



# Review of the Government Trade, Tourism and Investment Strategy 2010-2015



An Roinn Gnóthaí Eachtracha agus Trádála  
Department of Foreign Affairs and Trade

Creating more and better jobs is the Government's first priority.

As Ireland emerges from its financial assistance programme, the Government has set out the target of achieving full employment by 2020. This is a challenging goal, but one that we must achieve, if we are to ensure that there are opportunities for all our people to enjoy the dignity of work and improving living standards. To reach this objective, we are determined to redouble our efforts across all Departments and State agencies to enhance employment creation and economic growth.

This review of Ireland's Trade, Tourism and Investment Strategy is an integral part of that process. Since the Strategy was published in 2010, Ireland has been through a major financial and economic crisis, but is now moving back to a sustainable model of export-led economic growth. Export performance has been strong, and our State agencies, strongly supported by our Embassy network, have been successful both in building new markets, and in attracting inward investment. At this point in the Strategy, Enterprise Ireland expects to have achieved its end-2015 target of increasing client company exports by 33% by the end of 2013 and Bord Bia has reported record exports for the food sector. 2013 was also an outstanding success for the tourism sector, and there are now record numbers of people employed by IDA Ireland clients.

We must now build on those achievements. The purpose of this review is to look again at our Strategy to create employment by increasing trade, tourism and attracting further inward investment. It is informed both by the urgent need to create more jobs, but also by the requirement to develop our longer-term strategic approach. Ireland has opportunities to enhance our economic links with existing partners, but also to develop new relationships with rapidly-growing emerging economies, and do so in a world where the organisation of production and supply chains across countries is changing. Ultimately, to develop a sustainable model of economic growth and employment, we must not only take advantage of emerging opportunities, but also ensure that we have diversified our employment base in terms of both markets and sectors.

Trade, tourism and investment do not take place in a vacuum. Sustainable trading and investment links are embedded in friendly relations between States. They require the simultaneous development of diplomatic and cultural links with partner countries. They also offer the opportunity to build on historic ties, such as Ireland's long-standing relationships with our partners in Africa, developing closer ties based on new economic links. In all of this, the work of our diplomatic service, our Embassy network, and our cultural institutions is also critical to our future prosperity.

Our vision is one of Ireland as a European country with a global footprint, supporting jobs at home, including in the domestic economy, by creating and selling a wide array of high value goods and services across the globe.



Eamon Gilmore TD  
Tánaiste and Minister for Foreign Affairs and Trade  
30 January 2014



Richard Bruton TD  
Minister for Jobs, Enterprise and Innovation



Simon Coveney TD  
Minister for Agriculture, Food and the Marine



Leo Varadkar TD  
Minister for Transport, Tourism and Sport



Joe Costello TD  
Minister of State for Trade and Development

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<sup>3</sup> Department of Jobs, Enterprise and Innovation; Department of the Taoiseach; Department of Agriculture, Food and the Marine; Department of Education and Skills; Department of Transport, Tourism and Sport; Revenue Commissioners; IDA; Enterprise Ireland; Tourism Ireland; Bord Bia; Culture Ireland; Forfás; Science Foundation Ireland

## Contents

### Executive Summary

The promotion of Ireland's economic, trade, tourism and investment objectives overseas, in co-operation with the relevant Government Departments and State agencies, has long been one of the key priorities of the Department of Foreign Affairs and Trade and its Embassy network. In March 2011, reflecting this ongoing priority, a number of functions transferred from the then Department of Enterprise, Trade and Innovation to the then Department of Foreign Affairs. This included, among other functions, responsibility for managing the Export Trade Council, which is chaired by the Tánaiste and Minister for Foreign Affairs and Trade, and encourages co-operation and co-ordination across all Government Departments and State agencies involved in the promotion and development of trade, tourism and investment.

In September 2010, prior to this transfer of functions, the Government Trade, Tourism and Investment Strategy was published<sup>1</sup>. The Strategy identifies a number of high-level numerical targets for growth in exports, investment, tourism and jobs to the period to 2015 and sets out a 25-point Action Plan for achieving these targets. In addition, the Strategy includes an analysis of global trends; sectors in which there are potential opportunities for Ireland in trade and investment; mature and high growth markets and potential opportunities for Ireland in some of these markets.

Following the launch of the Strategy, a list of 27 priority markets was identified. Local Market Teams were established in each priority market, headed by the Ambassador on the ground and also consisting of representatives of the Embassy and relevant State agencies. Each Local Market Team is responsible for drawing up annual Local Market Plans, ensuring that there is a coordinated approach in priority markets. The implementation of these plans and the overall progress of the Strategy are overseen by the Export Trade Council.

The Strategy was launched just weeks before Ireland entered the EU/IMF/ECB troika programme, from which it exited on 15 December 2013. The underlying economic context of the Strategy<sup>2</sup> forecast an average Irish GDP growth rate of 3% and an average Irish unemployment rate of between 4 and 7% in the period from 2010-2015. Given the unforeseen and prolonged economic crisis that was to follow, these forecasts did not materialise. Despite these challenges, Ireland's export and investment performance was resilient during the global downturn, the Local Market Team model has been implemented successfully, leading to increased overseas coordination, and Ireland's economic recovery is well underway.

In light of the above developments and in the interest of ensuring that we are directing our limited resources as effectively as possible to the markets that are most likely to yield maximum benefit for our economy, the Government decided, on 17 January 2013, to initiate a short, focused review of the Strategy. A Review Group was established comprising representatives<sup>3</sup> of the relevant Government Departments and State agencies, chaired by Trade and Promotion Division in the Department of Foreign Affairs and Trade, in the context of the Export Trade Council's role in overseeing and monitoring the implementation of the Strategy.

