



European
Investment Bank

Ireland

Overview

EIB INVESTMENT SURVEY

2022

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Ireland

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EIB Investment Survey Country Overview 2022: Ireland

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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 Member 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.

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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.

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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.

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EIBIS 2022 – Ireland Overview

KEY RESULTS

Investment Dynamics and Focus

EIBIS 2022 finds that at the time of interviews (April-July 2022), Irish firms were exiting from COVID-19 in reasonably good shape and, on balance, with a positive outlook. Irish firms had positive expectations on investment for the whole of 2022, with a net balance of 37% of firms expecting to increase rather than decrease investment. In addition, the share of Irish firms having invested in 2021 (88%) returned to 2019's share.

Investment Needs and Priorities

Irish firms did not signal major investment gaps, with 78% saying they had invested the right amount over the last three years, similar to EIBIS 2021. Looking ahead to the next three years, investment in capacity expansion has overtaken developing new products/services as the main priority for firms' investment (44% and 25% respectively). This is in contrast to EIBIS 2021 when developing new products/services was the top priority. Expansion plans are more common for large firms, reflecting the stronger performance of late of large foreign-owned firms in the pharma and technology sectors. 15% of Irish firms have no investment planned, similar to EIBIS 2021.

COVID-19 Impact

The pandemic was a major shock for Irish firms but the impact was uneven. Nearly 40% of Irish firms did not see a reduction in year on year sales due to COVID-19 and at time of the interview 70% expected higher sales in 2022 than before the pandemic. On the other side of the spectrum, about half of firms experienced losses in 2020 and/or 2021 and 10% of firms did not expect to recover from the pandemic-era loss of business in 2022.

Overall, 67% of Irish firms have received some form of financial support in response to COVID -19, higher than the EU average of 60%. This is mostly in the form of subsidies or some type of financial support that does not need to be paid back. Furthermore 10% of firms report that they are still receiving financial support.

Firms' Transformation, Innovation and Digitalisation

The policy support was instrumental for firms to transform. Most Irish firms – 65% in total – took actions as a response to COVID-19, most commonly becoming more digital (51%). Compared to EIBIS 2021, more firms report shortening their supply chains (31% up from 16%). On average, 64% of Irish firms used at least one advanced digital technology.

The period of repeated shocks has had an impact on firms' innovation but Irish firms appear to be bouncing back. Half (50%) of Irish firms developed or introduced new products, processes or services as part of their investment activities, higher than the share reported in EIBIS 2021 (42%) and in the EU overall in EIBIS 2022 (34%).

International Trade

The majority (79%) of Irish firms are engaged in international trade, higher than the EU average of 63%. Even 68% of micro/small firms in Ireland are involved in trade. Almost all Irish firms (94%) faced disruptions to their international trade since 2021 and 72% report war in Ukraine and/or COVID-19 as creating obstacles to international trade. Among all Irish firms facing disruptions due to international trade, 61% reported taking actions to mitigate their impact.

EIBIS 2022 – Ireland Overview

Drivers and Constraints

At the time of interviews, firms were already expecting a deterioration in the economic and political climate, with prospects in their own sectors also worsening. Expectations about the availability of external finance in the short-term have turned negative, returning to 2020 levels. The outlook for availability of internal finance for investment also worsened but remained stronger than in 2020.

Looking at long term impediments to investment, skills and uncertainty continue to play an important role, with 92% and 80% of Irish firms respectively mentioning those as constraints. Skills are more likely to be mentioned as a constraint compared to EIBIS 2021 and the EU average in EIBIS 2022. There has also been a surge in the share of Irish firms reporting energy costs as a constraint to investment (93% vs 70%), especially those viewing it as a major barrier (65%).

Investment Finance

Despite the tightening of global and European financial conditions, the share of Irish firms considered financially constrained has fallen, from 10.1% in EIBIS 2021 to 2.4% in EIBIS 2022. Loans to corporate sector borrowers contracted by 18% in 2021 compared to 2020 but loan growth rebounded to 7.2% year-on-year by September 2022. The share of financially constrained firms is the lowest recorded figure over the past six years and is less than half of the EU average.

Climate Change and Energy Efficiency

Most Irish firms (67% in total) see themselves as affected by physical climate change risks, but only 22% have taken actions for building resilience against these risks, around half the EU average of 41%. While 92% of Irish firms are taking actions in order to reduce Greenhouse Gas (GHG) Emissions, similar to the EU average (88%), only 22% of Irish firms report that they set and monitor targets for their own GHG emissions, which is around half the EU average (41%).

The share of Irish firms seeing the transition to stricter climate standards and regulations as a risk or an opportunity remained fairly balanced (each around 30%), with 38% of Irish firms continuing to expect no impact from the transition. Almost all (92%) Irish firms have already taken actions with the aim of reducing Greenhouse Gas (GHG) emissions - 76% are making investments in waste minimization and recycling, 65% in energy efficiency, and 39% in less polluting business areas and technologies. The share of Irish firms investing in measures to improve energy efficiency has increased from 24% in EIBIS 2021 to 45% in EIBIS 2022.

Looking at investment in climate change more broadly, 26% of Irish firms have already invested, which is some way below the EU average of 53%. However almost half (46%) of Irish firms have plans to invest in climate change over the next three years.

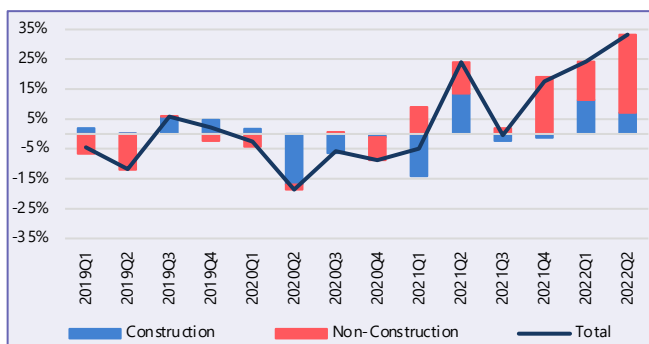
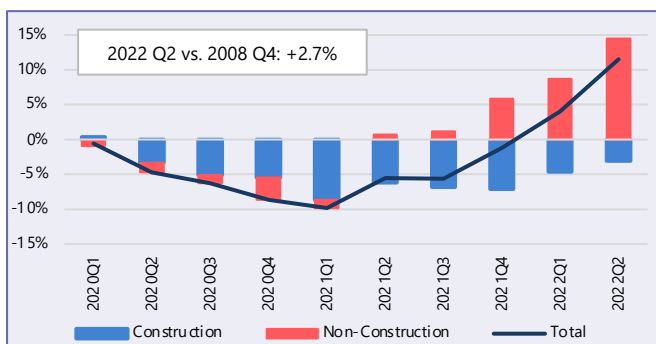
Firm Management, Gender Balance and Employment

In 2021, almost half of Irish firms (44%) used a strategic monitoring system and most are striving for gender balance (67%).

Investment dynamics and focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

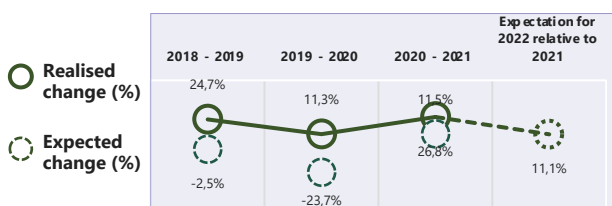
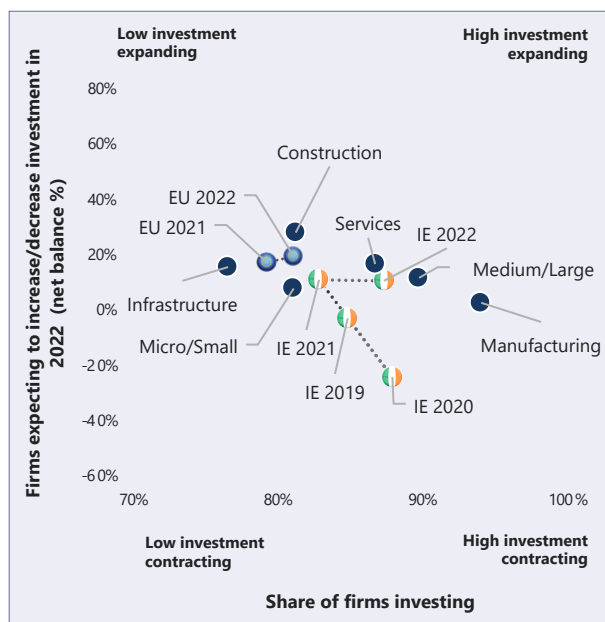
- Gross fixed capital formation in Ireland rebounded strongly following its sharp pandemic period decline (during which the lowest level was reached in Q1 2021 at around -10% relative to Q4 2019).
- Such rebound was mainly driven by the strong recovery in non-construction investment, while construction investment continued to contribute negatively.
- Coming into 2022, gross fixed capital formation more than surpassed its pre-pandemic level, standing in Q2 2022 at +11.50% relative to the level in Q4 2019, on the back of a robust positive evolution in non-construction investment together with a recovery in construction investment.



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

- As in EIBIS 2021, firms operating in Ireland have a, on balance, positive outlook on their future investment, bouncing back from low investment expectations in 2020, similar to the pattern seen in the EU overall.
- Medium/large (12%) firms and firms in the construction (29%) sector are the most likely to expect to increase rather than decrease their investment.



