

## Minutes for NCP Meeting 114

Meeting: National Competitiveness and Productivity Council No 114  
Venue: IDA Ireland, Three Park Place, Hatch Street Upper, Saint Kevin's, Dublin 2  
Date: 8.30 am – 10.30 am, Thursday 14 December 2023

### Members Present:

Dr Frances Ruane, Chair  
Laura Bambrick, Head of Social Policy & Employment Affairs, ICTU  
Ciarán Conlon, Director of Public Policy, Microsoft, Ireland  
Donal Leahy on behalf of Leo Clancy, Chief Executive, Enterprise Ireland  
Liam Madden, Adjunct Professor and Technical Director, System X, Stanford University  
Neil McDonnell, Chief Executive, ISME  
Bernadette McGahon, Research & Innovation Services Manager, IRDG  
Brian McHugh, Chairperson, CCPC  
Fergal O'Brien, Executive Director, Lobbying and Influence, Ibec  
Breda O'Sullivan on behalf of Michael Lohan, Chief Executive, IDA Ireland  
Gary Tobin, Assistant Secretary, Department of Enterprise, Trade and Employment  
Patrick Walsh, Managing Director of Dogpatch Labs

### Advisors Present:

William Beausang, Department of Further and Higher Education, Research, Innovation and Science  
Seán Bell on behalf of Colm Hayes, Department of Agriculture, Food and the Marine  
Liam Coen on behalf of Andrew Munro, Department of Justice  
Garret Doocey, Department of Transport Evin McMahon, on behalf of Lisa Keyes, Department of the Environment, Climate and Communications  
Emma Lynch on behalf of Colin Menton, Department of Public Expenditure and Reform  
John McCarthy, Department of Finance  
Roshin Sen on behalf of Niall Egan, Department of Social Protection  
John Shaw, Department of the Taoiseach

### Apologies

Ann Marie Brooks, Department of Children, Equality, Disability, Integration and Youth  
Edel Clancy, Group Director of Corporate Affairs, Musgrave Group  
Maeve Dineen, Chair of Ireland's Financial Services and Pensions Ombudsman  
Paul Hogan, Department of Housing, Local Government and Heritage  
Cian O'Lionáin, Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media  
Michael Taft, Research Officer, SIPTU

### Secretariat

Dermot Coates  
Rory Mulholland  
Keith Fitzgerald  
Karen Hogan  
Erika Valiukaite

	Action
<p><b>114.1 Chair's Introduction, Minutes &amp; Matter Arising</b></p> <ul style="list-style-type: none"> <li>▪ The Chair opened the meeting.</li> <li>▪ The minutes from NCPC meeting 113 were approved.</li> <li>▪ The Chair welcomed Liam Madden to his first in-person Council meeting.</li> <li>▪ The Chair also welcomed Gary Tobin to his first Council meeting as Assistant Secretary General of the Enterprise Strategy, Competitiveness and Evaluation Division in the Department of Enterprise, Trade and Employment.</li> <li>▪ The Chair also noted that it is Patrick Walsh's final Council meeting and thanked him for his contribution over his term on the Council.</li> </ul>	
<p><b>114.2 Update on the Recommendation 3.6 from Ireland's Competitiveness Challenge 2022</b></p> <ul style="list-style-type: none"> <li>▪ Dermot Coates provided an update on the paper which undertaken by the Department on foot of a Council recommendation in late-2022 (and which is currently being finalised).</li> <li>▪ Council members welcomed the Department's preparation of the paper but suggested that this assessment would have been preferable prior to the policy decisions announced in early 2022.</li> </ul>	
<p><b>114.3 Government Response to Challenge 2023</b></p> <ul style="list-style-type: none"> <li>▪ The Chair welcomed the response and thanked the Department of An Taoiseach for coordinating the responses.</li> <li>▪ John Shaw (D/Taoiseach) provided a short overview of the response.</li> </ul> <p><b>Members Comments</b></p> <ul style="list-style-type: none"> <li>▪ The recommendation on the R&amp;D Tax Credit was discussed, and the importance of action on it. Members suggested that the response needed more flexibility and would merit further discussion in the preparation of the 2024 Challenge.</li> <li>▪ Recommendation 3.5 on the apprenticeships was also noted, with some Council members highlighting that the completion rates for apprenticeships may warrant examination in next year's report.</li> <li>▪ The AI focused recommendation was also discussed by Members. It was highlighted that while progress was welcome it is unclear what is actually in train. It was suggested that there is a need for greater urgency in relation to the development and use of AI.</li> <li>▪ Some members suggested there was an issue with the structure of the response because it does not have a timeline which might influence the effectiveness of the response. This issue should be considered further.</li> <li>▪ Members also discussed the National Training Fund and the review of it in 2024.</li> </ul>	

