



Executive Summary

The Irish Government actively promotes foreign direct investment (FDI) and has had considerable success in attracting U.S. investment, in particular. Currently, there are approximately 700 U.S. subsidiaries in Ireland operating primarily in the following sectors: chemicals; bio-pharmaceuticals and medical devices; computer hardware and software; electronics; and financial services.

One of Ireland's most attractive features as an FDI destination is its low corporate tax rate, which has remained at 12.5 percent since 2003. Other factors cited by foreign firms include: the quality and flexibility of the English-speaking workforce, availability of a multi-lingual labor force, cooperative labor relations, political stability, pro-business government policies and regulators, a transparent judicial system, transportation links, proximity to the United States and Europe, and the drawing power of existing companies operating successfully in Ireland (a "clustering" effect). All firms incorporated in Ireland are treated on an equal basis; Ireland's judicial system is transparent and upholds the sanctity of contracts, as well as laws affecting foreign investment. Conversely, factors that negatively affect Ireland's ability to attract investment include: high labor and operating costs, skilled-labor shortages, eurozone risk, any residual fallout from Ireland's ongoing economic and financial restructuring, sometimes-deficient infrastructure (such as in transportation, energy and internet/broadband), uncertainty in EU policies on some regulatory matters, and absolute price levels that are among the highest in Europe.

There is no formal screening process for foreign investment in Ireland, though investors looking to receive government grants or assistance through one of the four state agencies responsible for promoting foreign investment in Ireland are often required to meet certain employment and investment criteria.

Ireland uses the euro as its national currency and enjoys full current and capital account liberalization.

Secured interests in property, both chattel and real estate, are recognized and enforced. Ireland is a member of the World Intellectual Property Organization (WIPO) and a party to the International Convention for the Protection of Intellectual Property.

There are a number of state-owned enterprises (SOE) in Ireland in the energy, broadcasting and transportation sectors. All of Ireland's SOEs are open to competition for market share. The United States and Ireland do not have a Bilateral Investment Treaty, but have shared a Friendship, Commerce, and Navigation Treaty since 1950. The two countries also share a Tax Treaty from 1998 which was supplemented in December 2012 with an agreement to improve international tax compliance and to implement the U.S. Foreign Account Tax Compliance Act (FATCA).

1. Openness to, and Restrictions Upon, Foreign Investment

The Irish Government actively promotes foreign direct investment (FDI), a strategy that has fueled economic growth since the mid-1990s. The principal goal of Ireland's investment promotion has been employment creation, especially in technology-intensive and high-skill industries. More recently, the Government has focused on Ireland's international competitiveness by encouraging foreign-owned companies to enhance research and development (R&D) activities and to deliver higher-value goods and services.

The Irish Government's actions have achieved considerable success in attracting U.S. investment, in particular. As of year-end 2012, the stock of U.S. foreign direct investment in Ireland stood at \$204 billion, more than the U.S. total for China, India, Russia, and Brazil (the BRIC countries) combined. According to American Chamber of Commerce Ireland statistics, there are approximately 700 U.S. subsidiaries currently in Ireland employing roughly 115,000 and supporting work for another 250,000, out of a total of 1.87 million people employed in a labor force of 2.17 million. U.S. firms operate primarily in the following sectors: chemicals; bio-pharmaceuticals and medical devices; computer hardware and software; electronics; and financial services.

U.S. investment has been particularly important to the growth and modernization of Irish industry over the past 25 years, providing new technology, export capabilities, management and manufacturing best practices and employment opportunities. U.S. firms in Ireland have activities that span from the manufacturing of high-tech electronics, computer products, medical devices, and pharmaceuticals to retailing, banking, finance, and other services. In more recent years, Ireland has also become an important research and development center for U.S. firms in Europe, and a magnet for U.S. internet/digital media investment, with industry leaders Google, Amazon, eBay/Paypal, Facebook, Twitter, LinkedIn and Electronic Arts making Ireland the hub of their respective European, Middle Eastern, and African (and Indian, in some cases) operations.

U.S. companies are attracted to Ireland as an exporting sales and support platform to the European Union (EU) and other global markets such as the Middle East and Africa. Other reasons for Ireland's attractiveness as an FDI destination include: a 12.5 percent corporate tax rate for domestic and foreign firms, the quality and flexibility of the English-speaking workforce, availability of a multi-lingual labor force, cooperative labor relations, political stability, pro-business government policies and regulators, a transparent judicial system, transportation links, proximity to the United States and Europe, and the drawing power of existing companies operating successfully in Ireland (a "clustering" effect).

Conversely, factors that negatively affect Ireland's ability to attract investment include: high labor and operating costs, skilled-labor shortages, Eurozone risk, any residual fallout from Ireland's ongoing economic and financial restructuring, sometimes-deficient infrastructure (such as in transportation, energy and internet/broadband), uncertainty in EU policies on some regulatory matters, and absolute price levels that are among the highest in Europe. The Irish government has become concerned that energy costs and the reliability of energy supply could undermine Ireland's attractiveness as an FDI destination. The American Chamber of Commerce has noted the need for greater attention to a "skills gap" in the supply of Irish graduates to the

high technology sector. In December 2013, Ireland became the first country in the euro zone to exit a Troika bailout program. Compliance with the Troika's terms came at a substantial economic cost, in the form of GDP stagnation and chronically high unemployment. However, the Irish economy is beginning to show signs of recovery. Government initiatives to attract investment are helping to stimulate employment. With unemployment numbers dropping, there is a resurgence interest in Ireland as an investment destination. A number of recent successful sales of government bonds on sovereign debt markets appear to exemplify renewed international confidence in Ireland's recovery.