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<sup>1</sup> Trading and Investing in a Smart Economy – A Strategy and Action Plan for Irish Trade, Tourism and Investment to 2015, published by the then Department of Enterprise, Trade and Innovation

<sup>2</sup> ESRI – Recovery Scenarios for Ireland – key Metrics 2011-2015, European Commission forecasts and IMF: World Economic Outlook, April 2010



The Review Group has examined a number of key elements and has recommended the following:

- **High-level numerical targets:**

- Despite significant unanticipated challenges presented by the global economic and domestic environments since the launch of the Strategy, the existing targets should be largely maintained, with the exception of the tourism target, which needs updating (see 2.3 Overview of high-level targets)
- The inclusion of an ‘education’ target, in recognition of its growing economic contribution
- The Review Group noted that a number of State agencies are in the process of finalising their Strategies for 2014-2016. New targets will be set for that period accordingly

- **Sectors:**

- The Review Group decided to take account of the important progress achieved in identifying sectors of competitive advantage through the Action Plan for Jobs process by developing a synthesised sectoral listing to ensure consistency of approach

- **Priority markets:**

- An evolution of the concept of 27 priority markets towards a ‘new market approach’, which aims to provide a more nuanced direction for Ireland’s international trade, tourism, investment and education promotion efforts. This approach incorporates a model of disaggregation along market-specific lines and seeks to reflect the diversity of Ireland’s priorities across all of the relevant areas. It also seeks to accommodate promotional activities in dynamic, rapidly developing economies not currently listed as priorities in the Strategy, through the addition of a number of ‘Exploratory and High Potential Markets’

- **Implementation and coordination:**

- A refocusing of the original model of 25 individual Action Points, reflecting progress to date and identifying overlap with the Action Plan for Jobs. This has led to a re-modelled collection of 16 Action Points being grouped under three main themes: Reputation, Facilitating and Enabling, Winning Business and Jobs. This will better reflect the work of Local Market Teams and should facilitate clearer coordination of reporting and feedback

A key advance since the adoption of the Strategy in 2010 has been the adoption of an increasingly whole of Government approach to supporting economic growth and job creation through successive Action Plans for Jobs. These have provided a comprehensive framework for actions across Government and the public sector to support economic growth and job creation and have led to greatly increased coordination. This review, therefore, seeks to build on those achievements by focusing on how Departments and State agencies can coordinate better overseas, recognising that actions to improve the domestic enabling environment are being comprehensively addressed through the Action Plan for Jobs process.

The implementation of the Strategy and the modifications encompassed by this review will continue to be overseen by the Export Trade Council, which provides a framework for coordination and consultation by Departments and State agencies as well as private sector representatives. The review is intended to provide further guidance and to enhance a shared understanding of in-market developments across the diverse range of entities involved.

## Review Methodology

On 17 January 2013, the Government decided to initiate a short review of the Government Trade, Tourism and Investment Strategy. This decision was reiterated in the Action Plan for Jobs 2013, under Action Point 202: “In cooperation with all relevant Departments and State agencies, carry out a short and focused review of the Government Trade Strategy, *Trading and Investing in a Smart Economy*.”

A Review Group was established comprising representatives<sup>4</sup> of the relevant Government Departments and State agencies, chaired by Trade and Promotion Division in the Department of Foreign Affairs and Trade, in the context of the Export Trade Council’s role in overseeing and monitoring the implementation of the Strategy. Terms of reference for the review were agreed at the first meeting in June and it has had five meetings in total. The drafting of the review has taken account of detailed input from Departments, State agencies, the Embassy network and Local Market Teams in priority markets in the form of a Review Questions consultation document. All stakeholders were given an opportunity to provide input on the key issues to be considered by the review: numerical targets, sectors, priority markets, trade and investment agreements, Action Points and Local Market Teams. The contributions received from all were invaluable in shaping the nature of discussions at the Review Group.

The review is taking place in parallel to a number of other complementary initiatives, including the review of the International Education Strategy; the Public Consultation on Tourism Policy; the preparation of the Action Plan for Jobs 2014; the Medium Term Economic Strategy; and the Review of Ireland’s Foreign Policy and External Relations. In addition, a number of State agencies are in the process of developing three year strategies which will be completed outside the timeline of this review.

The review has also drawn on a wide range of published information sources in the drafting of this text. These include but are not limited to the following: Action Plan for Jobs 2012; Action Plan for Jobs 2013; WTO’s World Trade Report 2013; UNCTAD Trade and Development Report 2013; ESRI ‘Recovery Scenarios for Ireland – Key Metrics 2011-2015’; ESRI’s Medium Term Review; The Government ‘Africa Strategy’; ‘Food Harvest 2020 – A vision for Irish agri-food and fisheries’; Bord Bia’s ‘Statement of Strategy 2012/2014’; Tourism Ireland’s ‘Corporate Plan 2011-2013’ and ‘Corporate Plan 2014-2016’; ‘IDA Ireland Strategy Horizon 2020’; Enterprise Ireland Annual Reports; Forfás Annual Reports; McKinsey Global Survey; CSO; Eurostat.

As part of consultation with private sector interests, a session at the Global Irish Economic Forum in October 2013 focussed on trade, tourism and investment opportunities and a Working Group on “*Ireland’s Trade, Tourism and Investment Strategy - Toward a Renewed Approach*”, was chaired by Stan McCarthy, CEO of Kerry Group and produced recommendations. A progress report to the 5<sup>th</sup> meeting of the Export Trade Council on 7 November 2013, by the Chairman, An Tánaiste, Eamon Gilmore T.D., also involved private sector participation. A comprehensive report on progress since the adoption of the Strategy in 2010 was provided at this meeting.

The final text of the review was agreed in principle at the fifth and final meeting of the Strategy Review Group on 11 December 2013.

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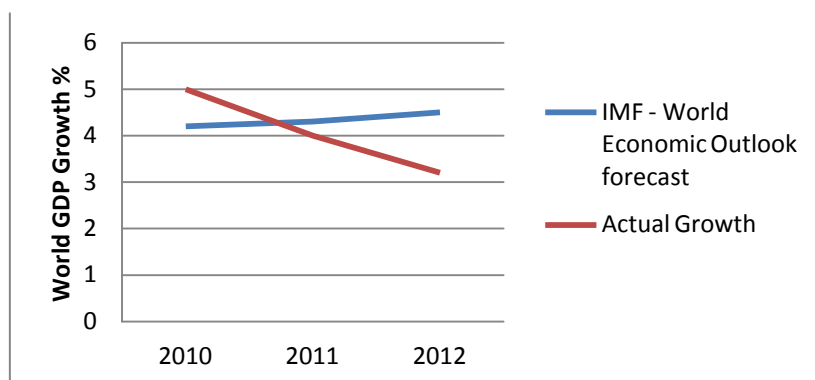
<sup>4</sup> Department of Jobs, Enterprise and Innovation; Department of the Taoiseach; Department of Agriculture, Food and the Marine; Department of Education and Skills; Department of Transport, Tourism and Sport; Revenue Commissioners; IDA; Enterprise Ireland; Tourism Ireland; Bord Bia; Culture Ireland; Forfás; Science Foundation Ireland



## 1 Economic developments

The Government Trade, Tourism and Investment Strategy, *Trading and Investing in a Smart Economy*, was published in autumn 2010, just weeks before Ireland entered the EU/IMF/ECB troika programme, from which it exited on 15 December 2013. The underlying economic context of the Strategy<sup>5</sup> forecast an average Irish GDP growth rate of 3% and an average Irish unemployment rate of between 4 and 7% in the period from 2010-2015. Given the unforeseen and prolonged economic crisis that was to follow, these forecasts did not materialise.