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

Base for expected and realised change: All firms

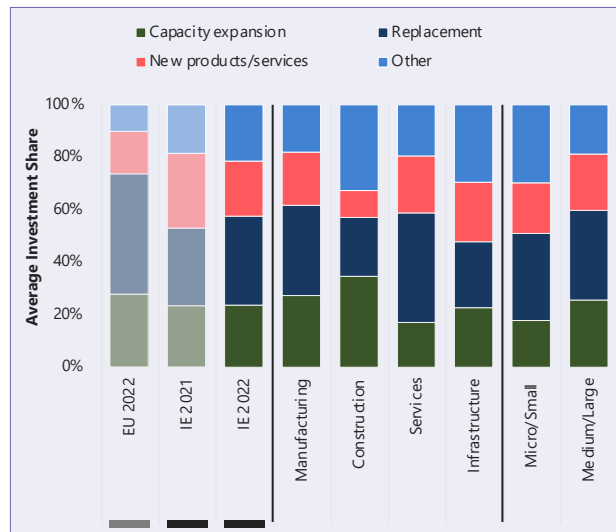
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

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

Investment dynamics and focus

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

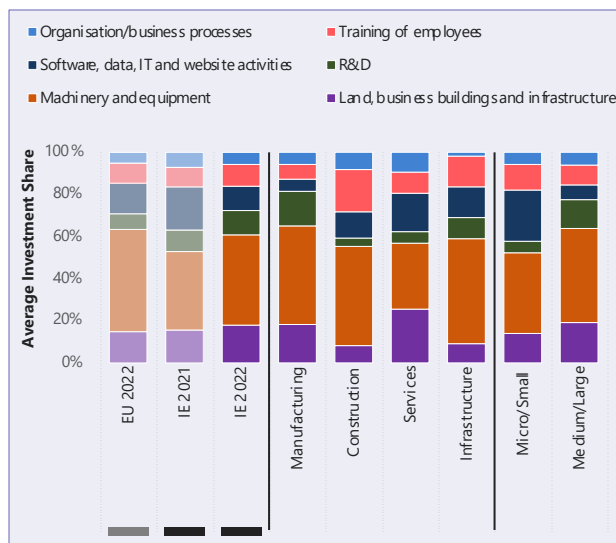
- On average, firms in Ireland spent 34% of their investment on replacing capacity, which is below the EU average of 46%. Shares range from 22% in the construction sector to 42% among services firms.
- Investment in capacity expansion accounted for a smaller share of total investment (24%), similar to the EU average. Services firms invested the lowest share (17%) and construction firms the highest (34%).
- Investment in new products and services accounted for a lower share of the total expenditure at 21%, falling to 10% in the construction sector.



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

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

INVESTMENT AREAS



- Out of the six investment areas asked about, the highest share of investment in 2021 by Irish firms was in machinery and equipment (43%), which is reflected by brisk growth in investment in this area in the national accounts. This was followed by land, business buildings and infrastructure (17%).
- Irish firms' share of investment in software, data, IT and website activities fell from 21% in EIBIS 2021 to 12% in EIBIS 2022. Micro/small firms (24%) reported a higher share of investment in this area than medium/large firms (7%).
- Investment in R&D by Irish firms accounted for a 12% share, higher than the EU average of 7%. The share of investment in R&D by medium/large firms was more than double that of micro/small firms (14% versus 6%).

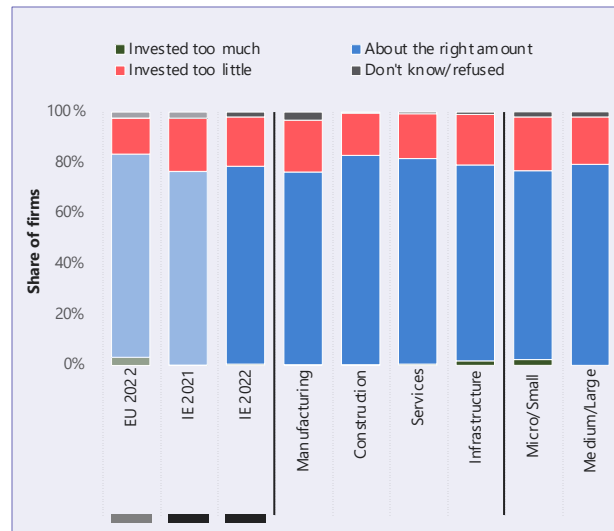
Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

Base: All firms who 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. In spite of difficult circumstances, 78% of Irish firms believe their investment over the last three years was about the right amount, while one per cent report having invested too much. These figures are in line with the EU average.
- 2% of micro/small Irish firms reported investing too much compared to 0% of medium/large firms.

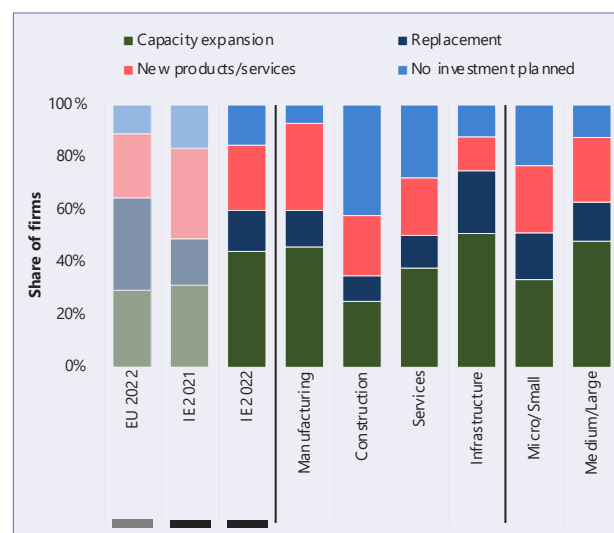


Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

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

FUTURE INVESTMENT PRIORITIES

- Looking ahead to the next three years, capacity expansion for existing products/services is the most commonly cited investment priority among Irish firms (44%).
- There has been a shift in priorities compared to EIBIS 2021 where developing new products/services (35%) had a higher share than capacity expansion (31%). It also contrasts with the pattern in the EU, where replacement has a larger share of investment priority (36%) than expanding capacity (29%).
- 15% of firms have no investment planned, similar to the EU average (11%) and EIBIS 2021 (17%). Services (28%) and construction firms (42%), as well as micro/small firms (28%) are most likely to have no investment planned over the next three years.
- Medium large firms are particularly likely to be planning investment in capacity expansion (48% compared to 33% of micro/small firms).

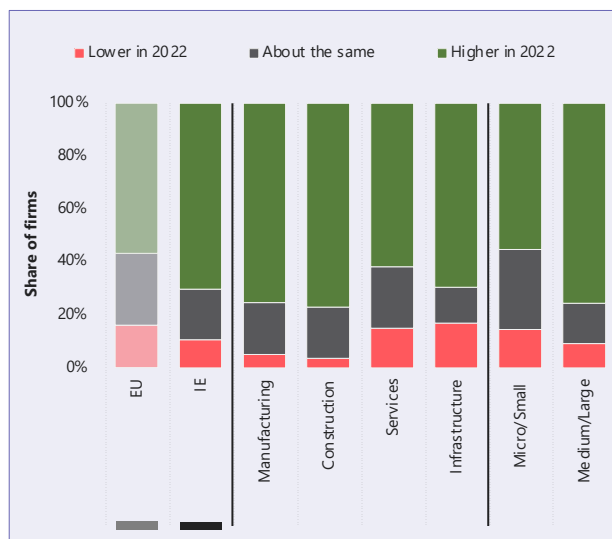


Q. Looking ahead to the next three years, which is your investment priority (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

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

Impact of COVID-19

IMPACT OF COVID-19 ON SALES OR TURNOVER BY END OF 2022 COMPARED TO 2019



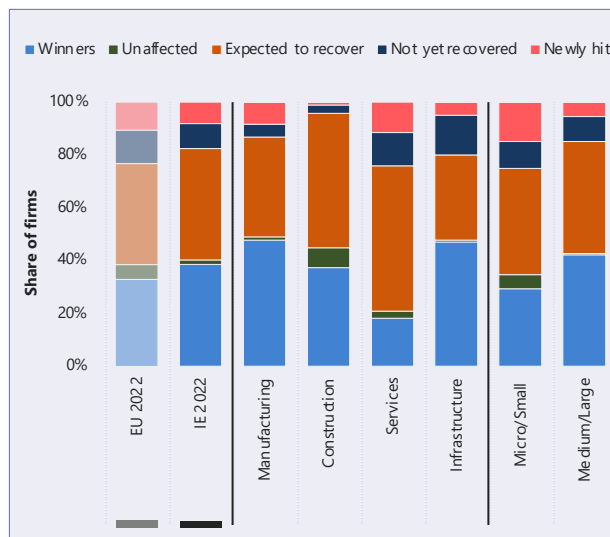
- Asked about the persistent impact of COVID-19 on sales, around 11% of Irish firms expected their sales in 2022 to be lower compared to 2019, while 70% expected a sales increase. This is a more positive outlook than the EU as a whole (57%).
- Medium/large firms (76%) were more likely to expect an increase in sales for 2022 than micro/small firms (55%).

Q. Compared to 2019, do you expect your sales or turnover in 2022 to be higher, lower or about the same?

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

IMPACT ON FIRMS' SALES OR TURNOVER AND EXPECTED RECOVERY

- About a half (51%) of Irish firms were negatively impacted by COVID-19, the same as the EU average. Nevertheless, 42% expected to equal or exceed 2019 sales levels in 2022.
- Nearly 40% of Irish firms are COVID-19 winners, these are firms who did not see a sales drop in 2020-2021 and expected a sales increase in 2022. Services firms have the lowest share of firms classified as COVID-19 winners (17%).
- 8% of firms are newly hit, expecting a negative sales impact for the first time in 2022 since 2019, potentially related to the recent Russia-Ukraine conflict. This is more likely to be the case among micro/small firms (15%) than medium/large firms (6%).



Q. Compared to 2019, before the pandemic started, did your companies sales and turnover in 2020 decline, increase or stay the same?

