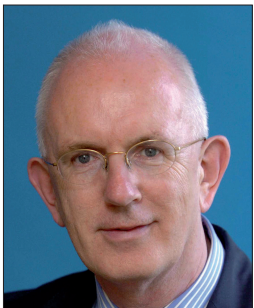


World class competitiveness

By **BARRY O'LEARY**

CEO, IDA IRELAND



BARRY O'LEARY

was appointed CEO of IDA Ireland in 2007. Prior to this he was Divisional Manager of the IDA's Life Sciences and Information and Communications Technology business units. He has worked in the IDA for over 30 years in most of its business areas including two periods, 1983-1991 and 1995-2002, in Germany. He worked latterly as Director of Europe where he was closely associated with winning major projects from companies such as Bertelsmann, SAP, Deutsche Bank, Lufthansa and Allianz. In 2010 he launched the IDA's strategy blueprint, Horizon 2020, which articulates how the IDA will attract the next wave of sophisticated FDI over the coming decade.

The UK is our closest neighbour and a very significant trading partner with excellent economic relations existing between the two nations. The importance of UK FDI to Ireland cannot be underestimated. The UK is the third largest single source of FDI in Ireland with over 100 IDA-supported companies employing almost 10,000 people. Last year, over 30 per cent of direct investment flows into Ireland came from the UK. Leading multinational UK companies with significant operations in Ireland include Vodafone, GlaxoSmithKline, Talk Talk, BT, Capita, and Experian. Many of the leading UK financial services companies have also chosen Ireland as a location for overseas operations such as HSBC and Barclays.

Ireland possesses a dual economy and while our domestic economy faces some challenges the country's export-led economy remains prosperous. The growth and development of multinationals, with their focus on high value goods and services exports, are fundamental to Ireland's economic recovery.

IDA Ireland, the government agency responsible for attracting FDI, is focused on attracting leading-edge investment from the Life Sciences, Financial Services, Digital and Technology sectors. Companies from these sectors invest in Ireland due to its unique combination of the 4 T's, Talent, Track Record, Technology and Tax.

Almost 1,000 multinational corporations have chosen Ireland as their strategic European base. Many of these companies have gone on to expand their facilities in Ireland due to the profitability and success of the Irish operation and because of the positive, adaptable attitude of the workforce.

International rankings place Ireland highly in terms of talent availability. The Irish labour force is amongst the best educated in the world; the share of population aged 25-34 with a third level qualification is above the OECD average. While labour costs have fallen significantly relative to the rest of Europe, the European Commission forecast that the cumulative fall in Irish unit labour costs will be 9 per cent in the period 2008-2011. Relative to the EU average, this represents an improvement of 13 percentage points. Ireland, under its new leadership, remains firmly committed to its 12.5 per cent Corporate tax rate.

Ireland has invested heavily in ensuring it has both the technology and the technical skills available to allow

the world's most innovative companies to thrive here and under their 2006-2013 strategic plan for science, technology and innovation the Government has set aside €3.8bn to ensure Ireland stays at the forefront of technological innovation.

Much coverage in the media has focused on the economic challenges facing Ireland. However, this often fails to address Ireland's dual economy previously referred to. Ireland's economic issues, over the last 2 years, were brought about by an over-reliance on the construction sector and irresponsible domestic bank lending. However, these problems were quickly addressed with the aid of the IMF and the EU which will return the exchequer deficit to 3 per cent of GDP by 2015. There have, in fact, been benefits to Ireland's FDI community from the recent economic crisis. For example, Ireland's competitiveness has improved significantly. The country is amongst the cheapest in the EU for energy for medium/large businesses, consumer prices fell 1.7 per cent in 2010, wages are forecast to fall by 3 per cent in 2011 and prime office rents are falling sharply.

Further proof of Ireland's attractiveness as a location for FDI can be seen in the high rankings the country receives in a number of internationally recognised reports, for example, ranking as the 2nd most attractive country globally for FDI just behind Singapore. In 2010, the IMD World Competitiveness Yearbook examined the key measures influencing Foreign Direct Investment and ranked Ireland; 1st for corporate taxes, 4th for the availability of skilled labour, 4th for being open to new ideas, 6th for labour productivity and 7th for the availability of financial skills and for the flexibility and adaptability of people. Forbes 2010 ranked Ireland first in the Euro-zone of best countries for business while a European Commission Study of international recruiters ranked Ireland first in the world for most-highly employable graduates. Other reports demonstrating Ireland's attractiveness for FDI include Mazars Review of Global R&D Incentives 2010 which ranks Ireland first in Europe as the most competitive location for R&D investment.

In conclusion, the return on investment for UK multinational companies who are in Ireland or who are considering investing in Ireland has not been diminished by recent global events. In fact it has been enhanced due to recent improvements in our competitive position. **E**