

Investing in Ireland

Issue 54, March 2023

Happy St. Patrick's Day and welcome to the latest edition of PwC's quarterly newsletter on foreign direct investment ("FDI") in Ireland.

Investment in Ireland by foreign multinationals is continuing to show strong resilience after an exceptionally strong set of jobs and FDI announcements in 2022 (see page 2).

We summarise the ever-growing and strong relationship between Ireland and the US following the recent publication of the American Chamber of Commerce Ireland annual report on "US Business in Ireland" (see page 3).

Ireland's regional locations have become an attractive location for foreign investment by multinational companies. We explore how Ireland is investing in and promoting areas outside of Dublin following the European Commission's formal approval of the "Southern, Eastern, and Midland Regional Programme 2021-2027" (see page 4).

Business sustainability is at the forefront of many businesses' vision and business strategy and we focus on Ireland's efforts to support this (see page 6).

We also feature some recent publications and podcasts released by PwC on topical issues for FDI (see page 7) and note that Ireland continues to maintain its number one ranking in a key number of areas as summarised in our Economic Update (see page 8).

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 [HERE](#) including a range of recent publications.

Recent FDI investment announcements

ABB, the Swedish-Swiss global technology leader, has invested in a new R&D facility in Ireland, creating up to 30 research, engineering and sales jobs. ABB's investment in quality management solutions will continue to boost papermakers' quality and efficiency goals. The new multi million-euro centre is at the heart of ABB's automation and digital offering for the sector and will be home to the ongoing evolution of the ABB Quality Control System (QCS).

Lufthansa Technik, the German airline, following the recent opening of their €28 million state of the art aircraft engine repair facility in Celbridge, County Kildare has also announced further expansion in Ireland with the opening of a new 2,000 metre squared M2 facility in Shannon, County Clare. The expansion will add 25 more jobs to its current workforce of 300 people across Shannon, Kildare and Dublin. The new facility is expected to be fully operational by March 2023 and will focus on state-of-the-art aviation technology and equipment.

Siemens Healthineers, a German medical device company, has opened a new Centre of Excellence for Immunoassay Instrument R&D in Swords, County Dublin. The new Centre will create 100 new jobs for the area, 65 of these being high-level engineering jobs specialising in artificial intelligence, machine learning, software engineering, systems engineering and data science. Siemens has been located in Swords since 1996 and exports to more than 50 countries across the world.

These announcements build on a very strong 2022 for job and FDI announcements in Ireland. In our 2022 newsletters we summarised 242 investment announcements and 32,246 new jobs, while IDA Ireland also reported a 9% increase in FDI jobs in 2022.



"We're delighted to open the newly redeveloped Customer Solution Centre at our Cork campus. In today's data-driven world, there is a growing demand amongst businesses and organisations to explore new technologies and make sure they meet their business needs. Our Customer Solution Centre in Cork has been designed to address these needs and provide access to Dell Technologies expertise in areas ranging from cybersecurity to hybrid working."

Aongus Hegarty, President of International Markets, Dell Technologies.

"Technimark is committed to growing our business in Ireland and we are extremely excited to have this new space available for our global medical customer base. Ireland is seeing pronounced growth in the MedTech market, and our facility is ideally located to serve our customers in the region."

Brad Wellington, Chief Executive Officer, Technimark Ireland.

"The investment at Swords will build on our existing expertise in healthcare manufacturing, adding a critical research and development focus. Partnering with IDA has enabled us to move forward in ways that would not have otherwise been feasible and will allow us to pioneer breakthroughs in healthcare, helping hospitals and laboratories across the globe to diagnose disease more effectively and efficiently."

Dr Dennis Gilbert, Head of R&D, Siemens Healthineers Diagnostics.



US business in Ireland

Ireland's strong relationship with the US has demonstrated resilience in the face of global uncertainty in recent years. Ireland and the US have a long-standing and highly effective business relationship that continues to assist with the growth of both economies. The American Chamber of Commerce Ireland ("AmCham") has recently released their annual report on *"US Business in Ireland"*, delving into Ireland's prestigious relationship with the US and why Ireland continues to be a preferred location for US multinational corporations. The report can be found [here](#) and we have highlighted some of the key findings below.

The US-Ireland trade and investment relationship is continuing to grow and thrive, despite ongoing challenges in the global economy. In the third quarter of 2022, Ireland recorded the strongest economic growth in the eurozone with GDP growth of 2.3%, compared to the overall eurozone average of 0.3% growth. Ireland's economy is expected to grow by 3.8% in 2023 proving that the country is a trusted partner for US businesses.

