

Engineering a better future

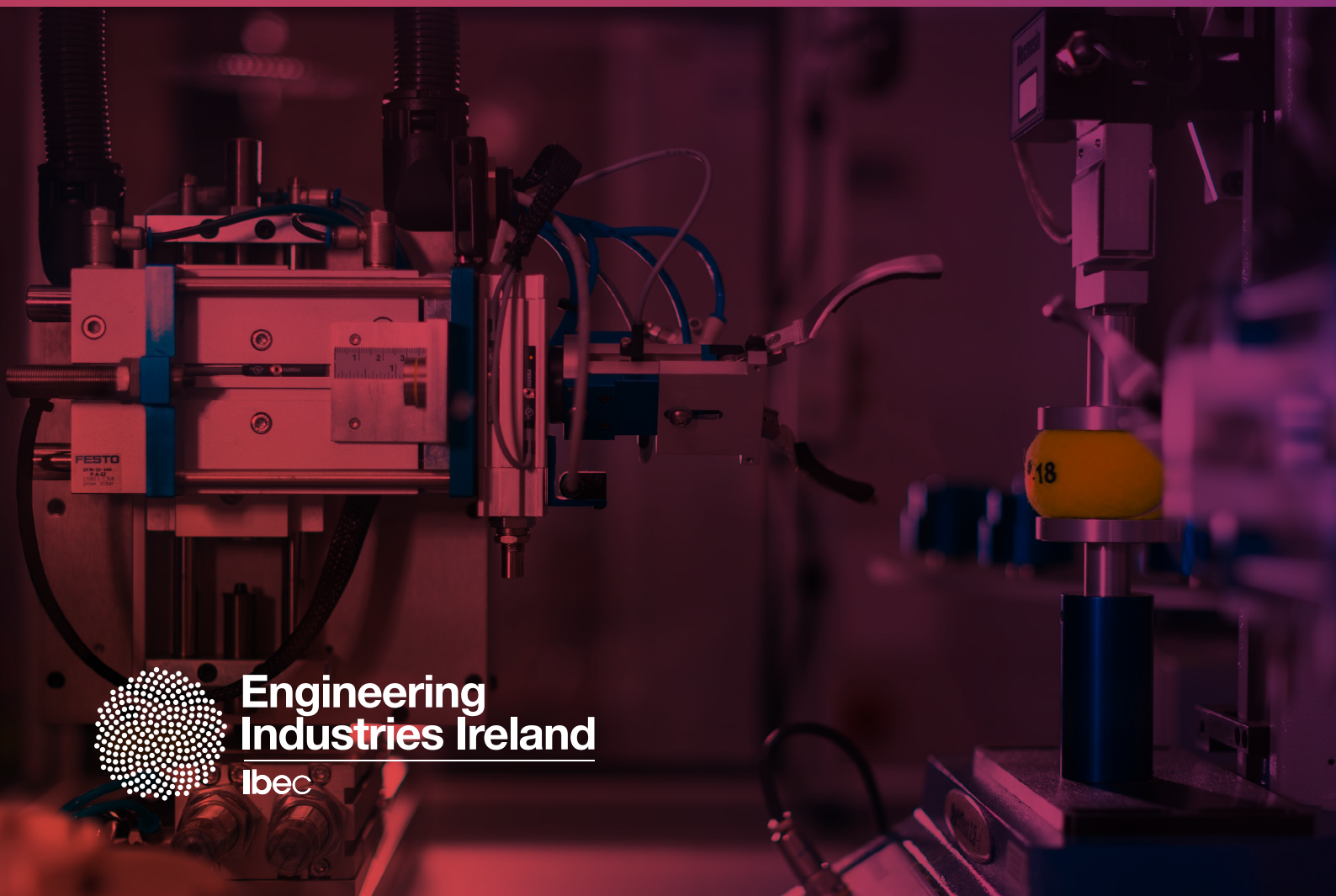
Striking the Competitiveness- Net Zero Balance

Engineering Industries
Ireland Priorities



Engineering
Industries Ireland

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About Engineering Industries Ireland

As Ireland's engineering business representative group and one of Ibec's newest Trade Association launched in November 2021, Engineering Industries Ireland represents over 150 industrial engineering manufacturing and services companies in Ireland.

