OVERVIEW OF IRELAND-CANADA ECONOMIC RELATIONSHIP

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EXECUTIVE SUMMARY

The business and cultural links between Ireland and Canada are very strong. There are an estimated 4.5 million Canadians today that have Irish ancestry, which is equivalent to almost 15 per cent of the Canadian population.

The Ireland Canada relationship is developing strongly and positively from a political, economic and cultural perspective. Ireland remains a stable economy political entity, and it continues to attract Canadian companies who are looking for a likeminded open business environment with a global outlook. Following Brexit, Ireland is the largest English-speaking country in the EU and offers overseas Canadian and American companies a strong entry point into the EU market. In turn Canada has become an important export market for Irish SME's who wish to access the North American marketplace.

For both Canada and Ireland, concentration risk has come to the forefront in the face of US trade policies under the Trump Administration. Building a much stronger relationship with Canada should be a key element of any risk mitigation strategy for Ireland. From a Canadian perspective, there is clearly a need to diversify away from its strong trade and investment dependency on the US. Ireland offers many strong benefits for Canadian companies who want to diversify into the European market and operate in a technology-driven innovative environment.

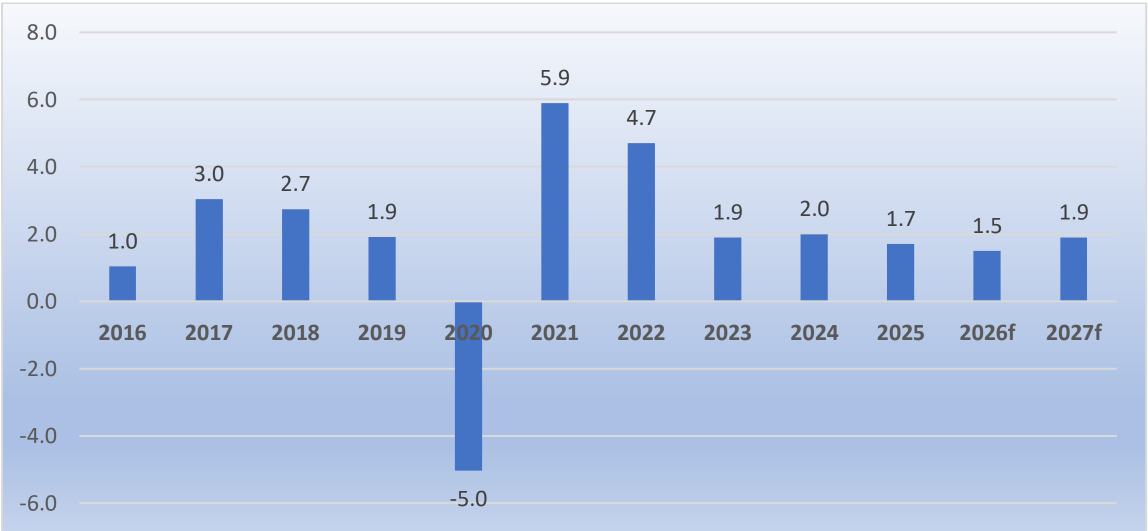
This report was commissioned by the Ireland Canada Business Association. It documents the growth in trade, the opportunities and challenges that exist in the Ireland Canada trading relationship. The author of this report, Economist Jim Power gives an economic analysis and an insightful commentary on the strength of the Ireland Canada relationship and how it can continue to flourish.

SECTION 1: UPDATE ON CANADIAN ECONOMY

The performance of the Canadian economy in recent years is like most other developed economies. The economy gradually recovered from the global pandemic; the Russian invasion of Ukraine; the escalation of inflation; and the sharp tightening of monetary policy by the Bank of Canada. However, the growth performance has been more challenging over the past year. In the face of intense global geo-political and geo-economic uncertainty, intense tariff uncertainty, and tighter monetary policy, annual growth slowed to 1.7 per cent in 2025, which is the slowest growth performance since 2020.

The IMF (April 2026) is projecting annual GDP growth of 1.5 per cent in 2026 and 1.9 per cent in 2027. The crisis in the Middle East, the escalation in energy prices, and the trading relationship with the US all represent significant risks to global and Canadian growth.

Figure 1: GDP Annual Growth - Canada



Source: Federal Reserve Bank of Kansas (FRED) & IMF Forecasts (April 2026)

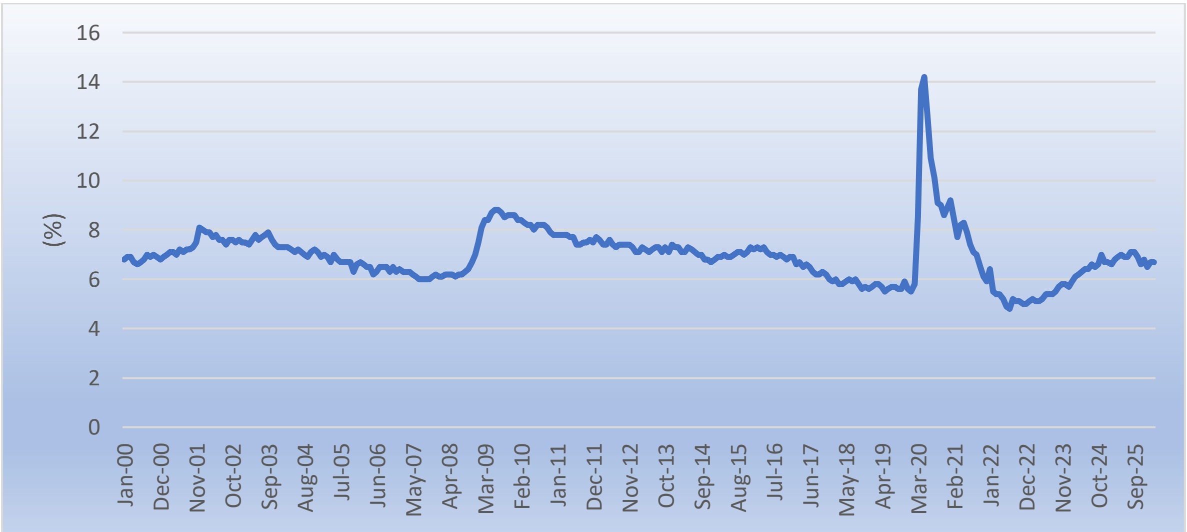
Canadian inflation peaked at 8.1 per cent in June 2022 and subsequently decelerated at a significant pace. However, the Iran war has started to push inflation up again. In March 2026 the average annual inflation rate jumped to 2.4 per cent from 1.8 per cent the previous month. This jump reflects the impact of higher energy prices. The likelihood is that the rate will increase further over the coming months, depending on the duration of the war and the disruption to energy markets.

