



**Foreign Policy Review**  
**Department of Foreign Affairs and Trade**  
**Iveagh House**  
**79-80 St Stephen's Green**  
**Dublin 2**

## **RE: Review of Ireland's Foreign Policy and External Relations**

This Review of Ireland's Foreign Policy and External Relations provides an opportunity to leverage the bi-lateral economic ties that have been developed and which continue to grow between Ireland and the United States. We recommend that the Department and other state agencies continue their successful work in fostering a bilateral trade and investment relationship between these two countries, and that it should remain an important component of Ireland's foreign policy.

The American Chamber of Commerce Ireland represents the community of 700 US firms in Ireland who together employ over 115,000 people – this accounts for over 70% of all IDA supported employment. Collectively US companies have \$204 billion in foreign direct investment (FDI) in Ireland. The economic relationship between the US and Ireland is very much a bilateral one, with Irish firms in the US employing 120,000 people, across all 50 states, and having an investment stock of €25 billion in the US economy.

There are a number of areas in which Ireland would accrue particular rewards from strengthened economic ties, including in research industries and internationally traded services, and in the high-tech, energy and nutritional sectors. In the context of potentially greater freedom in EU-US trade, it is worth noting there is an important aspect of the relationship which receives little attention, but which would be greatly affected, and that is intra-firm trade. This relates to the flow of goods and services between a parent company and its affiliates abroad, and it accounts for one-third of trade between the EU and US. Given that Ireland has become the headquarters of many US affiliates' European or EMEA divisions we play a central role in the global value chain of these companies. The importance of such trade underlines the centrality of FDI to the global economy.

### **Promotion of Europe as a place for investment and business**

It is the view of the American Chamber that the Department of Foreign Affairs and Trade should engage with the EU to increase its promotion of the Union as a location for inward investment.

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In a recent publication on the subject, 'The Case for Investing in Europe 2013', the Chamber outlined the attractiveness of Europe as a location for investment. It is not only among the largest economic entities in the world, but crucially the wealthiest. Despite on-going economic weaknesses, the reasons for investing in Europe remain; many of Europe's economies are the most competitive in the world, they offer business-friendly environments and well-developed technological and innovative clusters. It also offers a labour force and consumer base which companies cannot afford to ignore.

The Department needs to impress upon the EU the importance of promoting Europe as an investment location for US businesses. To be an effective initiative it would require an ongoing coordinated effort that is both directed and funded centrally from Brussels. Various nations in Europe offer specific competencies that are critical to the operations of US multinationals and Ireland has positioned itself as a leader in many sectors, particularly in industries such as high-tech manufacturing, research & development and internationally traded services. Currently 9% of all US investment in the EU resides in Ireland – a disproportionate amount considering our population size. Therefore a greater promotion of Europe as a place for investment would directly benefit Ireland.

### **Economic Diplomacy and Building Bilateral Relationships**

The Chamber also seeks to emphasise the importance for Ireland of a successful conclusion to the Transatlantic Trade and Investment Partnership (TTIP) negotiations between the US and the EU. Ireland would benefit significantly from an ambitious and comprehensive transatlantic trade deal. The trade and investment relationship between the EU and the US is the largest in the world and an across-the-board agreement could strengthen this further, with estimated boosts of €95 billion and €120 billion to the US and EU economies respectively.

Between 2001 and 2012, US affiliate income in Europe rose nearly four-fold from €54 billion to €214 billion. Ireland has positioned itself as an important cog in corporate America's European networks and would benefit significantly from such a trade deal. According to the European Commission, harmonizing or eliminating tariffs and other barriers to trade could add up to 1.5 percentage points to growth over the medium term to economies on both sides of the Atlantic. A reduction in barriers and harmonization of regulations in sectors such as pharmaceuticals, financial services and ICT would be particularly beneficial to Ireland considering the prominence and success of such industries in this country. Increased cooperation in regulatory affairs would provide a platform for the high growth sectors which are central to attracting FDI to Ireland.

