

Spotlight on Ireland



The striking Samuel Beckett Bridge over the River Liffey and famous Jeanie Johnston ship docked in the Dublin Docklands, the financial district of the Republic of Ireland

Exploring Ireland’s Economic Growth and Potential

How a stronger relationship with the USA is contributing to Ireland’s economic success

The tradition of an agrarian economy is still apparent in Ireland. The iconic rolling hills are still lush and picturesque. Many of the streets still boast cobblestones and charming architecture straight from a storybook.

However, there is a new energy in the air, and excitement to witness as Ireland’s economy booms like never before. In cities, modern office blocks and conveniences stand testament to the mix of old and new, statuesque and evolving.

Ireland has quickly become a hub of globalization, a place of economic and social opportunity, and a shining example of the possibilities with a innovative approach to adaptation. With business sectors of all kinds - from financial technology to biopharma - growing exponentially, the current and future state of Ireland’s economy is exceptionally bright.

The United States is set to sustain its position as the largest external investor in Ireland. Furthermore, the United States’ investment in Ireland will surpass its direct investments in the ‘BRICS countries’ of Brazil, Russia, India, China, and South Africa combined. To put it differently, the United States’ investment in Ireland has accumulated over the years to a grand total of USD 446 billion—that’s about 67% of all foreign direct investment (FDI) in Ireland.

In addition, the number of American companies choosing to invest in and operate within Ireland continues to grow substantially. Currently, more than 700 American companies operate in Ireland, employing roughly 150,000 people directly and about 100,000 people in Ireland indirectly, contributing to around 20% of national employment.

A cornerstone of the relationship shared by Ireland and the USA is the protection of intellectual property. As Danny McCoy, CEO of Ireland’s largest business representative group, Ibec, notes, “The relationship has always been about intangibles such as goodwill, connections, and relationships.”

Today, those intangible things include intellectual property rights and data protection—two of the most crucial elements in a modern world dominated by cloud-based economies and global networks.

Ireland continues to be ranked as one of the best countries for business, and not just for the large, multinational businesses that already have established names globally. This applies for businesses of all size, scope, niche, and beyond - including small startups just trying to make a name for themselves at the beginning of their boom.

the USA and Ireland, both in terms of economic benefit and goodwill, has accompanied a time of growth in Ireland that is not limited to just the economy.

Tánaiste Varadkar noted, “Investments from American multinationals into Ireland have been transformational for our economy. We have a similar business culture to America, and when non-European companies seek a gateway into Europe, they naturally choose Ireland. We are an innovative nation, and Irish companies have a global impact. To keep up with the demands of our growing society, we are embarking on Project Ireland 2040, which has significantly increased capital investment in public housing, broadband infrastructure, new schools, new hospitals, and public transport.”

The progress of Ireland’s economy and emergence as a global leader in innovation has been rapid and impressive. Today, Ireland has surpassed the UK in several performance metrics, including income per capita. Irish companies have been embracing digitalization and diversification. They are continuously innovating and pushing forward with new ideas to drive economic recovery during the pandemic.

Shanahan mentioned, “Ireland is a high value location. In order to be successful, our focus is on talent availability, research and development (R&D), and innovation. Digitization and climate action are pervading all discussions we are having with clients. An exceptional level of collaboration between industry, academia, and state agencies drives Ireland’s dynamic R&D and innovation sector. This is supported by a highly pro-business government policy. A world-class research system, designed to work with and for the benefit of industry, is being further developed thanks to an unprecedented investment of EUR 8.2 billion under the Irish government’s Strategy for Science Technology and Innovation. Ireland is currently 11th in global scientific rankings for overall quality of scientific research, an impressive upward trajectory from a position of 48th just 13 years ago. Ireland offers a strong and growing R&D and innovation environment, complemented by a robust Intellectual Property (IP) regime.”

