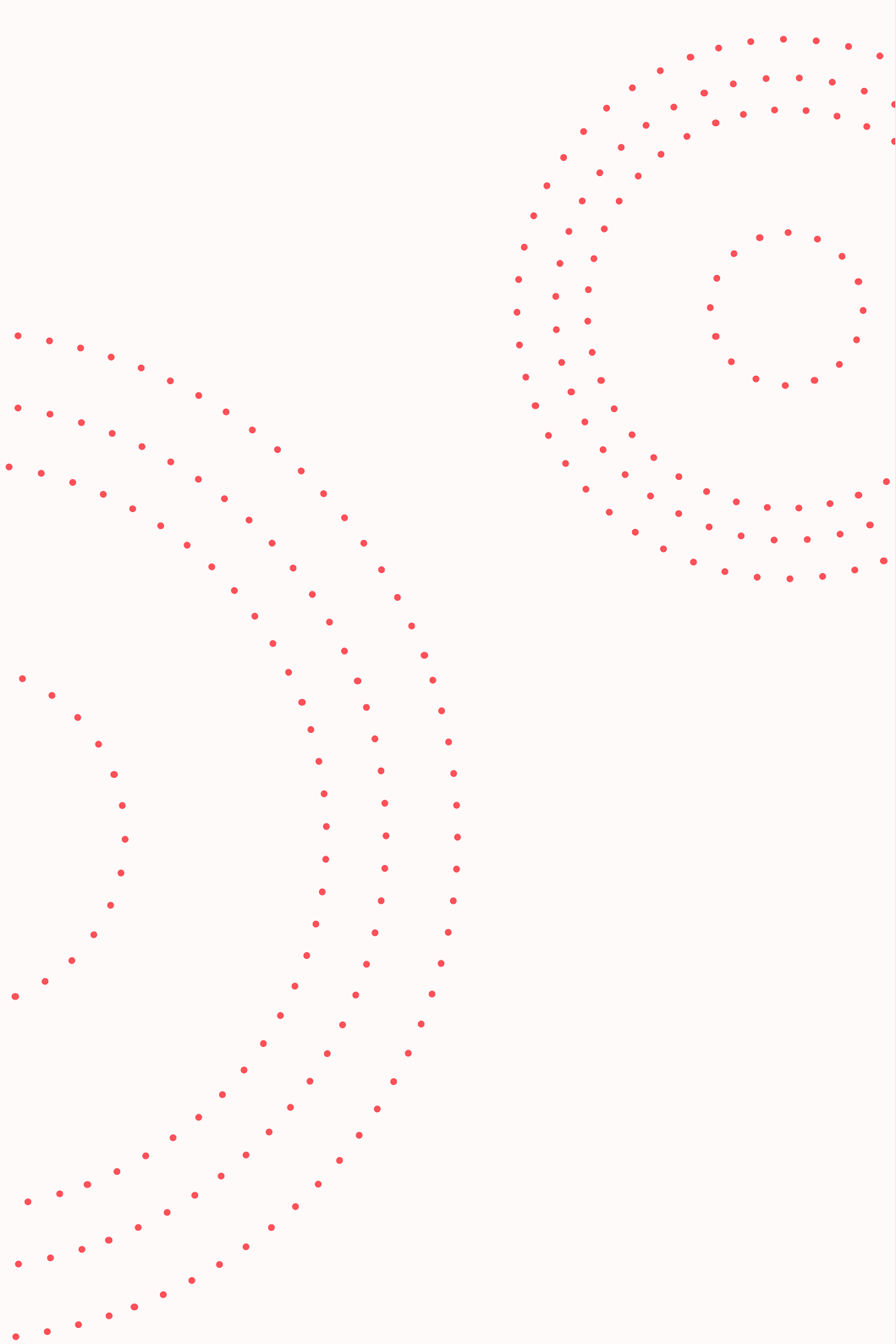




**Ireland: A Model
of Substance**

An Ibec campaign

Ireland and the US: A win-win



Foreword

Ireland has one of the strongest economies in the European Union (EU). As a strategic gateway for global businesses to access the recovering EU economy, Ireland has no peers.

