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Re: Consultation White Paper on Enterprise Policy

To whom it may concern,

Cork Chamber represents 1,200 members together employing 100,000 people throughout the city, metropolitan area and county. Our vision is to be a world-leading Chamber of Commerce, delivering on a progressive economic, social and sustainability agenda at the heart of a vibrant business community.

As such, we are determined to ensure that our over 200-year-old Chamber continues to create a positive legacy. Our direction is guided by our formal pledge to uphold the United Nations Sustainable Development Goals, five of which have been identified by the Chambers Ireland network.



The Department of Enterprise, Trade and Employment's decision to initiate a wide-ranging review of National Enterprise Policy is timely. The range and pace of challenges for enterprise have changed since Enterprise 2025 was published in 2015 and revised in 2018. Enterprise policy should be fit for the ambitions of today and the realities of tomorrow. We welcome forward thinking to anticipate the enterprise of the future, and to secure conditions favourable for industrial competitiveness whereby entrepreneurs and businesses can take on initiatives with confidence and exploit their ideas and opportunities.

A recent World Economic Forum White Paper¹ focused on mobilising the SME sector to drive widespread sustainability and prosperity outlines that the opportunity for impact is great - different levers for SMEs can drive sustainable growth, societal impact and adaptive capacity.

A new enterprise policy fit for the future is a huge opportunity to deliver on Climate Action and to build resilience in enterprise, sustain export-led growth strategy underpinned by innovation and

¹ https://www3.weforum.org/docs/WEF_Future_Readiness_of_SMEs_2021.pdf

talent, while also protecting Decent Work and Economic Growth and supporting Industry, Innovation and Infrastructure.

Take Advantage of Zero Carbon Transition

Enterprise policy needs to be reshaped to take advantage and prepare for zero carbon transition. It is currently not integrated into policy effectively and as a result the opportunity to create a new generation of enterprises that exploit and leverage the transition is being missed.

Ireland became the second country in the world to formally declare a climate emergency in 2019 and if action does not follow that declaration, the damage will not only be environmental but reputational.

Incentivise the SME Sector

SMEs (<250 persons engaged) accounted for 99.7% of the total number of enterprises in 2019 and 66.4% of all persons employed². Ireland currently ranks 19th among the 132 economies featured in the Global Innovation Index 2021³. However, a national productivity gap exists between MNCs and SMEs. The real strength of the domestic economy is in SMEs – the area where Irish business productivity is weakest, and declining. An enterprise policy which facilitates closer economic interactions between SMEs and MNCs (via trade linkages, research collaborations and labour mobility) could help raise the productivity levels of SMEs and should be at the core of sectoral and enterprise strategy.

Enterprise policy should aim to counterbalance dependence on multinational investment, overdependence on FDI and include helping domestic exporters, developing new Irish-based technology companies, and increasing domestic entrepreneurialism, for example via the entrepreneurial and commercialisation training.

Fund start-ups to scale

Small Irish companies can start-up and scale-up successfully to become multinationals. Enterprise policy should develop an outward-looking medium business sector that trades internationally. Although many businesses do not seek to be High-Performance-Start-ups or large employers, there is a significant gap in funding to facilitate scaling. From seed funding upwards, Ireland lags behind international competitors in the availability of finance for entrepreneurs. The existing funding environment will continue to be inadequate to keep our most promising start-ups in Ireland, as demonstrated by the many successful start-ups relocating to the US to both scale their operations but also receive investment. The Irish venture capital environment needs to be improved so that start-ups get more significant funding at an earlier stage to improve their chances of global scaling and job creation in Ireland rather than abroad.

Cost of doing business

Bearing this in mind, domestic enterprise growth policy should attend to the greater body of firms which are not typically heavily supported by the state.

Without doubt current rates of inflation are impacting on the domestic economy and considerable extra cost burdens are anticipated by SMEs. Enterprise policy should specifically support (particularly

² <https://www.cso.ie/en/releasesandpublications/ep/p-bii/businessinireland2019/overview/>

³ https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021/ie.pdf

smaller) businesses and assist sectors which are at the frontline of such increases in insurance and legal costs such as the retail and hospitality sectors.

The regulatory environment for SMEs should be simplified – efforts should be made to consolidate employment law, rather than create new bills for relatively micro issues. A ‘one in, one out’ approach, to regulation, strengthens the attention of policymakers to the implications and costs of applying legislation, especially for SMEs. Support measures dedicated to SMEs such as an increased resilience, combating late payments, certainty in tax policy and supporting solvency are all crucial.

Sustainable Infrastructure for Enterprises

The considerable existing infrastructure deficit across many areas (including housing, transport, energy, and water) has significantly depressed and constrained our domestic economy.

Specifically, access to water resources, and waste-water treatment capacity, are increasingly becoming problematic for businesses that are looking to expand in, or into, Ireland. Supply constraints are limited where businesses may operate from and their ability to increase their range of activities on exiting sites. Meanwhile the lack of effective water treatment capacity is often a key reason for the rejection of planning permission.

