

Stronger Europe Stronger Ireland

Competitive, Innovative,
Sustainable & Open

An Ibec Campaign



About us

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 250 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 40 trade associations cover a wide range of industry sectors. Ibec members employ over 70% of the private sector workforce in Ireland.

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.

Irish business priorities for the future of Europe

Introduction	2
Summary	4
1. An EU that is focused on its strengths and competitiveness	6
2. An EU that leads an inclusive and innovative digital decade	12
3. An EU that puts sustainability at the heart of our prosperity	18
4. An EU that is open for trade and investment	24



Introduction

Danny McCoy, Ibec CEO
February 2022



As we mark 50 years since Ireland joined the European Union, the support of Irish citizens at 83 percent remains among the highest across the continent and is consistent with the 1972 vote in support of membership.

The positive impact of EU membership is clear, helping Ireland on its journey from an inward-looking, protectionist economy to a highly competitive, innovative, globalised hub. The European single market and an outward-looking approach have provided greater opportunities to trade, attract investment, and foster a skilled and flexible workforce. A strong EU has helped shape a strong Ireland with economic and societal benefits flowing both ways.

Today's Ireland is at the heart of Europe's business ecosystem and international trading relationships, in food and drink, digital and technology, pharmaceuticals and medical devices and financial and retail services.

As one of the eight longest-serving EU member states and a net contributor, Ireland must be a leading voice for an open, outward-looking, and pro-enterprise EU. This is even more important following the departure of the UK.

Now is the time for Ireland to take its place as a leading influencer to ensure the EU retains the economic approach and philosophy which has underpinned its success.

By working with like-minded member states, Ireland can play a central role in ensuring the EU delivers on the challenges of our time and concentrates on its 'raison d'être'. An EU that is focused on its strengths and competitiveness. An EU that leads an inclusive and innovative digital decade. An EU that puts sustainability at the heart of our prosperity. An EU that is open for trade and investment.

As the EU reflects on its future, this paper sets out the views of Irish business on how the EU can deliver ambitious policies to the benefit of business, workers, and citizens.

As one of the eight longest-serving EU member states and a net contributor, Ireland must be a leading voice for an open, outward-looking, and pro-enterprise EU.



Summary:

Stronger Europe, Stronger Ireland: Competitive, Innovative, Sustainable & Open



1. An EU that is focused on its strengths and competitiveness

The EU should focus on its unique strengths and support member states and businesses where they are better placed to act. A focused EU can help build an economically competitive Europe to support and sustain a social Europe. The EU must respect the member state competency to design labour markets and social policy. Instead, it should prioritise producing policy measures that capitalise on the areas where the EU can best make an impact and enable member states and business. It can bring added value by embracing competition and strengthening the EU single market, for example increasing research spending and bolstering education and skills.

2. An EU that leads an inclusive and innovative digital decade

The European single market is one of our greatest collective achievements. At 30 years old it holds untapped potential that would come from further liberalisation, a re-energised services agenda and the huge economic, societal, environmental and well-being gains of digital. Digital leadership is critical for Europe's inclusive economic recovery and future competitiveness. Embracing further technological change presents both opportunities and challenges. While progress is being made, the EU must not be complacent. We can unlock the innovations of tomorrow with the environment and rules we shape today.



3. An EU that puts sustainability at the heart of our prosperity

The transition to a sustainable, circular, and carbon neutral continent is a unique opportunity to bolster competitiveness, improve quality of life, and create thousands of sustainable jobs in all member states. The European Green Deal, the Fit for 55 legislative package, and the Sustainable Finance Strategy present a roadmap to deliver ground-breaking and transformative change across the union. It is critical that these policies are implemented in a way that is cost-effective, considerate of individual member state needs, and supportive of hard-to-transition sectors. In tandem, the EU must act to ensure that social and governance standards rise in a workable fashion.



4. An EU that is open for trade and investment

Trade and the ability to attract investment are among the EU's most powerful tools, and at the core of Europe's economic prosperity and competitiveness. The EU should be at the forefront of advocating for open trade and investment. Due to this openness, the EU is the world's largest trader of goods, agricultural and manufactured, and services as well as the main provider and top global destination of foreign investment. The EU must champion rules-based trade within Europe and with our global partners, and continue to be open to foreign direct investment. To achieve these priorities, we call for a focus on the multilateral trading system, the EU-UK trading relationship, the transatlantic partnership, and supply chains.



1. An EU that is focused on its strengths and competitiveness

Context summary

The EU should focus on its core competencies, supporting member states and businesses where they are better placed to act and concentrating on areas where it can uniquely bring added value. By upholding the principles of subsidiarity and proportionality and focusing on its strengths, the EU can help realise an economically competitive Europe which, in turn, can support and sustain a social Europe.

The single market for goods, services, capital and people is the EU's most valuable asset.

A competitive single market can offer a framework to further enable economic growth, job creation, and fundamentally, a rise in living standards for our citizens, already the best in the world.

The EU institutions must prioritise producing policy measures that capitalise on the areas where the EU can best make an impact and enabling member states and business.

