

# Ireland Julian Clarke ICRCC 7 July 2012



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# Ireland – Bridge from USA to Europe



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# CRISIS?

## WHO is doing business in Ireland?



**IDA Ireland – decades successfully  
attracting top international businesses  
to Ireland**

**'Industrial Development Authority'**

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# Top Ten Technology Companies



= 5,200



= 1,600



= 2,900



= 1,400



= 2,200



= 1,400



= 2,000



= 1,200



= 1,600



= 1,100

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# Overseas ICT Info & Comms Tech'y Investment in Ireland

  
Hitachi Koki Imaging Solutions, Inc.  
search performance  
where information lives  
invent  
Success. Not Software.™  
an SAP company

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c.200 IT Companies: 44,000 Jobs  
Total IT Employment 90,000

# Other Sectors – IDA Supported Firms

## Pharmaceutical/Biopharmaceutical

- No. 1 location in Europe for international pharmaceutical investment
- 8 of World's top 10; Employing over 17,000; World's largest biopharma plant (Wyeth); Exports €34 billion; Blockbuster products Lipitor, Viagra, Botox, Zyprexa, Zocor

## Medical Technology / Devices

- No. 1 location in Europe; 17 of World's top 25; 88 Foreign companies exporting over €3bn, employing 23,500

## International Financial Services Centre

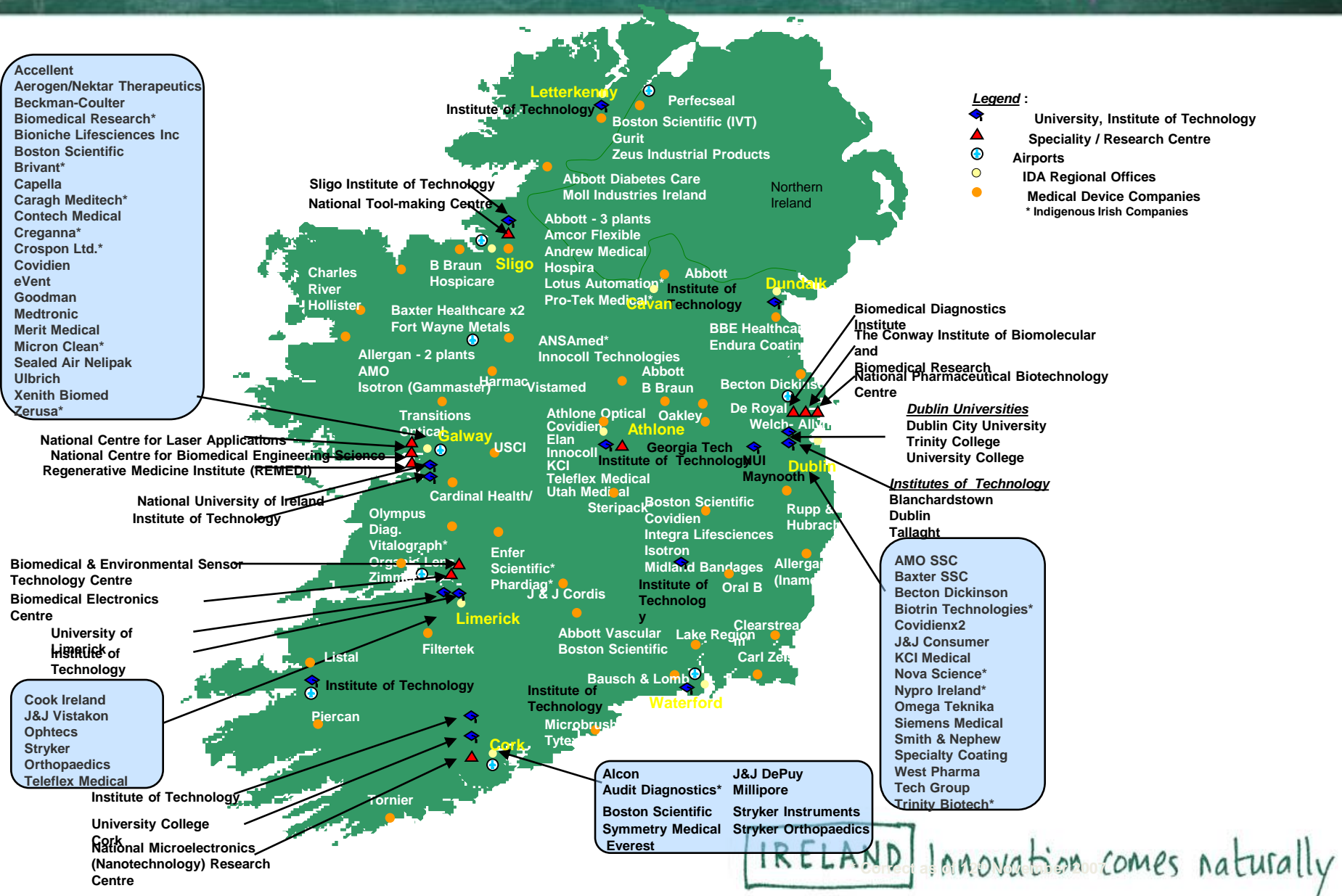
- Over half of world's top 50 banks; 49% of world hedge funds administered from Ireland
- Top 10 global insurance companies; Clear leader cross-border life insurance in Europe. Gross premia written non-life €26.2 billion
- 440 stand alone IFSC companies & 700 Outsource Managed Entities employing 25,000
- Total assets of IFSC banks € 357 billion; Value of funds €1.35 trillion.
- Investment management sector 5 year annual growth rate of 32% v European funds 11%.
- Financial Services €21.3 billion (33%) service exports