Figure 2: Annual Inflation Rate (%)

Source: Federal Reserve Bank of Kansas (FRED).

The unemployment rate peaked at 14.2 per cent in May 2020 and subsequently declined to a low of 4.8 per cent in July 2022. It has trended upwards since that low and stood at 6.7 per cent in March 2026.

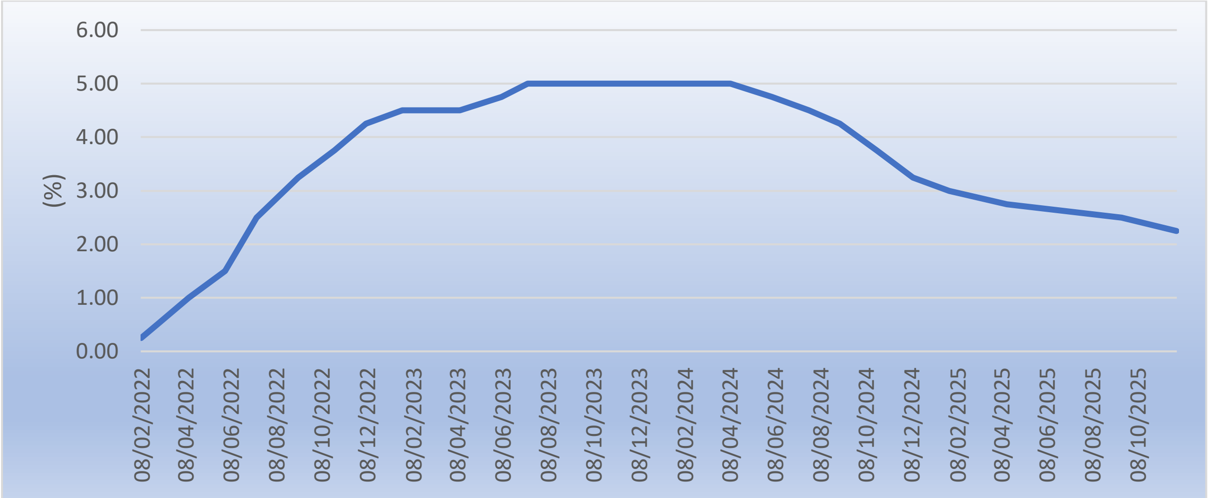
Figure 3: Unemployment Rate



Source: Federal Reserve Bank of Kansas (FRED).

The Bank of Canada increased interest rates aggressively in the face of accelerating inflation. Between February 2022 and July 2023, the key official interest rate was increased from 0.25 per cent to 5 per cent. Rates remained at 5 per cent until June 2024. Since June 2024, the Bank cut rates by 2.75 per cent, taking the official rate to its current level of 2.25 per cent. The monetary authority is now in a challenging situation with the economic growth outlook looking vulnerable, but inflation is again creeping up. Rates are likely to remain on hold for the foreseeable future. The Bank of Canada has a target to keep inflation at the 2 per cent midpoint of a target range of 1 per cent to 3 per cent.

Figure 4: Canadian Interest Rates



Source: Bank of Canada

Canada is one of the world's most open economies. Over decades, it has built deep and resilient links to global markets, anchored in openness, predictability, and rules-based trade. However, the key challenge for the Canadian economy and political system over the past 18 months has been the ongoing tariff dispute with the US. The US is by far the largest trading partner of Canada, accounting for 73 per cent of merchandise exports in the first nine months of 2025, and 59.1 per cent of imports (Table 1). Intense trade negotiations are still ongoing between both countries, but significant tensions and uncertainties persist, particularly for sectors such as automotive, aluminium and steel.

In response to the US challenge, Canada is seeking to reduce its dependence on the US on a broad front. It has an ambition to double its non-EU exports by 2035 and raise around $300 billion in new deals in Asia and Europe.

The Canadian government is seeking talks with the EU to gain access to the EU's 'made in Europe' manufacturing scheme, known as the 'Industrial Accelerator Act'. The EU announced plans to shield strategic sectors such as clean energy technology and heavy industry from unfair competition from third countries by limiting access to subsidies and public contracts in those sectors to EU-based businesses. Manufacturers from countries with which the EU has trade agreements could also be included if EU companies are offered reciprocal access to public subsidies and contracts in those countries. Canada wants to ensure that industrial policy in the EU and Canada is aligned.

The Canadian government has launched a sovereign wealth fund (CAD 25 billion initially), which is intended to be invested primarily in domestic infrastructure to reduce its dependence on the US.

The Canadian Prime Minister has called for 'middle powers' to work together to form an economic counterweight to the US and China.

Table 1: Top 10 Merchandise Trade Partners (Jan-Sep 2025)

	Exports (% Total)	Imports (% Total)
United States	73.0	59.1
China	4.2	8.1
Mexico	1.2	4.3
Japan	1.9	1.9
Germany	1.1	2.5
United Kingdom	5.6	1.4
South Korea	0.9	1.9
Netherlands	1.1	0.8
Switzerland	0.4	1.3
Italy	0.5	1.3

Source: Canadian International Merchandise Trade (Balance of Payments Basis).

Other key challenges for Canadian policy makers include:

- Addressing weak investment and productivity.
- Lifting living standards with minimal environmental impact.
- Elimination of net greenhouse gas emissions by 2050. This is challenging for a resource intensive economy like Canada, and strong incentives to phase out fossil fuel use and encourage energy saving will be required.

SECTION 2: COMPARISONS BETWEEN IRELAND AND CANADA

Canada is a highly developed G7 economy. In 2025, the IMF estimates that Canada is the world's tenth-largest economy, with GDP estimated at €1.98 trillion. It is a large trading nation and is characterised as a highly globalised economy.

Ireland is also a heavily globalised economy, with strong trading links with the rest of the world. Ireland's GDP is estimated at €563 billion in 2025, which would make Ireland the 25th largest global economy.

Canada had an estimated population of 41.55 million people in May 2026, and Ireland had a population of 5.46 million people in April 2025.

Table 2: Population by Province in Canada

	2011	2016	2026
Canada	33,476,688	35,151,728	41,552,400
Newfoundland and Labrador	514,536	519,716	548,255
Prince Edward Island	140,204	142,907	182,570
Nova Scotia	921,727	923,598	1,092,462
New Brunswick	751,171	747,101	868,345
Quebec	7,903,001	8,164,361	9,010,903
Ontario	12,851,821	13,448,494	16,199,432
Manitoba	1,208,268	1,278,365	1,510,481
Saskatchewan	1,033,381	1,098,352	1,268,525
Alberta	3,645,257	4,067,175	5,064,690
British Columbia	4,400,057	4,648,055	5,671,079
Yukon	33,897	35,874	48,473
Northwest Territories	41,462	41,786	45,455
Nunavut	31,906	35,944	41,7732

Source: Statistics Canada, 2011, 2016 Census of Population & Government of Canada Population Clock.

