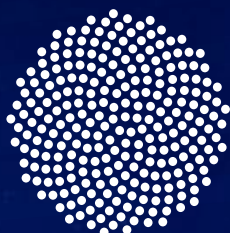


ibec Europe & Global Focus

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ibec
For Irish Business

**EU-UK Trade and
Cooperation Agreement**

**New US President Biden
and transatlantic relations**

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Profile

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COVID-19 vaccination hopes, Brexit implementation and a new US President promises a fresh start

Welcome to the sixteenth edition of Ibec Europe & Global Focus. As we publish this edition, Ireland along with the rest of Europe continues to face the challenges of the COVID-19 pandemic. As 2021 began, Ireland experienced its third wave of the COVID-19 virus which sent the country back into Level 5 lockdown. Many other EU Member States have also reimposed or maintained their own restrictions in order to curtail or avoid new waves of the virus. While the free flow of goods and services has been maintained, travel and border restrictions have tightened to confront more transmissible variants of the COVID-19 virus.

With the new year has come hope, however, with the arrival of four EMA-approved vaccines, three of which are currently being distributed across the continent with over 51 million doses administered in the EU and over 500,000 in Ireland. As supply increases vaccine strategies will gather pace, the focus is on Q2 and Q3 when it is hoped transmission of the virus and hospitalisations will decrease significantly enough to allow for the lifting of restrictions on business and cultural activity.

While Europe and the world navigates through the COVID-19 crisis, the US has inaugurated new President Joe Biden and new Vice President Kamala Harris. In his first foreign policy address, US President Biden said he would repair alliances through dialogue and diplomacy, work more closely on China and re-engage

in multilateralism. Already, the US has rejoined the Paris Climate Agreement and the WHO (World Health Organisation).

In this issue we summarise Ibec's view on the EU-UK TCA and Protocol on Ireland and Northern Ireland, detailing the consequences for business, and overviews Ibec's engagement with members, Government, and the EU institutions, as part of the Brexit campaign. The early months of implementation of customs and SPS controls have certainly been challenging for both business and the authorities, especially in Ireland with such deep trading relations with the UK. Recent unilateral decisions by the UK to extend 'administrative grace periods', under both the Protocol and TCA, while providing more time for business and the UK authorities to adapt have once again strained EU-UK relations and prompted the European Commission to commence infringement proceedings against the UK.

In our general EU affairs section we analyse the most relevant issues for the EU institutions as we enter 2021. These include COVID-19 vaccine procurement, realising the Green Deal and the digital transformation.

We profile the new WTO (World Trade Organisation) DG Okonjo-Iweala who made history in becoming the first woman to head the WTO and first person from an African country (Nigeria) in the role. Okonjo-Iweala labels herself as a reformer and has vowed to find a

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From the Editor

solution for the Appellate Body and support Aid-for-Trade initiatives to assist least developed countries in the trading system. We update on EU-US relations and the hope that President Biden's election translates into a revival of transatlantic relations that is more cooperative and less conflictive.

In our in focus piece for this issue we, jointly with the Canadian Embassy in Ireland, take a look at the opportunities and benefits of CETA for Ireland and Irish business. Our member in focus piece looks at Ibec member CRH and its experience of doing business in Canada.

We take stock of the major events happening across EU member states including an overview of the CDU leadership election in Germany; crucial to the appointment of the country's next Chancellor, the new government in Italy led by Mario Draghi, former President of the ECB, and elections in the Netherlands as well as government formation in Estonia.

Also in this issue's sectoral update, Drinks Ireland deliver an update on EU-US relations. The Biden Presidency presents a new opportunity following a challenging period for exports, with a welcome suspension of tariffs imposed as a result of the Airbus-Boeing case. In our policy section we outline Ibec's vision for the EU's Digital Decade with a focus on digital skills, infrastructure and how the EU can facilitate digital innovation and boost the opportunities presented by the digital transformation.

In our final section for this issue we highlight our most high profile events and engagements in this quarter, including our series of Brexit webinars, our kick-off engagement for 2021 with our stakeholder audience titled 'Ireland and the EU: The outlook for 2021' and the first virtual Ibec St. Patrick's Day event in collaboration with Sean Kelly MEP.

As always, we hope you enjoy this issue of Ibec Europe & Global Focus and we look forward to engaging with you further on any of the issues featured here. In the meantime, we hope you are keeping safe and well.

If you want to pick up on any of these items, don't hesitate to contact any member of the team.



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EU-UK Trade and Cooperation Agreement (TCA)

A strong platform for positive economic relations beyond immediacy of the unprecedented implementation challenges for Irish business

EU-UK TCA

Ibec welcomed the TCA reached compared to the consequences of a 'no deal' scenario. The deal, which delivers tariff- and quota- free bilateral trade, provides relief for Irish businesses exporting to the UK and is a strong platform for a future positive economic relationship. Moreover, it is positive that Ireland will receive some 25% of the EU's Brexit Adjustment Reserve fund.

Unlike traditional free trade agreements the TCA is about managing divergence. Given our close economic ties with our nearest neighbour, the impact on Irish business, our supply chains, and east-west trade is unique among our EU partners in its magnitude regardless of the agreement's scale.

Given our geographical location, the TCA's **Rules of Origin** provisions present unprecedented challenges for Irish business. While customs procedures including customs warehouses, transit arrangements and returned goods relief can avoid the imposition of tariffs on EU origin goods on import to Ireland, these are costly and complex. This is challenging for all using distribution hubs in the UK. In addition, East-West trading conditions are now very different, involving complex **customs procedures**. These are posing daily difficulties and delays to our members as they, together with customs officials, digest the specificities of the new EU-UK relationship in the absence of the promised transition period for business, eroded by protracted negotiations.

