



Enterprise Ireland opening statement to the Joint Committee on Enterprise, Trade and Employment

In relation to enabling SMEs to reduce their energy and carbon demands

Enterprise Ireland – Overview

Enterprise Ireland (EI) helps Irish manufacturing and internationally traded services companies to start, scale, and grow their businesses in international markets. We work with export focused companies across all regions and across all sectors of the economy, predominantly with SMEs, supporting them to improve their competitiveness and productivity, to increase innovation, and helping them to develop to achieve their full growth potential.

This growth results in direct and indirect employment and economic growth across all regions of Ireland. In 2022, EI client companies directly employed 218,178 people, with 68% of these jobs outside Dublin generating more than €32 billion in exports.

Enterprise Ireland's Strategy for 2022-2024 is titled *Leading in a Changing World*. Our mission, as set out at the start of 2022, is to accelerate the development of world-class Irish companies to achieve leading positions in global markets.

We also work with the network of 31 Local Enterprise Offices (LEOs) through our Centre of Excellence to support the growth of micro-enterprises across the country.

Wider Policy Context for Enterprise Sector Carbon Emissions

It would be helpful to set today's discussion about enabling SMEs to reduce their energy and carbon demands into the wider policy context.

Ireland has committed to reducing emissions by 51% across all sectors of the economy by 2030 and to become climate neutral by 2050 with legally binding sectoral emissions targets established under the Climate Action and Low Carbon Development (Amendment) Act 2021.

Looking at the Enterprise Sector, Government has established a commitment to delivering a 35% reduction from on-site Industrial emissions by 2030.

The Climate Action Plan 2023 and the 2022 Enterprise White Paper confirm Government's commitment to supporting the decarbonisation of Industry through its Agencies, including Enterprise Ireland. The Enterprise White Paper sees Government committing to placing decarbonisation on equal footing with job creation and value creation for the enterprise agencies.

Overview of Enterprise Ireland client company emissions

Total Enterprise Ireland client emissions in 2022 are approximately 4.4Mt CO₂, this estimate includes client ETS emissions and an estimate of non-ETS client emissions. From the baseline of 2018 gross Enterprise Ireland client emissions have fluctuated within a relatively modest band, with overall emission remaining stable.

The EU ETS "cap & trade" system includes the larger industrial emitters who report emissions annually and provide a high-quality data set. This data shows that the largest of our manufacturing clients account for a significant proportion of Enterprise Ireland client emissions.

For large emitters and companies embarking on major transformative projects Enterprise Ireland provides support through the Energy and Environmental Aid measure.

This has enabled Enterprise Ireland to aid new capital projects that are designed to the highest environmental standard within EU State Aid rules.

SMEs

While emissions are concentrated in a relatively small number of operations, the incentive to pursue a sustainability agenda is relevant to all businesses we support.

Decarbonisation is a national environmental priority, but it is also a competitive imperative for Irish enterprises. Increasingly we are seeing access to finance, the ability to attract and retain talent and the opportunity to sell into major international supply chains is dependent on companies of all sizes demonstrating a clear commitment to sustainability. In the current climate of high energy prices, decarbonisation also represents a key opportunity for companies to reduce costs.

But as well as responding to customer demands, decarbonisation also offers Irish firms the opportunity to become leaders in responding to the growing global customer demand for more sustainable products and services.

We have a broad suite of practical measures under our Green Transition Fund to help small to medium sized firms to develop and fund their sustainability plans and stay competitive in the market. There two main areas of support – firstly consultancy advice to enable planning and capacity building to begin and continue a green transition; then capital support to back projects, with up to €1m available, to assist with carbon reduction for instance.

For firms looking to exploit the opportunities of a low carbon future, we have measures to support their research and innovation into new or improved products, services, or processes in the areas of sustainability and decarbonisation.

Sustainability can no longer be seen as a something extraneous to core business strategy. Our message to all our clients is that for a business to be resilient and ready to scale, domestically and internationally, sustainability must be at the heart of a company's growth strategy.

Enterprise Ireland also works closely with other agencies in the industrial development field, including our colleagues in the LEOs, SEAI, Udaras na Gaeltachta and IDA Ireland, to ensure there is alignment between our offers to business and that clients have a clear pathway in terms of supports.

Conclusion

I thank the Committee's interest in this critical issue for Irish business. While Enterprise Ireland's activity in the area has only commenced in recent years, we believe that sustainability is vital for the future of Irish business.

We have seen an increasing appetite among our client base to adopt sustainability measures and put them at the heart of their business strategy, but it is slower than we would like. Clients have dealt with remarkable, time-consuming challenges in recent years, including Covid-19 and significant inflationary pressure on energy and supplies chains. However, as those pressures ease, we see companies looking

to the future and sustainability is an increasing priority. We will be increasing our support for businesses on this journey over the coming years.

While the Committee is rightly focused today on carbon reduction could I add in conclusion that innovative Irish businesses, supported by Enterprise Ireland, are also making a global impact in providing solutions in the emerging green economy. While achieving carbon reduction targets are challenging, there is also an incredible opportunity for Ireland in green, sustainable products and solutions and many Irish businesses, from start-ups to established companies, are forging ahead in this area.

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