

Department of the Taoiseach
Roinn an Taoisigh



SPECIAL AREA ZONES – THE IRISH EXPERIENCE

**APEC HIGH LEVEL CONFERENCE, TOKYO,
8th SEPTEMBER 2004**

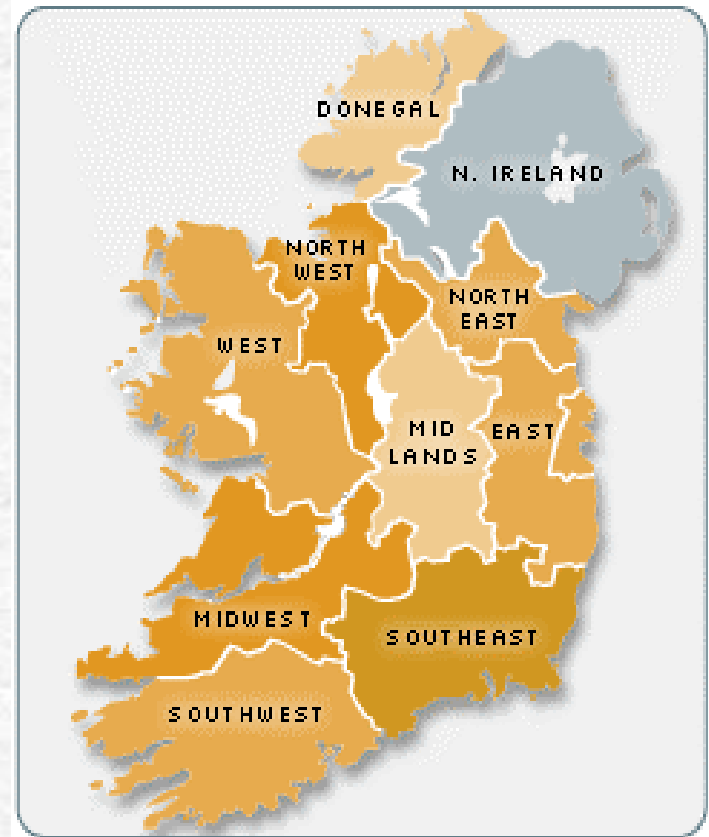
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Facts about Ireland

Slide 1

- ✓ Independent Sovereign State, Member of EU
- ✓ Population: 3.9million
(Dublin: 1million)
- ✓ Area: 70,282 km²
- ✓ Temperate climate:
Winter 4°C; Summer 16°C
- ✓ Unemployment 4.4%
- ✓ Inflation 2.3%
- ✓ Current Account Balance €1.7bn
(2003 figure €1.2bn)



Shannon Free Zone

Slide 2

- Industrial development assisted by tax concessions and other initiatives
- Incentives eroded over time
- A leading business park in Ireland

Ireland an Objective One Region of the E.U.

Slide 3

- Development of economically lagging regions.
- Focus of Community assistance on Objective One regions
 - less than 75% of average EU per capita GDP
- Ireland treated as a single Objective One region before 2000.
- Ireland has secured above average transfers of structural funding while demonstrating a comprehensive package of government policies.

Irish Economy in 1980's

Slide 4

- Unemployment 17.5%
- Inflation 12%
- Emigration highest since 1950's
- Current budget deficit £1.5bn

The rationale behind the idea was that:

- World financial markets had become highly inter-dependent and operated on a round-the-clock basis;
- The technology to set up and run international data and fund management centres was creating an electronic market place; and
- global deregulation of financial services meant that an increasing range of these services was provided from beyond national boundaries.

Key Steps

Slide 6

- The full engagement from the outset of the Central Bank of Ireland, the prime regulator of the activities to be carried out in the Centre.
- The extension to the International Financial Services centre of the low corporate tax (10% on profits) then available, under Irish law only to manufacturing and some service activities.
- The setting up of a marketing team in the Investment Development Agency (IDA)

Contd.....

Key StepsContd

- Certain special tax incentives were put in place to assist with the development of the Docklands area of Dublin
- The main Irish banks were engaged from the outset in the development.
- A few leading international companies and institutions were persuaded at an early stage of the benefits of the centre and what it had to offer.

White Paper on Regulation

Slide 7

"Regulating Better"

Six Principles Set Out:

- ✓ **Necessity** - is the regulation necessary? Can we make it easier and simpler?
- ✓ **Effectiveness** - is the regulation properly targeted? Is it still effective?
- ✓ **Proportionality** - is there a more effective way of achieving the objective? Do the advantages outweigh the disadvantages?
- ✓ **Transparency** - have we consulted with stakeholders prior to regulating?
- ✓ **Accountability** - is it clear who is responsible to whom and for what? Is there an effective appeals process?
- ✓ **Consistency** - is it consistent with other regulations in place?

Single Regulator

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Irish Financial Services Regulatory Authority

- **Its role** is to oversee the operation of the financial services industry in Ireland. It has a statutory base and is appropriately funded and staffed to carry out its role.
- **The reputation** of the Irish Financial Services Industry has been based on strong and appropriate regulations which has made Ireland both competitive and attractive as a location for financial services.

Mission Statement

- To help consumers make informed financial decisions in a safe and fair market and to foster sound dynamic financial institutions in Ireland, thereby contributing to financial stability.

Social Partnership

Slide 9

- ✦ In 1987, **The National Economic and Social Council (NESC) Strategy Document**; “A Strategy for Development 1986 – 1990” the blue print.
- ✦ A series of social partnership agreements, commencing with the Programme for National Recovery (PNR)
- ✦ Successive agreements provided for moderate wage increases supplemented by cuts in personal taxation and consensus on spending priorities in economic and social programmes.
- ✦ Social Partnership grew from a shared recognition that the challenges facing Ireland could not be satisfactorily addressed by any one group acting alone.

The LINK

Slide 10

- IFSC, (the zone) IFSRA (the regulator),
Regulatory Reform, Social Partnership
- Driven by Prime Ministers Office