



Challenging times for FDI: What's next for Ireland?

EY Ireland Attractiveness Survey

June 2025

EY

Shape the future
with confidence

June 2025

Contents

Overview

CHAPTER 1



Review

CHAPTER 2



Preview

CHAPTER 3



Actions

CHAPTER 4



Contact us

CHAPTER 01

OVERVIEW

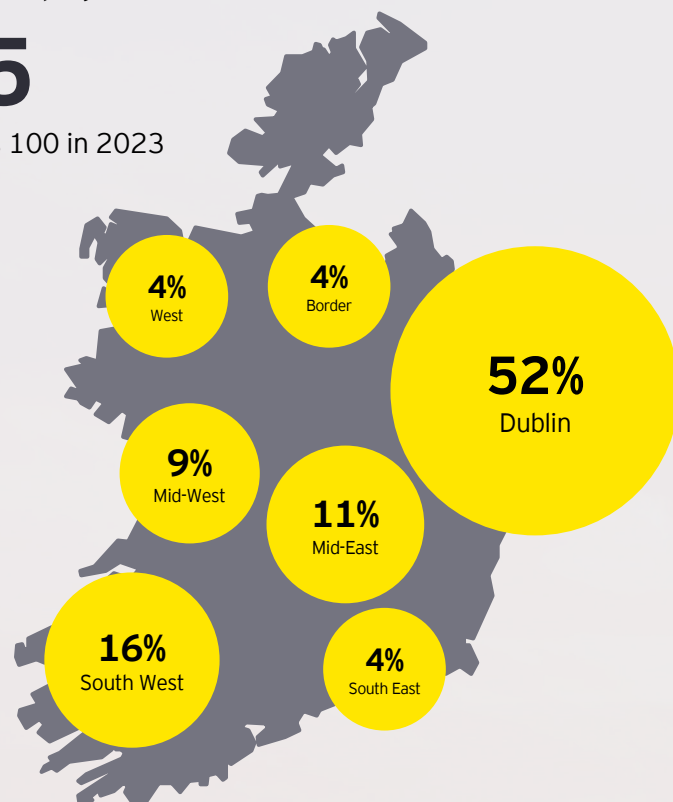
Executive summary

Reviewing last year

2024 FDI project count

75

versus 100 in 2023

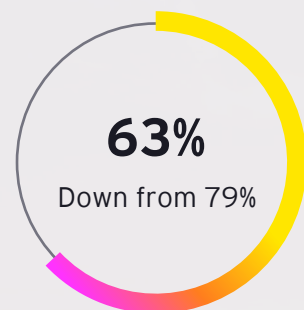


European ranking

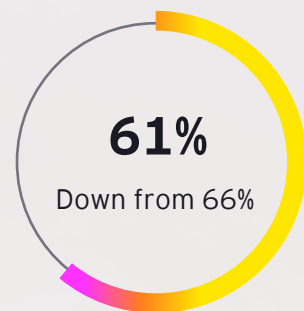
17th

11th in 2023

Previewing coming years



Planning to establish or expand operations in Ireland in the next year



Think Ireland's attractiveness will increase over the next three years

Dublin

7th

Same as in 2024

Place in European city league table

Taking action

Policy areas for Ireland to focus on

Cost of doing business

Infrastructure

Skills

R&D incentives

Strategic industries

Digital innovation

Assessing Ireland's FDI performance



Feargal De Freine

Assurance Partner and Head of
FDI, EY Ireland

EY's European Investment Monitor has, for many years, tracked Foreign Direct Investment (FDI) projects resulting in the creation or expansion of facilities and jobs. The findings of our research for Europe, and for Ireland, in 2024 are sobering.

FDI in Europe fell for a second consecutive year, reaching a nine year low. In 2024, there were 5% fewer projects than in 2023, and 16% less than the pre-COVID-19 level. The number of projects announced by US investors in Europe was down 11% compared to 2023 and 24% compared to 2022.

Against this backdrop, how did Ireland perform? The data show that not only is Ireland winning fewer cross-border projects than in the past, but that its share of the European FDI market is also declining. Ireland's ranking in the European league table has dropped from 10th place in 2021, to 17th out of 45 countries in 2024. There were 75 projects in 2024, half the amount recorded in 2021.

Raw numbers alone don't tell the full story. We also need to understand the origin, sector, and nature of investments. And cross-border investment decision-making has never been as complex. Geopolitical tension and conflict, shifting trade policies, rapid technological change, global tax reform, diverging regulatory frameworks, and dynamic domestic industrial policies are all in the minds of investors.

In addition to measuring the number of projects, we asked international decision-makers what they think - about what makes a location attractive, about Ireland's investment proposition, and about their future intentions.

This report uses the rich combination of project data and investor sentiment to tell the story of Ireland's recent FDI performance and to suggest what the future holds.



Dr Loretta O'Sullivan

Partner and Chief Economist,
EY Ireland

Origin of FDI

Traditionally, Ireland has sourced three out of every five inbound investment projects from the US. This share has proven to be remarkably consistent over recent years. The transatlantic trading relationship is deep and two-way, and will continue to be central to the economic success of both countries. However, the decline in US-originated projects into Europe (down 36% since 2019) has had a disproportionately higher impact on Ireland than on other countries in the region. This trend pre-dates the current US administration and is one that policymakers should pay attention to.

Competitor countries - in Europe and beyond

The global competition for cross-border investment has never been as fierce. Other countries have learned from Ireland's historical success and are formidable competitors. The dimensions of competition range from industrial policy interventions (subsidies, grants, and other incentives) through to cost competitiveness, talent, and regulatory frameworks. Ireland's investment value proposition must be clear and focused to secure the next wave of projects in priority sectors and activities. Unsurprisingly, the sectors that are in focus for policymakers here - Digitalisation and AI, Semiconductors, Sustainability, and Health - are also being targeted by other countries.

