European Investment Bank

Ireland

Overview

EIB INVESTMENT SURVEY

2023

EIB INVESTMENT SURVEY 2023

Ireland

Overview

European Investment Bank

EIB Investment Survey Country Overview 2023: Ireland

About the EIB Investment Survey (EIBIS)
The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13 000 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Members States and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication
These reports provide an overview of data collected for the 27 EU Member States and the United States. They are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the EIB
The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

Main contributors to this publication
Colin Bermingham, Julie Delanote and Marco Zeppi.

Disclaimer
The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.
To accommodate scheduling limitations, the content of this publication has not been subject to standard EIB copyediting or proofreading.

About Ipsos Public Affairs
Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organisations. Its around 200 research staff in London and Brussels focus on public service and policy issues. Its research makes a difference for decision makers and communities.

For further information on the EIB's activities, please consult our website, www.eib.org. You can also contact our InfoDesk, info@eib.org.

Published by the European Investment Bank.
Printed on FSC® Paper.

pdf: QH-BL-23-017-EN-N ISBN 978-92-861-5668-7 ISSN 2599-8005 doi: 10.2867/14155

EIBIS 2023 – Ireland overview

KEY RESULTS

Investment dynamics and focus

In the context of decelerating economic growth and tightening monetary policy, firms operating in Ireland still hold a positive investment outlook in 2023, with a net balance of 21% of firms expecting to increase rather than decrease investment. This is higher than the average across the EU (14%) and what was reported in EIBIS 2022 (11%).

On average, firms in Ireland spent 23% of their investment on replacement in 2022, lower than what was reported in EIBIS 2022 (34%) and lower than the EU average (47%). Investment in intangible assets (R&D, software, training and business processes) by firms in Ireland accounted for 50%, higher than the EU average (38%). In particular, Irish firms have invested a higher proportion in software (18% versus 13%) and business processes (10% versus 6%). Investment in software (18%) is also higher than in EIBIS 2022 (12%).

Investment needs and priorities

Despite difficult circumstances, over nine in ten Irish firms (92%) believe that their investment activities over the last three years were about the right amount. This is higher than EIBIS 2022 (78%) and the EU average (82%). In line with EIBIS 2022, investment in capacity expansion (33%) is the most common priority for the next three years. This is followed by new products or services (26%) and replacement (18%).

Firms in Ireland are, on balance, optimistic about business prospects in their sector (+27%) and the availability of internal finance (+21%), but, on balance, pessimistic on the other measures. In Ireland, expectations are better compared to EIBIS 2022, and perceptions among firms in Ireland are generally more optimistic (or less pessimistic) than across the EU overall.

Energy market developments

Firms in Ireland are as likely as those across the EU to have faced increases in energy costs (97% versus 93%). However, firms in Ireland are more likely to have faced increases of 25% or more than firms across the EU (90% versus 68%). The major concern for firms in Ireland is energy prices (95%), followed by uncertainty (83%), energy regulatory frameworks (72%), and energy availability (62%). Compared to the EU average, overall concern among firms in Ireland is lower for uncertainty (83% versus 89%) and energy availability (62% versus 73%).

Almost all Irish firms (96%) have responded to the energy shock by putting at least one of the strategies proposed forward, in line with the EU overall (95%). In Ireland, the most frequently mentioned strategy or priority is to renegotiate energy contracts (76%), followed by seeking energy savings/efficiencies (69%).

International trade

Overall, 72% of Irish firms engage in international trade. This is broadly in line with EIBIS 2022 (79%) and higher than the EU average (62%). Three-quarters of traders in Ireland (75%) consider recent changes in customs and tariffs as an obstacle to international trade, well above the EU average (51%). Apart from recent changes in customs and tariffs and disruptions of logistics and transport, Irish traders are significantly less likely than traders across the EU to be affected by other obstacles.

Reflecting these findings, firms in Ireland are less likely than those across the EU to be increasing stocks and inventory (20% versus 31%) and to be investing in digital inventory and inputs tracking (12% versus 20%). Irish importers are broadly aligned with firms across the EU in terms of the proportions to have reduced the share of goods or services imported from abroad (both 10%) and to have diversified or increased the number of countries they import from (19% versus 24%).

EIBIS 2023 – Ireland overview

Climate change and energy efficiency

Two-thirds of firms in Ireland (68%) report weather events as having an impact on their business. This is in line with EIBIS 2022 (67%) and the EU average (64%). One in five firms in Ireland (21%) have developed or invested in measures to build resilience to physical risks to their company caused by climate change, below the EU average (36%). Irish firms are less likely than firms across the EU to have bought insurance products to off-set climate-related losses (6% versus 13%) and to have adapted their strategy (4% versus 16%).

The share of Irish firms seeing the transition to stricter climate standards and regulations as a risk is similar to the proportion that see it as an opportunity (28% and 31% respectively). These figures are both in line with EIBIS 2022 (33% and 29% respectively) and with the EU average (33% and 29% respectively). Four in five Irish firms (80%) are taking actions to reduce Greenhouse Gas (GHG) emissions. However, this is below the EU average (89%). The main action taken by Irish firms is waste minimisation and recycling (61%), followed by investments in energy efficiency (34%). One in three firms in Ireland (32%) report that they set and monitor targets for their own GHG emissions. This is lower than the EU average (42%), and broadly in line with, albeit higher than, EIBIS 2022 (22%).

Half of Irish firms (49%) invested in measures to improve energy efficiency in 2022. This is in line with EIBIS 2022 (45%) and the EU average (51%). In Ireland, 29% of firms have already invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions. This is in line with EIBIS 2022 (26%), but well below the EU average (56%).

Innovation activities

Half of Irish firms (51%) developed or introduced new products, processes or services as part of their investment activities in 2022, in line with EIBIS 2022 (50%) and higher than the EU average (39%). Almost one-quarter (23%) of firms in Ireland report the development or introduction of products, processes or services new to either the country or global market. This is higher than EIBIS 2022 (14%) and the EU average (13%).

Overall, 76% of firms in Ireland use at least one advanced digital technology, higher than EIBIS 2022 (64%) and the EU average (70%). The digital technologies that Irish firms are most likely to be using are Internet of Things (59%) and digital platforms (51%). Compared to the EU, Irish firms are making greater use of Internet of Things, but less use of big data/AI and robotics.

Investment impediments

The most frequently mentioned long-term barriers to investment in Ireland are energy costs (91%), availability of skilled staff (91%) and uncertainty about the future (70%). While these are also the main barriers across the EU as a whole, EU firms are less likely to cite energy costs (83%) and availability of skilled staff (81%), and more likely to cite uncertainty about the future (78%).

Access to finance

The proportion of finance constrained firms in Ireland (4.1%) is similar to the EU average (6.1%) and slightly above EIBIS 2022 (2.4%). Following monetary policy tightening and deteriorating external finance conditions, just under one in ten firms in Ireland (8%) are dissatisfied with the cost of finance. This is lower than, the EU average (14%).

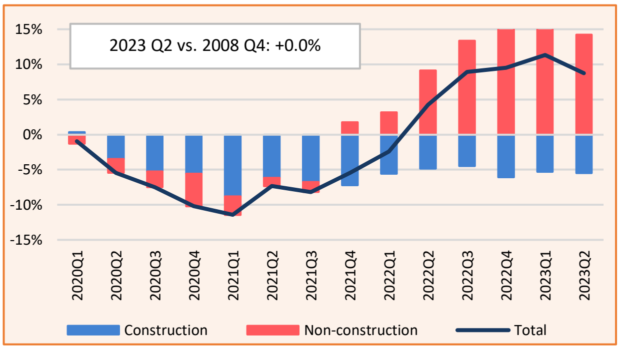
Note on how to read the results:

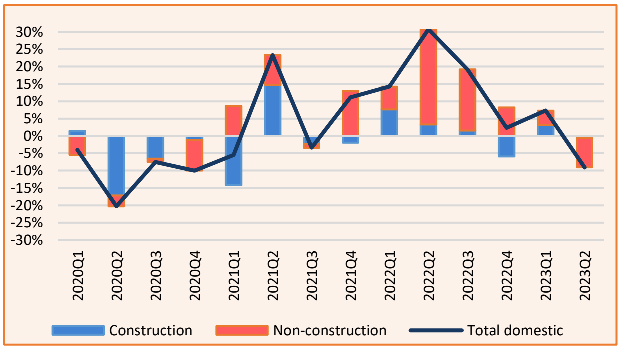
EIBIS 2023 overview presents the results of the survey run in 2023. Questions in the survey might point to "last financial year" (2022) or expectations for the current year (2023). The text and the footnote referring to the question will specify in each case which year is considered.

Investment dynamics and focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

- Following the outbreak of the pandemic in 2020, the level of investment in Ireland fell until 2021Q1, at which point investment was more than 10% below pre-pandemic levels.
- Between 2021 and 2023, there was a significant rebound in investment, driven by non-construction investment. In contrast, construction investment has effectively stagnated at 5% below pre-pandemic levels.
- Focusing instead on the y-o-y % change in real modified GFCF, in recent quarters, non-construction investment has also run of steam and even turned negative in 2023Q2 for the first time since 2021Q3.

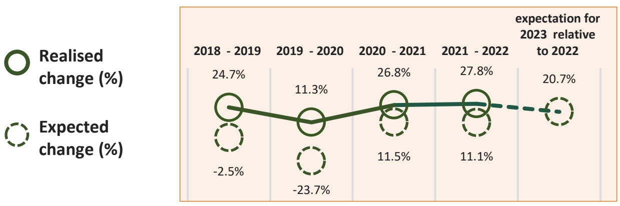


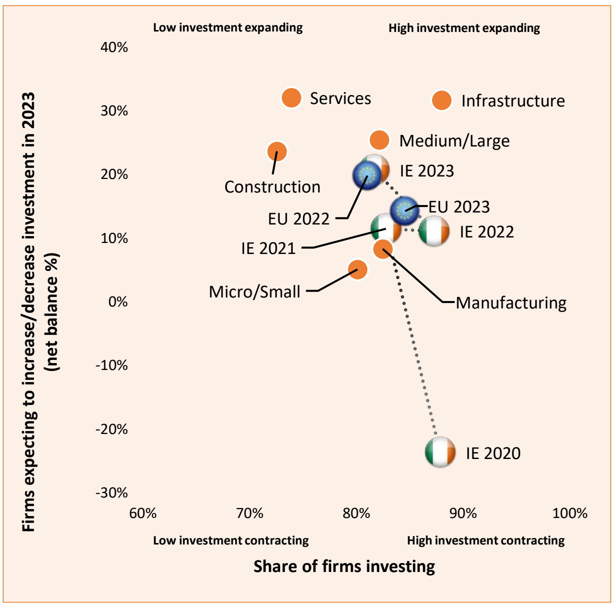


The LHS chart shows the evolution of modified gross fixed capital formation (GFCF) by institutional sector, in real terms and non seasonally adjusted (chain linked annually 2020=100, million euro). The four-quarter sum of modified GFCF in 2019Q4 is normalised to 0.
The RHS chart shows the y-o-y % change in real modified GFCF by institutional sector (same source data as the one described above).
Source: Central Statistics Office (CSO) for Ireland, authors' own calculations.

INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

- Firms operating in Ireland hold a positive investment outlook in 2023, with a net balance of 21% of firms expecting to increase rather than decrease investment. This is higher than the average across the EU (14%), and higher than EIBIS 2022 (11%).
- Firms in infrastructure and services are the most likely to expect to increase rather than decrease their investment in 2023 (net balance 32% for both).
- Overall, the share of Irish firms having invested in 2023 is similar to the EU as a whole (82% and 85% respectively).





'Realised change' is the share of firms that invested more minus those that invested less; 'Expected change' is the share of firms that expect(ed) to invest more minus those that expect(ed) to invest less.

Base for expected and realised change: All firms

Share of firms investing shows the percentage of firms with investment per employee greater than €500.

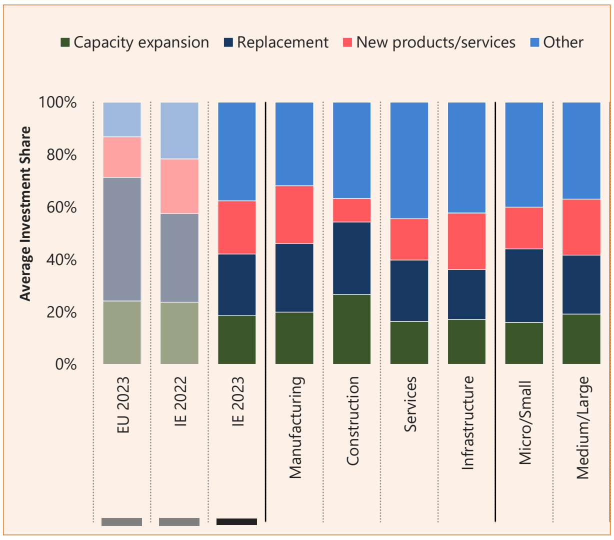
Base for share of firms investing: All firms (excluding don't know/refused responses)

Base for expected and realised change: All firms

Investment dynamics and focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

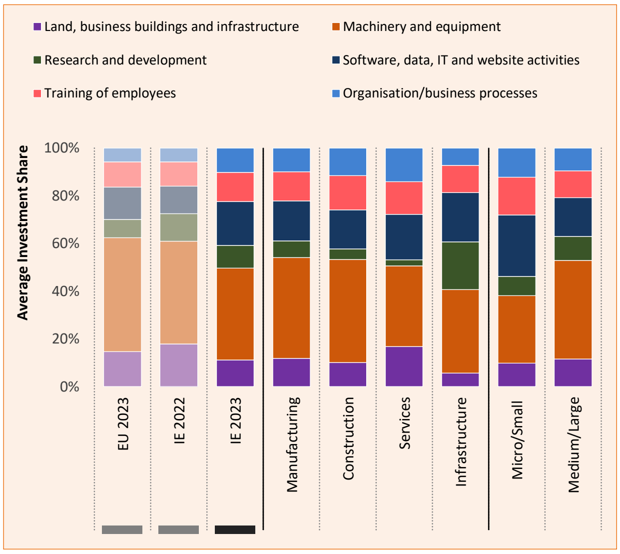
- On average, firms in Ireland spent 24% of their investment on replacement in 2022, lower than EIBIS 2022 (34%) and the current EU average (47%).
- Investment in new products or services accounted for one fifth of total investment (20%), in line with EIBIS 2022 (21%) and higher than the EU average (16%).
- Investment in capacity expansion also accounted for one fifth of total investment (19%), slightly lower than both EIBIS 2022 (24%) and the EU average (24%).
- Investment in other areas accounted for the largest share of total expenditure (38%). This represents an increase since EIBIS 2022 (22%) and is higher than the EU average (13%).



Q. What proportion of total investment in the last financial year was for (a) developing or introducing new products, processes, services; (b) replacing capacity (including existing buildings, machinery, equipment and IT); (c) expanding capacity for existing products/services?

Base: All firms that have invested in the last financial year (excluding don't know/ refused responses)

INVESTMENT AREAS



- Investment in intangible assets (R&D, software, training and business processes) by firms in Ireland accounted for 50% of total investment in 2022, higher than the EU average (38%). In particular, Irish firms have invested a higher proportion in software (18% versus 13%) and business processes (10% versus 6%). Investment in software (18%) is also higher than in EIBIS 2022 (12%).
- Infrastructure firms have invested the highest share in R&D (20%), higher than the share invested by firms in manufacturing (7%) and services (3%).
- Micro or small firms have spent a higher proportion of their investment than medium or large firms on software (26% versus 16%).

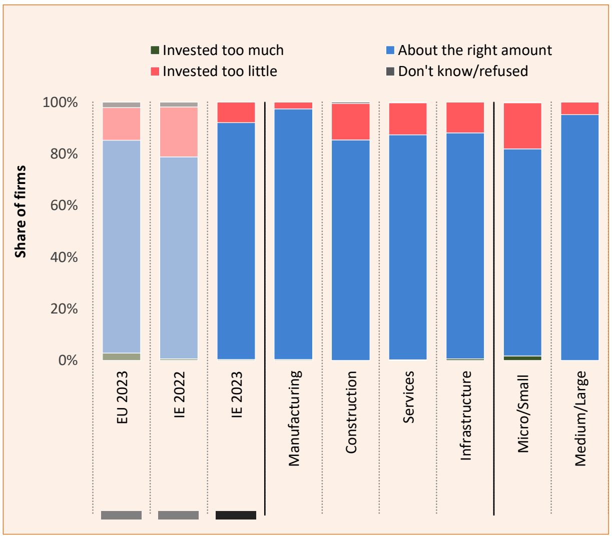
Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

Base: All firms that have invested in the last financial year (excluding don't know/refused responses)

Investment needs and priorities

PERCEIVED INVESTMENT GAP

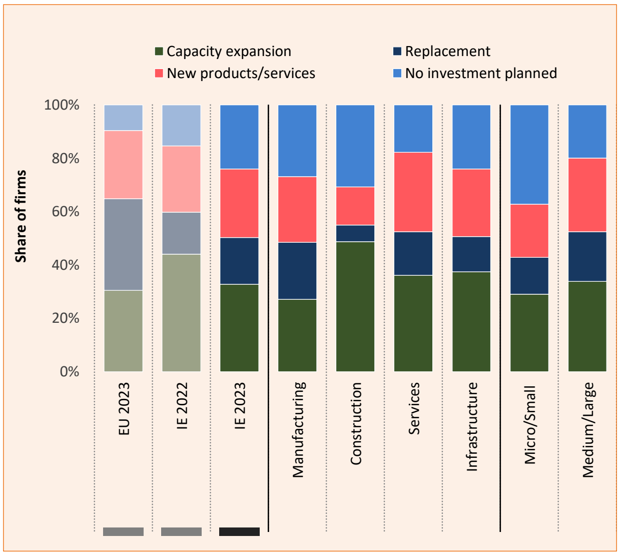
- Firms do not perceive major investment gaps. Despite difficult circumstances, over nine in ten Irish firms (92%) believe that their investment activities over the last three years were about the right amount. This is higher than EIBIS 2022 (78%) and the EU average (82%).
- Only 8% of firms in Ireland believe they invested too little, down from 19% in EIBIS 2022 but broadly in line with the EU average (13%). A negligible proportion believe they invested too much (<1%), in line with EIBIS 2022 (1%) and the EU average (3%).
- In Ireland, almost all manufacturing firms (97%) believe they invested the right amount over the past three years.
- Medium or large firms are more likely than micro or small firms to say they invested the right amount over the past three years (95% versus 80%).



Q. Looking back at your investment over the last three years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

FUTURE INVESTMENT PRIORITIES



Q. Looking ahead to the next three years, which is your investment priority (a) replacing capacity (including existing buildings, machinery, equipment, IT); (b) expanding capacity for existing products/services; (c) developing or introducing new products or processes, services?

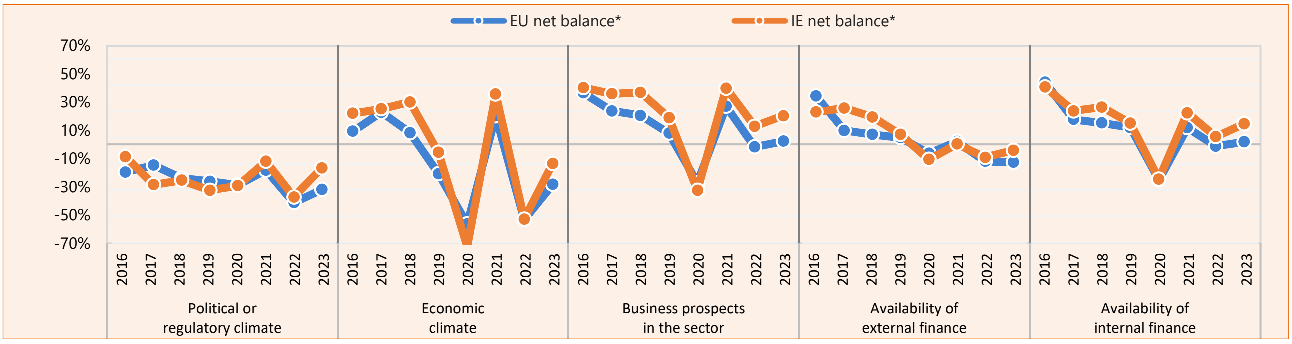
Base: All firms (excluding don't know/refused responses)

- In line with EIBIS 2022, investment in capacity expansion (33%) is the most commonly cited priority for the next three years. This is followed by new products or services (26%) and replacement (18%).
- The share of firms with no investment planned represents one in four firms (24%). These findings are broadly in line with EIBIS 2022.
- The investment priorities of firms in Ireland are slightly different to those across the EU. Firms in Ireland are less likely to prioritise replacement (18% versus 34%), and more likely to have no investment planned (24% versus 10%).
- Half of construction firms (49%) cite capacity expansion as a priority in the next three years. Construction firms are also most likely to have no investment planned (31%) but this decreased from 42% the previous year, despite the higher interest rate environment.
- Micro or small firms are more likely than medium or large firms to have no investment planned (37% versus 20%).

Investment needs and priorities

SHORT-TERM DRIVERS AND CONSTRAINTS

- On balance, firms in Ireland are optimistic about business prospects in their sector (+27%) and the availability of internal finance (+21%), but pessimistic overall on the other measures.
- In Ireland, expectations are better compared to EIBIS 2022, in particular about the economic climate (net balance of -10% versus -52% in EIBIS 2022) and the political or regulatory climate (net balance of -13% versus -35% in EIBIS 2022).
- In general, perceptions among firms in Ireland are more optimistic or less pessimistic than across the EU overall, with the smallest percentage point difference being around the availability of external finance (net balance of 0% versus -9% in the EU).



Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

Base: All firms

**Net balance is the share of firms expecting an improvement minus the share of firms anticipating a deterioration.*

SHORT-TERM DRIVERS AND CONSTRAINTS BY SECTOR AND SIZE (net balance %)

	Political / regulatory climate	Economic climate	Business prospects	External finance	Internal finance
Ireland	13%	10%	27%	0%	21%
Manufacturing	13%	3%	27%	3%	18%
Construction	10%	9%	24%	8%	32%
Services	5%	6%	21%	5%	14%
Infrastructure	23%	25%	31%	10%	30%
Micro/Small	15%	12%	17%	8%	27%
Medium/Large	13%	9%	29%	3%	19%

Please note: green figures represent a positive net balance, while red figures represent a negative net balance.

Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

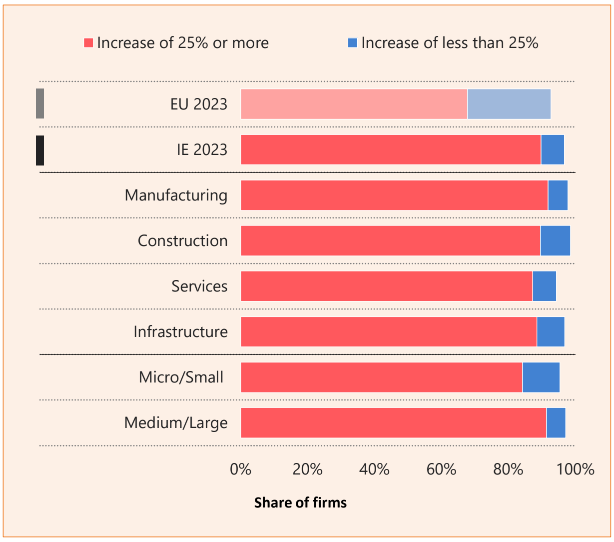
Base: All firms

- Firms in Ireland are consistently more positive than negative about business prospects in their sector and the availability of internal finance.
- Infrastructure firms and micro or small firms are more negative than positive about the availability of external finance, but firms in other sectors and medium or large firms are more positive than negative overall.
- Firms in Ireland are consistently more negative than positive about the economic climate, and about the political or regulatory climate, except for construction firms. In this sense, there is an interesting contrast between overall economic pessimism and optimism regarding individual business prospects.
- On balance, infrastructure firms in Ireland are the most pessimistic about the economic climate (-25%), the political or regulatory climate (-23%) and the availability of external finance (-10%), but the most optimistic about business prospects in the sector (+31%).

Energy market developments

INCREASED SPENDING ON ENERGY

- Firms in Ireland are as likely as those across the EU to have faced increases in energy costs (97% versus 93%). However, firms in Ireland are more likely to have faced increases of 25% or more than firms across the EU (90% versus 68%).
- The proportion of firms facing increased energy costs is consistent across different sectors and sizes.



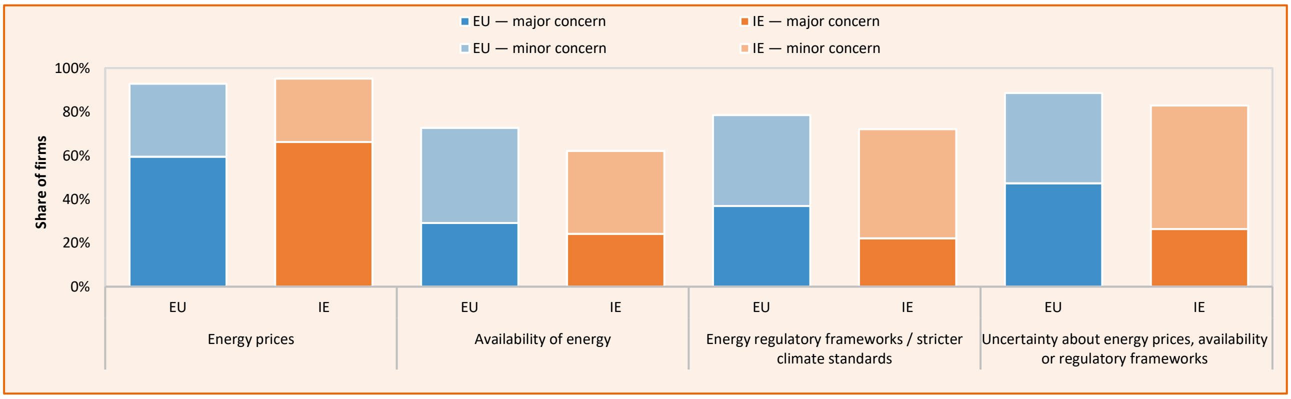
Q. Since the beginning of 2022, by how much has your company's spending on energy (including gas, electricity, oil) changed on average?

Please note: Responses of 'spending on energy stayed about the same' and 'spending on energy decreased' not shown on chart.

Base: All firms (excluding don't know/refused responses)

IMPACT OF ENERGY SHOCK

- The energy crisis hit Irish firms hard. The major concern for firms in Ireland is energy prices (95%), followed by uncertainty (83%), energy regulatory frameworks (72%), and energy availability (62%).
- Compared to the EU average, overall concern among firms in Ireland is lower for uncertainty (83% versus 89%) and energy availability (62% versus 73%). Irish firms are also less likely than the EU average to report major concerns with uncertainty (26% versus 47%) and energy regulatory frameworks (22% versus 37%).



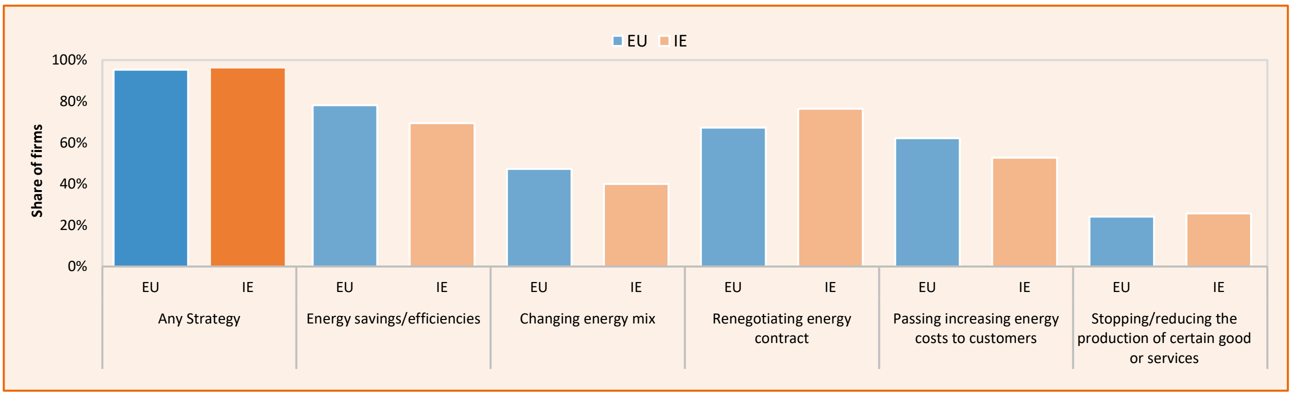
Q. Thinking about the energy shock, to what extent is your company concerned about …?

Base: All firms (data not shown for those that said not an obstacle at all/don't know/refused)

Energy market developments

STRATEGIES TO DEAL WITH THE ENERGY SHOCK

- Almost all Irish firms (96%) have responded to the energy shock by putting forward at least one of the strategies proposed, in line with the EU overall (95%).
- In Ireland, the most frequently mentioned strategy or priority is to renegotiate energy contracts (76%), followed by seeking energy savings/efficiencies (69%).
- Compared to the EU overall, Irish firms are more likely to have the renegotiation of energy contracts as a strategy or priority (76% versus 67%), but less likely to have sought energy savings/efficiencies (69% versus 78%) and passing increasing energy costs to customers (53% versus 62%).

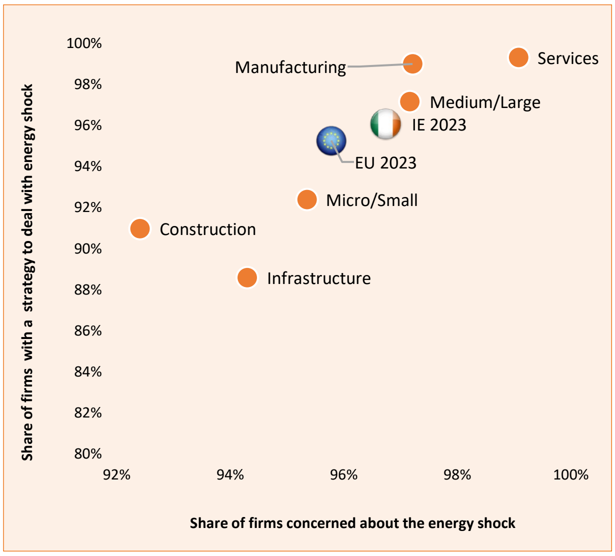


Q. Which, if any of the following, are your priorities/strategies to deal with the recent developments in the energy market?

Base: All firms (excluding don't know/refused responses)

IMPACT AND STRATEGIES TO DEAL WITH ENERGY SHOCK

- The proportion of firms in Ireland concerned about the energy shock is similar to that seen across the EU as a whole (97% versus 96%), and Irish firms are just as likely as firms across the EU to have adopted strategies to help deal with recent developments in the energy market (96% versus 95%).
- In Ireland, concern was high across all sectors, ranging from 92% in the construction sector to 99% in the services sector. Concern is also very high among micro or small firms (95%) and medium or large firms (97%).
- Manufacturing and services firms are more likely to have adopted strategies to deal with the recent developments in the energy market (both 99%), compared to firms in the infrastructure sector (89%).



Q. Which, if any, of the following, are your priorities/ strategies to deal with the recent developments in the energy market?

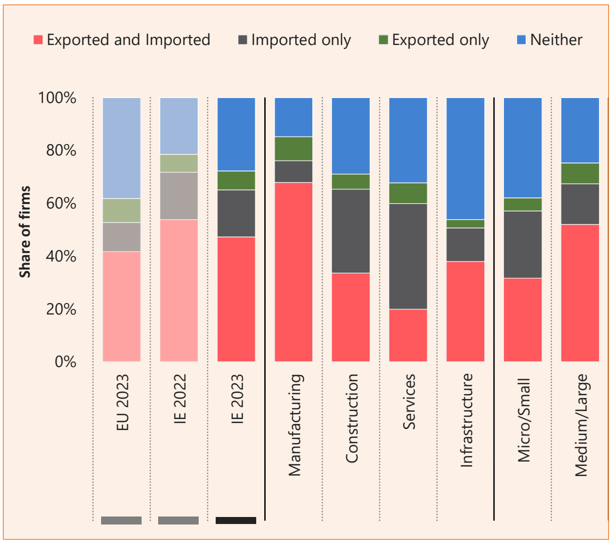
Q. Thinking about the energy shock, to what extent is your company concerned about …

Base: All firms for 'share of firms concerned about the energy shock'
Base: All firms (excluding don't know/refused responses) for 'share of firms with a strategy to deal with the energy shock'

International trade

ENGAGEMENT IN INTERNATIONAL TRADE

- Overall, 72% of Irish firms report that they engage in international trade. This is broadly in line with EIBIS 2022 (79%) and higher than the EU average (62%).
- Manufacturing firms are most likely to be trading internationally (85%). This is higher than engagement in international trade among firms in services (68%) and infrastructure (54%).
- Medium or large firms are more likely than micro or small firms to be engaged in international trade (75% versus 62%).