The engineering sectors we represent have exports at €8.8 billion or 3.6% of national exports, 10,800 enterprises employing 50,751 people and 65% indigenous companies. Our members are involved in industrial automation, precision engineering, agriculture machinery, material handling, packaging, energy and environment, process engineering, automotive, metal fabrication & processing, renewables and engineering services.

We represent engineering businesses, both homegrown and multinationals, big and small, to advocate for a supportive business environment, as well as provide expert employer relations, industry insight and incomparable networking opportunities for our members

Forward

Engineering Industries Ireland and its members recognise their responsibility and pivotal role in advancing innovation in carbon-neutral energy, electrification, and clean manufacturing technologies essential for achieving net-zero emissions. Despite facing significant challenges, Irish engineering businesses have demonstrated resilience

However, business confidence remains fragile due to concerns about inflation, energy security, skills shortages, and regulatory burdens at both national and European levels.

The impact of new labor, digital, and green legislation has yet to be fully realized by businesses. The erosion of competitiveness in European industry has direct implications for the Irish engineering sector. It is imperative for the Irish Government to adhere to EU commitments for evidence-based policymaking and impact assessment.

Without prioritizing competitiveness, Ireland's engineering manufacturing and services sectors risk falling behind in the global market. This jeopardizes not only Ireland's net-zero ambitions but also the standard of living for its citizens.

Therefore, the government must prioritise policies for enhancing competitiveness, decrease regulatory burden and adopt measures aimed at driving exports, fostering innovation, and supporting small and medium enterprises (SMEs).

We highlight six fundamental priorities.

- 1. Making competitiveness the top priority**
Reduce regulatory burden
- 2. Transitioning to a more sustainable energy future**
Invest in renewable energy
- 3. Developing, attracting and retaining talent**
Address skills shortages
- 4. Expanding our product's reach globally**
Remove trade barriers
- 5. Enhancing Environmental, Social, and Governance (ESG) practices**
Support sustainable businesses
- 6. Fostering diversity and inclusivity within our businesses**
Encourage inclusive work environments

Ed Byrne,
Galco Steel,
Group Managing Director & Chairman

Pauline O'Flanagan
Director,
Engineering Industries Ireland, Ibec

1

Making competitiveness the top priority Reduce regulatory burden

Businesses need to be agile in the face of rising global uncertainty and be able to move at speed to respond and be competitive. Such agility, coupled with a flexible and highly productive workforce, will be critical for Ireland's success going forward. The increased cost of doing business in Ireland needs to be addressed.

The following recommendations are proposed:

- Benchmark the operating costs of Irish engineering businesses versus their nearest trading partner.
- Improve the overall business and investment climate by addressing the cumulative regulatory burden, while implementing a comprehensive competitiveness check on all future legislation.
- Commit to a new 'Competitiveness Charter' setting an annual ceiling on the total amount of additional labour market costs which will be imposed on business in any single year.
- Continue to improve the R&D tax credit which would benefit from greater certainty around decision-making consistency, decreased administrative burden to encourage innovation and technological advancement
- Introducing tax reliefs and incentives for entrepreneurs and startups to encourage business creation and growth.
- Streamlining planning processes, reducing bureaucracy, and ensuring efficient infrastructure development to support business growth and economic prosperity and create a more conducive environment for businesses to thrive and remain competitive in the global market.
- Provide financial funding supports for small and medium sized business to offset the increased regulation.

2

Transitioning to a more sustainable energy future Invest in renewable energy

Government needs to prioritise new projects for abundant and affordable low carbon renewable energy. We need a real national energy strategy with cross-border electrical power and hydrogen grid expansion, and partnerships with private investors.

The following recommendations are proposed:

- Ensure that the EU energy market reform proposals currently being developed by the European Commission take sufficient account of the cross-border nature of the all-island Single Energy Market.
- Formulate a comprehensive national energy strategy that outlines clear objectives, timelines, and measures to transition to a more sustainable energy future. This strategy should address both short-term and long-term energy needs and consider the integration of renewable energy sources into the grid.
- Invest in the development of storage facilities for liquid natural gas (LNG) to ensure reliable supply and storage capacity.
- Prioritize investment in infrastructure for renewable energy generation, including on and off-shore wind farms, solar panels, and hydroelectric facilities with specialised regulatory framework specifically designed for offshore wind development.
- Change the classification of HVO from a substitute fuel to a renewable fuel and extend the diesel rebate scheme to HVO to support increased local biofuel production and end-user adoption.
- Encourage partnerships between the government, private sector, and research institutions to drive innovation and investment in renewable energy technologies for example invest in the development of hydrogen infrastructure, including production, storage, and distribution facilities to decarbonizing sectors such as transportation, industry, and heating.