-
1. Uphold the principles of subsidiarity and proportionality

 2. Embrace competition in the EU single market and internationally

 3. Invest in education and skills

 4. Enable research, development and innovation

Priority 1

Uphold the principles of subsidiarity and proportionality

Respect the member state competency to design labour markets and social policy

Adequate wages, gender balance, diversity and inclusion are key to the competitiveness and growth of business and to developing the workforce of the future. In support of these objectives in labour markets and social policy, member states retain competency as those best placed to act in support of people and skills, which are key drivers of Ireland and Europe's prosperity. By keeping labour and social market policy at a member state level, national governments and policymakers can best consider societal nuances, local labour market realities, demographics, and citizens' needs.

- It is essential that there is respect for member states' and, where appropriate, social partners' autonomy in wage setting. Rather than following the prescriptive and detailed approach in the proposed Directive on pay transparency, greater effort needs to be made to address the root causes of gender imbalance. Existing legislation in place at national and European level provides an adequate legal framework to prevent and deter pay discrimination and promote equality. The equal pay principle is implemented adequately and access to judicial bodies is regulated in a satisfactory way. The eventual Directive should allow member states to tailor implementation to suit the national conditions.
- Ibec supports ensuring adequate wages across the EU, making work pay, addressing poverty and strengthening the role of social dialogue in line with national industrial relations systems. However, the proposed Directive on minimum wages is not an appropriate mechanism for achieving these policy objectives. A non-binding approach would better respect national competences, industrial relations systems, and the autonomy of the social partners. The initiative can be a success if it enables member states and social partners to cooperate together at EU level whilst leaving specific decisions to the national level in line with the EU treaties.



Priority 2

Embrace competition in the EU single market and internationally

Enable business to grow and prosper

The EU must support companies, economies and member states as they strive to compete, innovate and prosper. To succeed, we need dynamic and competitive markets in the EU and internationally. Within the EU, proven and effective competition rules combined with fact-based enforcement by the Commission are a precondition for a well-functioning, agile, and resilient single market. To succeed, business requires more, not less, competition.

- As the Commission advances its review of competition policy, it must ensure that all available tools continue to uphold strong fact-based competition enforcement while fostering innovation and competitiveness. The intention to better align state aid rules with green and digital policy goals while safeguarding open competition is welcome. As a targeted tool, state aid rules should be restored to pre-pandemic levels as European economies recover.
- Important Projects of Common European Interest (IPCEIs) must be kept smart and selective. While an important tool to support large scale research projects of European importance, the scope of IPCEIs should not be broadened to cover costs related to mass production or merely to ensure European production. This could lead to severe market distortions and weaken the single market.
- The OECD agreement on international corporate tax reform is welcome as a step towards coherent global rules. The implementation of the new regime at EU level must be cognisant of the final texts of both the OECD agreement and potential US legislation to ensure that Irish- and European-headquartered companies are not disadvantaged in their global operations. It is critical that the rules become effective in the EU in line with our major trading partners.
- Robust and increased fiscal capacity will be paramount in overcoming future crises, not least given the weight of Eurozone members as 85% of total EU GDP. The EU must strengthen the long-term stability of the Economic and Monetary Union to handle asymmetric shocks and support European economies through a euro area public investment stabilisation fund. The European Semester process must be reinvigorated to ensure meaningful national reforms. The EU should seek to revitalise the Capital Markets Union agenda following Brexit to allow the European economy to benefit from greater access to business finance, particularly for SMEs. Likewise, the Banking Union must serve businesses of all sizes. To be effective, an EU deposit insurance scheme should be agreed, alongside the existing supervision and resolution pillars which are needed to address the ongoing fragmentation of EU savings and credit markets.

Priority 3

Invest in education and skills

Provide the conditions for individuals and organisations to reach their full potential

Enhance EU competitiveness by building an inclusive transformation, which enables all to reach their potential in an era of green and digital innovation. Invest in knowledge and employability skills for the twin transition, providing opportunities for all in a time of innovation and technological change.

- Encourage inclusion and diversity. Build an awareness of gender stereotyping among educators and parents and provide tools and share examples of good practice that employers have engaged in to break down the barriers to gender balance.
- Forge and implement skills partnerships and roadmaps. Work with business to identify and anticipate needs, to manage new ways of working, aligning the needs of our labour market and education and training systems with an emphasis on the development of SMEs and entrepreneurship. In support, the EU should aid member states to translate targets under the European Skills Agenda to national strategies, focusing on lifelong learning.
- Pursue co-ordinated initiatives across the education system with alternative pathways to gain the relevant, high-level technical and transversal skills to embrace further technological change. Encourage member states to coordinate initiatives across the education system to promote relevant digital literacy, transversal skills, and STEAM talent.
- Build an indigenous pipeline of European digital talent. Augment this by building partnerships and improving EU attractiveness to mobile digital talent across key fields such as cyber-security.