A successful deal would also benefit Irish companies that trade with or invest in the US, especially if non-tariff barriers are reduced and public procurement is opened at a State-by-State level. TTIP provides an opportunity to capitalise on the unique bilateral relationship Ireland has developed with the US, and to build stronger trade and investment channels with our strongest economic partner.



Given the nature and scope of the Irish-US relationship, US legislative changes can have a significant impact on Irish affiliates. While successful negotiation of the TTIP has the potential to alleviate these pressures it will remain vital that the Irish Embassy in Washington maintains adequate resources to monitor and influence policy and to communicate the Irish agenda effectively.

Advancing the negotiations and progress towards an agreement should be a priority of the Department. As the gateway to Europe, Ireland stands to gain considerably from a strengthened European-US bilateral relationship and it is the view of the Chamber that everything possible should be done to secure a satisfactory agreement.

### **Networks in the US**

The Chamber welcomes the recent announcement that the Department is to open a new Consulate General in Austin, Texas. Establishing an Irish presence in this booming technology hub is a very positive step and will be of great benefit in fostering and growing commercial links.

The Chamber encourages the Department to consider opening additional offices in other major areas of the United States that are regarded as economic hotspots. This would develop new ties, while also strengthening established ones throughout the country. Irish missions have been at the frontline of repairing Ireland's reputation in recent years and driving recovery by promoting Ireland's attractiveness as a location for investment and as a trading partner. Considering the size and diversity of America, establishing our presence in strategically important regions and markets could be hugely beneficial in stimulating new economic relationships. As our most important economic partner it is essential that we develop a comprehensive Irish network throughout the United States which encourages strengthening that bilateral bond. A solid Irish-US economic relationship is paramount to our recovery and growth and it is of critical importance that the appropriate infrastructure exists to develop these links to their fullest potential.

We encourage the Department to liaise with IDA Ireland, and other state agencies, to identify regions where the presence of additional offices may be beneficial. For example, the emerging clusters of next-generation technology businesses in places like the Rockies (Denver area), the North West (Seattle – Portland) and the Tampa Bay area (Florida). Such reviews should be considered an ongoing process to ensure opportunities are identified at the earliest possible time as new centres of economic activity and political power emerges within the United States.



## Promoting Ireland

The Chamber believes that in order to maximize the effectiveness of state agencies promoting Ireland abroad there needs to be a greater alignment in their messaging. There are potentially significant benefits that could be obtained through realising these synergies across the various domains such as trade, investment, diplomacy, tourism and cultural promotion *et cetera*.

The further implementation of the 'Ireland House' concept would be a logical and an economically sound decision, affording the best utilisation of resources by allowing greater co-operation between agencies whose common goal is the promotion of Ireland. The approach, as being taken in Atlanta, and implemented in London, New York and Tokyo, where state agencies are housed alongside Department staff, has much to recommend itself in terms of increased cohesion and commercial potential.

As the leading voice of US business in Ireland, the Chamber would particularly like to commend the effectiveness of trade missions and state visits led by the Department of Foreign Affairs and Trade. The availability of cabinet members to meet with the leadership of member companies in their headquarters is consistently cited as a particularly effective tool in promoting Ireland, securing investment and ultimately increasing employment. St. Patrick's Day provides a natural opportunity for the promotion of Ireland abroad, and we congratulate the Department on the successful utilisation of this. The Chamber is grateful for the scheduling, logistics and briefings done by the Department, and wishes to encourage this kind of approach in the future as it continues to deliver positive results for Ireland.

In conclusion, the Chamber wishes to commend the Department of Foreign Affairs and Trade for their work and effort in building Ireland's reputation abroad. The Chamber looks forward to working alongside the Department to attract and grow US investment in Ireland.

The Chamber is available to elaborate further on these points as part of the consultation process if required.

Yours sincerely,

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American Chamber of Commerce Ireland