
Speech by Minister Flanagan at Asia Matters Summit

[Speech](#)

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Post Brexit 8th EU Asia Top Economist Round Table (TERT)

6 July 2016

Address by Minister Flanagan

EU Asia Trade Relations in a Post Brexit World

Chairman, Ambassadors, Distinguished guests,

I am delighted to be here this morning and I'd like to thank my former colleague and old friend, Alan Dukes for inviting me to address you at the opening of this valuable gathering at an important time in the global affairs, as captured by the title of today's round table event, *EU Asia Trade Relations in a Post Brexit World* – more of which shortly.

I'd like to pay tribute to Alan and to Martin Murray for their dedication and hard work in organising such an impressive programme of events today, and also to acknowledge the support of those who have made this event possible.

At the outset, I feel it's appropriate to welcome the new Chinese Ambassador to Ireland, Dr. Yue, who presented his credentials to President Higgins yesterday. Dr. Yue: your predecessor was very active and we look forward to you following in his footsteps and continuing the momentum in the deepening of the Ireland-China bilateral relationship.

To those of you gathered this morning, I am pleased to have the opportunity to address some of the people most centrally involved in building relationships between Ireland and the countries of Asia.

Of course, the reason we are all here is because 'Asia matters'. The Asia Pacific region is currently home to over half of the world's population and two of the world's three largest economies. Countries across Asia have developed rapidly to become significant drivers of global growth and increasingly influential global actors. The implications for Ireland of this unprecedented and continuing transformation are immense.

Total exports of goods and services from Ireland to the Asia Pacific region exceeded €20 billion in 2014 and continue to grow. As a trading nation it is vital that Ireland seeks opportunities to meet growing demand for imported goods and services in Asia, and this is evident from the increased activity of Irish companies in Asian markets.

In the period ahead, our efforts will focus on further strengthening trade, tourism and investment promotion in China, Australia, India, Japan, Singapore, Malaysia and South Korea, each of which are priority markets established under the Government's Trade Strategy. A review of this strategy in February 2014 added a new category of Exploratory and High Potential Markets, which in Asia includes Indonesia, Thailand and Vietnam.

The Embassy network and State Agencies, which operate in all of these locations, aim to focus on specific sectors, including financial services, information technology, life sciences, food, beverages and ingredients, education, and certain niche sectors.

Furthermore, there is a clear intention outlined in the Programme for Government to further deepen and strengthen relations with the Asia-Pacific region. This is demonstrated by our commitment to develop a new cross-sectoral, whole-of-government Asia-Pacific Strategy, recognising the strengthening relationship between Ireland and the many countries in the Asia Pacific region, and the potential to develop these relationships further.

BREXIT

The recent referendum result in the UK has understandably shifted the focus of today's event to a "Post Brexit" world. I value this opportunity to discuss Ireland's relationship with Asia in light of the outcome, which affects all of us but is something we are determined to manage.

This was not the outcome the Irish government wanted, but we fully respect the electorate's decision. As a neighbour and a friend with a significant Irish community and a major trading relationship, we offered our perspective that the EU was better with Britain as a leading member of an outward-looking, globally-focused European Union. But the decision of 23 June means that a new environment now has to be designed, and Ireland will play its fullest part in that – in our national interests, of course, but also in the wider interest.

We have prepared to the greatest extent possible for this eventuality. We have engaged in detailed contingency planning for the possibility of this result, publishing a summary of the key actions we will now take arising from the UK's decision.

Ireland will, of course, remain a member of the European Union and the eurozone. It is vital that this message is widely understood in the Asia Pacific region, and the wider world. That is in our national interest and will be the case in parallel with a continued strong and close relationship with the UK. After more than 40 years of membership, we have built up strong bonds of partnership with all the other member states, and with the European institutions, that will continue to serve us well.

It is important to stress that the UK remains a member of the European Union until negotiations towards its exit from the EU have been concluded. While Ireland's future lies within the European Union, we will work to maintain our excellent bilateral relationship with the UK and continue to work closely with the UK Government and the Northern Ireland Executive as co-guarantors of the peace process, the agreements underpinning it and the drive for stability and prosperity on the island of Ireland.

Brexit will pose many challenges for Ireland, it will also offer opportunities as businesses reflect on the implications for them from the UK's decision. I would encourage everyone to seek out opportunities that arise in the Asia Pacific region as businesses who have a solid base in the UK look to protect their interests, diversify and find new, additional markets. Enterprise Ireland, Bord Bia and other state agencies can assist with this work and have established special arrangements to support it.

My Department has been working actively since the referendum result to ensure the best possible outcome for Ireland, including in three key areas which are relevant for our trade relations in Asia and indeed across the world.

Firstly, we are ensuring that our political and business contacts in the region are aware of Ireland's full commitment to EU membership, differentiating our position from that of the UK.

Secondly, we have been reassuring interlocutors there that we will be working closely with our counterparts in the EU and the UK to maintain as much stability as possible in the economic and trading spheres. Our Local Market Teams, comprising Embassies and State Agencies in the region, have been actively sharing these messages with their contacts in Asia.