# Pharmaceutical Companies in Ireland



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# Medical Technology Companies





# Financial Services Companies



# Financial Services in Ireland



## Banking

- Merrill Lynch/Bank of America
- Citi
- Barclays
- HSBC
- Credit Suisse
- Credit Agricole
- Wells Fargo
- Goldman Sachs
- UBS
- Western Union
- Deutsche Bank
- Santander

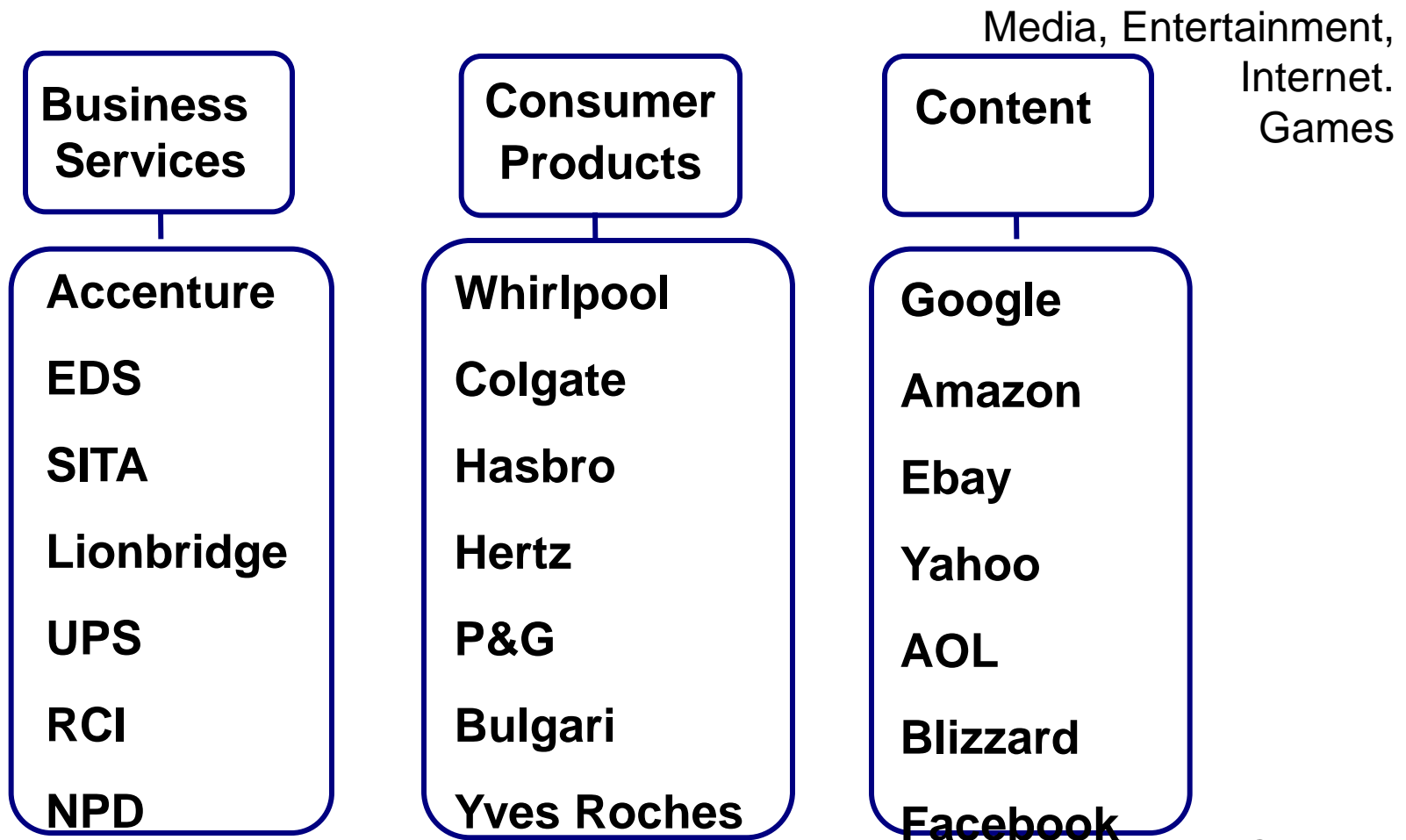
## Insurance

- Allianz
- AXA
- Zurich
- Prudential
- Aon
- MetLife
- Aegon
- Generali
- The Hartford
- Transamerica Re
- Renaissance Re
- Partner Re
- XL