<p><b>114.4 Workplan 2024</b></p> <ul style="list-style-type: none"> <li>▪ The Chair and the Secretariat introduced and set out the work plan for 2024.</li> </ul> <p><b>Ireland’s Competitiveness Challenge Report 2024</b></p> <ul style="list-style-type: none"> <li>▪ It was proposed (following feedback at the last Council meeting) to bring forward the target date for the Challenge report’s publication to (late) May.</li> </ul> <p><b>Members Comments</b></p> <ul style="list-style-type: none"> <li>▪ Members welcomed this shift and agreed with the work plan for the Challenge report set out.</li> <li>▪ Some members noted that they would like to see increased communication of the Challenge report and its recommendations around/at the time of the National Economic Dialogue.</li> <li>▪ Members also welcomed the proposal for a short Budget-focus report to be published next year.</li> <li>▪ It was suggested that the Challenge report will take up the first half of the year with the ‘lookback’ paper (including other bulletins) followed in the second half of 2024.</li> </ul> <p><b>Other</b></p> <ul style="list-style-type: none"> <li>▪ The Secretariat noted the other working papers and bulletins planned for 2024: <ul style="list-style-type: none"> <li>○ Global Innovation Index – rebasing for GNI*,</li> <li>○ Potential options for advancing work on the issue of legal costs and competitiveness,</li> <li>○ Intention to publish an IGEEES Working Paper – ‘Gross Value Added and Labour Productivity’.</li> </ul> </li> <li>▪ Provisional dates for the Council meetings next year were proposed. These are: 8<sup>th</sup> February, 18<sup>th</sup> April, 29<sup>th</sup> August, 23<sup>rd</sup> November. The earlier dates reflect the earlier publication of the Challenge report.</li> </ul> <p><b>Members Comments</b></p> <ul style="list-style-type: none"> <li>▪ Council Members queried the status of <b><i>Carrying Capacity Analysis</i></b>. <ul style="list-style-type: none"> <li>○ Secretariat confirmed that this analysis is ongoing, and that it formed a significant input into the Challenge report.</li> </ul> </li> <li>▪ The Global Government Fintech Conference is in Dublin Castle on April 25<sup>th</sup>, and may present an opportunity to hold the Council meeting earlier that morning.</li> </ul>	<p>Members to contact Secretariat regarding additional workplan items.</p>
<p><b>114.5 Competitiveness Framework</b></p> <ul style="list-style-type: none"> <li>▪ The Chair opened the agenda item.</li> <li>▪ Rory Mulholland (Secretariat) thanked the members for their feedback on an earlier iteration of this work and set out the updated draft of the new Competitiveness Framework.</li> </ul>	<p>Secretariat to revert to the Council with final version of Framework.</p>

