

IRELAND A LAND OF OPPORTUNITY

A stable base in a changing world



 **IDA** Ireland

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Phenomenal success in attracting FDIs

Multinational companies in key Irish sectors helped mitigate the impact of the pandemic, says Martin Shanahan, CEO of IDA Ireland

How important is foreign direct investment (FDI) to Ireland and how much did it contribute to the economy's 3.4 percent growth in 2020?

The evolution of the Irish economy is largely connected to FDI. Having started as an inward-looking protectionist economy, Ireland began to look outward for trade and investment in the 1950s, with its investment promotion agency IDA Ireland being established 72 years ago. In recent times, Ireland has seen substantial growth in FDI, with hugely positive knock-on effects for the economy. Indeed, sectors dominated by FDI—like financial services, technology, pharmaceuticals and life sciences—really drove Ireland's recovery from 2008's financial crisis.

Between 2015 and 2019, Ireland had its strongest-ever run of FDI wins and investment proved to be very resilient through 2020, both in terms of existing investors and new ones. Over the year, IDA won 246 investments, which was only marginally down from the previous year where we had 250. That strong performance is reflected in our national accounts, with our corporation tax take holding up during this crisis, largely driven by multinationals that contribute over two-thirds of it. Employment in the FDI sector also grew in 2020. For the most part, existing investors continued to operate during the pandemic as many are involved in manufacturing industries such as pharma, medtech and microelectronics that were designated as essential services. Obviously, there are sectors that have been severely impacted, including tourism, hospitality, retail and construction. However, the presence of multinationals in key industries has certainly enabled us to mitigate the impact of the crisis.

"The availability of talent is the number one criterion for investors, as Ireland's highly skilled and talented workforce is widely recognized."

Martin Shanahan, CEO, IDA Ireland

Why are so many investors attracted to Ireland?

The availability of talent is the number one criterion for investors, as Ireland's highly skilled and talented workforce is widely recognized. This availability is a result of several factors: we start developing our talent at the primary-education level and have one of the highest participation rates in third-level education in the Organisation for Economic Co-operation and Development. Ireland has also been very successful at attracting talent from Europe and further afield—lots of people want to live, work and avail themselves of the opportunities here. Plus, Ireland has invested in research centers to support innovation in key sectors.



Dublin's Grand Canal Dock district is a hub for innovation

Our extraordinarily stable pro-enterprise and pro-business policies are important as well, and we have one of the most consistent, competitive and transparent taxation regimes in the world. The fact that we are an extremely open, outward-looking and engaging economy is also key, as is our membership of the European Union (EU).

Being English-speaking is an additional advantage, particularly in attracting investment from North America. We have diversified our source markets in recent years, but the U.S. still represents more than 60 percent of our FDI and will remain a key focus for us. As U.S. companies think about internationalizing, which is what successful businesses do, we want Ireland to be their number one choice. We have also seen significant investment as a result of Brexit: more than 90 companies have made investment decisions directly because of the U.K. leaving the EU, with over 6,000 jobs connected to those.

What is IDA's approach to promoting FDI, particularly when it comes to attracting multinationals?

We have 24 offices across the globe, but our approach is that we don't stop at the point where we have attracted investment in, we work with those investors to make sure they are successful here. We have companies that have established facilities in Ireland that have become critical to their global corporate entity and which drive forward innovation within their enterprises. Looking at the businesses that have evolved here over long periods—such as Apple, which has been here since 1980—we've worked and continue to work with them, both in Ireland and at their corporate headquarters, to support their ongoing development. IDA is very good at understanding the companies, their needs and priorities, and ensuring that our offering is aligned. It's not a light-touch sales or marketing approach, it's really deep analysis.

Global leaders in a lot of industries are now based here. In the tech sector, we have Google, Facebook, Apple, Intel, IBM and so on; in pharma, we have every leading worldwide brand, including Pfizer and Johnson & Johnson, and we have many global enterprises in medtech and international financial services. We are leveraging that multinational presence to help grow indigenous businesses and make sure that the benefits of FDI are felt in all parts of the economy. That approach toward FDI has proved to be very positive for Ireland.