For decades, US business has intuitively understood this potential and availed of the springboard that Ireland provides to a market of more than 500 million people to its advantage. From Henry Ford a century ago to the presence of the Europe Middle East and Africa (EMEA) headquarters of many of the modern world's global technology, bio-pharma and med-tech leaders, Ireland offers a home from home environment for US business.

Our two economies have embraced trade and internationalisation, to the benefit of the citizens of Ireland and the US. Recent years have seen challenges to the open borders approach which has fuelled our shared prosperity. Now, more than ever, our respective business communities must champion the benefits of retaining our outward focus.

At Ibec, we believe the Irish business model is built on solid foundations. It is a model of substance which benefits enormously from the mutually beneficial relationship enjoyed by Ireland and the US. We hope you find our guide helpful to your understanding of the deep and enduring relationship between our two countries.

Photo: Danny McCoy,
CEO, Ibec



Contents

Foreword	01
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Irish business in the US	04
US business in Ireland	06
Profile: Glanbia	08
Ireland's story in the US by numbers	10
Profile: Kerry Group	12
Ireland's Evolution	14
A Shared History	16
Ireland: A model of substance	20
Ireland by numbers	21
Profile: CRH	22
A gateway to Europe	24
Profile: Kingspan Group	26
The Future	28
<hr/>	
About Ibec	30

Irish business in the US

The economic relationship between Ireland and the US is a two-way story. Irish companies employ almost as many people in the US as US companies employ in Ireland. Over 500 Irish companies operate in the US in sectors as diverse as agri-food manufacturing, building materials, construction and services. These firms bring investment, good quality jobs and wages to the US. A new chapter is now being written by a generation of young entrepreneurs from Ireland who have begun in recent years to set up new businesses in the US, emphasising the mobile nature of talent between the two countries and cultural compatibility.

Facts: Irish business in the US



Some of the big-name Irish firms in the US include CRH (Oldcastle), Glanbia, Kerry Group, Kingspan, Ornuua, Greencore and Smurfit Kappa.



A new generation of Irish businesses led by Stripe is establishing companies headquartered in the US.



Irish business is the largest investor in the state of Idaho and the 3rd largest investor in Wisconsin.



Irish business has delivered an annual return on investment of 5.7% between 2012 and 2016.



There is Irish investment in every state in the US.



The tech and med-tech cluster in Boston is a major attraction for Irish indigenous start-up companies using the US as a platform to internationalise.

US business in Ireland

Ireland has acted as a strategic gateway to Europe for US companies for over a century. From the first investment of Henry Ford in Cork in 1917 to large scale present day investment in industries from pharma to medical devices to technology, corporate America has sought out Ireland as a partner to its international expansion. In turn, Ireland provides US firms with a home away from home experience including a strong pro-business environment and access to an European Union (EU) market of over 500 million people. With the Brexit process underway, the ties between the two countries are likely to deepen in the years ahead with Ireland offering an even more important strategic gateway into the EU and EMEA.

Facts: US business in Ireland



Over 650 US businesses employ 150,000 people in Ireland today, or 7% of the total workforce.



Estimates show that the activity of US companies in the Irish economy generates almost 3 jobs for every million euro spent in Ireland.



Between 2012 and 2016, the annual return on investment in Ireland by US companies averaged 12.7%.



A range of big-name US companies in Ireland operate across sectors such as bio-pharma, med-tech, ICT and financial services.



US business pay almost €7 billion in wages in Ireland.



Despite accounting for only 1% of the EU population, Ireland has an 8% share of US R&D expenditure in the EU.

Glanbia

Glanbia is a global nutrition company dedicated to providing better nutrition for every step of life's journey. The company employs over 6,900 people across 34 countries and its products are sold or distributed in over 130 countries with revenue of €2.4 billion in 2018.

The company has substantial operations in the US including production facilities in States such as Idaho, New Mexico, Illinois, South Dakota, Florida, Missouri and California. Recent investments in the US include the acquisition of California based companies thinkThin in 2015 and Amazing Grass in 2017. Glanbia also announced in 2017 its intention to establish a Joint Venture partnership to build, supply and operate a new large-scale cheese and whey production facility in Michigan.