Ireland continues to be seen as an attractive place to do business with 94% of AmCham's member companies reporting a positive view of Ireland as an investment location. In the same survey, 61% of respondents said they expect the number of employees in the Irish operations of their organisation to increase over the next 12 months. This finding indicates that US

multinational corporations, through hiring additional staff and improving their workforce, intend to maintain and grow their operations in and relations with Ireland.

AmCham also advocates for the continued development of digital skills and life-long learning to meet the needs of an increasingly digitalised society and workplace, as well as the launch of a global *"#WhyIreland"* campaign to promote Ireland and its regional locations as a desirable place to live and work for international talent and business.

The Chief Executive of AmCham in Ireland, Mark Redmond, stated that Ireland should remain confident that US investment is solid. He emphasised that through challenging times US multinational corporations are remaining positive with an average annual investment of €31 billion invested across the domestic Irish economy on payroll (€14.1bn), goods & services (€8.7bn) and capital expenditure (€7.9bn). Furthermore, bodies such as IDA Ireland remain hopeful for future US growth, with the IDA prioritising a target of a 20% increase in IDA client expenditure in Ireland by 2024.

It seems fitting to conclude that the road ahead for US-Ireland business relations looks very promising. Ireland's highly educated workforce, impressive business and tax regime and strong GDP growth when compared to other eurozone countries are among the key attractions for US multinational corporations.

Ireland's Regions

Following the European Commission's formal approval of the "*Southern, Eastern, and Midland Regional Programme 2021-2027*" (a new €663 million investment package for regional development) Ireland's regions stand out as a key location for foreign multinational corporations looking to expand their operations or form new partnerships in Ireland.

The Southern, Eastern and Midland Regional Programme will invest €265 million from the European Regional Development Fund (ERDF) and €398 million from the Government of Ireland with the following objectives:

- A smarter Europe – innovative and smart economic transformation.
- A greener, low-carbon Europe.
- A more connected Europe – mobility and regional ICT connectivity.
- A more social Europe – implementing the European Pillar of Social Rights.
- Europe closer to citizens – sustainable and integrated development of urban, rural and coastal areas through local initiatives.

The Programme will support research institutions, Technological Universities (TU), regional enterprises and local towns and communities. Support across Ireland's Southern, Eastern and Midland Regions will include financial support to the TUs' for regional research and innovation, capacity building, and



enhanced financial support to regional industry through TU Gateways. Support will also include assistance to regional enterprises for commercialisation of products and services and the delivery of a regional smart hub network for research, training and innovation. Support for households and communities include deep energy retrofits for households experiencing energy poverty and investments to address the high rate of derelict and vacant properties in the regions.

Throughout 2022 and 2023, many multinational corporations expanded their workforces in Ireland specifically in the regions with 127 of the 242 IDA Ireland investment announcements going to regional locations and bringing employment growth to every region of the country.

Local economies in the Regions secured and, in many cases, expanded their strong association with companies such as Apple, Analog, Dell Technologies, Eli Lilly, Logitech and Johnson & Johnson announcing major expansions of operations in 2022.

Ireland's Southern Region was highlighted as a key location for US multinational corporations looking to expand. We've summarised some of the key reasons below:

- **Airports** - There are three major airports in the area: Cork, Shannon, and Kerry - all of which provide easy access to and from the area with numerous trans-Atlantic flights to and from Shannon airport.
- **Ports** - Easy access to Cork city port reflected by exports amounting to over €14 billion annually in Cork alone.
- **European Union** - Access to the European Union's market which represents around one sixth of the global economy.
- **Education** - With the significant number of universities including University of Limerick, University College Cork, Munster Technology University and South East Technology University in the region providing an attractive highly educated and talented workforce.
- **Housing** - Home, building and land prices are more competitive in Ireland's Southern Region and the global shift to hybrid working models provides greater flexibility for those working in more remote locations.

Ireland's regions have a huge potential for growth in the future with the target of a 20% increase in IDA Ireland's client expenditure in Ireland by 2024. At least half of all FDI investments between 2021 and 2024 are expected to be located outside of Dublin, further putting the spotlight on Ireland's regions being a hub for many foreign multinational corporations.





Business Sustainability in Ireland

US multinational corporations in Ireland are at the forefront of the sustainability agenda. According to a recent survey of the American Chamber of Commerce in Ireland (“AmCham”) members, 42% of respondents are aiming to be carbon neutral by 2030 with this rising to 64% by 2040. The use of innovative technologies will be critical to achieving these individual corporations’ goals as well as the Government’s wider goal of transitioning to a carbon-neutral economy by 2050.