Martin Shanahan
CEO
IDA Ireland

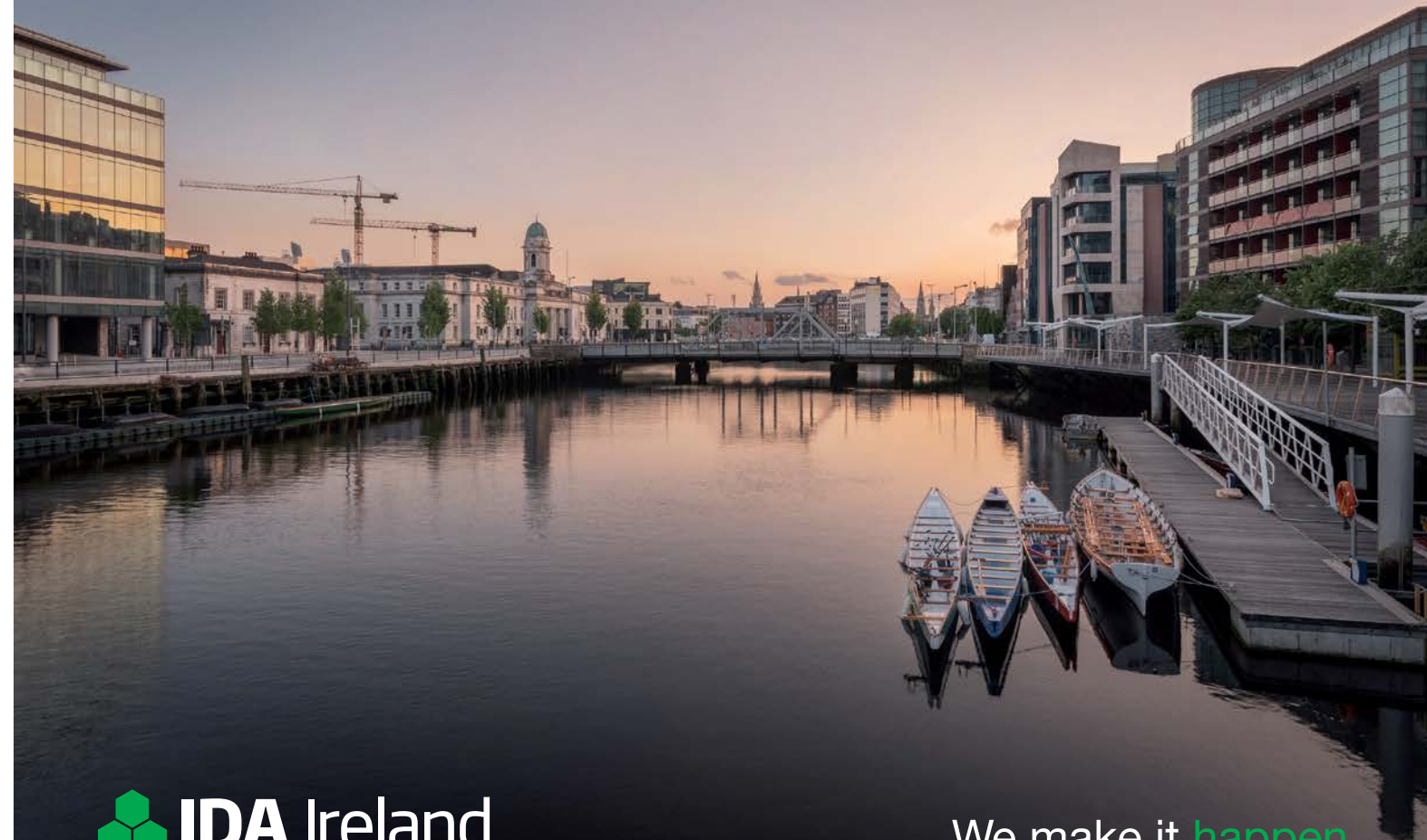
This is a land where opportunities flourish. A safe and stable environment where sustainable progress is at the heart of everything we do. It's in our pro-business philosophy. Our highly skilled, English-speaking workforce. Our commitment to the EU. And in our can-do attitude.