## Investment Management

- Fidelity
- State Street
- PNC Global
- Bank of New York Mellon
- Northern Trust
- GAM
- JP Morgan
- Daiwa
- Orix
- Butterfield Fulcrum
- Equinox AIS
- Citco
- Brown Brothers Harriman

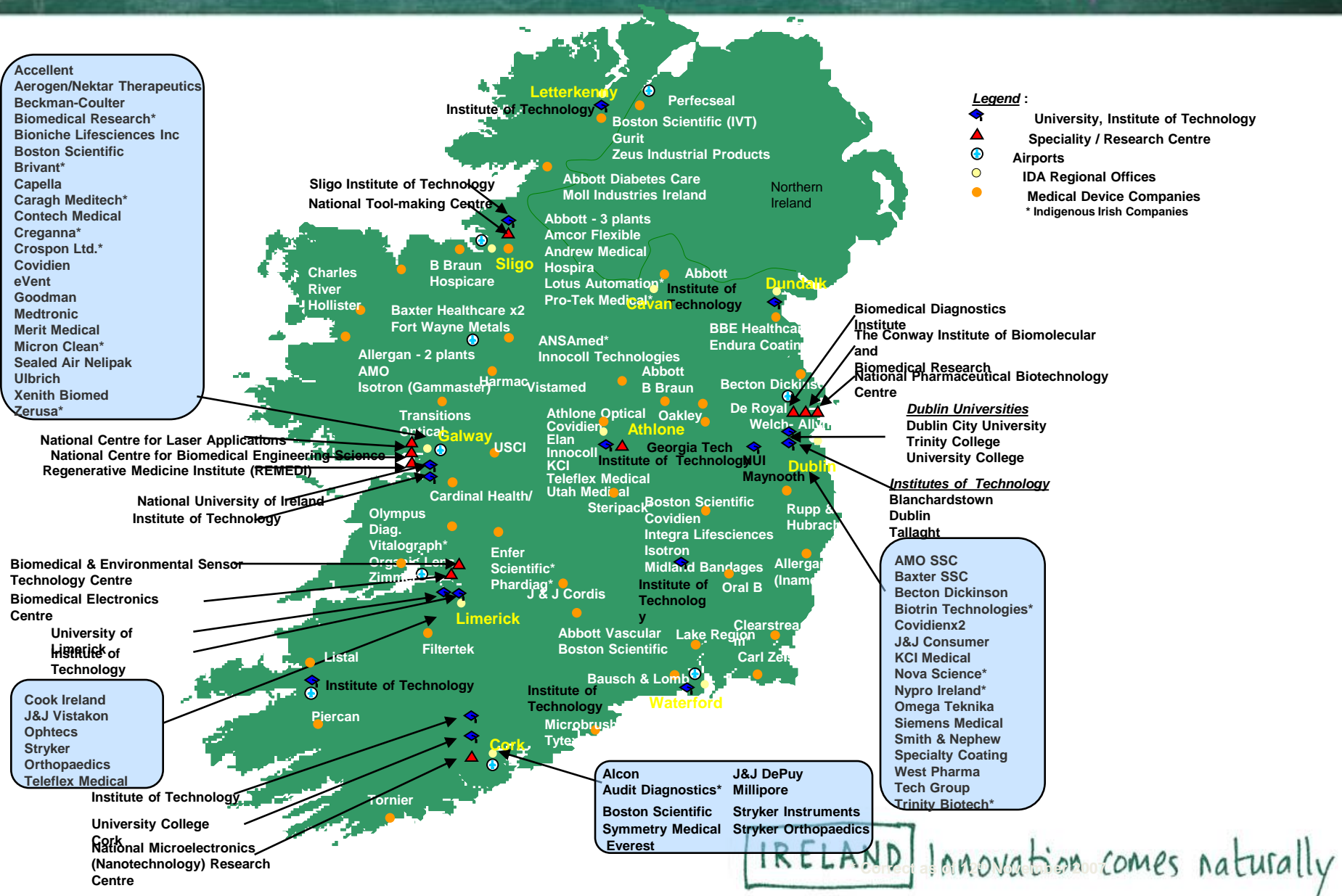
# Consumer, Content and Business Services Key Players



IDA Supports 110 companies, employing over 16,000 + people: R&D, Supply Chain Management + Procurement, Shared Services, Customer Support, Technical Support Software Development, Data Hosting IP Management et al

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# Medical Technology Companies





