Northern Ireland Economic Reform Group

PRESS RELEASE

The Northern Ireland Economic Reform Group (NIERG), has refuted the assertion that the Republic's low corporation tax regime yielded very few real net jobs and that Northern Ireland's adoption of the Republic's 12½% rate would add nothing to the local economy.

In a Statement issued today the NIERG said:

"This dismissal of the significance of a low rate of corporation tax for economic growth, and of its importance for the Republic in particular, ignores the views of those in a position to express an informed opinion about the Republic's performance in attracting foreign direct investment (FDI)".

A former top official of the Republic's Industrial Development Authority said:

"A distinctive low tax ... has been central to our continuing ability to attract foreign investment".

Another top official, referring to the major global players attracted to the Republic, said:

"It is my considered view that none of the companies I have mentioned would have set up operations if we had the corporate tax rate that pertains in Northern Ireland".

January, 2011

In the last few days, Irish Ministers have described low corporation tax as a vital draw for FDI and a key component, a cornerstone, of industrial policy.

The highly respected Economist magazine recently said that it would be *"madness"* for Ireland to be required to abandon its low corporation tax rate.

The results of the policy pursued by the Republic speak for themselves.

1. FDI has generated more jobs per head of population in the Republic than in any other country.

2. At a time when global FDI flows were down 30%, the decline in the Republic was just 4%.

3. The Republic has more FDI from the USA than was invested into China, India, Russia and Brazil combined.

4. There are nearly 150,000 jobs currently in the Republic that come from FDI (many of them in world-class pharmaceutical, medical devices and IT clusters) and the same number of jobs that are directly linked to the support of those jobs.

5. FDI jobs account for a spend of €19 billion in the economy, including €7 billion in payroll.

6. In the last quarter to September 2010, the number of FDI projects in the Republic was the highest for 7 years and over 5000 new jobs have been created since the start of the year.

A low tax rate cannot be simplistically dismissed as a clever marketing tool. It attracts companies for the very solid reason that it enhances the after-tax rate of return on their investment

"The evidence from the Republic is irrefutable that the ability to adopt a low corporation tax rate would put a powerful new economic tool at Northern Ireland's disposal. It is vital that we equip ourselves with a proven means to boost economic growth".

Notes for Editors

The Northern Ireland Economic Reform Group produced a Report in the Spring of 2010 detailing the economic research on which it based its proposal for a reduction in the rate of corporation tax to 12½%. The key benefit identified was the creation of up to 90,000 well paid jobs over a 20 year period. The Group's members are:

- Eamonn Donaghy, KPMG
- Neil Gibson, Oxford Economics Ltd
- Dr Graham Gudgin, Centre for Business Research, University of Cambridge
- Michael Hall, Ernst and Young
- Dr Victor Hewitt, Director of ERINI
- Sir George Quigley, Chairman, Bombardier-Shorts
- Michael Smyth, University of Ulster

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