In recent years, businesses are increasingly utilising Corporate Power Purchase Agreements (“CPPAs”) to increase the proportion of power generated for their operations from renewable energy sources; businesses who are producing their own renewable energy on-site and businesses who are engaging in research and innovation projects in areas of water and waste reduction. Advanced investment in infrastructure development and in renewable energy provision will be vital in ensuring our communities, cities and businesses are sustainable and in safeguarding Ireland’s economy and sustainability goals for the future.

In advancing sustainability initiatives, it is essential that Ireland increases its development of renewable energy sources, with a particular focus on the potential of offshore wind, wave, solar and green hydrogen and ongoing investments in the energy grid to provide sufficient capacity levels to cater for current and future power needs. It is also essential that adequate public transport is provided in urban centres and that Ireland’s planning processes are streamlined so that the infrastructure required to meet Ireland’s sustainability goals is met in a timely manner.

Ireland’s success in attracting FDI in recent years has been significantly aided by our growing reputation as a global centre for innovation and development and focus is needed now on our sustainability efforts. Ireland is the fastest growing economy in the EU and is home to nine of the top ten US technology companies, all ten of the world’s leading pharma companies and 14 of the world’s top 15 med-tech companies, most of which have sustainability goals embedded in their overall vision and business strategy.

Publications and podcasts

CEO Survey 2023

Our 26th Annual Global CEO Survey provides an insight into the mindset of business leaders across Ireland and the world. This year we engaged with 87 Irish CEOs and 4,410 global leaders in 105 countries and the survey findings provide an interesting read.

To read the survey please click here.

Global M&A Industry Trends: 2023 Outlook

2023 will be a year in which transformation and transactions will be at the forefront of CEOs' value creation strategies, but also one where recessionary fears remain on the top of dealmakers' minds. Our publication provides an overview of the M&A market for 2023.

Please visit the link and click here.

ESG Operations Survey

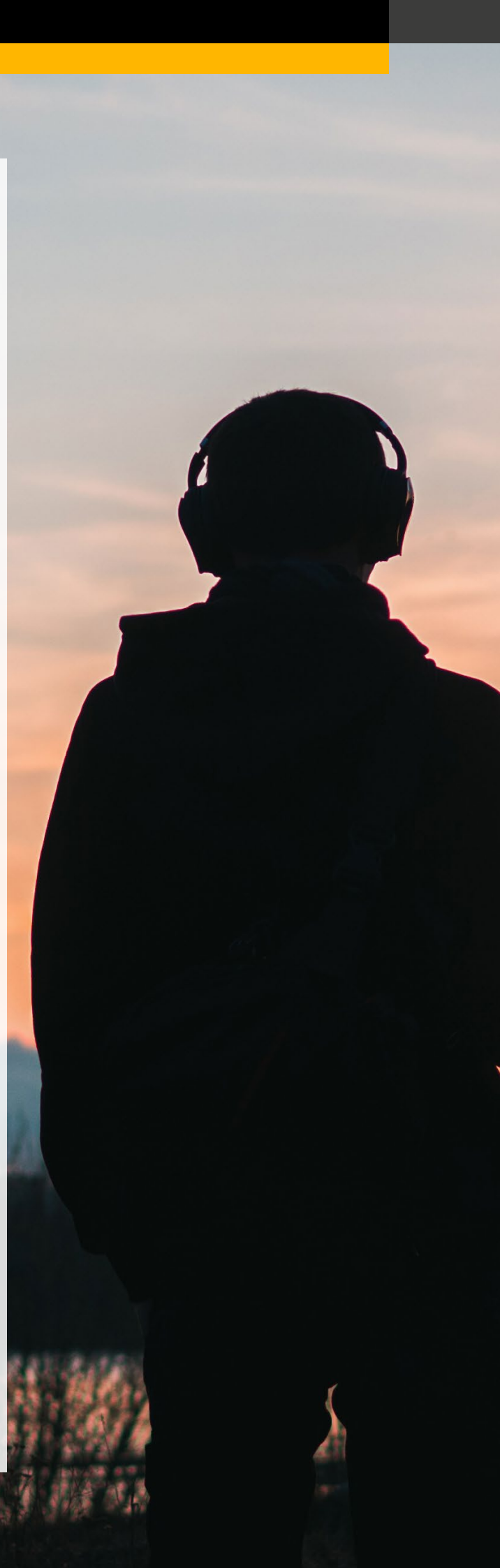
Environmental, social and governance ("ESG") standards are not yet mandatory, but are becoming more and more a priority and essential for companies to compete in a global context. Our recent survey of over 900 executives worldwide highlights the status of their ESG transformation programmes.