Ireland also continues to strengthen its relations with the countries of Asia through the forum of the Asia-Europe Meeting, or ASEM as it is better known. Next week I will have an opportunity to make these points to Asian Heads of State and Government on 15 July, when I will represent the Taoiseach at the ASEM Summit in Mongolia.

Thirdly, we recognise that opportunities exist in Asia that, if seized upon, could go some way to mitigate the impact on trade that could arise in the wake of the UK referendum. We will continue to work closely with Irish companies wishing to capitalise on these openings.

ASIA

What happens in Asia also directly affects the wider world, and it matters in particular to a small, open economy such as Ireland. Particularly now, in light of the UK referendum, the Government is determined to do everything possible to develop and capitalise on Trade, Investment and other potential links with High Growth Markets – of which the Asia Pacific region is conspicuously one.

It is becoming increasingly apparent that this century will be the Asian century. In recent years we have seen the emergence of a more globalised world, brought closer by technology and trade, yet still grappling with the international challenges of conflict, environmental change, and poverty.

We have demonstrated our commitment to building relations with Asia in expanding our regional mission network with the opening of new Embassies in Thailand and Indonesia, and a new Consulate General in Hong Kong in 2014. This has increased our presence in the Asia Pacific region to 13, adding to our existing Embassies in China, Australia, India, Japan, Malaysia, Singapore, South Korea and Vietnam, and Consulate Generals in Shanghai and Sydney.

In the past 20 years, China and India have almost tripled their share of the global economy and increased their absolute economic size almost six times over and become substantial contributors to global economic growth.

Nine of the 10 [fastest growing mega-cities](#) in the world are in Asia.

In years when economic growth in the western world was muted, many countries in Asia achieved consistent average annual GDP growth rates in the range of 5% to 8% per annum.

The rise of Asia therefore presents huge opportunities for the world, and Ireland is committed to making the most of these opportunities.

So today I want to talk briefly about the opportunities that lie ahead as our bilateral relationship with this vital region develops and matures, and how Irish talent and 'know how' may offer solutions to shared challenges.

China

With China for example, since 2012 there have been strong and continuous growth in bilateral exchanges – in trade, investment, technology, agriculture, education, finance, research & development, tourism and culture.

The Government has been proactively promoting all such links. Bilateral relations

have entered a new, more dynamic phase since **the Strategic Partnership for Mutually Beneficial Cooperation** was concluded and signed by An Taoiseach, Enda Kenny, T.D. and Premier Wen Jiabao in Beijing, in 2012.

This has been characterised by an increased number of political level visits taking place between the two countries, including visits to Ireland by (then Vice-President) Xi Jinping in 2012, and Premier Li Keqiang and eight Ministers of the Chinese government in May 2015.

The Taoiseach visited China in 2012, and in December 2014, the President of Ireland, Michael D. Higgins, also paid a successful, nine-day State Visit to China. I accompanied the President on that trip, and I was struck by both the huge scale of development, and also the numerous links which now exist between Ireland and China.

There has also been a strong and continuous succession of bilateral Ministerial visits between Ireland and China, numbering some 13 in the past two years alone.

Trade flows in both directions between Ireland and China continue to grow. The last year has seen substantial Chinese investment in the Irish economy, most notably when Bohai Leasing acquired Avolon and ICBC established the headquarters of its aircraft leasing division in the IFSC, cementing Dublin's reputation as a leading centre for the aircraft leasing industry.

There is however still further room for greater bilateral trade and investment. The priorities identified in China's recently adopted Five Year Plan for example correspond to sectors where Ireland has established a world-leading reputation, such as Innovation, Entrepreneurship, Technology - including Greentech, Research, and Higher Education.

We will continue to explore avenues for potential cooperation in this regard. Only last month my Department led a senior delegation of officials from across Government on a Joint Economic Commission to Beijing where they mapped out areas for future cooperation and investment with China.

We will warmly welcome a Minister-led major Investment Mission from China later this year. The One Belt One Road (OBOR) strategy is a major initiative which may offer opportunities for exploring greater cooperation between our countries.

Nevertheless, the rise of Asia also comes with challenges, not least of which is an infrastructural deficit which acts as a constraint on economic growth. The establishment of the new Asian Infrastructure Investment Bank, with its guiding principles of "Lean, Clean and Green", will make an important contribution to achieving the UN Sustainable Development Goals, poverty reduction and help further integrate China into the international financial architecture. Indications are that Ireland will complete its membership of the Bank in the near future.

Japan

Our relations with Japan have gone from strength to strength over the past few years. The first ever visit to Ireland by a serving Japanese Prime Minister took place in June 2013 and the Taoiseach paid a very successful visit to Japan in December of that year. **A Partnership for Prosperity and Growth** with Japan was agreed during the Taoiseach's visit, setting out a path to enhance relations and promote the economic prosperity of both countries.