The following six government departments and organizations currently promote investment into Ireland by foreign companies:

- The Industrial Development Authority of Ireland (IDA Ireland) has overall responsibility for promoting and facilitating FDI in all areas of the country, except the Shannon Free Zone. IDA Ireland is also responsible for attracting foreign companies to Dublin's International Financial Services Center (IFSC). IDA Ireland maintains six U.S. offices in New York, Boston, Chicago, Mountain View, Irvine, and Atlanta, as well as multiple offices in Europe and Asia;
- Enterprise Ireland promotes joint ventures and strategic alliances between indigenous and foreign companies. The agency also assists foreign firms that wish to establish food and drink manufacturing operations in Ireland. EI has four offices in the United States: New York, Austin, TX; Boston, MA; and Mountain View, CA;
- Shannon Development, originally the Shannon Free Airport Development Company, promotes FDI in the Shannon Free Zone (see description below) and owns properties in the Shannon region as potential greenfield investment sites. Under the 2006 Industrial Development Amendments Act, responsibility for investment by Irish firms in the Shannon region was transferred from Shannon Development to Enterprise Ireland. IDA Ireland remains responsible for FDI in the Shannon region outside the Shannon Free Zone;
- Udaras na Gaeltachta (Udaras) has responsibility for economic development in those areas of Ireland where Irish (Gaeilge) is the predominant language and works with IDA Ireland to promote overseas investment in these regions;
- Department of Foreign Affairs and Trade has responsibility for economic messaging and supporting the country's trade promotion agenda as well as Diaspora engagement to attract investment; and
- Department of Jobs, Enterprise, and Innovation supports the creation of good jobs by promoting the development of a competitive business environment in which enterprises will operate to high standards and grow in sustainable markets.

New legislation regarding industrial development promotion is in the pipeline that may alter the remit of some of these agencies; however it is unlikely to be enacted until late 2014.

Major Laws/Rules/Taxation Policy

One of Ireland's most attractive features as an FDI destination is its low corporate tax rate. Since 2003, the corporate tax rate for both foreign and domestic firms has been 12.5 percent. Ireland's corporate tax rate is among the lowest in the EU, and the Irish government continues to oppose proposals not only to harmonize taxes at a single EU rate, but also to standardize the accounting methods used by EU Member States to calculate corporate taxes. The Irish government has indicated it will adhere to future decisions reached through the OECD's Base Erosion and Profit Sharing (BEPS) discussions.

All firms incorporated in Ireland are treated on an equal basis. With only a few exceptions, there are no constraints preventing foreign individuals or entities from ownership or participation in private firms/corporations. The most significant of these exceptions is that, as with other EU countries, Irish airlines must be at least 50 percent owned by EU residents in order to have full access to the single European aviation market. There are also requirements related to the purchase of agricultural lands (see below).

Ireland's judicial system is transparent and upholds the sanctity of contracts, as well as laws affecting foreign investment. These laws include:

- The Companies Act of 1963 (amended several times, most recently in 2012), which contains the basic requirements for incorporation in Ireland;
- The 2004 Finance Act, which introduced tax incentives to encourage firms to set up headquarters in Ireland and to conduct R&D;
- The Mergers, Takeovers and Monopolies Control Act of 1978, which sets out rules governing mergers and takeovers by foreign and domestic companies;
- The Competition (Amendment) Act of 1996, which amends and extends the Competition Act of 1991 and the Mergers and Takeovers (Control) Acts of 1978 and 1987, and sets out the rules governing competitive behavior; and,
- The Industrial Development Act of 1993, which outlines the functions of IDA Ireland.

The Companies Act is, according to government officials, currently being reviewed and updated and will go through the legislative procedure for enactment.

In addition, there are numerous laws and regulations pertaining to employment, social security, environmental protection and taxation, with many of these keyed to EU Directives, and Ireland has a Foreign Account Tax Compliance Agreement (FATCA) agreement in force with the United States.

There are no barriers to participation by foreign institutions in the sale of state-owned Irish companies, as seen, for example, in the purchase by U.S. investors of shares of the formerly state-owned national airline Aer Lingus during its privatization. Residents of Ireland, however, may be given priority in share allocations to retail investors, as was the case with the state-owned telecommunications company Eircom, privatized in 1998. The government privatized Aer Lingus in 2005 through a stock market flotation which, at that time, valued the carrier at 1.2 billion euro. (That valuation has since fallen to €590 million with the government still retaining about a one-quarter stake in the airline.) While Ireland does not have a formal privatization

program, it has agreed as part of its IMF and EU intervention (Troika) bailout program to privatize some of its state-owned and semi-state owned enterprises. The government has agreed up on a sale for some non-strategic elements of Bord Gais Eireann (BGE) and indicated that it will sell ESB, the electricity supply company. (See “State-Owned Enterprises” below.)

Citizens of countries other than Ireland and other EU member states can acquire land for private residential or industrial purposes. Under Section 45 of the Land Act (1965), all non-EU nationals must obtain the written consent of the Land Commission before acquiring an interest in land zoned for agricultural use. There are many horse stud farms and racing facilities in Ireland that are owned by foreign nationals. No restrictions exist on the acquisition of urban land.

There is no formal screening process for foreign investment in Ireland, though investors looking to receive government grants or assistance through one of the four state agencies responsible for promoting foreign investment in Ireland are often required to meet certain employment and investment criteria. These screening mechanisms are transparent and do not impede investment, limit competition, or protect domestic interests. Potential investors are also required to examine the environmental impact of the proposed project and to meet with Irish Environmental Protection Agency (EPA) officials.

