



Investing in Ireland

Issue 27

June 2016

Welcome to the 27th edition of PwC's newsletter on foreign direct investment ("FDI") in Ireland.

Ireland achieved "No.1" ranking again in a number of categories in the recently updated IMD World Competitiveness Yearbook 2016, with an overall increase of 9 places to 7th most competitive economy in the world (see page 6).

Ireland continues to enjoy strong economic growth, having regained its Moody's 'A' credit rating (see page 3) and with unemployment reaching the lowest level since 2008 (see page 6).

This issue also provides a snapshot of Ireland's attractiveness for software engineering (see page 4) and summarises recent FDI investment announcements across various sectors (see pages 2 & 3).

Please do not hesitate to contact myself, any member of our team, or your usual PwC Ireland contact at any stage. We would be happy to tell you more about the topics raised in this issue or to include any interested parties on our mailing list.

Remember to visit our FDI website for more updates and detailed information (<http://www.pwc.ie/fdi>), including a range of recent publications.

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In light of the "leave" vote in the UK's 24 June EU referendum, international groups are carefully assessing the potential impacts on their business. Please see our website (<http://www.pwc.ie/>) for further information, including our Brexit publication.

Recent FDI investment announcements

Amazon, the leading global provider of electronic commerce and cloud computing, announced the creation of 500 new jobs in Dublin over the next two years

Bristol-Myers Squibb, the global biopharmaceutical company, announced a €1 million collaboration with the National Institute of Bioprocessing Research and Training in Dublin to establish a process science and technology laboratory

CarGurus, the automotive shopping website, announced it will establish its European headquarters in Dublin, creating 100 jobs over the next three years

CXC Global, a leading supplier of contingent workforce solutions, has announced a plan to create 30 new positions in operations, multi lingual sales, marketing and support at its new EMEA hub in Dublin

Eli Lilly, a global healthcare leader, announced initial €35 million capital investment at its biopharmaceutical campus in Cork

Eurofins Lancaster Laboratories, a world leader in bioanalytical testing, announced plans for the expansion of its current Waterford facility and is set to increase its workforce to over 500 staff by 2021

Eventbrite, one of the world's largest self-service ticketing and registration platforms, will open a new customer support centre, with about 15 full time customer support staff and could grow to up to 50 employees over the next three years

Facebook has announced that it will create a further 200 full time jobs, adding to the 1300 already in Dublin. In addition to the recruitment drive, Facebook are also investing in long-term infrastructure projects such as the Clonee Data Centre and the first Partner Centre outside of Menlo Park, San Francisco

Grifols, a multinational pharmaceutical company, has announced it will invest \$85 million in its biologics plant in Dublin

HubSpot, a leading inbound marketing and sales platform, announced a commitment to hire an additional 320 Dublin-based employees over the next three years

Ipswitch, a leading IT management software company, announced it will establish an EMEA support and operations centre in Ireland, creating 60 jobs over five years

Kellton Tech, a global IT company, is to establish its EMEA headquarters in Ireland, creating 100 jobs over five years

OPKO Health, a diversified healthcare company, announced plans to create 200 highly skilled jobs over the next five years through expanding its pharma facility and establishing a new Product Development Centre in Waterford

PayPal, one of the world's largest internet payment companies, has announced it will create 100 new jobs at its Global Operations Centre for EMEA in Dublin

Search Optics, a digital marketing company that specialises in custom integrated solutions, will establish its EMEA headquarters in Dublin creating more than 100 jobs over the next two years

Shire, a global innovator in specialty biopharmaceuticals, has announced the creation of 400 jobs in Ireland at a new state of the art manufacturing facility by mid-2019 and an investment of \$400 million

Slack, the fast growing business application provider, expands its presence in Ireland to support growth by announcing that it will create 80 new jobs over the next two years

Surmodics, the global provider of Medical Devices and In Vitro Diagnostics, announced an investment of €7 million to expand its Galway facility, and will invest a further €9.5 million in R&D activities with the creation of 100 new jobs

Wayfair, one of the world's largest online destinations for home furnishings and décor, announced the expansion of its multi-lingual European Operations Centre in Galway creating approximately 160 new jobs

ZELTIQ Aesthetics, a global medical technology company, announced the establishment of its European manufacturing facility in Galway, with the creation of 60 jobs over the next 8 years

FDI events

Inspirefest

Inspirefest is a truly unique international festival of technology, science, design and the arts, which also places diversity and inclusion at its heart. The core two-day conference takes place on 30 June & 1 July in Dublin's Silicon Docks with speakers from some of the tech industry's leading companies.

