



South East Region

presentation to the

Joint Committee on Business, Enterprise and Innovation

IDA Ireland attendees:

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Waterford City & County Council
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Introduction

Chairperson, Committee Members,

I thank the committee for the opportunity to present this morning. I am accompanied by Ms Anne-Marie Tierney Le-Roux, Department Manager, Regional Development. The Committee has indicated that the focus of this session is on the Action Plan for Jobs 2015 – 2017: South East and its impact on the Region, as well as working together for job creation initiatives.

IDA Ireland Mandate – Foreign Direct Investment

- IDA Ireland is the Government agency responsible for attracting Foreign Direct Investment (FDI) into Ireland.
- IDA Ireland client companies created just under 19,000 (18,627) jobs on the ground during 2016 across a range of sectors, with every region of Ireland posting net gains in jobs and the result was a net increase in employment of 11,842. The strong net job creation performance is a result of a very strong pipeline of new investments and lower job losses within the employment portfolio. Losses as a percentage of the overall employment portfolio were at their lowest level in 19 years (1997). IDA Ireland has endeavored to minimise the impact of job losses through its client transformation programs.
- The number of investments secured during 2016 rose to 244 from 213 in the previous year. There were 199,877 people employed in IDA client companies at the end of 2016, the highest level in the history of the State. In addition to direct employment, IDA estimates that an additional 170,000¹ jobs are supported indirectly by IDA client companies, widening the economic spin-off. FDI employment has fed through to the overall drop in unemployment which now stands at 6.0%² nationally.

¹ The Department of Business, Enterprise and Innovation estimates that for every 10 jobs generated by FDI directly, another 8 are generated in the wider economy.

² CSO Statistical Release: November 01 2017, *Monthly Unemployment*

- Among the leading investments secured during 2016 and 2017 were investments from:
Oracle, Credit Suisse, Hubspot, Amazon, Paypal, Deutsche Bank, LinkedIn, Slack, Takeda, Microsoft, Veritas, Twilio, MSD, Metlife, Aerie, Regeneron, OPKO Health, Shire.

Global Environment for Foreign Direct Investment

- This performance was delivered against a background of unprecedented geopolitical changes, an underperforming European economy and intense competition from other jurisdictions for FDI.
- The planned exit of Britain from the European Union has led to increased interest in investing in Ireland. IDA Ireland has been engaging with companies affected by Brexit. There has been a significant focus on international financial services, but discussions have now broadened beyond that to other sectors including technology, business services, engineering and Life Sciences. All investment decisions are now made in the context of Brexit whether it is an explicit driver or not.
- Highlighting the economic impact of FDI, the Annual Business Survey of Economic Impact results for 2015 (latest data available) show;
 - IDA client exports increased by over 13% to almost €149bn.
 - Expenditure in the Irish economy grew 2.4% to €18.8bn.
 - This is made up of expenditure on payroll (€10bn), Irish services (€5.2bn), and Irish materials (€3.6bn).
 - In-house R&D Investment grew 3.4% to €1.53bn.
- 80% of corporation tax in Ireland is paid by FDI multinationals and direct employment in these multinationals now represents 10% of total employment in Ireland.

IDA Ireland Regional Strategy – Winning: FDI 2015-2019

- In February 2015, IDA announced ambitious targets to boost FDI in Ireland by over 40% as part of its new strategy *Winning: FDI 2015-2019*.