Sectoral performance

Investors in a given industry often follow each other, creating sectoral clusters. These in turn act as a magnet for new projects, drawn by the availability of talent, infrastructure and supporting ecosystems. The 2024 data show that in sectors where Ireland has long excelled, such as pharmaceuticals and finance, its ranking in Europe is markedly better than its overall standing.

The nature of projects

The nature of investment projects is an important factor in assessing FDI performance. For example, the number of research and development (R&D) projects into Ireland increased in 2024 compared to 2023, accounting for 25% of the total (up from 18% in 2023 and 13% in 2022). This points to Ireland as a knowledge economy, comfortable with fostering innovation, and is reflective of a strong R&D tax credit regime.

Sentiment - what do global investors think?

In our annual survey, we ask two anchoring questions to provide a measure of investor confidence over time. 150 international decision-makers participated in the 2025 research, which was conducted between 28th February and 18th March, before the US administration's tariff announcement on 2nd April.

In response to the first anchor question, 61% of respondents believe Ireland's attractiveness will increase over the next three years, down from 66% twelve months ago. Interestingly, exactly the same percentage of respondents to our European survey anticipate an increase in Europe's future attractiveness. This suggests that investors are optimistic about Ireland, but that Ireland's appeal is not particularly distinctive.

To the second anchor question, 63% of investors said they plan to establish or expand operations in Ireland over the next year. While this appears positive, and is marginally higher than the European figure of 59%, it does represent a marked decrease from 79% twelve months ago (72% in Europe).

Layering this more muted outlook on top of developing geopolitical and trade uncertainties, we think 2025 could prove a challenging year for FDI.

Policy imperatives

Some challenges are outside of Ireland's control, while others can be addressed domestically or through our active engagement in areas of competence for the EU. Investors cited cost competitiveness as the primary risk to Ireland's future attractiveness. This finding lends weight to policy recommendations from the National Competitiveness and Productivity Council and other stakeholders. While Ireland is not a low-cost base for global companies, active management of the cost-value balance is crucial. Other risks highlighted by investors include regulation and incentives offered by other regions. Ensuring Ireland's voice is heard in Brussels remains of paramount importance in mitigating against these.

The bigger picture

Although the flow of new projects is closely monitored, it is only a partial measure. For countries with a mature and scaled FDI sector like Ireland, sustaining existing investment is just as important as attracting greenfield investment. This is hinted at in the name of IDA Ireland's five-year strategy for 2025-2029, "Adapt Intelligently: A Strategy for Sustainable Growth and Innovation". Sustaining the current base requires more than maintaining the status quo. Irish-based operations of multinational parents need to demonstrate consistently their contribution to value creation, which requires ongoing transformation through digitalisation, upskilling and movement up the value chain.

That said, a pipeline of new name investors is essential to the longer-term health of the FDI sector. Encouragingly, 57% of investments into Ireland in 2024 were classified as "new" (as opposed to "expansion") projects, up from 41% in 2023.

While our research does not measure withdrawals, closures or retrenchments, it is notable that employment in companies supported by IDA Ireland has been around the 300,000 mark for the past few years, signalling stability and embeddedness.

Integrated ecosystem and clarity of direction

One of Ireland's intangible assets in the FDI arena is the strong linkage that exists between government, the investment promotion agencies (IDA Ireland and Enterprise Ireland), business, academia, and other stakeholders. This is manifest in different ways, from strong business associations, collaborations between industry and universities, to national strategies such as "Silicon Island" (Ireland's national Semiconductor strategy, published in May 2025) and "AI - Here for good" (Ireland's national AI strategy, refreshed in 2024). We believe that all sectors of strategic importance, e.g. Life Sciences, should have clear national strategies that reflect the voice of stakeholders and recognise interlocking dependencies. It is a truism that investors value consistency, stability and clarity of policy direction - one of Ireland's enduring advantages has been its ability to tell this story with conviction. This must continue.

Final thoughts

The pipeline of projects slowed in 2024, and investor sentiment is more subdued than twelve months ago. At the same time, we see continued strength in sectors where Ireland is strong, in R&D investments, and in the profile of "new" versus "expansion" projects.

International decision-makers have a clear perspective on the risks to Ireland's future attractiveness. Managing those within national competence, influencing those at EU level, and monitoring those that are global in nature, will be critical for all stakeholders. Clarity around Ireland's proposition to overseas investors has never been as important.

Concluding on a brighter note, one of the benefits of a strong FDI sector is that it provides indigenous Irish businesses with access to talent and a sophisticated customer base. Our research shows that notwithstanding the decline in cross-border investment in Europe (down 10% in the past two years), cross-border projects originating in Ireland are up 43% in the same period. No other country in Europe shows such strong growth in project origination.

