



**Ireland**, one of the best places in the world to do business.

**Q1 2013** Key Marketplace Messages

## Why Ireland:



Companies are attracted to Ireland for a variety reasons:

### **Talent**

Young, flexible, adaptable, mobile workforce. The median age of the population is 35, the lowest in the EU,

### **Technology**

Ireland has a rich history of achievements in science and technology and continues to invest in research and technological capabilities,

### **Track Record**

Over 1,000 multinational corporations have chosen Ireland as their strategic European base. Many of these companies have gone on to expand their facilities due to the profitability and success of the Irish operation,

### **Tax**

Corporate tax rate of 12.5%,

### **European Market**

Barrier-free access to over 500 million consumers in Europe,

### **English Speaking**

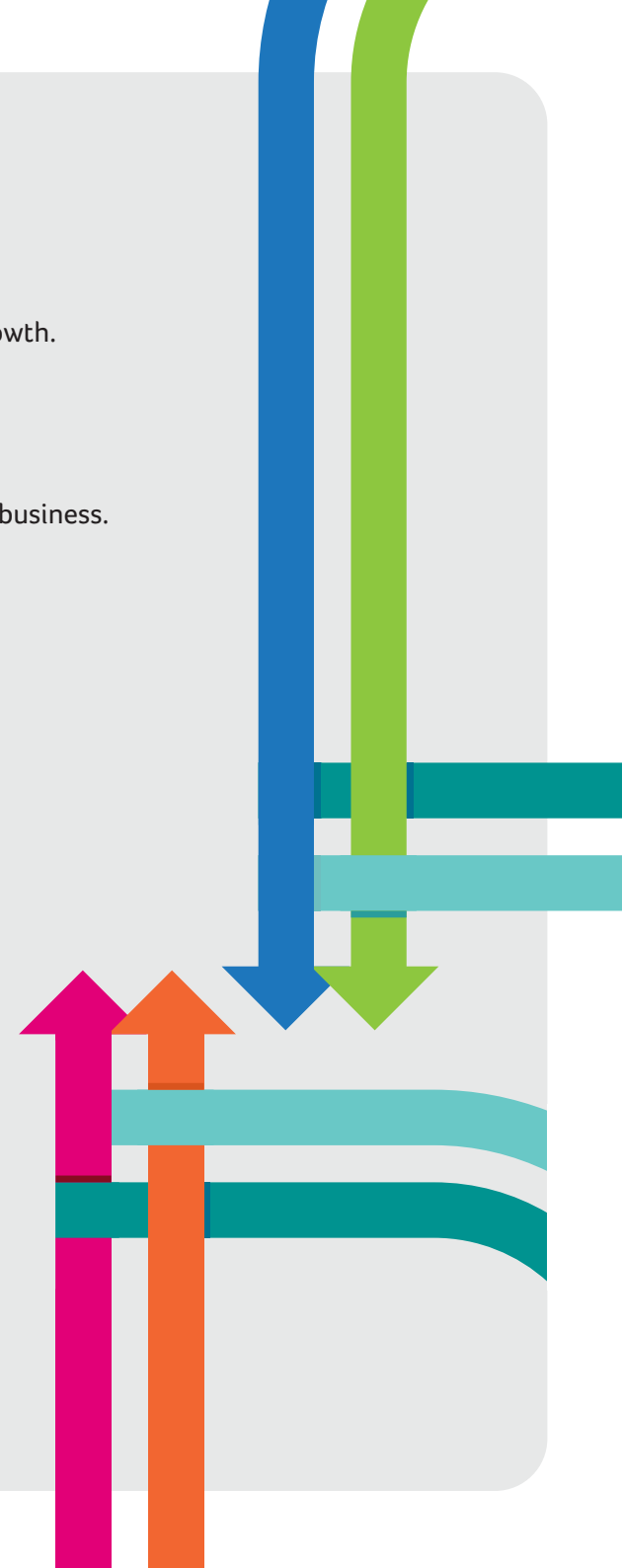
Ireland is an English speaking member of the Eurozone,

### **Education**

A highly skilled and educated workforce. According to the EIU, Benchmarking Global City Competitiveness report 2012, Dublin ranks as the best city in the world for human capital.