A return to real growth in the world's third largest economy is something which will open up substantial new opportunities for Irish business, as will the free trade agreement between the EU and Japan which is currently being negotiated, and which we expect to be concluded by the end of the year.

2017 will see the 60th anniversary of diplomatic relations between Ireland and Japan. To mark the occasion, officials in my Department are actively engaged with Japanese counterparts and other stakeholders to prepare an ambitious programme of events to take place throughout the course of the year in both Japan and Ireland – including potential high level visits in both directions.

South Korea

Ireland enjoys a strong trading relationship with Korea but one that offers more potential. South Korea was the first country in the Asia Pacific region to have a fully operational Free Trade Agreement with the EU, which has offered strong benefits for EU exporters. Recognising the opportunities Korea offers, the IDA opened an office there in 2013 and Enterprise Ireland have since substantially expanded their operations in Seoul. Bord Bia will also open a new office in Singapore, which will service the ASEAN region in addition to Japan and South Korea.

India

The relationship between Ireland and India is also getting ever stronger, in particular in the areas of trade, investment, tourism and education.

The visit of Prime Minister Modi to Ireland in September 2015 has created new momentum in the bilateral relationship. Prime Minister Modi's visit to Ireland was the first visit by an Indian Prime Minister since Prime Minister Nehru almost 60 years previously, and Ireland was the second country in the EU to have been visited by Prime Minister Modi.

India has become one of the fastest growing major economies in the world with growth rates of over 7% in 2015. India is the world's most populous country with more than 50% of the population under 25. Given such demographics, India will continue to assume growing importance politically and economically in Asia and indeed the world in the coming years.

Australia and New Zealand

The Asia Pacific region also includes Australia and New Zealand. Ireland shares strong historical ties with both countries, in addition to similar political systems and a shared language. The recent economic downturn resulted in significant emigration of young Irish people to these countries, and as such our ties have only strengthened.

Trade and Investment links continue to grow. Total bilateral trade between Ireland and these countries in 2014 was in excess of €3.3 billion.

EU leaders have agreed to commence work toward the launch of negotiations for Free Trade Agreements with both Australia and New Zealand, which Ireland strongly supports.

ASEAN

In the ASEAN region, most projections point to a continuous period of prosperous growth in Southeast Asia.

The establishment of the **ASEAN Economic Community** (AEC) in 2015 is a major milestone in the regional economic integration agenda in ASEAN, offering opportunities in the form of a huge market of approximately €2 trillion and over 622 million people. While the vast diversity in terms of economic development, culture, and infrastructure present significant challenges, the opportunities for Ireland are vast.

Product exports from Ireland to ASEAN countries in 2014 were €1.2 billion and services exports to these countries were in excess of €2 billion.

Traditionally, Irish companies have not targeted the ASEAN region to a significant degree, despite the opportunities presented by strong economic growth and favourable demographics. This Government is highly aware of growing importance of ASEAN, as reflected by our expanded network of 5 resident Embassies and State Agency presence in Indonesia, Singapore, Thailand, Vietnam and Malaysia, also service the remaining countries in the region.

Increasing prosperity and demographic changes mean that ASEAN has huge growth potential for Irish exports and investment. We must remember however that winning business in new markets such as those in South East Asia involves taking the time to develop relationships, which in time will reward those who have committed to doing business there. Our embassy network and representatives from the State Agencies stand ready to assist Irish firms willing to tackle these exciting opportunities.

While there are sectors such as food and beverages, financial services and aviation leasing which offer some immediate potential, we also need to take a strategic approach and identify which areas have the potential to succeed over the longer term.

Their needs will not be the same in 10 to 20 years as they are today, so I encourage you all to not only think about the current market, but to cast your minds forward and think about how you can best position your businesses to continue to succeed in 10-20 years' time.

Distinguished guests,

Even a very brief run through of developments with regard to our major partners in Asia shows the scale of our engagement and the opportunities ahead.

As mentioned, it is too early to speculate about how the EU's relations with countries of the Asia-Pacific region will be affected by the outcome of the UK referendum. What is clear, however, is that Ireland will continue to deepen its links with the region, both bilaterally, and through the EU, with our EU partners.

I know that there are many relevant speakers lined up to address you this morning so I will conclude by noting that the Government is fully committed to, and is doing, all it can to promote trade, investment and other links between Ireland and the countries of Asia.

Asia has much to offer us, and, equally, Ireland has a huge amount to offer to Asia: First class food and agri-products and services, leading financial and legal services, excellent education programmes, world-class high-tech companies, the best location for inward investment in Europe, and much more. Our cities are also increasingly engaging in important partnerships with Asian counterparts.

We must continue to work together to capitalise on the opportunities that present themselves for Ireland in the Asia Pacific region.

The Government will continue to do all it can to support and develop the multi-faceted relationships we have with all of the countries of Asia. We take this responsibility seriously and are committed to expanding and extending cooperation between our two regions, no matter what challenges arise along the way.

Thank you.

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