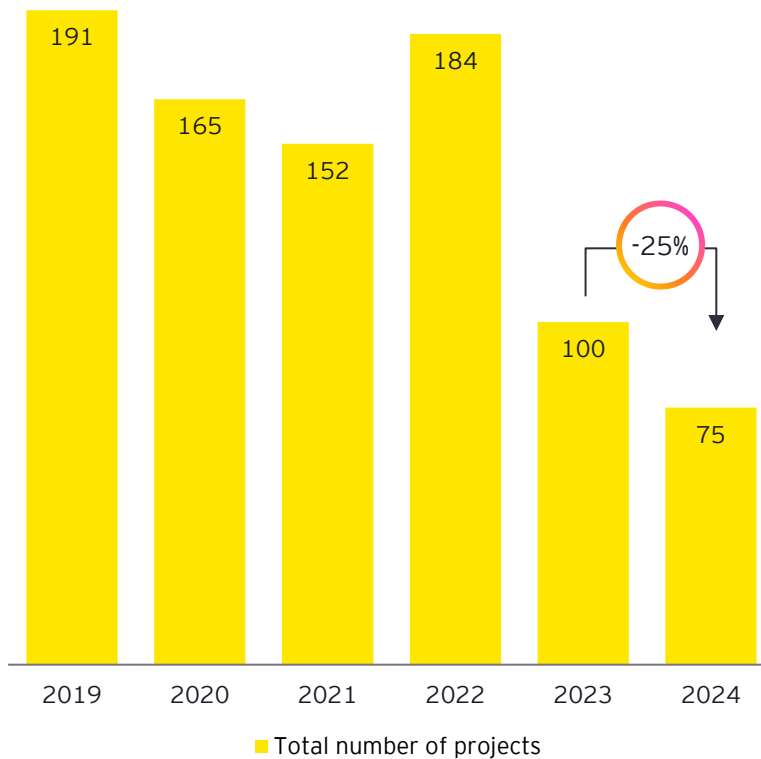
CHAPTER 02 REVIEW

Tough going in 2024

FDI announcements slow

Ireland attracted 75 FDI projects in 2024. With almost half of these in locations outside of Dublin, regional development was strong. The overall number of investments was 25% lower than in 2023 however, and 59% below the 2022 count.

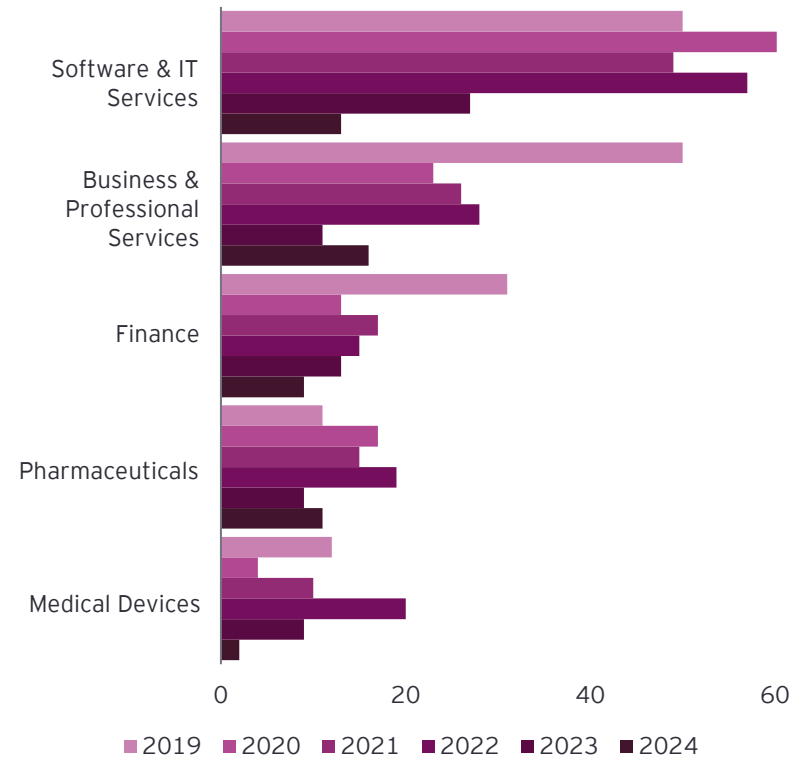
Ireland's FDI performance



Mixed picture across sectors

Quite a few sectors disappointed last year, particularly Software & IT Services. Business & Professional Services and Pharmaceuticals showed signs of recovery though, and a quarter of investment wins were in the R&D space which is encouraging.