TABLE 1: The following chart summarizes several well-regarded indices and rankings for IRELAND.

Measure	Year	Index or Rank
TI Corruption Perceptions index	2013	(21 of 177)
Heritage Foundation’s Economic Freedom index	2013	(9 of 177)
World Bank’s Doing Business Report “Ease of Doing Business”	2013	(15 of 189)
Global Innovation Index	2013	(57 of 142)
World Bank GNI per capita	2012	USD 39,020

2. Conversion and Transfer Policies

Ireland uses the euro as its national currency and enjoys full current and capital account liberalization. There are no restrictions or significant reported delays in the conversion or repatriation of investment capital, earnings, interest, or royalties, nor are there any announced plans to change remittance policies. Likewise, there are no limitations on the import of capital into Ireland. Foreign exchange is easily obtainable at market rates. Ireland is a member of the Financial Action Task Force (FATF).

3. Expropriation and Compensation

Private property is normally expropriated only for public purposes in a non-discriminatory manner and in accordance with established principles of international law. State condemnations of private property are carried out in accordance with recognized principles of due process. Where there are disputes brought by owners of private property subject to a government action, the Irish courts provide a system of judicial review and appeal.

4. Dispute Settlement

There is no specific domestic body for handling investment disputes. The Irish legal system is based on common law, legislation and the Constitution. The Companies Act 1963 (amended 1990) is the most important body of law dealing with commercial and bankruptcy law and is applied consistently by the courts. Irish company bankruptcy laws give creditors a strong degree of protection. The Department of Jobs, Enterprise and Innovation has primary responsibility for drafting and enforcing company law. The judiciary is independent, and litigants are entitled to trial by jury in commercial disputes. Ireland is a member of the International Center for the Settlement of Investment Disputes (ICSID), and the Irish Government has been willing to agree to binding international arbitration of investment disputes between foreign investors and the state. Ireland is also a party to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards (UNCITRAL).

Ireland has no specific laws governing investment disputes that apply only to foreign firms. There is, however, a legal arbitration framework available to parties, including for investment disputes, in lieu of litigation. Currently, the Embassy is unaware of any disputes involving investments by U.S. firms either in arbitration or litigation.

In recent years, however, U.S. business representatives have occasionally called into question the transparency of government tenders. According to some U.S. firms, lengthy procedural decisions often delay the procurement tender process. There have been claims that unsuccessful bidders have had difficulty receiving information on the rationale behind the tender outcome. Additionally, successful bidders have experienced delays in finalizing contracts, commencing work on major projects, obtaining accurate project data, and receiving compensation for work completed, including through conciliation and arbitration processes. Successful bidders have also subsequently found that the original tenders do not accurately describe conditions on the ground.

5. Performance Requirements and Investment Incentives

The Irish Government does not maintain any measures that it has notified to the WTO as being inconsistent with Trade-Related Investment Measures (TRIMs) requirements, nor have there been any allegations that the government maintains such measures.

Three Irish organizations -- IDA Ireland, Shannon Development and Udaras -- currently have regulatory authority for administering grant aid to investors for capital equipment, land, buildings, training, R&D, etc. Foreign and domestic business enterprises that seek grant aid from these organizations must submit investment proposals. Typically, these proposals include

information on fixed assets (capital), labor, and technology/R&D components, and establish targets using criteria such as sales, profitability, exports, and employment. This information is treated in confidence by the organizations, and each investment proposal is subject to an economic appraisal before support can be offered.

Performance requirements are generally based on employment creation targets established between the state investment agencies and foreign investors. Grant aid is paid out only after externally audited performance targets have been attained. Grant agreements generally have a repayment term of five years after the date on which the last grant is paid. Parent companies typically must also guarantee repayment of the government grant if the company closes before an agreed period of time elapses, normally ten years after the grant has been paid. There are no requirements that foreign investors purchase from local sources or allow nationals to own shares. The current EU Regional Aid Guidelines (RAGs) that apply to Ireland are effective since January 1, 2007. The RAGs govern the maximum grant aid that the Irish Government can provide to companies, which depends on their location. The differences in the aid ceilings reflect the less developed status of business/infrastructure in regions outside the greater Dublin area.

While investors are free, subject to planning considerations, to choose the location of their investment, IDA Ireland has encouraged investment in regions outside Dublin since the 1990s. This linkage is consistent with Irish government policy, adopted in 2001, of spreading investment more evenly around the country. The IDA's "Ireland Horizon 2020" strategy has the stated goal of having 50 percent of all new FDI investments located outside the main urban centers of Dublin and Cork by 2014. To encourage the location of firms outside Dublin, IDA Ireland has developed "magnets of attraction," including: a Cross Border Business Park linking Letterkenny (in Ireland) with Derry (aka Londonderry, in Northern Ireland), a regional Data Center in Limerick, and the National Microelectronics Research Center in Cork. IDA Ireland has supported construction of business parks in Oranmore and Dundalk for the biotechnology sector.

There are no restrictions, de jure or de facto, on participation by foreign firms in government-financed and/or -subsidized R&D programs on a national basis. In fact, the government strongly encourages and incentivizes foreign companies to conduct R&D as part of a national strategy to build a more knowledge-intensive, innovation-based economy. Science Foundation Ireland (SFI), the state science agency, has been responsible for administering Ireland's R&D funding since 2000. Under its current strategy, SFI is investing over USD 200 million annually in R&D activities. It is targeting leading researchers in Ireland and overseas to promote the development of biotechnology, information and communications technology, and energy, as well as complementary worker skills. A key aspect of government support is a flexible 25 percent tax credit on the cost of eligible Research Development and Innovation (RDI) activity and of any building with a 35 percent RDI activity level over four years. A number of U.S. firms have already used these tax credits to build and operate R&D facilities. For example, U.S.-headquartered Genzyme invested in new process-development facilities in Waterford while Citibank operates its only global research, development, innovation and learning center in Dublin.

