfinished business of delivering a Brexit outcome that does least damage to our trade, to our employers and to our citizens.

The enclosed Proposals are aimed at addressing these and other challenges to business, investment and employment. The new Government will be charged with overcoming unprecedented and complex difficulties for us all. We will fully support the work of the new Government in delivering wellbeing for all, through the solutions which we set out in this constructive document.

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1. Responding to the devastating effects of the Covid-19 Pandemic on the Irish Economy:

The Covid-19 pandemic is the greatest and most sudden threat the Irish economy has faced since the foundation of the State. The ESRI estimates that the Irish economy will retract by 7.1% GDP, unemployment will rise to 18%, as 350,000 people lose their jobs. The British Irish Chamber of Commerce has been supportive of the measures introduced by the Government to limit people's exposure to the virus. Since the outbreak of the virus, the Chamber has been committed to playing its role in responding to the crisis. Some of the actions we have taken include:

- Daily briefings for our members on developments from the UK and Ireland.
- Individual calls with each Chamber member to ensure a two-way flow of communication is maintained.
- A dedicated web page for Covid-19 supports for businesses based in the UK and Ireland.
- Virtual meetings to ensure our members receive answers to their most pressing questions.
- A survey of all members to relay their concerns directly to the relevant Government stakeholders.

The recommendations contained within this section are the culmination of these meetings and interactions, supplemented with expert analysis and input from the Chamber's Executive team.

- i. **Evaluate all Taxes and Charges:** The Programme for Government needs to explicitly lay out what taxes and charges will be waived, deferred or frozen. Numerous taxes and charges from local authority rates to commercial rents are pending for thousands of businesses across the country. These businesses do not have a revenue stream to pay outstanding charges due - they need clarity from the Government on their obligations.
- ii. **Introduce Emergency Measures to Safeguard the Agri-Food sector:** Following the outbreak of Covid-19, the Irish agri-food sector has shown its resilience and continues to provide people with the highest quality of produce. However, farmers, producers and suppliers are facing various challenges in responding to this crisis. Irish food and drink exporters are coming under increased pressure and with Brexit on the Horizon further challenges lie ahead. The Programme for Government should reiterate the Irish Government's committed to introduce whatever measures are necessary to protect Ireland's most important indigenous industry.

- iii. **Survival Grants:** Thousands of Businesses in Ireland have complied with the directives of Government by closing their premises. These are viable businesses that will be viable again when this crisis abates. The Chamber is calling for the Programme for Government to commit to supporting these businesses and in doing so support thousands of workers.
- iv. **Maintain Liquidity:** The Government needs to commit to unlimited liquidity assistance for businesses that are in need.
- v. **A Coordinated response with the UK:** Given the interdependence between both economies and considering the Common Travel Area and our invisible border between North and South, the idea that Ireland and the UK are responding differently to the same challenge is unhelpful for businesses and their employees. The aftermath of this crisis will linger for years to come, it is prudent that the Government enhance its coordination with the UK Government to safeguard Irish commercial interests.
- vi. **Support the Hospitality and Tourism Sector:**
 - **Reduce the VAT the Hospitality and Tourism Sector:** The tourism and hospitality sectors are bearing the greatest brunt of the crisis with tens of thousands of jobs “temporarily” laid off since the outbreak of Covid-19 in Ireland. To ensure an immediate rebound in our tourism and hospitality industry, the Government must introduce a temporary reduction to the VAT rate applicable to these sectors to 0% for the duration of the Covid-19 crisis and then permanently at 9% once recovery has happened.
 - **Establish a Tourism Recovery Taskforce:** This Taskforce should be lead by industry under an independent Chairperson.
 - **Increase the Tourism Budgets:** Increase the current tourism budgets by €50m and double the capital budget.
- vii. **Commission on Taxation:** According to the Taoiseach, the impact of Covid-19 “will be significant and lasting. The bill will be enormous, and it may take years to pay it”, while simultaneously our tax base will have collapsed. Therefore, the Government should establish a new Commission for Taxation to look at the most appropriate way to fund public services and incentivise businesses and investment.

2. Maintain the focus on Brexit as a Priority:

The United Kingdom has formally left the European Union and is now in a transition period to allow for the new relationship between the EU and the UK to be negotiated. Even if the most comprehensive agreement possible was achieved the resulting trading relationship between the UK and the EU will no longer be seamless. The UK will be classified as a 'third country' vis a vis the EU's Union Customs Code (UCC). Therefore, normal 'third country' applications will apply with the required customs declarations and administrative procedures. As a consequence of Brexit, Revenue estimate that:

- Import/Export declarations will increase from approx. 1.6m to approx. 20m,
- Transit declarations will increase from approx. 36,000 to approx. 4m,
- Safety and security declarations will increase from approx. 100,000 to approx. 25m.