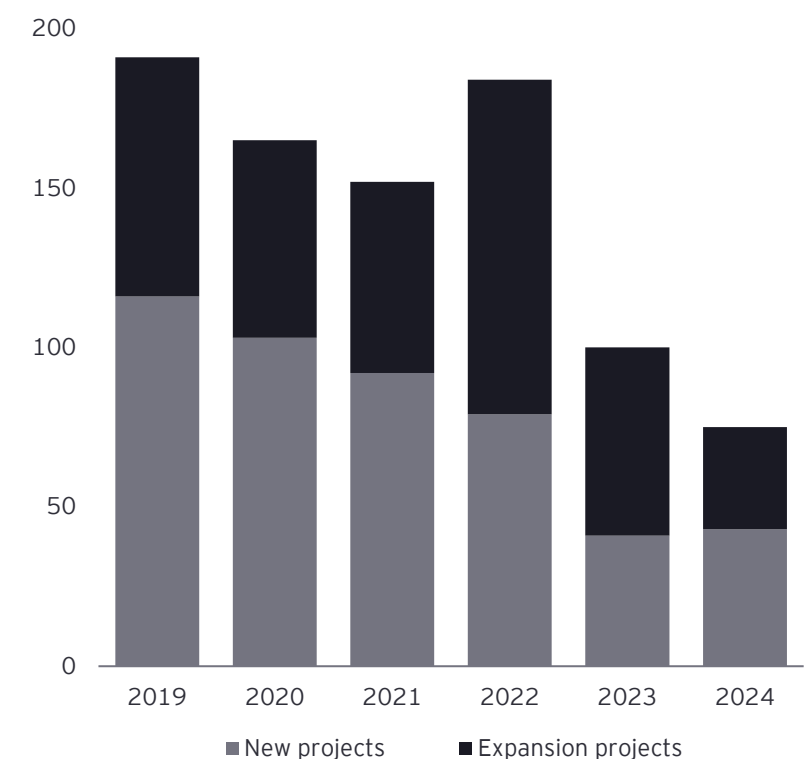
Project count in key Irish sectors



New projects retake the lead

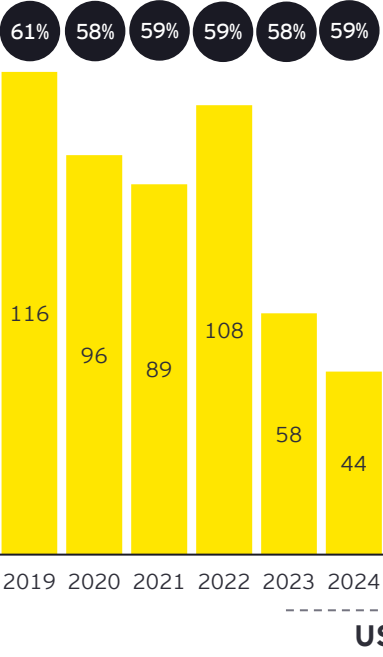
While expansion projects fell for a second consecutive year in 2024, there was a welcome stabilisation in greenfield projects. This was the first time since 2021 that new investments outnumbered additions to existing Irish facilities.

Nature of investment into Ireland

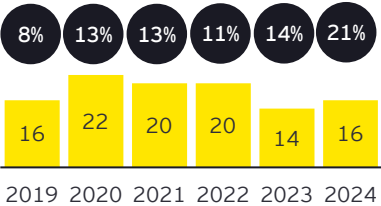


US still the main source of investment

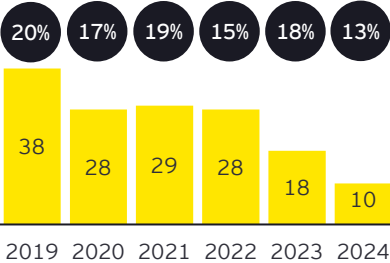
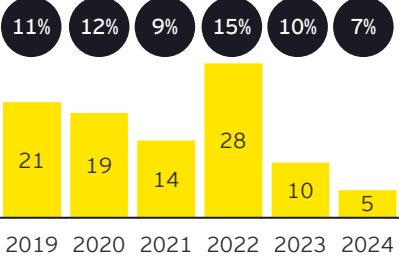
FDI into Ireland by country of origin



EU



Other

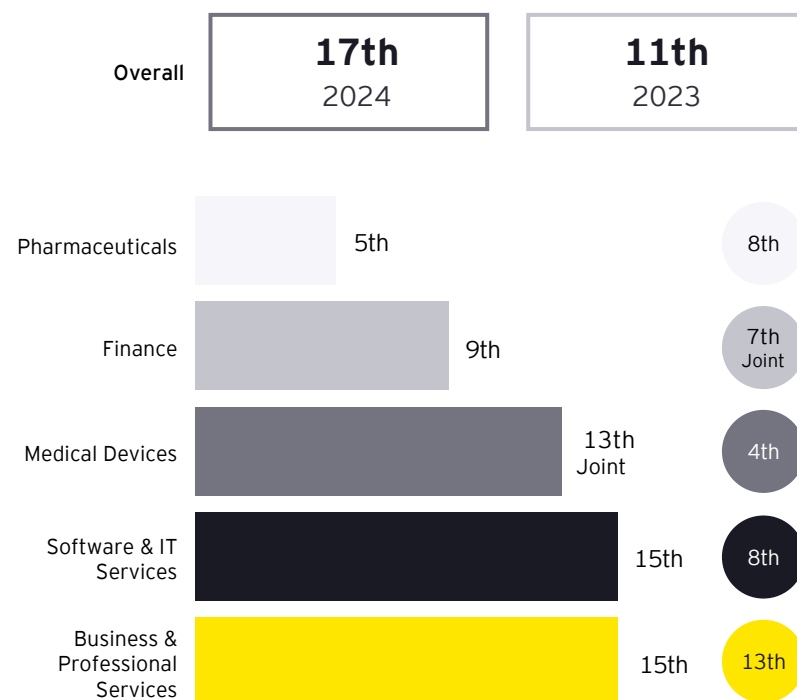


UK

Comparative performance slips

Ireland placed 17th on the league table of most desirable investment destinations in Europe in 2024, down from 11th in 2023. But it remained in the top 10 for Finance and moved into the top 5 for Pharmaceuticals.

