

## KREAB Ireland Expansion Comes at Pivotal Time For Ireland

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7<sup>th</sup> February 2019

In December 2018, KREAB was proud to announce that Jacqueline Hall joined KREAB as a Senior Adviser, and her Dublin-based firm, Partners in Communication, will work together with KREAB in its global network of specialist public affairs and strategic communication agencies. This partnership could not have come at a more important time during Ireland's changing role both within the EU and internationally.

Casting our minds back just over 10 years, Ireland was hit particularly hard by the economic crisis of 2008 after a public guarantee for the financial institutions created a sovereign debt crisis and resulting austerity programme. Despite that however, Ireland has bounced back impressively and has now enjoyed the highest economic growth in the European Union (EU) for 4 years running. Unemployment has also returned to pre-crisis levels.

Ireland in 2019 faces new challenges however, mainly in the form of Brexit. The UK's departure from the EU threatens everything from agriculture to aviation to peace in Northern Ireland. But it also brings with it opportunities, some of which have already begun to unfurl. Businesses, especially financial institutions such as asset managers have begun to relocate to Ireland. The reason for this is primarily because such asset managers who are exiting London are attracted by the familiarity of a common law legal system, a network of financial services infrastructure, an English-speaking country and also the experience of the financial regulator, which is familiar with the needs and demands of the financial services industry. In essence, fund managers know what they are getting when they relocate to Ireland, and it is this business certainty, which they crave.

American multinational technology and pharmaceutical companies have also traditionally chosen Ireland as their location of choice. Similar to the financial services industry, they are attracted by Ireland's membership of the EU and hence access to the single market, the skilled workforce, geographical proximity to the US and of course a competitive tax regime. But that tax regime is now looking somewhat less certain than it was a number of years ago in light of increased scrutiny from EU and OECD policymakers. The concept of tax fairness has now entered the lexicon of policy parlance and politicians, civil society and ordinary citizens have demanded an end to what some describe as aggressive tax planning. In January 2019, the European Commission raised the prospect of removing the power of veto from Member States over tax law proposals. Although this is highly unlikely to be approved anytime soon, the fact that it is being discussed shows how much the tax landscape has changed in the last five years. In 2014, even suggesting such a move would have been dismissed as laughable.

Ireland's position within the Council of the EU will inevitably change after Brexit. The UK's departure will leave a huge void for the liberal, pro-market voice that has so doggedly resisted attempts by other Member States to introduce reforms which were seen by some as jeopardising the economy. Ireland, along with other pro-market voices will find itself somewhat isolated in the Council and as a result, smaller Member States have started to organise themselves into an informal coalition based on the old adage that there is strength in numbers.

It is important also not to overlook the domestic changes that Ireland has been going through recently as well. The past few years has seen landmark socially liberal legislation being passed, largely as a result of grass-roots citizen's activism. Similar to many other EU Member States, there is still a large level of social unrest in Ireland, largely as a result of crises in housing and healthcare. It remains to be seen

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how this angst will translate into votes at the ballot box for the European Parliament elections in May and indeed for the next national election, the date for which is still to be determined.

Overall there are many continuously-shifting pieces to the puzzle and while the overall picture may be unclear for the moment, it's crystal clear that Ireland will play a vital role in shaping the future of Europe. It is for this reason that KREAB is delighted to embark upon this long-term journey together.

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