# Foreign Direct Investment in Ireland – Key Sectors

**INDUSTRIAL DEVELOPMENT AUTHORITY** hugely competent and successful  
**GLOBAL LEADER**

**c.960 IDA Supported Companies: 140,000 Jobs; c.200 ICT Companies: 44,000 Jobs**

## ICT



Intel  
Microsoft  
IBM  
Oracle  
Apple  
HP  
Dell  
Adobe  
EMC<sup>2</sup>  
Analog Devices  
Symantec  
McAfee

## Life Sciences



Eli Lilly  
Merck  
GSK  
Novartis  
Pfizer / Wyeth  
Abbott  
Merck /Schering-  
Plough  
Bausch & Lomb  
Medtronic  
J & J  
Boston Scientific

## CCBS



Google  
Accenture  
Ask  
Facebook  
eBay  
PepsiCo  
Hertz  
Amazon  
Bulgari  
Yahoo!  
Whirlpool  
UPS  
Coca-Cola

## IFS

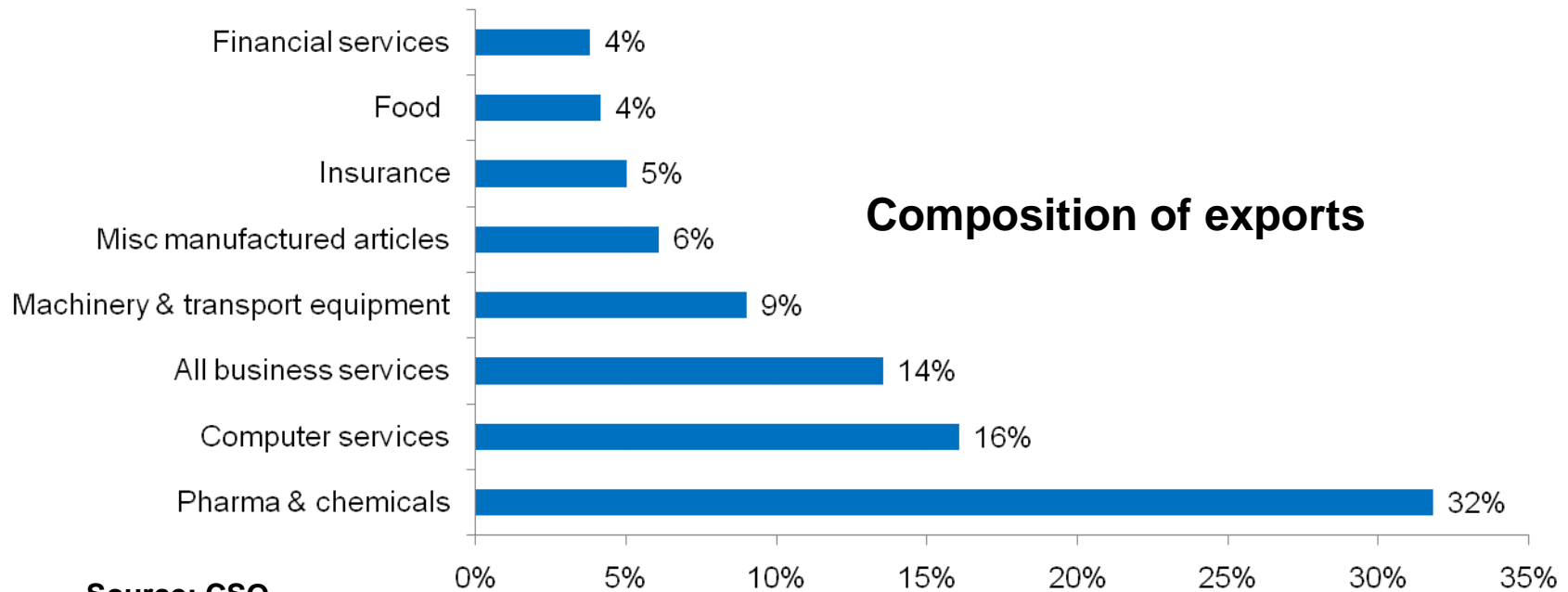


GE Capital  
GMAC  
Merrill Lynch  
ABN Amro  
Bankers Trust  
Citibank  
Deutsche Bank  
AIG  
Morgan Grenfell  
Daiwa  
Prumerica

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# Strong export sector key to recovery



2011 EXPORTS up 5%

*“dynamic, productive, flexible economy with a high-value added exporting sector.”*

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# Why Ireland ?

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# Why Ireland?