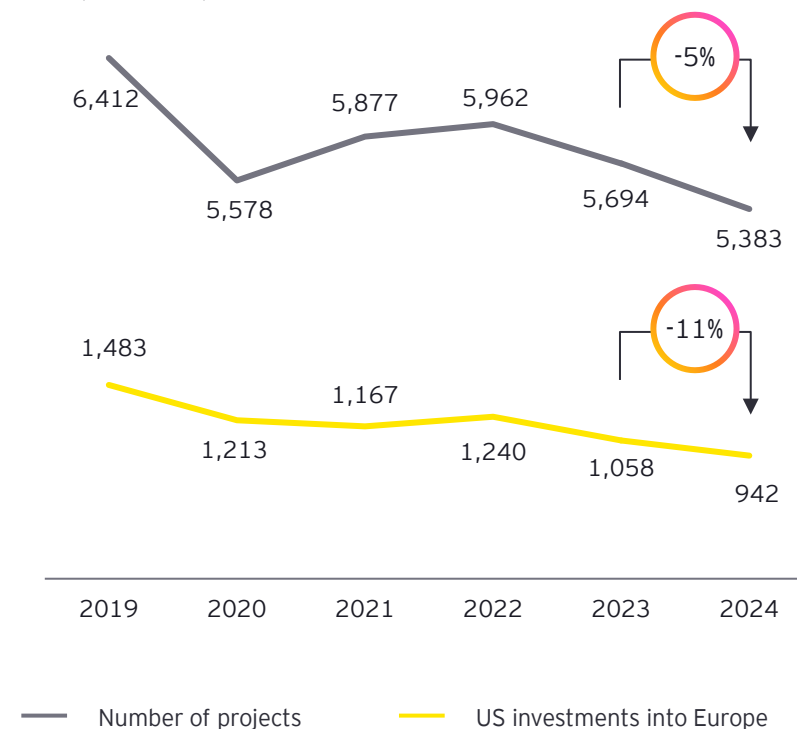
Ireland's European rank



Europe also loses momentum

FDI at European level softened last year too amid sluggish economic growth in many countries and competitiveness concerns. Investment from the US was markedly down, hitting Ireland especially hard as 3 in 5 projects originated state-side.

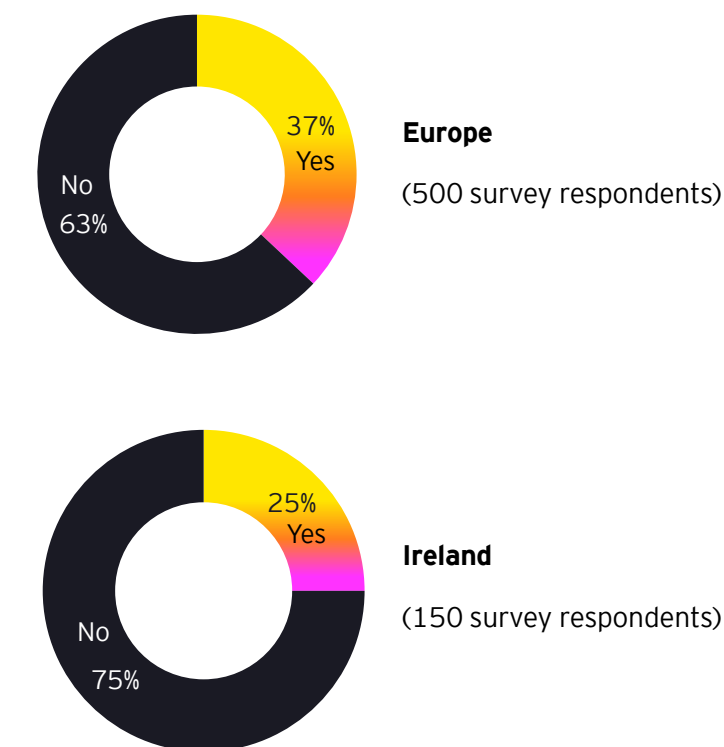
Europe's FDI performance



Uncertainty disrupting plans

2024 was marred by geopolitical and trade tensions and was also a big election year globally. Uncertainty interferes with the business cycle and prompted some international investors to delay, scale back or cancel plans in the past 12 months.

Changes to investment plans



CHAPTER 03

PREVIEW

2025 could be tougher

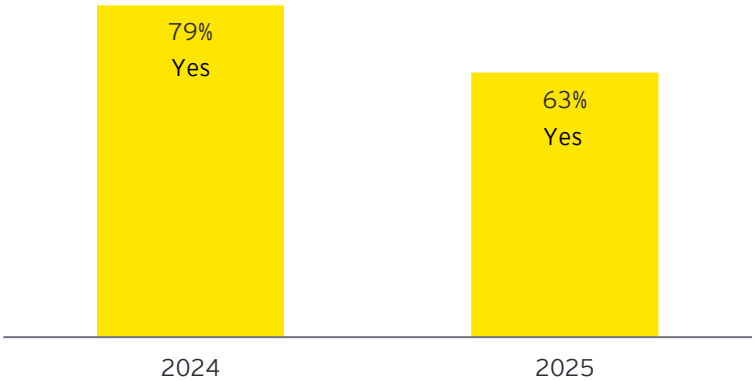
Looking forward, 63% of international investors are planning to establish new or expand existing facilities in Ireland over the next 12 months. While this represents a large portion, it is down 16 percentage points from our previous survey. Respondents were also more circumspect about the country's medium-term attractiveness this time out, with 61% expecting improvements in the coming three years, compared to 66% a year ago.

Optimising operations and supply chains, access to skills, tax considerations, and opportunities presented by new technologies are key reasons overseas companies intend to grow their footprint here.

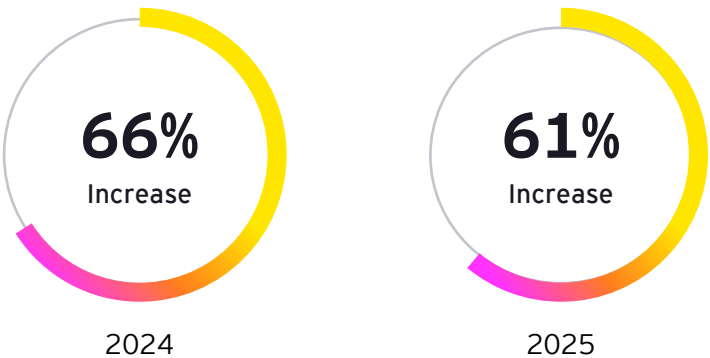
But our research points to several risks to Ireland's investment prospects for 2025 and beyond, including the rising cost of doing business and infrastructure constraints in areas like energy, transport and housing. These highlight the need for a domestic policy focus on reducing red tape and delivering public capital projects.