This is where collaboration grows, fostering lasting and productive business partnerships in world-leading technology, life sciences and financial services hubs.

This is Ireland. A natural place to put down roots.

See how we can help your business grow. Visit idaireland.com or email idaireland@ida.ie

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FDI is a mutually beneficial partnership

Ireland's development of a strong and innovative base of multinationals has made the country resilient, prosperous and ready for the future

Ireland's embrace of foreign direct investment (FDI) has transformed the country into a dynamic, open and outward-focused economy.

International investors have returned Ireland's embrace with equal enthusiasm. Although its population of around 5 million represents just 1 percent of the people who live in the European Union (EU), in 2019 the country welcomed 3 percent of all FDI projects coming into the bloc and 6 percent of those in areas that are known to be Irish specialties. These high-value sectors include technology; content, consumer and business services; financial services; pharmaceuticals, biotech and medtech; food; engineering and industrial technologies. "Ireland's track record in attracting the world's top performers in those sectors is unrivalled," says Martin Shanahan, CEO of IDA Ireland, the investment promotion agency that has been encouraging FDI into the nation for 72 years and which is currently supporting and nurturing the activities of over 1,600 multinationals in the country.

There are numerous reasons why so many of them have chosen Ireland as their preferred European destination and why Site Selection magazine ranks it as the best location for investments in Western Europe. Some commentators with limited firsthand knowledge of the country have lazily assumed that the only factor influencing its high FDI inflows has been its competitive tax regime that includes a corporation tax rate that is currently only 12.5 percent. This is far from the case, asserts Shanahan. "Too much emphasis is placed on the taxation conversation when it comes to investing in Ireland. In reality, the availability of talent is the number one criterion for investors."

"The scale of the investment and the number and types of jobs being created is a huge vote of confidence."

Martin Shanahan, CEO, IDA Ireland

Irish talent is carefully cultivated. The country has an extremely good education system across all ages and levels, and one of the highest global participation rates in tertiary education. The workforce is not only well educated, it is ambitious, productive, creative and adaptable, a characteristic fostered by a government that promotes lifelong learning to upgrade skills in line with changing employer needs and new business opportunities. Ireland's enviable quality of life has also drawn in additional talent from across the world.

Another key factor is the security and stability offered by a resilient country that Forbes rates as among the best in the world to do business in. Its pro-entrepreneur policies make it quick and easy to establish, manage and expand a business, while the entire nation is well connected to the rest of the world through state-of-the-art transport and telecommunications infrastructure.



The River Liffey flows through the center of Dublin

"Our membership of the EU is also critical and being English speaking is an advantage," adds Shanahan. This advantage has risen in importance in light of Brexit, as many non-European investors that might previously have looked to establish or grow their operations in the U.K. have instead consolidated their presence on the other side of the Irish Channel in order to benefit from free access to the Single Market. First movers in this respect have been international financial services companies such as Bank of America, JP Morgan and Citi.

Although highly stable, the Irish government and public agencies like IDA Ireland are also agile when it comes to spotting and capitalizing on emerging business sectors with potential. To cement its reputation as an innovation leader, the state's ongoing investment in research and development (R&D) has given rise to an impressive ecosystem of innovation that includes industry-focused universities and a chain of world-renowned specialist research centers. With the assistance of IDA, investors can form strong links within this ecosystem, as well as gain access to incentives for innovation, such as a 25 percent R&D tax credit.

This is demonstrative of the agency's approach to developing long-term relationships with inward-investing companies. Working closely with its clients, it offers a wide range of tailored support, funding programs and other incentives to enable those companies to successfully establish themselves in Ireland, thrive and grow. It's an added-value approach that fosters loyalty: a third of companies currently supported by IDA have been in the country for at least 20 years. For instance, Pfizer, one of the first U.S. firms to enter Ireland in 1969, now employs over 4,000 people there, while Apple set up its operations more than 40 years ago and today has an Irish workforce of above 6,000.