Despite the significant differences in size of economy and population, the two countries have similarities. Both countries have been transformed from strongly agricultural-based economies in the past, to much more diverse and modern economies today.

The structures of the economy are now reasonably similar, with a strong focus on the services sector in terms of contribution to GDP and employment concentration.

SECTION 3: IRELAND'S ECONOMIC & BUSINESS RELATIONSHIP WITH CANADA

The 'Global Ireland' Initiative of the Irish Government aimed for Ireland to double its impact and influence in the world by 2025. The widening and deepening of the unique relationships with the United States and Canada was identified as central to the achievement of this ambitious goal.

The Vision of the Irish Government set out in 'Global Ireland: Ireland's Strategy for the US and Canada 2019–2025' was that 'Ireland will inject new dynamism and ambition into our relationships with the US and Canada and will double our impact in the region by 2025.'

It identified five strategic objectives to be pursued:

- Ireland will build strong, strategic political partnerships with the US and Canada and assume a lead role in building stronger transatlantic relations.
- Ireland will build a mutually beneficial two-way economic relationship, approaching US$ 1 trillion by 2025.
- Ireland will consolidate, deepen, and expand the extraordinary partnership with its diaspora in the US and Canada, doubling the impact of this collaboration in the period to 2025.
- Ireland will double its impact by promoting its culture and nurturing its reputation across the US and Canada.
- A strong Government-led Team Ireland will double its impact over the six years to 2025.

Canada and Ireland are parties to several bilateral treaties. These include the Agreement on Social Security (1992); the Canada-Ireland Income Tax Convention (2005); and the Audiovisual Co-Production Treaty (2016).

The EU-Canada Comprehensive Economic and Trade Agreement (CETA) is a progressive trade agreement between the EU and Canada. It entered into force provisionally in 2017, but full ratification was prevented by Ireland. The trade deal was blocked by the Irish Supreme Court in 2022 but is set to be ratified in 2026. New legislation, *The Arbitration Amendment Bill*, will address concerns about the system of investor courts, which are designed to settle disputes between States and investors. The free trade elements of the CETA agreement, which included the abolition of almost all tariffs previously in place between the EU and Canada, have been in place since 2017, but full ratification was not possible. Despite this:

- Exports of goods and services from Ireland to Canada increased from €3.3 billion in 2017 to €8.1 billion in 2024.

- Imports of goods and services into Ireland from Canada increased from €1.1 billion in 2017 to €4.1 billion in 2024.

With full ratification of CETA, the ability to grow trade in goods and services in both directions should be significant. In the face of significant trade threats from the US, both Canada and Ireland would stand to gain significantly from a deeper trade and investment relationship.

CETA features some of the strongest commitments ever included in an EU trade agreement, including commitments on promoting labour rights, on protecting the environment, and on sustainable development. CETA integrates EU and Canadian commitments to apply international rules on workers' rights, environmental protection, and climate action. These obligations are binding.

It is envisaged that the benefits of CETA will include:

- The elimination of duties on 99 per cent of all tariff lines, of which 98 per cent were scrapped when it provisionally entered into force.
- It defends the EU's Geographical Indications.

CANADIAN BUSINESS IN IRELAND

- The IDA believes that Canada is an important and growing source of FDI. The number of new IDA clients originating from Canada has grown steadily in recent years, driven by the growing links between the two economies, and the growing relationship between Canada and the EU. Ireland is an attractive location for Canadian companies due to access to the EU market, a deep talent pool, and a business-friendly pro-enterprise economy. Since Brexit, Ireland is the only native English-speaking country in the EU, apart from Malta.
- Canadian FDI in Ireland is concentrated across financial services, technology, life sciences, and engineering.
- It is estimated that there are over 75 Canadian companies operating in Ireland, employing around 15,000 people. Canada Life was the first Canadian company to set up in Ireland, back in 1903. The most high-profile Canadian companies operating in Ireland include Couche-Tard (CircleK); Great-West Life, which is the parent company for Irish Life and Canada Life; Irving Oil; SOTI, Greenfield Global, Optel Group, Vermilion Energy, Sun Life, Open Text, Air Canada; Shopify; Celestica; and Brookfield Asset Management.
- Several Canadian banks also have operations in Ireland, including TD Bank, Scotia Bank, and the Bank of Montreal.
- The most recent CSO data show that Canadian direct investment in Ireland stood at €5.1 billion at the end of 2024.[1]

[1] CSO, FDI Investment Annual 2024, December 18th, 2025.

- More than 15,000 direct jobs are provided by the 75 Canadian companies and a further 12,000 indirect jobs are supported.
- The jobs are regionally dispersed across the country and support considerable employment and economic activity in the regions. For example, SOTI and Celestica are in Galway; Greenfield Global is in Laois; Optel Group is in Limerick; Vermilion is in Mayo; Sun Life is in Waterford; and Open Text and Irving Oil are in Cork.
- Data from Enterprise Ireland suggest that in 2024, there were over 300 Irish companies exporting to Canada, across digital technologies, industrial tech, high-tech construction, fintech, agritech, and education. Exports from Enterprise Ireland companies reached an all-time high of €585 million in 2024, representing growth of 32 per cent from 2021.[2] These exports support around 25,000 jobs in Ireland.
- CSO FDI data suggest that at the end of 2024, direct investment in Canada from Ireland totalled €3.5 billion. Irish companies invested in Canada include Fenergo, CRH, Glanbia. Kerry Group, Kingspan, Workhuman, Aryza, Siren, Glen Dimplex, Flutter Entertainment, and Morgan McKinley.
- Irish multinational enterprises operating in Canada collectively employed over 19,000 people in 2024, while firms owned by Irish groups in Canada accounted for 34,000 jobs.[3]