Priority 4

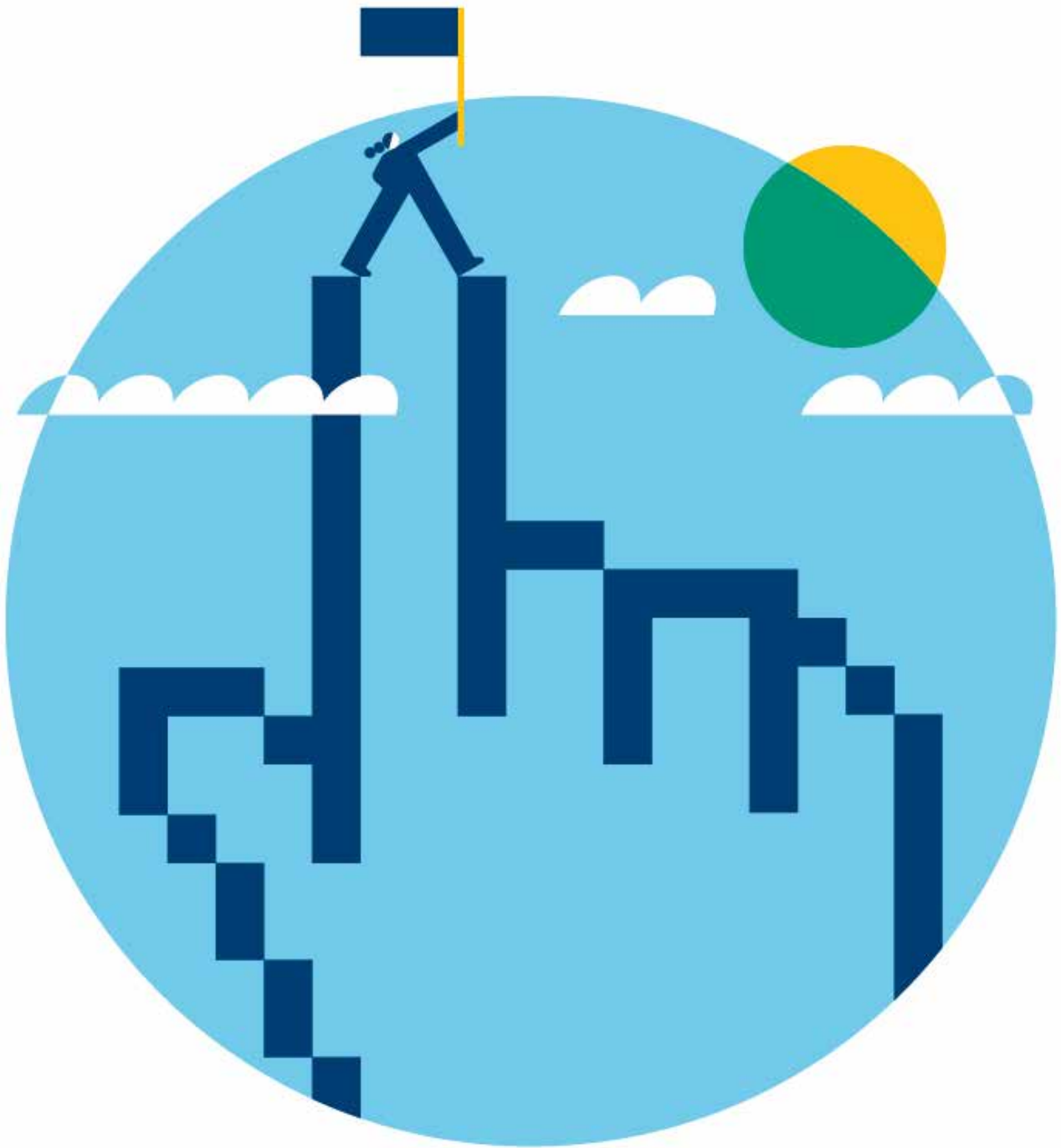
Enable research, development and innovation

Focus on demystifying access and building international networks

As the global trading environment becomes more competitive, the ability to innovate will help business to build resilience to such challenges. Boosting Europe's overall capacity for innovation and increasing the productivity of SMEs must remain an EU priority. The high level of ambition of a robust, stable, and future-orientated innovation system should be to focus on knowledge and technology creation and diffusion, and building human capital to support research and business innovation.

- While the array of EU funding programmes available is laudable, greater work is needed to demystify access and support businesses throughout the application process. Supports should be focused on guiding businesses through the proposal phase, matchmaking and brokerage with international partners. In support, the professional development of researchers is critical to creating the next generation of leaders and partners in future programmes.
- To deliver on Ireland's ambitions the establishment of stronger links with EU research and innovation programmes and networks across the continent will be critical. Following Brexit, support should be provided to establish new networks and foster partnerships with EU higher education institutions.
- The EU should embrace and promote cooperation with third country trading partners on research and development, including via EU funding programmes such as HorizonEurope.





2. An EU that leads an inclusive and innovative digital decade

Context summary

The EU single market is one of our greatest collective achievements. Now at almost 30 years old it presents unrealised opportunities that will come from further liberalisation of market barriers, a re-energised services agenda and the huge economic, societal, environmental and wellbeing gains of digital; identified by European Commission President Ursula von der Leyen as the EU's 'make-or-break issue'.