**Talent**  
**Track Record**  
**Technology**  
**Tax**



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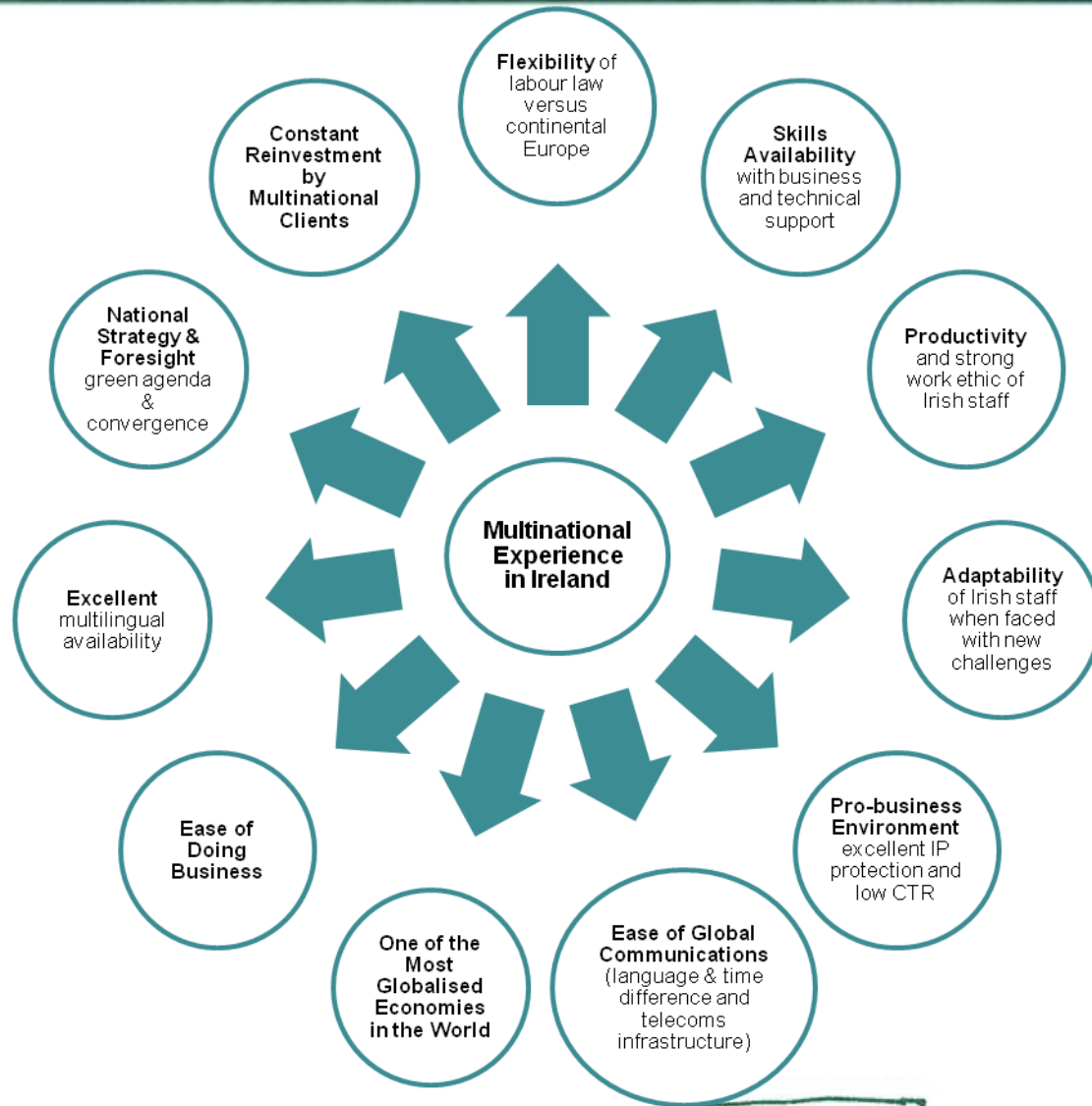
# Ireland has a well earned reputation as a good place to do business.

## *Ireland as a location for business:*

- Part of the EU and the euro zone,
- Barrier-free access to over 500 million consumers in Europe,
- Young, highly educated, English speaking, flexible, mobile workforce,
- Export orientated, open economy,
- Relatively low corporation tax rate,
- Pro-enterprise focus,
- Throughout the last decade Ireland invested substantially in infrastructure and achieved major improvements in road, rail, air and sea transportation.
- The median age of the population is 35, the lowest in the EU.
- Ireland has an impeccable track record for attracting Foreign Direct Investment.

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# Why Ireland?