On a global level, the Strategy was framed in a context of a return to growth of the global economy of 4.6% in 2010, based on IMF forecasts, and a stable and growing Europe. As the graph below shows, global developments since the publication of the Strategy have not been in keeping with these forecasts. According to IMF publications, global GDP grew 5.6% in 2010, but slowed to 3.9% in 2011 and 3.1% in 2012. This growth was fuelled primarily by emerging economies, China and India, which represent a growing yet relatively small trade base for Ireland. Growth in the Eurozone has been below expectation; growing 1.5% in 2011 and -0.3% in 2012.



Forecast and Actual Global Growth

Source: IMF, *World Economic Outlook (Spring 2010, 2013)*

Despite the uncertain global environment, Ireland's export and investment performance was resilient during the global downturn; in 2008-2009 total Irish exports (goods and services) declined by only 2.5%, in comparison to the UK (-15.9%), Germany (-15.4%) and the US (-9.3%)<sup>6</sup>. Ireland has continued a gradual export led recovery, with GDP growing for two consecutive years; 1.4% in 2011 and 0.2% in 2012, driven by positive net export performance. In 2012, exports were 16% higher than the pre-crisis high in 2007 and total Enterprise Ireland client exports increased to €16.2 billion, 13% higher in current prices than the pre-crisis record of 2008.<sup>7</sup>

The Irish economy is expected to maintain a gradual growth trajectory, with the Department of Finance<sup>8</sup>, in its most recent forecast, predicting that Ireland's real GDP will grow 0.2% and 2.0% in 2013 and 2014, respectively. In addition, the unemployment rate has decreased by 2.3 percentage points from a high of 15.1% in Q3 2011 to 12.8% in Q3 in 2013, according to the CSO's Quarterly National Household Survey.

In its most recent World Economic Outlook, the IMF is forecasting global growth of 2.9% in 2013 and 3.6% in 2014. The growth in real output is expected to be led by emerging economies, which are forecast to account for two thirds of global growth in 2013. In contrast, the European economy is forecast to contract by 0.4% in 2013 and to record growth in 2014 of only 1%<sup>9</sup>.

<sup>5</sup> ESRI – Recovery Scenarios for Ireland – key Metrics 2011-2015, European Commission forecasts and IMF: World Economic Outlook, April 2010

<sup>6</sup> Eurostat, Goods and Services, Imports and Exports, Code: 00110

<sup>7</sup> Enterprise Ireland Annual Report 2012

<sup>8</sup> D/Finance's Monthly Economic Bulletin, January 2014

<sup>9</sup> IMF World Economic Outlook, October Release 2013

## 2 Numerical targets

The existing Strategy identifies a number of numerical targets to be achieved by the end of 2015 across five high level areas: jobs, exports, diversification of exports, tourism, and inward investment. This review, through a process of consultation with the relevant Departments and State agencies, focused primarily on whether these targets should be maintained as they are currently or revised to take account of developments and factors which have emerged since 2010.

Despite significant unanticipated challenges presented by the global economic and domestic environments since the launch of the Strategy, including a slower-than-expected pace of recovery in key trading partners and a deeper domestic recession than predicted, a high level of performance has nevertheless been achieved. While acknowledging that challenges remain, the Review Group recommends that the existing targets should be largely maintained, with the exception of the tourism target (see below and overleaf).

### 2.1 Progress report

The progress to date represents a very significant achievement in the context of the challenging operating environment since 2010. For instance, Enterprise Ireland client companies created 42,666 full-time jobs from 2010 to 2013, while IDA client companies created 50,054 new full-time jobs in the same period. The IDA expects to meet its target of securing 780 new investment projects by the end of 2015. Enterprise Ireland expects to have achieved its end-2015 target of increasing client company exports by 33% by the end of 2013 and is in the process of developing new export targets for the period to 2016. Similarly, Bord Bia's export targets are on track with a record level of exports recorded in 2013. This positive progress was reported on in detail at the 5<sup>th</sup> meeting of the Export Trade Council on 7 November 2013.

However, despite a particularly strong performance by the tourism sector in 2013, the targets attributed to this area are not likely to be met because of a significant drop in visitor numbers in the first two years of the Strategy, particularly from the UK. Tourism Ireland has been re-evaluating its targets and has provided updated targets for the period of the Strategy. It is also embracing new metrics designed to capture a wider economic contribution approach, moving away from a model of measuring visitor numbers solely, towards targets based on visitor revenue.

It should also be noted that a number of State agencies are in the process of finalising their strategies from 2014 to 2016 and will then set new targets for that period.

### 2.2 Education

The Strategy highlights education as an area of opportunity and while it notes that targets have been set in this area by the High-Level Group on International Education, no such targets were included in the document at that time. While education comprises a relatively small proportion of foreign earnings, its contribution is growing and it is an important enabler of cultural links and engagement (at tertiary, doctoral and post-doc level), with short and longer term economic benefits. The estimated direct impact of the higher education and English language training sector in 2012/13 is €805 million.

Education has been increasingly recognised as a key sector for Ireland, a point highlighted by the Embassy network and Local Market Teams during the review process. It is recommended, therefore, that a new target for the international education sector be incorporated in this review, complementing the comprehensive goals being developed for international education as part of the parallel review of the International Education Strategy.

## 2.3 Overview of high-level targets

### Jobs:

- Increase the number of new jobs directly associated with exporting enterprises by over 150,000, in manufacturing, tourism and internationally trading services, and with the creation of a similar number of new indirect jobs:
  - IDA Ireland: 75,000
  - Enterprise Ireland: 60,000
  - Tourism: 15,000

### Exports:

- Increase the value of exports by State agency assisted indigenous companies by 33%
- Diversify the destination of indigenous exports<sup>10</sup>

### Tourism:

- Original target: increase overseas visitor numbers to 8 million
- Revised target and new metrics: visitor numbers of 7.2 million, visitor revenue of €3.6 billion, and promotable visitor revenue of €2.3 billion

### Inward investment (FDI):

- Secure an additional 780 inward investment projects through IDA Ireland

### Education (new target):

- Increase the direct economic contribution of international education to the Irish economy, from €682 million in 2010 to €900 million