In the aftermath of COVID-19 and the challenges it has presented, Europe must avoid any temptation to become inward-looking.

The EU should recognise that a truly harmonised single market and digital single market without barriers presents boundless opportunities for the economic recovery and future growth.

The pandemic has accelerated the economic and societal importance of further digitally enabled transformation of member states, public services, enterprise, and human interaction across the EU by several years.

Digital leadership is critical for Europe's recovery and resilience. Embracing further technological change presents both opportunities and challenges. While progress is being made, the EU must not be complacent as much more needs to be done.

The EU must focus on policies which foster competitiveness.

1. Re-imagine the EU single market of the future
2. Lead a digital decade that is open for business
3. Safeguard trust in further digital transformation
4. Create the right conditions to unlock future digital opportunities

Priority 1

Re-imagine the EU single market

Unlock the potential of the single market to power a strong, inclusive and sustainable European future

Champion a harmonised digitalised single market that provides the best conditions for business competitiveness. The answer to creating jobs and opportunities in the wake of COVID-19 is at Europe's fingertips.

- **Address barriers which preceded the COVID-19 crisis such as divergent implementation of regulations, market renationalisation and lack of harmonisation and develop a framework to ensure it thrives in future crises.** A *Single Market Emergency Instrument*, which draws on positive initiatives during the pandemic such as *Green Lanes* and the *EU Digital COVID Certificate*, would be an effective mechanism to ensure the resilience of supply chains by facilitating the free flow of goods and services in future emergencies, while continuing to address pre-existing barriers.
- **Complete the single market for services.** Targeted, concerted action is needed to complete the internal market in services. Existing rules need to be uniformly applied, monitored and enforced. EU action must include greater regulatory cooperation between member states. The reduction of complex cross-border and administrative barriers as well as a prioritised digitalisation agenda will enhance opportunities for SMEs and startups.
- **Facilitate the movement of workers which is paramount to a sustainable recovery and resilient supply chains.** Initiatives which remove obstacles to travel and labour mobility, severely impacted by COVID-19, will help solve unemployment and labour shortages in the EU.
- **Shape a single market which works for net contributors like Ireland.** The EU single market supports 56 million jobs and unlocking its full potential would deliver annual economic gains of nearly €1 trillion and an extra 1.3 million jobs each year. A fully implemented digital single market strategy could deliver €177 billion in annual economic gains.



Priority 2

Lead a digital decade that is open for business

Enable digital innovation, enterprise and trade and maintain a human centred approach to further digital development and adoption

Safeguard an ‘open’ approach to technological sovereignty. Deepen Europe’s digital leadership without eroding trust in market openness, access, innovation, and choice. Avoid any inward-looking, protectionist measures which would harm European competitiveness e.g., safeguard cross-border data and service flows and avoid forced data localisation.

Support coherence in digital and green (twin) transition policy, trajectories, and enablers. The proposed EU green and digital transitions have mutual dependencies. Enable both agendas to work in tandem.

Work with, not against, innovation in governance.

- Support a proportionate, human-centred approach to the governance and regulation of AI development and adoption, based on evidence and risk.
- Reassess potential administrative and compliance burdens, particularly for SMEs and startups, or unwanted consequences in the proposed AI Act that could discourage investment in the development and deployment of AI systems.
- Clarify that the focus is on where most widespread and significant societal damage is likely to arise, particularly in proposals around the definition of AI systems, the allocation of responsibilities between different actors in the AI value chain, criteria for determining prohibited practices and the classification of high-risk systems.
- Support and enable efficient co-operation between relevant regulators at national and EU level. Support regulators, avoid fragmentation in the internal market.

- Support and embed the use of regulatory sandbox schemes, with well-established criteria. Support controlled experimentation by our innovators and regulators to assess (yet unforeseeable) risks, locate potential barriers and develop solutions.

Unlock the single market for data.

- Foster a real European data economy for growth, better services, health, and the environment. EU and national policy makers should ensure that the European Data Strategy safeguards further cross-borders data flows and resists forced data localisation. It is vital that the Strategy encourages the voluntary and responsible sharing and use of quality data across the public and private sector, while respecting data privacy, security, and IP requirements.
- Build trust with a voluntary framework to facilitate the access and use of data in a Business-to-Government (B2G) and Business-to-Business (B2B) context. This should be subject to fair incentives, which safeguards privacy, security, and commercially sensitive information. Avoid mandatory requirements for B2G data sharing.
- Enable researchers and innovators to lead Europe’s path to a more connected future and ensure a European approach to data is about breaking down digital borders and improving the conditions for data mobility. Avoid mandatory technical specifications for data portability which risks global fragmentation, reduced customer choice and slower innovation. By positioning digital at the heart of the EU trade strategy, businesses large and small can rebuild and grow in local and foreign markets.