Should the EU and UK be unable to agree a free trade agreement Irish goods exports to the UK could fall by as much as 31%, while UK goods exports to Ireland could decline by up to 28%. Notwithstanding the importance of the trade in 'Goods', the trade in Services is of greater value (€46bn vs €36bn) with the UK leaving the single market the trade in services between the two countries will be significantly disrupted. In addition, should the final deal exclude provisions for the UK to participate in EU-wide frameworks such as those governing aviation, data, energy and research then there will be significant disruption to businesses and organisations across Ireland.

Irish businesses which have been decimated because of Covid-19 now face the prospect of increased administrative burdens and potential tariffs with their largest two-way trading partner. In Parallel with the national response to Covid-19, the British Irish Chamber of Commerce is asking the next Government to:

- i. **Safeguard UK – Irish Trade:** The UK remains Ireland's largest two-way trading partner, a trade valued at €82bn per annum and estimated to support 200,000 jobs directly in Ireland:
 - **Diversify Ireland's Port Strategy:** Given the strategic importance of Dublin Port and the elevated importance of Rosslare Port in a post-Brexit context, there is an opportunity to increase the connectivity of Ireland's other ports as an alternative

gateway. It is recommended that this approach be adopted to ensure no Port is overburdened. In addition, the Chamber reiterates its call for a Border Inspection Post (BIP) designation for the Port of Cork.

- **Increase Resources for Brexit-Facing State Funded Agencies:** Ireland's state agencies are rightly regarded as amongst the best in the world and will play a leading role in Ireland's response to the Covid-19 outbreak. The Chamber has seen first-hand the work of the IDA, Science Foundation Ireland, the Irish Research Council, Tourism Ireland, Bord Bia and Enterprise Ireland, as well as the LEOs in supporting their clients, not just for the immediate consequences of Covid-19 but the challenges associated with Brexit. Ireland's State Agencies will lead the line in our national response to the current crisis and for the transition to post-Brexit trade with the UK. Therefore, they need to be resourced appropriately. The Chamber recommends that the new Programme for Government commit to a significant increase of resources for State Agencies.
- ii. **Retain the Brexit Contingency Fund:** The Chamber welcomed the announcement in Budget 2020 of the "Brexit Contingency Fund." The Chamber has long advocated for the setting up of such a fund to help protect those businesses most vulnerable to a "No deal" Brexit. While the immediate focus has correctly been on the Covid-19 outbreak, the new Government should not lose sight of the impact Brexit will have on Irish trade with the UK. Therefore, the Chamber recommends that the new Government retain the Brexit Contingency Fund to protect Irish businesses from the worst effects of Brexit. The Chamber outlined specific areas that will need resources in our [Pre-Budget submission](#).
- iii. **Preserve and expand Brexit Supports:** Brexit supports that were put in place to support businesses preparing for Brexit should be preserved until clarity on the future relationship is reached. After which, supports should be targeted at sectors most disrupted by new arrangements.

3. Invest in Ireland's Future Needs:

Long term planning and the delivery of infrastructure is a prerequisite for sustainable economic growth in Ireland. As we begin this new decade, the country faces multifaceted changes in the short to long-term between recovering from the Covid-19 pandemic to climate change and a new economic relationship with our closest neighbour and most important trading partner. To grasp the opportunities from these changes, the Chamber would like the next Government to prioritise:

i. The Delivery of Infrastructure:

- **Retain 'Ireland 2040':** The view of the members of the British Irish Chamber of Commerce is that the current strategy lays out a clear national plan for infrastructure with €116 billion allocated in funding over a 10-year period. During the last recession, general government capital expenditure was significantly reduced from 5.2% of GDP in 2008 to 1.8% of GDP in 2013. The new Government must learn the lessons of the past and commit to ringfence planned infrastructure funding over the course of its term.
- **Establish an Infrastructure and Projects Authority (IPA) akin to the UK version.** An IPA should be established to work with government and industry to ensure infrastructure and major projects are delivered efficiently and effectively. For the purposes of 'Ireland 2040', the Authority should be tasked with prioritising projects across government, driving implementation and resolving blockages.
- **Planning legislation:** There are three pieces of planning legislation that would significantly improve the delivery of infrastructure in Ireland that did not pass the Oireachtas before the dissolution of the last Dáil. The Chamber would like to see these three Bills included as a matter of priority in the Programme for Government:
 - **The Housing, Planning and Development Bill 2019:** When enacted this law will ensure that if a person wishes to challenge a decision of a planning authority, they will be required to firstly appeal the decision to an Bord Pleanála. In addition, this legislation will ensure that Judicial Reviews can not be brought for minor unintentional clerical errors such as typos.