Visa, residence, and work permit procedures for foreign investors are non-discriminatory and, for U.S. investors, generally liberal. There are no restrictions on the numbers and duration of employment of foreign managers brought in to supervise foreign investment projects, though their work permits must be renewed yearly. There are no discriminatory export policies or import policies affecting foreign investors.

6. Right to Private Ownership and Establishment

The most common form of business organization in Ireland is the incorporated company, limited by shares, registered under the Companies Act, 1963 (or previous legislation). Irish law does not prevent foreign corporations from carrying on business in Ireland. Any company incorporated abroad that establishes a branch must, however, file certain papers with the Registrar of Companies. A foreign corporation with a branch in Ireland will have the same standing in Irish law for purposes of contracts, etc., as a company incorporated in Ireland. Private businesses are not at a competitive disadvantage to public enterprises with respect to access to markets, credit, and other business operations.

Citizens of countries other than Ireland and other EU member states can acquire land for private residential or industrial purposes. Under Section 45 of the Land Act, 1965, all non-EU nationals must obtain the written consent of the Land Commission before acquiring an interest in land zoned for agricultural use. There are many stud farms and racing facilities in Ireland that are owned by foreign nationals in such areas. No restrictions exist on the acquisition of urban land.

7. Protection of Property Rights

Real Property

Secured interests in property, both chattel and real estate, are recognized and enforced. The Department of Justice and Equality administers a reliable system of recording such security interests through the Property Registration Authority (PRA) and Registry of Deeds. The PRA registers a person's interest in property on a public register. In certain cases, this ensures that an owner's interest in property is documented and protected (by a State guarantee). Any property acquired after 2010 must be registered in the PRA. Ireland also operates a document registration system through the Registry of Deeds in which deeds (as distinct from titles) may be registered, priority obtained, and third parties placed on notice of the existence of documents of title. An efficient, non-discriminatory legal system is accessible to foreign investors to protect and facilitate acquisition and disposition of all property rights.

Intellectual Property Rights

Ireland is a member of the World Intellectual Property Organization (WIPO) and a party to the International Convention for the Protection of Intellectual Property. Legislation enacted in 2000 brought Irish intellectual property rights (IPR) law into compliance with Ireland's obligations under the WTO Trade-Related Intellectual Property Treaty (TRIPs). The legislation gives Ireland one of the most comprehensive legal frameworks for IPR protection in Europe. This legislation addressed several TRIPs inconsistencies in prior Irish IPR law that had concerned foreign investors, including the absence of a rental right for sound recordings, the lack of an "anti-bootlegging" provision, and low criminal penalties that failed to deter piracy. The

legislation provides for stronger penalties on both the civil and criminal sides; it does not include minimum mandatory sentencing for IPR violations.

As part of this comprehensive copyright legislation, revisions were also made to non-TRIPs conforming sections of Irish patent law. Specifically, the IPR legislation addresses two concerns of many foreign investors in the previous legislation:

- The compulsory licensing provisions of the previous 1992 Patent Law were inconsistent with the "working" requirement prohibition of TRIPs Articles 27.1 and the general compulsory licensing provisions of Article 31; and,
- Applications processed after December 20, 1991, did not conform to the non-discrimination requirement of TRIPs Article 27.1.

The government continues to crack down on the sale of illegal cigarettes smuggled into the country by both international and local organized criminal groups. Cigarettes in Ireland are heavily taxed, making illegal trade in counterfeit and untaxed cigarettes highly lucrative. In May 2013, the government announced plans to introduce plain packaging for cigarettes in Ireland but has yet to enact the legislation.

The Irish government enacted the EU Copyright and Related Rights Regulation 2012 into law in February 2012. The law makes it possible for copyright holders to seek court injunctions against companies such as internet service providers or social networks whose systems are hosting copyright-infringing material. It is intended that the courts will ensure that any remedy provided will uphold the freedom of internet service providers, or ISPs, to conduct their business. The legislation ensures that an ISP cannot be mandated to carry out monitoring of the information it carries. It must also ensure that measures implemented are "fair and proportionate" and not "unnecessarily complicated or costly". The law also states that fundamental rights of customers of an ISP must be respected by the court including their right to protection of their personal data and their freedom to receive or impart information.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

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8. Transparency of Regulatory System

The Irish government employs a transparent policy framework that fosters competition between private businesses in a non-discriminatory fashion. U.S. businesses can, in general, expect to receive national treatment in their dealings with the government.

In recent years, independent bodies have taken over regulatory powers from Cabinet departments in key economic sectors. The Commission for Communications Regulation and the Commission for Energy Regulation are responsible for regulating the communications and energy sectors, respectively. Both have institutional links to the Department of Communications, Energy and Natural Resources but are autonomous. The Commission for Aviation Regulation, another autonomous body, regulates the aviation sector. It is institutionally linked to the Department of Transport, Tourism and Sport which has direct regulatory powers over other segments of the transportation sector.