Priority 3

Safeguard trust in further digital transformation

Build a digital single market that protects rights, values and assets while facilitating further digital innovation, products, services and opportunities

Support open, fair, trusted, and competitive European digital markets and services for the benefit of consumers and business when designing the Digital Markets Act (DMA) and Digital Services Act (DSA).

- Maintain legal certainty for business, encourage continued investment. Preserve key principles of the eCommerce Directive (ECD) and most importantly, safeguard the country of origin.
- The definition of ‘online platform’ should be targeted and proportionate to the proposed obligations.
- Ensure proportionality in DSA rules and avoid unintended consequences.
- Support fair, efficient, and contestable markets for the benefit of consumers and business. Provide clear and predictable criteria for designating gatekeepers and their obligations in proposed DMA rules.
- Clearly define the relationships between the DMA and parallel national and EU legislation, and between the European Commission and national authorities. Ensure a risk-based, evidence based and harmonised approach.
- Provide for timebound consultation and targeted remedies in the DMA. The objective of this timebound consultation and dialogue should be a more expedient, targeted, and evidence-based implementation of obligations that limits unintended consequences.

Safeguard business, services, and individuals online and enable further digital opportunity.

- Take a proportionate and risk-based approach in deepening preparedness and harmonisation on cyber security and resilience across the EU.
- Engage industry and ensure EU cybersecurity rules and standards encourage indigenous cybersecurity capacities while remaining open to further international co-operation and trade with likeminded partners so that Europe can benefit from: shared information and best practice on evolving threats; and the economic benefits from cross-border data flows.

Ensure privacy standards safeguard further digital opportunities

- Swiftly conclude work on a revised and resilient framework for EU-US data exchange, addressing privacy issues as well as the needs of modern digitalised business.
- Deliver a considered e-Privacy proposal that works together with other EU regulation to deliver EU objectives to promote the development and use of emerging digital technologies.
- Work with likeminded and OECD partners to deliver policy guidance on Government access to personal data held by the private sector. Safeguard international data transfers and enable further economic opportunity in Europe.

Priority 4

Create the right conditions to unlock future digital opportunities

Create the right conditions for the investment and innovation that will fuel the digital opportunities of the future

Intensify momentum on Europe's Digital Decade initiative. Ensure the value of the EU Recovery and Resilience funds to digital spending are maximised. Ensure strong governance to monitor spending and momentum in both promoting and realising Europe's ambitions to the 2030. Ensure the rising [digital] tide raises all boats in enhancing the collective digital performance and value across the EU.

Work with likeminded partners like the EU-US Trade and Technology Council (TTC) and engage enterprise to shape this digital decade and enable shared recovery and resilience through further secure digital innovation and adoption. For example, work to:

- Deepen bilateral and multilateral co-operation that safeguards cross-border data flows.
- Strengthen collaboration and develop standards in both cybersecurity and emerging technologies, including AI.
- Align on criteria for what technologies require export controls and promote multilateral solutions.

Encourage capabilities and capacities in our semiconductor ecosystem based on identified points of weakness and market demand.

- Strengthen RDI and encourage further private investment. Deepen international links and co-operation with likeminded partners, such as leveraging the TTC, to improve supply chain resilience. Remain open, the semiconductor market is globalised.





3. An EU that puts sustainability at the heart of our prosperity

Context summary

Tackling climate change is the single greatest challenge facing humankind today. Global temperatures are increasing, our environment is changing, with man-made greenhouse gas (GHG) emissions being the main driver.

Irish business is committed to the European Green Deal's central tenet for Europe to become the first climate-neutral continent in 2050. If this target is to be achieved, the realisation of the 2030 interim target to reduce GHGs by 55% versus 1990 levels via the landmark Fit for 55 legislative package will be intrinsic.

As we move beyond the pandemic, the goal of economic recovery presents an opportunity to further the low carbon and sustainability agendas, aid the transition to a circular economy, improve quality of life, and bolster long-term competitiveness. Through a comprehensive policy approach with an emphasis on economic incentives and fostering investment, competitiveness and sustainability ambitions can go hand-in-hand. In tandem, the EU must strive to bring international partners along with its ambition to meaningfully address climate change and to improve global environmental, social, and governance (ESG) standards.

In tandem, the EU must strive to bring international partners along with its ambition to meaningfully address climate change and to improve global environmental, social, and governance (ESG) standards.

The EU must prioritise producing policy measures which make use of all available tools and ensure a sustainable transition.

1. A cost-effective green transition
2. Support for low carbon investment
3. Protection for sectors at risk of carbon leakage
4. Enable sustainable production

Priority 1

A cost-effective green transition

Capitalise on the economic and social opportunities of the green transition

The transition to a circular carbon neutral continent is a unique opportunity to bolster competitiveness, improve quality of life, and create thousands of sustainable jobs in all member states. For the benefits of the transition to be fully realised, policy must be cost-effective and accommodate the unique decarbonisation needs of individual member states and hard-to-transition sectors. Sectors, regions, and occupations that face major upheaval due to climate policies, must be supported and protected to ensure a just transition for all.