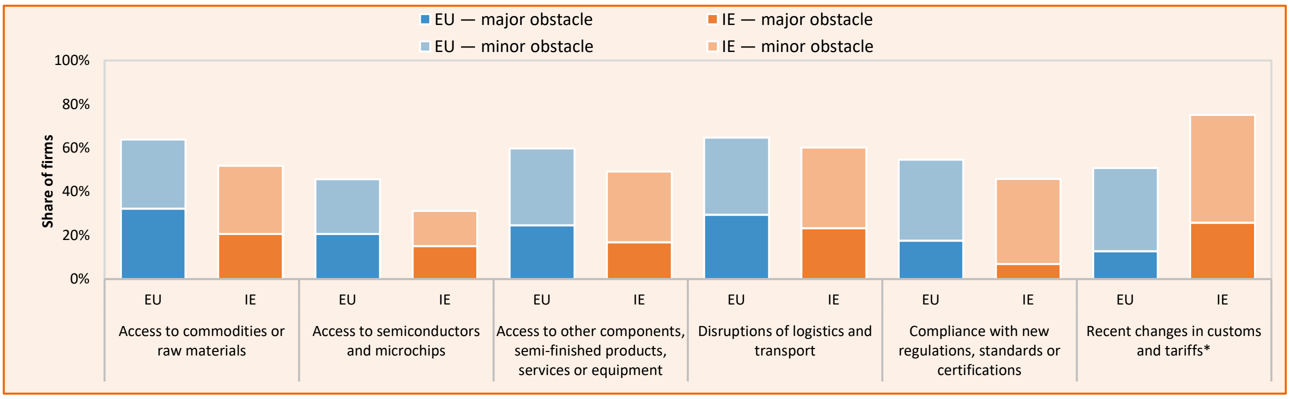


Q. In 2022, did your company export or import goods and/or services?

Base: All firms (excluding don't know/refused responses)

DISRUPTIONS RELATED TO INTERNATIONAL TRADE

- Three-quarters of traders in Ireland (75%) consider recent changes in customs and tariffs as an obstacle to international trade, well above the EU average (51%).
- The majority of traders also consider disruptions of logistics and transport (60%) and access to commodities or raw materials (52%) as obstacles.
- Apart from recent changes in customs and tariffs and disruptions of logistics and transport, Irish traders are significantly less likely than traders across the EU to consider these issues as obstacles to international trade.



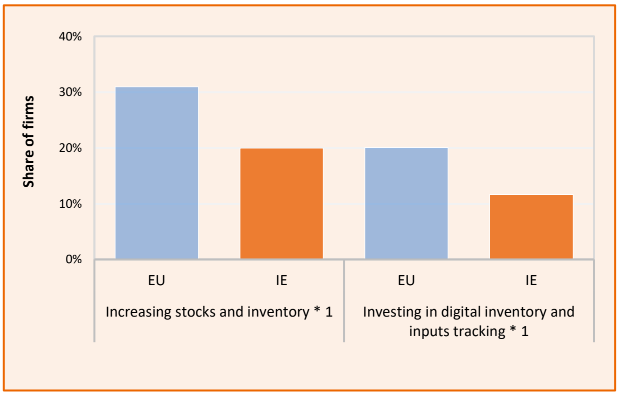
Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

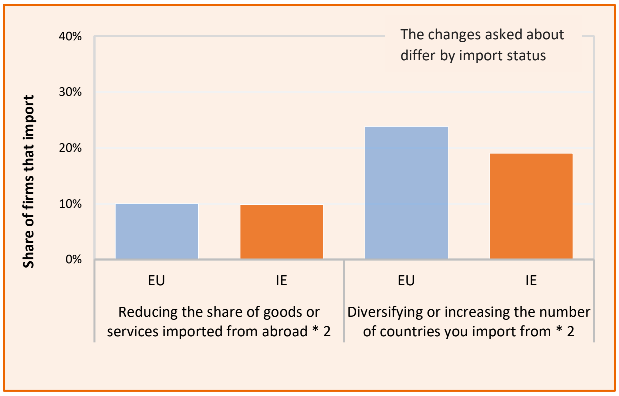
Base: All firms (excluding don't know/refused/not applicable responses)
**Base: All importers and exporters (excluding don't know/refused/not applicable responses)*

International trade

SOURCING STRATEGY

- Asked about potential changes to their sourcing strategy, firms in Ireland are less likely than those across the EU to be increasing stocks and inventory (20% versus 31%) and to be investing in digital inventory and inputs tracking (12% versus 20%).
- Irish importers are broadly in line with their counterparts across the EU in terms of the proportions to have reduced the share of goods or services imported from abroad (both 10%) and to have diversified or increased the number of countries they import from (19% versus 24%).





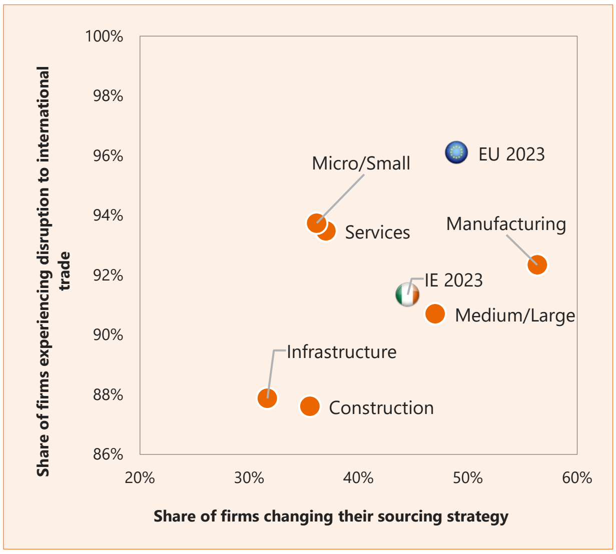
*** 1 = Asked to all, 2 = Asked to all importers**

Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

Base: All firms (excluding don't know/refused responses)
Base: All firms that import (excluding don't know/refused responses)

DISRUPTIONS AND SOURCING STRATEGY

- While the majority of firms in Ireland faced at least one of the disruptions to international trade asked about (91%), fewer than half (45%) have changed their sourcing strategy or are planning to change it. The proportion changing or planning to change their sourcing strategy is close to the EU average (45% versus 49%), while the proportion experiencing disruption to international trade is lower than the EU average (91% versus 96%).
- Manufacturing firms are the most likely to have changed or have plans to change their sourcing strategy (56%), while infrastructure firms are least likely to have done so (32%).



Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

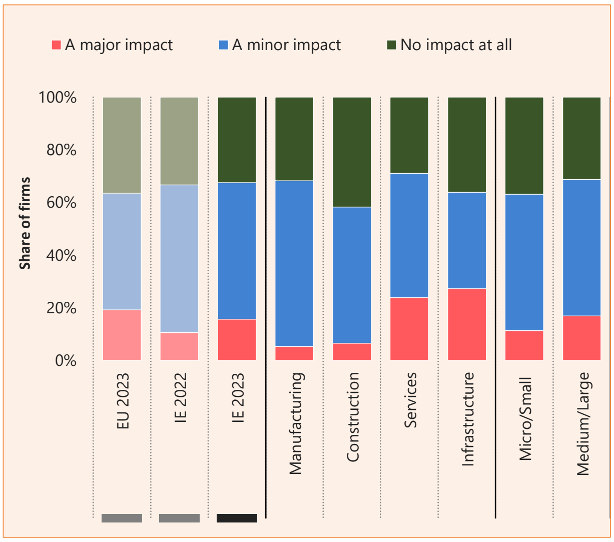
Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

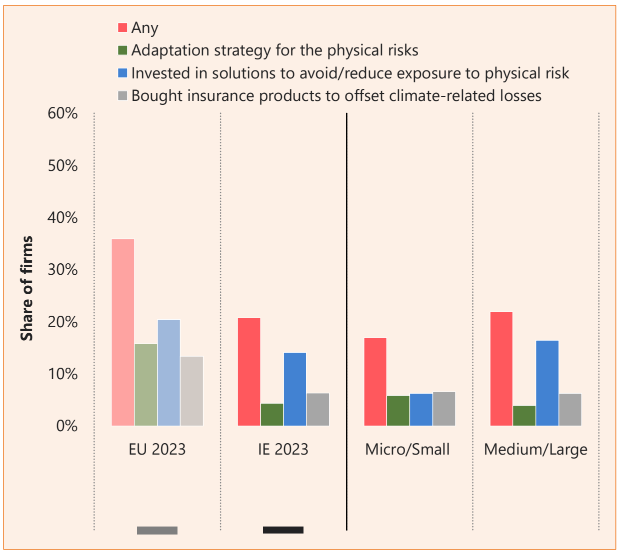
- Two-thirds of firms in Ireland (68%) report weather events as having an impact on their business. This is in line with EIBIS 2022 (67%) and the EU average (64%).
- Services firms are most likely to report weather events as having impacted their business (71%), followed by firms in manufacturing (68%), infrastructure (64%) and construction (58%). Infrastructure and services firms (27% and 24% respectively) are more likely than manufacturing firms (5%) to report this having a major impact.
- The share of firms reporting weather events as having impacted their business is broadly similar among micro or small firms (63%) and medium or large firms (69%).



Q. Thinking about the impact of climate change on your company, such as losses due to extreme climate events, including droughts, flooding, wildfires or storms or changes in weather patterns due to progressively increasing temperature and rainfall. What is the impact, also called physical risk, of this on your company?

Base: All firms (excluding don't know/refused responses)

BUILDING RESILIENCE TO PHYSICAL RISK



- One in five firms in Ireland (21%) have developed or invested in measures to build resilience to physical risks to their company caused by climate change. This is well below the EU average (36%).
- Irish firms are most likely to have invested in solutions to avoid/reduce exposure to physical risk (14%), followed by buying insurance products to offset climate-related losses (6%) and adapting their strategy (4%).
- Compared to the EU average, Irish firms are less likely to have bought insurance products to offset climate-related losses (6% versus 13%) and to have adapted their strategy (4% versus 16%).
- Medium or large firms are more likely than micro or small firms to have invested in solutions to avoid/reduce exposure to physical risk (16% versus 6%).

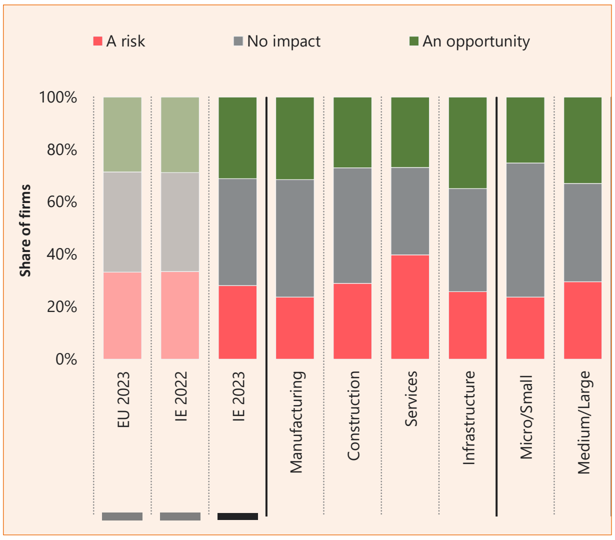
Q. Has your company developed or invested in any of the following measures to build resilience to the physical risks to your company caused by climate change?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS

- The share of Irish firms seeing the transition to stricter climate standards and regulations as a risk is similar to the proportion that see it as an opportunity (28% and 31%, respectively). These figures are both in line with EIBIS 2022 (33% and 29%, respectively) and with the EU average (33% and 29%, respectively).
- Services firms are most likely to regard the transition to a net zero emission economy over the next five years as a risk (40%), while infrastructure firms are most likely to see it as an opportunity (35%).
- Micro or small businesses are more likely than medium or large firms to think the transition will have no impact (51% versus 38%).

