

Hearing of the Joint Oireachtas Committee on Finance, Public Expenditure and Reform, and Taoiseach
Illegal Israeli Settlements Divestment Bill 2023
Pre-Committee Stage Scrutiny

**Opening Statement by Mr. Ronnie Downes, Assistant Secretary, Trade Division,
Department of Enterprise, Trade & Employment**
Wednesday, 10 April 2024

A Cathaoirleach,

Go raibh maith agat as an gcuireadh a bheith i láthair ag an gCoiste seo inniu. I'm Ronnie Downes, the head of the Trade Division of the Department of Enterprise, Trade and Employment and I'm joined by my colleague John Hughes who is Principal Officer from the Innovation and Investment Division in the Department. We are happy, on behalf of the Department of Enterprise, Trade and Employment, to assist your deliberations on the pre-committee stage scrutiny of the Illegal Israeli Settlements Divestment Bill.

Of course, the Bill itself is a private member's bill that relates to the work of the National Treasury Management Agency, NTMA and the Irish Strategic Investment Fund, ISIF. These bodies come under the remit of our colleagues in the Department of Finance and you have heard recently from that Department, and from ISIF itself.

For our part, you have asked us to contribute with a view to the Trade aspects of the proposed Bill, and so I will begin by setting out the context of Ireland's trade and investment strategy.

As a small open advanced economy, international trade and investment are enormously important to the Irish economy, supporting approximately 1.3 million jobs directly and indirectly. In 2022, the total volume of Ireland's trade exceeded a trillion Euro, the first time this milestone was reached.

The small scale of the domestic economy means Ireland relies on external demand and international markets for sustainable and continued growth, and to maintain and create jobs and prosperity.

In 2022 the Department launched our Trade & Investment Strategy, *Value for Ireland, Values for the World*. The Strategy sets the direction for our approach to global trade and investment into the middle of this decade.

The aim is to see Ireland grow sustainably, diversify our export markets, and support continued prosperity and higher living standards for all the people of Ireland. The strategy articulates our plans for trade and investment, how it can support climate action and sustainable development, by setting out a principled and holistic approach to trade policy including in important areas such as the environment, labour standards and human rights.

Moving on to the subject matter at hand, Israel is the EU's 25th biggest trading partner, representing 0.8% of the EU's total trade in goods in 2022. It is also among the EU's main trading partners in the Mediterranean area.

On the Israeli side, the EU is Israel's number one trade partner, accounting for 28.8% of its trade in goods in 2022. 31.9% of Israel's imports came from the EU, and 25.6% of the country's exports went to the EU.

Two-way trade in services between the EU and Israel amounted to €16.7 billion in 2021. EU imports of services represented €6.9 billion, while exports accounted for €9.8 billion.

Looking at Ireland-Israel trade specifically, the value of Ireland's trade with Israel in 2022, the latest year for which both goods and services trade data is available, was €13 billion. Ireland exported nearly €6 billion in 2022 and imported approximately €7 billion. 83% of Ireland's exports to Israel were services and 17% physical goods exports.

The main trading sectors are electronic components, medical and pharmaceutical products. Given the value of our global trade, our trading relationship with Israel can be considered modest but not insignificant.

In terms of the engagement of our enterprise agencies, Israel is not a major export market for Enterprise Ireland client companies with exports accounting for less than 1% of total Enterprise Ireland client company exports. As regards companies supported by IDA Ireland, there are 7 Israeli companies in IDA's portfolio covering a diverse range of industries and employing approximately 2,400 people. IDA Ireland is not currently targeting investment from Israel and IDA Ireland does not support companies linked to the Occupied Territories.

Ireland's trade relationship with Israel operates through the framework of the EU-Israel Association Agreement. Trade Policy is an exclusive competence of the European Union as part of the Union's Common Commercial Policy. The EU-Israel Association Agreement has been in place since June 2000. The agreement aims to provide an appropriate legal and institutional framework for political dialogue and economic cooperation between the EU and Israel. As the Committee will be aware, on 14 February, the Taoiseach and Spanish Prime Minister requested that the European Commission undertake an urgent review of the EU-Israel Association Agreement in order to consider whether Israel's actions in Gaza breached essential elements of the Agreement. The matter is, I understand, still being considered within the EU institutions and no substantive response has been received to date.

In the context of what we're here to discuss today, it is important to state that Ireland and the EU have never recognised Israel's sovereignty over the occupied territories, in keeping with international law, and exports from occupied Palestinian territories do not benefit from preferential treatment under the Association Agreement and are not included in our trade statistics. For the purposes of trade, products from occupied territories must be appropriately labelled if entering the EU Single Market.

In closing, I hope that I have given committee members a fair overview of Ireland's current trade relationship with Israel and provided the committee with an understanding as to the framework in which Ireland engages on trade-related matters in the context of Israel and the occupied Palestinian territories, and of the Bill that is under consideration today.

I look forward to further discussion on these matters over the course of the afternoon.

Ronnie Downes

Assistant Secretary, Trade Division

Department of Enterprise, Trade and Employment