- **The Water Environment (Abstractions) Bill 2018:** Since 2018, the Chamber’s stated position has been that “prioritisation should be given to the Abstraction Legislation which is necessary to progress the Water Supply Project.” The Abstractions Bill will allow for the licensing of large-scale water abstractions in the State including the Shannon pipeline supplying water to Dublin which is of critical importance to the capital’s water needs as its population is projected to grow by 600,000 by 2040.
 - **The Marine Planning and Development Management Bill:** When enacted this legislation will modernise Ireland’s Maritime Planning laws which had primarily been based off the 1933 Foreshore Act. It will significantly improve the planning regime for Offshore Wind Energy Projects. The Chamber is calling for the new Programme for Government to include the swift enactment of the Marine Planning and Development Management Bill.
- ii. **Prioritise Higher Education and Research:** Over the past three years, working with our members from industry and the higher education and the research sector, the Chamber has advocated for higher education and research to be prioritised by the Government. We are asking that the new Programme for Government include:
- **A Commitment to plug the Funding Gap in the Higher Education Sector:** The IUA’s “Cassells Scorecard”, which looks at actual exchequer funding for higher education against the recommended amount outlined in the Cassells Report found a shortfall in funding of €138m in 2019. Despite incremental increases in recent Budgets immediate action is now needed. The new Programme for Government should include a commitment for an additional €100m per annum increase in the higher education budget.
 - **Increase Ireland’s investment in Research and Development:** Countries which tend to have a successful research – industry collaborative ecosystem usually have high levels of general expenditure on Research and Development (R&D). Ireland lags behind with just 1.2% of GDP (1.4% GNP) spend on R&D compared to the EU average of 2.0% of GDP. The centrepiece ambition of ‘Innovation 2020’, Ireland’s national research strategy was to increase total investment in R&D in Ireland to 2.5% of GNP by 2020. This target has failed to be reached and should be prioritised in the successor to ‘Innovation 2020’.

- **The Creation of a UK - Ireland Bilateral Research Fund:** The fund should be wide-ranging across all career stages. The fund could be structured and administered in a similar manner to the US-Ireland Research and Development Partnership or alternatively a quasi-independent board of directors could be established made up equally of UK and Irish members. This fund would build on recent initiatives such as the ESRC-IRC Networking Grant.
- **The Establishment of a North-South Academic Corridor:** Since 2017, The Chamber has been calling for the establishment of a North - South Academic Corridor. We were heartened by the desire articulated in the Stormont Agreement 'New Decade, New Approach Deal' for enhanced North/South cooperation in research and innovation and the consideration of establishing an all-island research hub. Such an initiative would (i) Enhance mobility, and thereby connectivity and integration, (ii) Increase the reach and reputation of Irish research - Enabling Irish researchers to network with other scholars on the island would expose them, in turn, to the international networks that their colleagues are part of, thus opening up the possibility of still farther-reaching contacts and collaborations. A practical first step in this approach would be the establishment of a 'North-South Research Fund' financed by the Northern Executive, as well as the UK and Irish governments.
- **Maintain Support for the Grand Canal Innovation District:** In January, the Government supported the recommendation of the Grand Canal Innovation District Advisory Group to the develop a Grand Canal Innovation District (GCID) in Dublin. The report recommends that the Government invest €150m in the district over the next decade. This support should be maintained.

iii. **Energy Priorities and Ireland's Transition to a Low-Carbon Economy**

- **Mutual Interdependencies of Energy Systems:** Continue to recognise the mutual interdependencies between the energy systems in Ireland, Northern Ireland, Great Britain and the European Union: Ensure that energy or fiscal policies do not create unnecessary divergences that negatively impact efficiency.

- **Maintain and Develop the Future of Electricity and Gas Interconnectors:** The Irish and UK gas and electricity markets relies on high levels of interconnection. In terms of improving security of electricity supply and facilitating increased capacity for renewable energy, the Chamber supports the continued integration of energy markets with both the UK and Continental Europe. The Programme for Government should commit to support the development of the North – South, Celtic and Greenlink Interconnectors.