For more information please click here.

EU Cross Border Payment Service Provider Reporting

From 1 January 2024, payment service providers ("PSPs") will be required to submit data on cross border payments received from customers under the EU Cross Border Payment Service Provider Directive to allow EU tax authorities to monitor e-commerce transactions and tax them appropriately.

For more information on the entities within scope and the reporting requirements please visit the link here.





Economic update

- The Irish economy grew by 3.5% quarter-on-quarter in the period from October to December, the highest GDP growth in the eurozone.
- Ireland's economy is to be the fastest growing in the EU with real GDP expected to grow by 4.9% in 2023, while overall EU GDP is expected to grow by 0.8%.
- Ireland's real GDP is expected to grow by 4.1% in 2024.
- Ireland's multinational sector increased employment in 2022 by 9%.
- Irish Business and Employers Confederation ("IBEC") upgraded their economic forecasts for the year, predicting that inflation will fall under 4% for the year.

Stats

1st in World for:

Real GDP growth ¹

Knowledge Diffusion & Knowledge Impact ¹

1st in Europe for:

Paying business taxes ²

Friendliest city in the EU (Galway)³

Artificial Intelligence⁴

Youngest population ⁵

Fastest growing population⁵

1st in the Eurozone for:

Quality of life⁶

Small European cities of the future (Cork City)⁷

1 IMD World Competitiveness Yearbook 2022

2 PwC/World Bank Group "Paying Taxes" Report 2020

3 Condé Nast Traveller Reader Travel Awards 2021

4 AI in EU Enterprises, Eurostat Report 2021

5 Facts about Ireland 2021, IDA Ireland

6 UNDP Human Development Index

7 Global Cities of the Future 2021/22 – FDI Intelligence

Stats



- Ireland ranked 1st in the world for real GDP growth according to the *“IMD World Competitiveness Booklet 2022”*
- Ireland is ranked the second-most peaceful country in Europe and third in the world, according to the 2022 *“Global Peace Index”* by the *Institute for Economics and Peace*.
- Ireland has the fourth lowest combined top marginal corporate income tax rate (12.5%) in the OECD, and is significantly lower than the OECD average rate of 23.6% for 2022. This competitive 12.5% rate will continue after the planned introduction of the 15% minimum effective global tax rate for groups below the “Pillar 2” global turnover threshold of €750m.
- Ireland is ranked 4th in the OECD for Corporate tax.
- Dublin is ranked in 4th place overall as one of the lead “European cities of the future” according to the *Financial Times’s FDI Intelligence*.
- Ireland is ranked 4th in the European Union in the *“Democracy Index 2022”*.
- Ireland ranks 5th in the EU in the 2021 edition of the *Digital Economy and Society Index (DESI)*.
- Ireland is the 5th greenest country in *MIT Technology Review’s Green Future Index*.
- Ireland has the 6th ‘most free’ media in the world according to the *“Reporters Without Borders 2022 Index”*.
- Ireland is ranked 6th in the European Union in the *Corruption Perceptions Index*.
- Ireland is ranked the 7th most democratic nation on the planet in by the *Economist Intelligence Unit*.
- Ireland is ranked 7th globally among 165 independent states according to *Economist Intelligence’s Democracy Index 2022*.
- Ireland has the 8th highest quality of life on the planet according to the latest *United Nations* assessment of human development.
- Ireland is ranked in the top 10 countries for gender equality.
- Ireland has set a target to reduce carbon emissions by 50% by 2030.
- Ireland has the highest level of STEM graduates per capita in EU.
- Ireland is the 13th happiest nation according to the UN sponsored *“World Happiness Report”*.
- Ireland is ranked 13th in the world for renewable energy investment according to the *EY Renewable Energy Country Attractiveness Index*.
- Dublin is ranked the 19th best city in the world in the *“2023 World’s Best Cities Report”*.
- Ireland is ranked 23rd in the *U.S. News & World Report’s Annual Best Countries* rankings.
- Ireland is ranked 24th among 190 economies for ease of doing business, according to the latest *World Bank* annual ratings.

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 for additional information. Various topics of interest for foreign investors can be found in the publications link in the tax section, including:

Tax Facts 2022



[Click here.](#)

Budget 2023



[Click here.](#)

CEO Survey 2023



[Click here.](#)

Issue 53: Investing in Ireland



[Click here.](#)



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