



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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Foreign Direct Investment in Ireland

MARKET INTELLIGENCE REPORT

Report

Ireland is the most popular destination for new Foreign Direct Investment (FDI) projects in the EU, when measured on a per capita basis. The attraction of FDI to Ireland has been a cornerstone of Irish government policy since the 1960's and FDI now plays a very significant role in supporting the Irish economy. Corporate tax receipts have more than doubled over the past five years and reached a record €22.6 billion last year.

Drivers behind Ireland's FDI policy

Ireland has benefited from the adoption of a consistent approach to FDI over many decades (despite changes of government), with long-term plans set out over 5-20 year time periods. While the country's low corporate tax rate has received most international attention, equally important has been Ireland's openness to labour and skills, investment in education and research, and membership of the EU Single Market.

Investment has come primarily from the U.S., with the large Irish diaspora overseas helping to facilitate connections. In 2020, U.S. FDI in Ireland stood at USD 390 billion, more than the U.S. total for Brazil, Russia, India, China, and South Africa (the BRICS) combined. While investment from all sectors has been welcomed, those offering high value-to-volume products for export (e.g. ICT and Pharma) have been favoured.

Ireland faces a challenge to continue to attract skills and talent to the country, however, as pressure on infrastructure (in particular housing) continues to grow.

Key investment figures for 2022:

- Over 32,000 new jobs were created by multinational companies with operations in Ireland in 2022 - the highest level of annual growth for the country ever (the impact of recent job losses in the tech sector are expected, however, to result in lower levels of FDI in 2023);
- Over 1,700 multinationals now operate across the country, and 20% of all private sector employment in Ireland is now directly or indirectly attributable to FDI;
- Of the investments made during the year, 127 investments (52% in total) went to regional locations, supporting the economy outside of Dublin.

- Investment has come though from a wide-range of sectors, including ICT (Amazon, Facebook, Microsoft and Google are among those that have chosen to set up their European headquarters in the country), life sciences, financial services, engineering and business services.
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 - In terms of global distribution, 847 of the multinationals investing in Ireland are from the United States, 354 companies are of European origin – with almost half of those from Germany and France, 136 are UK origin client companies, and 212 come from across the rest of the world including Canada, India, Japan and China.
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Growing Interest from New Zealand

Post-Brexit, New Zealand companies are increasingly looking at Ireland as a location to set up new operations or partnerships. They are attracted by Ireland's reputation as a welcoming and stable investment destination with access to the EU Single Market and close links to the US, a young skilled workforce with a rich pool of tech talent, a competitive tax policy (a 12.5% corporate tax rate), and a high quality of life.

Examples in recent years include:

- Catalyst IT (edtech)
- Cemplicity (medtech)
- Figured (fintech/ agritech)
- Fuel 50 (AI)
- ADInstruments (edtech)
- Invert Robotics (tech)
- Shuttlerock (adtech, SaaS)
- Snapper (Saas)
- Titanium Solutions (healthcare)
- Xero (fintech)

The [NZ-EU Free Trade Agreement](#) will create further opportunities for business in both countries, reducing the costs and barriers to trade and investment.

Why Ireland?

- **Access to the EU Single Market:** Ireland offers a foothold in the EU, and access to the single market of 450 million consumers. From Ireland, New Zealand companies can:
 - Enjoy frictionless trade with the EU from Ireland;
 - Benefit from both the free movement of EU citizens and the free movement of British citizens to Ireland (due to the Common Travel Area arrangement);
 - Avail of tariff free goods trade with the UK (subject to rules of origin requirements);

- Transfer personal data between Ireland, the EU and the UK;
- Operate in one of only two English speaking members in the EU (the other being Malta);
- **Pro-Business Environment:** Ireland consistently ranks among the top countries in the world in which to do business, including in areas such as investment incentives, human development, flexibility and adaptability of the workforce, labour productivity and attracting and retaining talent.
- **Corporate Tax Rate:** Ireland has a 12.5% corporate tax rate (as compared to 28% in New Zealand and 25% in the UK). While the country has signed up to the [OECD International Tax Reform agreement](#), the new higher 15% rate (pending approval) will only apply to multi-national companies with turnover of €750 million or more.
- **Research:** Ireland ranks among the top 10 most innovative EU countries in the European Innovation Scoreboard. R&D employment among Industrial Development Agency (IDA) clients has risen 66% in five years.
- **Talent:** 45% of Irish people aged 23-34 have completed tertiary education and the country has the highest level of science, technology, engineering, and mathematics (STEM) graduates per capita among 20-29 year-olds in the EU. Ireland also has the youngest population in the EU.
- **Immigration:** Irish labour laws are considered more flexible than many other European countries. The country has a high percentage of international employees (the fifth highest across the EU in 2020), accounting for 17% of total employment (approx. 400,000 workers).
- **Time zone:** Ireland's location– five hours ahead of the US and seven hours behind mainland China – has helped to facilitate business connections with both key markets.
- **Air connectivity:** Ireland has one of the highest per capita connectivity scores in Europe among major economies, double that of the UK (Dublin Airport served 146 destinations, operated by 43 airlines, in 2022). While the country has airports in Cork, Shannon, Knock, and Kerry, Dublin is estimated to account for up to 85% of the nation's total connectivity score.