Crucially, the opening weeks of 2021 have shown that the **Protocol on Ireland and Northern Ireland** is, in several important respects, successfully serving its purpose on our shared island. It is facilitating the seamless flow of goods North and South and, crucially, is enabling all island businesses such as the dairy and Irish whiskey sectors to operate complex supply chains across the two jurisdictions.

Ibec Brexit campaign

Ibec has continued our extensive engagement with Government, the UK Government, and the EU institutions at all levels in Dublin, London, and Brussels to ensure that the priorities of Irish business are well understood and our issues are addressed as the EU-UK TCA and Protocol on Ireland and Northern Ireland are implemented.

Our recent activities have included a member events with the European Commission Task Force for Relations with the UK on 8 February, addressing the Seanad Special Select Committee on the Withdrawal of the UK from the EU on 9 February, and ongoing dialogue with the Revenue Commissioners, Government, and the European Commission.

For further information on **Ibec's Brexit campaign**, including information, supports and recordings of previous webinars on the TCA, Rules of Origin and UK distribution, customs and trade, data flows, and CE marking and standardisation, please see our dedicated [Brexit website](#).

You can access Ibec's EU-UK Future Relationship Tracker [here](#), which summarises and explains the key aspects of the TCA as well as providing analysis on the impact for business on the changes introduced from 1 January 2021. In addition, you can access Ibec's Tracker on the Protocol on Ireland / Northern Ireland which outlines the implications for trade on the island of Ireland.



COVID-19

The most urgent task on the EU agenda includes the COVID-19 vaccine procurement efforts of the European Commission. Following on from a challenging year for all EU member states in which the COVID-19 pandemic caused massive social and economic disruption, 2021 presents an opportunity for hope with several vaccines on the horizon and three already approved by the European Medicine's Agency. In late December 2020, the first batches of the Pfizer-BioNTech vaccine were distributed among member states. The approval of two further vaccines by Moderna and AstraZeneca have followed, with more expected to follow soon.

On behalf of member states, the European Commission negotiated contracts with several pharmaceutical manufacturing companies known as Advance Purchase Agreements which provide for the acquisition of promising COVID-19 vaccine candidates. Funding for vaccine supplies comes from the [Emergency Support Instrument](#). The Commission secured a diverse portfolio of over 2.6 billion vaccine doses from a range of pharmaceutical companies. Approval of a vaccine candidate is at the discretion of the Amsterdam-based European Medicines Agency (EMA), led by Executive Director Emer Cooke with final sign off by the European Commission.

The vaccines approved and pending approval to date include:

BioNTech and Pfizer	mRNA	2 doses	600 million	Approved
Moderna	mRNA	2 doses	460 million	Approved
CureVac	mRNA	2 doses	405 million	Development ongoing
AstraZeneca	adenovirus	2 doses	400 million	Approved
Johnson & Johnson/ Janssen Pharmaceuticals	adenovirus	1 doses	400 million	Approved
Sanofi-GSK	protein	2 doses	300 million	Development ongoing

The Commission has also concluded exploratory talks with

- [Novavax](#) with a view to purchasing up to 200 million doses
- [Valneva](#) with a view to purchase up to 60 million doses.





*Ursula von der Leyen,
President of the European Commission*

Vaccine procurement and rollout

At the time of writing, 51.5 million COVID-19 vaccine doses have been delivered to the EU with 29.2 million doses administered. The total number of vaccine doses administered in Ireland stands at over 500,000.

The fast approval and rollout of COVID-19 vaccines procured by countries such as the UK and Israel caused a turbulent start to 2021 for the European Commission, whose procurement and approval efforts were scrutinised in media for being comparatively slower. However, supply of vaccines procured to date is expected to significantly increase in Q2 and Q3 of 2021.

At European Council on 21 January, EU leaders expressed a willingness to accelerate vaccination and stated that delivery commitments made by companies must be respected. They also agreed that all possible means will be examined to ensure rapid supply, including early distribution. The Commission has committed to work with industry to increase vaccine production capacity and adjust vaccines to new variants of the virus.

Variants and travel restrictions

Variants of the COVID-19 virus – some of which are more transmissible and potentially threatening to the efficacy of the vaccines – have caused Member States to install border controls and non-essential

travel bans as countries try to vaccinate a significant portion of their population in order to lower levels of hospitalisation and transmission.

At Council on 25-26 February, leaders agreed on the need to restrict non-essential travel for the time being while maintaining the flow of goods and services within the Single Market, including making use of Green Lanes. Council has also previously highlighted the importance of increasing sequencing capacity in order to address the seriousness of the situation with new variants of COVID-19 emerging. Council have adopted a recommendation on a common framework for the use and validation of rapid antigen tests and on the mutual recognition of COVID-19 test results.

EU Digital Green Certificate

On 17 March, the Commission presented a proposal for a Regulation to create a Digital Green Certificate **“to facilitate safe free movement inside the EU during the COVID-19 pandemic”**. The certificates will account for vaccinations, tests, and for those who have recovered from Covid-19. Primarily, the Commission is seeking for the certificates to act as evidence to allow EU Member States to waive public health restrictions such as requirements for tests or quarantine for international travellers. The proposal will now be considered by the European Parliament and Council.

Climate

EU leaders raise climate ambition at December Council

At European Council on 10-11 December, EU leaders agreed to endorse a binding EU target of a net domestic reduction of at least 55% in greenhouse gas emissions by 2030.

The ambition of their climate commitments is to drive sustainable economic growth, create jobs, health and environmental benefits and to boost global competitiveness by promoting green innovation.

Council agreed to mobilise public finance and private capital to their climate goals and invited the Commission to make a legislative proposal on an EU green bond standard by June 2021. 30% of the total amount of expenditure of the Multiannual Financial Framework (MFF) and NextGenerationEU (NGEU) will be directed into climate action.