- Business is committed to the central target of achieving a climate-neutral economy by 2050. However, this should not overlook the significant challenges in the short-term. The 2030 targets must be seen as a critical milestone in the transition to a sustainable economy. A one-size-fits-all approach for 27 member states and millions of businesses which all have different starting points, challenges, and pathway to climate neutrality may be counterproductive. The EU must empower its member states to deliver by respecting technological neutrality and setting frameworks for action, not a prescriptive list of dos and don'ts.
- The Fit for 55 legislative package includes some of the most ambitious climate and energy targets globally, especially on energy efficiency. If these targets are to be retained, Member States and obligated parties will need to retain existing flexibilities to deliver these in a cost-effective way.
- The European Green Deal must work to ensure a just transition which protects vulnerable communities and sectors, leaving no one behind. In support, the EU must enable access to funding and supports for those most affected.

Priority 2

Support for sustainable investment

Deliver a comprehensive policy approach to foster green finance

In combination with legislative proposals focused on pricing, targets, and standards, the EU must underpin and enable their success with adequate support measures to foster investment. Public funding must be aligned with policy goals to achieve the mutual ambitions of business and government.

- Over the coming decade, the focus of European fiscal policy must be on policy that is not just sustainable in the narrow sense of debt and deficits, but which takes a broader perspective on producing sustainable economic, social and environmental outcomes. Given the need to prioritise investment to meet our ambitions around the environment, digitalisation and quality of life initiatives in the coming years, the stability and growth pact must be revised to recognise its value as a catalyst for enabling vital green spending and investing in the future.
- All proposals at EU level must be considered carefully to avoid duplicating or adversely impacting on pre-existing national policies and legislation to meet climate targets. The proposed extension of the Emissions Trading Scheme (ETS) to incorporate road transport and buildings must be reviewed to avoid conflicting with effective national carbon pricing regimes which finance crucial decarbonisation activity.
- The European green deal policies and legislation must enable the use of low-carbon solutions and investment in natural gas where needed to ensure the transition does not compromise energy security. Through the Corporate Sustainability Reporting Directive (CSRD) and Taxonomy, the EU has an opportunity to develop a new global standard in sustainability reporting and become a world leader in sustainable finance. However, the reporting requirements under the CSRD must be developed in consultation with industry groups to ensure proportionality, alignment with other voluntary reporting regimes, and a minimisation of the administration burden.

Priority 3

Protection for sectors at risk of carbon leakage

Ensure a level playing field for European business

The EU must continue to lead international efforts to implement the 2015 Paris Agreement and strive to bring international partners along with its ambition to address climate change. To reconcile our climate ambitions while safeguarding the international competitiveness of European business, the EU must ensure a level playing field.

- The increase in the ambition of the ETS in line with 2030 targets should go together with sufficient carbon leakage protection for direct and indirect emissions. This will be important to ensure the international competitiveness of European businesses participating in the ETS.
- The EU must ensure the proposed Carbon Border Adjustment Mechanism (CBAM) is compliant with World Trade Organization (WTO) rules. Building on this, the EU must work together with our main trading partners to ensure it is compatible with regions that have comparable standards. At the same time, the EU should encourage all international partners to move in the same direction.
- The Commission's proposed transition arrangements under the CBAM for affected businesses should be retained to prevent carbon leakage and protect the international competitiveness of European businesses that continue to invest significantly in reducing in their carbon footprint.
- Any extension of the scope of the proposed CBAM after 2030 should only be considered after an evaluation of its performance for the sectors initially covered and a thorough impact assessment of candidate sectors.



Priority 4

Enable sustainable production

Empower business and member states to foster sustainability in supply chains

Irish businesses are increasingly considering the impact of their operations, not just in terms of maximising returns but in generating returns in a way which balances economic, environmental, social and governance goals. Business recognises its responsibilities and supports the EU's ambition to improve ESG standards within the EU and internationally. To succeed, the EU should empower business and member states to foster sustainability in supply chains through a collaborative approach.

In international value chains, business is committed to building on the achievements of voluntary standards towards embedding sustainability in corporate governance and fostering the better identification and management of climatic, environmental, social, and human rights risks. Given the array of national initiatives, harmonised EU legislation aligned with the standard-setting voluntary OECD Guidelines and UN Guiding Principles makes sense.

- The EU should work closely with business and member states to develop a clear, stable and enabling regulatory environment which can facilitate the sustainability transition. To succeed, the EU should work to foster public-private collaboration in different sectors and along supply chains to enable every actor to contribute effectively at every stage to meeting ESG goals.
- Any future EU sustainable corporate governance legislative framework must be implementable, proportionate, and effective. It should distinguish between the roles of government and business, ensuring that business is supported and provided with adequate information and advice to inform decision-making. It should address corporate governance and due diligence separately to achieve clear and workable measures.
- In line with the objectives of the initiative, the requirements should be risk-based. This means accounting for company size, where business is conducted, the risks associated with the specific activities, and the different roles of supply chain actors.
- The initiative must ensure a level playing field for European business. All companies active in the single market should be in scope while the EU must work to advance standards internationally.



