

# Supporting the Irish engineering sector



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### The impact of the crisis on the Irish engineering sector

Engineering is at the heart of maintaining continuity in our daily lives with companies spanning a broad range of markets including automotive, aerospace, energy & environment, construction and agriculture. These companies manufacture the technology products and systems that enable everything from Industry 4.0 to clean energy systems, a circular economy, and connected and autonomous mobility. The crisis has resulted in closures or greatly reduced capacity in the engineering product and sub-supply sector. In today's complex and deeply integrated supply chains, particularly in the electronic, technical and mechanical engineering, this has resulted in major disruption to the internal market and supply-chains.

### Phase 1 Actions to support the Irish engineering sector in the next 100 days

- 1. Enable the full re-opening of the engineering sector:** Irish companies have lost contracts to alternative suppliers. Re-open the sector to restore the supply of technology and sub supply products to their international customers. This would provide continuity in their supply chain and regain our competitive advantage while respecting government guidelines.
- 2. Facilitate a pro-trade environment and the EU single-market:** Government must facilitate trade by ensuring a more coordinated and coherent approach across EU Member States. Limitations to the free movement of goods, services and workers must be avoided. This is needed to maintain production as much as possible in the coming months ahead.
- 3. Immediate financial pressure on engineering businesses must be alleviated:** Businesses are operating at reduced capacity. Supply chain disruption makes it difficult to sustain normal activity. Transport costs are surging. Liquidity supports in the form of grants, tax relief, Vat relief are urgently required.

## **Phase 2 Actions to support the Irish engineering sector by end of 2020**

- 1. Become a global leader in innovation:** Government should provide leadership and drive the ambition to become a global leader in technological development and cutting-edge innovations (e.g. sensor technologies, data analytics, AI & augmented reality, additive manufacturing) through its indigenous and multinational engineering manufacturing and services sector.
- 2. Kickstart investment in capital equipment and machinery:** Financial incentives are needed to kickstart engineering companies to invest in new machinery and related equipment that will drive efficiencies and productivity through automation, new technologies and business digitalisation.
- 3. Postpone legislative and regulatory changes in 2020:** Any legislative and regulatory changes or reviews planned in 2020 (e.g. EU Machinery Directive) should be re-prioritised. This will allow industry to target resources on the immediate challenge of crisis recovery, so that a solid and sustainable industrial base can be rebuilt.

### **Phase 3 Actions to support the Irish engineering sector by 2023**

- 1. Invest in digitalisation infrastructure:** As many of our innovative engineering companies are based in rural parts of Ireland and Irish business digitalisation is behind Nordic countries, Government needs to fast track the rollout of a first-class communication network through 5G and fibre optics.
- 2. Provide enhanced opportunities for industry-academic collaboration:** Increase direct supports to stimulate greater industry innovation and enhance innovation collaboration between engineering companies, higher education institutions, and SMEs through schemes like the Disruptive Technologies Innovation Fund.
- 3. Invest in training and up-skilling initiatives:** One of the greatest barriers to the integration of new technologies in the traditional engineering sector is employee engagement and up-skilling. Training supports are required through government funded initiatives such as a dedicated Engineering *Skillnet* and encourage greater enterprise engagement in apprenticeship programmes.

### **Impact of phased action on the Irish engineering sector**

A strong engineering base is fundamental in driving an innovation-led transformation. With strong leadership, Ireland can position itself as a leader in business digitalisation through new technologies and strengthen the supply chain for many indigenous and multinational companies.

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**‘Being able to service competitive global markets as they restart is critical in maintaining our market position and our business’**

**Diarmuid Doherty**

Site General Manager, Valeo Visions Systems and Member of Ibec Engineering Network

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