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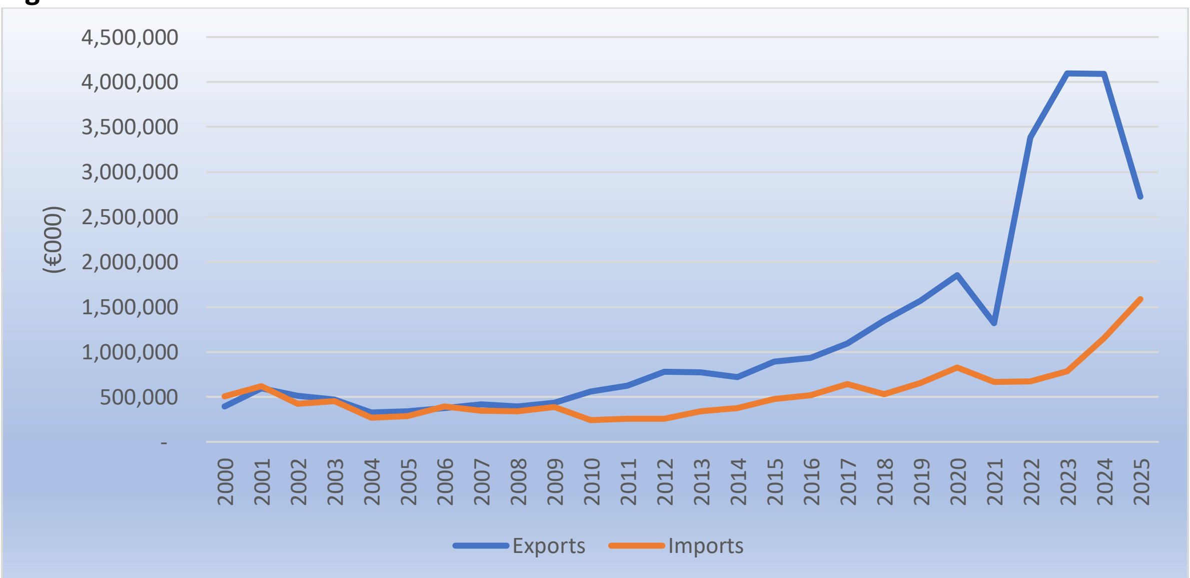
[2] Enterprise Ireland Press release 127th November 2025.
[3] ChannelLife Canada, 17th November 2025.

SECTION 4: MERCHANDISE TRADE RELATIONSHIP BETWEEN CANADA AND IRELAND

The EU is Canada's third largest trading partner after the United States and China. Ireland punches above its weight in terms of goods and services exports in an EU context and has a strong trading relationship with Canada.

- In 2025, CSO data show that the value of Irish merchandise trade exports to Canada totalled €2.7 billion. This was 33.3 per cent lower than in 2024. Total merchandise exports declined by €1.36 billion. Exports of Organic Chemicals declined by €909 million; Inorganic Chemicals declined by €1.18 billion, and Medicinal & Pharmaceutical exports declined by €268 million.
- In 2025, Ireland's overall exports of Chemicals & Related Materials increased by 21 per cent, with exports from this category to the US up by 62.9 per cent. The sharp decline in those exports to Canada was seriously distorted by the uncertainty created by US tariff policy, and the front-loading of exports to the US. Exports were diverted away from other countries to the US.
- In 2025, exports of Office Machines & Data Processing Equipment to Canada increased by €430 million, and exports of Other Transport Equipment increased by €444 million.
- In 2025, the value of Irish merchandise trade imports from Canada totalled €1.59 billion, which was 37.4 per cent higher than 2024. Between 2016 and 2025, the value of merchandise imports from Canada expanded by 206.7 per cent.
- In the first two months of 2026, the value of merchandise exports to Canada was 178 per cent higher than the equivalent period in 2025, and the value of merchandise imports was 61.9 per cent higher.

Figure 5: Ireland's Merchandise Trade with Canada



Source: CSO PxStat

Table 3: Value of Ireland's Merchandise Trade with Canada

(€ 000)	Exports	Imports
2000	394,541	504,293
2001	592,502	621,855
2002	510,896	423,827
2003	469,287	452,437
2004	326,368	270,753
2005	339,459	285,261
2006	375,135	395,758
2007	418,373	345,370
2008	394,277	341,176
2009	436,348	385,910
2010	559,074	241,748
2011	626,852	256,804
2012	781,359	259,234
2013	771,642	339,752
2014	721,739	372,818
2015	891,107	478,276
2016	936,321	517,510
2017	1,091,129	642,176
2018	1,351,264	531,090
2019	1,570,270	652,403
2020	1,853,042	829,248
2021	1,321,111	665,098
2022	3,386,897	672,766
2023	4,095,524	782,463
2024	4,088,210	1,155,298
2025	2,725,032	1,587,436

Source: CSO PxStat

Table 3 provides a detailed breakdown of Irish merchandise exports to Canada in 2025.

Organic Chemicals, Inorganic Chemicals, and Medicinal & Pharmaceutical Products accounted for 38.9 per cent of total merchandise exports in 2025, down from 83.6 per cent in 2024. In 2016, these three categories accounted for 67 per cent of total merchandise exports and expanded by 445 per cent between 2016 and 2024. The year 2025 was an outlier that disrupted a firm trend, but this trend is expected to get back on track in 2026 and 2027. In 2025:

- Organic chemicals accounted for 18.5 per cent of total merchandise exports.
- Inorganic chemicals accounted for 5.9 per cent of total merchandise exports.
- Medical and pharmaceutical products accounted for 14.5 per cent of total merchandise exports.
- Other transport equipment accounted for 24.9 per cent of exports.
- Office machines & data processing equipment accounted for 16.1 per cent of exports.

Table 4: Sectoral Origin of Goods Exports (2025)

Merchandise Export Category	(€000)	% of Total
Other transport equipment	677,823	24.9%
Organic chemicals	505,128	18.5%
Office machines and automatic data processing equipment	438,364	16.1%
Medicinal and pharmaceutical products	394,158	14.5%
Inorganic chemicals	160,298	5.9%
Essential oils, perfume materials, toilet preparations etc.	101,838	3.7%
Miscellaneous manufactured articles	92,772	3.4%
Beverages	91,177	3.3%
Professional, scientific and controlling apparatus	51,042	1.9%
Electrical machinery, appliances etc	31,180	1.1%
Power generating machinery and equipment	30,811	1.1%
General industrial machinery and parts	30,016	1.1%
Meat and meat preparations	21,242	0.8%
Cereals and cereal preparations	12,999	0.5%
Machinery specialised for particular industries	10,074	0.4%
Chemical materials and products	9,972	0.4%
Miscellaneous edible products and preparations	9,966	0.4%
Dairy products and birds' eggs	9,806	0.4%
Coffee, tea, cocoa, spices and manufactures thereof	9,212	0.3%
Other	37,154	1.3%
Total Merchandise Exports	2,725,032	100.0%

Source: CSO PxStat

Table 5 provides a detailed breakdown of merchandise imports in 2025.

- Merchandise imports totalled €1.59 billion, which was 37.4 per cent ahead of 2024, and represented the highest level of imports ever achieved.
- Transport equipment accounted for 32.2 per cent of total imports and was 131.2 per cent higher than in 2024.
- Medicinal and Pharmaceutical Products accounted for 31.5 per cent of total imports and was 27.2 per cent ahead of 2024.
- Cereals and Cereal Preparations accounted for 12.2 per cent of total imports and was 5.2 per cent ahead of 2024.