Q. Compared to 2020, did your companies sales and turnover in 2021 decline, increase or stay the same?

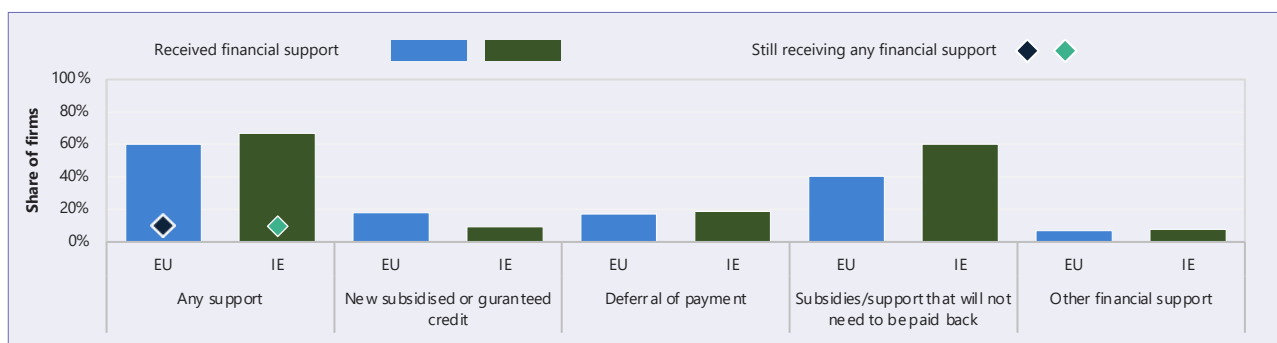
Q. Compared to 2019, do you expect your sales or turnover in 2022 to be higher, lower or about the same?

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

Impact of COVID-19

FINANCIAL SUPPORT RECEIVED IN RESPONSE TO COVID-19

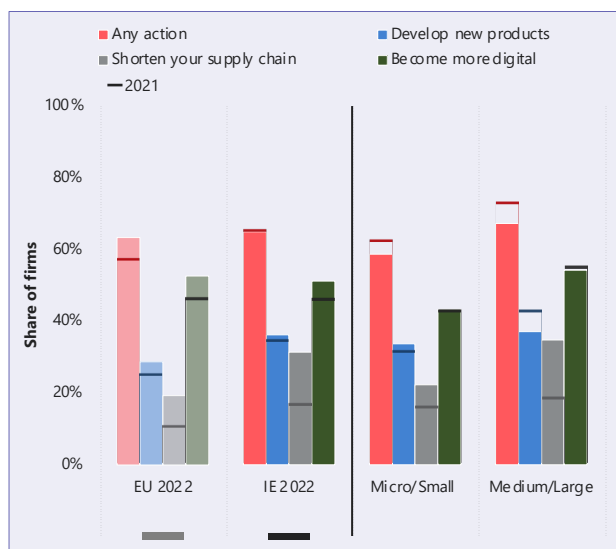
- Overall, 67% of Irish firms have received some form of financial support in response to COVID-19, which is higher than the EU average of 60%.
- The most frequent type of financial support received by Irish firms is subsidies or another type of financial support that did not need to be paid back (60%), followed by deferrals of payment (19%).
- Firms in Ireland were more likely to receive subsidies or support that did not need to be paid back than the EU average (60% versus 40%).
- 10% of all Irish firms are still receiving financial support, the same proportion as the EU overall.



Q. Since the start of the pandemic, have you received any financial support?
Q. Are you still receiving (any of) this financial support?

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

ACTIONS AS A RESULT OF COVID-19



- 65% of Irish firms report having taken at least one short-term action as a result of COVID-19. The most cited area of action or investment is to become more digital, as reported by 51% of Irish firms, followed by developing new products, services or processes (36%). These figures are in line with the EU average.
- Compared to EIBIS 2021, more Irish firms report shortening their supply chains (31% compared to 16% in 2021). This is higher than the EU average of 19%.

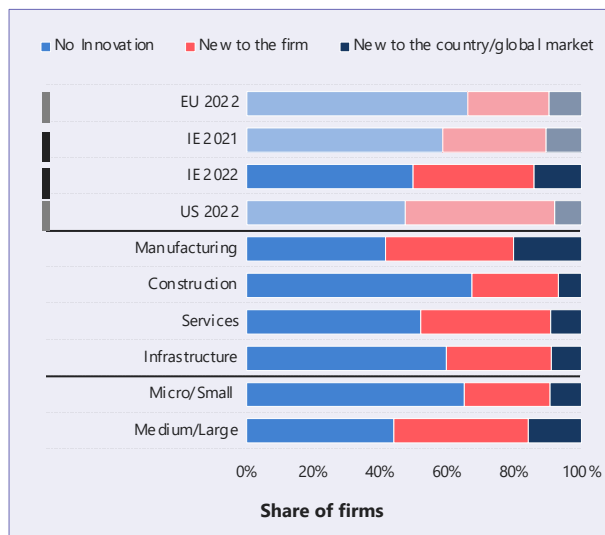
Q. As a response to the COVID-19 pandemic, have you taken any actions or made investments to...?

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

Innovation activities

INNOVATION ACTIVITY

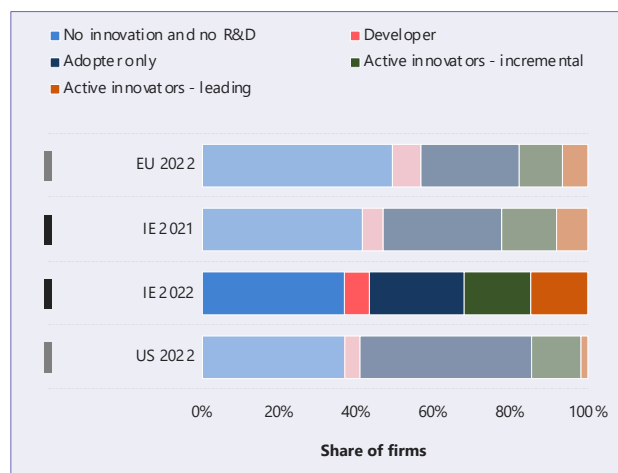
- 50% of Irish firms developed or introduced new products, processes or services as part of their investment activities in 2021, higher than the EU average (34%) and levels of innovation among Irish firms in EIBIS 2021 (42%).
- 14% of Irish firms report the development/introduction of products, processes or services that were new to either the country or global market in EIBIS 2022.
- Innovation was more common among medium/large firms (56%) than micro/small firms (35%).



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

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

INNOVATION PROFILE



- Q. What proportion of total investment was for developing or introducing new products, processes, services?
Q. Were the products, processes or services new to the company, new to the country, new to the global market?
Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

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

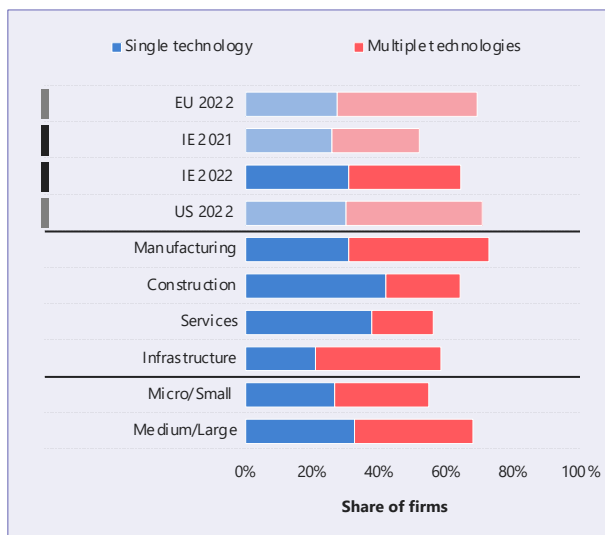
- When firms' innovation and research and development behaviour is profiled more widely, 32% of Irish enterprises can be classified as 'active innovators' — that is, as firms that invested significantly in research and development and introduced a new product, process or service.
- Among active innovators, Irish firms are slightly more likely to be 'incremental active innovators' (17%, which is higher than the the EU average of 7%).
- On the negative side, 37% of Irish firms did not innovate or invest in R&D in 2021, similar to EIBIS 2021, but lower than the EU average (49%).

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators these are new to the country/world'.

Innovation activities

USE OF ADVANCED DIGITAL TECHNOLOGIES

- 64% of Irish firms have implemented at least one advanced digital technology. This is similar to the EU average (69%).
- Firms in the services sector are the least likely to have implemented multiple digital technologies within their business (18% versus between 22% to 42% in other sectors).
- Irish firms are most likely to have implemented the Internet of Things and platforms (43% and 36% respectively).
- Levels of implementation for robotics, Big Data/AI, and platforms are lower than the EU average.



EIBIS 2022

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?

EIBIS 2021

Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

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

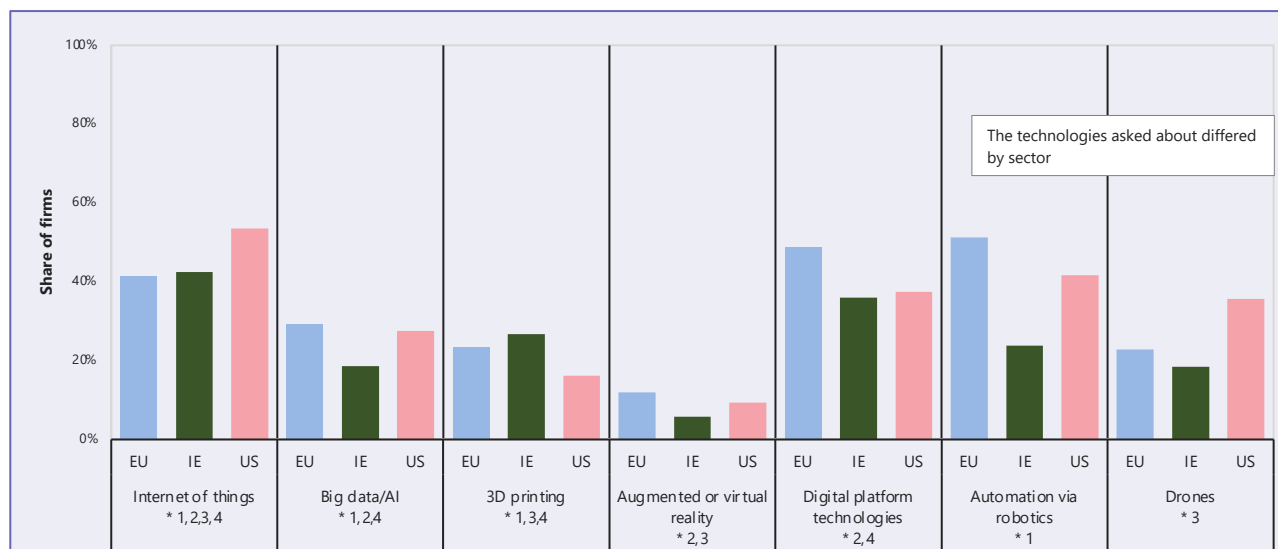
Please note: question wording and definition changed between 2021 and 2022, comparisons between the two waves should not be made.

