

To ask the Minister for Jobs, Enterprise and Innovation the discussions that she has had with her European counterparts in relation to reviewing State aid rules to provide a temporary framework that would facilitate businesses here to diversify and restructure in preparation for the United Kingdom leaving the EU; and if she will make a statement on the matter.

- Darragh O'Brien.

* For WRITTEN answer on Thursday, 15th December, 2016.

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REPLY

Minister for Jobs, Enterprise and Innovation (Ms Mitchell O'Connor)

The Government is acutely conscious of the uncertainty created by Brexit and the need to consider the types of supports that Irish businesses require to address the negative implications of Brexit and maintain their competitiveness.

The UK vote has led to uncertainty in our trading relationships with the UK, resulting in large part from a degree of volatility in the Euro/Sterling exchange rates. Exchange rate fluctuations will pose real challenges for low margin exporting sectors reliant on the UK market. The volatility of exchange rates is clearly evident from developments over the last few months.

Given Brexit is likely to represent a structural shift in the UK trading relations with partners, short medium and long term responses are needed. These include market diversification, cost reduction, value-add, innovation and price repositioning. My Department and agencies are putting in place measures to address these issues for client companies.

My Department has also initiated engagement with senior officials from the DG Competition to ensure Ireland can deliver the necessary supports to Irish enterprises within the EU State Aid rules. These discussions are by no means over and will continue, if and when, the need arises to discuss initiatives or proposed schemes.

The temporary framework introduced by the Commission during the economic crisis was an extraordinary measure, effective across the Union, but as a short-term instrument it was subsequently phased out.

While sympathetic to Ireland's concerns, DG Competition sees limited scope to introduce a revised temporary State Aid framework. The Commission has confirmed that the uncertain nature of the ongoing discussions on Brexit would diminish the effectiveness of such a measure. DG Competition has committed to working with the relevant Departments and agencies in Ireland to identify potential solutions under the existing State Aid framework to address the negative implications of Brexit.

My Department has examined the options available within the State Aid framework and is currently consulting with the development agencies and stakeholders to assess the short, medium and long term requirements for State intervention. This process will provide a clear indication of the needs of SMEs and will inform the design and delivery of a suite of supports under the existing State Aid framework. These interventions will be tailored and targeted to ensure Irish enterprises hampered by Brexit can access the necessary supports to diversify, restructure and maintain competitiveness and jobs.