

Submission to the Joint Committee on Finance, Public Expenditure and Reform by the American Chamber of Commerce Ireland on the following topic: *'EU State Aid Rules - investigation into preferential tax rulings involving Apple Inc. in Ireland, published by the European Commission on 30 August 2016.'*

The American Chamber of Commerce Ireland is a non-partisan, not-for-profit membership organisation. Our members consist of the Irish-based operations of US businesses and Irish companies with operation in the United States. The Chamber's mission is to promote policies that enhance Ireland's competitiveness as the location of choice for US business investment into Europe. We also help deepen the two-way business relationship between Ireland and the United States.

The Chamber's representations are based on credible evidence and appropriate consultation to reflect the views of the wide spectrum of our membership. Our advocacy work is carried out in compliance with the Regulation of Lobbying Act 2015.

Ireland has established its reputation as a unique transatlantic gateway for US business Investment into Europe and an attractive destination for US firms whose nature and outlook will always be global. Ireland's global reputation as a centre of excellence for information and communications technology, biotechnology, pharmaceuticals, medical technologies and financial services is greatly underpinned by US business investment.

Today, 150,000 people are directly employed in over 700 US firms located in Ireland, accounting for over 74% of all employment supported by the Industrial Development Authority of Ireland (IDA). According to figures from the U.S. Bureau of Economic Analysis (BEA), Ireland's share of US investment stock in Europe was 11.6% in 2015. US firms have invested nearly \$280 billion in Ireland since 2008—more than double the cumulative investment in all the BRICs (Brazil, Russia, India and China).

US firms contribute €13bn in expenditure to the Irish economy in terms of payrolls, goods and services employed in their operations. IDA Ireland won over 240 overseas investments in 2016, creating almost 19,000 new jobs. IDA estimates that for every 10 jobs generated by Foreign Direct Investment (FDI) directly, another 7 are generated in the wider economy. US firms remain the largest source of new investment into Ireland in 2016 and the latest figures show US firms exported in excess of €100bn of products and services from Ireland into world markets.

Ireland is among the most successful nations in the world in encouraging the development of high-value-added clusters of enterprise in advanced manufacturing and global business services in industries like data electronics, computer software, medical and healthcare technologies and finance, among many other sectors of importance. In parallel, the American Chamber has supported our member companies as they transformed themselves over the decades of successfully operating from their Irish base - growing their operations, moving up the value chain, innovating and continuously striving to produce world class products and services.

The American Chamber's priority is that Ireland remains a unique transatlantic trade and investment gateway and a location of choice for US inward investment to Europe. Ireland's attractiveness is multivariate. In addition to the nation's competitive and transparent taxation environment we add: a robust and respected legal framework; a strong tradition of political stability; the availability of talent; and an attractive innovation ecosystem of proven capacity. Ireland's membership of the European Union—still the wealthiest and largest economic bloc in the world - and Ireland's appeal to investors is readily apparent.

The Chamber believes that an internationally competitive and certain tax policy is a necessary part of Ireland's FDI offering. Ireland has successfully transformed its economy thanks to key pillars of tax policy including the certainty, transparency and universal applicability of its tax code to all tax payers. That certainty has created an investment relationship with the US that is remarkably resilient. For example, in the five very tough years for Ireland from 2008 to 2012, US business investment in Ireland exceeded the previous 60 years. That is down to our hard-earned reputation for certainty

Ireland is fortunate to have a robust and independent Revenue authority that is recognised as operating to the highest international standards. It implements a rules-based tax code legislated for in a transparent manner. In addition, Ireland holds taxation agreements with 72 other countries and over 20 Tax Information Exchange Agreements. The Chamber welcomes Ireland's commitment and leadership in implementing the OECD's BEPS tax reform proposals, which are the first major overhaul of global tax rules in nearly a century.

The Government's challenge to the State Aid ruling given by the European Commission is important to confirm the certainty of Ireland's policy and administration. Ireland simply cannot afford to have its tax policy and administration second-guessed in a retrospective fashion – as businesses, US or otherwise, cannot make well-informed investment decisions in such an environment.

The integrity of our institutions is absolutely vital here - for this country's reputation as a great place to create world-class operations and conduct business, for maintaining growth in our economy, for the continued delivery of high quality jobs and for continuing to attract top US businesses to Ireland.

Ireland and the EU as a region must focus on competitiveness and jobs as a first priority. We have never seen the competition for investment from other regions of the world as intense as it is today. Ireland must constantly benchmark itself against the countries that currently compete for inward investment and those that are getting ready to join that contest. In that competition, Ireland cannot afford to be second-guessed about any aspect of our taxation regime.

The American Chamber of Commerce Ireland will continue to promote policies to position Ireland as the location of choice for US business investment into Europe, grow employment and help deepen the two-way business relationship between Ireland and the United States.