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<sup>10</sup> Increase share of food and drink exports to countries outside the UK, from 56% to 62%  
Increase share of other exports to countries outside the UK, from 57% to 63%  
Increase the share of food and drink exports to Asia, from 4.3% to 7%

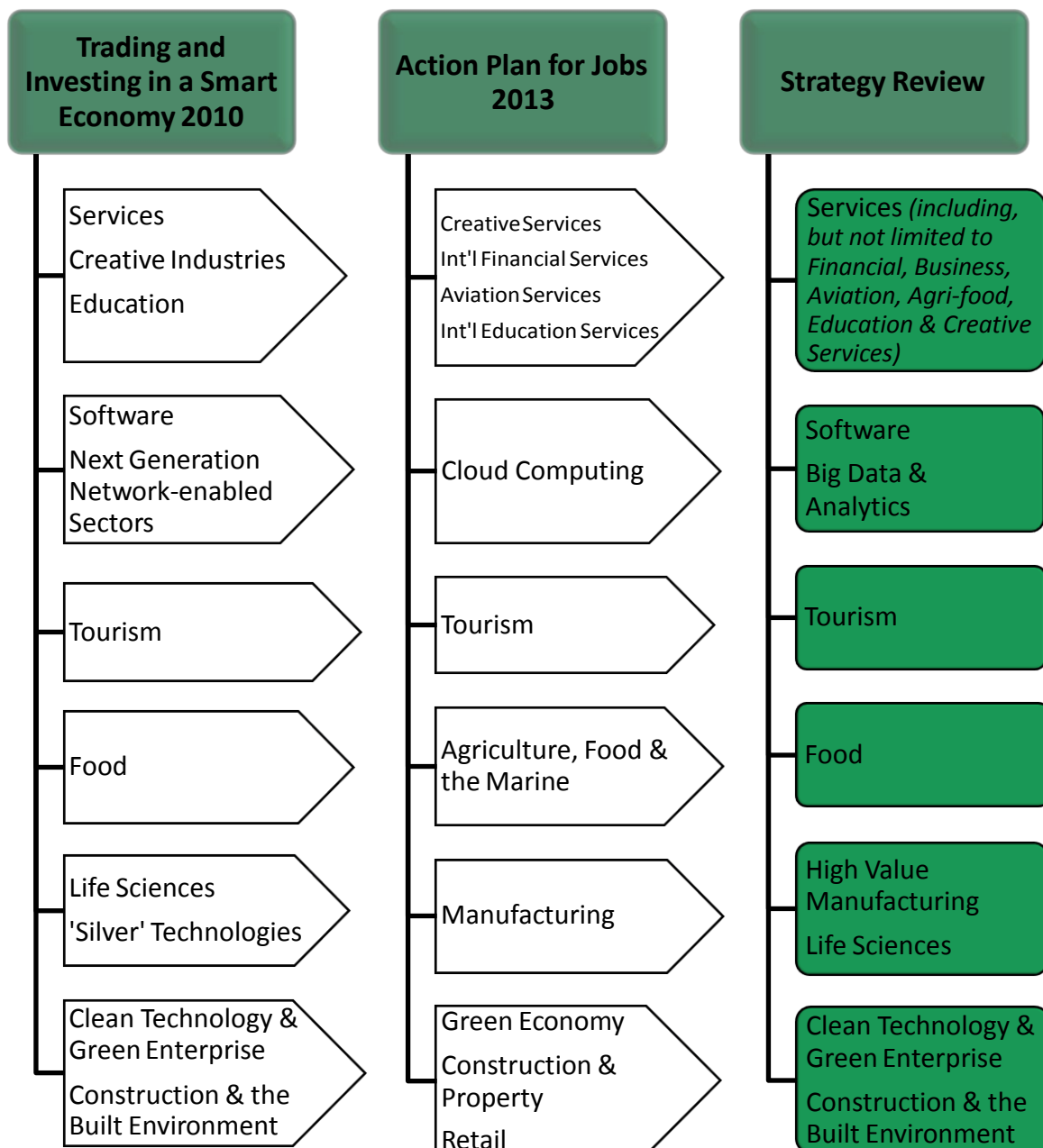
### 3 Sectoral evaluation

#### 3.1 Alignment with Action Plan for Jobs

As a small, open economy, it is generally accepted that Ireland needs to primarily concentrate its efforts and resources on a focused number of sectoral areas reflecting existing strengths and areas of particular potential.

It is encouraging to note that there is a high degree of overlap across the sectors of opportunity and competitive advantage identified for Ireland in the Strategy and the Action Plan for Jobs 2013, both of which outline 11 sectors along similar lines.

A key recommendation from Departments, State agencies and the Embassy network during the review process was to align the sectors identified in the Strategy with those in the Action Plan for Jobs 2013 to ensure consistency of approach and to update some sector-specific language as appropriate. The table below takes account of this feedback and sets out a synthesised sectoral listing on that basis:



Sources: Action Plan for Jobs 2013  
Trading and Investing in a Smart Economy, 2010

## 3.2 Sectoral descriptions

### Services

Ireland is a strong performer in services exports, which grew by 11% in 2012 and account for 50% of total Irish exports. This reflects the growth in ICT and e-business sectors with a number of Irish services companies and large foreign-owned multinationals operating and exporting from Ireland. Ireland is also home to the service operations of many manufacturing firms as well as financial services, leasing and computer services firms. Some important services sectors within the Irish economy include:

- **Computer Services:** accounting for 40% of total services exports in 2012, realising a 49% growth over a five year period
- **Financial Services:** accounting for 8% of total services exports in 2012, realising 7% growth over a five year period. There are more than 250 international financial services firms with operations in Ireland
- **Aviation Services:** The aviation sector contributes approximately €4.1 billion directly to the Irish economy and it is responsible for half of the world's aircraft leasing. Operational leasing, including aircraft leasing, accounted for 8% of total services exports in 2012, realising 30% growth over a five year period
- **Creative Services:** Ireland has developed international recognition in a range of activities including film and video production, music and literature, games development and animation. This sector supports a significant number of direct and indirect jobs
- **International Education Services:** The increased internationalisation of the education sector represents a significant opportunity for Ireland. In this context, the Government has placed a strong emphasis on promoting Ireland as a leading location for international students

### Software

Nine of the top ten global software companies have significant strategic international operations in Ireland. In addition, the top ten global 'born on the internet' companies have a strategic presence here. The sector accounts for the majority of the high potential start-up companies that Enterprise Ireland has supported in recent years. It is a sector that is in constant evolution; new business models, new technologies and new standards are generating a wave of new opportunities, particularly for businesses operating in the internet space. Areas such as social networking, e-learning and Cloud Computing, and Ireland's established strengths in financial software, telecommunications software, and digital media and entertainment, also provide a base for further growth.

