Trade Policy Priorities

Submission by Chambers Ireland

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Contents

Key Points

- High labour costs, a lack of skilled workers, energy costs and increasing regulatory burdens continue to be major obstacles for Irish businesses.
- Expectations for export sales have deteriorated compared to 2024.
- The global economy has become more challenging for businesses due to inflation, supply chain shocks, and conflict. Prioritising competitiveness for the 2024-2029 EU mandate is essential for Ireland.
- Developing a clear strategy to secure Geographical Indications for products will support market differentiation and protection for crafts and industrial products.
- Chambers across Europe are reasonably optimistic about the trajectory of EU-UK trade and investment relations for the next 12 months. Most expect an increase in trade and investment, or for economic relations to remain stable
- Maintaining strong trade relations with the UK post-Brexit is crucial to navigating any regulatory divergence in terms of the Carbon Border Adjustment Mechanism, Border Target Operating Model, the Single Electricity Market and the Veterinary and Sanitary and Phytosanitary Agreement.
- Businesses and SMEs in particular need support to take advantage of Free Trade Agreements.

About Chambers Ireland

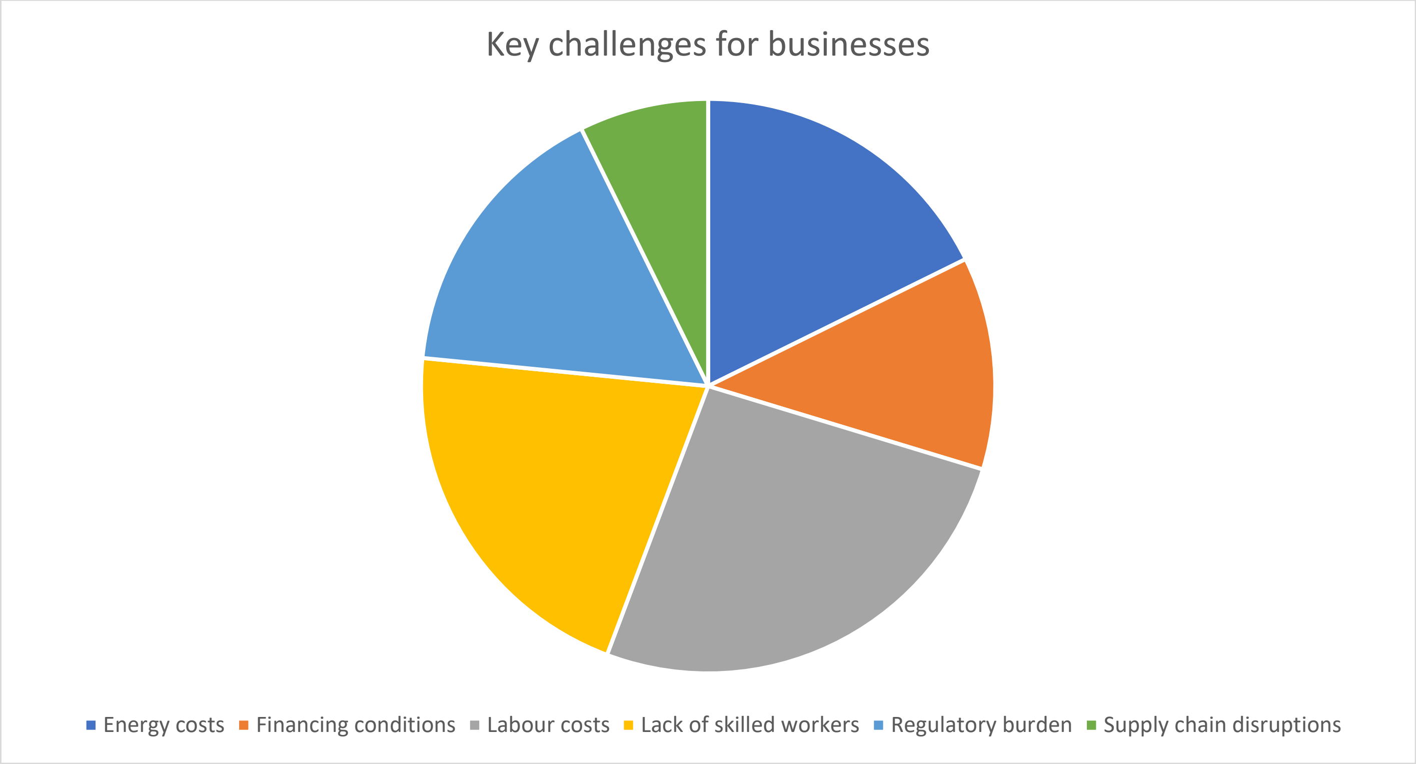
Chambers Ireland is an all-island business organisation with a unique geographical reach. Our members are the Chambers of Commerce in the cities and towns throughout the country – active in every constituency. Each of our member Chambers is central to their local business community and all seek to promote thriving local economies that can support sustainable cities and communities.