## The Irish Business Environment:

- The Irish economy returned to growth in 2011 expanding by 1.4%.
- Significant improvement in Ireland's cost environment underpinning the return to growth.
- Business costs have fallen significantly from the peak in 2007/ 2008.
- Irish labour costs fell below the Euro Area in 2011.
- Companies continue to choose Ireland as one of the best countries in the world to do business.
- IDA Ireland companies recorded their 3rd year of employment growth in 2012.
- Key strengths remain-CTR 12.5%, young educated workforce, best productivity performance in the EU, strong export performance, critical mass of companies.
- Restructured economy towards a more sustainable growth model.
- Ireland re-entered sovereign bond market.
- Ireland's cost of living continues to improve.
- Exports continue to perform well.
- The PMI's (Purchasing Managers Index) signalled growth in both manufacturing and services in 2012.
- Ireland's fiscal adjustment is on track.
- Troika programme targets met.

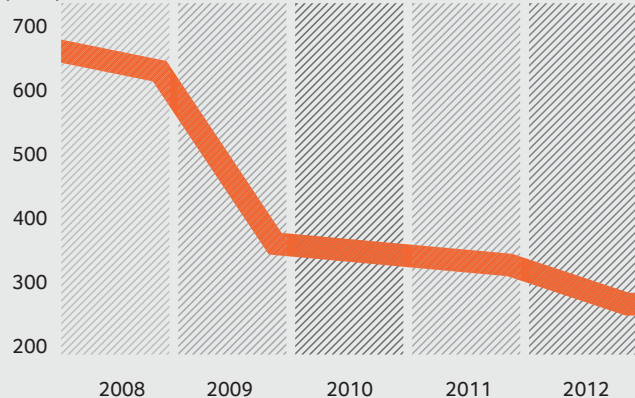


## Competitiveness - Significant Improvement in Ireland's Cost Environment

Irish competitiveness has improved significantly from the peak in 2007/2008. Business costs including energy, private rents, office rents, services, construction and labour have all become more competitive (back to 2003 levels). Prime office rents down 52%, Unit labour costs down 12%, Business Services down 7%.

### Commercial Property at half 2007 levels

Prime headline office rents Dublin (€/m<sup>2</sup>)

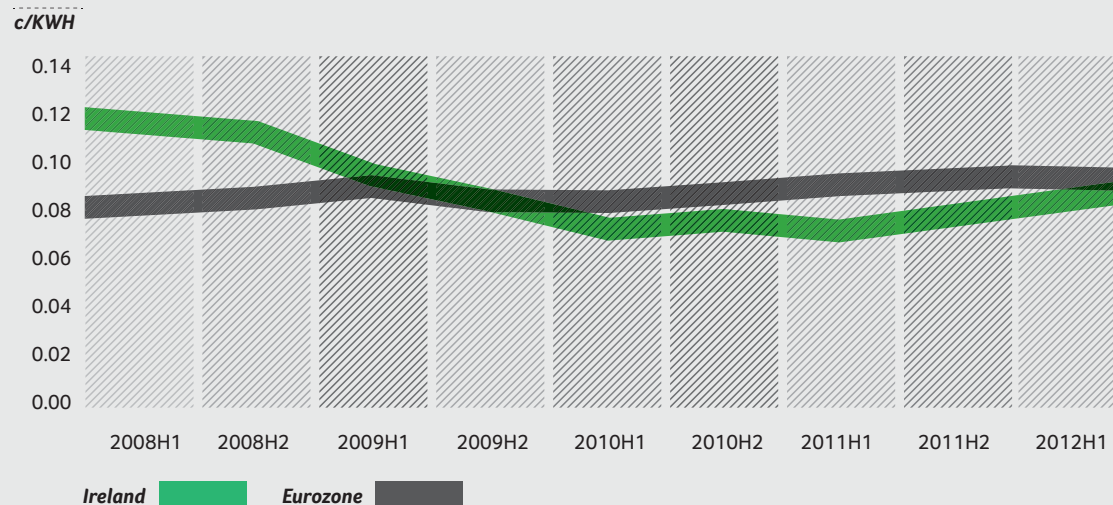


Dublin has fallen from 6th most expensive rent in the world in 2008 to 49th in 2011 (3). Construction tender prices are stabilising and are now about 30% below peak levels, on a par with prices in 1998.