Supporting economic growth

IDA measures its success by the positive impact its clients have on the Irish economy and society. That has been considerable, with multinationals playing a central role in making the country the fastest-growing EU economy in recent years. In 2019, IDA clients accounted for 68 percent of Ireland's exports that were valued at €255 billion, and sectors dominated by those partners supply about 70 percent of Irish corporation tax receipts, bringing significant funds into the public purse to finance the country's development plans. International companies also directly employed more than 257,000 people in 2019—10 percent of the total workforce—in high-quality jobs with above average wages. With an extra eight indirect positions being created for every ten in a multinational, a full quarter of private-sector employment is connected to FDI.

Foreign investors support, transfer knowledge to and help grow the global footprint of domestic Irish businesses as well. They currently spend around €7.4 billion a year on Irish services, €2.7 billion on materials and €7.4 billion

on capital investments like new buildings, machinery and equipment. And they have enriched Ireland's innovation capabilities by pumping €4.2 billion into R&D every year. One crucial contribution multinationals make is to the development of Ireland's regions, where they are often at the heart of their local economies. Dublin regularly tops European city rankings for FDI, but 56 percent of those employed by international companies work outside the capital and each part of the country has its own high-tech specialties that are supported by collaborative local higher-education providers, training institutes and research centers.

Investors remain committed to Ireland

According to Shanahan, "FDI was central to Ireland's recovery during the 2008 financial crisis and it will be crucial again as we rebuild after the pandemic." Already, it has proved a vital mitigation against the economic impact of COVID-19, with exporting companies in sectors such as pharmaceuticals, medtech and digital technology showing resilience, agility and innovation in their response to the virus.

Their strong performance led to Ireland being the only EU nation to see economic growth in 2020: its gross domestic product rose by 3.4 percent, income and corporation tax receipts held up, and the number of people employed by IDA clients actually grew during the year. Inward investment has also kept flowing, with IDA winning 246 investment projects in 2020, 95 of them from new-name investors, and more coming onboard in 2021. "In the context of the pandemic, this is remarkable. It shows the continued attractiveness of Ireland as a destination," states Shanahan.


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Just a few of those committing to new investments are Amazon, which is creating 1,000 skilled roles to bring its total Irish workforce to 5,000, biopharm firm Regeneron is taking on more than 400 extra employees, Microsoft is opening a hub for engineering, Qualcomm is establishing an R&D facility in Cork and Pfizer is expanding in order to manufacture a component of its COVID vaccine in Ireland. Another example is Intel, which has invested \$15 billion in the country over three decades to create one of the largest and most advanced semiconductor manufacturing operations in Europe. In March this year, it announced a further major expansion of its Irish facilities, notes Shanahan. "The scale of the investment and the number and types of jobs being created is a huge vote of confidence and testament to our clients continued commitment to Ireland."

In addition to global giants, the country is attracting the next generation of multinationals, which are supported by IDA's dedicated team for high-growth international companies. Many of these entrepreneurial startups have successfully scaled their businesses from Ireland to date, including Indeed.com, Riot Games, Squarespace, Stripe and Etsy. Perhaps the most rapid advance has been that of social media firm TikTok, which had 20 employees at its Dublin base at the start of 2020. Today, it has over 1,100. This investment confirms Ireland's suitability as a location for sectors that will drive the future global economy, Shanahan asserts. "TikTok's rapid expansion of its operations here is very welcome; its ability to scale up to this degree so quickly speaks to the strength of Ireland's offering generally and in particular our skills pool and vibrant technology ecosystem."


The European destination of choice for multinationals




Best country in Western Europe to invest in




1st in the world for investment incentives




1st in the world for flexibility and adaptability of people




1st in the world for inward investment by quality and value




In the top 15 most innovative countries in the world




8 of the world's top 10 industrial automation firms are investing in Ireland




The 5 leading global software companies all have bases in Ireland



14 of the 15 biggest medtech firms operate from Ireland



18 of the top 25 financial services providers are active in Ireland



All 10 of the world's largest pharma companies have invested in Ireland

The strongest possible value proposition

Ireland is adapting its approach to attracting and developing international businesses in light of global trends accelerated by COVID

In the five years leading up to 2020, Ireland won record-breaking levels of foreign direct investment (FDI). Since then, the number of international investors arriving or expanding operations on its shores has continued to grow, despite the unprecedented uncertainty introduced by COVID-19 that saw other countries' inward inflows dry up.