3

Developing, attracting and retaining talent Address skills shortages

Addressing skills shortages in engineering is crucial for ensuring a pipeline of qualified talent to meet the demands of growing industries and drive innovation and economic growth. In a recent Engineering Industries Ireland survey, 71% of business reported that attraction and retention of talent was a major challenge over the next six months.

The following recommendations are proposed:

- Establish a consistent funding approach for a unified apprenticeship system, ensuring equitable training cost coverage across different apprenticeship models.
- Expand total available places on apprenticeships to meet projected skills needs and increase the number of visas granted for key skills within the engineering sector to address the significant under supply of engineering trades people.
- Leverage the National Training Fund to enhance enterprise-driven skill-building and educational collaborations.
- Address the financial shortfall in higher education to maintain a sustainable, cutting-edge university system in Ireland.
- Deliver a tax system which supports employers doing the right thing – including expanding BIK relief for health and wellbeing and allowing employers reward milestones in employee lives without overburdensome reporting. Allow employers reward exceptional performance in a flexible manner through expansion of support for share-options, residual stock units, the small benefits exemption and similar schemes.
- Implement a Lifelong Learning Strategy for Ireland to deliver the key skills for the 21st century, including skills for a digital society, climate action, Industry 5.0, leadership capability and skills to support SMEs.

4

Expanding our product's reach globally Remove trade barriers

In today's dynamic landscape, exploring new markets is crucial for the continued growth and success of your business. However, business need help to navigate the complexities of global expansion and establish a strong presence in new markets.

The following recommendations are proposed:

- Put in place a State backed export credit insurance scheme and an Export Credit Agency to ensure Irish engineering businesses can compete on a level playing field on the international markets.
- Deepen the single market by creating a predictable regulatory environment that drives innovation, removes barriers, enforces existing rules and does more in the areas of services and capital.
- Work with major trading partners to achieve WTO reform, new, diversified and secure bilateral free trade agreements and strategic partnerships that support trade, including digital and data flows.
- Support the diversification of import and export markets to ensure prosperity and security along global value and supply chains.
- Strengthen supply chain resilience and diversify trade as central elements of a national and EU-level Economic Security Strategy and open strategic autonomy.
- Support a dynamic trade and investment relationship with the UK as integral to our economic model.

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Enhancing Environmental, Social, and Governance (ESG) practices Support sustainable business

The public, consumers, shareholders and governments have increasing expectations of businesses to operate in a responsible manner. Customers and investors are also placing greater emphasis on companies' environmental, social, and governance (ESG) performance, seeking assurances that their investments align with ethical and sustainable principles.

The following recommendations are proposed:

- Establish clear and comprehensive regulations and sector specific standards and guidance for ESG practices across industries. This can include requirements for environmental impact assessments, social responsibility reporting, and governance transparency.
- Offer financial incentives, tax breaks, or grants to businesses that adopt sustainable practices and demonstrate strong ESG performance to encourage companies to invest in renewable energy, reduce their carbon footprint, promote diversity and inclusion, and improve corporate governance.
- Put in place a super accelerated capital allowance to incentivize businesses to invest in smart and energy-efficient equipment. The government should modernise the Triple E register for energy-efficient equipment supports.
- Facilitate stakeholder engagement and collaboration to address ESG challenges collectively. This can involve working with businesses, NGOs, academia, and other stakeholders to develop sustainable solutions, share best practices, and drive positive change.
- Allocate funding for sustainable infrastructure projects and research initiatives that support ESG objectives. This can include investments in green transportation, waste management, and other areas that contribute to environmental protection and social well-being.
- Lead by example by integrating ESG principles into its own operations and policies. This can include adopting sustainable procurement practices, reducing carbon emissions, promoting diversity in the workforce, and ensuring good governance practices in public institutions.