Source: CBRE

### Electricity Prices Remain Competitive

Electricity Prices for Large Users - c/KWH (ex VAT)



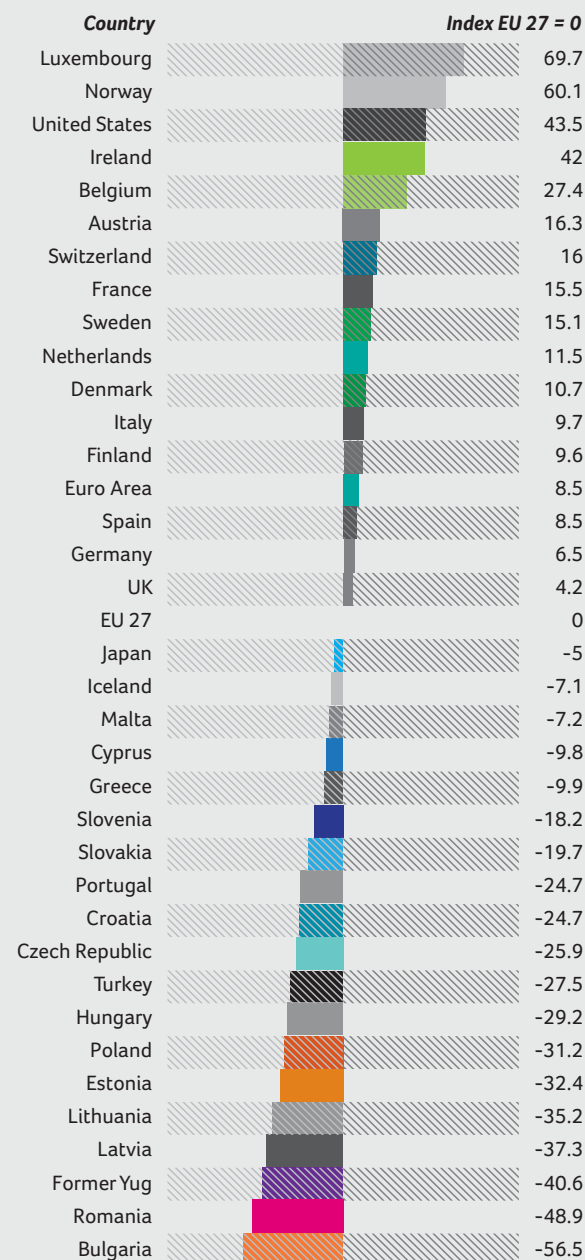
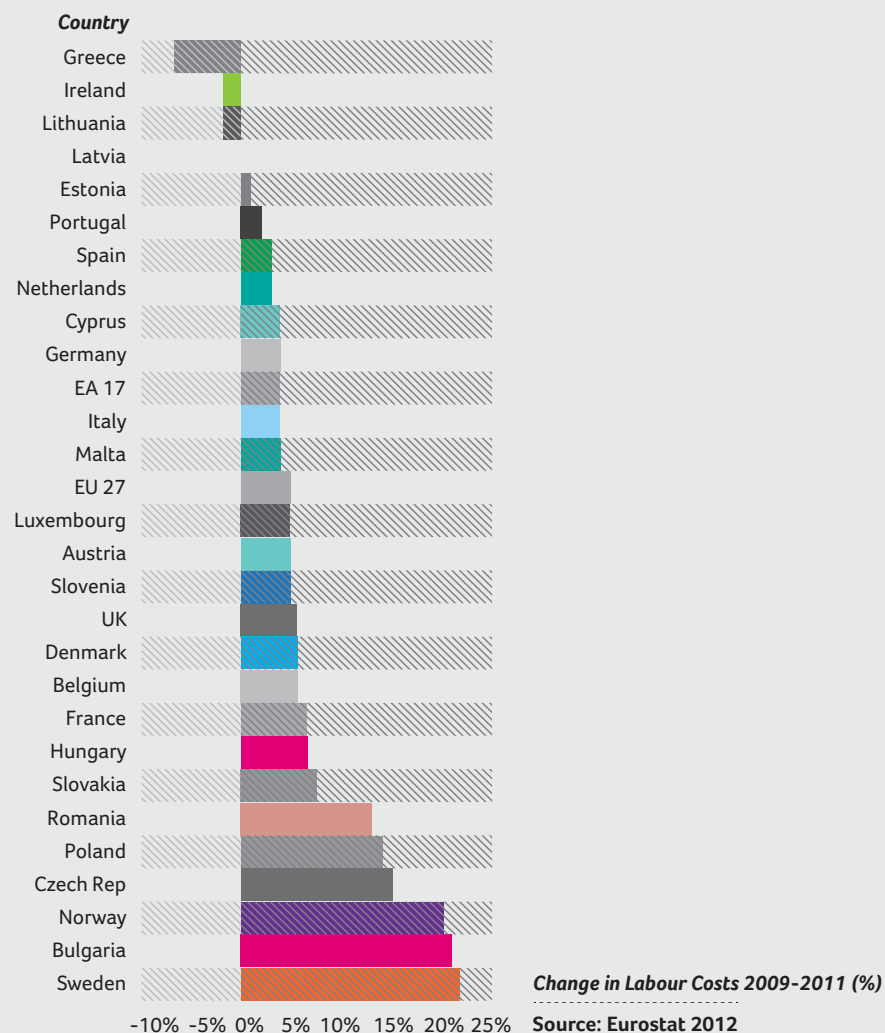
Electricity prices for large users have fallen considerably over the past 3 years.