Developments elsewhere matter too. The global landscape has materially changed over the past few years, with increased protectionism and the re-emergence of interventionist industrial policy. As competition for FDI has intensified, Ireland has taken steps to enhance its R&D tax credit. A review of the existing 30% offering is currently underway, which is timely given that one in five survey respondents say better incentives are available in other jurisdictions.

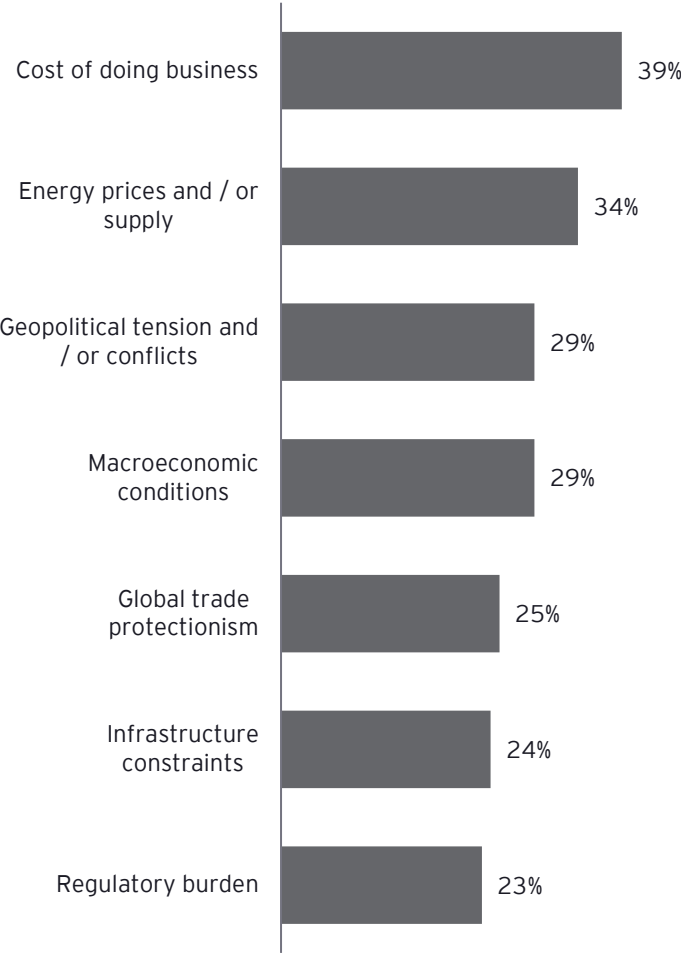
Does your company have plans to establish or expand operations in Ireland over the next year?



How do you expect Ireland's attractiveness to evolve over the next three years?



What are the main risks affecting Ireland's future attractiveness? (Rank up to 3)



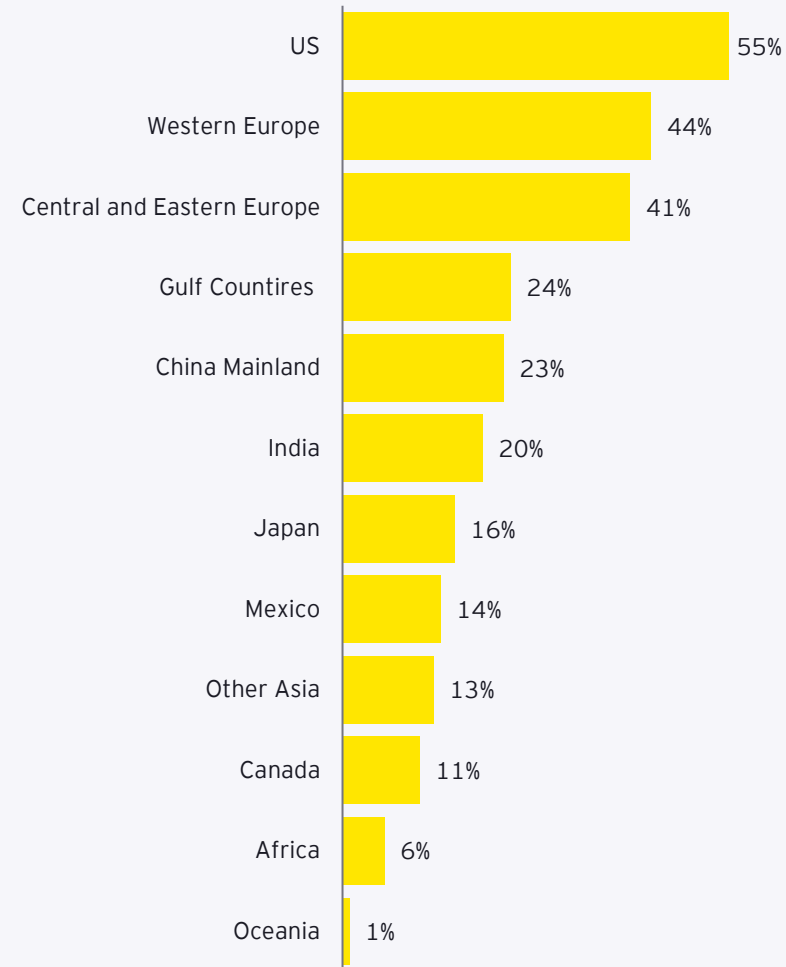
In the US, President Trump has adopted a carrot and stick approach since taking office, pursuing deregulation and tax cuts alongside hiking tariffs on trade. This appears to have resonated with executives in EY's Europe-wide survey. As the fieldwork for this year's report was carried out before the "Liberation Day" announcement roiled financial markets and added to economic uncertainty, some hesitancy is likely to have crept in since. Still, it is notable that the US emerges as the most appealing region for foreign investment.