But the pandemic has done more than just create temporary uncertainty among investors—it has accelerated worldwide trends that are transforming business models and the global investment landscape. For example, the increasingly rapid adoption of new technologies has highlighted the growth potential of high-value, skilled and innovative industries of the type Ireland excels in. The characteristics multinationals look for when choosing an investment destination are also changing. The resilience of a host country's institutions and infrastructure in the face of crises is gaining in importance, as is the priority a country gives to environmental issues and quality of life. Again, these are all areas where Ireland ranks highly. However, points out CEO of investment promotion agency IDA Ireland Martin Shanahan, "Competition for global investment is growing and has never been as intense. To compete for and win investments, countries must have the strongest possible value proposition."

Tasked with ensuring Ireland's place at the top table of investment destinations, IDA's mission is to partner with multinational companies to win and develop FDI, providing jobs, economic impact and opportunity for the people of Ireland. In response to the changing environment, the agency launched an ambitious new strategy in January to build on the positive impact FDI already has in Ireland: Delivering Sustainable Growth and Recovery 2021-2024. According to Minister of State for Trade Promotion, Digital and Company Regulation Robert Troy, "IDA's new strategy will drive a recovery that is transformative, sustainable, inclusive and achieves real economic impact."

The strategy is framed on five interlinked pillars—growth, transformation, regions, sustainability and impact—which are all aligned with the Irish government's Economic Recovery Plan that was published on 1 June. It has also been guided by the United Nations Sustainable Development Goals and has the approval of multinationals based in the country. Overall, IDA will continue to work with and support its existing 1,600 partner clients to safeguard and enhance their Irish operations, while helping them to identify and capitalize on emerging pathways for sustainable growth that meet the needs of today and future generations. As part of this, the agency will carry on making transformative investments throughout the country to assist its clients to increase employee numbers, productivity, innovation and links within the Irish business ecosystem through research and development, digitalization, training, upskilling and actions on sustainability. Investments of an estimated €344 million in IDA's property portfolio is another key plank of the strategy. This



The stunning Wicklow Mountains National Park

includes the delivery of advanced building solutions across Ireland's regions, upgrades to business and technology parks, a new advanced manufacturing center and infrastructure for cell, gene and vaccine research and training.

IDA will also maintain its focus on incentivizing the next generation of leading multinationals into Ireland and intends to seize on opportunities presented by the global transition to green and digital economies, as well as those arising from other new business models. Given Ireland's current areas of expertise, that means it is likely to become a destination of choice for companies in areas like cloud computing, AI, 5G, big data, disruptive service platforms, advanced manufacturing, autonomous vehicles, cell and gene therapy, connected health, industrial automation and renewable energy.

"The most important factor in delivering on our ambition will be the continued success of IDA client companies."

Martin Shanahan, CEO, IDA Ireland

To effectively support its clients' decision making when it comes to training, sustainability and digitalization, IDA is investing in its own internal capabilities around the world. It is also implementing a €8.6-million digital transformation program to boost its already excellent client services and will continue to engage with government and other bodies to ensure Ireland upholds its competitive position for investors. Partnerships between Ireland's public and private sectors have proved crucial to the development of FDI in the country to date and this team effort will be called upon when implementing the new strategy, says Shanahan. "Regional and national stakeholders will work in collaboration to create the conditions that meet and exceed the needs of international investors."