Table 5: Sectoral Origin of Goods Imports (2025)

Import Category	(€000)	% of Total
Other transport equipment	510,626	32.2%
Medicinal and pharmaceutical products	500,280	31.5%
Cereals and cereal preparations	192,540	12.1%
Organic chemicals	72,257	4.6%
Feeding stuffs for animals, excluding unmilled cereals	42,169	2.7%
Power generating machinery and equipment	31,190	2.0%
Professional, scientific and controlling apparatus	29,635	1.9%
Electrical machinery, appliances etc	23,071	1.5%
General industrial machinery and parts	22,614	1.4%
Machinery specialised for particular industries	22,383	1.4%
Non-ferrous metals	20,470	1.3%
Essential oils, perfume materials, toilet preparations etc.	17,862	1.1%
Office machines and automatic data processing equipment	14,899	0.9%
Miscellaneous manufactured articles	11,343	0.7%
Telecommunications & sound recording, reproducing equipment	8,875	0.6%
Vegetables and fruit	5,481	0.3%
Miscellaneous edible products and preparations	5,377	0.3%
Other transport equipment	56,364	3.5%
Total Merchandise Imports	1,587,436	100.0%

Source: CSO PxStat

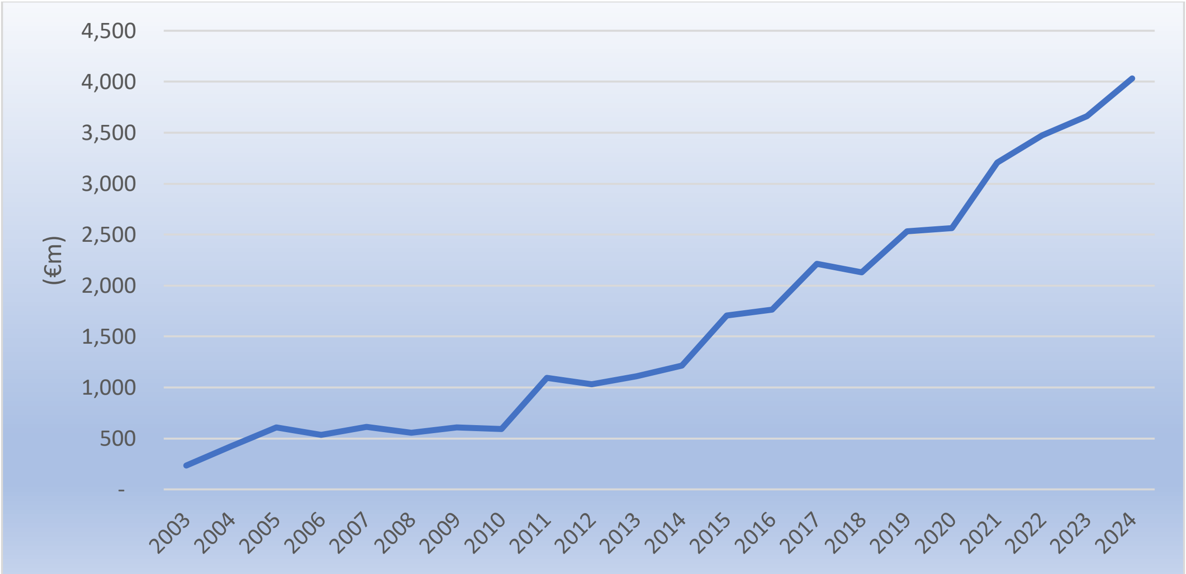
Between 2016 and 2025 exports of goods to Canada totalled €22.4 billion, and imports of goods totalled €8 billion.

SECTION 5: TRADE IN SERVICES BETWEEN IRELAND AND CANADA

SERVICE EXPORTS FROM IRELAND TO CANADA

CSO data show that in 2024, Ireland's service exports to Canada totalled €4.03 billion. This is up from just €234 million in 2003. From 2010 onwards the growth in service exports accelerated at a rapid pace, increasing from €592 million to €4.03 billion.

Figure 6: Exports of Services from Ireland to Canada



Source: CSO PxStat

Table 6 provides a breakdown of service exports by activity. Business services, which include operational leasing, legal, administrative, business and management consulting, and public relations services represent 27 per cent of all service exports.

Table 6: Breakdown of Service Exports from Ireland to Canada (2022)

COMPONENTS	€ MILLION
Transport	42
Tourism and travel	409
Insurance	19
Financial services	125
Computer Services	764
Royalties/Licences	251
All business services	1,094
- **Business services: Operational leasing**	(424)
- **Business Services: Legal, accounting & other professional services**	(210)
Repairs & processing	4
Other services not elsewhere stated	1,322
Total	4,030

Source: CSO PxStat

Table 7 shows the growth in service exports to Canada by category between 2019 and 2024.

Table 7: Change in Service Exports (2019-2024)

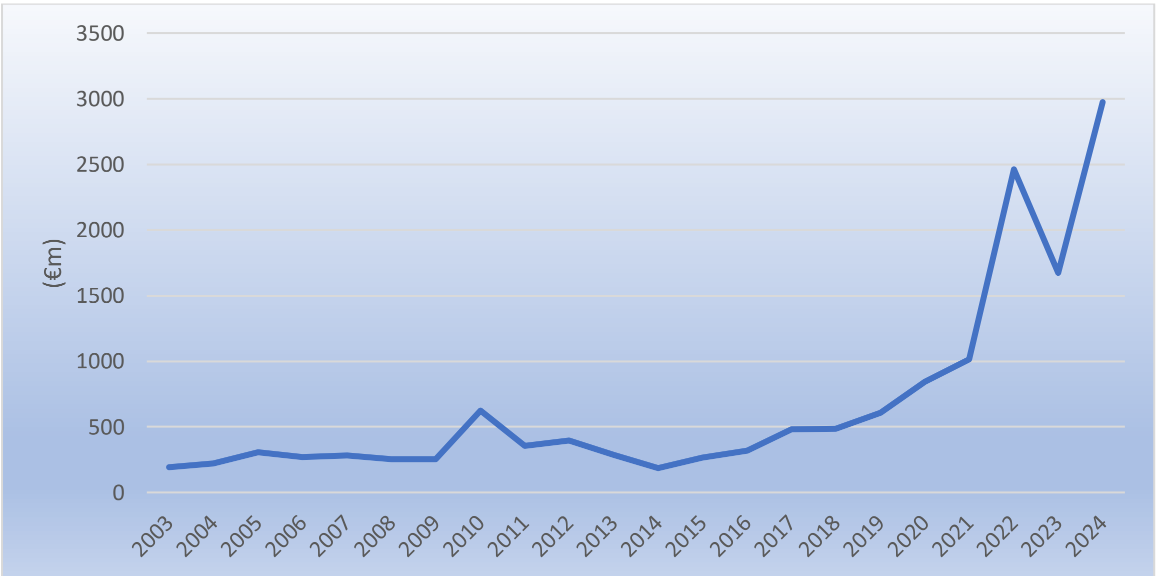
	2019 (€m)	2024 (€m)	% Change
Transport	42	42	0.0%
Tourism and travel	309	409	32.4%
Insurance	0	19	-
Financial services	88	125	42.0%
Computer services	386	764	97.9%
Royalties/licences	0	251	-
All business services	596	1094	83.6%
Business services: Operational leasing	330	424	28.5%
Business services: Legal, Accounting & other professional services	0	210	-
Other services not elsewhere stated	900	1322	46.9%
Repairs and processing	0	4	
Total Export Services	2533	4032	59.2%

Source: CSO PxStat

SERVICE IMPORTS TO IRELAND FROM CANADA

Service imports from Canada have increased from €193 million in 2003 to €3 billion in 2024. Services imports increased by €1.4 billion or 140 per cent between 2021 and 2022. Research & Development services accounted for the bulk of this increase and jumped by €1.09 billion.