The Commission has been asked to conduct an in-depth examination of environmental, economic and social impacts at member state level. They will also explore ways to strengthen the EU emissions, trading system (ETS), propose measures to deploy innovative climate-neutral technology, propose a carbon border adjustment mechanism and address concerns raised in terms of the distribution of efforts.



Charles Michel, President of the European Council

The EU's nationally determined contribution, provided for in the Paris Agreement, will be updated according to the new binding target and submitted to the UN Framework Convention on Climate Change (UNFCCC) secretariat by the end of the year.

Ahead of the 26th Conference of the Parties to the UNFCCC, which will take place in the United Kingdom in 2021, the European Council reiterated that international engagement is crucial to success in addressing climate change and called on all other parties, in particular major economies, to come forward with their own ambitious targets and policies. It underlined the importance of strong coordinated action through active European climate diplomacy.



EU-US relations



Joe Biden, President of the United States

New era for EU-US relations

The election of Joe Biden as the 46th President of the United States brings hope that transatlantic relations can turn more cooperative and be less conflictive.

On the EU side, the Commission in December developed a forward-looking transatlantic agenda “A new EU-US agenda for global change” which calls on the US for close cooperation on economy, trade, technology, standards, ensuring future prosperity, and overcoming common challenges such as climate change and COVID-19.

On the US side, in his first foreign policy address, President Biden promised to repair alliances through dialogue and diplomacy, work more closely on China and re-engage on the multilateral level among other issues. Some of his first acts in the Oval Office included rejoining the Paris Climate Agreement and the World Health Organisation.

BusinessEurope and the US Chamber of Commerce joint statement

On 27 January, in a joint statement, BusinessEurope and the US Chamber of Commerce, have called for signals that a renewed EU-US dialogue had started.

They suggested addressing first the removal of US steel and aluminium tariffs and EU counter-measures, as well as the elimination or at least suspension of tariffs while the two administrations negotiated a solution to the longstanding Airbus-Boeing disputes.

The transatlantic business community pledged cooperation to the EU and US authorities on shared goals, including on digital, taxation and climate, responding to the pandemic, developing a common approach to protecting critical technologies, and enabling innovation. The agenda priorities included addressing the challenges to our market economies by China, working on issues including subsidies, investment screening, and export controls. It is critical that the EU and the US work together to address these issues. However, it remains to be seen how the new transatlantic agenda will develop.

Made in America

On 25 January, President Biden issued a “Made in America” executive order that has a wider scope than the previous Trump Administration initiative. The public procurement element was anticipated as part of the US recovery plan. However, the local content requirements are a concern given the negative effect of COVID-19 on global economic growth. These provisions outline the percentage of goods and services that need to be manufactured or served in the US, and the price difference between US and foreign offers that allows US public authorities to look for foreign suppliers are raised.

WTO Update



*United States Trade Representative,
Ambassador Katherine Tai*

Katherine C. Tai Sworn in as USTR Ambassador

On 18 March, US Vice President Kamala Harris administered the oath of office to Katherine C. Tai and swore her in as the 19th United States Trade Representative (USTR). Ambassador Tai is the first Asian American woman confirmed to serve in the role. Tai previously served at USTR from 2007-2014, most recently as Chief Counsel for China Trade Enforcement.

On 25 February, Katherine Tai, during her confirmation hearing to become the next US Trade Representative commented that the US' role as a leader in the WTO was weakened by a lack of engagement in recent years, and President Biden plans to remedy that. She highlighted that "the Biden administration "will strive to restore US leadership at the World Trade Organization and work constructively with other members on reform".

Katherine Tai was confirmed by the US Senate in a unanimous 98-0 vote on 17 March.

Airbus and Boeing dispute

On 5 March, the European Commission and the USTR agreed to suspend for 4 months the tariffs currently applied to aircraft and non-aircraft products in relation to the WTO aircraft disputes. This is a welcome move for business who have been impacted by the additional tariffs and is a key development on the road to reach a permanent solution.

In their joint statement, the EU and the US outlined that key elements of a negotiated solution will include disciplines on future support in this sector, outstanding support measures, monitoring and enforcement, and addressing the trade distortive practices of and challenges posed by new entrants to the sector from non-market economies, such as China.



CETA

Ibec, in collaboration with the Embassy of Canada to Ireland, look at the benefits and opportunities of CETA and doing business in Canada.

What is CETA?

CETA - the Canada-EU Comprehensive Economic and Trade Agreement - is a trade agreement that eliminates barriers in virtually all sectors and aspects of Canada-EU bilateral trade. In the three years since CETA came into effect provisionally in 2017, EU merchandise exports to Canada averaged €42.3 billion annually, up 22.1% compared to pre-CETA. At the same time, Canadian merchandise exports to the EU have risen 16.6% on average.



Justin Trudeau, Prime Minister of Canada with former European Commission President Jean-Claude Juncker and former President of the European Council Donald Tusk on the signing of the agreement

Small and medium sized enterprises (SMEs) are the backbone of both of our economies, and have been some of the hardest hit by this crisis. SMEs stand to be the largest beneficiaries of CETA: from tariff elimination to clear rules for goods and services exports. The Agreement creates advantageous conditions for SMEs by eliminating tariffs on 98% of Irish exports to Canada, simplifying procedures for clearing goods through customs, and ensures that traditionally under-represented groups, such as women entrepreneurs, have equal access to the benefits of trade. Irish exports to Canada grew by an average of 54.5% between 2016 (pre-CETA) and 2019.

Opportunities for Ireland

Canada has a lot in common with Ireland: shared values, complementary global outlooks, export-focussed trade, and a common commitment to a rules-based, multilateral international order. As trading nations, our economic recovery depends on strengthening our trade and investment relationship with close partners. CETA provides a framework to deliver on this goal.