Source: Eurostat 2012

Ireland is one of only three countries in the EU where nominal labour costs have fallen. Competitiveness increase driven by strong productivity growth and weak prices.

### Labour Costs Falling

Irish hourly labour costs fell below the Euro area in 2011



### One of the Most Productive Economies in the World

Labour productivity per person employed (compared to EU 27)

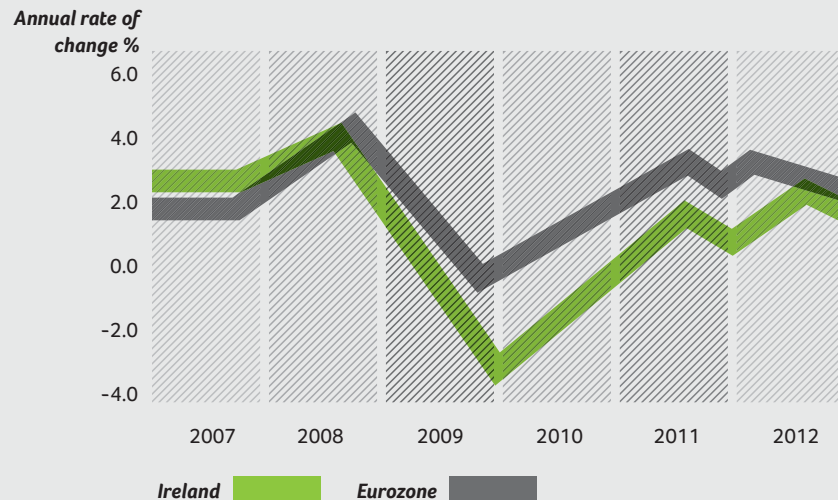
Irish productivity is almost c40 points above the EU27 baseline.

Source: Eurostat 2012

## Economy

### Cost of Living Improving Versus the Euroarea

Irish and EU 27 inflation (annual rate of change %).

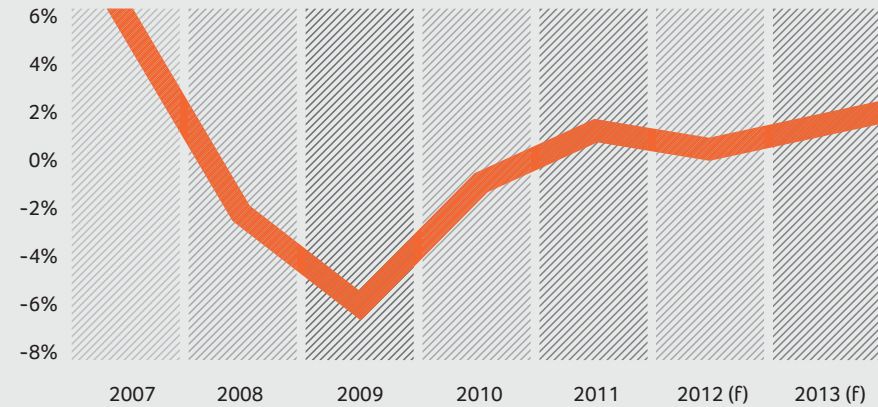


Ireland's cost of living continues to improve compared to Euro Area, prices in 2011 & 2012 increasing at a lower rate than the EU.