Given the strength of Ireland's linkages with the US, what's happening across the Atlantic is significant for our economy. When we asked international decision-makers for their thoughts on this, 47% flagged that they expect policy changes in Washington to negatively impact Ireland's attractiveness for FDI.

Taking these factors together, the outlook appears challenging and reinforces the importance of shoring up competitiveness.

While transatlantic ties are long-standing and run two-ways - Ireland is now the 6th largest investor into the US, employing people across all 50 states - the authorities here might also want to consider partnering with a broader range of countries for inbound investment. Europe and the UK are obvious choices in terms of future diversification. Indeed, with the European Commission seeking to reinvigorate the Single Market and relations between Dublin and London undergoing a reset post-Brexit, there could be a real opportunity to do so.

Which of the following regions are most attractive for foreign investment?



(500 survey respondents)

“

Multinational companies are closely monitoring the evolving global trade and tax environment and evaluating strategic responses. Ireland continues to have a strong offering based on talent, location and track record but in a changing world, our tax regime and innovation incentives must also stay very competitive.



Ian Collins

EY Ireland Tax Partner and Head of Innovation Incentives

CHAPTER 04

ACTIONS

Getting Ireland going

International investors have identified clear areas for policymakers to focus on. When asked where Ireland should concentrate its efforts to remain well positioned on the world stage, supporting strategic industries and digital innovation topped the list.

Promoting sectors like Cleantech, Life Sciences, Semiconductors and Artificial Intelligence that will drive future economic growth is key, alongside a fertile environment for research, development and innovation.

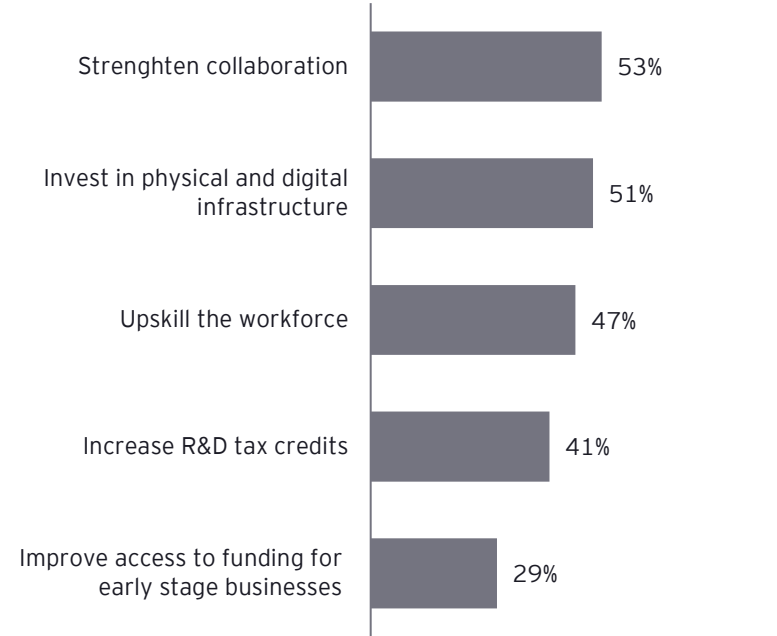
Survey respondents had several recommendations in this respect, including strengthening collaboration through clusters, joint projects and knowledge transfer programmes, improving infrastructure, enhancing R&D tax credits and greater access to funding for nascent businesses.

The data also underscore the need for responsive enterprise and education policies. While in situ multinational companies rate their Irish workforce highly - the majority say they perform better or as well as other countries in areas such as innovativeness (94%), autonomy (88%), problem solving (87%) and proactiveness (85%) - skills are a focal point for decision-makers.

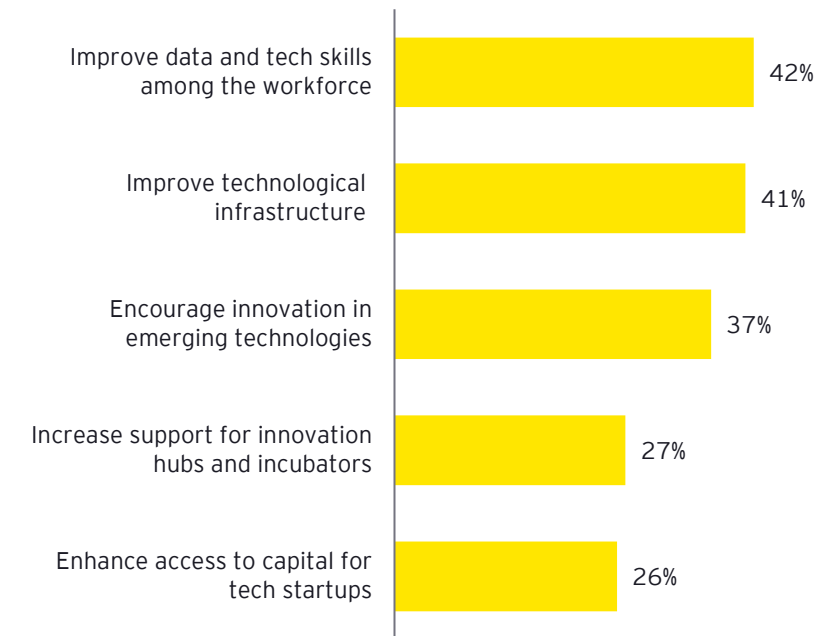
If Ireland is to sustain its talent competitiveness into the future, then further investment in training and lifelong learning is a must, particularly in skills supporting the digital and green transitions.