### Big Data and Analytics

Ireland is well positioned to become a leading country in Europe for Big Data and Analytics. Our strong technology cluster, supportive R&D infrastructure, competitive tax rate and improving competitiveness, all highlight how Ireland is well positioned to support companies in their Big Data activities. During 2013, the Government announced the establishment of INSIGHT, Ireland's new national data analytics research centre and CeADAR, the country's new applied research centre for data analytics. The objective of both centres is to support companies with their Big Data R&D activities and the development of world leading technologies.

### Tourism

Tourism continues to contribute significantly to Ireland's economic recovery. Following a period of considerable challenge, the number of overseas visits to Ireland has grown for the third year in a row in 2013, supported by the Gathering initiative, increased competitiveness, the continuing VAT reduction and increased market access. The tourism sector encompasses a range of activities including accommodation, restaurants, transport, tourist attractions, etc.

### Food

Food and drink exports reached almost €10 billion in 2013, their highest ever level and the current strategy for the sector, Food Harvest 2020, contains ambitious targets for further growth. Environmental sustainability is becoming a core strategic theme for leading global retailers and food manufacturers, as well as for wider society. Ireland is taking the lead in this area, particularly through Bord Bia's "Origin Green" initiative. By 2030, there is a global requirement to produce 50% more food with less land, water and energy as inputs. In this respect, Ireland is particularly well positioned: for example, we produce eight times more beef and seven times more dairy products than we consume.

### High Value Manufacturing

Manufacturing plays a crucial role in any economy and accounts for almost half of Ireland's foreign earnings. Manufacturing is a key driver of innovation and technological advancement, provides employment across a broad range of skill levels and across all regions, and generates additional indirect jobs throughout the economy.

### Life Sciences

The life sciences sector, while undergoing structural shifts, continues to offer significant opportunities. Ireland is now recognised as a global centre of excellence in life sciences and has developed world-class capabilities across the whole value chain, including basic and applied research; an enterprise base that includes both a rapidly increasing indigenous element and significant multinational FDI, particularly in the bio-pharmaceutical area; an enviable medical technology cluster; and an established clinical community. Ireland is host to eight of the world's top ten pharmaceutical companies and twelve of the top fifteen medical technology companies. "Silver Technologies" are an important and growing sub-sector of Life Sciences.

### Clean Technology and Green Enterprise

The Green Economy presents an opportunity for growth and employment as outlined in the Government Green Economy Strategy. Our natural assets (clean air and water, consistent wind, ocean resources, natural landscape, and rich biodiversity), coupled with our research base and technology enterprise cluster, provides a strong platform for further development. Opportunities exist in areas as diverse as "Green Build", renewable energy, sustainable food production, eco-tourism, environmental resource management, "Green" financial services, and resource and energy efficient products and services. This is an investment intensive industry and the global downturn had a negative impact. New investment in renewables is expected as global growth picks up and demand increases.

### Construction and the Built Environment

The experience and expertise developed domestically in construction and the built environment can be exploited internationally. The challenge is to continue to reorient the sector to focus on international markets and to exploit opportunities in a manner that offers sustained returns to Ireland. At the moment, the sector in Ireland exports goods and services to the value of around €1 billion.

## 4 Market focus

### 4.1 Current market focus

Following the launch of the Strategy in September 2010, a list of 27 priority markets was identified based on the experience and expertise of stakeholders and State agencies on the ground. This was formally adopted at the first meeting of the Foreign Trade Council, now the Export Trade Council, on 27 October 2010.

Local Market Teams were established in each priority market, headed by the Ambassador on the ground and also consisting of representatives of the Embassy and relevant State agencies. Each Local Market Team is responsible for drawing up annual Local Market Plans, ensuring that there is a coordinated approach in priority markets. The implementation of these plans is reviewed by the Export Trade Council, which is responsible for overseeing the implementation of the Strategy as a whole and issuing guidance to Local Market Teams as necessary.

As part of this review, an examination of the current designation of 27 priority markets was undertaken, which included consultation with and valuable feedback from key stakeholders. This feedback points to a number of possible considerations regarding the current model:

- The current approach identifies 27 markets as ‘priority’ ones in a non-disaggregated way which can be seen as lacking flexibility
- Some markets are clearly of greater value and importance than others. Not all markets are priorities for all State agencies, nor are all sectors relevant in each market
- The current ‘static’ priority market designation has no formal mechanism for periodically updating the list as new priorities develop and opportunities emerge. This is perhaps particularly relevant given the likely evolution of trade and investment agreement negotiations between the EU and other key partners. These agreements, that reduce or eliminate barriers to trade in goods/services and liberalise investment rules, are negotiated by the EU Commission in consultation with Member States and make it progressively easier for our exporters to get into new markets outside the EU
- Some State agencies maintain the flexibility to respond to client company needs in all markets through the use of regional/sectoral specialists and pathfinders. These resources represent a targeted project/assignment based approach to supporting clients who have the capability and ambition to exploit new market opportunities. The use by State agencies of such resources maximises the flexibility of their deployment overseas, thereby providing specialist skills required to meet client needs. Engagement on FDI in specific markets is similarly influenced by whether companies in those markets are ready to expand and invest overseas