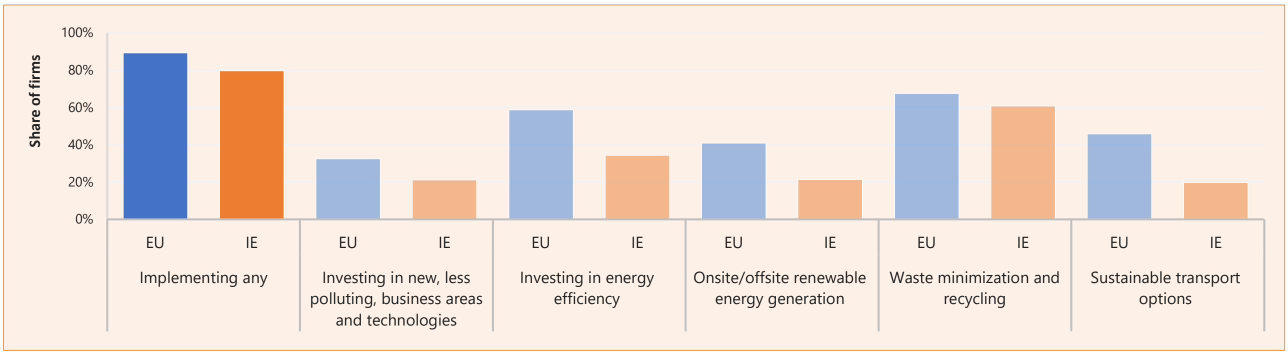


Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

Base: All firms (excluding don't know/refused responses)

ACTIONS TO REDUCE GREENHOUSE GAS EMISSIONS

- Four in five Irish firms (80%) are taking actions to reduce Greenhouse Gas (GHG) emissions. However, this is below the EU average (89%).
- The main action taken by Irish firms is waste minimisation and recycling (61%), followed by investments in energy efficiency (34%).
- Apart from waste minimisation and recycling, the figures for specific actions among Irish firms are all significantly lower than the EU average.



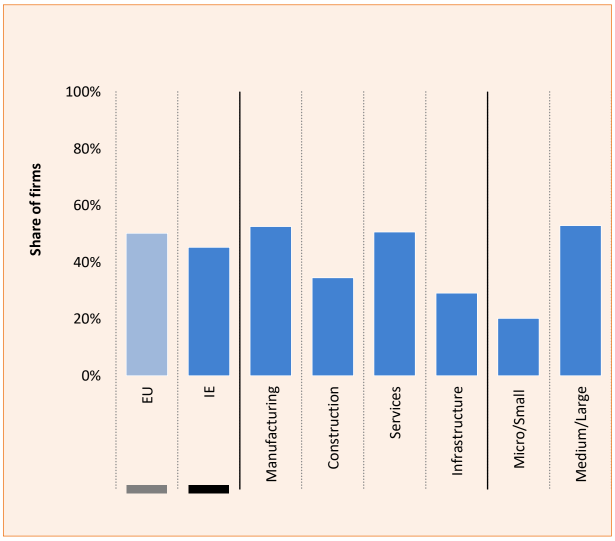
Q. Is your company investing or implementing any of the following, to reduce greenhouse gas (GHG) emissions?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

ENERGY AUDIT

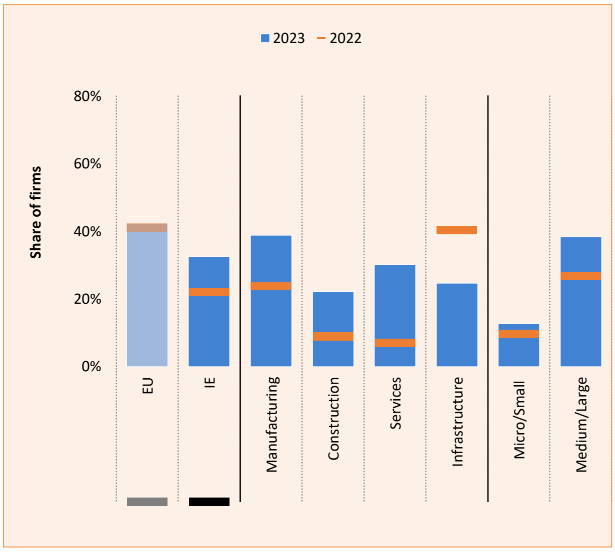
- Just under half (45%) of Irish firms have had an energy audit in the past three years. That is an assessment of the energy needs and efficiency of their company's building or buildings. This is in line with the EU as a whole (50%).
- In Ireland, the majority of manufacturing firms (53%) and services firms (51%) have had an energy audit, higher than the proportion of firms in other sectors.
- Just over half (53%) of medium or large firms have had an energy audit in the past three years, higher than the proportion for micro or small firms (20%).



Q. In the past three years, has your company had an energy audit (i.e. an assessment of the energy needs and efficiency of your company's building or buildings?

Base: All firms (excluding don't know/refused responses)

CLIMATE CHANGE TARGETS FOR OWN GREENHOUSE GAS EMISSIONS



- One in three firms in Ireland (32%) report that they set and monitor targets for their own GHG emissions. This is lower than the EU average (42%) while higher than what was reported in EIBIS 2022 (22%).
- Manufacturing firms are most likely to set and monitor these targets (39%), while construction firms are least likely to do so (22%).
- Medium or large firms are more likely than micro or small firms to say they set and monitor targets for their own GHG emissions (38% versus 13%).

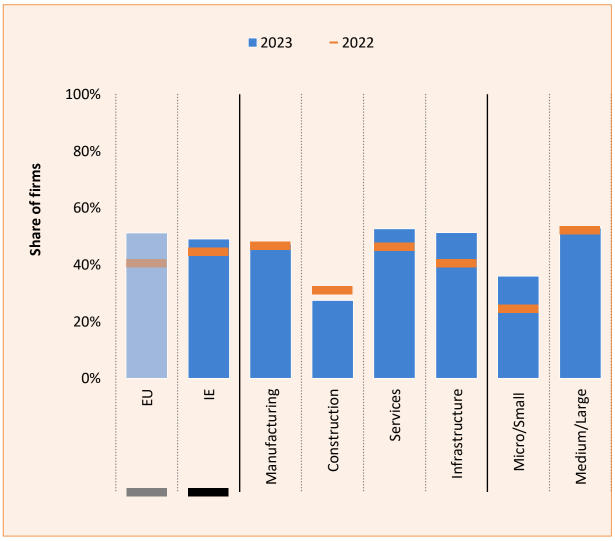
Q. Does your company… sets and monitors targets for its own greenhouse gas (GHG) emissions?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- Half of Irish firms (49%) invested in measures to improve energy efficiency in 2022. This is in line with EIBIS 2022 (45%) and the EU average (51%).
- Construction firms in Ireland are the least likely to be investing in energy efficiency (27%).
- Medium or large firms are more likely than micro or small firms to be investing in energy efficiency (53% versus 36%).

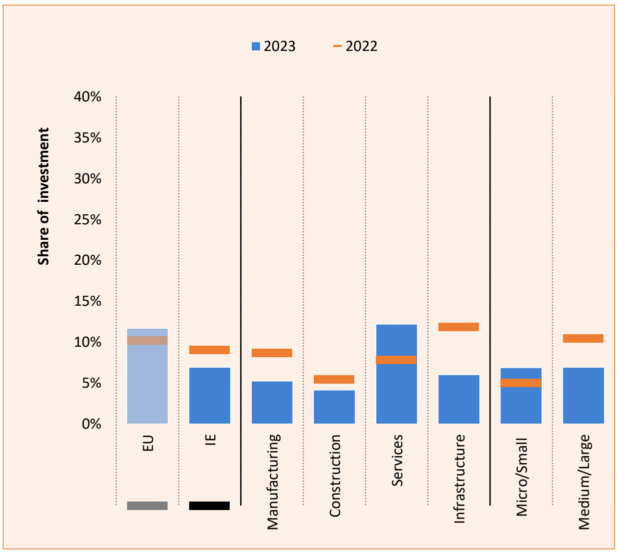


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- An average of 7% of the investment made by firms in Ireland is directed towards measures to improve the organisation's energy efficiency. This is below the EU average (12%), but in line with EIBIS 2022 (9%).
- Service firms spent the highest share of their investment on efficiency (12%).

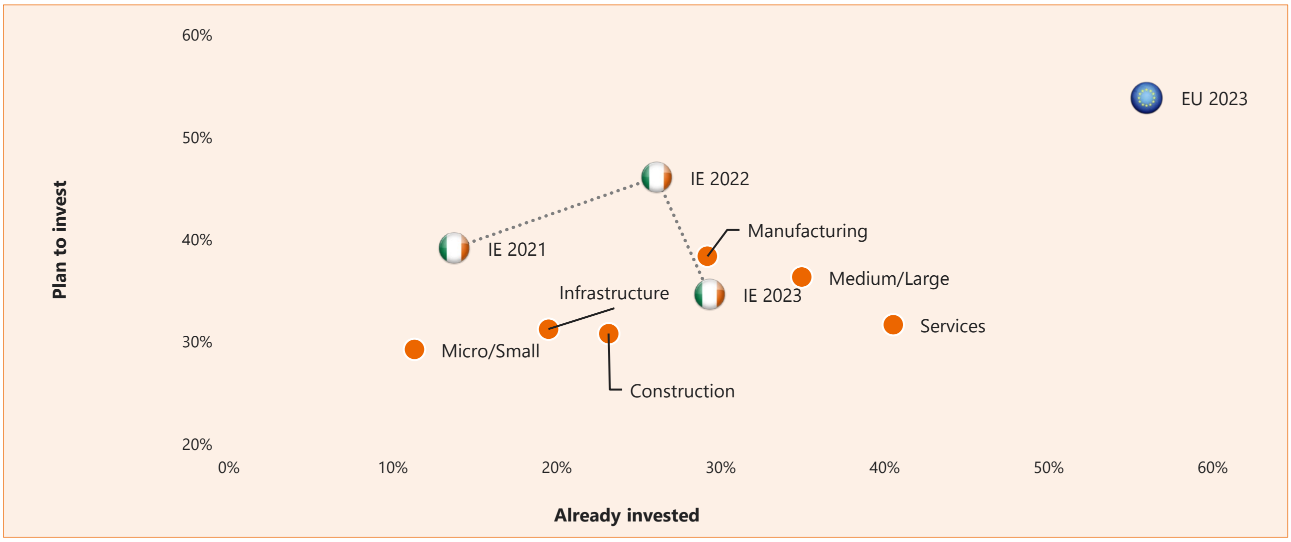


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms that have invested in the last financial year (excluding don't know/refused responses)

Climate change and energy efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT



EIBIS 2022/2023:
Q. Which of the following applies to your company regarding investments to tackle the impacts of weather events and to help reduce carbon emissions?
EIBIS 2021:
Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