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

ADVANCED DIGITAL TECHNOLOGIES



* Sector: 1 = Asked of Manufacturing firms, 2 = Asked of Services firms, 3 = Asked of Construction firms, 4 = Asked of 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?

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

Sample size IE: Manufacturing (106); Construction (72); Services (152); Infrastructure (59)

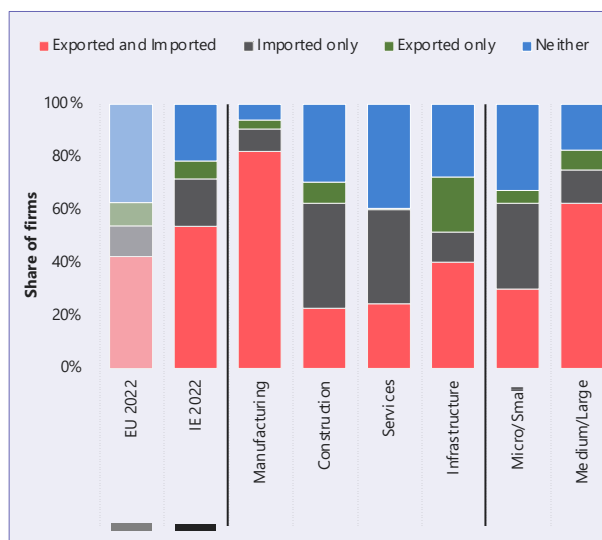
Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

Please note: question wording changed between 2021 and 2022, comparisons between the two waves should not be made.

International trade

ENGAGEMENT IN INTERNATIONAL TRADE

- The majority (79%) of Irish firms are engaged in international trade with 54% exporting and importing goods or services in 2021, higher than the EU average of 42%.
- The majority of manufacturing firms (94%) and medium/large firms (83%) are engaged in international trade.

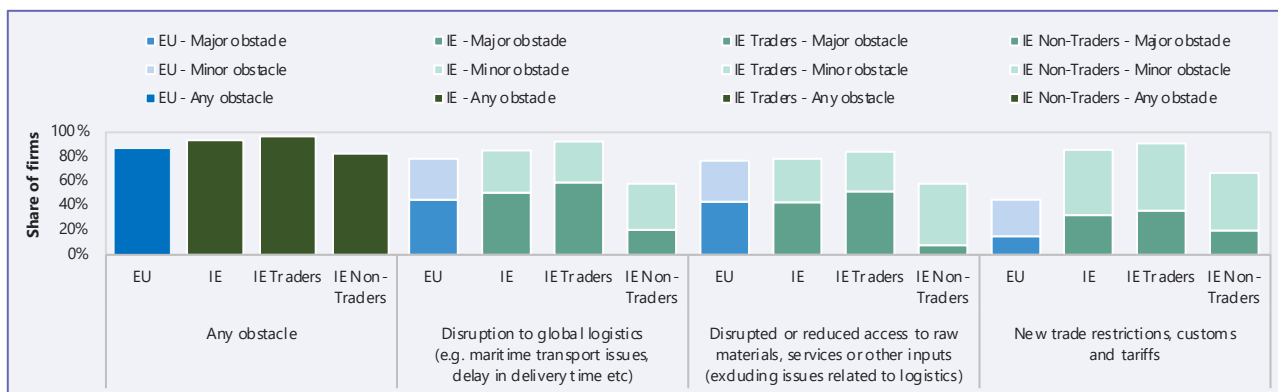


Q. In 2021, did your company export or import goods and/or services?

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

DISRUPTIONS RELATED TO INTERNATIONAL TRADE

- 94% of Irish firms faced disruptions due to international trade. This is higher than in the EU overall (87%).
- Disruptions to global logistics (85%) and new trade restrictions, customs and tariffs (86%) presented the most obstacles to Irish firms, followed by disruptions or reduced access to raw materials, services or other inputs (78%).
- The impact of new trade restrictions, customs and tariffs was felt more by Irish firms compared with the EU overall (86% versus 45%).
- Traders were more likely to have faced disruptions than non-traders on every measure.



Q. Since 2021, did any of the following present an obstacle to your business's activities?

Any obstacle combines 'minor' and 'major' obstacles into one category

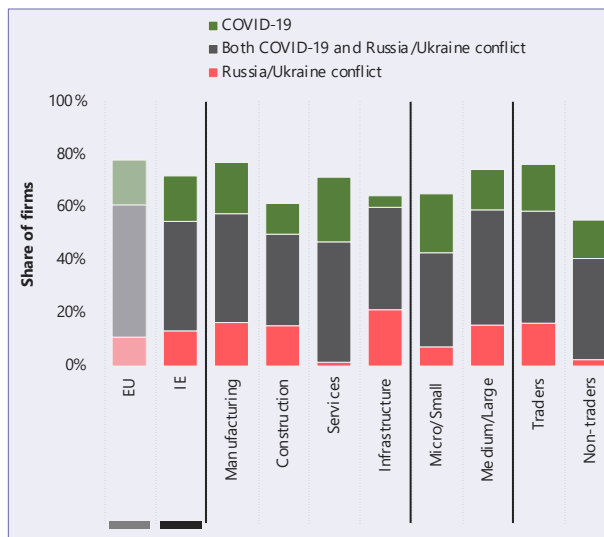
Base: "Any obstacle" - All firms (excluding those who said don't know/refused/not applicable responses to all three international trade obstacles)

Base: Individual obstacles - All firms (excluding those who said don't know/refused/not applicable)

International trade

EXTERNAL FACTORS IMPACTING INTERNATIONAL TRADE

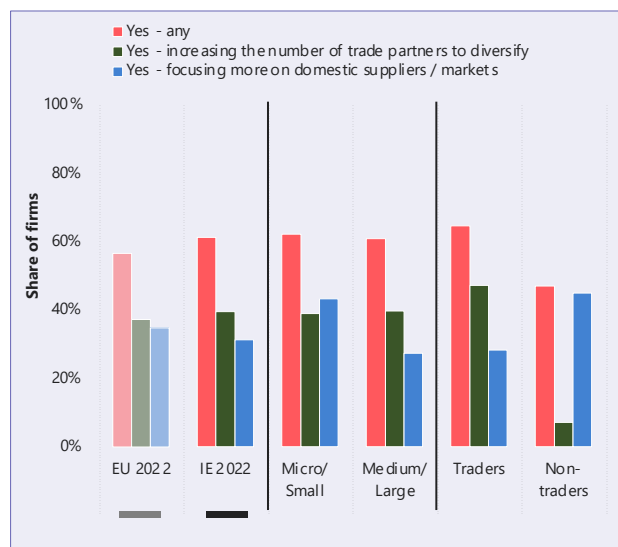
- 72% of Irish firms report obstacles to international trade due to Covid-19 and/or the war in Russia. This is lower than the EU average of 78%.
- The impact of COVID-19 alone is slightly more common than the Russia-Ukraine conflict (17% versus 13%). These figures are in line with the EU average.
- 42% of Irish firms state that both the Russia-Ukraine conflict and COVID-19 contributed to obstacles related to international trade, similar to the EU overall.
- Services firms are less likely to have been impacted by the Russia-Ukraine conflict only (2%).



Q. You have just said that you experienced (an obstacle/obstacles) to your business activities since 2021. Did Covid-19 and/or the Russia-Ukraine conflict, including the sanctions imposed by the International community, contribute to this in anyway?

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

ACTIONS TO MITIGATE INTERNATIONAL TRADE DISRUPTIONS



- Overall, 61% of Irish firms facing disruptions have taken actions to mitigate their impact, which is similar to the EU average (57%).
- Irish firms are more likely to increase the number of trade partners (40%) than focus more on domestic suppliers or markets (31%). These figures are in line with the EU average.
- Micro/small firms (43%) are more likely than medium/large firms (28%) to have focused more on domestic suppliers or markets.
- Traders are more likely than non-traders to be increasing the number of trade partners to diversify (47% versus 7%).

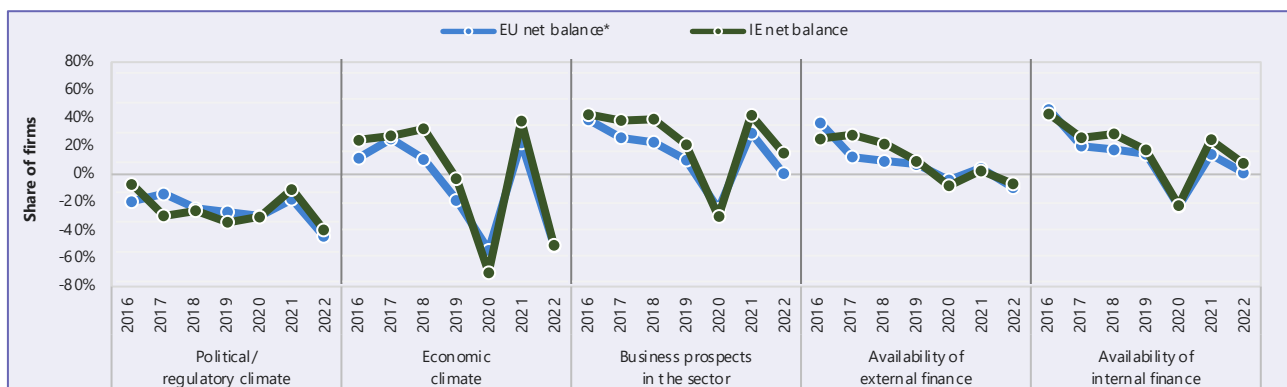
Q. Is your company taking any actions to mitigate the impact of these disruptions?