### 4.2 A new market approach

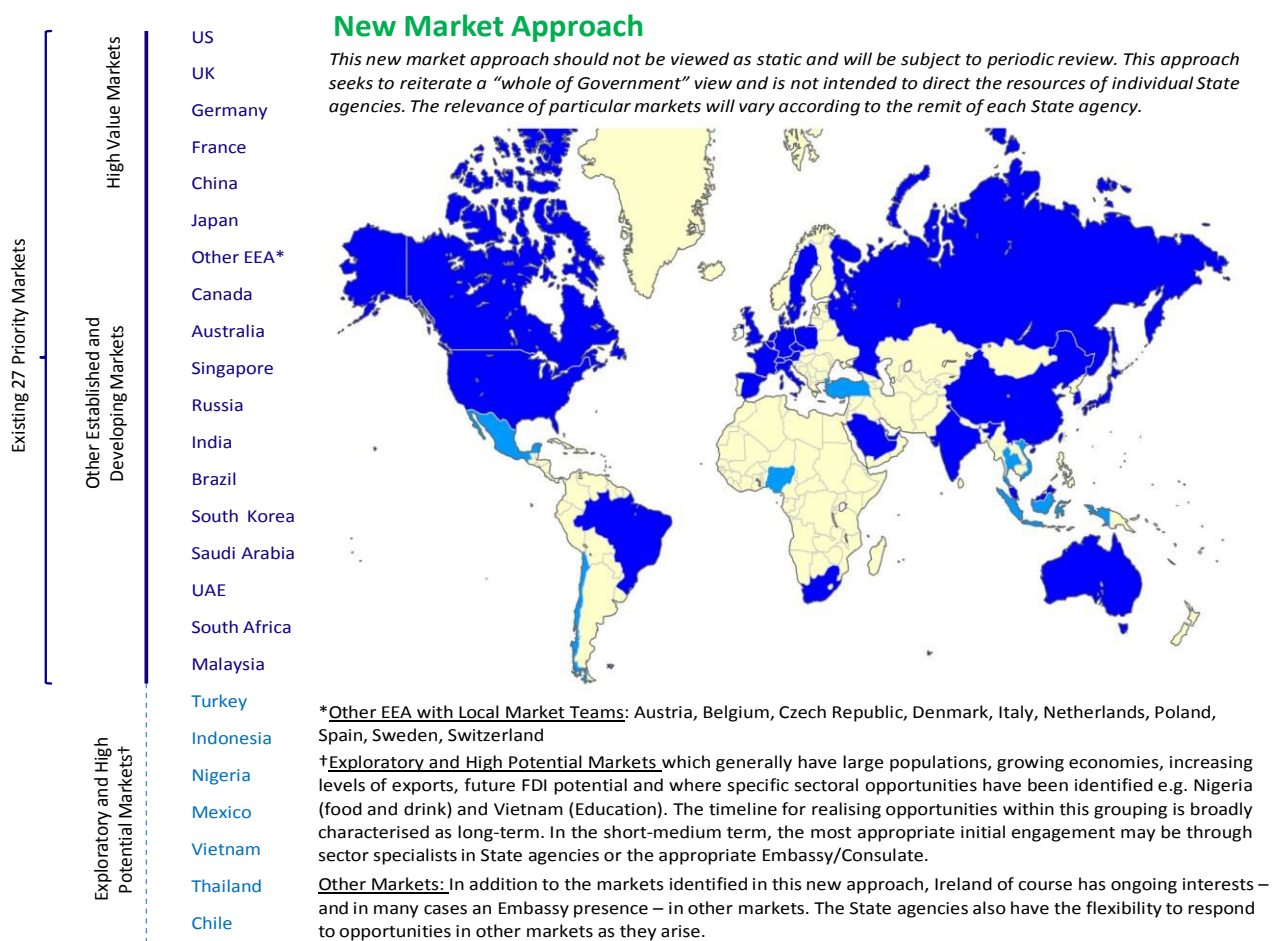
In order to address the above considerations, this review has concluded that there is a need for an evolution of the concept of 27 priority markets towards a new market approach which aims to provide a more strategic, up-to-date and nuanced direction for Ireland’s international trade, tourism, investment and education promotion efforts. This incorporates a model of disaggregation along the following lines; ‘High Value Markets’ – markets that can continue to deliver in the short-term and for the foreseeable future; ‘Other Established and Developing Markets’ – markets, including those with a more medium-term focus; and ‘Exploratory and High Potential Markets’ – markets that may deliver in the long-term, while immediate sectoral opportunities exist in some cases.



This approach seeks to reflect the diversity of Ireland’s priorities in the trade, tourism, investment and education areas, and to accommodate prospecting activities in dynamic, rapidly developing economies not currently listed as priorities in the Strategy. Looking at the potential of high growth markets does not, of course, mean reducing our focus on our key mature markets. It is not an “either/or” situation and there is a pressing need to exploit effectively, new, as well as existing trading and investment opportunities.

The evolved approach also seeks to provide a degree of guidance for Local Market Teams, where Embassies and State agencies work closely on the ground, to prioritise and coordinate activities which can deliver greatest value to Ireland based on areas of distinct competitive advantage. This recognises the positive benefits that accrue through maximising the coordination between Embassies and State agencies in the field and at headquarters.

The new market approach articulates a “whole of Government” view and does not aim to direct the resources of individual State agencies or Departments, but should be considered as an input when such decisions are being taken. For example, particular markets will vary in the extent to which they are a priority for State agencies, taking account of their respective strategies. As such, there needs to be sufficient flexibility for State agencies and their respective Departments to prioritise individual markets and allocate resources where they see fit, taking account of the importance of a coordinated approach. In the case of ‘Exploratory and High Potential Markets’, in particular, this is often complemented through engagement by the appropriate Embassy/Consulate, in which case, given the nature of diplomatic representation, a long term commitment is required.





### 4.3 Categorisation and review

The market groupings have been informed by feedback provided by State agencies, Departments and the Embassy network. They reflect the reality that a sustained commitment to High Value Markets provides a more immediate return while the timeline of opportunity creation and capture from Exploratory and High Potential Markets is more long-term and less immediately lucrative in terms of jobs and growth. This approach should not be viewed as entirely static and significant developments can be subject to review by the Export Trade Council. At the core will be a greater potential for flexibility, so that we can be more focused and responsive to changing market dynamics and more accommodating of State agency specific operational realities.

#### **High Value Markets – cross sectoral**

An immediate priority for all State agencies at present and for the foreseeable future. Countries with which Ireland already has an existing and significant trade, tourism and investment relationship across all sectors. These markets account for over: 45% of Irish exports, 70% of inward investment and 70% of overseas tourists and revenue. Our ability to maximise opportunities in these markets remains critical to the success of the Strategy and in many aspects benefits will accrue from deepening our engagement with these markets.

#### **Other Established and Developing Markets – multi-sectoral**

These markets account for the majority of Ireland's remaining exports, inward investment and tourists. The timeline of opportunity creation and capture in many of the markets within this grouping is of a more medium-term nature. It includes markets in the European Economic Area (EEA) which are already well established and developing economies with which Ireland already has an established relationship and where multi-sectoral opportunities have been identified. EEA countries are grouped together to reflect the fact that these countries share a regulatory framework and most State agencies service Europe from a smaller number of geographical hub offices. Specific EEA countries serviced by Local Market Teams are highlighted.

#### **Exploratory and High Potential Markets – sector-specific**

Markets which generally have large populations, growing economies, an emerging enterprise base with the capacity to export and invest abroad, and where specific sectoral opportunities have been identified, e.g. Nigeria (food and drink). The timeline of opportunity creation and capture within this grouping is broadly characterised as long-term but in some instances, immediate sectoral opportunities do arise. Where individual State agencies are not represented in a particular market, initial contact may be through the Embassy, with follow-up in close consultation with the State agencies.