The Competition Act of 2002, subsequently amended and extended by the Competition Act 2006, strengthens the enforcement power of the independent statutory agency, the Competition Authority. The Act also introduces criminal liability for anti-competitive practices, increases corporate liability, and outlines available defenses. Most tax, labor, environment, health and safety, and other laws are compatible with EU regulations, and they do not adversely affect investment. Proposed laws and regulations are published in draft form for public comment, including by foreign firms and their representative associations. Bureaucratic procedures are transparent and reasonably efficient, in line with a general pro-business climate espoused by the Government.

9. Efficient Capital Markets and Portfolio Investment

Capital markets and portfolio investments operate freely, and there is no discrimination between Irish and foreign firms. In some instances, development authorities and banks are able to facilitate loan packages to foreign firms with favorable credit terms. Credit is allocated on market terms; however, the ongoing banking crisis has limited the amount of credit available, especially to small and medium-sized firms. Irish legal, regulatory, and accounting systems are transparent and consistent with international norms and provide a secure environment for portfolio investment. The current capital gains tax rate is 33 percent (effective since December 2012).

The Irish banking sector, like many worldwide, came under intense pressure in 2007 and 2008 following the collapse of Ireland's construction industry and an end to Ireland's property boom. Subsequently, it was determined that a number of Ireland's financial lenders were severely under-capitalized and required government bailouts to survive. The government introduced temporary guarantees to personal depositors in 2008 to ensure that deposits remained in Ireland and has continued these guarantees. One of the main banks involved in property lending, Anglo Irish Bank (Anglo), failed and had to be resolved by the government. The government took majority stakes in several others; two remain effectively nationalized as a result and the

government owns a significant share of another. The government also created the National Asset Management Agency (NAMA), into which the Irish banks (including Anglo) transferred most of their property-related loan books.

With increased exposure to bank debts, the government found it difficult to place sovereign debt on international bond markets and had to seek Troika assistance in November 2010. A rescue package of €85 billion (€67.5 billion of this from external sources) was agreed to cover government deficits and costs related to the bank recapitalizations. Following further government capitalization of Allied Irish Banks (AIB), the effective control of the bank transferred to the Irish government by the end of 2010. Irish Nationwide Building Society (INBS) and Educational Building Society (EBS) were also taken into state control and resolved. The government also helped to re-capitalize Irish Life and Permanent (the banking portion of which operates under the name Permanent TSB) and Bank of Ireland (BOI). The government, in line with IMF and EU bailout program recommendations, forced Irish banks to deleverage their non-core assets with a view to reducing Ireland's banks to simply servicing domestic demand. BOI succeeded in remaining non-nationalized by realizing capital from the sale of non-essential portfolios as well as targeted burden-sharing with some bondholders.

Ireland successfully exited the Troika program in December 2013 and has re-entered sovereign debt markets since then, at lower lending rates than it obtained prior to the financial crisis. Many U.S. banks have operations in Dublin's International Financial Services Center (IFSC) and provide a range of financial services to clients in Europe and worldwide. Among these are State Street, Citigroup, Merrill Lynch, Wells Fargo, JP Morgan and Northern Trust. While international banks operate within the IFSC, the regulation of the activities of banks operating there is carried out by the Irish Financial Regulator.

At the end of 2013, equity market capitalization (main securities market) in the Irish Stock Exchange (ISE) was €65.9 billion, up €8.6 billion from the end of 2012. In terms of market weight, the stocks of CRH (a construction industry supplier), Ryanair (a low-cost airline), Kerry Group (a food and ingredient firm) and some other food-related firms continue to be dominant. While the ISE delivered returns of between 19 and 28 percent annually from 2002 to 2006, its market capitalization started to fall in 2007. This fall was driven in part by concerns over possible spillover effects from the sub-prime crisis in the United States and as the Irish banking and fiscal crisis evolved, the market capitalization of bank stocks plummeted. The markets began to stabilize in 2011. In 2005, the ISE opened up a secondary market—the Irish Enterprise Exchange (IEX), which caters to smaller firms with a minimum market cap of 5 million euro. The Central Bank Reform Act of 2010, created a single unitary body – the Central Bank of Ireland (CBI) — responsible for both central banking and financial regulation. The new structure replaces the previous related entities, the Central Bank and the Financial Services Authority of Ireland, and the Financial Regulator. The CBI is a member of the European System of Central Banks (ESCB), whose primary objective is to maintain price stability in the euro area. Ireland no longer operates an independent monetary policy. Rather, the European Central Bank (ECB) formulates and implements monetary policy for the Eurozone and the CBI implements that policy at the national level. The Governor of the CBI is a member of the Governing Council for the ECB and has an equal say as other ECB governors in the formulation of monetary and interest rate policy. The other main tasks of the CBI include: issuing euro currency in Ireland,

acting as manager of the official external reserves of gold and foreign currency, conducting research and analysis on economic and financial matters, overseeing the domestic payment and settlement systems, and managing investment assets on behalf of the State.

The Irish Takeover Panel Act of 1997 governs company takeovers. Under the Act, the “Takeover Panel” issues guidelines, or “Takeover Rules,” which aim to regulate commercial behavior in the context of mergers and acquisitions. According to minority “squeeze-out” provisions in the legislation, a bidder who holds 80 percent of the shares of the target firm (or 90 percent for firms with securities on a regulated market) can compel the remaining minority shareholders to sell their shares.

There are no reports that the Irish Takeover Panel Act has been used to prevent foreign takeovers specifically, and, in fact, there have been several high-profile foreign takeovers of Irish companies in the banking and telecommunications sectors in recent years. In 2006, for example, an Australian investment group, Babcock & Brown, acquired the former national telephone company, Eircom, and subsequently sold it to Singapore Technologies Telemedia in 2009. The EU Directive on Takeovers provides a framework of common principles for cross-border takeover bids, creates a level playing field for shareholders, and establishes disclosure obligations throughout the EU. The Directive was fully implemented through Irish legislation in May 2006, though many of its principles had already been enacted in the Irish Takeover Panel Act 1997.