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

Drivers and constraints

SHORT-TERM FIRM OUTLOOK

- In spite of the upward trend in their outlook last year, Irish firms are again more pessimistic about investment conditions for the next year, similar to the pattern seen in the EU as a whole.
- Expectations for the economic climate have turned negative again (declining from +43% to -52%), as have expectations for the availability of external finance (declining from +5% to -5%).
- Although expectations for business prospects in the sector remain positive, they are declining (from +47% to +19% and are below expectations observed prior to 2020. This is also the case for the availability of internal finance (declining from +28% to +11%).
- The political/regulatory climate has deteriorated (from -8% to -35%).

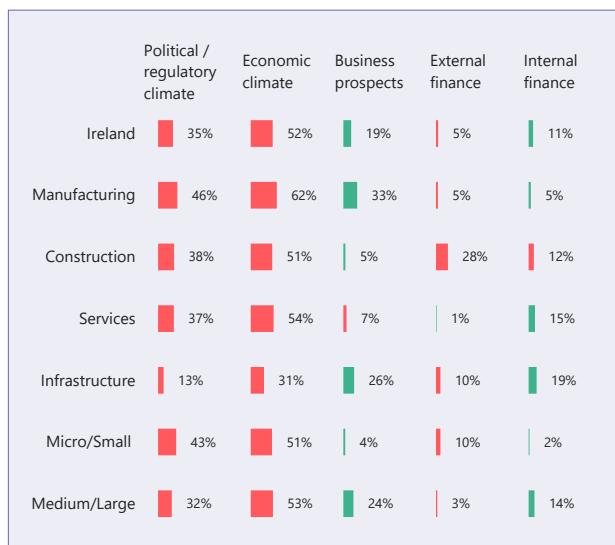


Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

SHORT-TERM FIRM OUTLOOK BY SECTOR AND SIZE (net balance %)



- Firms are consistently more negative than positive about the political and regulatory climate, the economic climate and the availability of external finance (only services firms are just about net positive).
- In spite of a more negative picture in EIBIS 2022, companies still expect an overall improvement in business prospects and internal finance. The exception is services firms, which are net negative on business prospects (-7%), while construction firms are pessimistic about internal finance (-12%).
- These tendencies are similar across firm size.

Please note: green figures are positive, red figures are negative

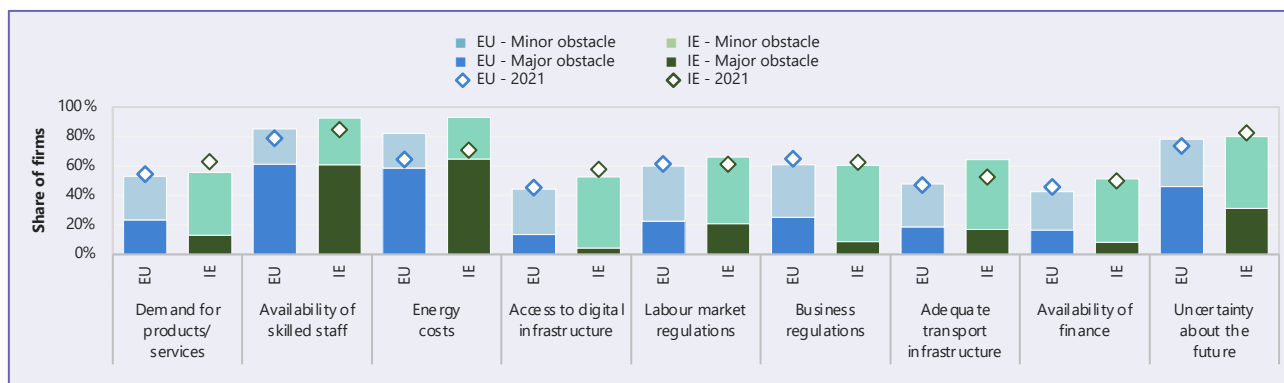
Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

Base: All firms

Drivers and constraints

LONG-TERM BARRIERS TO INVESTMENT

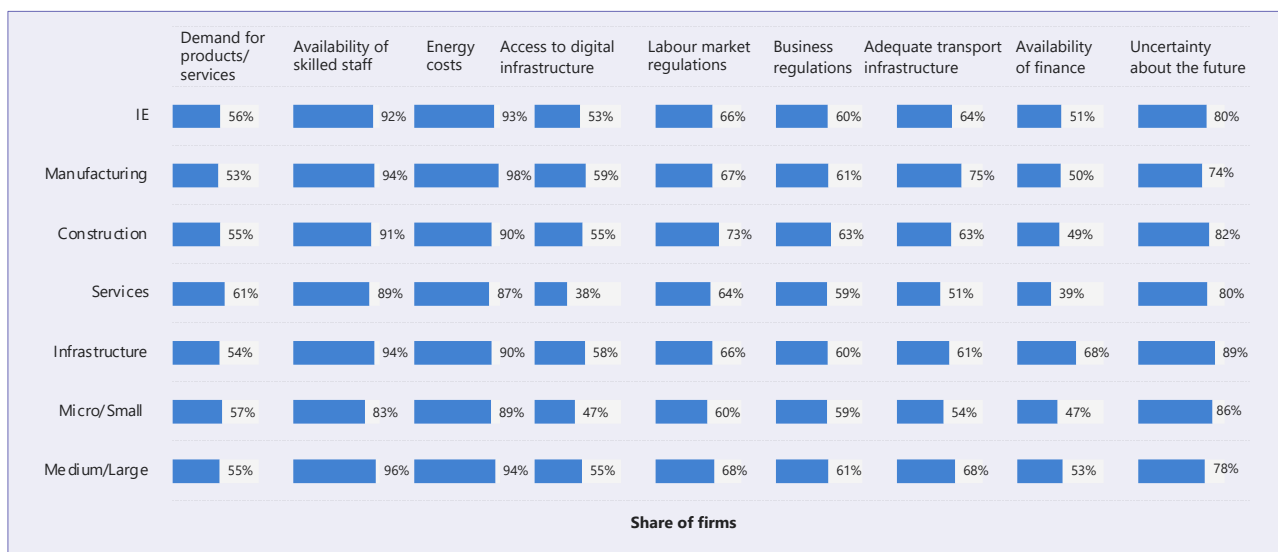
- The most frequently mentioned long-term barriers to investment in Ireland are energy costs (93%), the availability of skilled staff (92%) and uncertainty about the future (80%).
- The cost of energy and the availability of skilled staff has become a major barrier for an increasing number of Irish firms over the past year, with around six in ten saying it is now a major obstacle.
- Compared to the EU average, more Irish firms see availability of staff (92% versus 85%), energy costs (93% versus 82%) and availability of adequate transport infrastructure (64% versus 48%) as a barrier to investment.



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 who 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

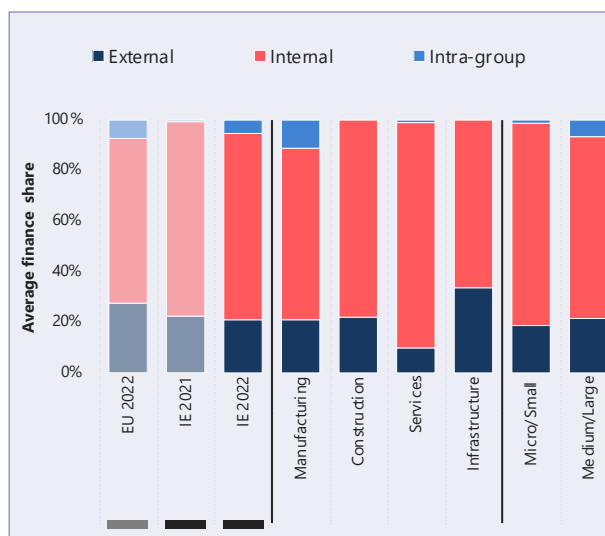
Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

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

Access to finance

SOURCE OF INVESTMENT FINANCE

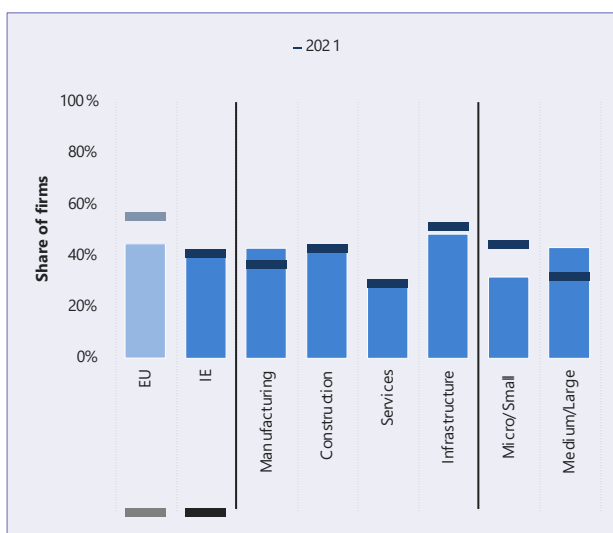
- Internal financing still accounted for the largest share of finance for Irish firms in 2022 (74%), higher than the EU average of 65%. Around a fifth (21%) of Irish firms use external finance, which is lower than the EU average (28%).
- The use of intra-group financing made up, on average, 5% of the overall investment spend by Irish firms, in line with the EU overall and an increase from EIBIS 2021. This share is driven largely by manufacturing firms (11%).
- Sources of finance differ do not differ markedly by firm size.