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# Why Ireland

**Competitive Tax Environment**

**EU/OECD Member**

**Well-developed infrastructure**

**IDA Support**

**Competitive Cost Environment**

**Government's Policy**

**Productivity**

**Business Environment**

**Education**

**People/ Skills**

**Regulatory/ Legislative Environment**

**Internationalized Culture**

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# Why Ireland

## Reasons Multinationals Choose Ireland



### 1. Skills

- English speaking + multilingual
- Highly competent & experienced – little need for US oversight / time input
- Excellent management talent pool at multinational level
- Access to European Economic Area Skills (Pop'n > 500m people)
- Proactive employment permit program assisted by IDA Ireland

### 2. Business Environment & Culture

- Smooth process to establish a multinational MNC
- Relative lack of red tape and focus on eliminating it where possible
- Cultural affinity with the US – understanding of MNC requirements & ethos
- Shortest time zone difference from Silicon Valley to EMEA – allows longer overlap

### 3. Tax

- Low Corporation Tax rate – 12.5%
- International transparency – expansion of DTA network
- Generous tax credits for Research and Innovation activities
- New legislation – capital allowances against a range of intangibles acquisition
- Ease of interaction with Revenue Authority / introductions via IDA

Source: IDA Client Feedback

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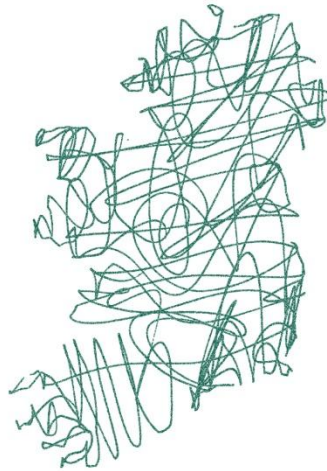


# Ireland's Key Tax Advantages

## *Inbound Issues*



- Extensive Tax Treaty Network
- Particularly good treaty with China
- Access to EU directives



## *Outbound Issues*



Generally no withholding tax on interest, dividends and royalties to EU and tax treaty countries