<p><b>Members Comments</b></p> <ul style="list-style-type: none"> <li>▪ Members welcomed the new framework.</li> <li>▪ Digitalisation and Green energy were emphasised throughout the discussion. Members suggested that Ireland is behind in terms of AI and green energy could have a positive impact on competitiveness</li> <li>▪ Some members suggested to include other categories such as 'well-functioning markets' and social progress indicators</li> <li>▪ The Secretariat will circulate a final version to the Council members – including mapping against all the indicators – in the New Year.</li> <li>▪ This version will then formally replace the existing Competitiveness Pyramid with effect from 2024. A Bulletin on the new framework will be issued in 2024 also.</li> </ul>	
<p><b>114.6 EU Competitiveness</b></p> <ul style="list-style-type: none"> <li>▪ The Chair introduced the agenda item and Rory Mulholland (Secretariat) provided an update from the DG GROW Chief Economist Network meeting this week which addressed EU competitiveness developments and the Single Market (see Annex 1 for more details).</li> </ul>	
<p><b>114.7 Regional meeting/workshop</b></p> <ul style="list-style-type: none"> <li>▪ The Secretariat has begun exploring the possibility of hosting a regional workshop on competitiveness in 2024 and have been in contact with University of Limerick in relation to this. This event would be in addition to the Council's schedule of quarterly meetings.</li> <li>▪ The Secretariat will continue to engage with the University and will share further details with the Council in the New Year.</li> </ul>	
<p><b>114.8 NCPC Engagements and Communications</b></p> <ul style="list-style-type: none"> <li>▪ The Chair has continued to represent the Council at the Department of Enterprise, Trade and Employment and ESRI Joint Research Programme Steering Group. Papers are expected to be published in the coming months.</li> <li>▪ Keith Fitzgerald (Secretariat) attended a meeting of the European Commission Economic Policy Committee and National Productivity Boards joint meeting in Brussels. The session covered the productivity implications of AI, and Keith presented on Enterprise Digitalisation as evidenced in this year's Challenge report.</li> <li>▪ Keith provided an update on the key takeaways to the Council members from this event (see Annex 2 for more details).</li> </ul>	
<p><b>114.9 AOB</b></p> <ul style="list-style-type: none"> <li>▪ Date for the next Council meeting: 8<sup>th</sup> February 2024 @ at 8.30am</li> </ul>	<p>Secretariat will issue invites in the New Year</p>

## Annex 1

Summary of the key takeaways from **the Chief Economist Network** meeting:

- The Chief Economist Network meeting focused on two main topics – EU competitiveness developments and Single Market fragmentation as it relates to competitiveness.
- The first presentation from DG EC-FIN raised idea on the measurement of competitiveness depending on level of aggregation. It also suggested that the EU is stable in terms of competitiveness performance, but is weaker on growth combined, in a global context, e.g., China is significantly catching up. There was also a raised discussion on trade policy from a more active industrial policy perspective compared with a policy which focuses on market incentives.
- Deborah Revoltella (Chief Economist of the European Investment Bank) presented on Competitiveness and Investment. Similarly, she made an argument that Europe is struggling to increase innovation, with China catching up and the US ahead. In response to this presentation comments were made around the danger of policy makers engaging in ‘picking sectors and winners’, the contrast of a pro-Market or pro-business approach and how areas that impact on competitiveness can also be a political choice – e.g., contrasting life expectancy in EU vs US.
- There was also a presentation on understanding Global Value Chains and the associated spillovers. This presentation argued how a loss in EU Competitiveness could immediately impact big Member States but would also see negative production spillovers to smaller States.
- The meeting concluded with a presentation from Poland on State Aid Divergence and Single Market Fragmentation. The presenter suggested that ‘a level playing field remains a priority’, but challenged this by stating that there are significant barriers to cross border exchanges. The idea of ‘state aid-induced market fragmentation’ was raised also. Afterwards, there was a strong counter debate on this idea. In summary, this is a contentious issue which will continue to be debated and at present there is great uncertainty on which direction the EU will take.

## Annex 2

Summary of the key takeaways from **the European Commission Economic Policy Committee and National Productivity Boards** joint meeting in Brussels.

- Keith Fitzgerald presented to the meeting on Enterprise Digitalisation – based on a section from the Ireland’s Competitiveness Challenge 2023 report. Overall, it provided a valuable opportunity to engage with colleagues from other NPBs.
- Professor Anton Korinek (University of Virginia) provided a keynote address on the implications of artificial intelligence (AI) for productivity. Three alternative scenarios were presented, each differing in terms of the pace of AI roll-out and adoption over the medium-term. However, the general view across all three scenarios, was that a sizeable positive impact on productivity can be expected. The question then, is how these gains will ultimately be distributed.
- Of particular interest to the Council’s planned “lookback” exercise, regarding the impact that Council recommendations have had on policy, the Chilean NPB presented their own assessment of impact (one of only two NPBs that perform this exercise systematically). They find approximately 34% of their recommendations since 2015 have been at least partially implemented by Government. Their central message, however, is that the recommendations themselves are not necessarily driving policy change, but rather, it is the original research and analysis that they produce (i.e., establishing or contributing to an evidence base). The Secretariat will engage with staff of the Chilean NPB to learn more about their approach to this work.
- Keith will share a presentation by the OECD (once received) on work carried out by international NPBs.