Figure 7: Imports of Services from Canada



Source: CSO PxStat

Table 8 provides a breakdown of service imports from Canada in 2024.

Table 8: Service Imports from Canada by Component (2024)

COMPONENT	VALUE (€ M)
Transport	59
Tourism and travel	1,201
Insurance	14
Financial services	19
Royalties/licences	327
All business services	1,064
- **Business services: Operational leasing**	(2)
- **Business services: Legal, Accounting and other professional services**	(196)
- **Business services: Advertising and market research**	(102)
- **Business services: Research and development**	(671)
Repairs & processing	96
Other services not elsewhere stated	194
Total	2,974

Source: CSO PxStat

Table 9 shows the growth in service imports from Canada between 2019 and 2024 by category.

Table 9: Trend in Service Imports (2019-2024)

Component	2019 (€m)	2024 (€m)	% Change
Transport	46	59	28.3%
Tourism and travel	139	1201	764.0%
Insurance	10	14	40.0%
Financial services	6	19	216.7%
Computer services	18	0	-
Royalties/licences	0	327	
All business services	258	1064	312.4%
-Business services: Operational leasing	0	(2)	-
-Business services: Legal, Accounting & other professional services	0	(196)	-
-Business services: Advertising & market research	0	(102)	-
-Business services: Research & development	(37)	(671)	1713.5%
Other services not elsewhere stated	129	194	50.4%
Repairs and processing	0	96	
Total Service Imports	606	2974	390.8%

Source: CSO PxStat

Between 2016 and 2024 exports of services to Canada totalled €25.9 billion, and imports of services from Canada totalled €10.9 billion.

SECTION 6: IRELAND AS A LOCATION FOR CANADIAN INNOVATION

Overseas investment is important for Canadian firms. The OECD points out that Canada's GDP per capita (in PPP) is slightly above the OECD average but remains below that of top-performing countries, despite significant potential for higher levels thanks to strong institutions, a highly skilled workforce, and abundant natural resources. This gap is largely due to a below-average productivity level, which has declined further relative to top-performing economies in recent years. The capital stock per worker also remains below average. The OECD advises that policy priorities should focus on boosting sluggish productivity growth by enhancing investment in physical and digital infrastructure and fostering a more competitive and dynamic business environment.[4]

Canadian investment abroad is very important for Canadian firms and the overall economy as it drives growth, competitiveness, innovation, and productivity. It boosts exports and enables Canadian firms access new technologies and skills. In an environment where global supply chains are becoming increasingly fragmented, overseas investment helps secure market access and diversification.

FOREIGN DIRECT INVESTMENT IN IRELAND

The attraction of Foreign Direct Investment (FDI) and the development of an export-led economy have been the key elements of Irish economic development since the 1960s. An ecosystem has been steadily built up to improve and build on Ireland's strong reputation as a location for overseas investment. This ecosystem has included advance factories, a favourable corporation tax rate, various grant schemes, the availability of a well-educated English-speaking workforce, aggressive integration into the EU economic and monetary system, and a generally positive and flexible business environment. These factors have contributed to the strong growth in FDI, and it now plays an inordinately significant role in the Irish economy.

Ireland is now one of the most globalised economies in the world, where exports of goods & services and FDI are an integral driver of economic activity. The quality of the workforce is a very important attribute of Ireland's economic model. Amongst OECD countries, Ireland has the second highest per centage of 25 to 64-year-olds with a college degree at 58 per cent, just behind Canada at 63 per cent.[5] This focus on high educational attainment reflects the nature of the highly skilled and high value-added economic model that Ireland has created.

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[4] 'Foundations for Growth and Competitiveness,' OECD April 2026

[5] OECD - Education at a Glance 2025.

Table 10: Total Employment by Sector in IDA Supported Companies (2024)

Sector	Employment	% of Total
Business, financial & other services	57,899	19.1%
Information & communication (ICT)	111,816	37.0%
Modern manufacturing	109,077	36.1%
Traditional manufacturing	23,774	7.8%
Total	302,566	100.0%

Source: IDA Annual Report 2024

Increasing investment flows between Canada and Ireland would be mutually beneficial.

The Irish economy is still performing strongly, but the risks to the sustainability of the economic model, and particularly the heavy dependence on the US for foreign direct investment, have been highlighted over the past 18 months by US tariff and general trade policies.

Ireland has achieved strong success in attracting FDI, but the country now has a very strong dependency on US investment in general, and a small number of multi-national companies in particular. In 2024: [6]

- 88 per cent of tax revenues derived from VAT, Income Tax and Corporation Tax.
- 57 per cent of corporation tax derived from 10 multinational companies. The Irish Fiscal Advisory Council (IFAC) estimates that two US technology firms accounted for almost 40 per cent of corporation tax.[7]
- Manufacturing accounted for 33.8 per cent of corporation tax and is 97.6 per cent foreign owned.
- Finance accounted for 14.2 per cent of corporation tax and is 84.2 per cent foreign owned.
- ICT accounted for 22.1 per cent of corporation tax and is 99.7 per cent foreign owned.
- The top 10 per cent of income earners contributed 40 per cent of income tax and 60 per cent of USC. Many of those workers are employed in the FDI sector.
- The ICT sector accounted for 11 per cent of income tax.
- In 2024, foreign-owned multi-nationals accounted for 47.8 per cent of gross value added (GVA) in the Irish economy, equivalent to €256.3 billion.
- The ICT sector accounted for 21 per cent of GVA, equivalent to €107.5 billion.

Ireland has a high dependence on foreign-owned companies in terms of employment, corporation and income tax receipts, and general economic activity. The challenge is that US companies account for a significant portion of overseas investment in Ireland, and this ‘concentration risk’ has been exposed by recent US policies.