- IDA Ireland aims to win 900 individual investments, creating 80,000 new jobs in the economy over the period 2015-2019. The ambitious targets will bring total direct employment by overseas companies in Ireland to 209,000 people by 2019. This will deliver wide-ranging economic benefits for the people of Ireland. The year 2017 marked the mid-point of the implementation of the five year strategy and cumulatively over the first two years, the agency is on track to achieve its targets.
- Dublin, as our capital city and the largest metropolitan city of scale continues to win a significant share of FDI.
- A key element of the IDA Ireland strategy is a focus on increasing investment into regional locations. IDA Ireland has set a target to increase investments in all regions outside of Dublin by 30-40% while maintaining the high level of investment into Dublin over the lifetime of the strategy. This target is extremely challenging particularly given the global trend towards FDI favouring large urban centers. Despite this, IDA Ireland is making steady progress in all regions, including in the South East.
- Each region in Ireland posted jobs growth in 2016 and 52% of all jobs created by IDA clients in 2016 were based outside of Dublin. Overall, 59% of all IDA employment remains outside of Dublin.
- IDA Ireland continues to work closely in all Regions with key strategic Stakeholders through the implementation of Regional Action Plan for Jobs.
- In 2015, the Government committed €150m to IDA Ireland for its Regional Property development program. This five year program is focused on delivering a suite of Property solutions including Advanced Technology Buildings, Advanced Office Buildings, enhancing IDA's Business Parks and Strategic Site Solutions in Regional locations.

IDA Ireland South East Region – Performance Update

- Current FDI employment is 13,369 across 72 IDA Ireland client companies. 2016 was a record year for job growth in the South east with 1,202 new jobs created giving a job increase of 676 jobs. The main clusters are in Life Sciences (high value manufacturing

Pharmaceutical and Medical Devices) and Engineering, along with growing Technology and International Financial Services clusters.

- Since January 2015 to date, IDA Ireland has announced 15 investment projects with 1,500 associated Jobs in the South East Region. This represents a very strong performance for the Region and includes a mix of capital intensive, Advance Manufacturing and Global Services Projects. See **Appendix 1**.
- Key employers in the South East include: State Street (Kilkenny), MSD (Carlow & Clonmel), Autolaunch (Carlow), Lake Region Medical (Wexford), BNY Mellon (Wexford), Sanofi Genzyme (Waterford), GSK (Dungarvan), Bausch + Lomb (Waterford), Boston Scientific (Clonmel), Pinewood Laboratories (Clonmel) & Sun Life (Waterford), Clearstream (Wexford) and Unum (Carlow).
- Significantly the unemployment rate in the South East has been reducing year on year, since September 2011 when it was at 23%, compared to its current level of 8.2% (Sept. 2017).
Source: Central Statistics Office).
- The Life Sciences cluster in the region has seen recent growth including investments by MSD, Bausch & Lomb [Valeant], Waters Corporation, Eurofins, OPKO, and West Pharmaceuticals. The wider ecosystem stretches from Tipperary South (including companies such as Abbott, Boston Scientific, Amneal and Pinewood) to Waterford (including companies such as Sanofi, West, Teva, Nypro as well as GSK in Dungarvan) and up to Carlow (with MSD).
- In addition IDA Ireland is winning an increased number of services related projects, in particular in Financial Services and Technology eg: Bluefin Payments, Red Hat, Agora etc

IDA Ireland – Regional Investment Focus 2018+

- IDA Ireland is actively positioning the Region for Advanced Manufacturing and Global Services investments.
- Manufacturing and Advanced Manufacturing will remain a core activity in the South East Region across a range of sectors, in particular in Life Sciences and Engineering.

- We continue to work with, and transform our existing base of client companies in Life Sciences, Medtech, Engineering, Technology and Financial Services.
- IDA Ireland is actively positioning the Region for both Homeworking and Second Sites. Companies are looking to Homeworking/Remote Working in the search for Talent, and in their efforts to retain talent. IDA is showcasing this value proposition as a strategic initiative to attract companies into the South East. The Second Site Value Proposition for the South East is strong and includes quality of life, lower cost locations (commercial, residential, childcare, general cost of living) and shorter commute distances and times.
- IDA Ireland also owns and manages a number of Business & Technology parks in the Region to include the Waterford Industrial Estate which houses a number of large IDA client companies as well as strategic sites at Belview (home to Glanbia) as well as the Butlerstown site in Waterford, IDA Business & Technology Park, Kilkenny, the IDA Business & Technology Park at Sinnottstown in Wexford and a land bank at Balingarane, Clonmel, Co Tipperary.
- The first Advanced Technology Building in Waterford was completed and occupied in 2016 by Opko Pharma. A second Advanced Technology Building (Manufacturing) for Waterford is at planning stage. IDA Ireland is also currently carrying out due diligence for the construction of an Advanced Office Building for Carlow.
- IDA Ireland works closely with various stakeholders including the private sector to secure the provision of appropriate and cost effective property solutions suitable for FDI clients. In this context IDA Ireland is currently marketing various private sector property solutions across the Region.