Tariffs have been eliminated on virtually all of Ireland's exports to Canada (98%). Ireland's exports to Canada were 12% higher in 2020 than in 2019, reaching €1.7 billion. These include Ireland's main exports to Canada, such as chemicals and plastics, which had tariffs as high as 6.5% before CETA came into effect.

Ireland's agriculture and agri-food exports to Canada totalled €122 million in 2019, which included liqueur and cordials totalling €65 million (pre-CETA tariffs on Irish exports to Canada were as high as 12.28€/litre of absolute ethyl alcohol on some items in this sector), and meat products such as beef, totalling nearly €26 million. CETA preserves high standards for food safety and animal and plant health in both the EU and Canada; the agreement does not undermine these European standards, nor the standards in Canada regarding European imports.

CETA and Irish Whiskey

Since the CETA deal came into provisional force, sales of Irish whiskey in Canada have increased by 44%. A major contributor to this growth was the reform of levies which has allowed Irish whiskey to be priced more competitively. This has benefitted both large and SME companies e.g. Jameson Irish Whiskey sales increased by 48% from 2017 to 2019.

CETA and Climate Action

Taking action to protect the environment and combat climate change is a top priority for the Canadian government. CETA goes beyond any other trade agreement signed by the EU regarding environmental and climate matters and contains robust environmental and sustainable

development commitments that ensure environmental protection is upheld as we further expand our trading relationship, and to promote Canada-EU cooperation on areas of shared interest.

CETA recognizes the right of all levels of government to regulate in the interest of their citizens and to promote the public good, to maintain high levels of environmental protection, and to not weaken their environmental laws to encourage trade or

investment. Nothing in CETA prevents Canada or the EU from adopting non-discriminatory measures to regulate in the public interest in areas such as public health, safety, the environment, or consumer protection. Through CETA's Joint Interpretative Instrument, both Canada and the EU made a commitment to an early review of the provisions on trade and labour and trade and the environment, including with a view to their effective enforceability.

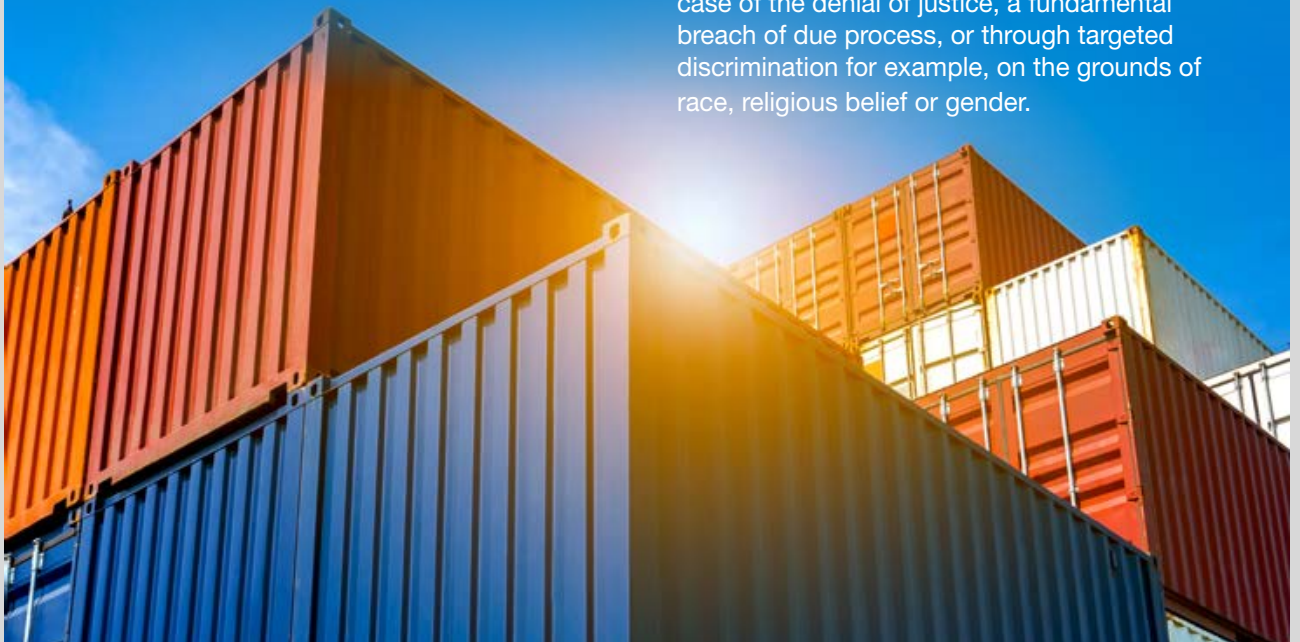
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Investment Court System

Trade agreements that involve investment protections help to market Ireland as a competitive FDI-friendly jurisdiction. The Investor Court System (ICS) is CETA's innovative approach to investment dispute resolution. When the CETA investment provisions are fully implemented, once ratified by all EU Member States, the Agreement will provide investors with greater predictability, transparency, and protection for their investments.

The ICS replaces the older Investor-State Dispute Settlement (ISDS) and addresses concerns raised by NGOs and others related to transparency and public interest. The ICS makes investment dispute resolution more transparent through open hearings, ensuring that third parties, such as NGOs, can make submissions, and makes all submissions to the tribunal public (with safeguards to protect confidential information). Canada and the EU also added provisions affording SMEs with easier access to the ICS.

An investor may only have recourse to the ICS in very specific limited grounds such as in the case of the denial of justice, a fundamental breach of due process, or through targeted discrimination for example, on the grounds of race, religious belief or gender.