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[6] ‘Fiscal Vulnerabilities’, Department of Finance, December 2025.
[7] Irish Fiscal Advisory Council (IFAC), Beyond the Budget Series, 19th February 2026.

It is essential that going forward, Irish industrial policy has got to focus on building up indigenous companies, and diversifying trade and investment relationships. Ireland needs to target Canada more aggressively as Ireland offers significant opportunities for Canadian companies to become more innovative and technologically focused. Irish policy is very much geared towards enhancing its status as a high-tech digital economy where companies can drive innovation and scale. The clustering of companies in areas such as Medtech, Fintech, Life Sciences, ICT and the pharma sector is now a strong feature of the Irish economic model and Ireland is determined to drive this model forward.

MOVING THE IRISH ECONOMY UP THE VALUE CHAIN

Several ongoing policy priorities demonstrate the ecosystem and policy background that places Ireland at the forefront of global technological development and innovation and demonstrate the ambition the country must enhance its status.

IDA Strategy

The environment for attracting FDI has become more challenging. The main challenges include increased competition for mobile investment, intense geopolitical uncertainty, rapid technological change, and global corporation tax changes. In response to the challenges, IDA Ireland is seeking to scale cutting edge innovation to enable client companies to position themselves for the future. IDA companies are investing in product development, and new and emerging technologies such as AI and Quantum Computing, and the ambition is that these activities will grow in the future.

The IDA's 2025-2029 strategy,[8] which is aligned with the Programme for Government and the White Paper on Enterprise, sets out an ambition for continued growth through four key strategic objectives:

- The strengthening of long-term investment.
- The scaling up of cutting-edge innovation.
- Driving sustainable change.
- Maximising regional opportunities

IDA Ireland has identified four key growth drivers – digitalisation and AI; semiconductors; health; and sustainability. The intention is that these drivers will lead to a range of intersecting and connected opportunities across the core sectors of focus – Life Sciences; International Financial Services; High Value Manufacturing; Engineering and Technology; and Content & Consumer Services.

[8] IDA Ireland, Adopt Intelligently; A Strategy for Sustainable Growth and Innovation 2025-2029.

Over the timeframe of the IDA strategy several targets have been set. These include:

- Winning 1,000 investments.
- Securing €7 billion in new RD&I investment.
- Delivering 550 regional investments.
- Reducing IDA Ireland client carbon emissions by 35 per cent.
- Creating 75,000 jobs.
- Upskilling 40,000 people.

By 2030, the strategy aims for a more competitive, innovative and sustainable FDI environment in Ireland. There is also an acceleration of the interlinked digital and green economic transitions, which will fundamentally change the investment landscape and the way in which people live and businesses operate.

Digital Strategy

In February 2026, the Irish government launched '*Digital Ireland – Connecting our People, Securing our Future*'. It outlines how Ireland will reinforce its position as a digital leader and regulatory hub, strengthening the country's profile as a location for investment and a global hub for Applied AI.

The strategy contains twenty high-level objectives and ninety deliverables reflecting the breadth of activity across the government system, including Public Services, Enterprise, Digital & AI Infrastructure, Cyber Security, Digital Regulation, Online Safety, and Skills and Talent. The Government aims to digitise 100 per cent of key public services by 2030. In relation to AI, the ambition is to position Ireland as a leading, trusted hub for ethical AI. The plan includes the development of an AI Research Centre of Scale.

The infrastructure commitments include completing the National Broadband Plan by the end of 2026, providing gigabit broadband connectivity to every premises by 2028, and creating new subsea cable routes from Ireland to continental Europe by 2030. For companies operating data centres and cloud infrastructure in Ireland, the subsea cable commitment addresses both latency and resilience concerns associated with existing connectivity routes.

The CASPIr supercomputer, capable of exceeding 15 petaflops, is scheduled to enter service in 2027. This will be complemented by Ireland's AI Factory Antenna, which will form part of a new national strategy for advanced computing infrastructure and services. Businesses and research institutions will have access to sovereign high-performance computing capacity for the first time.

Large Energy User Action Plan (LEAP)

In January 2026, the Government published the Large Energy-User Action Plan (LEAP). LEAP is a strategy to facilitate future investment in energy intensive sectors, while unlocking Ireland's renewable energy opportunity, including data centres.

It comprises 17 actions to be delivered over the next five years. The stated objective is to remove barriers to investment from the perspective of large energy users, including industrial and data centre energy users (LEU), while aligning development with Ireland's climate and energy targets.

The key elements include:

- Policy reset for Large Energy Users – LEAP resets policy following the CRU decision, enabling new large energy users subject to renewable energy thresholds.
- Plan-led Green Energy Parks – The Plan introduces Green Energy Parks co-locating energy intensive users with renewable electricity generation. By concentrating large energy users near renewable energy sources such as wind energy, it would reduce the impact on the national grid and optimise infrastructure use.
- Grid Investment and flexibility – significant grid investment and market reform aimed to incentivise flexible demand and efficient renewable energy utilisation.
- Regulatory planning certainty – Legislative reform, private wires and national planning aim to deliver greater regulatory and investment certainty.
- Strategic industrial alignment – Coordinated government oversight positions Large Energy Users as central to Ireland's long-term strategy.

R&D Support

Ireland has carved out a specialist niche in supporting companies with their IP requirements and is now seen internationally as a knowledge-based economy, with high-tech smart businesses increasingly treating IP as an asset. IP is increasingly at the forefront of the growth strategy of many companies, and Ireland is at the forefront.

Ireland is very proactive in promoting R&D. There is an R&D tax credit of 30 per cent for R&D conducted anywhere in the European Economic Area. R&D expenses are usually tax deductible at 12.5 per cent, meaning the effective tax relief is 42.5 per cent. If this R&D subsequently generates an income stream, an effective tax rate of 6.25 per cent is applied under the Knowledge Development Box regime.

Ireland has a significant business, economic, and cultural relationship with Canada, which has grown strongly in recent years, particularly since the United Kingdom voted to leave the EU in June 2016. However, the potential to grow this business relationship is significant.

- Canada is a G7 economy and is the 11th largest economy in the world.
- It is a modern, dynamic, globalised economy where overseas investment and external trade are important features of the economic model.
- There is a strong cultural affinity between Canada and Ireland, not least because 4.5 million Canadians claim Irish heritage.
- Ireland has an embassy in Ottawa. It also has Consulate Generals in Toronto and Vancouver; and Honorary Consuls in Calgary, Edmonton, Newfoundland and Labrador, Nova Scotia, and Quebec.