10. Competition from State-Owned Enterprises (SOEs)

There are a number of state-owned enterprises (SOE) in Ireland in the energy, broadcasting and transportation sectors. The two energy SOEs are Electric Ireland (EI) and Bord Gáis (BG), while Raidió Teilifís Éireann (RTE) operates the national broadcasting (radio and television) service, and Córas Iompair Éireann (CIE) provides bus and train transportation throughout the country. Eircom, the national telecommunication service, and Aer Lingus, the national airline, have been privatized, though the government still retains a 25 percent stake in Aer Lingus. CIE remains wholly-owned by the government. Irish Water was established in 2013 to serve as the state-owned entity to deliver water services to homes and businesses. Currently water meters are being installed around the country for an operational date of 2015.

All of Ireland’s SOEs are open to competition for market share and can, as in the case of ESB and BG, compete with one another. The SOEs do not discriminate against, or place unfair burdens, on foreign investors or foreign-owned investments. There has been a statutory transfer of responsibility for the regulatory functions for the energy sector from the government to the Commission for Energy Regulation – a statutory body that is required not to discriminate unfairly between participants in the sector, while protecting the end-user. In general, SOEs aspire to pay their own way, financing their operations and funding further expansion through profits generated from their own operations. Some pay an annual dividend to the government. The SOEs themselves are governed usually by a board of directors, often chosen by the government.

The National Treasury Management Agency (NTMA) is the asset management bureau of the Irish government. In better economic times, the NTMA invested Irish government funds, such as the national pension funds, in financial instruments worldwide. Day-to-day funding for government operations is normally through the sale of sovereign debt worldwide, which is the responsibility of the NTMA. Upon entering the EU/IMF Bailout program, Ireland was fully funded and so suspended issuing sovereign debt. Since exiting the Troika bailout in December 2013, the NTMA has been successful in placing Irish debt at rates last seen before the crisis of 2010. The NTMA also has oversight of the National Asset Management Agency (NAMA), the agency charged with the disposal of bad bank debt.

All SOEs must present annual reports to the government.

11. Corporate Social Responsibility

There is a growing awareness of corporate social responsibility (CSR) in Ireland, mainly driven by a number of independent organizations and multinational corporations. According to “Business in the Community – Ireland”, an organization at the forefront of promoting CSR in Ireland, many of the participant firms believe CSR-oriented policies can play a major role in rebuilding Ireland's corporate reputation. Companies advertise their participation in such programs as the Fairtrade Certification Mark.

The Irish government published its Action Plan on Corporate Responsibility in April 2014. The plan outlines the Government's commitment to encourage good business practice by Irish companies both domestically and internationally. The Plan also proposes the establishment of a CR Stakeholder Forum bringing business, government departments, state agencies and community sectors together to drive action, create awareness and achieve the stated vision of corporate responsibility.

12. Political Violence

Impact of Northern Ireland Instability

There has been no significant spillover of violence from Northern Ireland since the cease-fires of 1994 and the implementation of the Good Friday Agreement in 1998. Indeed, the growth of business investment and confidence in Northern Ireland following the cessation of widespread violence has also benefited the Republic of Ireland. The 2007-2013 National Development Plan earmarks funding to develop cross-border cooperation on R&D collaboration, energy and transportation infrastructure linkages, and joint trade missions. No violence related to the situation in Northern Ireland has been specifically directed at U.S. citizens or firms located in the South. InterTrade Ireland is a cross-border body established to augment two-way trade on the island.

Other Acts of Political Violence

There have been incidents of criminal terrorism and gangland violence, attributed to cross-border groups involved in the black market. There is considerable Garda (Irish National Police) and Police Service Northern Ireland cooperation to stem this illegal activity. There have been no recent incidents involving politically motivated damage to foreign investment projects and/or

installations in Ireland. There have been two instances of damage to U.S. military assets transiting Shannon Airport, one in 2003 and another in 2011, by a small number of Irish citizens opposed to wars in Iraq and Afghanistan. Nonetheless, these anti-military acts have not found expression in acts against U.S. firms or private interests in Ireland.

13. Corruption

Corruption is not a serious problem for foreign investors in Ireland. The principal Irish legislation relating to anti-bribery and corruption includes the Public Bodies Corrupt Practices Act, 1889; the Prevention of Corruption Act, 1906; the Prevention of Corruption Act, 1916; and the Prevention of Corruption (Amendment) Act, 2001. This body of law makes it illegal for Irish public servants to accept bribes. The Ethics in Public Office Act, 1995, provides for the written annual disclosure of interests of people holding public office or employment.

The law on corruption in Ireland was strengthened by the enactment of the Prevention of Corruption (Amendment) Act, 2001, which gave effect in domestic law to the OECD Anti-Bribery Convention and two other conventions concerning criminal corruption and corruption involving officials of the European Communities and officials of EU member states. The legislation has ensured that there are strong penalties in place, up to 10 years imprisonment and an unlimited fine, for those found guilty of offenses under the Act, including convictions of bribery of foreign public officials by Irish nationals and companies which takes place outside of Ireland. Ireland signed the UN Convention on Corruption in December 2003 and ratified it in 2011. Ireland is also a participating member of the OECD Working Group on Bribery.