CRH, an Ibec member, tells us about doing business in Canada



Milton Quarry is a UNESCO designated world Biosphere area

CRH is the leading building materials business in the world, employing almost 80,000 people at over 3,000 operating locations in 30 countries.

It manufactures and supplies a range of building materials, products and innovative solutions for the construction industry. From primary materials such as cement, aggregates and readymixed concrete, to architectural, infrastructural and construction products that are highly engineered and high-value-added, CRH is uniquely positioned to serve evolving demand trends in global construction markets. Its materials and products can be found in wide-ranging applications throughout the built environment, including major public infrastructure, commercial buildings and residential housing.

CRH has operated in Canada since 1995, however it added more significantly to its footprint with the acquisition of the former Holcim (Canada) business in 2015. Today, CRH employs approximately 5,000 people at c. 130 operating locations in Canada, where it is one of the largest vertically integrated building materials and construction companies.

CRH provides cement under the Ash Grove brand, aggregates, readymixed concrete and construction services under the Dufferin and Demix brands, architectural products under Permacon and other Oldcastle APG brands, precast concrete and composite infrastructural products under Oldcastle Infrastructure brands, media cabinets under Primex Technologies brand, and glass and glazing systems under Oldcastle BuildingEnvelope® and C.R. Laurence brands.

Recently, CRH's Dufferin business constructed 69 kilometres of highway for the Ontario Highway 407 East Phase 2 project. The project included 125

bridges, 29 interchanges, 15 grade separations, 13 river crossings and 8 railway crossings. The Government contract also includes the maintenance of Highway 407 East Expansion for 30 years, providing for the continued supply of materials by CRH companies over the coming years.

CRH is also engaged in high-value-added activities including research and development (R&D). Its architectural concrete business Permacon has a strong market presence in Canada and its R&D centre plays a central role in the development of new products and styles in architectural masonry for CRH customers across the globe.

CRH is proud of the positive contribution it makes to the local communities in which it operates, including its programmes to enhance local environments and natural habitats by protecting and promoting biodiversity. CRH's Milton Quarry in Canada is a UNESCO designated world Biosphere area, due to its successful efforts to restore and sustain suitable habitats for wildlife onsite.

Canada is an attractive market for CRH, with positive economic conditions and good long-term demand fundamentals underpinning levels of construction activity. The construction sector is a significant industry in Canada, employing c.7% of the Canadian workforce. In 2020, the GDP for the industry was an estimated \$140.9bn. Population growth and immigration have been driving an increased requirement for infrastructure and housing. Infrastructure is well funded at national and provincial government level, with key projects in areas such as transit, heavy civil engineering and institutional and health care facilities expected to be advanced over the coming decade. As an established and trusted partner, CRH's businesses in Canada are very well positioned to participate in these opportunities.



Dufferin constructed 69 kilometres of highway for the Ontario Highway 407 East Phase 2 project

Ngozi Okonjo-Iweala becomes Director General of the WTO



Ngozi Okonjo-Iweala, Director General of the World Trade Organisation

Dr Okonjo-Iweala background

Dr Ngozi Okonjo-Iweala is a highly accomplished global finance expert, economist, and international development professional with a range of successes across her illustrious career. As the first woman in both positions, she was Nigeria's Finance Minister twice (2003-2006 and 2011-2015) and briefly the Foreign Minister (2006). She is on the Boards of Standard Chartered PLC and Twitter Inc and is African Union (AU) Special Envoy to mobilise international financial support for the fight against COVID-19 and WHO Special Envoy for Access to COVID-19 Tools Accelerator. Her past experience also includes Managing Director of the World Bank where she was the first female and African candidate and Chair of the Board of Gavi, the Vaccine Alliance.

Dr Okonjo-Iweala is currently also Chair of the Board of the African Union's African Risk Capacity, a weather-based insurance mechanism for African countries, and co-Chair of the Global Commission on the Economy and Climate. In 2020, she became an Angelopoulos Global Public Leader at Harvard University Kennedy School, and was also appointed to the Presidential Economic Advisory Council for South African President.

She was listed as one of the 50 Greatest World Leaders (Fortune, 2015) and Top 100 Most Powerful Women in the World (Forbes, 2011, 2012, 2013 and 2014) to name a few of the accolades received across her 30-career working in Asia, Africa, Europe, Latin America and North America

Dr Okonjo-Iweala holds a degree in Economics from Harvard University (1976) and Ph.D. in Regional Economics and Development from the Massachusetts Institute of Technology (1981). Her accomplished career includes many more awards, seats on advisory boards and honorary degrees.

The new DG term

On 15 February, history was made when the WTO members agreed by consensus to select Ngozi Okonjo-Iweala as the seventh Director-General. She began the role on 1 March 2021.

The 12th WTO Ministerial Conference, postponed from 2019, will take place this December in Geneva hosted by the WTO Secretariat. More details to follow. Dr Okonjo-Iweala's key priority is to work with members to tackle the economic and health consequences of COVID-19.

The WTO requires reform in many areas including: dispute settlement, the application of rules to market economies and non-market economies, how to apply preferential treatment in trade agreements for developing countries; and how trade can help achieve other policy goals such as quality of work, sustainability and global health, for example.

Dr Okonjo-Iweala WTO objectives

Dr Okonjo-Iweala labels herself as a reformer and has vowed to find a solution for the Appellate Body and support Aid-for-Trade initiatives to assist least developed countries in the trading system.

In her final statement to the WTO General Council, she lists resolving the dispute settlement stalemate as she acknowledges the WTO rules lose credibility without a forum to address any rule breaking, updating the rulebook, working on transparency and notification, improving the work of regular bodies and empowering the Secretariat as her objectives.

