



## Enterprise Ireland Submission

to the Department of Enterprise, Trade and Employment Consultation  
regarding the Proposed Single Market Emergency Initiative (SMEI)

21 October 2022

### Enterprise Ireland

Enterprise Ireland (EI) is the agency responsible for the development and growth of Irish enterprises in world markets.

EI works in partnership with Irish enterprises to help them start, grow, innovate, and win international sales on global markets, and in this way supporting sustainable economic growth, regional development, and secure employment.

Through EI, the Government provides support to expand research capacity in companies, to increase collaboration between enterprise and the research sector and to maximise the commercialisation of the State's research investment. EI provides hands-on support to companies, promotes awareness of the benefits of innovation, provides important funding support in the form of both grants and equity, and promotes awareness of incentives such as tax credits and incentives available.

### Ireland

As a small open economy, Ireland is vulnerable to economic, global, and pandemic shocks. This was evident in the context of the Covid crisis.

The proposed Single Market Emergency Instrument represents a positive development for Ireland in terms of preparedness and responsiveness for any future crisis developments.

### Single Market Emergency Instrument (SMEI)

#### Benefits

EI affirms the need for an SMEI. In emergency situations the proposal, as presented, would provide for continuing free flow of goods and workers, monitoring of supply chains, setting targets for strategic reserves and prioritising orders for economic actors.

The SMEI would:

- Be an important crisis instrument with the potential to build on EU strengths.
- Help offset the disruption of a crisis to the normal functioning of the EU.
- Present an opportunity to ensure greater security of employment within the EU, and

- Strengthen economic cooperation between EU Member States.

### **Concerns**

- It would be important to define the limits of the SMEI.
- There could be unintended consequences for companies e.g. the SMEI impact on production lines, repurposed production lines and binding decisions with which companies must comply.
- The concerns of companies could be exacerbated in the context of loss of trade secrets and ensuing effects on competitiveness. Companies may need assurances on how any negative impacts on a company's development plans might be mitigated following an SMEI requirement for EU compliance.
- Defining the time period of the SMEI intervention in companies would be critical.
- Smaller Member States could be more negatively impacted, particularly with reference to SMEs which may be more negatively impacted in terms of economic stability and recovery timelines.

### **Actions**

Notwithstanding the possible sudden emergence of a crisis situation and uncertainty of its duration:

- The architecture of the crisis response to be clearly defined, flexible and responsive in an environment of legal certainty and operational predictability.
- The impact and implication of the legal parameters to be deliberated on fully.
- Clear communication would be essential, setting out the limits of the SMEI, and the procedures in an emergency situation.
- Important to consider the SMEI with other crisis mechanisms e.g., State Aid rules for supporting companies.
- The importance of lessons learned from the Covid crisis, in the context of the impact of the crisis on SMEs, and specific sectors in the economy, should be carefully considered.
- Dealing with crisis situations is challenging, so it would be important that a dedicated team be assigned to the SMEI in each Member State.