

SUBMISSION TO THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE ON IRELAND RUSSIA JOINT ECONOMIC COMMISSION 2011

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The Ireland Russia Business Association,
a subsidiary of the Irish Exporters Association

www.irba.ie



EXECUTIVE SUMMARY

The Ireland Russia Business Association (IRBA) is pleased to respond to the invitation from Eamon Gilmore, the Tanaiste and Minister for Foreign Affairs and Trade (DFAT), to provide a set of recommendations on what issues are of concern in bi-lateral trade between Ireland and Russia.

The trade between Ireland and Russia in the first seven months of 2011 accounted for only €70m in imports and €311m in exports¹. In terms of FDI to Ireland, the IDA has only 2 client companies of Russian origin employing 27 people². This level of trade is a fraction of what should be expected between Ireland and the world's 8th largest economy. While the potential of the Russian economy is recognised by the Irish government and noted in the Horizon 2020 Strategy, we are yet to see a concrete plan to deliver significant increases in economic activity on the ground.

The IRBA has held talks with Irish businesses trading with Russia. It was concluded that the Irish government needs to support bi-lateral trade in a systematic manner through the:

- Development of a cohesive and mutually attractive trade development strategy, with clear and informed objectives and aims;
- Organisation of sector-specific working groups with experts in the respective fields (both public and private) providing their input on a regular basis;
- Facilitation of favourable trade infrastructure - visas, direct flights, visitor registration, information exchanges, payment and taxation treaties.

In order to deliver and support this systematic approach, the IRBA would like DFAT to consider the following immediate and actionable steps:

- Prioritise the easing of bi-lateral visa requirements and improvement of visa processes to deliver a more efficient and visitor-friendly service;
- Propose the joint creation of a trade development strategy between both countries;
- Set-up a working group of Irish and Russian companies to share knowledge and encourage increased trade and investment;
- Address issues such as perception of investment risk in Russia due to concerns over application of rule of law, or perception of investment risk in Ireland due to financial instability, through all possible means including country promotion efforts;
- Develop an approach to deliver greater liberalisation of cross border payments;
- Implement a tax treaty whereby taxes paid between both countries could be offset, where tax exemptions to reduce the overall bill could be introduced, and agreement on favoured status could be setup;

¹ Central Statistics Office, External Trade, 21 October 2011.

² IDA, Ireland Vital Statistics, October 2011.

- Facilitate forums for dialogue (in the field of aircraft leasing and maintenance) between Irish aircraft lessors and the Russian finance and banking community to discuss trade, and the Russian aviation authorities and Ministry of Transport to discuss industry best practices and to raise issues with taxes and duties, aircraft age restrictions, and the adoption of the Cape Town Convention;
- Propose to develop a joint tourism plan to increase travel volumes between both countries and result in improved trade links;
- Facilitate the prioritisation of educational exchange initiatives, especially in business, finance and law between Ireland and Russia, with streamlined student and academic staff visas, and the inclusion of Russia in the Farmleigh Fellowship programme, to further enhance meaningful expansion of business activities;
- Consider a more active agenda for the IDA to attract FDI from Russia – the success of which will result in an improvement in overall trade, travel and tourism;
- Facilitate the creation of a cooperative information exchange platform for bilateral (including EI, IRBA, other stakeholders) that will act as a first port-of-call for Irish and Russian companies and entrepreneurs, and ultimately improve bilateral investment and trade flows;
- Revise the criteria for non-EEA nationals applying for business permission in Ireland (e.g., financial requirements) to create less constrained visa processes that facilitate business and entrepreneurship development.

For full positioning paper please contact IRBA on info@irba.ie.