In her first address as DG WTO General Council, she stated they must "do things differently" to achieve the necessary reforms, beginning with the end of harmful fisheries subsidies, and assisting the scale up of COVID-19 vaccine production and distribution. She outlined that compromise to create agreements was necessary for her to meet the high expectations on her tenure. Dr Okonjo-Iweala recommended they decide on a manageable number of deliverables for this year and create longer work programmes for issues that require more consideration.

A global player:

The EU's Section 232 'rebalancing' tariffs on bourbon and US whiskey

In April 2017, the US Commerce Department launched an investigation on the impact of the import of aluminium and steel into the US for national security. The outcome of that investigation resulted in then President Trump, under **Section 232** of the Trade Expansion Act, applying 25% import duties on steel and 10% on aluminium from all foreign producers including those based in the European Union.

The EU responded by 'rebalancing' tariffs of 25% on popular American brands and products such as Harley Davidson motorbikes, Levi's jeans. These European tariffs on US goods are due to automatically double on 1 June, 2021. Since the application of tariffs exports of US whiskey and bourbon have reduced to Ireland and Europe. In the first two years the value of US exports fell from \$757 million in June 2018 to circa \$500 million in June 2020. Exports have continued to fall since then. In turn, these tariffs have contributed to US tariffs of 25% being placed on Irish Cream and other Irish liqueurs and a wide variety of other European spirits products in the Airbus /Boeing dispute.

We believe that European steel and aluminium exports are not a threat to US national security but that these tariffs pose

a challenge to a transatlantic economy weakened by COVID-19. In light of this there should be a way for the EU and the US to work together to resolve this dispute. In an ideal scenario both sides would suspend their tariffs while the EU works with the US to demonstrate its steel and aluminium is not a threat to US jobs.

The US Government's recent decision to forgo its latest review of tariffs on European products in the Airbus dispute can be viewed as a sign that the new administration is going to look at trade matters in a different way to its predecessor. Drinks Ireland and its members are of the view that Ireland, EU Member States, and the European Commission need to acknowledge this development and reflect on what the forthcoming doubling of the EU's 'rebalancing' tariffs will do.

The transatlantic trade challenges over the last number of years have harmed consumers, farm families, cooperages, glass and other suppliers, and the distilling and spirits industry in the US, Ireland, and the EU.

The automatic doubling of EU tariffs on bourbon and US whiskey on 1 June and the potential damage it will do to the ongoing reset of transatlantic trade relations with the new Biden Administration cannot be ignored. It will be viewed in the US as an escalation by the EU and risks further US tariffs on EU spirits and other exports in other areas.

We realise that it is perhaps unlikely that tariffs will be mutually halted in the Section 232 dispute before 1 June. We would urge however that the automatic doubling of these European tariffs be postponed as that would be a positive gesture intended to help de-escalate and resolve this dispute. This is particularly the case as a doubling would be at odds with the spirit of transatlantic cooperation already demonstrated by the recent announcement of a four-month temporary suspension of all tariffs in the separate Airbus/Boeing trade dispute which has seen European, and Irish, spirits hit with 25% US tariffs.





Germany

Armin Laschet wins CDU leadership contest

Germany's Christian Democratic Union (CDU), the party of Chancellor Merkel, elected Armin Laschet as their new leader in a virtual conference on 15-16 January, following the February 2020 resignation of Merkel's initially-elected successor Annegret Kramp-Karrenbauer. Laschet, the Minister-President of North Rhine-Westphalia, secured 52.9% of 1,001 delegate votes in a run-off against conservative favourite Friedrich Merz. The centrist conservative is viewed as the Merkel continuity candidate. Like Merkel, Laschet's policies emphasise social cohesion and reconciliation, whilst also prioritising German industry. Regarding the EU, he sees further integration as a priority, advocates for Franco-German engagement and supports further EU enlargement in the Western Balkans.

As head of the CDU, the country's largest party, Laschet is in prime position to succeed Chancellor Merkel, though this is not certain. The CDU puts forward a single candidate for chancellor with its Bavarian sister party, the Christian Social Union. Markus Söder, the leader of the CSU, and Jens Spahn, the current federal health minister, are still considered to be in the running. The decision on the joint CDU/CSU candidate is expected at some point in March or April, following state elections in Baden-Württemberg, Rhineland-Palatinate and Hesse. CDU poll performance is a consideration in determining who the joint candidate will be.

Although disappointing state election results in March and recent polls indicate that although their support is in decline, the CDU and the CSU remain the frontrunners. The question will be whether the CDU can retain its broad coalition of voters without Merkel. The joint candidate will run against Olaf Scholz of the Social Democratic Party and potentially Annalena Baerbock of the Green party. German federal elections will take place on 26 September.

*Armin Laschet,
CDU Chair*



Mario Draghi, Prime Minister of Italy

Italy

Italian President calls upon former ECB President Mario Draghi to lead government

Former European Central Bank (ECB) President Mario Draghi has been sworn in as Italy's new prime minister. Draghi has been tasked with steering the country through the dual crises of COVID-19 and leading a country with the second highest debt in the Eurozone. Draghi is not an elected politician, making this Italy's fifth technocratic government in the last thirty years. Often known as 'Super Mario' for his pivotal role in steering the Eurozone through the debt crisis as head of the ECB, he was summoned by President Sergio Mattarella following the resignation of Prime Minister Giuseppe Conte and the subsequent collapse of his coalition government.

Conte's resignation was triggered by former Prime Minister Matteo Renzi removing his Italia Viva party, a small but important partner, from the coalition government - and thereby Conte's majority - over disagreements on the former Prime Minister's EU recovery funds spending plans, of which Italy is to receive €209 billion.

Draghi has received the support of a broad-based coalition, with a large parliamentary majority, and has formed a government comprised of lawmakers and technocrats. His new national unity government includes politicians from across the political spectrum, from the Five Star Movement and the League to the centre-left Democratic Party. Daniele Franco, director-general of the Bank of Italy, takes on the role of Minister of Economy and Finance and former Vodafone Chief Executive Vittorio Calao has been appointed Minister for Technological Innovation and Digital Transition.