4. An EU that is open for trade and investment

Context summary

Trade and investment are among the EU's most powerful tools, and at the core of Europe's economic prosperity and competitiveness, supporting the internal market and external action.

The EU has been at the forefront of advocating for open trade and investment.

Due to this openness, the EU is the world's largest trader of goods, agricultural and manufactured, and services and the main provider and top global destination of foreign investment.

The EU should continue to be at the forefront of advocating for open trade and investment and rules-based trade within Europe and with our global partners.

1. Create a reliable and trusted multilateral trading system
2. Establish a positive and stable EU-UK relationship
3. Renew the transatlantic partnership
4. Develop secure and diverse supply chains

Priority 1

Create a reliable and trusted multilateral trading system

Ensure effective and rules-based trade for the benefit of all

The importance of the WTO in the multilateral trading system is paramount. This was confirmed during the pandemic by the WTO's important work, in collaboration with the OECD, in monitoring new trade-restrictive measures that governments adopted in response to the crisis. However, the organisation is currently facing an unprecedented crisis that presents deep challenges. WTO reform is critical to advance and involves the commitment and effort of all its members.

Despite the challenges, it is positive to see WTO members pursue negotiations and discussions under the so-called "joint statement initiatives". In particular, in the areas of e-commerce, investment facilitation, rules to facilitate micro, small, and medium-sized enterprises (MSMEs) as well as trade and the environment including reaching agreement on the JSI in services domestic regulation. The work undertaken in this framework is of significant importance as it seeks to introduce rules in new areas, or in areas where the WTO's rule book is not complete. These are particularly relevant for modern business, where the lack of rules causes trade and investment barriers. Ibec supports these initiatives and believes that the WTO members that are ready to commit should be allowed and encouraged to move forward.

- WTO reform should include improving the functioning of the WTO as an organisation, such as solving the crisis in the Appellate Body, increasing transparency, optimising the work of the Committees, and improving the monitoring and negotiating function among other issues.
- To complement the WTO work during the COVID-19 pandemic, an ambitious trade and health initiative which takes a holistic approach, eliminating trade and regulatory restrictions that affect the distribution of and boosting the capacity to produce active ingredients, medicines, vaccines, and equipment is key.
- Achieve meaningful progress in the area of joint statement initiatives. Ibec believes this work is critical for the modernisation of the WTO and for the continuation of progress on 21st century standards.
- The EU should conclude an Agreement on fisheries subsidies. This would be a strong and important multilateral outcome, and a clear signal that the WTO is able to negotiate new rules.
- Develop a more structured dialogue between the WTO and the business community to modernise the rulebook and make it even more reflective of businesses' realities.
- Work with trading partners, the OECD and WTO, on an evidence based multilateral framework that could make it more secure to invest in further innovation and trade online.

Priority 2

Establish a positive and stable EU-UK relationship

Advance EU-UK relations to protect business

The EU should seek to establish positive and stable relations, building on the EU-UK Trade and Cooperation Agreement (TCA). The TCA must be viewed as a strong platform to address shared economic challenges. The Agreement covers many areas that have a strong impact on the competitive environment for EU and UK companies, ranging from climate change mitigation to digital transformation, competition, and standards. The implementing bodies under the TCA should enable its smooth implementation, structured cooperation to address arising issues, and regulatory cooperation where possible.

As the creative solution to a series of mutually exclusive problems to facilitate the UK's departure from the EU while at the same time ensuring peace and prosperity on our shared island, the success of the Protocol on Ireland and Northern Ireland is critical. It must be advanced continuously to reflect its evolving nature through pragmatism with respect for its full implementation. Its success on the island of Ireland, facilitating the flow of goods north and south and enabling all-island business and manufacturing, is clear.

- The free flow of data between the EU and the UK is critical for business. The unilateral adequacy decisions taken are welcome in providing certainty in the short-term. However, these must be protected through close cooperation to continue underpinning EU-UK data transfers.
- The TCA's commitment to 'serious consideration' of linking the UK and EU emissions trading systems must be advanced to reinforce the shared commitment to raise environmental standards and address climate change.
- As key trading partners, the EU and the UK must work jointly to ease the customs burden for business by ensuring a pragmatic and flexible approach and working towards reaching an SPS agreement.
- Genuine issues raised by Northern Ireland stakeholders should be addressed, for example customs and sanitary and phytosanitary (SPS) checks between Britain and Northern Ireland. In support of the shared island economy, Northern Ireland inputs in EU exports should count as EU origin for third country exports.
- On services, the TCA provides for a limited relationship. The EU and the UK should work together in areas of mutual interest such as financial services and to facilitate the mutual recognition of professional qualifications.



Priority 3

Renew the Transatlantic partnership

Encourage a revitalised transatlantic relationship to promote a positive global trade agenda

EU-US trade relations are a central pillar of the world economy and the EU and the US should intensify their engagement to promote a positive trade agenda. The EU-US Summit in June 2021 marked the beginning of a renewed transatlantic partnership and set a joint agenda for EU-US cooperation. The EU and the US have made important progress in key areas and achieved important results in long-standing disputes. They have agreed to suspend application of harmful tariffs worth USD 11.5 billion related to the Airbus/ Boeing disputes for a period of five years and remove Section 232 Steel and Aluminium tariffs with the duty-free importation of EU steel and aluminium up to past trade volume. However, work needs to continue to find more permanent solutions that also require further cooperation especially when it comes to overcapacity, subsidies, and sustainability issues.