## 5 Implementation

### 5.1 Existing Action Plan model

The Strategy includes an Action Plan of 25 individual action points linked to the achievement of the numerical targets. These vary from broad macro-level actions (e.g. 'Building Ireland's Profile Abroad') to narrower, specific actions (e.g. 'Establish a Foreign Trade Council'). Local Market Teams, Departments and State agencies have submitted input to Action Plan specific annual reports and half yearly updates for presentation to the Export Trade Council since 2010, in order to track implementation of the Strategy.




Initial feedback from Local Market Teams in particular, on this element of the review, indicated that while the model was no doubt valid in 2010, assessed now, the collection of 25 individual Action Points is too diverse and some are no longer relevant. As such, the review set out to examine the Action Points with a particular focus on: 1) assessing the progress on implementation; 2) consolidating the 25 individual standalone Action Points to focus on a smaller number of core outputs (mirroring the Action Plan for Jobs 2014 process) to promote trade, tourism, and investment; by removing those that have already been achieved and those no longer considered relevant; 3) improving coordination and reporting so as to provide a more focussed approach to Local Market Teams.

An examination of the Action Points shows that significant progress has been made since the launch of the Strategy across a broad cross-section of areas. In addition, the examination sought to accommodate any potential cross-over with the Action Plan for Jobs in the interest of minimising unnecessary overlap and underlining complementarity. Specifically, a significant number of Action Points in the broad 'domestic enabling environment' area have been comprehensively reflected and progressed in successive Action Plan for Jobs documents. In order to avoid duplication of effort and reporting, the review recommends that the Strategy should focus from 2014 onwards on the work of Local Market Teams overseas.

In addition, engagement with Local Market Teams during the review process indicated that a number of areas of ongoing work are not adequately reflected within the current Action Plan model; in particular the international promotion of tourism and education, and work to enhance market access for Irish exports: such as the opening of the UAE market to exports of Irish sheep-meat in 2012, the opening of the Australian market to Irish pig meat in 2013, and the opening of the Japanese market to exports of Irish beef in 2013. In addition, there is continuing work undertaken by Local Market Teams in coordination with the Department of Jobs, Enterprise and Innovation and the EU Commission (DG Trade) to address sector/country specific trade impediments and to ensure the effective implementation of trade and investment agreements.

### 5.2 Revised Action Plan model

In order to integrate the various considerations identified during this process, the review proposes to refocus the current model of 25 individual Action Points, grouping the re-modelled collection of 16 Action Points under three main themes: Reputation, Facilitating and Enabling, Winning Business and Jobs. This will better reflect the work of Local Market Teams and will facilitate clearer coordination of reporting and feedback. While the majority of Action Points are relevant in most markets, the three themes broadly mirror the timeline elaborated in the New Market Approach, with Actions Points grouped by the immediacy of their impact; from long-term reputation building, through more medium-term actions on access and networks, to the final stage of winning business and jobs.

<p style="text-align: center;"><b>Reputation</b></p> 	<p style="text-align: center;"><b>Facilitating and Enabling</b></p> 	<p style="text-align: center;"><b>Winning Business and Jobs</b></p> 
<ul style="list-style-type: none"> <li>• Build Ireland’s profile abroad</li> <li>• Leverage the value of political engagement, and in particular high level visits, to support the Strategy</li> <li>• Maximise impact of St. Patrick’s Day period worldwide</li> </ul>	<ul style="list-style-type: none"> <li>• Maximise Ireland’s access to international markets</li> <li>• Encourage the expansion of our international air linkages</li> <li>• Enhance Local Market Team coordination in market and with HQ</li> <li>• Ensure strategic alignment of Double Taxation Agreements</li> <li>• Align Ireland’s visa regime with the Strategy</li> <li>• Support overseas networks and maximise engagement with the Diaspora</li> <li>• Engage with the Irish Business Community and other stakeholders</li> <li>• Maximise opportunities presented by Joint Economic Commissions</li> <li>• Develop relationships with partner countries through the education system</li> </ul>	<ul style="list-style-type: none"> <li>• Increase the level of high value inward investment</li> <li>• Drive the internationalisation of Irish enterprise, generating jobs and growth in Ireland</li> <li>• Maximise the impact of integrated trade missions</li> <li>• Promote and develop Ireland as a tourism destination</li> </ul>

**1. Reputation**

**Build Ireland’s profile abroad**

- This includes all work to promote an awareness of Ireland and its advantages as a location for investment, trade, tourism and higher education as well as its history and culture. Areas of focus include but are not limited to:
  - Media engagement
  - Cultural promotion
  - Marketing campaigns
  - Public speaking opportunities

**Leverage the value of political engagement, and in particular high level visits, to support the Strategy**

- Leverage the value of political engagement, through the Embassy network, in all geographic markets, recognising the particular benefits that can accrue over time in markets where awareness of Ireland is still relatively low
- Ensure that economic promotion continues to be a key element in high level visits (State, Official, Ministerial visits, etc.)

**Maximise impact of St. Patrick’s Day period worldwide**

- St. Patrick’s Day offers a unique opportunity to raise Ireland’s profile abroad, deliver key messages, promote trade, tourism and investment and strengthen relations with other countries:

## Review of the Trade, Tourism and Investment Strategy

- Decisions on where Ministers go during the St. Patrick's Day period will continue to be based on strategic considerations and will be taken as early as possible, so that the Embassy network and State agencies can take maximum advantage of the opportunities presented by the visit
- Trade, tourism and investment promotion will continue to feature prominently in all Ministerial programmes and Departments and State agencies will work together to enhance media impact
- Cultural events that have the potential to enhance the promotional activities of the relevant State agencies will be prioritised, including promoting Irish craft and design where appropriate

## 2. Facilitating and Enabling

### Maximise Ireland's access to international markets

- This encompasses a broad range of work to ensure the widest possible access for Irish exporters and investors to international markets, including:
  - Promoting Ireland's interests in the development of EU trade policy / trade and investment agreements and in trade negotiations at the WTO
  - Maximising the benefits for Ireland of the Single European Market
  - Negotiating access for Irish products to new markets, leveraging the Embassy network
  - Monitoring and reporting by the Department of Jobs, Enterprise and Innovation and the Embassy network on implementation of EU trade and investment agreements and in particular trade restrictions with the potential to impact Irish exporters

### Encourage the expansion of our international air linkages

- Encourage new entrants, more frequent flights and a greater range of long-haul flights to and from Ireland