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Fostering diversity and inclusivity within businesses Support inclusive work environments

It is well documented that gender equality, diversity and inclusion are at the heart of progressive businesses. While significant progress has been made in some sectors, the pace of change is very slow in the engineering sector. To that end we urge Government to play a proactive role in fostering diversity and inclusivity within Engineering businesses and support the creation of a more equitable and representative workforce in the engineering sector.

The following recommendations are proposed:

- Foster collaboration between government agencies, educational institutions, industry associations, and private-sector companies to develop and implement diversity initiatives. Pool resources, expertise, and networks to support collective efforts to increase diversity in the engineering sector.
- Develop a national comprehensive framework leading to an “Ireland’s Women in Engineering Charter.” Define key focus areas, metrics for success, and mechanisms for monitoring progress and accountability.
- Support initiatives that promote female representation in leadership roles within engineering organizations.
- Implement policies and initiatives to address gender disparities in the engineering field. Encourage girls and young women to pursue STEM subjects through broader subject choice in all schools, outreach programs, career guidance, and awareness campaigns.
- Ensure regular review and adequate resourcing of the Work Permits and Visas Schemes to attract a diverse workforce within the Engineering sector in Ireland.

Engineering Industries Ireland Strategy 2022 to 2025

Engineering Industries Ireland’s vision is for Ireland to be a global engineering centre of excellence, where multinationals and home-grown companies collaborate strategically to help companies become more sustainable, innovate, prosper and drive economic growth. To realise the vision, in February 2022, the Association launched its strategy Engineering a better future 2022 – 2025 which sets out the key objectives below under four pillars Innovation, Sustainability, People and Regulation.

The Strategy highlights key goals to support the development of an innovation ecosystems for engineering industries and encourage companies to play a leading role in the development of new technologies and sustainable products and services. It also commits to support engineering companies to play a leading role in climate change to achieve Ireland’s 2030 emissions targets of 51% (from 2018 levels) and in the development of new sustainable products and processes. The strategy also sets out key objectives to develop and attract a diverse talent to the sector and to foster engagement and promote lifelong learning.



Pillar 1 Innovation

Support the development of an innovation ecosystems for engineering industries and encourage member companies to play a leading role in the development of new technologies, and sustainable products, processes, and services.

Key deliverables:

1. Develop the engineering sector as a global centre for engineering excellence and innovation.
2. Accelerate the pace of digital transformation and realise new business opportunities as we transition to a low carbon economy through funding supports.
3. Increase the number of engineering businesses engaging in innovative activities.



Pillar 2 Sustainability

Support engineering industries to play a leading role in climate change to achieve Ireland’s 2030 emissions targets of 51% (from 2018 levels) and in the development of new sustainable products and processes.

Key deliverables:

1. Encourage the engineering sector to lead in the circular economy and climate neutral manufacturing.
2. Support the engineering sector in targeting sustainable grants for investment and innovation activities using the EU’s taxonomy for sustainable activities.
3. Support sustainable and resilient supply chains.



Pillar 3 People

To develop and attract talent to the sector and to foster engagement and promote lifelong learning

Key deliverables:

1. Develop and attract engineering talent for the future.
2. Create deeper linkages between the engineering sector and further and higher education and technology centres.
3. Foster engagement and life learning to ensure a sustainable workforce.



Pillar 4 Regulation

To encourage and embrace a progressive and value-driven regulatory ecosystem that sustains the evolution of the engineering industries in Ireland.

Key deliverables:

1. Develop a reputation as the go to place for insight and expert opinion on sector specific regulation.
2. Improve the performance of Irish business and protect consumers through the development and roll out of compatible industry-led standards in the quality and safety of goods and services.

Board of Engineering Industries Ireland



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About Ibec

Ibec is Ireland's largest lobby and business representative group. Our purpose is to help build a better, sustainable future by influencing, supporting and delivering for business success.

With over 280 employees, Ibec engages with key stakeholders in Ireland and internationally through our six regional offices and our Brussels office, along with an extensive international network in the UK and US.

Ibec positions are shaped by our diverse membership, which range from small to large, domestic to multinational and our 39 trade associations cover a wide range of industry sectors.

As well as lobbying, Ibec provides a wide range of professional services and management training to members on all aspects of human resource management, occupational health and safety, employee relations and employment law.

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