At the international level, a key focus of our work is to monitor and shape legislation. Our mission is to ensure that Irish businesses have a voice in any regulatory changes and changes in trade policies that could affect them in the future. Given the constantly evolving geopolitical landscape, it is more crucial than ever for Irish businesses to engage beyond our own borders.

Priorities of Irish businesses looking ahead to 2025

Per the Eurochambres Economic Survey 2025 (EES2025),[1] Irish businesses are approaching 2025 with optimism but despite an increase in business confidence compared to last year, significant challenges remain.

The Irish results show that high labour costs (26%), lack of skilled workers (21%), energy costs (18%) and an ever-growing regulatory burden (16%) continue to be major obstacles. Combined, this points to a weakened competitive edge:



[1] https://chambers.ie/press-releases/chambers-ireland-publishes-irish-results-from-europes-largest-business-sentiment-survey/

In terms of trade, expectations for export sales have deteriorated compared to 2024. Only 19% of businesses here expect their revenue from export sales in 2025 will increase:

Key EES2025 policy messages:

- Boost financing & simplify regulations: Strengthen financial support and regulatory frameworks to drive investment, foster business growth, and control labour costs.
- Cut red tape: Honour the 35% reporting reduction target for SMEs and eliminate barriers to a smoother, stronger single market.
- Build a skilled workforce: Attract top talent, support lifelong learning, and provide EU-wide funding for upskilling to meet tomorrow's challenges.
- Accelerate digital transformation: Promote digital solutions and AI adoption to streamline costs and drive productivity gains.

- Power the future: Invest in modern, renewable energy infrastructure for affordable and reliable access to clean energy.
- Enable market integration: Capitalise on the single market potential and pursue favourable conditions for international trade.

Chambers Ireland
Advancing business together

Trade Priorities and the new EU mandate

With inflation, supply chain shocks, and conflict over the past few years, the global economy has become increasingly challenging for businesses. This is especially the case for those that are reliant on trade and the persistence of the rules-based system of international trade.

We have made the case for Ireland prioritising competitiveness for the 2024-2029 EU mandate. Irish MEPs and the next Commission must focus on tackling issues and promoting growth accordingly. Our continued prosperity will rely on the State standing out as the European economy that is a thriving and dynamic place to invest.

The EU has the largest trade network in the world and it must capitalise on this to ensure effective market access for EU businesses globally. As a small, open economy, Ireland is particularly exposed to risks in the global economy but it is also agile and therefore well placed to take advantage of opportunities that emerge. Flexibility however is dependent on robust integrated rail, air, roads and ports infrastructure which need investment to keep trade flowing.

EU competitiveness is reliant on the availability of low-cost energy, critical raw materials and skilled labour. Furthermore, we must foster entrepreneurship to drive business growth, as too often EU policies neglect the needs of smaller businesses.

EU trade priorities at a glance:

- Expand the EU's network of bilateral trade agreements with the world's growth centres to secure better and more reliable access for European businesses.
- Ensuring greater support for Free Trade Agreements and strategically nullifying disinformation regarding trade promotion.
- Pursue a coherent implementation of existing trade agreements, especially towards SMEs, building on the chamber network's unparalleled links to the business community.
- Improve the functioning of the multilateral trading system through comprehensive reform, and expand European partnerships with Third Country markets in line with the twin transition.

Geographical Indications for Crafts and Industrial Products

We are supportive of the proper and swift implementation into Irish law of EU Regulation No. 2023/2411 on geographical indications for craft and industrial products. As a form of intellectual property right, geographical indications benefit businesses by safeguarding product names linked to specific regions or production methods. The Regulation provides a cross-border framework within which products can obtain official EU recognition, thereby fortifying intellectual property rights.