IDA Ireland

With an annual budget of €175 million, IDA Ireland is the agency responsible for providing investment support and incentives for multinational companies looking to scale and develop strategic international operations in Ireland. The agency offers a number of R&D, employment and training incentives of interest to companies considering investment in Ireland.

While the IDA will only provide the full suite of its supports for companies which employ 50 or more employees (and with at least €10m revenue), soft supports are also available for smaller operations, including the provision of office space or the setting up of meetings.

IDA Supports and Incentives

R&D Grants: Encouraging multinationals to undertake R&D in Ireland is a priority for the agency, helping to ensure that companies invest for the long-term. Supports include:

- A 25% R&D tax credit, administered by the Irish Revenue Commissioners, available to companies that undertake new or additional R&D activity in Ireland.
- Grants of up to 10-15% to cover salaries, overheads, equipment, materials and buildings related to R&D investments.
- Funding via the €500m Disruptive Technologies Innovation Fund to support collaboration between international enterprises with operations in Ireland, Irish enterprises, higher education institutes and research centres.
- A tax rate of 6.25% that is applied to profits of intellectual property assets which are the result of qualifying R&D activity carried out in Ireland, including patented inventions and copyrighted software. These profits would otherwise qualify for Ireland's 12.5% corporate tax rate.

Employment Grants: For any company establishing operations outside of Dublin the Mid-East (the counties surrounding Dublin) or Cork, IDA offers to cover up to 10% of the average starting salary of employees over two years. This once-off financial support is given on a per job basis to assist companies, who in turn are required to share a business and hiring plan with the agency.

Training Grants: IDA clients can avail of grants covering up to 40-50% of staff training costs.

Concierge Service: The agency also offers a comprehensive 'concierge service' for companies eligible for support which includes:

- Site visits to business parks, office space, business clusters (e.g. Galway for medical devices / Cork for life sciences / Dublin for tech) and third-level institutions.
- Networking sessions with like-minded companies on the investment and operating climate in the country.
- Information gathering for in-market decision-making, for example advice on

locations where similar companies are located, or where specific skill-set requirements can be found.

- Introductions to a wide range of service providers in the legal, finance and recruitment sectors. IDA has recently launched an online [Service Directory](#).
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Challenges and Risks

Rising housing and labour costs have become a growing cause for concern for companies considering Ireland as a destination to locate, and the IDA has forecast that FDI results for 2023 are likely to be less positive. To remain successful in the years ahead, the agency has said Ireland will need to urgently address issues such as housing, energy, water, and planning issues.

Recent Developments: New Rules on Investment Screening

In 2022, the Irish government published a bill which will provide for the country's first FDI screening regime. Aimed at protecting Ireland's critical technology and infrastructure from potentially harmful foreign investment, the new law will allow the Minister for Enterprise, Trade and Employment to evaluate whether an investment poses a threat to Ireland's security or public order and the powers to put a halt to such investment, if he or she deems it necessary. The current transaction value threshold is set at €2m.

Key Contacts for New Zealand Business:

- **NZTE:** Ireland is one of 12 priority European markets that NZTE supports New Zealand businesses in. Market access guides for Ireland can also be downloaded through NZTE's <http://www.my.nzte.govt.nz> portal, as well as details on further supports available.
- **New Zealand Business Network in Ireland:** Launched in June 2022, and reflecting the growing interest among New Zealand business in Ireland, the Business Network serves as a hub for the business community with connections to New Zealand to collaborate, socialise and build meaningful networks locally.
- **New Zealand Embassy:** Since the opening of the Embassy in 2018, there has been an enhanced focus on assisting New Zealand companies looking to establish and grow their business in Ireland. MFAT, through the Embassy, has supported Kiwi companies by arranging and supporting trade missions, hosting market and business launch events, lifting the profile of New Zealand business, and facilitating introductions with Irish partners and advisers.

More info

You can email us at nzembdublin@gmail.com to find out more about relevant Embassy and Network activities, and how we can help.

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