Photo: Siobhán Talbot, Group
Managing Director, Glanbia



€7 billion

Wages paid by US firms in Ireland each year.

150,000

The number of people in Ireland directly employed by US companies.

12.7%

The average annual return on investment for US shareholders in Ireland between 2012 and 2016.



\$85 billion

Total investment by Irish companies in the US.



100,000

The number of people in the US directly employed by Irish companies.

€30 billion

The annual sales of Irish companies in the US.





Kerry Group

Kerry Group supplies 15,000 food, taste and nutrition products to customers in 140 countries around the world. Kerry began exporting dairy ingredients to the US in 1972 and opened its first overseas food ingredients manufacturing plant in Jackson, Wisconsin in 1987. Today, Kerry's US Taste & Nutrition business, headquartered in Beloit, Wisconsin, operates 40 manufacturing sites throughout the US, employing approximately 5,000 people. In 2018, revenues across the Americas amounted to 42% of the group's €6.6 billion sales.

Photo: Food Scientists
at Kerry Group's lab

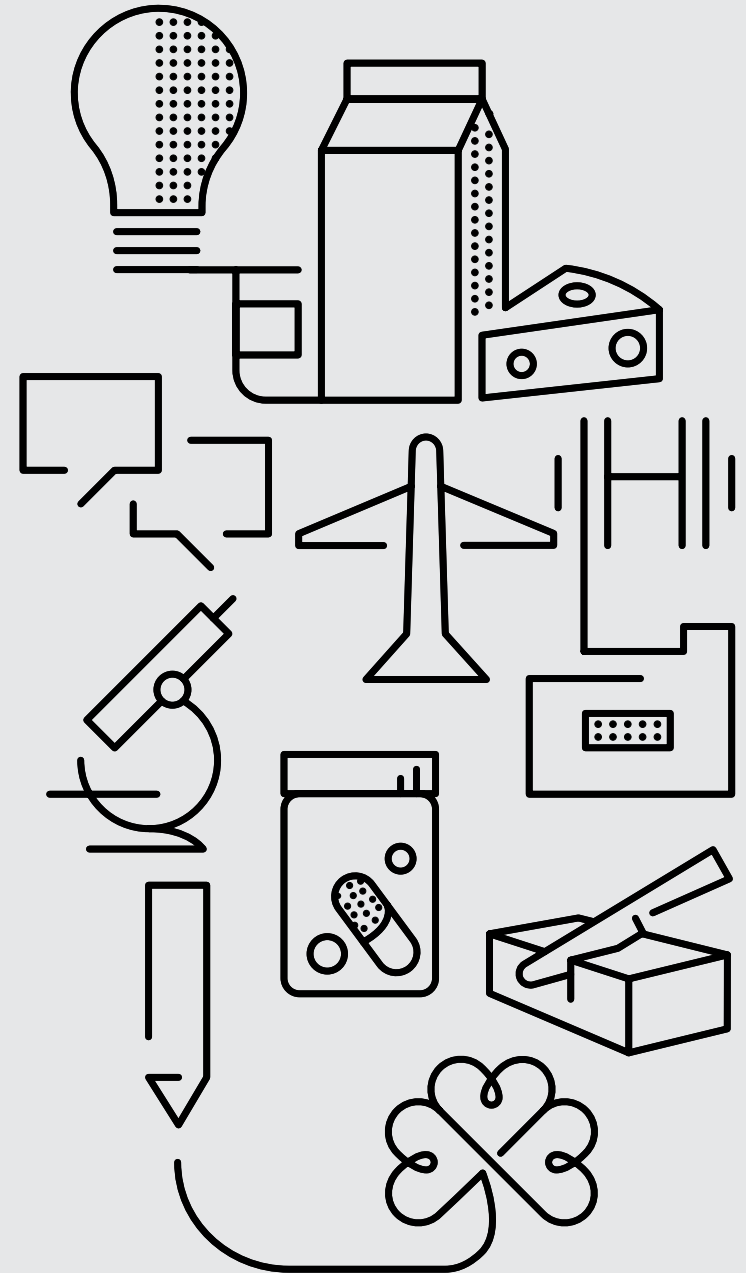
Ireland's Evolution

Ireland's green fields were once the main engine of its economy. For centuries, farm-grown foodstuffs were the country's biggest export. But in the late 20th century, the economy began to diversify and expand. Slowly at first, then with increasing speed a new economy has emerged.