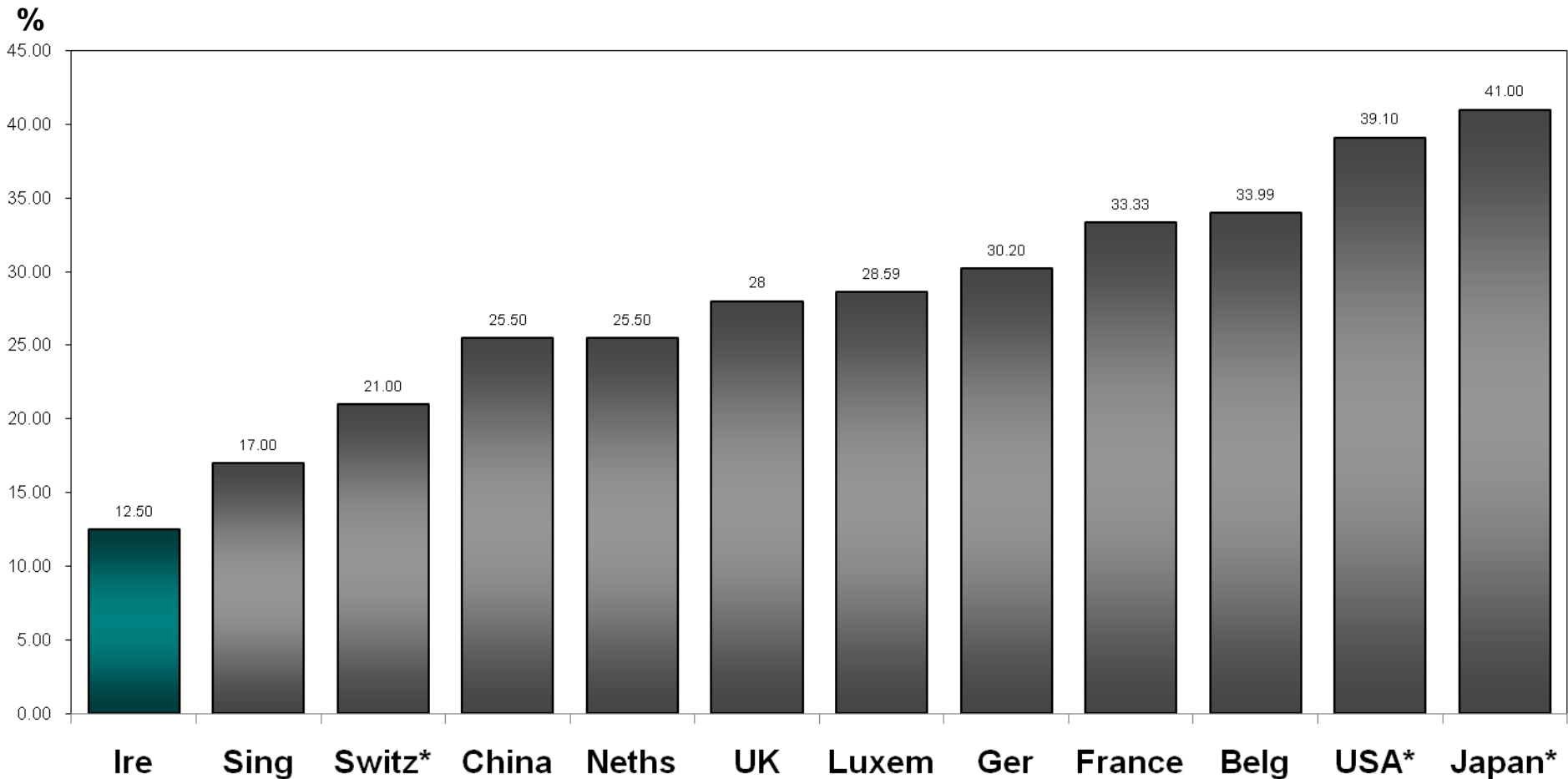
## *The Irish System*

- Low tax policy – 12.5%
- Tax relief for acquisition of intangible assets
- Efficient financing
- 25% R&D Tax Credit
- No Thin Capitalisation Rules
- No CFC Rules
- No Capital Duty
- Favourable double taxation relief rules (including for foreign branch profits)
- Young educated workforce
- English speaking member of Euro Zone

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# Corporation Tax Comparison

## 50 Year Policy of Favourable Tax for Exporters



Source: PWC 2010

\*Blended rate to take account of regional as well as federal/national corporation tax rates.

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# Why Ireland: Far more than tax

## Reasons Multinationals Choose Ireland



Source: IDA client feedback

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# Ireland - Some Key Facts



- 1<sup>st</sup> for FDI and Corporate Tax regime (*2009 Global Innovation Survey*)
  - World's # 1 provider of employable graduates (*EU Commission Nov 2009*)
  - 1<sup>st</sup> for where Immigration laws do not prevent companies from employing foreign labour
  - 1<sup>st</sup> for Investment incentives
  - 1<sup>st</sup> for Public sector contracts being sufficiently open to foreign bidders
  - 1<sup>st</sup> for Foreign investors being free to acquire control in domestic companies
  - 2<sup>nd</sup> for Consumer price inflation
  - 2<sup>nd</sup> for Exports of commercial services
  - 3<sup>rd</sup> for Direct investment flows abroad
  - 3<sup>rd</sup> for Protectionism not impairing the conduct of business
  - 3<sup>rd</sup> for Customs' authorities facilitating the efficient transit of goods
  - 3<sup>rd</sup> for Banking sector assets
  - 3<sup>rd</sup> for Large corporations being efficient by International standards
- 3<sup>rd</sup> for the number of Patents in force (per 100,000 inhabitants) Human
  - Development Index: 5th best country to live in for a third consecutive year
  - Ireland's productivity per person is one of the highest in the world
  - 33% of the population under 25 yrs of age

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# Why Ireland

- **4 T's (ease of doing business, talent, technology, track record, & tax).**
- Ireland has a well earned reputation as a good place to do business. While there are obvious difficulties at present, it is important to state that key factors which facilitated Ireland's economic success in recent years still remain. These include:
  - stable political system,
  - part of the EU and the euro zone,
  - access to the Internal Market,
  - young, highly educated, English speaking, flexible, mobile workforce,
  - export orientated, open economy,
  - relatively low corporation tax rate,pro-enterprise focus.
- These strengths have been supported by improvements in infrastructure, education, and research and development.
- Human Development Index ranked us the 5th best country to live in for a third consecutive year.
- Ireland's productivity per person is one of the highest in the world, 33% of the population is under 25 yrs of age.

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Over 500 million people  
live within a 3 hour  
flight from Dublin

Location  
Location  
Location

People  
People  
People



# IDA Ireland



- An Irish government agency with its own board
- Attracts FDI to Ireland
- Supports existing clients to develop additional business activities
- Key Business Areas:
  - Pharmaceuticals / Biopharmaceuticals
  - Medical Technologies
  - Information Communications Technology
  - International Financial Services
  - Digital Media
  - Global Business Services
  - High Value Manufacturing
  - Convergence
  - Services Innovation
  - R & D
  - Cleantech

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# Ireland's Pro-business Environment (tax)

- The Irish tax system is open and transparent and in line with OECD standards.

The Irish Government is committed to the 12.5% CTR

*"We will retain our 12.5% corporation tax rate as a key aspect of our inward investment strategy. " Finance Minister, Brian Lenihan, April, 2009.*

- The OECD has never suggested at any time that Ireland was a 'tax haven'.
  - Govt is investing 5% of GDP in **infrastructure** = €7bn in roads, telecoms, airport infrastructure, education – massive investment, transforming Ireland and placing the country in a prime position for the global economic upturn.
  - This is significantly higher than many other countries and is Ireland's equivalent of recently announced stimulus packages in other economies e.g. Obama Stimulus Package = 5.5% of GDP.

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# The Smart Economy

- **The Smart Economy framework has five action areas to enhance productivity and lay the foundations for economic renewal:**
  1. Meeting the Short-term Challenge of securing the enterprise economy and Restoring Competitiveness - we must stabilise the public finances, get credit flowing and keep people in jobs.
  2. We must drive down costs;
  3. Building the Ideas Economy - education and research and development have been shown to be key drivers of innovation. It is not just what products and services you produce, it is about how you produce them.
  4. Enhancing the Environment and Securing Energy Supplies - productivity is enhanced by lowering carbon inputs into production;
  5. Investing in Critical Infrastructure is essential to enhance productivity- for example, good ICT infrastructure is essential to support businesses; and, finally, Making the public service, governance and regulation more efficient and effective.