- Ireland is a small, open, and very globalised economy, where external trade and inward foreign direct investment are an integral part of the economic model. The latest CSO data show that the stock of Foreign Direct Investment (FDI) in Ireland was €1,089 billion at the end of 2024.[9]
- Ireland offers many advantages to Canadian companies who want to invest overseas. It has a favourable corporation tax rate; it has a young and well-educated English-speaking labour force; it is the only native English-speaking common law country in the EU, and it offers a strong foothold for Canadian companies who want to sell into the EU market; and it has a very pro-business environment. The 2025 IMD World Competitiveness Ranking (WCR) ranked Ireland as the 7th most competitive economy, out of 69 global economies. It ranked 9th on economic performance, 5th on Government efficiency, 8th on international trade, and 7th on international investment.

There would appear to be significant potential to grow the economic and business relationship between Canada and Ireland over the coming years, provided the conditions are right.

The ratification of CETA by the Irish government would give a significant boost to Ireland's trade relationship in both goods and services. As a small open economy with a strong dependence on external trade, it would be extremely beneficial for Ireland to diversify its external trading relationships, and its FDI partners.

FOREIGN DIRECT INVESTMENT & CANADA

The attraction of FDI into Ireland is a key element of Irish economic policy and strategy. Multi-national companies who invest in Ireland make a strong contribution to national economic growth; to direct and indirect employment; to corporation and payroll taxes; and are a particularly important support for regional and rural economic and social vibrancy.

There are 75 Canadian companies supported by the IDA operating in Ireland. Every job created by a multi-national company is estimated to support 0.8 of a job in the rest of the economy as the companies buy local goods and services, and the employees spend their income in the local economy.

Based on the employment metrics the following contributions are estimated for the Canadian firms operating in Ireland:

- It is estimated that there are 75 Canadian companies operating in Ireland.
- Employment in total is estimated at 15,000.
- It is estimated that the gross wage contribution is €900 million. This generates employment-related taxes of €225 million.

[9] CSO, Foreign Direct Investment Annual 2024

- The net wage contribution that is injected into the local economy is estimated at €675 million. This net wage contribution then finds its way into the local economy through the multiplier effect. A conservative multiplier of 1.5 is applied in this analysis. This means that the net wages injected into the local economy generates expenditure of €1 billion.
- The spending of the 15,000 employees supports further employment in the economy. This indirect employment supported is estimated at 12,000 employees.

The key metrics that measure the economic and financial contribution are summarised in Table 11.

Table 11: Economic & Financial Contribution of Canadian Companies in Ireland

METRIC		
Number of Companies	75	
Total Direct Employment	15,000	
Indirect Employment Supported		12,000
Total Employment Supported		27,000
Gross Wage Bill Direct Employment	€900 m	
Employment Taxes	€225m	
Net Wage Contribution	€ 675m	
Multiplier Effect (1.5 Multiplier)		€1,012 m

Source: ICBA & Jim Power Economics

Given the size of the Canadian economy and its market, the potential to significantly build on the economic and business relationship between Ireland and Canada is significant. This would be very positive in the context of trade and FDI diversification. Ireland is very heavily dependent on US companies now. Diversification would reduce Ireland's concentration risk.

To develop and expand the economic and business relationship:

- Ireland needs to ratify CETA as quickly as possible.
- Connectivity between Ireland and Canada will be vital for growing the economic relationship between the two countries. Policy should focus on pushing to have as many direct flights to Canada from Ireland as possible. The creation of the Dublin to San Francisco direct flight some years ago was instrumental in growing the economic relationship between Silicon Valley and Ireland.
- Irish tourism needs to be promoted aggressively in Canada. US tourists are a very significant part of Ireland's overseas tourism market. There is no reason why Canadian visitors cannot become a more significant component of overseas visitors to Ireland with the correct marketing and promotional approach.

- The IDA should continue to build its presence in Canada. Ireland is the only native English-speaking country in the EU, (except for Malta) and as such offers a strong foothold for Canadian companies who want to grow their trading relationship with the EU. With an aggressive approach in terms of promoting Ireland as a potentially strong foothold for Canadian companies who want to access the EU market, Ireland can ultimately benefit significantly from Brexit and Ireland's very strong EU credentials. To exploit the Brexit opportunity to the greatest extent possible, it is essential to invest in and focus on the various factors that form Ireland's competitiveness offering.
- Given Canada's heavy dependence on the US and the recent pressures on the relationship with the US, it has become a policy priority for Canada to diversify its economic relationships, with a particular focus on the large European market. This provides a great opportunity for Ireland.
- Ireland offers a very attractive proposition for Canadian companies who want to expand their global footprint, drive innovation and scale up.
- Ireland is committed to enhancing its status as a technology-driven innovative economy. However, there are challenges. The challenges include the cost and availability of housing for rental and ownership purposes; investment in water and wastewater infrastructure; increased investment in alternative energy; the cost of doing business; and strong investment in education and training, to ensure that Ireland can continue to provide investors with a well-educated and highly skilled workforce. Ireland's corporation tax advantage will be somewhat reduced by the ongoing OECD-driven corporation tax changes, so it is essential to address all the non-tax elements of Ireland's FDI offering. Having an abundant supply of clean water, a secure and renewable energy supply, an adequate stock of affordable housing, and an abundant supply of well-educated labour are all essential attributed to compete for FDI. Policy needs to be direct towards investment in these attributes, not least because this is exactly what Ireland's competitors are doing.
- For Canadian companies considering where to invest in the EU, Ireland has many advantages. It has strong EU credentials; it is a pro-business environment that still offers a favourable corporation tax environment; it has a well-educated, young English speaking labour force; and it has strong clusters of sectors such as IT, Social Media, Life Sciences, Medical Devices, Chemical and Pharmaceutical; Financial Services; and Professional Services. The clustering of these sectors gives rise to agglomeration economies, where production costs can be cheaper due to the clustering of economic activity. The academic literature suggests that agglomeration economies exist and that they induce higher productivity for firms and workers.

- The potential for export growth of food and beverages; pharmaceuticals and business services appear to be significant, provided a more supportive policy environment is put in place. The various state agencies will have a key role to play in this regard. This role will include organising more trade missions in both directions; aggressive promotional and marketing activities; the provision of mentoring assistance for Irish companies who want to expand markets and investment in Canada; and ensuring that diplomatic relationships between both countries are developed to the greatest extent possible. This process was accelerated in 2026 and so far in 20206 in the face of the challenges posed by US policies.
- Increased marketing of Ireland in Canada could reap strong rewards in terms of investment, tourism, and exports. Growing the relationship would prove very worthwhile in economic and social terms.
- The potential for growing Ireland's economic relationship with a vibrant, populated modern G7 country seems to be enormous. Ireland has achieved great success in building a very strong relationship with the US, in trade and FDI terms. With a greater focus on Canada, there is no apparent reason why similar success cannot be achieved.
- Building a much stronger relationship with Canada should be a key element of any risk mitigation strategy for Ireland. From a Canadian perspective, there is clearly a need to diversify away from its strong trade and investment dependency on the US.