FutureScope

FutureScope is a platform to foster engagement & collaboration between Ireland's entrepreneurial community and innovative multinational companies. Its recent gathering in the Convention Centre Dublin on 31 May offered insights from market leaders & business opportunities, access to cutting edge innovations and collaboration opportunities, and help to drive technological progress & a smart economy.



“Our commitment to hire 200 talented people before the end of 2016 demonstrates our continued investment in Ireland and reaffirms Dublin as our International Headquarters.”

Gareth Lambe - Head of Facebook Ireland

“Search Optics is delighted to have opened its EMEA HQ in Dublin and become part of the Irish business community. Being based here supports us geographically, economically and culturally as we expand internationally - and the quality of local employees is instrumental in helping us deliver our commitment of real results for our clients.”

Brendan O'Brien - CSO & EMEA MD, Search Optics

“We are delighted to be expanding our operations in Ireland, where we have strong, existing relationships.”

Flemming Ornskov - Chief Executive Officer, Shire

Why Ireland for software engineering

The information technology industry in Ireland has continued to experience a period of growth across all sectors. With 9 of the top 10 global software companies having operations here, Ireland offers a vibrant start up scene, a thriving software sector, and is also a leading global exporter of computer and information services.

Ireland has a strong talent pool, being in the top 10 countries in the world for the availability of skilled labour and having one of the highest percentage proportions of graduates in Science, Maths and Computing. Ireland is also currently experiencing its biggest surge in inbound tech talent.

Strong collaboration between industry, academia, state agencies and regulatory authorities drives Ireland's dynamic R&D sector, with particular focus by the Irish Government in key areas such as Software, Data Analytics, Machine Learning and Telecomms.

Irish projects win EU funding

588 Irish research projects have been awarded a total of €251 million from the EU's Horizon 2020 programme. The Horizon programme was launched last year with a budget of €80 billion to fund advanced research projects across the EU until 2020. Ireland has done particularly well in the sub-programme geared

towards increasing the amount of training of researchers.

Principal investigator at the AMBER centre and professor in the School of Physics at Trinity College Dublin, Jonathan Coleman, has received €2.2 million in EU funding to develop next generation internet of things (IoT) electronics by developing printed

electronics using 2D materials. This is expected to play a crucial part in the development of future IoT devices, which is a market that is expected to be valued at more than €34 billion by 2020.

Dublin City University expands campus

DCU has announced a €230 million plan to expand its presence across four separate campuses on the city's north side. The planned developments will see its student population grow towards 20,000 with the construction of a new student centre, sports facilities, on-campus accommodation and new digital teaching spaces.

Ireland performs strongly in European start up scoreboard

The EU start-up scoreboard was devised through a crowdsourcing exercise involving the national experts of 25 countries. There are six key pillars from the StartUp Manifesto, written in 2013, on which this recent scoreboard was defined. It includes; institutional framework, access to education and skills, available talent, amount of funding available, data protection standards and finally, digital leadership within a nation.

Ireland is shown to have adopted the recommendations in the manifesto at a rate of 72%, compared with the EU average of 60%, putting it 3rd in the Eurozone and in 4th place overall.



Ireland – US business

The American Chamber of Commerce Ireland released a new report “US-Ireland Business 2016” which describes the wide ecosystem of US FDI in Ireland. The report tells a remarkable story of talent and innovation and demonstrates why US business investment in Ireland now stands at an all-time high.

The direct and indirect impact of this investment is remarkable, with a further 100,000 jobs supported in the Irish economy, an annual spend on payroll, goods and services of €16 billion, significant R&D investment in Irish businesses, and a collaboration with Higher Education Institutes.

Strong U.S. investment in Ireland continues with:

- Over 140,000 talented and innovative people working for 700 US companies throughout Ireland
- Ireland accounts for nearly 20% of all new U.S. investment flows to Europe, with US FDI stock in Ireland currently standing at \$277 billion
- US affiliate output in Ireland has increased to \$83 billion; this represents a fivefold increase since the year 2000



People and mobility

Every successful Global Mobility programme should include proper financial and taxation guidance. Employers sending people to various work locations, whether long or short term, need to carefully plan their moves in order to control costs, stay compliant and provide employees with a smooth relocation experience. With 89% of organisations planning to increase the

numbers of their globally mobile workers within the next 2 years, this is more relevant than ever.