Alongside granting manufacturers a competitive edge in the market, this formal recognition:

- ensures product authenticity;
- boosts economic growth for local manufacturers;
- preserves cultural heritage; and
- fosters fair competition.

In simple monetary terms, products with GI status generally command roughly double the market price of similar, non-certified products.[2] This not only benefits manufacturers but also the local economies and value chains to which the product is linked.

For Ireland, the focus on craft and industrial products is promising as a plethora of products could qualify for GI status, including but not limited to:

1. Donegal Tweed
2. Waterford Crystal
3. Aran Sweaters
4. Irish Linen
5. Belleek Pottery
6. Claddagh Rings
7. Irish Lace (Carrickmacross Lace and Limerick Lace)
8. Inishowen Knitwear

[2] https://www.consilium.europa.eu/en/policies/geographical-indications-for-food-and-drinks/

9. Kilkenny Limestone
10. Tipperary Cutlery
11. Irish Bog Oak Sculptures
12. Donegal Carpets
13. Newbridge Silverware

A strategy to obtain GI-status

Businesses will require help navigating the administrative burden and the route to registration should not be unduly onerous on them.

As a starting point, the Department should develop a strategy to seize the market opportunities alluded to earlier. This will be key to realising the opportunities for these products. This will be crucial to pre-empt any challenges and make the Regulation accessible for businesses.

Secondly, mapping exercises with local manufacturers and communities should be undertaken by the Department. There ought to be a focus on quality, regional products and the local knowledge required to manufacture them.

Thirdly, the Department should examine best practices for registration. This should involve examining the consortia-led model in Italy (see Annex I) where government authorities work closely at the national and regional levels with producer associations to push for GI recognition. With well over 300 products registered, this provides a template for success which we should not be discouraged from emulating.

Fourthly, skills and training will be pivotal to fully realising the benefits of the Regulation. Funding from the National Training Fund[3] could be used in terms of training for the unique skills needed

[3] Chambers Ireland Budget Submission 2025: https://chambers.ie/wp-content/uploads/2024/07/Chambers-Ireland_2025-Pre-Budget-Submission_Final.pdf pg 14; https://chambers.ie/press-releases/chambers-ireland-and-skillnet-ireland-support-workforce-development-nationwide/

to create the crafts and industrial products seeking to obtain GI status. Considering its wide geographical reach, Skillnet may also play a role in this context.

In sum, full and rapid implementation will be key to delivering on the benefits of Regulation 2023/2411 and allowing our craft and industrial sectors to flourish. It is essential that compliance with the Regulation is manageable, to deliver on the benefits for both businesses and our local economies.

EU/UK relations

Post-Brexit and future trade relations

Chambers across Europe deem EU-UK economic relations as either good or acceptable. The current economic relationship is considered neither negative nor detrimental for businesses. This indicates that despite the untapped economic potential in EU-UK relations following the post Brexit trading arrangements and considering the marked stabilisation of bilateral relations due to the adoption of the Windsor Framework for Northern Ireland, businesses have adapted and are satisfied overall with the implementation of the EU-UK Trade and Cooperation Agreement (TCA).

Nonetheless, while we fully support the EU in protecting the Single Market and Ireland's place in it, we believe that there should be greater consideration given by the EU towards the effect on Northern Ireland where trade safeguards are contemplated. As an example, this could have the effect of disrupting supply chains for Irish businesses for critical raw materials such as steel.

In light of this, European chambers are reasonably optimistic about the trajectory of EU-UK trade and investment relations for the next 12 months, with most expecting an increase in trade and investment, or for economic relations to remain stable. Throughout our engagement with other European Chambers, there has been no indication of an anticipated decrease in trade with respect to the UK.

Regulatory divergence

1. **Border Target Operating Model (BTOM)**

There are challenges for companies in relation to the gradual implementation of the UK's Border Target Operating Model. This related primarily to the risk classification of products and transparency of the fees collected, however, as more checks will be implemented in line with the BTOM timetable, the situation could still change if companies, infrastructure, and personnel are not fully prepared/equipped. SMEs stand to be the most affected, as they do not have the resources nor capacity to cope with additional technical and administrative barriers.

