



The Role of the Department of Foreign Affairs and Trade in Ireland's Recovery

Presentation to the Oireachtas Committee on Foreign Affairs and Trade

Chambers Ireland is the largest business organisation in the State, with 55 affiliated Chambers across the island of Ireland representing business locally, regionally and nationally.

Chambers Ireland also works to represent and promote Ireland and Irish businesses internationally through its membership of the International Chamber of Commerce, the World Chambers Federation, and Eurochambres (the European Chambers of Commerce).

Chambers have always, and continue to be, a vital link in the export chain for Irish companies. This is due to their internationally recognised role as trusted third parties in international trade. Members of our network assist Irish companies through their provision of trade documentation services and the links they have built with Chamber networks across the globe.

We feel that our involvement with international trade practice from the local to the international levels makes Chambers Ireland uniquely placed to assist the Department of Foreign Affairs with this process. We hope that today's presentation will provide the basis for continued dialogue and cooperation.

When looking at the Department's evolving role in Ireland's recovery, we have identified five areas where we see the potential for positive change:

- 1. Prioritisation of commercial diplomacy**
- 2. Prioritising targets**
- 3. Clear definition of roles and responsibilities**
- 4. Using the opportunity of St Patrick's Day to support trade**
- 5. Achieving cost savings and productivity gains via Business Process Outsourcing**

1. Prioritisation of commercial diplomacy

The Department has a strong record on economic diplomacy, particularly in the context of the decline in Ireland's global reputation in the wake of the economic collapse and the intervention of the troika. We note that the Department of Foreign Affairs (DFA) has played a crucial role in briefing international media and opinion formers on our progress to date.

We note that while Ireland currently has one of the smallest diplomatic networks within the European Union (EU), the DFA works well to support businesses when required. However, changing times need new priorities.

Therefore, we feel that the commercial work of the Department should be given renewed focus and a higher priority. We recognise that much of the good work undertaken by Ireland's diplomatic community in support of business is intangible, but we would suggest a more formal reallocation of workloads and resources to support the trade and commercial work undertaken by HQ and diplomatic missions. Goals and targets should be identified and performance measured against them.

While the DFA works closely with Department of Jobs, Enterprise and Innovation (DJEI) and Enterprise Ireland (EI) in facilitating an enhanced number of Ministerially led trade missions out of Ireland, we believe that even more can be done.

2. Prioritising targets

Maintaining the theme of prioritisation, it is essential that Departmental goals are prioritised. While Ireland maintains representation in countries traditionally considered of strategic importance, we believe that there may be a case to be made for focussing activities and resources on countries or regions that have the potential to be commercially important for Ireland.

This will require even closer collaboration with representatives of industries in which Ireland has strong export potential and the identification of specific sectors, and in some instances specific buyers, internationally that can be focused on. Ideally, a joint approach could be made using the good offices of the DFA to 'open doors'.

Although it can take time to win a significant international contract, it should not be an open ended process. A timetable could be decided, and if no progress is made in terms of increased commercial interaction between the exporter and importer, focus and resources can be switched to another potential trade relationship.

In terms of prioritisation of countries, we could say look ‘beyond the BRICs’. It has become almost a mantra that Western economies should focus their energies on these countries; however, these are tough markets to crack. Exporting to China is difficult, exporting to Russia possibly even more so. There are other potential markets out there which may not require so much toil to succeed in.

In addition, other markets exist which may be more easily accessed and could produce greater outcomes, particularly for Irish SMEs. These include ‘traditional’ markets where additional value can be achieved, like the UK, and emerging markets where new relationships can be built. Diplomatic support should complement the extension of the Foreign Earnings Deduction to certain African countries in Budget 2013. Countries such as Egypt, Ghana, Kenya, Senegal and Nigeria possess many opportunities for Irish businesses. Furthermore, Turkey represents a huge market on the doorstep of the EU which should not be overlooked. It is important not to focus all our resources on the BRICs, where we will also be competing with the US, Japan, and Germany.

Finally, it’s remains essential that the Department continues to support the attraction of Foreign Direct Investment to Ireland.