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

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

USE OF EXTERNAL FINANCE



- About 40% of Irish firms who invested in the last financial year financed at least some of their investment through external finance, the same proportion as EIBIS 2021 and similar to the EU average (45%).
- The use of external finance is lowest among services firms (29%).

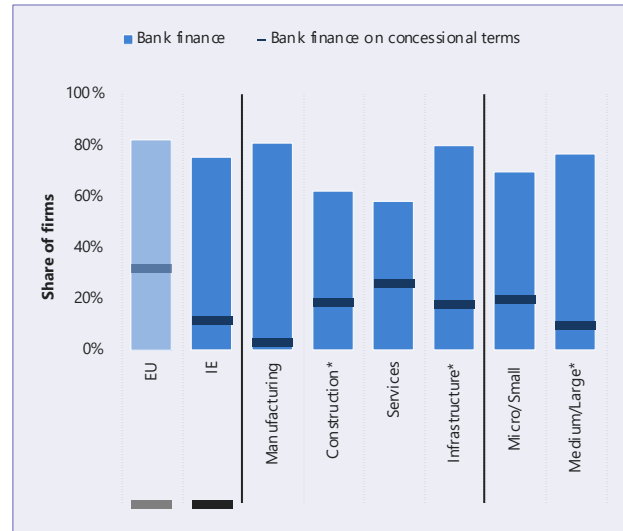
Q. Approximately what proportion of your investment in the last financial year was financed by each of the following

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

Access to finance

ACCESS TO BANK FINANCE AND CONDITIONS

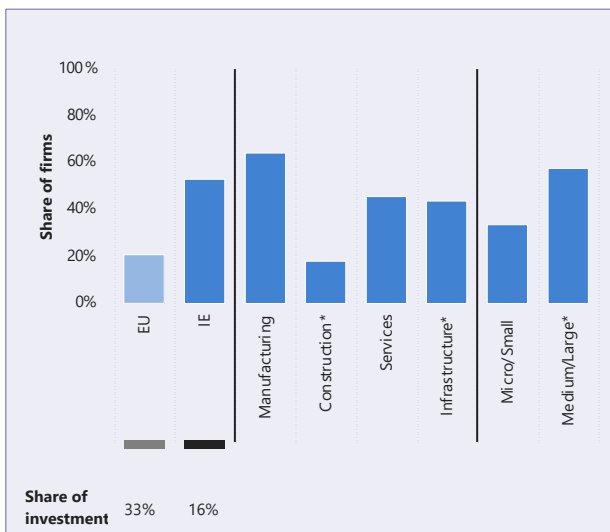
- Three-quarters (75%) of Irish firms using external finance received bank finance. 12% of Irish firms using external finance received bank finance on concessional terms, some way below the EU average of 32%.



- Q. Which of the following types of external finance did you use for your investment activities in the last financial year?
- Q. Was any of the bank finance you received on concessional terms (e.g. subsidised interest rates, longer grace period to make debt payments)?

Base: All firms who used external finance (excluding don't know/refused responses)
* Caution base size <30

SHARE OF FIRMS WITH FINANCE FROM GRANTS



- 53% of Irish firms using external finance received grants, which is considerably higher than the EU average of 21%.
- The manufacturing sector had the highest share of firms with finance from grants.

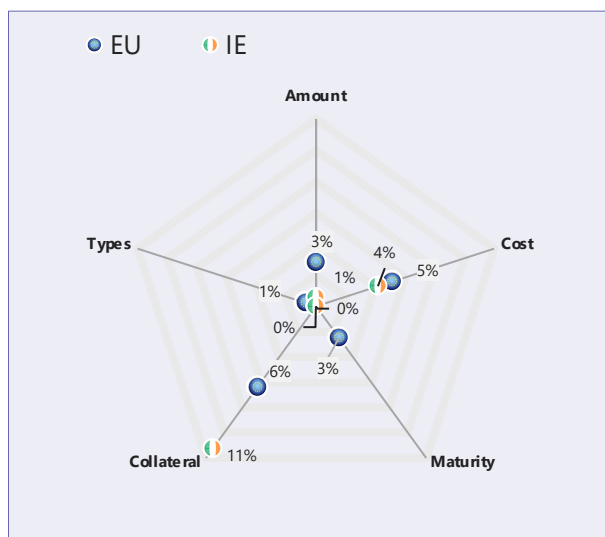
Q. What proportion of your total investment in your last financial year was financed by grants?

Base: All firms using external finance (excluding don't know/refused responses)
Base: All firms that received grants (excluding don't know/refused responses)
* Caution base size <30

Access to finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED (% of firms)

- A small share of Irish firms that used external finance in 2021 are dissatisfied with the finance conditions received.
- Irish firms are most dissatisfied with the collateral requirements (11%, higher than the EU average of 6%) and with the cost of finance (4%, in line with the EU average).



Q. How satisfied or dissatisfied are you with ...?

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

DISSATISFACTION BY SECTOR AND SIZE (% of firms)

	Amount	Cost	Maturity	Collateral	Type
IE	1%	4%	0%	11%	0%
Manufacturing	0%	0%	0%	0%	0%
Construction*	2%	2%	0%	1%	0%
Services	0%	3%	0%	23%	0%
Infrastructure*	2%	13%	0%	25%	0%
Micro/Small	3%	3%	0%	1%	0%
Medium/Large*	0%	4%	0%	14%	0%

- Dissatisfaction levels are low across all sectors and size classes.
- The highest levels of dissatisfaction are mentioned for collateral requirements.
- Services and infrastructure firms and medium/large firms have higher levels of dissatisfaction with collateral requirements.

Q. How satisfied or dissatisfied are you with ...?

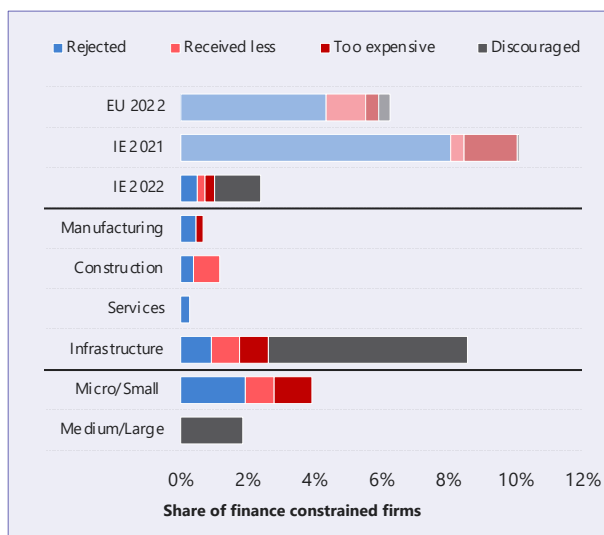
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

* Caution base size <30

Access to finance

SHARE OF FINANCE CONSTRAINED FIRMS

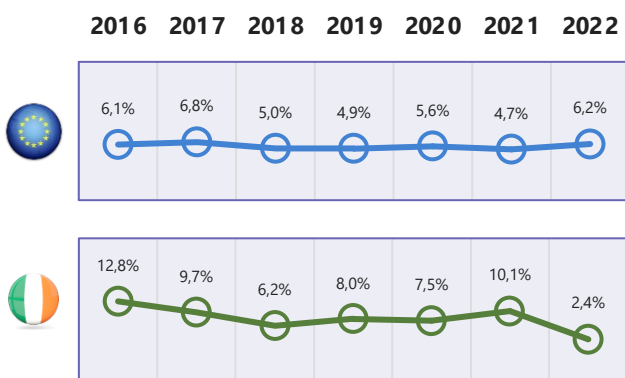
- The share of financially constrained firms in Ireland (2.4%) is has declined in the past year (10.1% EIBIS 2021) and is lower than the EU average (6.2%).
- The main constraint reported by Irish firms is being discouraged (1.4%), followed by being rejected (0.5%), down from 8.1% in EIBIS 2020 and lower than the EU average of 4.3%.
- Firms in the infrastructure sector are the most finance constrained.



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 who 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



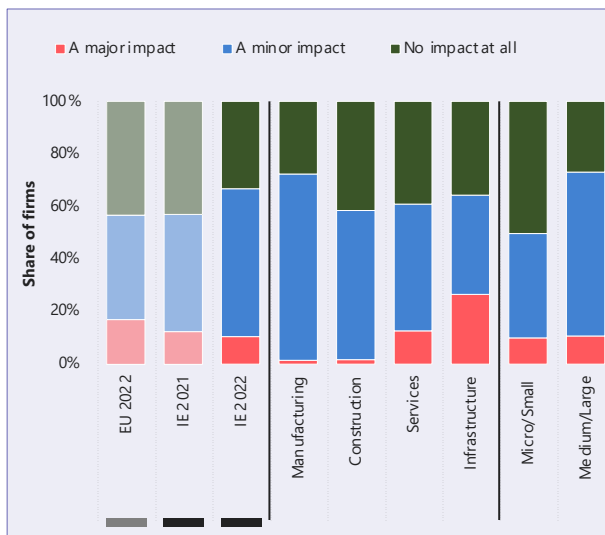
- The proportion of Irish firms that are finance constrained has fallen since EIBIS 2021, from ten per cent to two per cent. The EIBIS 2022 figure is the lowest recorded over the past six years.
- Unlike EIBIS 2020, when the proportion of finance constrained Irish firms was higher than the EU average, the share of Irish firms that are finance constrained is now less than half the EU average.

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

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

- The majority of Irish firms, 67% in total, believe climate change currently has an impact on their business.
- More firms think it has a minor impact (56%, higher than the EU average of 40%) than a major impact (11%). The proportion saying climate change has no impact at all is 33%.
- Micro/small firms are nearly twice as likely as medium/large firms to say that climate change has no impact on their business. (50% versus 27%).
- Manufacturing firms are the most likely to think climate change is having an impact (72%) and only 27% say it is having no impact at all.