McCoy, however, argues that “all innovations are networked” in today’s interconnected world. In other words, Ireland cannot claim sole responsibility for leading innovation, but instead, it can take pride in providing a location in which globalization can occur. ■



Leo Varadkar
Tánaiste
Republic of Ireland



Martin Shanahan
CEO
IDA Ireland



Julie Sinnamon
CEO
Enterprise Ireland

According to Ireland’s Tánaiste and Minister for Enterprise, Trade, and Employment Leo Varadkar, “Although Ireland is a small country, it proverbially punches above its weight in the world politically, economically, and diplomatically. Historically, we have a unique experience as a nation. Unlike most western countries, we have experienced colonialism, occupation, emigration, and famine. Despite historic and modern challenges, including COVID-19 and Brexit, we have managed to build ourselves up, and today we are the fastest-growing economy in the European Union. We are a global hub for innovation, proud members of the EU, and founding members of the Euro. Ireland’s success relies on the backbone of the economy, small and medium-sized enterprises (SMEs), but also increasingly relies on foreign direct investment. As the USA reengages in multilateralism, Atlantism, the World Trade Organization, and climate action, Ireland will have an important role as the only English-speaking country in the EU. We are proud of our historic relationship with the USA and will continue to act as a bridge-builder between the states and Europe.”

While much of the country’s economic upturn and exceptional growth are based on the foundation of internalized efforts in Ireland, the country’s relationship with the United States has emerged as an integral catalyst helping Ireland’s economy realize its potential. How deep does this embedded potential go? Quite deep, actually.

Ireland has been able to attract a high level of FDI for a variety of reasons. Martin Shanahan, CEO of IDA Ireland, the country’s inward promotion agency, stated, “Investors want stability, consistency, and a talented workforce. Ireland offers that and more, our value proposition remains strong. Ours is a safe and stable investment location with access to the EU market, an educated and skilled workforce, an attractive environment where people want to live and work, and a competitive, consistent and transparent corporate tax regime. We offer good access, connectivity, and an excellent return on investment. We have developed a reputation for excellence in sectors like pharma, medtech, technology, and financial services, with many of the top global companies in these fields now located and operating successfully here.”

While the USA and Ireland have shared approximately 50 years of business relationships, the decade since the 2008 financial crash has perhaps been the most impactful. Compounding the necessity of a strong USA-Ireland relationship is the uncertainty of Ireland’s relationship with the United Kingdom. As Ireland’s connection with the UK has fluctuated and faltered, its relationship with the USA has strengthened.



Danny McCoy
CEO
Ibec

Julie Sinnamon, who retired this summer as CEO of Enterprise Ireland, the government agency responsible for aiding Irish companies to develop and grow in world markets, stated, “Investment is a two-way street. Irish entities actually employ nearly as many people in the USA as American companies employ in Ireland. The USA will remain an attractive growth opportunity for Irish companies into the future. We focused our attention on diversifying and working on innovation and competitiveness.”

Ireland’s appeal to attract inward investment is not faltering. In a post-Brexit world, Ireland is now the largest common-law jurisdiction in the EU and will continue to become even more desirable with its stability, commitment to remain in the EU, and of course, now being the only native English-speaking country in the EU, which promises its own level of business appeal.

Shanahan added, “Ireland is at the heart of Europe. Ireland’s continued commitment to the EU is a core part of Ireland’s value proposition to foreign investors. As companies seek Brexit solutions that will impose the lowest possible additional costs and the least possible disruption to trade, Ireland offers a base to sustain access to the European Single Market, to minimize uncertainty and to grow their business.”

This compelling relationship between

The look of the Irish: resilient, sustainable and global.

Over the last quarter-century, Ireland has developed its economic substance, characterised by decades of strategic policies, an impactful business footprint and a diverse

ecosystem of sectors, making it a global hub with a world-class economy. And even with the international winds of change, Ireland is poised to thrive.

Ireland: A model of substance | www.ibec.ie/irishsubstance



Realizing the Potential of Ireland's IFS

Technology-driven innovation and forward-thinking financial institutions are driving the success of Ireland's international financial services sector

To ensure Ireland's international financial services industry (IFS) continues to thrive as a top-tier global location of choice for IFS, the Irish government created a strategy, *Ireland for Finance*. The strategy is based on four key pillars. First, by ensuring policy, culture and legislative conditions foster IFS growth. Second, the technology and innovation pillar is focused on providing a collaborative approach to addressing emerging challenges and opportunities in technological developments. Third, by nurturing a talented workforce. Finally, by ensuring that Ireland is globally recognized as a hub for IFS. The nation's largest banks are playing a significant role in making these ambitions a reality, including AIB Group plc (AIB).

AIB is one of the largest financial services providers in Ireland and has market leading positions in key segments across the country. Founded in 1966 when three long-established banks amalgamated, the Group operates predominantly in Ireland and has franchises in Great Britain and Northern Ireland as well as offices in the United States.



