



IRELAND

What's happening in this economy

Ireland has had the fastest-growing economy in Western Europe for several years. It is an affluent country with a GDP/capita of AUD 116,604 (34% higher than Australia). Its economy is modern and trade-focused, with an explicit strategy of attracting foreign direct investment in pharmaceuticals, high-tech and services sectors. A low corporate tax rate (12.5 per cent) and young highly educated workforce are key factors in the success of this strategy. As the only English-speaking, Common Law economy in the EU after Brexit, it will be an attractive base for Australian companies looking to do business in the European Union. Ireland has a well-developed innovation sector that offers opportunities for collaboration with Australia.

Brexit poses a **major risk** to the Irish economy, threatening preferential access to the UK market, and supply chains providing inputs to Irish manufacturing and services sectors (the UK is Ireland's largest European trading partner with exports of AUD 41 billion and imports of AUD \$72 billion). Agriculture and manufacturing face particular downside risks; there could be some upside in services as EU focused businesses relocate out of the UK, but such moves are already placing some pressure on Ireland's infrastructure and housing, particularly in and around Dublin.

Geo-economic trends: Brexit is forcing Ireland to diversify its approach to international commerce. It has embarked on a program to double its global footprint and has opened 10 new overseas missions in the past 15 months. It is taking an increased interest in Asia and the Pacific (including opening an Embassy in Wellington in late 2018). Ireland relies on an economy integrated across the whole of Ireland, which could face significant disruption in the event of a hard Brexit outcome. A high concentration of economic activity in and around Dublin is raising some concerns, and the government is seeking to promote alternative centres.

Demographic trends: Ireland's population at 4.9m (in 2019) is young (33% of the population is under 25) and growing (growth rate of 1.3% is 13 times the EU average). Educational standards are high, feeding foreign investment interest.

Specific market gaps and needs: Ireland has plans in place to significantly upgrade its infrastructure. This will ensure strong growth is maintained and that the economy continues to attract further FDI and talent. Opportunities in infrastructure provision in all areas (architecture, construction, consulting) create scope for collaboration with Australian firms.

FTA partner: an Australia–EU FTA is under negotiation.

Key facts and figures

- **Population:** 4.9 million (2018)
- **GDP growth:** 6.8% (2018)
- **GDP per capita:** USD 76,098 (2018)
- **Political system:** Parliamentary democracy
- **Two-way trade/key goods and services traded:** Merchandise: AU exports to IE AUD 107m, of which 47% is medicaments, 9% alcoholic beverages; IE exports to AU AUD 1,922m, of which 28% is medicaments and 21% pharma (2018). Services: AU exports to IE AUD 822m; IE exports to AU, AUD 1,405m, of which 46% is charges for the use of IP.
- **Two-way investment/major investments:** total investment AUD 37.3 bn (AU investment in IE AUD 15,467m; IE investment in AU AUD 21,813m) (2018)



Trade, investment, and commercial opportunities and activities

- Summary of Australian commercial presence in the market:
 - Commercial relations between Australia and Ireland continue to grow, with two-way goods and services trade worth AUD 4.3 billion in 2018.
 - Key Australian businesses with a significant presence in Ireland include Macquarie Group (aircraft leasing and infrastructure investment), Harvey Norman Ireland, Link Assets Group, Pepper Money, and NIB Insurance. An increasing number of small to medium-sized Australian companies are using Ireland as a base to expand their operations into Europe, the Middle East and Africa.
 - Australian business is represented in Ireland by the Irish chapter of the Irish–Australian Chamber of Commerce (IACC), which works closely with the Irish–Australian Chamber of Commerce in Australia to develop and exploit two-way trade and investment opportunities.
- Summary of major current and emerging commercial opportunities:
 - Ireland’s well-developed innovation sector offers scope for greater collaboration, particularly in areas such as agri-tech, fintech and ICT given the concentration of US market leaders in Ireland.
 - There is potential for growing Australian presence in Dublin due to Brexit.
 - The emergence of the ASX as an option for IPOs of Irish companies in recent years also holds opportunities (in 2019 Fineos was the ASX’s largest ever overseas tech listing).
- Importance of economy as a source of FDI and inwards investment needs:
 - Given the relatively small absolute size of its economy—and its distance from Australia—Ireland is a significant source of foreign investment, with a number of well-established large companies. Major Irish companies represented in Australia include Kingspan, Paddy Power (bookmaking), Glen Dimplex and Coolmore Stud (thoroughbred horses). The similar legal and cultural situations of the two countries—and the trust engendered by strong migration and kinship links—make them ideal locations for small and medium-sized enterprises venturing into international markets for the first time, with the potential to expand operations into neighbouring markets.
- Summary of major initiatives to capitalise on opportunities:
 - Joint strategic planning of the commercial relationship involving the Australian and Irish Embassies, Austrade, Irish trade, investment and tourism promotion agencies Enterprise Ireland (for Irish exporters), IDA Ireland (for Australian exporters) and Tourism Ireland.
 - major promotional events/activities:
 - annual Australia Day lunch hosted by the Irish–Australian Chamber of Commerce in Dublin
 - Australian presence at the major food festival *A Taste of West Cork*, promoting Australian culinary innovation and indigenous food products, September 2019
 - Trans-Tasman Business Circle trade and investment mission to Ireland led by Qantas CEO Alan Joyce September 2018.



connecting Australian business to the world

- Irish Ministers travel globally for St Patrick’s day (15 March), and the size of the Irish diaspora in Australia means it receives strong attention. In recent years several ministers have been accompanied on visits to Australia by business delegations.

Trade policy and negotiations

Australia–EU FTA in round five of negotiations (as of October 2019).

Multilateral elements of relevance: WTO (1995), EU (1973), GATT (1967), OECD (1961), UN (1955).

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