Given the level of uncertainty in the world at present, IDA will review its Delivering Sustainable Growth and Recovery strategy's progress toward the end of next year, he states. "While IDA Ireland believes the strategy is directionally correct, we will be as pragmatic and flexible as required in adapting to circumstances as they unfold." Quantitative targets set within the strategy include IDA winning 800 investments between now and 2024 that create 50,000 new jobs, with half of those projects being in regions outside Dublin and 60 of them being in sustainability sectors. The agency also wants to boost multinationals' expenditure in Ireland by 20 percent and it intends to partner with clients on 130 training and 170 research, development and innovation investments. However, Shanahan stresses, "The most important factor in delivering on our ambition will be the continued success of IDA client companies."

A strategy for sustainable growth and recovery

Ireland has put the development of new and existing foreign investment at the center of its plans to reboot the country's economy



Loop Head Lighthouse on Ireland's dramatic Atlantic coast

IDA Ireland's Delivering Sustainable Growth and Recovery 2021-2024 strategy aims to foster an inclusive, sustainable and resilient economy by providing foreign investors with the solutions they need to thrive in a changing global environment. That strategy is framed by the following five pillars.

Growth: Supporting job creation and economic activity

Ireland's core sectors of excellence proved resilient during the pandemic and each offers opportunities that play on Irish strengths for existing or new players. In technology, cloud computing is expected to expand, digital transformation programs will bring further investment in software and software as a service, and 5G will drive communications, networking and data centers, for instance. In content, consumer and business services, there is significant potential for disruptive digital platforms in, for example, retail and entertainment.

IDA is partnering with its existing clients to identify and deliver expansion projects, and engaging early-stage multinationals as first-time investors.

Sub-sectors of international financial services that are primed for new investments include fintech, regtech, green finance and banks wanting to minimize the impact of Brexit on their activities. Personalized medicines are set to be a growth area in life sciences, as are advanced therapy medicinal products and biopharmaceuticals, with IDA planning to invest significantly in the Irish cell, gene and vaccine therapies' ecosystem. Ireland's substantial natural resources also make it well placed for the trend toward sustainable food. Already a world leader in medtech, IDA's delivery of an advanced manufacturing center in Limerick will position Ireland as an destination for products and services

in digital and connected health, and platform technologies. In the agency's other core focus area, engineering and industrial technologies, opportunities are opening in automation, packaging, design, digitalization, renewable energy, plus connected and autonomous vehicles. Within the next four years, IDA aims to win 800 investments that create 50,000 jobs across these opportunities and others that emerge as technology advances. To do that, IDA is partnering with its existing clients to identify and deliver expansion projects, and engaging early-stage multinationals as first-time investors. On top of these investments, the agency is keen to attract at least two high-impact, large-scale landmark projects that can catalyze specific national development goals.

Transformation: Partnering with clients for future growth

To maintain investors' competitiveness and position them for growth, Ireland's talented workforce needs to be continuously nurtured to take account of technological advances that are changing the world of work. IDA has set a target of partnering with its clients on 130 investments in training and upskilling to support them in fulfilling their new skills needs. Beyond training, IDA is committed to enabling its clients to remain drivers of Irish innovation that can easily participate in research, development and innovation (RD&I) partnerships with the country's renowned academics, research institutes and domestic enterprises. Recognizing that innovation can lead to, among other things, transformative improvements to productivity, IDA will support 170 new client investments in RD&I by 2024. It is identifying opportunities for these investments, which are likely to cover areas such as robotics, artificial intelligence and digitization. IDA's ability to deliver on this will be greatly enhanced by the extended capacity at the National Institute for Bioprocessing Research and Training, as well as its new advanced manufacturing center, which will be a space for companies to trial, adopt, deploy and scale new technologies.





Lower Lake in Glendalough, County Wicklow

Regions: Investment to advance regional development

At the center of IDA's strategy is balanced regional development. As a highly attractive global city, Dublin will continue to be a major engine for the nation's economic growth, but the agency believes half of all new investments coming into Ireland over the next four years could go to one of the country's other seven regions. Each contains at least one dynamic city or regional growth center and each has strengths for different industrial sectors—in fact, one of IDA's tasks when engaging with a first-time investor is to work with it to calculate which region is best for the future prosperity of its business.