The Irish police investigate allegations of corruption. If sufficient evidence of criminal activity is found, the Director of Public Prosecutions prepares a file for prosecution. A small number of public officials have been convicted of corruption and/or bribery in the past. Two recent reports from Tribunals of Inquiry - Mahon and Moriarty- detailed corrupt practices by political and business figures from 1970-1996. In 1996, Ireland established a Criminal Asset Bureau, an independent body responsible for seizing illegally acquired assets. The CAB was established with powers to focus on the illegally acquired assets of criminals involved in serious crime. The aims of the CAB are to identify the criminally acquired assets of persons and to take the appropriate action to deny such people of these assets. This action is taken primarily through the application of the Proceeds of Crime Act, 1996. Ireland is a member of the Camden Asset Recovery Inter-Agency Network (CARIN).

Government agency responsible for combating corruption:

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E-mail: info@justice.ie
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Contact at Transparency International:

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14. Bilateral Investment Agreements

Ireland has no formal bilateral investment treaties, including with other EU members or the United States.

The United States and Ireland have shared a Friendship, Commerce, and Navigation Treaty since 1950. http://tcc.export.gov/Trade_Agreements/All_Trade_Agreements/exp_005438.asp. The two countries also share a Tax Treaty from 1998 which was supplemented in December 2012 with an agreement to improve international tax compliance and to implement the U.S. Foreign Account Tax Compliance Act (FATCA). <http://www.irs.gov/pub/irs-trty/ireland.pdf>
Ireland has signed comprehensive double taxation agreements with 70 countries, of which 68 are fully ratified and in effect. These agreements serve to promote trade and investment between Ireland and the partner countries that would otherwise be discouraged by the possibility of double taxation. The agreements generally cover corporate tax, income tax, and capital gains tax (direct taxes). The current list of agreements in effect, as of January 2014, is: Albania, Armenia, Australia, Austria, Bahrain, Belarus, Belgium, Bosnia & Herzegovina, Bulgaria, Canada, Chile, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Hong Kong, Hungary, Iceland, India, Israel, Italy, Japan, Korea (Republic of), Kuwait, Latvia, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Mexico, Moldova, Montenegro, Morocco, Netherlands, New Zealand, Norway, Pakistan, Panama, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, United Arab Emirates, Ukraine, United Kingdom, United States, Uzbekistan, Vietnam and Zambia.

In the absence of a bilateral tax treaty, provisions within the Irish Taxes Act allow unilateral credit relief against Irish taxation for taxes paid in the other country with respect to certain types of income, e.g., dividends and interest.

15. OPIC and Other Investment Insurance Programs

Since 1986 the U.S. Overseas Private Investment Corporation (OPIC) has been authorized to operate in Ireland as part of the U.S. effort to support the process of peace and reconciliation in Northern Ireland. There is some potential in Ireland for OPIC's credit guarantee programs, such as aircraft purchases. No other countries have an investment insurance program in Ireland. Ireland is a member of the Multilateral Investment Guarantee Agency (MIGA).

16. Labor

Out of a 4.6 million population, the total number of persons employed in 2013 was 1.8 million, which was up by 30,000 persons over 2012 levels. By early 2014, the unemployment rate in Ireland had fallen to 11.8 percent, down from a recent high of 15.1 percent in early 2012. The collapse of the Irish construction industry since 2008 has contributed significantly to this figure. Employment opportunities in the early part of this century attracted unprecedented inward migration levels, particularly from Eastern Europe. Following the downturn, many such economic migrants have left Ireland, either to return home or search for employment opportunities elsewhere.

With unemployment levels falling, the Irish government continues to be committed to reducing the high proportion of long term unemployed (those collecting benefits for over one year) which has increased significantly and currently stands at 45 percent. As with all national data, some areas of Ireland are more affected by unemployment than others. The proportion of youth (under-25) unemployment continues to be high, but would be higher if not for significant emigration, especially in the youth demographic. The government has also introduced JobBridge – a national internship program aimed at retraining employees. Potential interns are offered a stipend on top of unemployment benefits to allow them take up employment and/or retraining with employers.

While overall private sector wages declined marginally (by 0.6 percent) in the year to September 2013, average industrial earnings per worker increased by 0.8 percent to 830 euro per week. The minimum wage rate is currently set at 8.65 euro per hour.

Irish labor force regulation is less restrictive compared with most continental EU countries. The Irish workforce is characterized by a high degree of flexibility, mobility, and education. There is a relative gender balance in the workforce, with 974,000 males and 829,000 females employed in 2013. This gender balance reflects a change in social mores and government supports that have facilitated a surge in female employment since the mid-1980s.

Ireland has been an attractive destination for foreign investment due to its availability of a young, highly-educated young workforce. The removal of tuition fees for third-level education in 1995 resulted in a rapid increase of individuals who hold third-level qualifications. The growing availability of highly educated and qualified potential employees made Ireland an attractive place to do business. This has been a significant factor in attracting the large number of multinationals that have located operations in Ireland. Over 60 percent of new entrants to third level education in Ireland undertake business, engineering, computer science or science courses. To ensure the availability of an educated workforce, the focus of government strategy has shifted to upgrading skills and increasing the number of workers in technology-intensive, high-value sectors.

The Irish system of industrial relations is a voluntary one. Pay levels and conditions of employment are generally agreed through collective bargaining between employers and employees. Despite the economic downturn and austerity measures, only twelve firms were involved in industrial disputes in 2013. A 2010 government/public sector agreement on pay and conditions (known as the Croke Park Agreement) has subsequently been replaced by the 2013

“Haddington Road Agreement.” These agreements, which run to 2016, have ensured that there have been no public service unrest or work stoppages.