2. Carbon Border Adjustment Mechanism (CBAM)

Regulatory divergence is a concern in relation to the Carbon Border Adjustment Mechanism. This should be linked and not act as barriers to respective markets, particularly for exporters who may be affected by the current arrangements. strongly welcome the UK government linking its UK emission trading system (ETS) to the EU's. This is critical to uphold a playing field for EU businesses and reduce the regulatory burden via the imposition of potentially different carbon border adjustment mechanism measures when fully implemented in both the Single Market and the UK. This possibility is already stipulated in Article 392 (6) of the TCA. With the appropriate political, it should be highlighted as a core area to work on as part of the upcoming review of the TCA.

There is divergence in terms of sectoral coverage as well; the UK CBAM includes ceramics and glass but excludes electricity, unlike its EU counterpart. Certain product-specific rules of origin in products required for the benefit of the electric vehicle industry should also be revisited. Along with Revenue, the Department should focus on these points of divergence in terms of getting businesses ready.

3. Single Electricity Market (SEM)

While the TCA stipulates that Northern Ireland will continue to apply the EU's electricity legislation and align with the EU's carbon pricing mechanisms, it is nonetheless subject to review and consent by the Northern Ireland Assembly every four years. We are concerned that this could create some instability and unpredictability for the SEM.

4. Veterinary and Sanitary and Phytosanitary Agreement

Negotiating and concluding a separate veterinary and sanitary and phytosanitary agreement between the EU and the UK would bring important benefits to EU and UK companies. This could remove and limit the necessity for border checks for agrifood products destined for the UK market and vice-versa. Any such agreement would need to provide the necessary safeguards for preserving the integrity of the Single Market. A core requirement should be to align UK rules with EU rules, along with solidifying a role for the Court of Justice of the European Union.

Actions to empower Irish businesses to take advantage of Free Trade Agreements

The Department should consider the following actions in promoting FTAs among businesses:

- Ensuring that all Irish firms have easy access to export promotion services;
- Ensuring additional funding for training in customs procedures. SMEs often do not have the capacity or knowledge to determine the complex rules of origin for preferential trade. This excludes them from taking advantage of preferential tariffs;
- Facilitating trade promotion, including trade missions;
- Ensuring funding for training in market diversification skills; and
- Trade facilitation initiatives to reduce the costs of border procedures.

Annex I: Italy's strategy for promoting and protecting geographical indications

Italy's strategy for promoting and protecting geographical indications (GIs) has proven to be remarkably effective, significantly contributing to its status as a leader in this domain within the European Union. Several factors contribute to the success of Italy's GI strategy:

1. **Strong Legislative Framework**: Italy has established a robust legal framework that safeguards its GIs, including the use of Protected Designation of Origin (PDO) and Protected Geographical Indication (PGI) labels. These designations help prevent misuse and maintain the integrity of Italian products by ensuring they meet strict production standards and geographical criteria.
2. **Economic Impact**: The most recently available data shows that Italian GIs account for approximately **€15.8 billion in sales**,[4] representing around **21% of the total value of GIs in the EU**. This figure reflects not only the popularity of these products domestically but also their global appeal, especially in markets such as the USA, China, and Singapore. For instance, the sales of PDO and PGI products typically yield a price premium, **averaging double that of similar non-certified products**.
3. **Promotional Initiatives**: Italy actively participates in international forums and organisations, such as the "oriGIn" group, which promotes GIs worldwide. This involvement helps raise awareness of Italian GIs on a global scale and strengthens international cooperation in protecting these products. Additionally, Italian consortia, like those for Parmigiano Reggiano and Prosecco, play a crucial role in advocating for their respective products and ensuring compliance with GI regulations.
4. **Cultural Heritage and Quality Assurance**: Italy leverages its rich culinary heritage, which is deeply embedded in its GIs. Products like Parmigiano Reggiano and Balsamic Vinegar of Modena are not just food items but symbols of Italian culture and tradition. This association enhances their marketability and consumer desirability. The emphasis on

[4] https://news.italianfood.net/2020/03/05/italian-pdo-pgi-fb-products-are-worth-e16-2-billion/

traditional production methods also ensures that the quality and authenticity of these products are maintained.

5. **Public Awareness Campaigns**: Educational efforts aimed at consumers and producers help underscore the value of GIs. By highlighting the unique qualities and origins of GI products, Italy fosters a strong appreciation for these items, enhancing consumer loyalty and encouraging the purchase of authentic products.