
National Risk Assessment 2024

**Response from the American Chamber of Commerce
Ireland (AmCham) to the Department Taoiseach**

May 2024

The American Chamber of Commerce Ireland

The Voice of US-Ireland Business

The American Chamber of Commerce Ireland (AmCham) is the collective voice of US companies in Ireland and the leading international business organisation supporting the Transatlantic business relationship. Our members are the Irish operations of all the major US companies in every sector present here, Irish companies with operations in the United States and organisations with close linkages to US-Ireland trade and investment.

AmCham welcomes the opportunity to comment on the National Risk Assessment Draft List of Strategic Risks 2024. AmCham regards the National Risk Assessment as a productive mechanism in identifying and providing an overview of the existing and emerging risks across a holistic range of areas. On the whole, the risks set out in the consultation document reflect key concerns of AmCham members. AmCham welcomes the acknowledgement of the overlap between different types of risks, particularly in relation to energy, housing, and cyber in terms of their impact on economic progress and on society as a whole.

Geopolitical Risks

AmCham agrees with the Assessment's sentiment that *"the significance and magnitude of the geopolitical risks has grown markedly as the geopolitical situation has deteriorated."*¹ There are many different facets to this and AmCham would particularly emphasise the importance of addressing the *"growing trade tensions and protectionism"*² and the *"security environment."*³ To support the continued growth of Ireland's economy it is essential that any form of protectionist approach is avoided to the greatest extent possible. Ireland, and the EU, need to continue to be open to foreign direct investment and engagement with likeminded countries and partners such as the US. AmCham therefore welcomes the inclusion of the *"Future Direction of the EU"* within the geopolitical risk section and agrees with the views expressed regarding the risk of *"a rise in protectionism."*⁴

AmCham notes the importance of forums such as the Trade and Technology Council (TTC) and stresses the need to ensure that such forums are maintained into the future. AmCham regards the TTC as a valuable outlet for cross Atlantic cooperation, and its continuation is particularly needed given the shifting geopolitical landscape.

In terms of security, AmCham would highlight the importance of cybersecurity, and is glad to see this addressed directly in both the *"Armed conflict, terrorism and hybrid security threats"* and the *"Technological Risks"* sections of the Assessment. Cybersecurity is a core priority of AmCham and its members. The digitalisation of Ireland's economy necessitates increased

¹ Department of Taoiseach, The National Risk Assessment 2024 Public Consultation, <https://www.gov.ie/en/consultation/5436b-the-national-risk-assessment/#:~:text=About%20the%20Public%20Consultation,-A%20public%20consultation&text=whether%20the%20existing%20strategic%20risks,or%20do%20not%20warrant%20inclusion.>

² Ibid.

³ Ibid.

⁴ Ibid.

investment in, and further development of, Ireland's cyber industry. Ireland must be to the forefront of global efforts to identify, withstand and tackle cyber threats.

Economic Risks

AmCham acknowledges the economic risks laid out by the Department in this section and would stress the interconnectedness of economic risks across each of the categories of the Assessment.

AmCham notes that there are several ways to mitigate against economic risks, and in this regard would suggest that the framing around economic risks be reconsidered. For example, the document expresses *"concerns regarding the relative concentration of foreign direct investment (FDI) in a small number of high value sectors and markets."*⁵ AmCham would highlight that the outlook for FDI in Ireland remains positive and US FDI has shown strong commitment to Ireland. In its most recent membership survey, 69% of respondents said the numbers employed within the Irish operations of their organisation have increased in the last 12 months. When looking at the upcoming 12 months, 56% plan to increase employee numbers. Further, one third of US multinationals have been here for more than 20 years. All of this demonstrates the dedication and commitment of US MNCs to Ireland.

The list of factors that risk impacting Ireland's competitiveness as a location for inward investment, as laid out in the document, align with the concerns of AmCham members. In particular AmCham notes the Assessment's view that *"risks arise where infrastructure, such as the housing supply, energy grid, water infrastructure and broadband, are not sufficiently developed to meet growing demand or to ensure our continued relative competitiveness."*⁶ Progression in each of these areas will be key if Ireland is to meet the demands of a growing population, and if it is to continue to attract inward investment. An opportunity exists for Ireland to considerably enhance its quality of life by accelerating infrastructural development.