Now, IDA intends to build on those specific strengths and competencies to drive economic recovery and sustainable development in every region. To meet this goal, its first priority is to partner with clients to facilitate investments in RD&I, training and upskilling in regional locations. It is also collaborating with Ireland's Department of Enterprise, Trade and Employment plus other stakeholders to develop innovative industrial clusters that will support transformation, spillovers and linkages between multinationals, home-grown businesses, researchers, educators and the wider regional economies—links that can extend across the border into Northern Ireland.

A vital contributor to attracting investment is the availability of state-of-the-art, competitive land, facilities and infrastructure. Around the world, risk aversion among developers in light of the pandemic means that less top-quality property is available. But IDA is continuing to invest in its extensive portfolio of property solutions that meet the needs of multinationals. By 2024, IDA will deliver another 19 advanced building solutions to a wide spread of regional locations, invest in significant infrastructure projects across its business and technology parks and it will maintain its focus on land banks and utility-intensive strategic sites that can support large-scale projects. On the other hand, the pandemic has accelerated a trend toward remote, flexible and hybrid working practices. Ireland is positioned to become a global leader in remote working, with the rapid rollout of one of the world's most expansive deployments of broadband infrastructure. As part of its efforts to promote home working,

Sustainability: Embracing an inclusive and green recovery

Embedded in IDA's strategy for 2021-2024 is the attraction and development of investments that will enhance sustainable growth across areas such as job creation, innovation, human capital, living standards, regional development and the environment. In March, the Irish government approved a landmark Climate Action and Low Carbon Development Bill that commits the country to becoming a net-zero greenhouse gas emitter by 2050. Environmental sustainability is, therefore, an imperative for IDA, which believes investors' contribution to the country's economic recovery should also support a step-change

Top 5 reasons to invest in Ireland

1. Its highly educated and talented population
2. Its welcoming, stable and open pro-business attitude
3. Its competitive tax regime and incentives
4. Its resilience in the face of crises
5. A center of excellence for technology; content, consumer, business and financial services; pharma; food; medtech; and engineering

in Ireland's climate-action performance and transition to a low carbon economy. As a result, it has set a target of attaining 60 sustainability investments from both existing and new clients at the forefront of the green economy.

Specifically, IDA is targeting investments that relate to climate change mitigation or adaptation, sustainable use and protection of water and marine resources, the circular economy; pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. The agency is also reviewing Ireland's sustainability related incentives and supports, examining sources of European funding for environmental projects, helping its clients to reduce their carbon footprints, reducing its own impact on the climate and biodiversity, and it is collaborating with other public bodies to develop a sustainable sourcing program that will benefit all businesses in the country.

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Impact: A positive effect on local businesses and communities

The final pillar of IDA's strategy combines elements of the other four that, together, will maximize the indispensable impact foreign investors make to Ireland's economy and society through their contribution to employment, public finances, regional development, global value chain integration, innovation and the growth of domestic enterprises. For example, IDA's investment and job creation targets set out to not just create 50,000 high-quality jobs in sustainable, future-focused industries, but to also bring about a 20 percent increase in IDA clients' direct expenditure in Ireland that will benefit a huge variety of domestic businesses and households. Deepening links between multinationals and Irish companies through the development of at least five clusters, global sourcing and RD&I joint ventures will drive regional and national productivity spillovers, knowledge and technology transfer, innovation and the global presence of local businesses. In addition, IDA's targets for training and upskilling investments of €100 million will safeguard jobs among the 257,000 people currently employed by IDA's clients, while the country's ongoing competitiveness will be bolstered by its goal of €3.8 billion in cumulative RD&I investments from multinationals.

In combination, the pillars that form IDA's Driving Recovery and Sustainable Growth strategy are expected to both support its clients and propel an inclusive economic recovery for Ireland that embraces the digital future of work and the green transition.

This is a land committed to new ideas and new ways of thinking. Where strong and productive links are forged between cutting-edge companies, state agencies and third-level institutions.

Here, like-minded enterprises flourish together in world-leading life sciences, technology, and financial services hubs. Supported by our highly educated English-speaking workforce and attracting talent and expertise from across the globe.

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