This strong and successful Irish business model has evolved over many decades. Led by inspirational policy makers, who have implemented deep structural change, Ireland has transformed itself from an economic backwater into one of the world's richest and most globalised economies.

Despite recent challenges, Ireland's model of a business-friendly open economy within Europe has proved resilient, attracting high levels of inward investment from overseas.

The Irish economy has depth and diversity, from R&D to high value manufacturing operating in an environment and enterprise culture that generates indigenous firms of international scale. Set against a backdrop of favourable demographics, Ireland's business model is one of much substance and diversity.



Ireland and the US: A shared history



Ireland: A model of substance

Economies of substance have depth, diversity and years of tactical policy planning and implementation underpinning them. The Irish model is an excellent example of what drives substance and is characterized by six qualities:

Evolution: In the late 1980s, Ireland was still classified as a cohesion country in need of structural funds. A generation on, Ireland is a hub of global business and is one of Europe's fastest growing economies.

Global Footprint: Ireland is not just an inward investment story. Today, outward investment matches Foreign Direct Investment and Irish companies employ almost as many people in the USA as US companies employ in Ireland.

Full Business Lifecycle: Ireland specialises in the full lifecycle of business, from R&D to production, sales, marketing, logistics and finance. For example, Ireland manufactures one third of the world's contact lenses, three quarters of global orthopaedic knees, and 80% of stents globally.

World Class Economy: Ireland's world class economy is globally competitive in terms of human capital and research. Our proportion of non-Irish national workforce is double the EU average and twice as likely to be educated to third-level. Ireland has the EU's highest proportion of workers in high-tech manufacturing and other high technology sectors.

Global Hub: Since 1990, changes in Irish GDP growth have mirrored world GDP growth, with ease of access to global markets proving crucially important to companies operating in Ireland. Ireland is now home to all the top 10 global technology companies, 18 of the top 20 pharmaceutical companies and 18 of the top 25 medical technology companies.

Clusters: In an increasingly networked global business community seeking collaborative innovation, the proximity of leading edge sectors and talent in Ireland gives huge comparative advantage. Many of the world's biggest companies have their European Union headquarters in Ireland.

Learn more about the substance of the Irish business model at: www.ibec.ie/irishsubstance

Ireland by numbers



Six of the world's top selling pharmaceutical products are produced in Ireland.



Ireland is the largest net exporter of dairy ingredients in Europe.



Four out of every five of the world's cardiovascular stents are produced in Ireland.



Ireland has the highest number per capita of Shingo awards for operational excellence.



Ireland manages 60% of the world's leased aircraft fleet



Half of all hospital ventilators worldwide are manufactured in Ireland.



Ireland has all the top 10 global technology companies, 18 of the world's top 25 med tech companies and 18 of the world's top 20 pharma companies.



Ireland has the highest proportion of high tech exports in Europe.

CRH (Oldcastle)

CRH is one of the world's leading building materials companies, with a business that spans 31 countries and which serves all segments of construction industry demand.

For 40 years, CRH (Oldcastle) has built up its operations in the US, starting in 1978 with the acquisition of Amcor, a concrete products company based in Utah. Since then it has become the Irish company with the largest presence in the US.

Today, CRH businesses in the US have operations in 45 states. In 2018, its businesses in the Americas generated €13.38 billion in sales revenues, or 50% of group revenues.

Photo: Albert Manifold,
CEO, CRH



Ireland: A strategic gateway to Europe for US business

Ireland has a unique proposition to offer US companies and shareholders. Between 2012 and 2016, the annual return on investment in Ireland by US companies averaged 12.7%. In 2017, the European Commission ranked Ireland as the fastest growing economy in the EU with a growth rate three times the EU average.

