

Joint Oireachtas Committee on Enterprise, Trade and Employment, 8th March, 2023

Opening Statement: White Paper on Enterprise

A Cathaoirleach,

I would first like to thank the Committee for the opportunity to present and discuss the White Paper on Enterprise. My name is David Hegarty, Assistant Secretary for Enterprise Strategy, Competitiveness and Evaluation at the Department of Enterprise, Trade and Employment. I am joined by my colleagues from the Department; Caoimhe Gavin and Brendan Kilpatrick from Enterprise Strategy Unit and Karen Hynes from our Enterprise and Small Business Unit.

Turning to the White Paper, in March of last year, the Government approved a proposal to undertake a review of enterprise policy and this culminated in the publication of the White Paper in December 2022.

The context for the review was one where the enterprise sector and the wider economy was performing well, having recovered strongly from the Pandemic. For example, the Government's Economic Recovery Plan, published in 2021, set a target to exceed pre-crisis employment levels by having 2.5 million people in work by 2024. In the event, this target was met in the fourth quarter of 2021, three years ahead of schedule.

So, while the economic backdrop to the decision to review enterprise policy was a positive one, the Department was cognisant of a number of external risks and domestic vulnerabilities that needed to be considered.

These included:

- Geopolitical developments and a degree of fragmentation in globalisation which might present risks to the open, export-oriented economic model of small advanced economies like Ireland;
- A sense that changes in technology and business models could be disruptive, particularly those arising from digitalisation and the net-zero transition both of which presented opportunities but would entail significant adjustment costs;
- The need to address lagging productivity in parts of the indigenous sector of the economy allied with concerns around concentration risks in the multi-national sector.

Against this backdrop, the review facilitated a timely assessment of our approach to industrial policy. It enabled consideration of the fundamental changes underway across multiple dimensions – economic, geo-political and environmental - with the clear objective of ensuring that our enterprise sector was appropriately positioned to tackle the challenges and avail of future opportunities.

How the White Paper was Developed

The development of the White Paper was an open process, informed by external stakeholder perspectives, and by international best practice. This collaborative approach was supported through a series of key engagements during the consultation process, including:

- Bilateral meetings with various stakeholders including the engagement of various standing groups such as the Labour Employer Economic Forum (LEEF), the Enterprise Forum and the SME Taskforce.
- Discussions and debate at the National Economic Dialogue as well as a dedicated national symposium in October of last year, where domestic and international experts and stakeholders exchanged views on enterprise challenges.
- An Open Public Consultation Process, which generated over 120 submissions from a range of individuals and organisations.
- A review the Department commissioned of enterprise or industrial policy direction in other small, advanced economies.
- An International Advisory Panel made up of a number of international experts, established to ensure that fresh thinking and international perspectives on policy direction and priorities was brought to bear. Departmental officials also engaged with our counterparts in the Small Advanced Economies Initiative – a network of senior officials from counties with a similar economic profile to Ireland, including Singapore, New Zealand and Finland.

White Paper on Enterprise – Priorities

The White Paper represents the outcome of this deliberative process. It sets out Government's medium- to long-term ambitions for a vibrant, resilient, regionally balanced and sustainable economy made up of a diversified mix of leading global companies, internationally competitive Irish enterprises and thriving local businesses. Its vision is to ensure Irish-based enterprise succeeds through competitive advantage founded on sustainability, innovation and productivity, delivering rewarding jobs and livelihoods.

To deliver this, Government agreed on seven priority enterprise policy objectives set out in the White Paper.

1. **Integrating decarbonisation and net zero commitments.** The White Paper argues that decarbonisation should not be seen as a threat to our competitiveness, rather it highlights the risk in not acting quickly to embed it in our enterprise policy. Policy will be oriented to help existing firms meet the costs of decarbonisation and positioning them to exploit the opportunities of a low carbon economy. Offshore Wind is also called out as a major future industrial development opportunity and investments will be made to facilitate the green transition and support emerging green sectors.
2. **Placing digital transformation at the heart of enterprise policy.** The White Paper reaffirms the Government's commitment to the Digital Ireland Framework strategy and will take action to sustain Ireland's attractiveness as a location of choice for cutting edge global technology businesses as well as driving a step change in digital adoption across enterprise and nurturing digital start-ups. Digitalisation can be a key enabler of productivity growth and the decoupling of economic growth from resource consumption.
3. **Advancing Ireland's Foreign Direct Investment and trade value proposition.** The White Paper affirms the Government's view that FDI will remain critical to our economic model and economic strategy. However, the approach to FDI attraction will need to evolve to reflect net zero objectives and have regard to the carrying capacity of economy. Greater domestic value capture will also be achieved through stronger linkages and spillovers between multinationals and domestic firms.

4. **Strengthening the Irish-owned exporting sector.** The White Paper calls out the need to enable the Irish-owned exporting sector to fulfil its potential and to build a strong domestic growth engine of Irish companies of scale. Policy action will seek to increase the number of exporters, particularly from the existing large cohort of non-exporting SMEs.
5. **Enabling locally trading sectors to thrive.** The enhanced focus enterprise policy has had in recent years on the locally traded sectors is reflected in the White Paper. This includes the expansion of the role of the Local Enterprise Offices enabling them to broaden the cohort of firms to which they can provide training, consultancy and mentoring services. The LEOs will continue to enhance their advisory services for locally trading firms to improve productivity particularly around digitalisation and reducing energy use and carbon emissions.
6. **Stepping up enterprise innovation.** The White Paper recognises that for an advanced economy like Ireland, innovation is the best way to generate sustainable, long-term productivity growth. In line with the ambition set out in the Government's research and development strategy - Impact 2030 - Government will consolidate and build on the progress that has been made and redouble efforts to broaden and deepen innovation capability across the enterprise sector, in particular the innovation performance of our SMEs.
7. **Building on our strengths and opportunities.** This includes the introduction of a centrally coordinated, cross- government approach to clustering to drive firm productivity, accelerate decarbonisation objectives and enhance overall capacity of firms and sectors to respond to opportunities and challenges.

In addition to these seven policy priority areas set out, the White Paper highlights the importance of key competitive framework conditions that impact enterprise. A key consideration here is the 'carrying capacity' of the State and the economy more generally. This concept covers not just the adequacy of physical infrastructure such as transport, housing, energy and water/wastewater but also essential social services and an efficient and responsive system of regulation. These framework conditions are the focus of other Government strategies and initiatives such as the National Development Plan.

Finally, a series of 15 targets are included in the White Paper and capture ambitions in terms of maintaining full employment and each of the seven identified priority enterprise policy objectives. These will form the basis for how progress on the White Papers is measured between now and 2030.

Implementation Plan

As set out in the White Paper, the Department is leading the development of consecutive two-year Implementation Plans of cross-government activity to implement the commitments set out in the White Paper.

The first Implementation Plan, covering the period to the end of 2024, is currently under development by the Department. This is expected to be finalised by the end of March and will be published shortly thereafter.

Progress will be reported on every six months to the Cabinet Committee on Economy and Investment. The first progress report will be prepared by the Department in Quarter 3 of this year.

The biannual reports will include updates on progress towards the 15 targets with new data under each of the measures included as it becomes available from the relevant sources.

Close monitoring of performance and target delivery will enable a dynamic approach to the White Paper's implementation having regard to external developments as they unfold over the lifetime of the White Paper.

A Cathaoirleach, I will conclude at this point and my colleagues and I look forward to assisting the Committee with its deliberations.