AmCham notes that reform of the planning system will be key in negating risks in this area and the Planning and Development Bill goes some way in addressing this. Planning delays, and uncertainty in the process are significant competitive disadvantages for Ireland as an investment location, when compared with competitor jurisdictions. In a recent survey of AmCham members 45% of respondents said their organisation had made an application for planning permission to the planning authority in the last five years. Of those, only 4% waited less than 3 months for a decision. 31% waited 3-6 months, 42% waited 6 months to 1 year, 8% waited 1-2 years and 15% waited longer than 2 years for a decision on their application.

⁵ Ibid.

⁶ Ibid.

Planning delays have a direct knock-on impact on costs, and AmCham echoes the Assessment's concern regarding *"higher prices for construction materials acting as a constraint on the delivery of housing and critical infrastructures."*⁷

AmCham further considers energy affordability and availability as a primary economic risk and therefore supports the inclusion of energy within the economic risk section of the Assessment. Access to secure, affordable and renewable energy will be essential in aiding Ireland's climate action, attracting investment, catering for population growth, and aiding in the digital transition.

AmCham agrees that *"climate action failure will have far reaching impacts on the economy and the public finances."*⁸ The long-term impact of climate change risks considerable costs, and therefore measures should be implemented with urgency to avoid significantly larger costs into the future.

Finally, whilst the growing skills and labour shortage is referenced at various stages of the consultation document, its importance warrants a standalone section within the *"Economic Risks"* category of the National Risk Assessment. Talent is a cornerstone of the continued success of Ireland in attracting inward investment. While Ireland boasts internationally acclaimed high standards of education and quality graduates, it remains necessary to attract international talent to Ireland to support the development of cutting-edge teams. In that context, it is important to prioritise the continued marketing of Ireland on an international basis as a great place to both live and work. In AmCham's recent survey of members, 100% of members said certainty with regard to the availability of highly skilled talent is important to maintaining FDI employment in Ireland. Talent attraction and retention, and skills shortages impact companies of all sizes across all sectors. As such, AmCham would welcome a dedicated section within the National Risk Assessment to reflect the importance of skills and labour shortages.

Societal Risks

AmCham agrees with the Assessment's conclusion that *"inability to effectively and efficiently bring about an increase in the supply of housing risks creating a chronic situation, with associated implications for our society and economy."*⁹ AmCham members consistently identify housing as the number one challenge for Ireland to overcome to support business growth. In a recent survey of AmCham members housing was viewed as the top challenge by

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

members with 49% of respondents saying it is the most important challenge for Ireland to overcome for their company to invest and expand in Ireland. 98% of members said the availability of residential accommodation is challenging for staff in their business operations in Ireland, with 73% saying it is either extremely or very challenging. Accommodation is an important economic enabler, and while Ireland is not unique in facing a housing crisis, the availability of accommodation is linked to Ireland's overall attractiveness as a location for talent and business. The provision of adequate energy and water supplies must also be taken into consideration in terms of housing expansion. Through the delivery of housing commitments, and the continued prioritisation of planning and capital investment in critical infrastructure, the opportunity exists for Ireland to remain a destination of choice for people, and for FDI.

The inclusion of “*Digital Exclusion*” within the National Risk Assessment is welcome. In its 2024 Pre-Budget Submission, AmCham noted that Ireland should aim to be number 1 in the EU for digital literacy, but there is some way to go to achieve this. There is a pressing need for investment in the acceleration of the National Digital Strategy, with a focus on the digitalisation of public services, supporting citizens and businesses, skills development and cybersecurity for national services and vital digital infrastructure. There further needs to be a focus on embedding digital literacy in primary and secondary-level education, with a particular emphasis on building digital skills, and ensuring safety online.