Through EU membership and embracing globalisation, Ireland has become a hub for global trade in both goods and services. Ireland provides a strategic gateway for US companies to access over 500 million customers in the EU, with many US companies selecting Ireland as the headquarters for their EMEA operations. Key attractions for inward investment are certainty in the Irish tax code, the stability of its political institutions and world class talent.

Ireland's economy benefits from human capital enriched through immigration and Ireland has become an important platform to the wider EU labour talent pool. The non-national workforce in Ireland as a share of all workers is now double the EU average and this cohort is twice as likely to be educated to third-level. Over 7% of Ireland's workforce is in high technology sectors, almost double the EU average.

While Ireland provides direct access to much larger markets, it itself is only about the size of the US State of Maine. In an increasingly networked global business community seeking collaborative innovation, the proximity of Ireland's leading-edge sectors and talent gives it a huge comparative advantage. In Ireland, it typically takes a life science executive just an hour and a half to drive to an ICT company.

Another of Ireland's key advantages for global business is its position as a pivotal time zone with Greenwich Mean Time and its openness to high skilled immigration. It ensures Ireland manages distribution across multiple time zones and across the 24 official languages which exist in EU member states. The truly globalised nature of Ireland's economy is best illustrated by the fact that 60% of our final exports are part of global supply chains (either fully or in part processed), the highest such ratio in the world.

Today Ireland is home to all the top 10 global technology companies, 18 of the world's top 25 medical technology companies, and 18 of the world's top 20 pharmaceutical companies. Six of the world's top 10 selling pharmaceutical products are exclusively produced in Ireland. The confluence of talent across these three sectors allows for greater collaboration in research, access to cross functional skills, business links to specialist suppliers locally, and makes managing global supply chains much easier.

Ireland is not only a global hub for manufacturing and services activities but also R&D. OECD data shows that of over 40 OECD cities, Dublin attracted the 6th most inward cross-border R&D investment projects over a nine-year period between 2003 and 2011. Dublin is competing for R&D projects successfully with cities 10 times its size, such as London, Tokyo, and Paris.



Kingspan Group

“The United States is one of Kingspan’s most important markets, and as part of our strategy of international diversification we have been investing more in organic growth and acquisitions. The relatively low level of penetration of insulated panels in the US compared to Europe indicates a considerable market opportunity for Kingspan. The US is increasingly embracing technologies that help conserve energy, and there is a growing openness to hearing about how our proven solutions can help businesses to design and occupy buildings with a reduced carbon footprint.”