Source: Eurostat 2012

### GDP Returned to Growth in 2011

Real GDP Annual % change

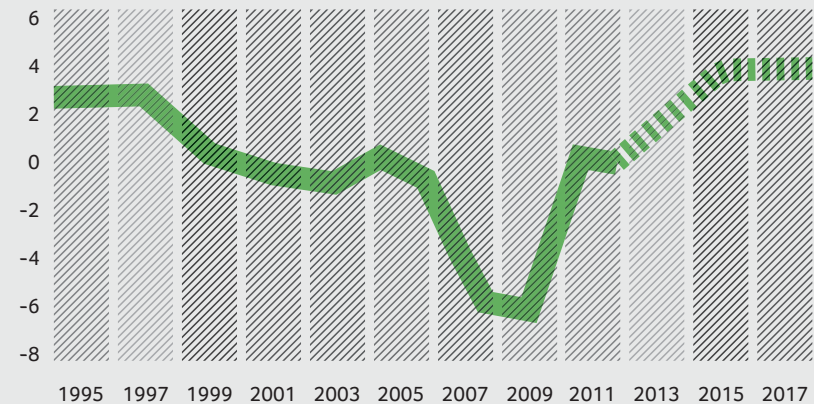


The economy expanded 1.4% in 2011, the first annual growth since 2007 driven by the external sector (exports up 5.1%).

Source: CSO/ Central Bank 2012

### Exporting Sector Key to Recovery

Current Account Balance % GDP



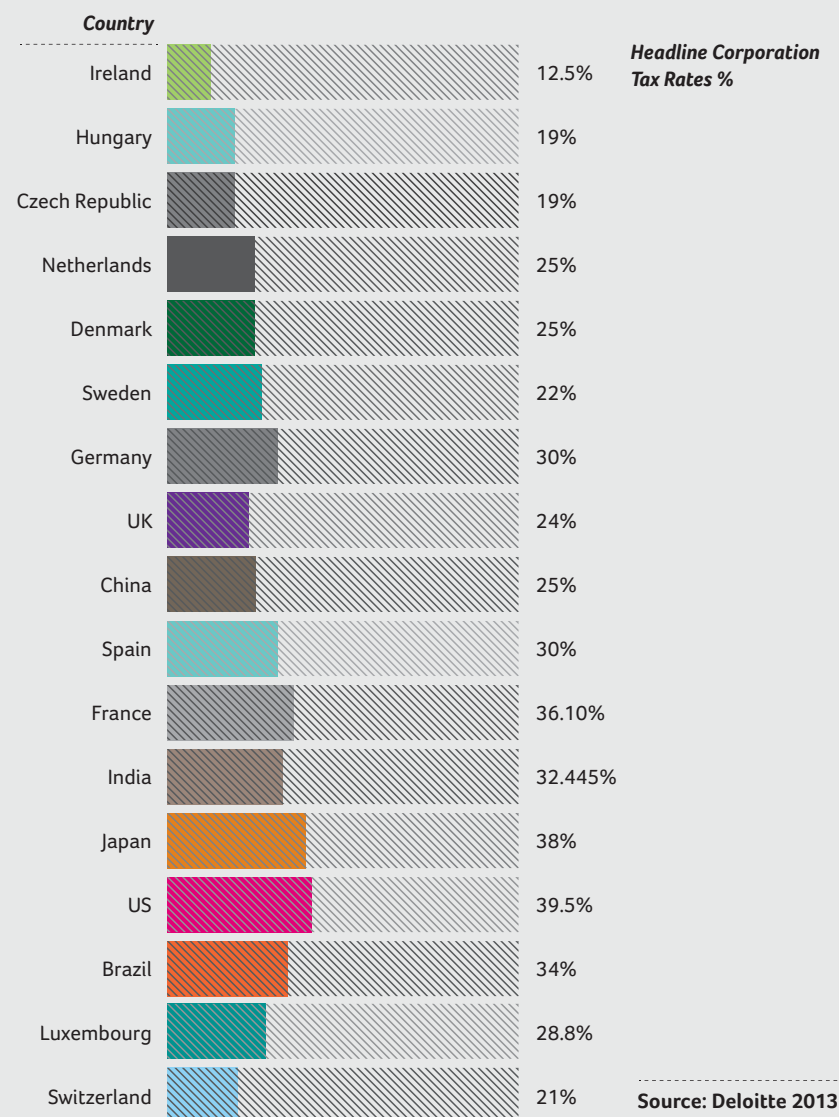
Following an increase of 5.7% in 2011 exports in H1 2012 were up 6.8%.