What would enable you to invest more in R&D in Ireland?



How should Ireland improve its digital competitiveness?



Life Sciences

The Life Sciences sector is a critical pillar of our economy, led by world-class pharmaceutical and medical device industries that continue to attract substantial FDI.

While Ireland has a strong reputation and track record for talent, reliability, and productivity, maintaining the sector's growth amid global uncertainty will require focused, strategic action.

Addressing acute skills shortages, particularly in advanced manufacturing, digital health, and regulatory affairs, is essential. At the same time, we must stay agile as international trade dynamics evolve and other countries, including the US, intensify efforts to attract pharmaceutical investment back to their shores.

Fostering innovation in the sector will be essential and will benefit from a coordinated, multi-stakeholder approach. The planned National Life Sciences strategy is an opportunity to safeguard Ireland's competitive edge and ensure long-term sustainability. Such a strategy should prioritise deeper collaboration across the ecosystem, boost R&D and capital incentives, and expand innovation capacity, particularly in high-growth areas like personalised medicine, biotherapeutics, and digital health.

Ireland can future-proof the sector and strengthen its position as a global leader in health innovation by building a robust, innovation-driven ecosystem and investing in talent and infrastructure.



Johanna McLoughlin

Consulting Partner and Life Sciences
Sector Leader, EY Ireland

Digitalisation

Digital skills and infrastructure are becoming increasingly important in winning FDI, especially in the services sector. Although Ireland has done well in this in the past, there is no guarantee of continued success in an area that is subject to significant disruption by AI.

The next wave of digital innovation will bring many opportunities. By combining traditional strengths in areas like communication, creativity and collaboration with AI and digital literacy, Ireland can create a compelling competitive advantage. AI and digital skills training is key, for those entering the workforce for the first time and for those already in employment.

The technological infrastructure and digital backbone on which modern business and society depends - our national cyber posture, connectivity and data infrastructure - also require investment. Current controversy and restrictions on data centre developments may hinder progress, however.

Ireland's R&D ecosystem has advanced considerably in recent years. Investment is needed to maintain this, supporting everyone from startups to state-sponsored research centres and universities.

The cluster effect have served us well but we need to be deliberate in our investment choices going forward, zoning in on particular sectors and functions - global competition is fierce and a generic AI value proposition won't be a differentiator.



Eoin O'Reilly

EY Ireland Partner and Head of AI
& Data

“

One of Ireland’s intangible assets in the FDI arena is the strong linkage that exists between government, the investment promotion agencies, business and academia. We believe that significant industry sectors should have national strategies that reflect the voice of these stakeholders and recognise interlocking dependencies.

**Feargal De Freine**

Assurance Partner and Head of FDI, EY Ireland

“

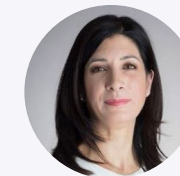
International investors’ asks are clear and timely. Global headwinds abound and while the Irish economy is facing these from a position of strength, with record high employment and fiscal buffers in place, there is no room for complacency. A policy focus on competitiveness is needed now more than ever.

**Loretta O’Sullivan**

Partner and Chief Economist, EY Ireland

“

Ireland’s global competitiveness hinges on three strategic enablers: a skilled workforce, targeted infrastructure investment, and a thriving innovation ecosystem. Strengthening these pillars will not only enhance Ireland’s attractiveness for international investment but also enable indigenous businesses to scale with confidence and ambition.

**Carol Murphy**

Partner and EY Ireland Head of Markets

Contact Us

Join in the conversation
#EYAttractivenessSurvey



**Feargal
De Freine**

Assurance Partner and Head
of FDI, EY Ireland



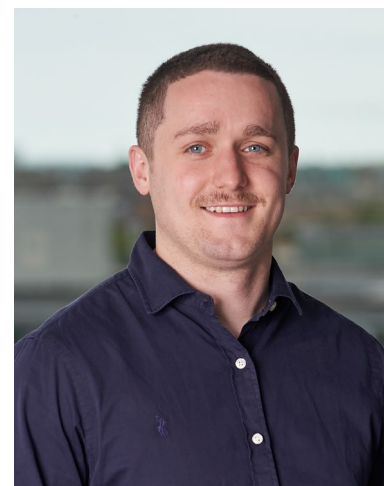
**Dr Loretta
O'Sullivan**

Partner and Chief Economist,
EY Ireland



**Carol
Murphy**

Partner and EY Ireland Head
of Markets



**Michael
Crowe**

Economist, Economic
Advisory, EY Ireland

Methodology

EY's Attractiveness Survey analyses Ireland's appeal as an investment destination using a two-step approach:

- Our evaluation of FDI projects is based on the EY European Investment Monitor (EIM). This EY proprietary database enables us to track projects announced in 2024 across 45 countries including Ireland.
- We explore investor sentiment via an online survey of international decision-makers. Field research for this was conducted by FT Longitude between 28th February and 18th March 2025 based on a representative panel of 150 respondents.

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organisation, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organisation, please visit ey.com.

© 2025 Ernst & Young. All Rights Reserved.

P-026918. 05/25. Images from Adobe Stock. ED none.

Produced by Creative (Ireland).

The Irish firm Ernst & Young is a member practice of Ernst & Young Global Limited. It is authorised by the Institute of Chartered Accountants in Ireland to carry on investment business in the Republic of Ireland.

Ernst & Young, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Ernst & Young accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material.

ey.com