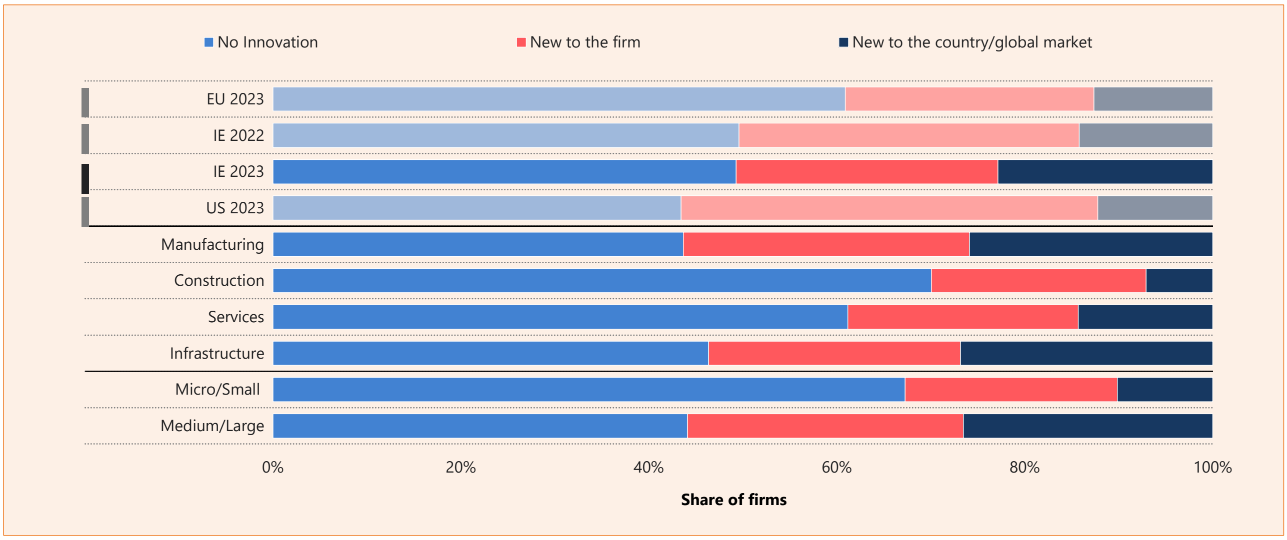
Please note: question change and an additional answer option was included in 2022, this may have influenced the data. Treat comparison to 2021 with caution.

Base: All firms (excluding don't know/refused responses)

- In Ireland, 29% of firms have already invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions. This is in line with EIBIS 2022 (26%), but well below the EU average (56%).
- One in three Irish firms (35%) have plans to invest in these areas in the next three years. This is slightly lower than EIBIS 2022 (46%) and well below the EU average (54%).
- Services firms are the most likely to have already invested to tackle the impact of weather events (41%), while infrastructure firms are the least likely to have done this (19%). Manufacturing firms are the most likely to have plans to invest (38%), while construction and infrastructure firms are the least likely to have plans to do so (both 31%).
- Medium or large firms are more likely than micro or small firms to have already invested to tackle the impact of weather events (35% versus 11%), but similar proportions have plans to invest (36% and 29%, respectively).

Innovation activities

INNOVATION ACTIVITY



Q. What proportion of total investment in the last financial year was for developing or introducing new products, processes or services?
Q. Were the products, processes or services new to the company, new to the country or new to the global market?

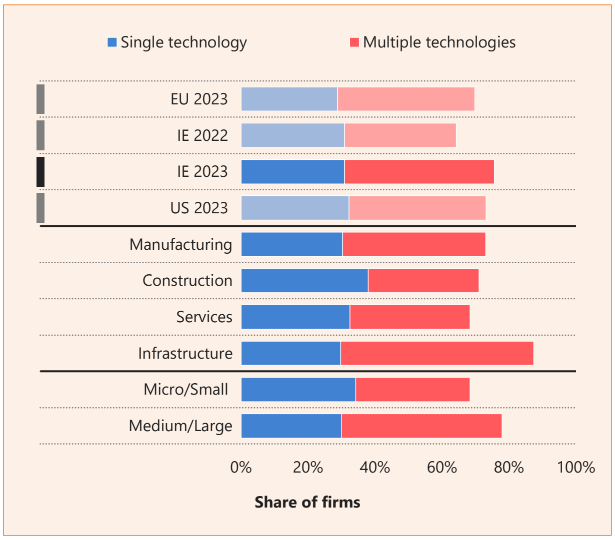
Base: All firms (excluding don't know/refused responses)

- Half of Irish firms (51%) developed or introduced new products, processes or services as part of their investment activities in 2022, in line with EIBIS 2022 (50%) and higher than the EU average (39%).
- Almost one-quarter (23%) of firms in Ireland report the development or introduction of products, processes or services new to either the country or global market. This is higher than EIBIS 2022 (14%) and the EU average (13%).
- Manufacturing firms are most likely to have invested in innovation (46%), while construction firms are least likely to have done so (30%).
- Medium or large firms are more likely than micro or small firms to have invested in innovation (46% versus 33%).

Innovation activities

USE OF ADVANCED DIGITAL TECHNOLOGIES

- Overall, 76% of firms in Ireland use at least one advanced digital technology. This is higher than what was reported in EIBIS 2022 (64%) and the EU average (70%).
- Infrastructure firms are the most likely to have adopted at least one advanced digital technology (87%), with 58% adopting multiple advanced digital technologies.
- Medium or large firms are more likely than micro or small firms to have adopted multiple advanced digital technologies (48% versus 34%).
- The digital technologies that Irish firms are most likely to be using are Internet of Things (59%) and digital platforms (51%). In comparison to the EU and the US, Irish firms are making comparatively greater use of Internet of Things (59% versus 41% in the EU and 47% in the US), but comparatively less use of big data / AI (19% versus 29% in the EU and 35% in the US) and robotics (33% versus 54% in the EU and 54% in the US). The use of drones among Irish firms and firms across the EU is similar (26% and 24% respectively), but both well below the US average (60%).



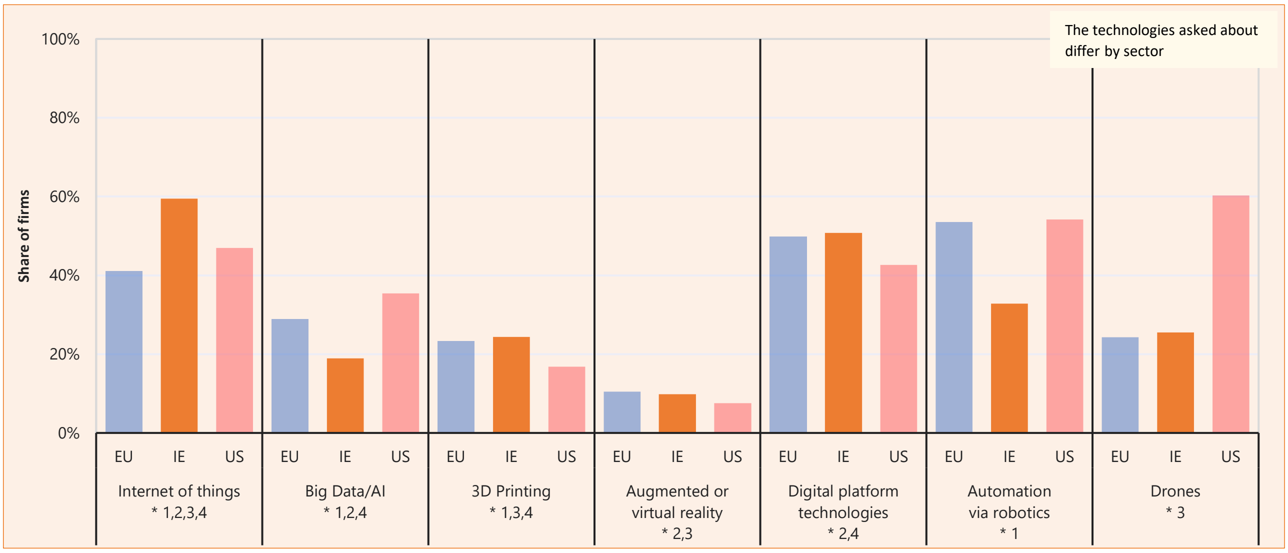
Reported shares combine "used" the technology "in parts of business" and "entire business organised around it."

Single technology is where firms have used one of the technologies asked about. Multiple technologies is where firms have used more than one of the technologies asked about.

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business.

Base: All firms (excluding don't know/refused responses)

ADVANCED DIGITAL TECHNOLOGIES



*** Sector: 1 = Asked to manufacturing firms, 2 = Asked to services firms, 3 = Asked to construction firms, 4 = Asked to infrastructure firms**

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business.

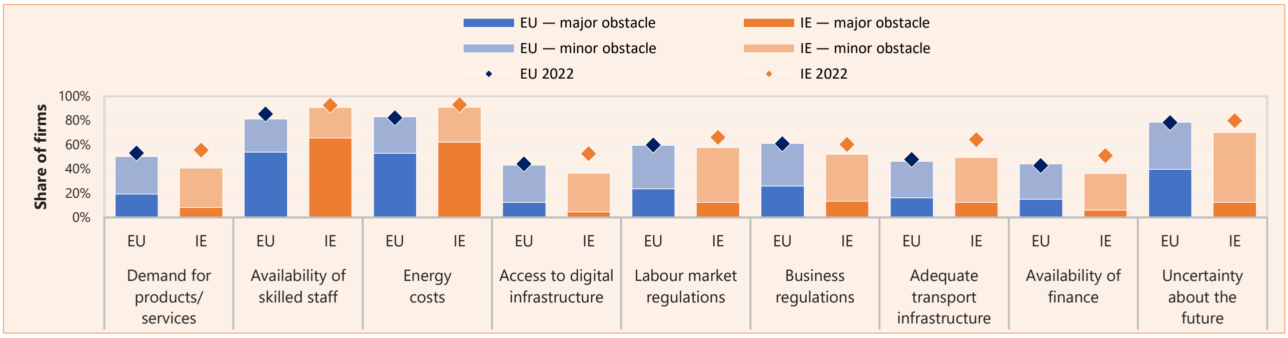
Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

*Base: All firms (excluding don't know/refused responses);
Sample size IE: Manufacturing (112); Construction (71); Services (140); Infrastructure (73).*