Environmental Risks

AmCham notes the extensive and holistic treatment of environmental risks within the National Risk Assessment, along with the idea that it is “*well understood that the costs of inaction far exceed those of the necessary remedial and preventative action.*”¹⁰ Climate change is undoubtedly going to continue to be a sizable risk for the foreseeable future, and serious efforts must now be made to accelerate a reversal of the damage caused by carbon emissions. Ireland's Climate Action Plan includes a number of ambitious but necessary targets, including a legally binding commitment to reach net-zero greenhouse gas emissions no later than 2050, and a reduction of 51% by 2030. AmCham members are supportive of Government's targets and many have themselves set even more ambitious goals. AmCham's recent survey of members found that over 42% have committed to reaching carbon neutrality by 2030, with an additional 22% aiming to reach this goal by 2040.

AmCham is of the view that the inclusion of the ‘lack of vital infrastructure’ to support action to address climate change and empower the delivery of sustainability measures would be

¹⁰ Ibid.

beneficial. In this context, the infrastructure required would be that focused on enabling the delivery of renewable energy solutions, and to support sustainable public transport solutions to facilitate the modal shift. The development of such infrastructure is necessary to support Ireland in meeting its climate targets and achieving ambitious sustainability goals.

Technological Risks

The Assessment notes that *“A number of the risks identified may also give rise to opportunities”*¹¹ and this is particularly the case in terms of disruptive technologies. Disruptive technologies present significant opportunities for Ireland’s future, particularly given the presence of multiple leaders in this space in Ireland. According to a recent AmCham survey over 52% of members are currently undertaking one or more research projects in Ireland, with A.I., Sustainability, Med Tech and Cyber among the most common projects. This expertise should be leveraged and supported to ensure that Ireland fulfils its potential in this space. AmCham members have consistently highlighted talent attraction and skills shortages as the second and third greatest challenges they are facing to their continued growth and expansion in Ireland. Ireland must redouble efforts to ensure skills are developed, and attracted to Ireland in the areas of digital, A.I. and cyber. Ensuring adequate skills development and attraction in these key sectors will support innovation in Ireland. This will subsequently enhance opportunities for Ireland to be to the forefront of regulatory discussions on emerging technologies in Europe and will provide greater opportunity to ensure these key skills are embedded in key public bodies, including all regulators.

Cybersecurity is a necessity in an increasingly digitalised world. As such, the inclusion of cybersecurity in the National Risk Assessment is both welcome and essential. In a period of geopolitical uncertainty, it is essential that Ireland is vigilant against cyber-attacks. In doing so, Ireland must ensure it is prepared to deter and withstand any potential attack. The reputational risk of cyber-attacks could have a severe and costly impact on organisations, and on Ireland’s reputation as an investment location.

Many of the world’s largest companies have operations, and regional headquarters in Ireland. These companies require world-class protection and regulation. Many have global teams, serving global markets, and these markets also require such security. Ireland has become a leading digital economy within the EU. In order to sustain and grow this position, Ireland must be focused on ensuring it has a best-in-class ecosystem for privacy and security, and that the protection of Ireland’s position as an EU regulatory hub for digital businesses is a priority at

¹¹ Ibid.

EU level. Protecting critical national infrastructure is pivotal to ensuring business and people in Ireland are secure from cyber threats. Developing capacity to understand and manage challenges is vital in an environment where threats are ever evolving and where the State must be successful every time a threat emerges while malicious actors need only be successful once.

Air Connectivity & Supply Chains

The future protection of air connectivity should be considered as a risk for inclusion in the National Risk Assessment. Ireland is home to many multinational organisations and air connectivity has traditionally been important for both business and tourism. Ireland's open economy is supported by global links, and air connectivity is important for trade, business, and personal links to Ireland's diaspora. Ireland proved to be a reliable partner for global businesses managing complex global supply chains throughout the pandemic. This was not without challenges during the early phases of the pandemic. Given the impact of the pandemic on supply chains, and a focus on simplifying logistics, and indeed subsequent supply chain challenges, Ireland must consider any future factors that could disrupt the movement of goods and services in terms of cost and reputation. AmCham members consistently raise the importance of transatlantic routes and connections between Ireland and European hubs in terms of business and in relation to connecting them with key markets. Ensuring the protection of air connectivity into the future is vital in terms of supporting business in Ireland and ensuring Ireland remains an attractive location for inward investment.