The world of work is becoming increasingly disrupted, with global ‘megatrends’ dictating how companies do business globally. Businesses based in Ireland are responding to these challenges by remaining at the forefront of how to reward and mobilise talent.

For further insights and information, please click on the following links:



Ireland rises to 7th most competitive economy in the world

On 30 May 2016, IMD announced the findings of its annual World Competitiveness Yearbook. As part of its ranking of 61 economies, the IMD World Competitiveness Center looks at several aspects of each country as a place to conduct business.

Ireland has moved up 9 places to 7th most competitive economy in the world overall.

The report ranked Ireland first for growth in GDP, flexibility and adaptability of people and finance skills, among other things.

The report reflects that Ireland has regained valuable competitiveness in recent years, while continuing to offer a strong skills base to prospective companies looking to invest here.

Ireland continues to lead the way in 2016!

1st in the World for investment incentives ¹

1st in the World for foreign investors ¹

1st in the World for flexibility and adaptability of people ¹

1st in the World for availability of finance skills ¹

1st in the World for real GDP growth ¹

1st in the World for openness of public sector contracts to foreign businesses ¹

1st in the World for efficiency of large corporations ¹

1st in the World for national culture being open to foreign ideas ¹

1st in the World for FDI by average job value of investment projects ²

1st in the World for exporting computer and information services ³

1st in the World for ease of complying with corporation legislation and regulation ⁴

1st in Europe for supply chain resilience and business safety ⁵

1st in Europe for workplace happiness ⁶

1st in the Eurozone as best country for doing business ⁷

¹ IMD World Competitiveness Yearbook 2016

² IBM Global Location Trends 2015

³ OECD Digital Economy Outlook 2015

⁴ TMF Group 2016

⁵ FM Global Resilience Index 2016

⁶ Indeed Workplace Enjoyment Ranking 2016

⁷ Forbes Best Country for Doing Business 2015

Ireland regains its A-grade credit rating

In May of this year, the last of three major credit rating agencies assigned an A-grade to Irish debt for the first time in five years.

Moody's upgraded Ireland's long-term government debt to an A-grade rating, saying that the recent election of a new Government gave confidence that the budget deficit would continue to fall, and

that the outlook remained "positive," indicating that further upgrades might be possible.

Moody's also said Ireland was poised for further growth which would lead to continued improvements in its public finances.

Economic update

- Ireland is the fastest growing economy in Europe in 2016, with a revised GDP forecast at 4.9%
- Unemployment fell to 7.8% in first half of 2016, as conditions in the jobs market continue to improve
- Consumer spending continues to increase in 2016, with the Retail Sales Index (volume) up 5% compared to the same period in 2015





Tax treaty update

Ireland has signed comprehensive double taxation agreements with 72 countries, of which 70 are in effect.

A new double taxation agreement with **Ethiopia** was signed on 3rd November 2014 and ratified by Ireland on 21st December 2015; when notification of the completion of ratification procedures by Ethiopia is received, the agreement will enter into force.

A double taxation agreement to replace the existing agreement with **Pakistan** was signed on 16th April 2015 and ratified by Ireland on 21st December 2015; when notification of the completion of ratification procedures by Pakistan is received, the agreement will enter into force.

The new double taxation agreements with **Thailand** and **Ukraine** entered into effect on 1st January 2016.

The new double taxation agreement with **Botswana** which was signed on 10th June 2014 will enter into effect on 1st January 2017.

Negotiations for new double taxation agreements with **Azerbaijan**, **Kazakhstan** and **Turkmenistan** and for a protocol to the existing double taxation agreement with **Mexico** have concluded; these are expected to be signed shortly.

Negotiations for a new double taxation agreement with **Ghana** and a protocol to the existing agreement with **South Africa** are at various stages. Negotiations for a replacement double taxation agreement with **the Netherlands** are ongoing.

Plans to initiate negotiations for new agreements with other countries during 2016 are ongoing.

Would you like to know more?

Should any of the topics covered in this newsletter be of particular interest to you, please do not hesitate to contact any member of the FDI team, or your usual PwC Ireland contact. If any of your colleagues would like to be included on our mailing list, please let us know.

Please click on our website www.pwc/ie/fdi for additional information. Various topics of interest for foreign investors can be found in the publications link in the tax section, including

Finance Act 2015

Budget 2016

Companies Act 2014

Tax Facts 2016

Why Ireland?

Previous issue of Investing in Ireland



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