Energy Use

Large energy users such as the high-value manufacturing sector will be the first to be curtailed if outages occur, disproportionately affecting them by supply and transmission constraints. This will harm our reputation as a reliable location for foreign capital. While the individual number of jobs that are directly foregone in those instances are relatively low, there are a huge number of associated roles within the wider MNC sector that are dependent on having access to large data sources. The inability to guarantee security of supply to those data-centres is likely to result in fewer of the ancillary roles being located in Ireland.

Current difficulties with data centres demonstrate that a lack of planning can have profound impacts on enterprise and FDI if complete and deliverable action plans are not put in place to support environmentally sustainable infrastructure, energy and operating environments. Enterprise policy must be cognisant of and plan for macro supporting infrastructure that is essential to both attracting foreign investment and growing future-fit indigenous enterprises that can compete on the international stage.

New and emerging sectors

A new Enterprise policy should consider the specific needs and characteristics of individual sectors. Businesses are well placed to determine how to become competitive and leaders in their sector and at overcoming their challenges. Where necessary, enterprise policy should support new forms of cooperation between private and public sectors to accelerate the delivery of innovative solutions that would not be achieved otherwise.

Sectors which have typically enjoyed success include pharma, construction, medical devices, food production, digital and financial and professional services. There is scope to mark Ireland out as different by diversifying and reaping benefits from the Circular Economy and Bio Economy and to realise new opportunities for growth in new and emerging sectors including Retrofitting, Creativity and Culture (Animation, Film) or alternatives in areas of strategic dependencies: on raw materials,

batteries, active pharmaceutical ingredients, hydrogen, semiconductors and cloud and cutting-edge technologies.

Specifically, renewable energy, of which offshore plays a crucial role, is the economic opportunity of our generation. Innovative technologies such as floating offshore, hydrogen and battery storage will very rapidly become essential to our energy future. Ireland must be powered by renewable energy and become a net exporter. The ongoing development of MARA and ORESS and all the supportive ongoing regulatory, resourcing and legislative work underway should support the immense potential offered by this sector.

EU Single Market - Disrupted and fragmented trading environment

The pandemic highlighted the essential need to uphold a well-functioning single market and the free movement of persons, goods, services, and capital. Irish enterprise gains resilience from world markets being open and integrated in global value chains, which help to absorb shocks and drive growth. Ireland needs to align with EU industrial policy and like-minded European member states to take a position at the heart of Europe and its single market.

The Irish enterprise ecosystem needs to be ready for the challenges of a more disrupted and fragmented trading environment and global economic environment, post-Covid and with the war in Ukraine. Any new policy framework must be flexible and adaptable enough to cope with rapid changes in our trading environment as a small export orientated economy. This should involve the consideration of a wide range of future scenarios against which the policy should be stress-tested.

Post Covid Supply Chain Reshoring

Post Covid supply chain reshoring creates an opportunity for Ireland to reinstate and capture parts of the supply chain that were lost to third countries during a long phase of international outsourcing. It is not clear that current policy is specifically targeting this enterprise opportunity.

Regional Enterprise Development and Clusters

A concerted shift in focus, effort and investment to grow enterprises in regions outside Dublin is critical to both balanced regional development and building a healthy nationwide enterprise ecosystem. This must focus on developing regional ecosystems that are a real counterweight to Dublin in terms of talent attraction, investment and entrepreneurial opportunities.

Remote working hubs and regional industry clusters have a role in economic development, new job and ecosystem creation. It is critical to boost the attractiveness of regions through investments in place-making - developing places that are attractive for business investment and for people to live and work.

Skills and Talent

Our diversity and the talent of our people as innovators and creators contributes to Enterprise success. The skills and talent pipeline via third level education, apprenticeships and inward migration are a national issue, for firms in the domestic economy and in MNCs. Our chief constraint here is the availability of affordable and secure accommodation.

Enterprise digitisation should offer SMEs the opportunity to utilise talent to best advantage and to transform operations, business models, and processes into digital formats through the adoption of disruptive technologies like big data, artificial intelligence, blockchain, and data analytics.

Investor Confidence

In summary, investor confidence is critical to the success of the Irish enterprise and capital investment. Sound Enterprise Policy should be well integrated into several other policies such as trade, research and innovation, employment, environmental protection and public health and be key in supporting and accelerating the twin transition, digital and green. Ireland's regulation, planning, policies, timeframes, investment and supports should offer best in class business certainty and clarity. Enterprise policy and regulatory conditions should support domestic and foreign direct investment that helps us meet our climate change targets. Without certainty, future enterprise and investment will not be sustained, and may in fact go elsewhere.

Thank you for the opportunity to contribute to this consultation.

Yours sincerely,



Conor Healy
CEO
Cork Chamber