Draghi is set to implement extensive structural reforms of the Italian legal system, public administration, and tax system. He has expressed his support for furthering EU integration, whilst stating his government would be "strongly pro-European and Atlanticist."



The Netherlands

VVD, the party of Dutch PM Mark Rutte, wins highest seat share in elections following resignation

This followed the 15 January resignation of Prime Minister Mark Rutte and his government due to the findings of a report from a parliamentary committee of inquiry which found that senior officials in the Dutch Tax Service had mismanaged childcare subsidies, with financial implications for thousands of families.

Projections based on preliminary results put Rutte's conservatives the VVD on 35 seats, up 2 from 2017 with a strong result also for the pro-Europe Democrats 66 (D66) on 23 seats, up 4 from the last election.

Rutte's coalition partners the Christian Democratic Appeal lost 4 seats, right-wing and euro-sceptic rivals Party for Freedom lost 3 (down to 17 seats) while the Socialists lost 5. In their first parliamentary contest, meanwhile, the Dutch wing of pan-European party Volt Europa took 3 seats.

Due to the vast number of political parties and spread of seats with multiple parties represented by single seat numbers, Dutch coalition formation is often long and complicated. In 2017 it took 225 days between the March general election and late October installation of a cabinet.

Parliamentary seat numbers are now favourable for Rutte to form a new VVD-led coalition government.

*Mark Rutte,
Dutch Prime Minister*



Estonia

Kaja Kallas: The first female Prime Minister of Estonia

Kaja Kallas has been elected as Estonia's first female prime minister. The leader of Estonia's centre-right Reform Party emerged as the country's leader after striking a deal on 23 January with the centre-left Centre Party to form a coalition government. The historic appointment comes after the resignation of prime minister Jüri Ratas, and the collapse of his Centre Party-led governing coalition, on 13 January following corruption allegations involving a key party official.

This makes Estonia the only nation in the world where both the president, Kersti Kaljulaid, and the prime minister are women. The new coalition government will also see seven of a total fifteen cabinet positions held by women, a new national record.

A former lawyer, Kallas was elected to the European Parliament (EP) in 2014, where she worked on matters such as the EU's Digital Single Market strategy and EU relations with Ukraine. She became the first female chair of the Reform Party in 2018 and relinquished her seat on the EP to lead her party to electoral victory in March 2019. However, Kallas was unable to form a government, with Jüri Ratas instead forming a Centre Party coalition with Isamaa and Ekre. Following the coalition's collapse, Estonian president Kersti Kaljulaid nominated Kaja Kallas to form a government on 14 January.

The new coalition agreement declared the government's support for liberal values, a departure from its predecessor in which coalition partner Ekre held an anti-immigration and anti-EU position. Kallas' Reform Party ran on a pro-business and pro-entrepreneurship platform, and she has pledged to rebuild relations with Estonia's allies and neighbours.



Kaja Kallas, Prime Minister of Estonia

Open to Leading a Digital Decade

Business priorities for Europe's Digital Decade (2021-2030)

The pandemic has greatly accelerated the economic and societal imperative for digitally enabled transformation of Member States, public services, enterprise, and human interaction across the EU by several years. Most of this digitally enabled change will endure beyond the pandemic.

Inclusive and trusted digital transformation is acknowledged as a key enabler of further connectivity, economic growth, and enhanced well-being (e.g. through digitally enabled healthcare and environmental action). The European Single Market is still incomplete and evidence shows that the EU and its Member States must intensify their momentum in digital development or risk losing ground in the face of further technological change and increased global competition.

On March 9, 2021, the European Commission presented a Communication, entitled “2030 Digital Compass: the European Way for the Digital Decade”. The Communication builds on the Commission's existing digital strategy, ‘Shaping Europe's Future’ and takes account of the pandemic. The new Communication arose from a European Council invitation last October to set out concrete digital ambitions for 2030 and establish a monitoring system for European strategic digital capacities and capabilities. The proposed ‘Digital Compass’ provides a vision of a ‘digitally empowered Europe’; common EU targets for 2030 on digital skills, digital infrastructure and the digital transformation of enterprise and public; and proposes guiding principles and a governance framework. The European Commission aims to use the Recovery and Resilience Facility (RRF) and facilitate the launch of multi-country projects to help deliver the targets. The targets aim to foster further political commitment on digital and the Commission sees the Communication

as the start of a consultation process on how to operationalise the proposed Digital Compass.

Ibec envisages an open Europe that provides the ambition and tools to enable its member states, businesses, innovators, and citizens to lead and succeed in the local and global opportunities offered by further digital transformation, enabling further recovery, innovation, quality jobs, better services, enhanced wellbeing, and resilience in a European Digital Decade. Europe's digital frontrunners should seek to bring along other Member States, share best practice, and build an inclusive agenda that ensures a rising [digital] tide raises all boats. Europe must enable and champion further digital innovation, enterprise, and trade.

In response to an initial European Commission consultation on a proposal for a common European digital plan towards 2030, Ibec recommended that EU policy makers work to:

Lead a digital decade that works

- Prioritise further digital development across the EU and complete the Single Market.
- Work with, not against, technology in governance.
- Deepen conditions and investment that enable everyone to reach their potential in a digital era.

Preserve trust in accessing further digital opportunity

- Ensure an environment that adequately protects rights, values, and assets, while providing an effective framework to invest further in innovative digital products and services.
- Help Member-States, organisations, and individuals to contextualise and operationalise EU and OECD principles in the development and deployment of trusted digital and data powered solutions across several domains.
- Strengthen collaboration and capacities in cyber security and ensure privacy standards enable further digital innovation.