European and American economic operators both face similar challenges when it comes to market distortive practices generated by non-market economic policies and practices. These include among others distortive subsidies, mainly in industrial sectors, positive discrimination in favour of state-owned enterprises, forced technology transfers, forced data localisation, non-transparent procedures in a range of areas from public procurement, to the obtention of licences and permits, and strong intervention of the state in companies day-to-day life operations.

- Address non-market economic policies and practices through multilateral rules and the WTO.
- Coordinate to avoid unilateral actions to address these market distortions that may negatively affect each other's businesses.
- Coordinate approaches with like-minded partners, like the US, in the area of sanctions and export controls.
- Negotiate a framework for mutual recognition of conformity assessments. This remains a priority for highly regulated sectors, both traditional and emerging. For example, cooperation on technology standards and discussing the development and convergence of global technical standards in high-tech fields including on AI, etc.
- EU-US negotiations continue to find a substitute to the Privacy Shield. Intensify the use of free trade agreements and mutual adequacy decisions as a vehicle to safeguard and promote further bilateral digital trade and cross-border data and service flows.
- Maximise the potential of the EU-US Trade and Technology Council (TTC) to increase cooperation on trade, technology, digital, climate and supply chains as well as working together to set international standards.



Priority 4

Develop secure and diverse supply chains

Safeguard competitiveness in global value chains

Trade and investment are increasingly organised in global value chains. This means that the various stages of the production processes are located across different countries allowing companies to streamline their operations, for example, through outsourcing and offshoring, to optimise their production. Additionally, supply chains cannot operate without transport, logistic, payment, financial and ICT services, among others.

Trade in global value chains can present challenges. Some difficulties have been worsened by the COVID-19 pandemic and government measures to curb the crisis. Companies alone cannot mitigate or absorb the impact of all the existing and expected disruptions in global supply chains. Certain areas are independent from companies and require public action. In this context, we would favour a comprehensive approach, where instruments from relevant EU policies, for example, trade, industrial, are used in a coherent manner and in line with objectives of the EU's open strategic autonomy. Additionally, the solidifying and diversifying of supply chains requires the joint efforts of the EU and like-minded trading partners, such as the US, the UK, Switzerland, Japan, Canada, Australia, New Zealand, South Korea, among others. It is also critical to keep dialogue open with other important partners such as China to ensure we can engage on global and regional challenges.

- Eliminate all export restrictions that were introduced due to COVID-19. Avoid travel restrictions and coordinate health and safety conditions for international travellers.
- Promote the uptake of digital tools in customs procedures including documentation and controls, and reduce costs for companies, especially SMEs, whenever possible. For instance, by considering not including transport costs when calculating customs duties.
- Promote regulatory cooperation and the use of international standards especially in highly regulated sectors and in new technology areas.
- Address problems in access to third countries' procurement market, a long-standing problem for European companies that is becoming more acute.
- Regarding dependencies and shortages in the supply of critical inputs, the EU should consider market and economic realities and implement a multidisciplinary approach that includes for example, improving access to alternative sources of supply.

www.ibec.ie/EUCampaign



@ibec_irl



Connect with
us on LinkedIn

#IbecEU

Contact us

Pat Ivory

Ibec Director of EU and International Policy

T: +353 1 605 1571

E: pat.ivory@ibec.ie

EU Transparency Register: 479468313744-50

📍 Ibec Head Offices

84/86 Lower Baggot Street,
Dublin 2.

T: + 353 1 605 1500

E: membership@ibec.ie

www.ibec.ie/membership

📍 Galway Offices

Ross House,
Victoria Place,
Galway.

T: + 353 91 561109

E: galway@ibec.ie

www.ibec.ie/west

📍 Cork Offices

Second Floor,
Penrose One,
Penrose Dock,
Cork.

T: + 353 21 4295511

E: cork@ibec.ie

www.ibec.ie/cork

📍 Limerick Offices

Gardner House,
Bank Place,
Charlotte Quay,
Limerick.

T: + 353 61 410411

E: midwest@ibec.ie

www.ibec.ie/midwest

📍 Donegal Offices

3rd Floor,
Pier One,
Quay Street,
Donegal Town,
Donegal.

T: + 353 74 9722474

E: northwest@ibec.ie

www.ibec.ie/northwest

📍 Waterford Offices

Waterford Business Park
Cork Road
Waterford

T: + 353 51 331260

E: southeast@ibec.ie

www.ibec.ie/southeast

📍 Brussels Offices

Avenue de Cortenbergh, 89,
Box 2,
B-1000 Brussels,
Belgium.

T: +32 (0)2 740 14 30

E: europe@ibec.ie

www.ibec.ie/europe