Investment impediments

LONG-TERM BARRIERS TO INVESTMENT

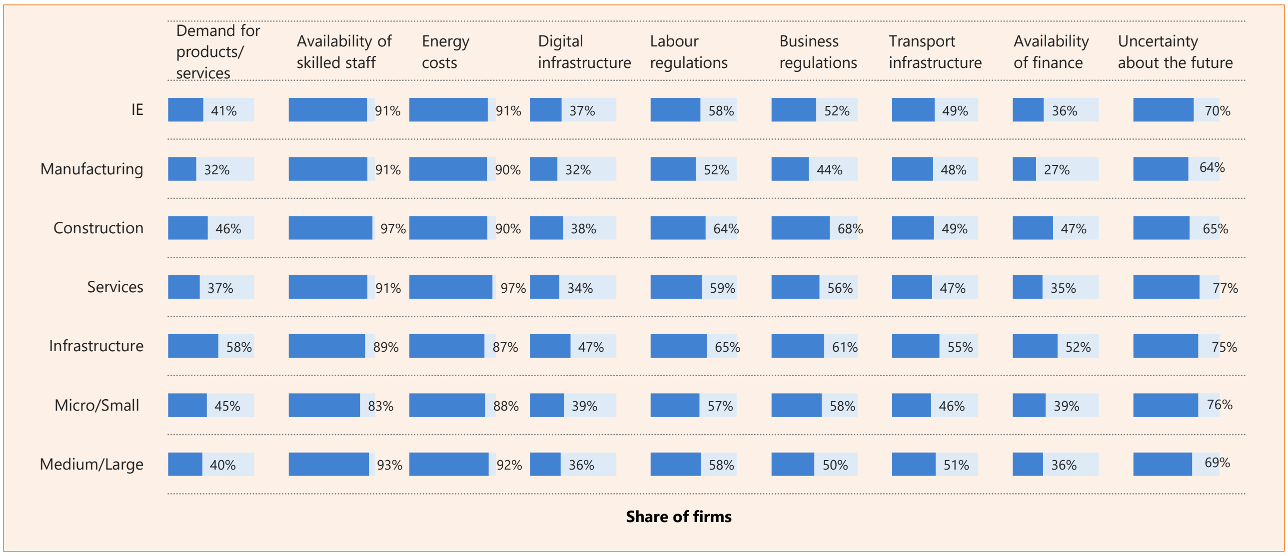
- As in EIBIS 2022, the most frequently mentioned long-term barriers to investment in Ireland are energy costs (91%), availability of skilled staff (91%) and uncertainty about the future (70%). While these are the main barriers across the EU, EU firms are less likely to cite energy costs (83%) and availability of skilled staff (81%), and more likely to cite uncertainty about the future (78%).
- Compared to the EU average, Irish firms are also less likely to cite demand for products or services (41% versus 50%) and business regulations (52% versus 61%) as long-term barriers to investment.
- Compared to EIBIS 2022, Irish firms are less likely to consider several of these as barriers. These include uncertainty about the future (70% versus 80%), adequate transport infrastructure (49% versus 64%), demand for products or services (41% versus 56%) and availability of finance (36% versus 51%).
- There is little significant variation by sector or size.



Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those that said not an obstacle at all/don't know/refused)

LONG-TERM BARRIERS BY SECTOR AND SIZE



Reported shares combine 'minor' and 'major' obstacles into one category

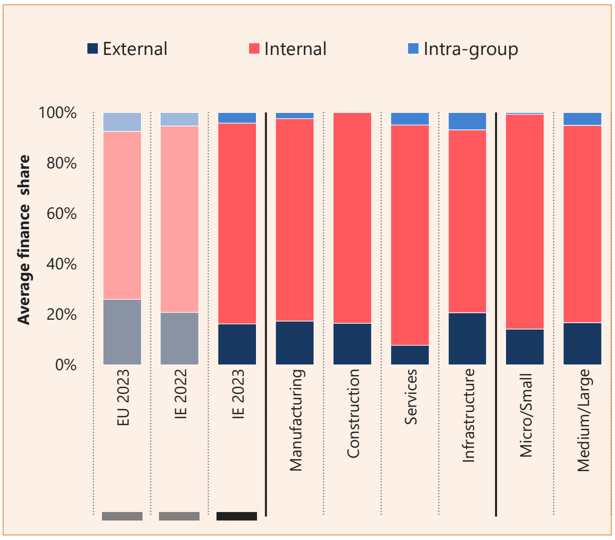
Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those that said not an obstacle at all/don't know/refused)

Access to finance

SOURCE OF INVESTMENT FINANCE

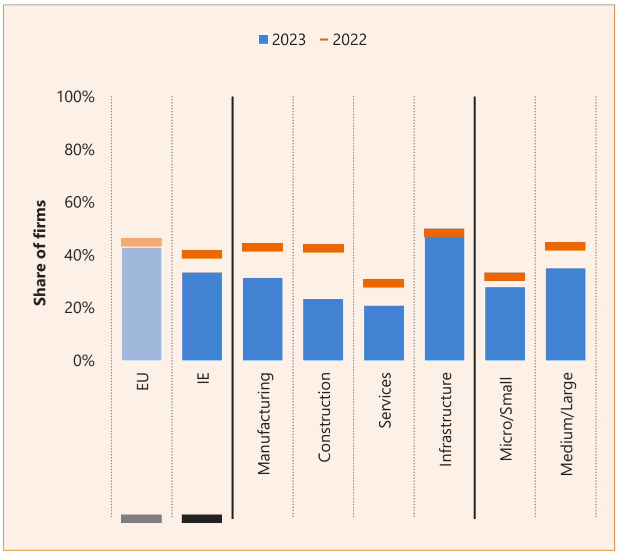
- Internal sources accounted for the largest share of investment finance for firms in Ireland (80%), followed by external finance (16%). The remainder (4%) came from intra-group financing. All proportions are in line with EIBIS 2022.
- Firms in Ireland relied more heavily on internal finance than in the EU overall (80% versus 66%), while external finance supported a lower proportion of their investments (16% versus 26%).
- The relative proportions of internal and external finance are similar across sectors, with internal sources accounting for the largest share of investment finance among services firms (87%), which is higher than the share among infrastructure firms (72%).
- The relative proportions of internal and external finance are also similar across sizes.



Q. What proportion of your investment was financed by each of the following?

Base: All firms that invested in the last financial year (excluding don't know/ refused responses)

USE OF EXTERNAL FINANCE



- A third of firms in Ireland (34%) who invested in the last financial year, financed at least some of this investment through external sources. This is slightly lower than in EIBIS 2022 (40%) and the EU average (43%).
- The proportion of firms using external finance is highest in the infrastructure sector (48%), and lowest in the services sector (21%).
- Medium or large firms are broadly as likely as micro or small firms to be using external finance (35% versus 28%).

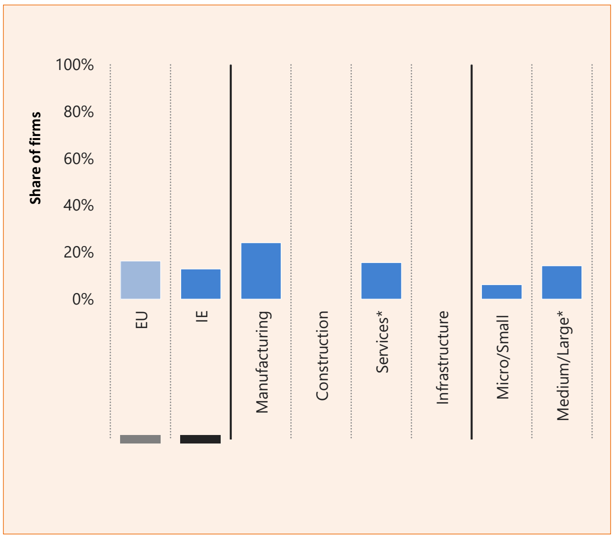
Q. Approximately what proportion of your investment in the last financial year was financed by each of the following

Base: All firms that invested in the last financial year (excluding don't know/ refused responses)

Access to finance

SHARE OF FIRMS WITH FINANCE FROM GRANTS

- One in eight firms using external finance in Ireland have received grants (13%). This is line with the EU average (16%).
- Manufacturing firms using external finance are most likely to have received grants (24%), followed by services firms (16%).
- One in seven medium or large firms using external finance have received grants (14%), compared to 6% for micro or small firms.

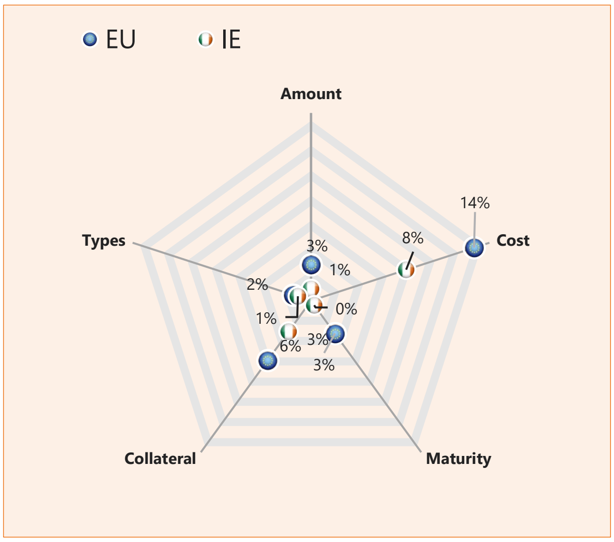


Q. What proportion of your total investment in the last financial year was financed by grants?

Base: All firms using external finance (excluding don't know/refused responses)
**Caution very low base size less than 30*

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED (% of firms)

- Except for the cost of external finance obtained, no more than 3% of firms in Ireland are dissatisfied with any of the other aspects included in the survey.
- Just under one in ten firms in Ireland (8%) are dissatisfied with the cost of finance. This is lower than the EU average (14%).
- Levels of dissatisfaction in Ireland are similar to the EU average for the other aspects as well.



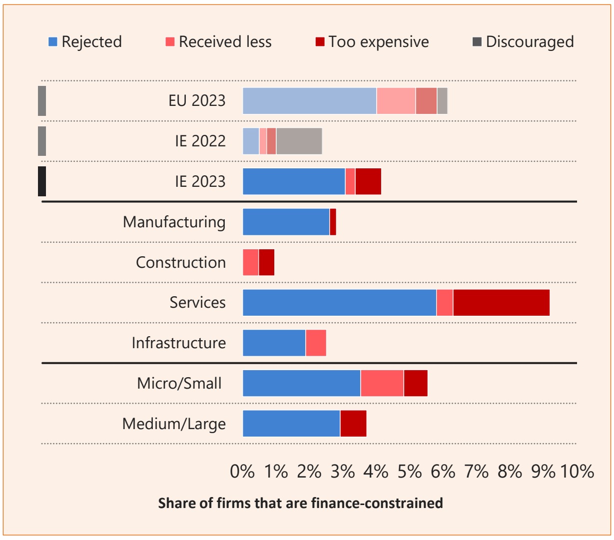
Q. How satisfied or dissatisfied are you with …?

Base: All firms that used external finance in the last financial year (excluding don't know/refused responses)

Access to finance

SHARE OF FINANCE-CONSTRAINED FIRMS

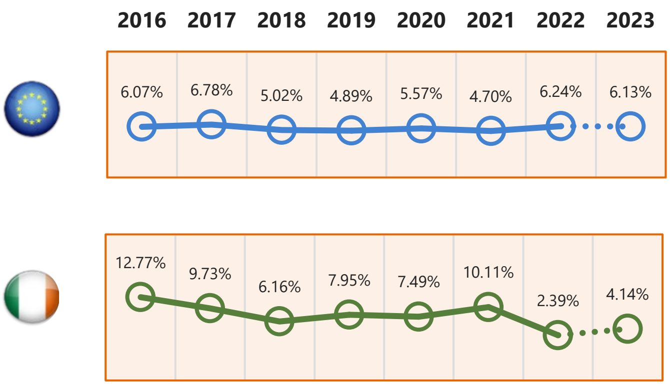
- The proportion of finance constrained firms in Ireland (4.1%) is similar to the EU average (6.1%) and EIBIS 2022 (2.4%).
- The proportion of finance constrained firms in Ireland is highest in the services sector (9.2%) and among micro or small firms (5.6%).
- The main constraint reported by firms in Ireland is rejection (3.1%), followed by finance being too expensive (0.8%). This is slightly different from EIBIS 2022 when the main constraint was being discouraged (1.4%), followed by rejection (0.5%).