Colin Hunt
CEO
AIB

"On completion of the proposed acquisition of Goodbody, a provider of wealth management, corporate finance and capital markets services, we will provide everything a corporate or business customer would need from us," said Colin Hunt, CEO, AIB.

He continued, "For example, traditional lending, current accounts, transaction banking, digitally enabled transaction banking, equity capital market products, debt capital market products, and corporate advice. This is a market we understand better than any other market in the

world, and we are committed to supporting all businesses and all people who are connected to the Irish economy."

Innovation

AIB's success story is driven by its employees, a solid commitment to customers, and innovation. The bank has invested heavily in its IT infrastructure and digital offerings, and continues to do so, increasing its presence in the digital sphere, and making access to digital services easier for customers. Developing breakthrough technologies is in its DNA.

Hunt added, "Every day 40,000 of our customers engage physically in our branches whereas about 1.5 million interactions occur online daily. The vast majority of transactions are done using mobile and digital technology. Today, just shy of 90% of our personal deposit accounts are opened online, and we are heading to about 30% of our mortgages completed online. For everyday financial transactions, we have seen a significant switch to digital, away from in-person banking. This is a consequence of customer preferences but also of the investment we have made in our digital offerings and the innovative approach we have adapted over the past number of years."

AIB's innovative spirit is also evident with the development of the Synch app, which will be launched later this year. This is a joint venture with Ireland's main retail banks and is an instant money transfer app that will take on smartphone payment apps such as European Revolut, which is similar to American Venmo.

Looking Ahead

For the IFS sector to continue to succeed, companies will need to prepare for and anticipate disruptive technologies and focus on developing their capabilities to meet these disruptions. The *Ireland for Finance* strategy is catalyzing this process. ■

Irish Consulting: Helping Navigate Complex Geopolitical Shifts

Managing Partner of EY Ireland answers questions about the future of the industry

Similar to other sectors in Ireland, the Irish professional services industry has rapidly expanded in recent years in parallel with increasing FDI and ever growing business activity. Ireland has long been a strategic gateway for global operations, and in particular as a European headquarter. The nation's professional services market has been a key partner for such entities.

Recently, Frank O'Keeffe, Managing Partner of professional services firm EY Ireland, spoke about the current state and his expectations for the future of Ireland's economy.



Frank O'Keeffe
Managing Partner
EY Ireland

How do you assess the competitiveness of Ireland as a business location?

Taking a look at historical financial growth in Ireland, the country has long been an ideal choice for many multinationals, especially USA-based corporations. Between the USA and Ireland, there is a great cultural understanding and alignment. This dates back to the '60s when Pfizer originally came to Ireland and when Intel built its fabrication plants in the late '80s.

Large corporations continue to be drawn to the country's impressive track record of success in retaining FDI. Today, major players in technology, including Google, Facebook and Apple, have European bases in Ireland. This further attracts the interest of newer, smaller-scale companies that see massive global organizations trusting and excelling in Ireland. Ireland's business friendly tax compliance and employment laws, talented English-speaking workforce, membership in the EU, ease of doing business, and its solid legal system, all contribute to drawing multinationals into the country. Ireland has excellent universities, R&D centers, and an abundance of emerging entrepreneurs. EY Ireland has an understanding of their needs, strategies, and how to best support them.

What sets EY Ireland apart from the competition?

We create innovative solutions for our client's toughest challenges, and strive to build a better working world for all. We

help our clients unlock their full potential and capitalize on transformative opportunities to flourish and grow, including embracing the digital agenda. We are also the fastest growing Big 4 firm, and have a unique, diverse culture and workforce.

How will the future of work appear at EY Ireland post COVID-19?

Companies across Ireland responded to a once-in-a-lifetime health crisis in 2020 - the COVID-19 pandemic. It's such a transformative time. We seamlessly transitioned to remote working overnight. We will have a hybrid model and continue to be agile and make sure we offer an exceptional experience for our people and clients. The pandemic has really accelerated longstanding trends for digitalization. Our business grew throughout the pandemic by double digits, and that did not happen by chance. We are working hard to remain close to our clients' agendas, continue delivering exceptional work, understand the transformations organizations had to go through, and be there to support them.

EY's global structure - and its reliance on digital communication - made it uniquely capable of dealing with the pandemic early on. The amount of progress made in this field last year was the equivalent of progressing six years in six months. That shift towards online work has made companies more aware of how valuable their data is - and EY can help businesses understand and fully utilize their data.