# Joint EU/IMF programme

## Main elements :

- restore financial stability
- ensure fiscal sustainability
- structural reforms to raise growth potential
- financial assistance package

## Fiscal Targets

- Budget 2011 delivered €6 bn, (3.75% GDP) adjustment
- Budget 2012 commitment c €3.8bn (2.5% GDP) adjustment
- 2013-2015 committed to c.8.6bn adjustment

## Fiscal Measures

- Government looking at removal of property tax relief, site valuation tax, household charges, water charges
- Comprehensive spending review

# EU/IMF/ECB programme



## **Programme is on track:**

- Third review completed, all targets met
- Irish deficit for 2011 to come in at 9.8% of GDP vs a target of 10.1% of GDP

## **IMF identified 5 key positives for Ireland:**

1. Growth re-emerging
2. Banks being recapitalised
3. Fiscal programme on track
4. Competitiveness improving
5. Government has political will to implement programme

# Recent Multinational Investments in Ireland



- **Alcatel Lucent** and Irish government renew collaboration in joint technology innovation (Feb 2010)
- **Hertz** announce 100 new jobs to expand its European Shared Services Centre in Dublin. The increased capacity of the Shared Services Centre will see the transformation of Hertz's existing Dublin operations to include support elements in the areas of human resources, finance, sales and customer care, in addition to handling customer reservations and other support services activity for Europe, Middle East and Africa (EMEA). (Feb 2010)
- **D&B** to establish operations in Dublin. D&B's Dublin-based operation will serve customers through a range of technology and operations functions. The Centre will be responsible for the collection and processing of data on subject companies. As part of its ongoing commitment to customer satisfaction, D&B will in-source operations roles from existing off-shore arrangements. Many of these roles will be filled in Dublin.
- **Zurich Financial Services Group**, that it is transferring the majority of its general insurance portfolios in Italy, Portugal and Spain to local branches of its EU-based risk carrier **Zurich Insurance plc, Ireland (ZIP)**. This announcement follows on from the move of Zurich's general insurance business in the UK to Ireland last year. A similar transfer is planned for Zurich's general insurance business in Germany later this year.

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# Recent Multinational Investments in Ireland



- **PayPal** announced the creation of a further 100 new jobs in Customer Service and Operations at its European Centre of Excellence in Blanchardstown, Dublin. The new roles are in addition to the 150 extra jobs announced during 2009.
- **Gala Inc.**, a leading Japanese online gaming company, is to expand its European Headquarters in Dublin with the creation of 103 new, high-quality jobs.
- **Freund Corporation** The Japanese pharmaceutical equipment company,, is to establish a European base in Tullamore, Co. Offaly, creating 25 high value positions over five years.
- **Sajan Software, Ltd.**, a wholly owned subsidiary of Sajan, Inc., plans to generate 35 high skilled jobs over a three year period at the operation, creating opportunities for software engineers, localization engineers, testers, project managers, quality personnel, sales executives and accounts personnel. The Dublin operation will drive and support the continued evolution of Sajan's leading-edge translation management system (TMS), and its broader suite of localization solutions.

<http://www.idaireland.com/news-media/announcements>

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# Fundamentals of the Irish Economy are strong



- Ireland is the 21<sup>st</sup> **most competitive economy** in the IMD 2010 and 6<sup>th</sup> in labour productivity  
*Institute for Management Development (IMD) World Competitiveness Yearbook 2009, Switzerland.*
- According to the 2009 **Global Innovation Survey** Ireland is ranked 1st for FDI, 1st for Corporate Tax regime, 4th for Ease of Doing Business, 6th for Higher Education standards. *The Atlantic Century, Benchmarking EU & U.S. Innovation and Competitiveness - The Information Technology Innovation Foundation.*
- The 2010 Index of **Economic Freedom** ranks Ireland 5th in the World and 1<sup>st</sup> in Europe  
*Heritage Foundation and Wall Street Journal.*

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# Ireland's Response to the Global Downturn



- There is a **Proactive Government strategy** in place which indicates a clear and positive message that Ireland is taking effective remedial action
- The Irish Government is focused on enhancing competitiveness, increasing exports and driving down costs for investors;
- The Smart Economy framework has five action areas to enhance productivity and lay the foundations for economic renewal:
- Flexibility – workforce both public and private taking wage cuts of 5-10%, adaptability and agility of the Irish – unique in Eurozone.
- Reduced Costs - competition policy is also helping to reduce energy costs for industry – price reduction of 10%

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Thank You!

Log on to

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