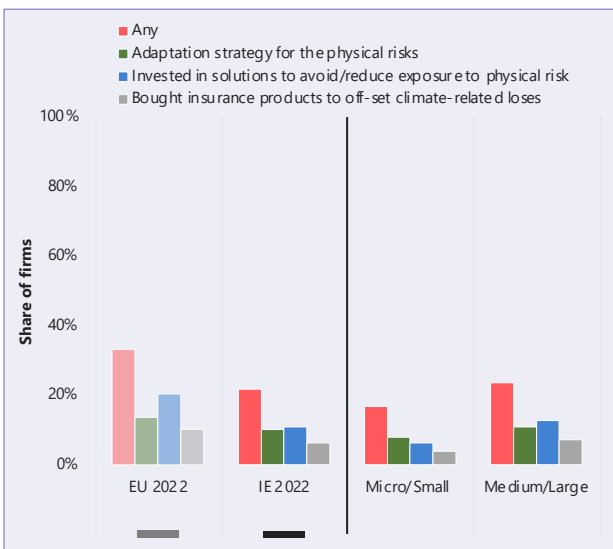


Q. Thinking about the impact of climate change on your company, such as losses due to extreme climate events, including droughts, flooding, wildfires or storms or changes in weather patterns due to progressively increasing temperature and rainfall. What is the impact, also called physical risk, of this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

Please note: question wording changed between 2021 and 2022. Comparisons should be treated with caution.

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

BUILDING RESILIENCE TO PHYSICAL RISK



- 22% of Irish firms have already developed or invested in measures to build resilience to the physical risks to their firm caused by climate change, which is lower than the EU average (33%).
- Irish firms are as likely to have invested in solutions to avoid or reduce the exposure to physical risks (11%) as adaptation strategies (10%).

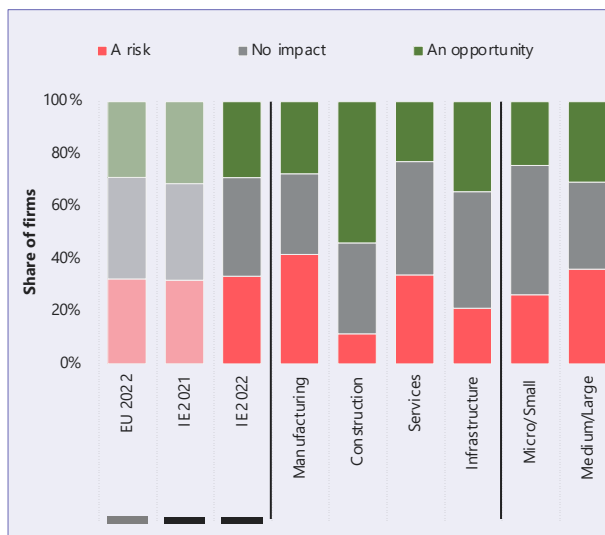
Q. Has your company developed or invested in any of the following measures to build resilience to the physical risks to your company caused by climate change?

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

- As in the EU as a whole, the share of firms within Ireland seeing the transition to stricter climate standards and regulations as a risk or an opportunity over the next five years is fairly evenly balanced (33% and 29%, respectively).
- Construction firms are most likely to see the transition to a net zero emission economy as an opportunity (54%).
- Micro/small companies are more likely than medium/large companies to say the transition will have no impact on them (50% versus 33%).

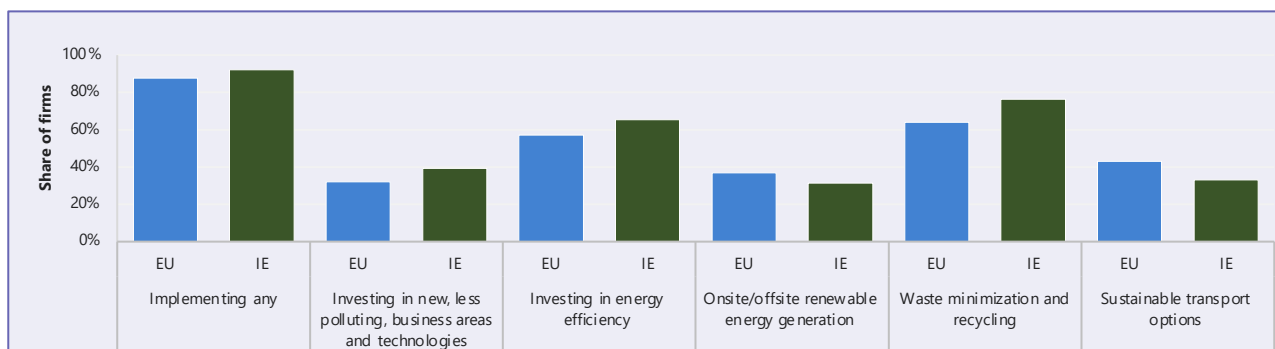


Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

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

ACTIONS TO REDUCE GHG EMISSIONS

- 92% of Irish firms are taking actions in order to reduce Greenhouse Gas (GHG) Emissions, similar to the EU average (88%).
- Investing in sustainable transport options is less common in Ireland than in the EU as a whole (33% versus 43%).
- The main actions in Ireland are waste minimization and recycling (76%, higher than the EU average of 64%) and investments in energy efficiency (65%, similar to the EU average of 57%).



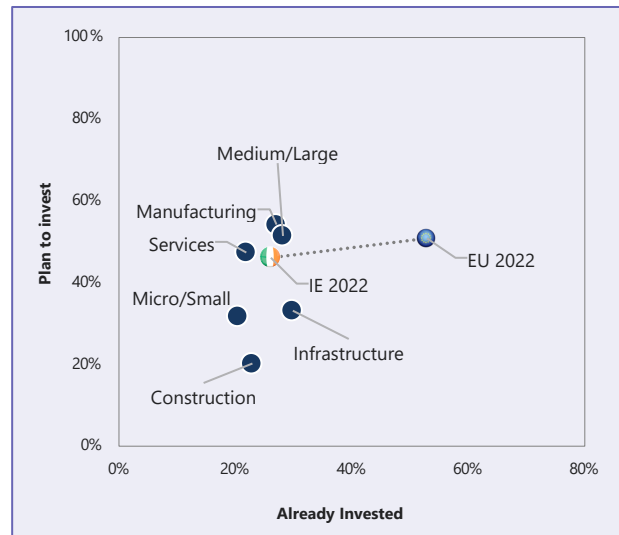
Q. Is your company investing or implementing any of the following, to reduce Greenhouse Gas (GHG) emissions?

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

Climate change and energy efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

- 26% of Irish firms have already invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions. This is markedly lower than the EU average of 53%.
- 46% of Irish firms have plans to invest in these areas in the next three years, which is similar to the EU average of 51%.
- Manufacturing firms are the most likely to be planning to invest (54%) and firms in the construction sector the least likely (20%).
- Medium/large firms (51%) are more likely than micro/small firms (32%) to be planning to invest in the next three years.



EIBIS 2022

Q. Which of the following applies to your company regarding investments to tackle the impacts of weather events and to help reduce carbon emissions?

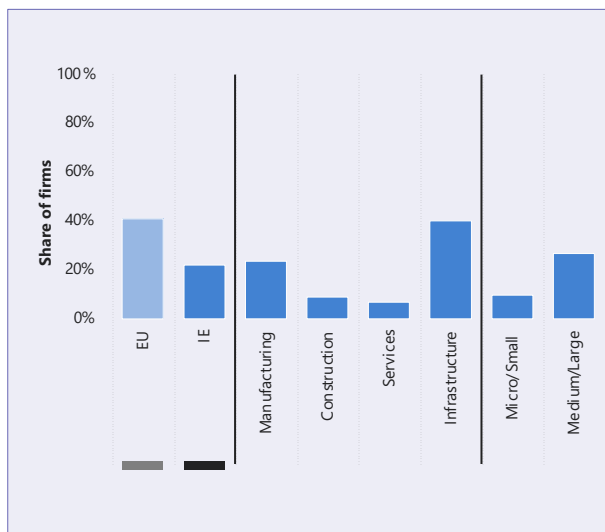
Base: All firms (excluding don't know/refused responses)

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 previous waves with caution.

CLIMATE CHANGE TARGETS FOR OWN GREENHOUSE GAS (GHG) EMISSIONS



- 22% of Irish firms report that they set and monitor targets for their own Greenhouse Gas emissions, which is around half the EU average (41%).
- Firms in the infrastructure sector (40%) are the most likely to set and monitor these targets.
- Medium/large firms (27%) are three times more likely than micro/small firms (10%) to have set and monitored targets

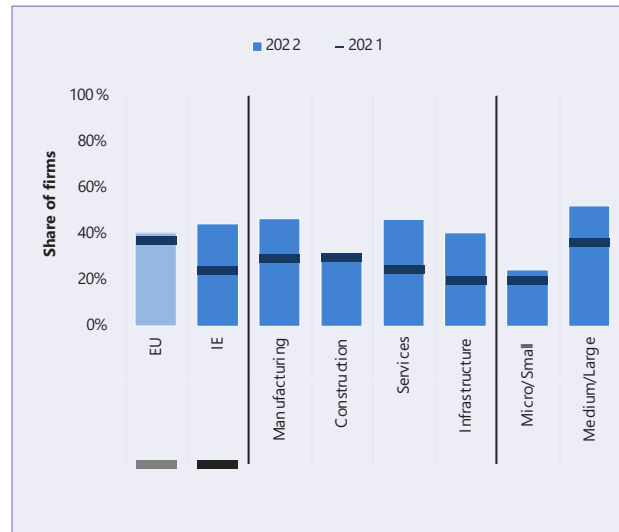
Q. Does your company... set and monitor targets for its own Greenhouse Gas (GHG) emissions

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

Climate change and energy efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

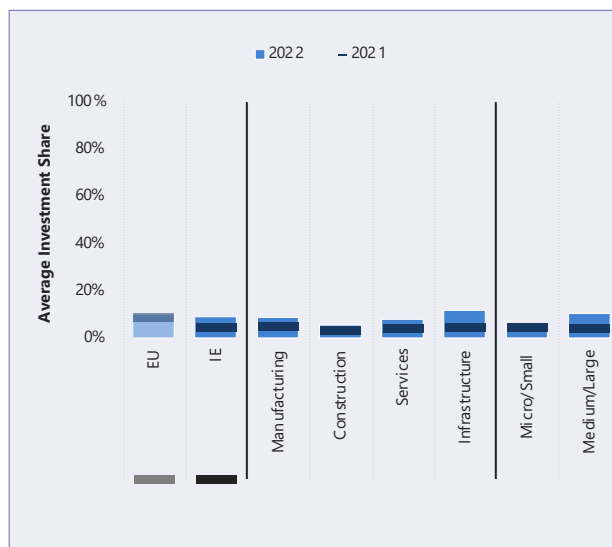
- The share of Irish firms investing in measures to improve energy efficiency has increased from 24% in EIBIS 2021 to 45% in EIBIS 2022, bringing Irish firms in line with the EU average.
- Medium/large firms are more than twice as likely as micro/small firms to be planning to invest in energy efficiency (52% versus 24%).