Encourage further private sector investment in high quality, secure digital and data infrastructure

- Encourage the development of Cloud technologies and support a robust data economy.
- Maintain legal certainty for business on liability around emerging technologies.
- Ensure our digitalised markets remain competitive and open to new business models.
- Invest in helping organisations and people prepare for further digital transformation and encourage inclusion, diversity, and talent to guarantee Europe's digital leadership.

Invest and collaborate in further digital innovation, deployment, and adoption across enterprise

- Ensure further alignment between EU innovation and industrial policy.
- Deliver promised investment and lay the foundations for future digital innovation.

Lead by example in eGovernment and digitalised public services, share best practice

- EU institutions and national governments should act as a catalyst for enabling further cross-border and cross-sectoral digital opportunities and raising Europe's collective digital performance.

Champion further digital trade and innovation

- Ensure an open European approach to digital trade and investment.
- Work with trading partners, the OECD and the WTO on an evidence-based multilateral framework making it more secure and easier to trade online for businesses and consumers.

Ibec EU & International events and activities



Ibec EU outlook event for 2021

On 28 January, Ibec held a high-level event on Irish business 2021 EU priorities focussing on the recovery from COVID-19, the implementation of the Multiannual Financial Framework 2021-27 and Next Generation EU recovery package, the European Green Deal, digital transformation, a new EU trade policy, and the EU-UK TCA. We were joined by Barry Andrews MEP (Fianna Fáil/Renew Europe), Frances Fitzgerald MEP (Fine Gael/EPP), Mairead McGuinness, European Commissioner for Financial Stability, Financial Services and the Capital Markets

Union, Danny McCoy, Ibec CEO, Alastair Blair, Ibec President and Ireland Country Manager, Accenture, Jackie King, Ibec Executive Director of International Business, and Pat Ivory Ibec Director of EU and International Affairs.

Commissioner Mairead McGuinness delivered the keynote speech and focused on the post-Brexit financial services relationship between the EU and the UK and the European Commission's approach to taxonomy.

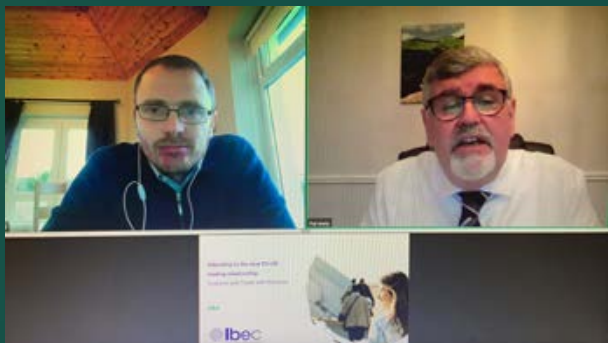
Oireachtas

Ibec's Fergal O'Brien and Neil Willoughby addressed the **Oireachtas Joint Committee on Enterprise, Trade and Employment** to discuss the readiness of businesses, employees and communities for Brexit on 2 December. Ibec's Pat Ivory and Neil Willoughby and Food Drink Ireland's Paul Kelly addressed the **Seanad Special Select Committee on the Withdrawal of the UK from the EU** on 9 February, on the implementation of the EU-UK Trade and Cooperation Agreement and its impact on business.

Government

Ibec has been actively engaged with Government, including participating in the Department of Enterprise, Trade, and Employment's Brexit Enterprise Forum chaired by An Tánaiste Leo Varadkar and the Department of Foreign Affairs Brexit Stakeholder Forum chaired by Minister for Foreign Affairs and Minister for Defence Simon Coveney.

Ibec EU & International events and activities



Brexit Webinars and Events

As part of Ibec's Brexit campaign, Ibec Director of EU and International Affairs Pat Ivory has hosted a series of webinars to help members adjust to the new EU-UK trading relationship. On 8 February, Ibec held an event with the European Commission's DG TAXUD, DG TRADE, and Task Force for Relations with the UK on the EU-UK Trade and Cooperation Agreement, covering trade in goods, trade in services, competition, and the Protocol on Ireland and Northern Ireland. On 20 January, Ibec held our most recent webinar with the Brexit Unit of the Customs Division of the Revenue Commissioners on the lessons learned from the opening weeks of the new EU-UK trading relationship. The sessions are available to watch on playback on the Ibec website. On 26 January, Ibec CEO Danny McCoy contributed to a joint Ibec, British Irish Chamber of Commerce, and Irish Exporters' Associations, event with the UK Government on the EU-UK TCA.

B2B Brexit Business Readiness event

Ibec hosted a B2B Brexit business readiness event on 4 December, providing cross-sectoral insights from senior business leaders in Ireland on their priorities and preparations for Brexit, including Patrick Cooney - CFO, Kerry Group, Lisa Kelly - Head of BTC UK & Ireland, BASF Plc, Shane McArdle - Director of Finance and Brexit Readiness Lead for Boots Ireland & UK and Fergal O'Brien, Director of Policy & Public Affairs, Ibec.

St. Patrick's Day Brussels event

On 16 March, Ibec held our first virtual edition of our annual St. Patrick's Day event in collaboration with Seán Kelly MEP. Pat Ivory, Director of EU and International welcomed attendees to the event. Thomas Byrne T.D., Minister of State for European Affairs delivered the keynote speech and Michel Barnier, Former Head of the Commission's UK Task Force spoke to attendees via a specially recorded video message. A follow-up panel debate on EU affairs was moderated by Jackie King, Director of International Business, Ibec, between Seán Kelly MEP, Naomi Long MLA, Minister of Justice, Northern Ireland Executive, Danny McCoy, Ibec CEO, Edel Creely, Managing Director of Arkphire Services, and Chair of Ibec's EU Affairs and Trade Policy Committee.



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