

Ireland has become a mecca for U.S. tech companies. Can Trump lure them home?

By Simon Roughneen

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Every time President Trump rails against big “pharma” over jobs that have been shipped overseas, his pledge to streamline regulations and lower taxes to lure them back to the U.S. prompts a grim response on the other side of the Atlantic.

More than 50,000 people are employed with pharmaceutical and medical device enterprises here in Ireland, most of them working for U.S. companies.

Baxter, a medical equipment manufacturer based in Deerfield, Ill., employs about 1,000 people in Ireland. Pfizer, Boston Scientific and Johnson & Johnson all have substantial Irish operations. Dublin’s Silicon Docks neighborhood earned its nickname after Facebook, Google, Twitter and other U.S. tech companies set up in glossy offices close to the River Liffey.

They are among an estimated 700 U.S. companies which, attracted by Ireland’s low corporate tax rate and English-speaking workforce, have helped drive a multinational invasion on the Emerald Isle that once turned it into the “Celtic Tiger” of Europe.

Trump’s threat to inspire a full-scale retreat has shaken Ireland almost as much as the neighboring United Kingdom’s plan to withdraw from the European Union.

“Any action, or threat of action against those companies by the incoming U.S. administration is a threat to our industrial policy,” opposition Parliament member Niall Collins warned recently.

After Ireland's economy was eviscerated by a property and banking collapse in 2008, retaining foreign investment and promoting exports were central to the country’s subsequent recovery, which in 2014 saw Ireland regain its position as the fastest-growing in the EU.

Cumulative U.S. investment in Ireland by 2014 amounted to more than \$300 billion, about a third more than Ireland's entire GDP.

A country historically known for exporting legions of workers around the world to escape poverty has achieved a renaissance in the 21st century, much of it attributable to the very kind of tax strategy Trump has often touted: lowering its basic corporate income tax rate to 12.5%.

Ireland's economy grew by more than 26.3% in 2015, a figure the [Central Statistics Office](#) called "unprecedented" among economies of the Organization for Economic Cooperation and Development, which includes much of Europe, as well as North America, Chile, Japan and Israel. That extraordinary number has since been recalculated—the first nine months of 2016 are at about 4.8%—but the dynamics have not.

"What our members say to us is that Ireland is a key strategic element in the global competitiveness of U.S. firms," Mark Redmond, CEO of the American Chamber of Commerce Ireland, said in an interview. "Not just as a market gateway, but as a location to tap into European talent, service Europe-Asia time zones and leverage ... management, supply chain and innovation capabilities."

Unsurprisingly, the 26.3% growth tally raised eyebrows abroad, adding to scrutiny of Ireland's investment and tax policies. In April 2016, Pfizer was forced by U.S. Treasury rule changes to cancel a so-called inversion deal with Allergan, an Irish-based counterpart. The proposed \$160-billion partnership prompted anger among U.S. lawmakers as it would have allowed Pfizer to cut its tax bill by about \$1 billion a year by domiciling in Ireland.

Later last year, the EU ruled that Apple, which in 1980 opened an office in Ireland and now employs 5,000 people, must pay \$13 billion in taxes that Brussels said it had sidestepped as part of a deal with Dublin. Apple CEO Tim Cook denounced the ruling as "political garbage," while a tersely worded Irish Finance Ministry statement claimed "Ireland did not give favourable tax treatment to Apple."

Now in another possible problem for Ireland, Trump has told business leaders he might favor cutting the U.S. corporate income tax from the current 35% to about 20%. Further, he is pushing a 20% border adjustment tax that would force companies to pay taxes on where they sell their goods, rather than where their company is domiciled. Taken together, some in Ireland are worrying that U.S. multinationals may be tempted to reconsider low tax bases abroad.

"Investment may well drop," said Stephen Kinsella, economics lecturer at the University of Limerick, though many analysts say a mass exodus is unlikely.

"The U.S. market is too small," said Joseph Quinlan, a Wall Street economist who wrote a study on the [U.S.-Ireland economic relationship](#). Regardless of the policies of the Trump administration, he said, "U.S. corporations will still need the rest of the world."

Ireland is banking on U.S. companies needing a European base even if Trump cuts taxes—with access to the EU market—population 508 million—as a key inducement.

However, the EU will soon shed its second-biggest economy. Since the U.K. voted to leave in June 2016, a plummeting British pound has made Ireland's euro-denominated sales to its nearest neighbor more expensive, threatening \$42 billion of Irish exports to its former colonial overlord. With Ireland remaining in the EU, "Brexit" will probably mean tariffs between Ireland and the U.K. and could undermine Ireland's credentials as a gateway to Europe.

Yet there could also be an upside to Brexit: Ireland will be the largest English-speaking EU member-state once the British depart. “With Brexit looming, Ireland could become an even more attractive destination,” said Simon McKeever, head of the Irish Exporters Association.

That prospect is diluting concerns about Trump’s anti-globalization rhetoric in Ireland, where, after all, Trump has invested, as has Commerce nominee Wilbur Ross, who talked up Ireland’s economy even during the grim years after the 2008 crash.

At Doonbeg on Ireland’s sublimely scenic west coast, a Trump-branded golf course and hotel overlook about a mile and a half of beach and crashing Atlantic waves. Despite the worry Trump’s rhetoric sparks elsewhere in Ireland, he’s popular in this tiny ocean-side village, also the home of one of Vice President Mike Pence’s great-grandmothers.

“Our politicians didn’t do much about getting factories [here], but [Trump] has created a lot of employment,” said Senan McCarthy, owner of Doonbeg’s Danubio Bed and Breakfast, which takes in spillover guests attending lavish weddings at the nearby Trump resort.

They do a decent business. After all, rooms at the resort up the road start at \$200 a night.