Employers typically resist trade union demands for mandatory trade union recognition in the workplace. While the Irish constitution guarantees the right of citizens to form associations and unions, Irish law also affirms the right of employers not to recognize unions and to deal with employees on an individual basis. Currently, around one-third of all workers are unionized; however, there is much higher participation in unions by public sector workers. Among foreign-owned firms, roughly 80 percent of workers do not belong to unions, although pay and benefits are usually more attractive compared with domestic firms. An amendment to existing legislation is expected in 2014 to address the country’s collective bargaining rights. It will not involve a Constitutional amendment.

17. Foreign-Trade Zones/Free Ports

The Shannon duty-free Processing Zone (SDFPZ) was established by legislation in 1957. Under the legislation, eligible companies operating in the Shannon Free Zone are entitled to the following benefits: goods imported from non-EU countries for storage, handling or processing are duty-free; there is no duty on goods exported from Shannon to non-EU countries; no time limit exists on disposal of goods held duty-free; customs documentation and formalities are reduced; there is no Value Added Tax (VAT) on imported goods, including capital equipment; and importers have a choice of having import duty on non-EU product calculated on its landing value or selling-out price. Qualifying criteria for eligible companies include employment creation and export-orientation.

Foreign-owned firms in the Shannon Free Zone have the same investment opportunities as indigenous Irish companies. There are over 100 companies operating within the 254 hectare business park, including the following U.S. companies: Benex (Becton Dickinson), Connor-Winfield, Digital River, Enterasys Networks, Extrude Hone, GE Capital Aviation Services, GE Money, Sensing, Genworth Financial, Hamilton Sundstrand (United Technologies), Intel, Illinois Tool Works, Kwik-Lok, Lawrence Laboratories (Bristol Myers Squibb), Le Bas International, Magellan Aviation Services, Maidenform, Melcut Cutting Tools (SGS Carbide Tools), Mentor Graphics, Molex, Phoenix American Financial Services, RSA Security, Shannon Engine Support (CFM International), SPS International/Hi-Life Tools (Precision Castparts Corp), Sykes Enterprises, Symantec, Travelsavers Corp, Viking Pump, Western Well Tool, Xerox, and Zimmer. At present, the Shannon Free Zone is technically an asset of Shannon Development.

18. Foreign Direct Investment and Foreign Portfolio Statistics

According to Ireland’s Central Statistics Office (CSO), the year-end stock of FDI in Ireland increased from the end of 2011 to 2012 from €225 billion to €258 billion euro. (Note: direct comparison of Irish government and USG FDI statistics is not possible because the CSO and U.S. Commerce Department utilize different base figures.) The largest sector for inward investment was financial intermediation which at the end of 2012 amounted to €113 billion or 44 percent of the total stock of inward investments.

During 2013, IDA Ireland negotiated 164 new business projects with new and existing clients involving investments in research, development and innovation. 78 of these projects were new firms investing in Ireland for the first time. IDA-assisted firms created almost 13,400 jobs in 2013 (with a net employment increase of 7,100) and now employ almost 161,112.

U.S. and foreign companies with major foreign direct investments in Ireland include Aramark, HP, SAP, Google, PayPal, eBay, AOL, Facebook, Kellogg's, Eli Lilly, MSD, McAfee, Stream Global Services, ServiceSource, Salesforce.com, Accenture, Zurich, Axa, Citi, State Street, UnitedHealth Group, Allianz, Generali, Intel, Analog Devices, EMC, Abbott, Medtronic, Merck, Boston Scientific, Liebherr, Pfizer, IBM (Smarter Cities), United Technologies Research Centre (Renewable Energies), Alcatel-Lucent /Bell Labs, and Biotrin.

TABLE 2: Key Macroeconomic data, U.S. FDI in IRELAND

	Ireland – DoF		IMF	
Economic Data	Year	Amount	Year	Amount
Gross Domestic Product (GDP) <i>(Millions U.S. Dollars)</i>	2012	217,726	2012	217,726
Foreign Direct Investment	Ireland- CSO		USG - BEA	
U.S. FDI in Ireland <i>(Millions U.S. Dollars, stock positions)</i>	2012	n.a.	2012	203,779
Ireland's FDI in the United States <i>(Millions U.S. Dollars, stock positions)</i>	2012	31,181	2012	24,917
Total inbound stock of FDI as % host GDP	2012	18.2	2012	10.4

Source: Irish Data – Department of Finance (DoF) and Central Statistics Office (CSO).

TABLE 3: Sources and Destination of FDI

Ireland, 2012

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	339,763	100%	Total Outward	380,022	100%
Luxembourg	76,505	23%	Luxembourg	70,300	18%
Netherlands	55,139	16%	United Kingdom	62,066	16%
United Kingdom	46,014	14%	Bermuda	52,590	14%
Bermuda	26,454	8%	Netherlands	52,240	14%
France	24,414	7%	United States	30,977	8%

"0" reflects amounts rounded to +/- USD 500,000.

Source: <http://cdis.imf.org>**TABLE 4: Sources of Portfolio Investment
Ireland, 2012**

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
World	2,096,503	100%	World	664,739	100%	World	1,431,765	100%
United States	587,225	28%	United States	169,585	26%	United States	417,640	29%
United Kingdom	351,823	17%	United Kingdom	103,167	16%	United Kingdom	248,657	17%
Germany	158,025	8%	Portugal	45,411	7%	Germany	129,503	9%
France	121,938	6%	Luxembourg	39,335	6%	France	100,641	7%
Italy	108,825	5%	Japan	29,989	5%	Italy	87,257	6%

Source: <http://cpis.imf.org/>**19. Contact Point at Post**

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