### Enhance Local Market Team coordination in market and with HQ

- Encourage flexibility in Local Market Plans to allow for regional rather than country plans, where appropriate
- Export Trade Council to provide appropriate overall guidance to Local Market Teams
- Leverage the advantages of "Ireland House" structures, where appropriate

### Ensure strategic alignment of Double Taxation Agreements

- Double taxation agreements are essential prerequisites in the objective of building strong and lasting trade and investment links, providing a platform for enhancing Ireland's global business footprint and supporting the delivery of the Strategy
- The potential of double taxation agreements to support the Strategy will be taken into account when prioritising countries, in cooperation with the Revenue Commissioners and the Department of Finance, for the negotiation of such agreements

### Align Ireland's visa regime with the Strategy

- The Department of Justice and Equality will continue to consult with other Departments and State agencies on measures to improve the experience of businesses travellers and tourists visiting Ireland

### Support overseas networks and maximise engagement with the Diaspora

- The Department of Foreign Affairs and Trade and the overseas representatives of State agencies will continue to foster links with sectoral and geographical networks

### Engage with the Irish Business Community and other stakeholders

- Regular feedback from the Irish business community is critical to the success of the Strategy. Departments and State agencies will continue to seek feedback from their client base and the business community, complemented by feedback from the private sector members of the Export Trade Council as well as members of networks such as the Global Irish Network

### **Maximise opportunities presented by Joint Economic Commissions**

- JECs are in place with a relatively small number of high growth and emerging countries which benefit from the bilateral platform that the JEC process presents. Ireland has Joint Economic Commissions (JECs) with Russia, the Republic of Korea, Saudi Arabia and China, which provide a basis for ongoing, detailed and focused interactions with those particular countries
- The focus of JEC discussions with these countries is largely on trade and investment opportunities as well as on areas such as international science and technology cooperation, tourism and educational exchange. Increasing the number of JECs is unlikely in the short term
- In countries where Ireland is not currently represented, Ireland should engage where possible in a regular dialogue on trade, investment and related matters, in order to strengthen bilateral economic relations

### **Develop relationships with partner countries through the education system**

- Coordinated national efforts to promote Ireland as a centre for international education take place in six education priority markets, which are aligned with the priorities in this Strategy. Individual institutions also pursue opportunities in other markets
- Local Market Teams play a crucial role in supporting these national and institutional efforts, as well as engaging with international alumni
- In the medium term, the focus for coordinated activities outside priority markets for education will be on targeting overseas Government scholarships and human capital development programmes

## **3. Winning Business and Jobs**

### **Increase the level of high value inward investment**

- The objective is to develop Ireland as a key trading hub for high-value manufacturing and services sectors supported by a strong Research, Development and Innovation capability
- There is an increasing focus on attracting emerging innovative companies to locate in Ireland in line with the vision of making Ireland a Global Innovation Hub
- Through to 2015, there will be a particular focus on delivering employment-intensive investment, led by international growth in demand for services. IDA Ireland's target is to attract investment that will directly result in the creation of 75,000 new jobs

### **Drive the internationalisation of Irish enterprise, generating jobs and growth in Ireland**

- Drive the internationalisation of Irish companies, particularly SMEs, to achieve strong positions on global markets, supporting jobs in Ireland. The objective is to deepen, increase and diversify Ireland's international trade by supporting:
  - Market knowledge on a sectoral basis delivered individually to clients
  - Connections to buyers/suppliers/strategic partners in-market, including through networking events
  - Market intelligence such as competitor analysis, identification of services, signposting on regulations, etc.
  - Identification of knowledge/technology/supply-chain opportunities and international sources of investment
  - Assistance in promoting Ireland's offer to overseas entrepreneurs interested in starting and setting up key functions in Ireland and supporting the attraction of inward investment in the food sector
  - Incubation and Hot-Desking Facilities (in certain markets)
- Enterprise Ireland will continue to support the broader development of client companies across all functions of the business, e.g. innovation, to lean, to management capability, in order to best position companies for winning globally

### Maximise the impact of integrated trade missions

- The potential of trade missions will be maximised by integrating trade, tourism and investment promotion activities, and by targeting sectors and countries where Ireland has significant competitive advantage
- Given our strong international reputation in visual and performing arts, literature and music, trade missions will also link with Culture Ireland's programme of events as well as those of the Crafts Council of Ireland, where appropriate

### Promote and develop Ireland as a tourism destination

- Tourism Ireland will promote all that Ireland has to offer, focusing on presenting Ireland as a compelling holiday destination and facilitating trade and industry partners to convert more prospective visitors into actual visitors, to deliver increased promotable visitor revenue and numbers, in conjunction with Fáilte Ireland, other Departments and State agencies and the industry
- Fáilte Ireland will guide and support sustainable tourism growth, developing tourism offerings that secure consumer attention and aligning Ireland's product base to experiences most attractive to our target markets and segments, while continuing to work with tourism enterprises to support their capability to sell directly overseas

## 5.3 Coordination

The implementation of the Strategy is overseen by the Export Trade Council. The Council provides a framework for coordination and consultation by Departments and State agencies as well as private sector representatives. Local Market Teams, operating in 27 priority markets, report annually to the Export Trade Council on their work over the previous year and their Local Market Plans for the following year.

The Local Market Team structure, established shortly after the launch of the Strategy in 2010, has undoubtedly led to enhanced coordination across the board in a relatively short period of time. Local Market Plans are produced by the Teams on the ground, providing a valuable framework for promotional activities in the markets concerned. The Teams are chaired by the local Ambassador and bring together the Embassy role with representatives of State agencies operating in the market.

The review is intended to provide further guidance and to enhance a shared understanding of in-market developments across the diverse range of entities involved, each of whom have their own specific goals, targets and priorities.

The updated 'numerical targets', re-aligned 'sectoral' listing, 'new market approach' and revised 'action plan model' seek to better reflect the diversification of our engagement in the trade, tourism, investment and education areas and aim to evolve our collective approach, guiding Local Market Teams where possible in what is an ever-changing, competitive operating environment. The Export Trade Council will continue to play an important overview role to ensure that shifting marketplace conditions are taken into account, both among policymakers in Departments and in the marketplace.

The evolved approach seeks to provide a degree of overall guidance for Local Market Teams, enabling our Embassy and State agency representatives to also prioritise key sectors which are potentially of greatest value to Ireland and are based on areas of distinct competitive advantage. This recognises the positive benefits that accrue through maximising the coordination between Embassies and State agencies in the field and at headquarters.



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