- **Maintain the Focus on the Climate Action Plan:** The Chamber welcomed the publication of the Government’s Climate Action Plan and noted its similarities with the policy infrastructure in the UK. The Chamber is asking the next Government to maintain its focus on this plan which was developed in consultation with stakeholders. The Chamber supports the ambition outlined in the Climate Action Plan and recognises the importance of policy across both Islands remaining reasonably aligned into the future. In addition, the Chamber would like to see:
 - Further government consideration of how the plan will be financed, including any stimulus funding to deliver targets such as 600,000 home retrofits.
 - Increased support in research initiatives such as Carbon Capture and Storage (CCS) and Hydrogen, which can play a key role in decarbonising national emissions.
 - Resources for the development of bioenergy projects that capitalise on the waste by-products of the Agri-Food and wider agricultural sector. Such projects would align with the principles of the 'circular economy' concept as well as contribute to the enhancement of the sector's emissions performance.

- **Implement the Renewable Electricity Support Scheme (RESS):** There are numerous renewable electricity projects in Ireland ready to be constructed. The implementation of RESS will act as an immediate stimulus for the economy for ‘shovel ready’ projects. The Chamber is calling on the new Government to ensure it is implemented in full.

4. Implement the ‘Ireland for Finance’ Strategy:

In April 2019, the Government launched the ‘Ireland for Finance’ strategy for the further development of the international financial services (IFS) sector in Ireland to 2025. The Chamber is broadly supportive of this strategy and we recommend that the new Programme for Government commit to implementing it.

5. Increase Resources to the Office of the Data Protection Commissioner:

The Chamber notes the increase in the budget for the Data Protection Commission in recent budgets, which was very welcome and was well-received both nationally and internationally. However, given the possibility that the UK will not receive an ‘adequacy decision’ from the European Commission there may be a significant disruption to data flows between the UK and Ireland. Accordingly, the Chamber is asking that the new Programme for Government to commit to a significant investment in the Office of the Data Protection Commissioner and to ensure an appropriate awareness campaign is initiated to support businesses that may be unaware of this potential disruption.

6. Support the Culture, Arts and Sports Sectors for the National¹

Wellbeing:

The entire landscape of our country and our world, as well as our everyday way of life has changed in this on-going health crisis. While the physical health of the country is of primary importance, it is imperative that we also consider the consequences on our national wellbeing and mental health. The new Programme for Government should remain future-focused and look to support our innovative, creative, health-focused and collegiate sectors recovery and grow. The arts, sports and tourism sectors are intrinsically linked under the umbrella of our culture and they connect us globally, and specifically to our nearest neighbours in the UK in a unique way, for this reason their recovery requires a distinct but inter-related policy development approach.

Ireland is a small but global nation which defines itself through its culture, in the broadest sense of the word. Our heritage, our arts and artists, our motivation to participate, to compete, to volunteer, to share and our innate sense of community, on this island and in a global context define us as a people, as a place to live, a place to visit, to study and to invest. These sectors should be recognised as vital to the fabric of our society, the on-going health, wellbeing and morale of our citizens, and as

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Special thanks to The National Campaign for the Arts(NCFA), Irish Tourism Industry Confederation(ITIC) and various sport bodies for their support in the preparation of this segment.

critical components in the rebuilding and re-defining our country, society and economy. To this end, we would ask that the following recommendations be included in the Programme for Government:

- **The Arts:** The Arts accounts for over 22,000 jobs. Exchequer expenditure in the Arts is lower than any other country in the EU at 0.11% of GDP compared to the European average of 0.6%:
 - Increase investment in Arts and Culture annually for the lifetime of the new Government. The respective budgets of the Arts Council and Culture Ireland should also be increased.

- **Sport:** The sport and physical activity sector supports 40,000 all of Ireland jobs. All organised sporting events in the country have ceased in Ireland due to Covid-19. This has put the viability of hundreds of sporting clubs and organisations at risk:
 - Implement the commitments within 'National Sports Policy'.
 - Establish a 'Community Emergency Fund' for clubs and community organisations, aimed at delivering immediate funding to those most in need. This Fund could also be used for new and innovative ways to keep people active and, when the period of restrictions is over, to help organisations get back to business and adjust to a different environment
 - Immediate funding support should include (i) Immediate release of funding for National Governing Bodies, (ii) Roll-over of current funding into 2021/22 to give long term certainty to stakeholders, (iii) Offer flexibility to those who currently receive funding – including the ability to change timings, key performance indicators, targets and conditions, and redirect money to new activity in response to coronavirus

Each sector requires access to any stimulus package available through the EU.