How is the Irish economy changing?

Ireland and the USA have had strong links for generations. President Joe Biden's openness to discuss his Irish roots could encourage people in America to learn more about Ireland. This additional interest could result in a boost to tourism, and I hope this factor will drive investment in the Irish economy, as well. Currently, the Irish workforce is in the middle of a significant transformation. Ireland is on track to have the youngest population in all of Europe by 2040. This will solidify the nation's status as a market leader for decades to come. It wasn't by chance that Ireland was the fastest growing economy last year in the developed world. Come to Ireland and have us be your gateway to Europe. ■

Ireland: the Second-Largest Funds Domicile in Europe

With an increase in allocation to ESG products, Ireland is becoming a leader in sustainable finance

The European Commission's Green Deal is striving to make Europe the world's first climate neutral continent by 2050. To make this ambition a reality, the European Commission's Action Plan on Sustainable Finance is redirecting EUR one trillion of capital flow to sustainable investments and green portfolios. The strategic framework encourages both public and private funding to create a sustainable economy. As Europe's second-largest hub for funds and investment management, and a leader in sustainable finance, Ireland plays a pivotal role in achieving this target.



Peter Stapleton
Head of Funds and
Investment Management
Maples and Calder (Ireland) LLP

Peter Stapleton, Head of the Funds and Investment Management practice at Maples and Calder (Ireland) LLP, the Maples Group's law firm, stated, "Ireland plays a key role in this space, as the country provides services to over EUR five trillion in investment fund assets. The EU has taken a global lead in seeking to become the first climate neutral economy by 2050 and, as a result, one of the biggest areas of focus of our clients is sustainable finance. It is estimated that the EU will need EUR 350 billion of capital investment on an annual basis over the next decade to meet its 2050 target. Individual member states and public capital will not be enough, and so the EU plans are designed to encourage private investment with the financial sector needing to play its part. As a result, we are seeing many of our leading clients creating innovative solutions for their investors and driving large funds into sustainable finance. These projects will ultimately have a positive impact on the environment. They also create a unique opportunity for Ireland, as the jurisdiction is already the second-largest funds domicile in Europe and one of the largest in the world. Ireland has a world-class infrastructure, subject-matter experts in this field, and a rapidly developing skills base to service these funds."

Ireland is already at the forefront of bringing innovative financial products to the market and is mobilizing the financial sector to create new methods to analyze sustainability ratings, establish screening criteria to measure the degree of environmental impact on investments, and evaluate corporate Environmental, Social, and Governance (ESG) disclosures.

As the path to becoming the world's first climate neutral economy requires a multitude of passageways, an intersection of industries, and contributions from all parts of society, Irish public and private sector leaders are working together to create green financial solutions.

Stapleton mentioned, "At the Maples Group, we have worked very closely with industry bodies, such as Irish Funds, the Irish Government, and the Central Bank of Ireland to foster a world-class environment for those entities to enhance the country's sustainable finance regime."

The Maples Group is one of the leading legal advisers and service providers to the Irish funds industry, and its law firm has advised more Irish-serviced funds by volume than any other firm in Ireland for the past eight years running.

Stapleton continued, "Ireland's market access to the EU, business-friendly legal framework, highly educated talent pool, and distinct position as the only English-speaking common law jurisdiction in the Eurozone, confirms its ideal location for the industry to continue to grow. We have seen a great evolution of the funds industry, and the number of management companies in Ireland has increased exponentially over the last several years. In addition, the newly amended Investment Limited Partnership legislation in Ireland is a strong, positive example of how Ireland is now uniquely positioned to compete at an international level. The enhanced framework strikes the right balance between regulation and flexibility and will play a significant role in raising private capital to meet sustainable investment targets. We hope to further develop as a hub for innovation, digitalization of the global economy, and as a leader in sustainable finance." ■

**WE'RE
IRELAND'S
FIRST BANK
PLEDGING
TO OPERATE
AS CARBON
NEUTRAL BY
2030**

using a net zero approach.

At AIB, we understand that it takes long-term commitment to build a sustainable business. That's why we're pledging to Do More.

By 2030 we will reduce greenhouse gas emissions across our operations to zero, eliminating carbon not just offsetting it.

Yet, no matter how much we do, we know more is required. That's what we tell ourselves every day.

And that is why we pledge to **DO MORE.**

AIB Sustainability

We pledge to **DO MORE.**