Source: CSO/IMF 2012

## Ireland's Corporate Tax Rate

Corporate tax rates have been one of the principal elements of the favourable enterprise environment in Ireland for more than three decades. The Irish tax regime is open and transparent and complies fully with OECD guidelines and EU competition law.

- Rate - The Government policy in relation to the 12.5% rate of corporation tax is clear.
- Regime - This refers to the additional elements of Ireland's broader Corporation Tax Strategy e.g. 25% R&D tax credit, an intellectual property (IP) and attractive holding company regime.
- Reputation - Ireland offers a transparent corporation tax regime accompanied by a rapidly growing network of international tax treaties with full exchange of tax information.



## World leaders choose Ireland because:

Competition for inward investment has never been stronger, but Ireland's national determination to make the country one of the best places in the world to do business is undiminished. On a global scale, Ireland scores extremely well in many of the key areas of importance to investors, helping drive FDI:

- The IMD World Competitiveness Yearbook 2012 ranks Ireland **1st in the world for availability of skilled labour, flexibility and adaptability of workforce and attitudes towards globalisation**. The same report also ranks **Ireland 2nd in the world for adaptability and efficiency** of companies and large corporations.
- On a global scale hiring activity is least likely to be affected by talent shortages in Ireland, new rankings by Manpower's 2012 talent shortage survey show.
- A study carried out by the Heritage Foundation has found that **Ireland has currently the freest economy in the whole of the euro-zone**.
- The 2012 IBM Global Location Trends Report highlights that Ireland is ranked 1st in the world for inward investment by quality and value and 2nd in Europe for the number of inward investment jobs per capita. Ireland is also top for R&D activities in the same report.
- Locations4business.com has named Ireland as one of the top 5 locations in the world for business services investments – an area that touches on foreign direct investments in the areas of IT, financial services, customer care, software-as-a-service, cloud computing and server farm solutions.
- Irish businesses are feeling more optimistic about the economic outlook than they were 12 months ago and have increased expectations of investing more in their businesses and hiring new staff this year, according to the Grant Thornton International Business Report 2013.
- In 2012 a Foreign Direct Investment Report from Foreign Direct Intelligence stated that **Irish performance far outweighed the average for Europe in 2011**.
- Ireland makes top 10 of easiest places in world to do business - Ireland ranked particularly well in regards starting a new business, ease of getting credit, and protecting investors according to the World Bank Doing Business 2012 report.
- The PwC 2012 CEO Pulse survey shows that **93% of multinational companies rate their investment in Ireland a success** and with a third considering increasing their investments here this year.
- Out of 141 economies, Ireland ranks in the top 10 in the global innovation index 2012, scoring well for its business environment, human capital, FDI inflows and market sophistication.
- In 2010 the share of population aged 25-34 in Ireland with a third level qualification was the third highest rate in the EU AT 45.7% compared to 32.5% across the EU as a whole.
- Ireland is ranked in the 10 best educated countries in the world - 24/7 Wall St/ OECD Education at a Glance report.





## Impact of FDI

The importance of FDI to the Irish economy remains highly significant.  
FDI accounted for;

- **€2.7 billion paid in corporation tax**
- **152,785 direct employment**
- **IDA client companies contributed €122.4 billion in estimated exports**
- **€7.3 billion in payroll**
- **A record 145 investments were secured**
- **Some 11,827 new FDI jobs were created**



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