South East Region – IDA Ireland Action Plan for Jobs

- The Government launched the South East Action Plan for Jobs on the 7th September 2015. IDA Ireland has actively led and contributed to the Action Plan for Jobs in the South East. The South East Action Plan for Jobs has led to greater and continued collaboration between key Regional Stakeholders in the South East Region and we look forward to this co-operation continuing into the future.

- IDA Ireland was the Lead Agency responsible for a total of 15 key strategic actions in the Region which have now been fully completed.
- The development of an Advanced Technology Building for Waterford was a key action delivered by IDA Ireland under the South East Action Plan for Jobs. The Advance Technology Building (Manufacturing) at IDA Business & Technology Park, Butlerstown, Waterford has been constructed and subsequently acquired by Miami headquartered company Opko Health Inc.

Conclusion

- FDI in Ireland has clearly seen a very strong performance in 2016 and into 2017. However, ongoing global political and economic uncertainty will continue to affect investor confidence. In the 68 years since IDA was first established, competition from other countries and individual cities for foreign investment has never been as strong.
- The FDI client base in the South East Region is providing valuable employment within the South East Region and continues to grow and transform as part of the wider enterprise ecosystem.
- I would like to confirm IDA Ireland's commitment to the South East Region, and to the continued delivery of our Regional Strategy. IDA Ireland remains committed to the implementation of the Regional Action Plan for Jobs.
- I would like to acknowledge the support and assistance of our FDI client companies, Enterprise Ireland and their client companies, the Institutes of Technology in Carlow and Waterford, the five Local Authorities in the Region and all key strategic stakeholders who assist IDA Ireland in positioning the South East Region for Foreign Direct Investment.

Appendix 1

Company announcements in the South East Region IDA Strategy 2015 -2017 include:

Bausch + Lomb (parent: Valeant Pharmaceuticals International) a leading global eye health company, officially opened an €85 million extension at the company's Waterford site in July 2017 creating 125 additional jobs.

MSD announcing 120 new roles in Carlow as part of its 330 new job, €280 million investment in Ireland over the next three years.

West Pharmaceutical Services: announced 150 roles, €100m investment with production to commence early 2018 in Waterford

Agora Publishing: a group of global publishing companies publishing establishing a multilingual contact centre and a technology services centre in Portlaw, Co. Waterford, adding 100 new jobs

se2 increasing its existing team of 70 with an additional 65 roles in IDA Business & Technology Park, Waterford.

Lighthouse Studios Mercury Filmworks (Canada) joined forces with acclaimed Kilkenny-based animation studio Cartoon Saloon to create 140 new jobs

Red Hat February 2017: the world's leading provider of open source solutions announced investment of €12.7M creating up to 60 jobs in Waterford.

Compar AG robotics provider to created 15 new jobs as it establishes a new Engineering Development and Sales Centre in Waterford.

RouteMatch Software announced the expansion of their R&D team in Waterford with an additional 25 jobs

Eurofins Lancaster Laboratories: expansion of its Dungarvan with 160 new jobs.

OPKO Health Inc. announced 200 highly skilled jobs through expanding the EirGen Pharma facility and locating in the IDA's newly built Advance Technology Building (ATB).

Bluefin Payment Systems establishing a Technology & Operations Centre in Waterford city with the creation of 40 new jobs.

CipherTechs, Inc establishment of its EMEA Headquarters in Kilkenny, creating 36 new jobs

Anneal Pharmaceuticals LLC R&D and production facility in Cashel, Co Tipperary to facilitate approx. 250 employees over the coming years.