3. Clear definition of roles and responsibilities

Although the Department of Foreign Affairs and the Department for Jobs, Enterprise and Innovation will likely broaden and deepen their areas of cooperation, it is important for businesses to be aware of the specific roles and responsibilities of each Government department. There ought to be clear delineation between the roles and responsibilities of the Department of Foreign Affairs, the Department of the Taoiseach and the Department of Jobs, Enterprise and Innovation. Such clarity will enable businesses to access the services they require and importantly, ensure accountability and accurate performance measurement.

A related point is that businesses would benefit from a one-stop website to provide information on the export or import process. At present, an Irish SME needs to trawl through the websites of a number of different agencies and Departments, with no single source to access information on the numerous requirements involved in international trade. We would highlight the UKTI website as an example of best practice in this area.

Chambers Ireland would also advocate increased cooperation with the private sector. Increasingly, definitions of economic and commercial diplomacy are taking account of organisations in the private sector. Groups such as Chambers Ireland are well placed to support the work of the Department as it strives to make exporting and operating abroad

easier. Chambers Ireland and the entire Chamber Network is already a key source of information and services for many businesses in Ireland via:

1. The Enterprise Europe Network of offices in five of affiliated chambers in Cork, Dublin, Galway, Sligo and Waterford;
2. The ability of our members to leverage the networks of Irish Chambers of Commerce globally; and
3. Chambers Ireland's representation on both the International Chamber of Commerce (ICC) and the World Chambers Federation.

In the context of trade, of particular relevance are the ICC Committees on Customs and Trade and Taxation to which Chambers Ireland nominates representatives of key companies to sit and represent Ireland Inc.

4. Using the opportunity of St Patrick's Day to support trade

Ireland has a unique advantage in having a national day that is globally recognised.

While the Government had to pull back from the excessive costs associated with this activity during the boom years; this should not prevent the current Government from using the occasion to its full potential.

For the record Chambers Ireland fully supports and endorses the practice of Government Ministers going overseas to promote Ireland in St Patrick's week.

We see these endeavours as a positive investment that supports the restoration of our international reputation and which in turn will support our economic recovery.

5. Achieving cost savings and productivity gains via Business Process Outsourcing

Finally, we contend that finding savings within Government and the public service is an essential part of reducing Government debt, easing the deficit and getting the entire economy back onto a more sustainable footing.

Generally, we believe that the Department carries out much of its good work on a tight budget; however, there are areas where additional savings could be made.

In our commentary on the Croke Park Agreement, published in June 2012, we identified outsourcing of certain functions as one way that Government Departments can achieve considerable savings.

One area within the Department of Foreign Affairs where this may be feasible is passport processing.

Considerable savings could be made, not only from the wages bill, but also from reduced training costs, lower levels of investment in new technologies and lower consultancy bills.

Were this process to be transferred to the private sector, the company becomes responsible for training of staff as well as investing in new technologies. This results in a considerable transfer of risk from the public to the private sector. Service Level Agreements that would be negotiated as part of this outsourcing would ultimately eliminate the ever present risk of queues building up at Molesworth Street and members of the Oireachtas being persecuted to deliver passports to constituents.

Outsourcing of non-core activities enables the public service to perform their core, front-line services while saving considerable money.

Outsourcing has already been embraced by many in the private sector in Ireland.

Furthermore, it is presented as an effective money saving option in a number of documents produced by this and previous Governments in Ireland, including:

1. The report of the Task Force on Public Services, 2008;
2. The Report of the Special Group on Public Service Numbers and Expenditure Programmes, 2009;
3. The Programme for Public Service Reform, 2011; and
4. The Action Plan for Jobs 2012.

Outsourcing could also be extended to the authorisation of trade documents. There may be an opportunity to remove some of the administrative burden for the Department while streamlining the export process for companies.

We would welcome the opportunity to explore the potential for the designation of Chambers Ireland and a number of Chambers of Commerce as 'competent authorities' under the Hague Convention for the issue of Apostilles for commercial documentation.

Currently, Apostilles can only be issued by the Department at their offices in Cork and Dublin, and very often it is a requirement that the documents are stamped in advance by a Chamber of Commerce or notary public.

Allowing businesses to have an Apostille applied at a Chamber of Commerce would not only be good for the business, it would also ease administrative pressure on the Department.

Chambers of Commerce also have the capacity to electronically process other trade documents. For exporters this saves time and increases efficiencies. We hope to explore the possibility of electronic document processing with other State bodies in the future.