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



- Overall, the average share of investment in measures to improve energy efficiency within Ireland was 9%, an increase from 5% in EIBIS 2021 and in line with the EU average (10%).

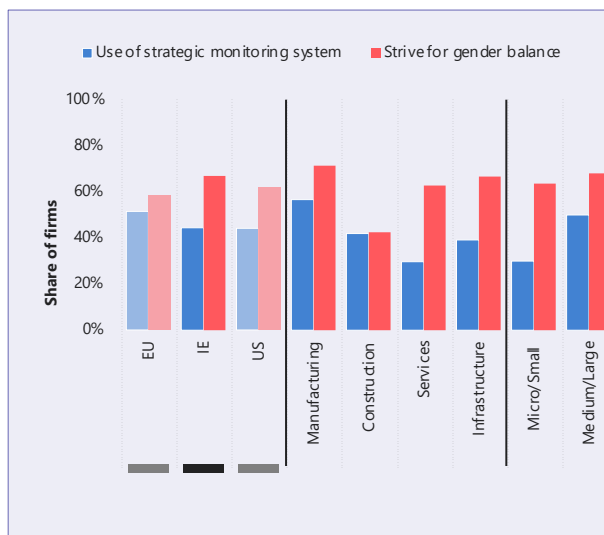
Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

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

Firm management, gender balance and employment

FIRM MANAGEMENT AND GENDER BALANCE

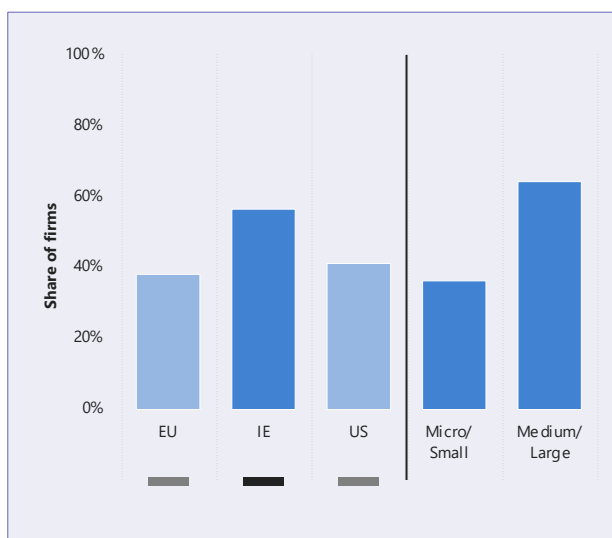
- 44% of Irish firms use a strategic monitoring system, which is similar to the EU average (52%).
- Manufacturing firms (57%) are more likely than services firms (30%) to be using a strategic monitoring system, as are medium/large firms (50%) compared to micro/small firms (30%).
- 67% of Irish firms are striving for gender balance which is similar to the EU average of 58%. Construction firms are the least likely to be striving for gender balance (42%).



Q Does your company...?

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

FIRMS WHO HAVE INCREASED EMPLOYEE NUMBERS SINCE 2019



- 56% of Irish firms have increased their employment since 2019. This is higher than the EU average of 38%.
- A greater share of medium/large firms has increased employee numbers since 2019 compared to small/micro firms (64% versus 36%).
- There has been sharp growth in employment in the ICT and pharmaceutical sectors in the last two year and these sectors are dominated by larger firms.

Q. How many people does your company employ either full or part time at all its locations, including yourself?

Q. How many people did your company employ either full or part time at all its locations at the beginning of 2019, before the COVID-19 pandemic?

Base: All firms (excluding don't know/refused/did not exist in 2019 responses)

EIBIS 2022 – 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	Services	Construction/ Infrastructure	Micro/Small	Medium/ Large	EU vs IE	Manufacturing vs Construction/Inf. rastructure	Micro/Small vs Medium/Lar. ge
	(12021)	(800)	(403)	(106)	(152)	(131)	(337)	(66)	(12021 vs 403)	(106 vs 131)	(337 vs 66)
10% or 90%	1.1%	4.1%	4.8%	7.8%	8.7%	8.4%	3.2%	6.5%	4.9%	11.5%	7.3%
30% or 70%	1.7%	6.2%	7.4%	12.0%	13.2%	12.8%	4.9%	10.0%	7.6%	17.5%	11.1%
50%	1.8%	6.8%	8.1%	13.1%	14.4%	14.0%	5.4%	10.9%	8.2%	19.1%	12.1%

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 2022 country overview refers interchangeably to 'the past/last financial year' or to '2021'. Both refer to results collected in EIBIS 2022, where the question is referring to the past financial year, with the majority of the financial year in 2021 in case the financial year is not overlapping with the calendar year 2021.

EIBIS 2022 – Country technical details

The country overview presents selected findings based on telephone interviews with 403 firms in Ireland (carried out between April and July 2022).

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

Base definition and page reference	EU 2022/ 2021	US 2022	IE 2022/ 2021	Manufacturing	Construction	Services	Infrastructure	Micro/ Small	Medium/ Large
All firms, p. 3, p.12, p.13, p. 21 (top)	12021/11920	800	403/355	106	72	152	59	337	66
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4. (top)	9704/9670	668	336/279	92	58	129	46	275	61
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4. (bottom)	9501/9523	668	354/300	97	62	132	51	291	63
All firms (excluding 'Company didn't exist three years ago' responses), p. 5. (top)	11735/11648	778	375/335	101	67	139	55	313	62
All firms (excluding don't know/refused responses), p. 5. (bottom)	11814/11765	780	401/349	106	71	151	59	335	66
All firms (excluding don't know/refused responses), p. 6. (top)	11810/NA	795	402/NA	106	72	151	59	336	66
All firms (excluding don't know/refused responses), p. 6. (bottom)	11725/NA	784	400/NA	105	72	151	59	335	65
All firms (excluding don't know/refused responses), p. 7. (top)	11945/11857	762	400/350	106	71	150	59	334	66
All firms (excluding don't know/refused responses), p. 7. (bottom)	11989/11891	796	403/354	106	72	152	59	337	66
All firms (excluding don't know/refused responses), p. 8. (top)	11735/11648	778	375/335	101	67	139	55	313	62
All firms (excluding not applicable/don't know/refused responses to all 3 questions), p. 8. (bottom)	8728/8780	615	296/249	84	52	110	41	240	56
All firms (excluding don't know/refused responses), p. 9	11980/NA	800	401/NA	106	72	152	59	335	66
All firms (excluding don't know/refused responses), p. 10. (top)	11975/NA	798	401/NA	106	72	151	58	335	66
All firms (excluding those who said don't know/refused/not applicable responses to all three international trade obstacles) p. 10. (bottom)	11382/NA	790	393/NA	104	71	149	55	327	66
All firms (excluding don't know/refused responses), p. 11. (top)	9339/NA	680	359/NA	99	65	140	43	298	61
All firms facing trade disruptions (excluding don't know/refused responses), p. 11. (bottom)	9265/NA	707	362/NA	99	66	142	43	301	61
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 14.	10051/8675	665	349/282	97	62	132	47	286	63
All firms who used external finance (excluding don't know/ refused responses), p. 15. (top)	4107/4059	275	113/99	36	21	35	19	86	27
All firms who used external finance (excluding don't know and refused) p. 15. (bottom)	4155/4100	280	114/100	37	21	35	19	87	27
Base: All firms that received grants (excluding don't know/refused responses) p. 15. (bottom)	925/NA	NA	39/NA	NA	NA	NA	NA	NA	NA
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 16	3988/3964	270	111/92	36	21	33	19	85	26
All firms (excluding don't know/refused responses), p. 17	11504/11518	715	378/337	102	68	145	51	314	64
All firms (excluding don't know/refused responses), p. 18. (top)	11911/11849	790	400/352	105	71	152	58	334	66
All firms (excluding don't know/refused responses), p. 18. (bottom)	11909/NA	784	401/NA	106	71	151	59	335	66
All firms (excluding don't know/refused responses), p. 19. (top)	11172/11384	759	384/320	103	69	142	56	320	64
All firms (excluding don't know/refused responses), p. 19. (bottom)	11964/NA	794	402/NA	105	72	152	59	337	65
All firms (excluding don't know/refused responses), p. 20. (top)	11685/NA	763	398/NA	106	71	150	57	332	66
All firms (excluding don't know/refused responses), p. 20. (bottom)	11712/NA	783	396/NA	104	71	151	56	333	63
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 21. (bottom)*	9752/9617	677	352/285	95	62	135	48	291	61
All firms (excluding don't know/refused responses) p. 22. (top)	11696/11616	785	394/350	104	68	151	57	330	64
All firms (excluding don't know/refused/did not exist in 2019 responses) p. 22. (bottom)	11662/11718	783	395/345	105	69	150	57	331	64






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Ireland

Overview

EIB INVESTMENT SURVEY

2022