Finance-constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those that did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms (excluding don't know/refused responses)

FINANCING CONSTRAINTS OVER TIME

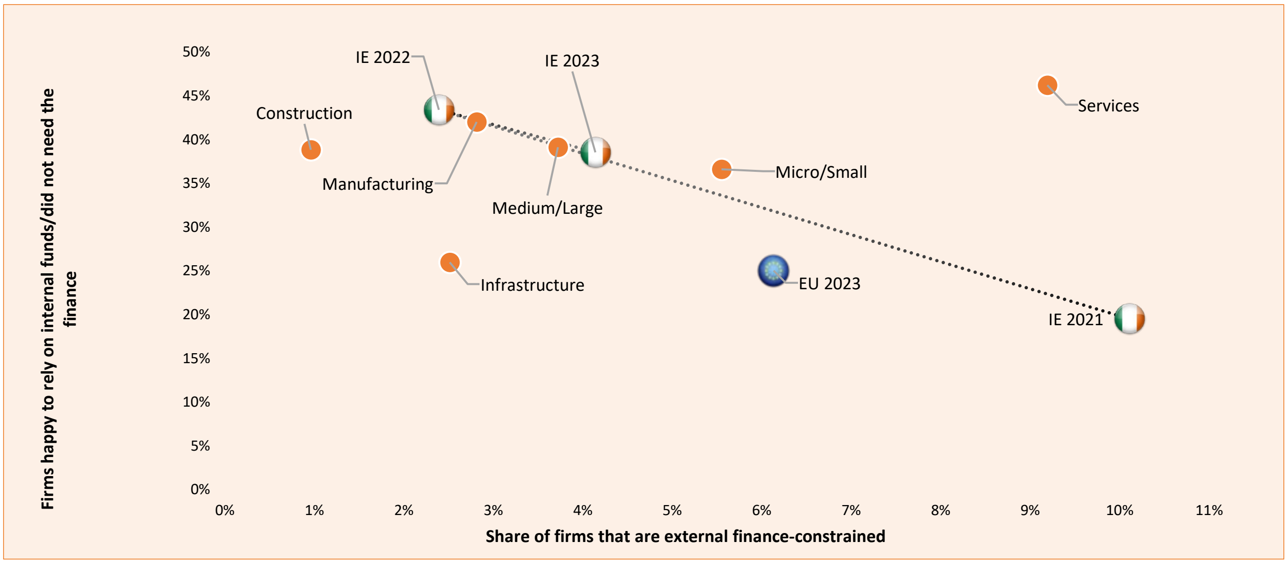


- The proportion of Irish firms that are financed constrained is similar to EIBIS 2022 (4.1% versus 2.4%). This is lower than the previous six years.
- For the period 2016 to 2021, the proportion of financed constrained firms in Ireland has been slightly higher, albeit not always significantly higher, than the EU average, while in 2022 and 2023, it has been slightly lower than, the EU average.
- The drop in the share of financially constrained firms in Ireland between 2021 and 2022/2023 is primarily down to a reduction in the rejection rate.

Base: All firms (excluding don't know/refused responses)

Access to finance

FINANCING CROSS



Data derived from the financial constraint indicator and firms indicating main reason for not applying for external finance was 'happy to use internal finance/didn't need finance'

Base: All firms (excluding don't know / refused)

- While 4.1% of Irish firms can be considered finance constrained in EIBIS 2023, two in five (39%) are happy to rely on internal finance. The proportion of firms in Ireland that are happy to rely on internal finance is in line with EIBIS 2022 (43%).
- However, while similar proportions of Irish firms and firms across the EU are finance constrained (4.1% and 6.1% respectively), more Irish firms are happy to rely on internal finance (39% versus 25%).
- In Ireland, services firms are most likely to be finance constrained (9.2%) but also happiest to rely on internal finance (46%).
- The differences between medium or large firms and micro or small firms are not statistically significant, with 3.7% of medium or large firms being finance constrained compared to 5.6% of micro or small firms, and 39% of medium or large firms being happy to rely on internal finance compared to 37% of micro or small firms.

EIBIS 2023 – Country technical details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Ireland, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	IE	Manufacturing	Construction	Services	Infrastructure	Micro/ Small	Medium/ Large	EU vs IE	Manuf vs Constr	Micro/Small vs Medium/Large
	(12030)	(802)	(400)	(112)	(71)	(140)	(73)	(300)	(100)	(12030 vs 400)	(112 vs 71)	(300 vs 100)
10% or 90%	1.1%	3.9%	4.2%	6.8%	9.7%	6.8%	8.1%	3.4%	5.3%	4.3%	11.8%	6.3%
30% or 70%	1.8%	6.0%	6.4%	10.4%	14.9%	10.4%	12.4%	5.2%	8.1%	6.6%	18.1%	9.6%
50%	1.9%	6.5%	6.9%	11.3%	16.2%	11.4%	13.5%	5.7%	8.9%	7.2%	19.7%	10.5%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities: firms in group C (Manufacturing).
Construction sector	Based on the NACE classification of economic activities: firms in group F (Construction).
Services sector	Based on the NACE classification of economic activities: firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).
Infrastructure sector	Based on the NACE classification of economic activities: firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
Micro/Small	Firms with between 5 and 49 employees.
Medium/Large	Firms with at least 50 or more employees.

Note: the EIBIS 2023 country overview refers interchangeably to 'the past/last financial year' or to '2022'. Both refer to results collected in EIBIS 2023, where the question is referring to the past financial year, with the majority of the financial year in 2022 in case the financial year is not overlapping with the calendar year 2022.

EIBIS 2023 – Country technical details

The country overview presents selected findings based on telephone interviews with 400 firms in Ireland (carried out between April and July 2023).

BASE SIZES *(*Charts with more than one base; due to limited space, only the lowest base is shown)*

Base definition and page reference	EU 2023/2022	US 2023	Ireland 2023/2022	Manufacturing	Construction	Services	Infrastructure	Micro/Small	Medium/Large
All firms, p. 5 (bottom left), p. 8 (top), p. 8 (bottom), p. 16 (top)	12030/12021	802	400/403	112	71	140	73	300	100
All firms (excluding don’t know/refused responses), p. 5 (bottom right)	11624/11682	776	397/390	112	71	137	73	299	98
All firms who have invested in the last financial year (excluding don’t know/refused responses), p. 6 (top)	10147/9704	692	349/336	97	61	118	69	256	93
All firms who have invested in the last financial year (excluding don’t know/refused responses), p. 6 (bottom)	9948/9501	704	347/354	97	62	116	68	257	90
All firms (excluding ‘Company didn’t exist three years ago’ responses), p. 7 (top)	12015/12005	802	400/403	112	71	140	73	300	100
All firms (excluding don't know/refused responses), p. 7 (bottom)	11880/11814	794	399/401	111	71	140	73	300	99
All firms (excluding don’t know/refused responses), p. 9 (top)	11812/NA	782	397/NA	112	71	139	71	297	100
All firms (data not shown for those that said not an obstacle at all/don’t know/refused), p. 9 (bottom)	12030/NA	802	400/NA	112	71	140	73	300	100
All firms (excluding don't know/refused responses), p. 10 (top)	11739/NA	786	398/NA	111	71	139	73	298	100
All firms (excluding don't know/refused responses), p. 10 (bottom)	11739/NA	786	398/NA	111	71	139	73	298	100
All firms (excluding don't know/refused responses) p. 11 (top)	11978/11975	800	397/401	111	71	138	73	297	100
All firms (excluding don’t know/refused/not applicable responses), p. 11 (bottom)	6692/NA	284	253/NA	86	39	86	38	180	73
All firms (excluding Don't know/refused responses), p. 12 (top left)	11918/NA	797	398/NA	112	71	138	73	298	100
All firms that import (excluding don’t know/refused responses), p. 12 (top right)	6151/NA	240	240/NA	81	38	82	35	173	67
All firms (excluding don’t know/refused responses), p. 12 (bottom)	10139/NA	717	344/NA	103	63	117	57	253	91
All firms (excluding Don't know / refused responses) p. 13 (top)	11930/11911	797	400/400	112	71	140	73	300	100
All firms (excluding Don't know / refused responses), p. 13 (bottom)	11944/11909	789	399/401	112	71	139	73	299	100
All firms (excluding don't know/refused responses), p. 14 (top)	11433/11172	771	394/384	110	71	137	72	297	97
All firms (excluding don’t know/refused responses), p. 14 (bottom)	11956/11964	800	398/402	111	71	139	73	298	100
All firms (excluding don't know/refused responses), p. 15 (top)	11549/NA	766	398/NA	110	71	140	73	299	99
All firms (excluding don’t know/refused responses), p. 15 (bottom)	11836/11712	791	396/396	111	71	137	73	296	100
All firms that have invested in the last financial year (excluding don’t know/refused responses), p. 16 (bottom)	10210/9752	707	344/352	96	60	116	68	253	91
All firms (excluding don’t know/refused responses), p. 17	11721/11685	770	389/398	109	71	136	69	294	95
All firms (excluding don’t know/refused responses), p. 18	11738/11735	780	377/375	106	67	132	68	281	96
All firms (excluding don't know/refused responses), p. 19 (top)	12009/11980	801	400/401	112	71	140	73	300	100
All firms (excluding don’t know/refused responses), p. 19 (bottom)	11916/11844	800	400/400	112	71	140	73	300	100
All firms (data not shown for those who said not an obstacle at all/don’t know/refused), p. 20 (top)	12030/12021	802	400/403	112	71	140	73	300	100
All firms (data not shown for those who said not an obstacle at all/don’t know/refused), p. 20 (bottom)	12030/12021	802	400/403	112	71	140	73	300	100
All firms who invested in the last financial year (excluding don’t know/refused responses), p. 21 (top)	10517/10051	697	348/349	96	62	117	69	255	93
All firms who invested in the last financial year (excluding don’t know/refused responses), p. 21 (bottom)	10517/10051	697	348/349	96	62	117	69	255	93
All firms using external finance (excluding don't know/refused responses), p. 22 (top)	4269/4107	265	107/113	30	25	27	24	78	29
All firms that used external finance in the last financial year (excluding don’t know/refused responses), p. 22 (bottom)	4184/3988	264	106/111	29	25	27	24	77	29
All firms (excluding don’t know/refused responses), p. 23 (top)	11544/11504	729	391/378	110	71	133	73	293	98
All firms (excluding don’t know/refused responses), p. 23 (bottom)	11544/11504	729	391/378	110	71	133	73	293	98
All firms (excluding don’t know/refused responses), p. 24	11544/11473	729	391/377	110	71	133	73	293	98

European
Investment Bank

Economics Department
economics@eib.org
www.eib.org/economics

Information Desk
+352 4379-22000
info@eib.org

European Investment Bank
98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
+352 4379-1
www.eib.org

twitter.com/EIB
facebook.com/EuropeanInvestmentBank
youtube.com/EIBtheEUbank

 PDF: ISBN 978-92-861-5668-7

Ireland

Overview

EIB INVESTMENT SURVEY

2023