Gene Murtagh, CEO

The Future

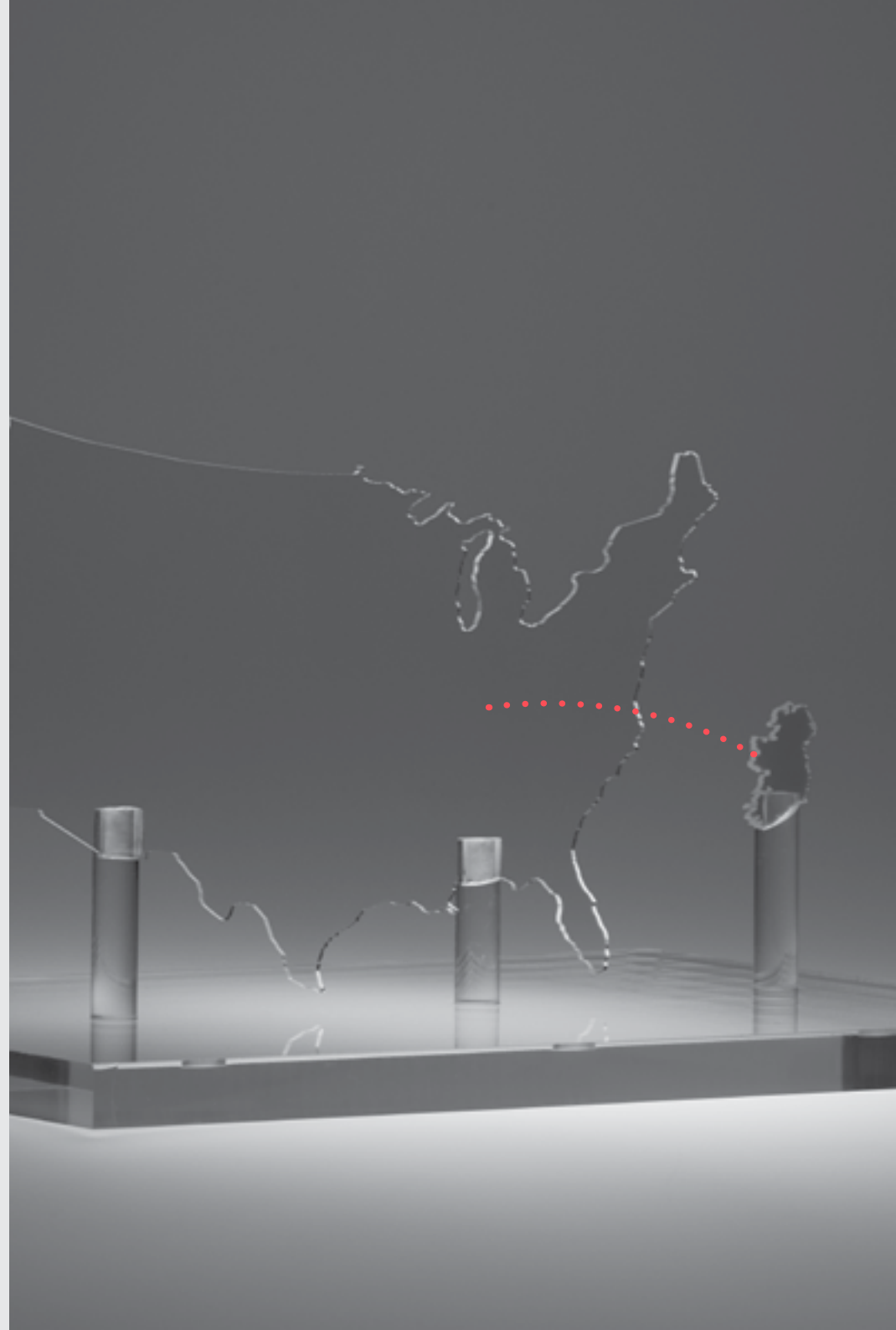
Ireland has been one of the big winners from globalisation. It is important for small countries like ours that global economies remain committed to the open policies which have benefited so many.

At Ibec, we have campaigned for an informed understanding of the evolving nature of the Irish economy as a frontier model. We support the global trend towards lower corporate taxes and the OECD BEPS initiative has strengthened Ireland's position by ensuring that companies align substance with tax strategy. But having a competitive corporate taxation regime should not be confused with the international debate surrounding tax havens. Tax havens are insubstantial, which is radically different to the modern Irish business model which is built on solid foundations.

At the centre of the Irish economic story has been a commitment to a solid, transparent and business-friendly regime, ensuring that we remain a great place to do business over the long term. In pursuit of economic progress, Ireland has found a willing partner in the shape of US business.

Looking to the future, and in the context of Brexit, it is arguable that Ireland will play an even more pivotal role for US companies seeking a presence in the EU with a knock-on impact of closer collaboration between US and Irish business groups.

With our shared history and a mutually beneficial economic relationship, Ireland and the US have in each other a dependable partner with which to take the opportunities and meet the challenges that the future brings.



About Ibec

Ibec is Ireland's largest lobby group representing Irish business both domestically and internationally. Its membership is home grown, multinational, big and small, spanning every sector of the economy. Together they employ over 70% of the private sector workforce in Ireland. Ibec and its trade associations lobby government, policy makers and other key stakeholders nationally and internationally to shape business conditions and drive economic growth. It has over 230 professional services staff in seven locations including Brussels and has 42 different trade associations in the group.

Keep in touch

Ireland: A Model of Substance highlights the foundations and characteristics of the Irish business model and explains the importance of affording small open economies the flexibility to continue to compete effectively on the world stage.

Learn more about the substance of the Irish business model at: www.ibec.ie/irishsubstance

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