



GLOBAL IMPACT

GREATAMERICAN

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IRELAND: THE CELTIC TIGER THAT OFFERS MUCH OPPORTUNITY

Dear Friends:

The world is quickly changing. This is no more evident than in Ireland.

In a few years, the island has transformed itself from an agricultural society into a bustling industrial/service economy. This presents numerous trade and investment opportunities (pages 1-2).

How are our waterways changing? A new invasion of marine life occurs twice every three weeks somewhere in the U.S. This is having a significant impact on marine and freshwater resources, biological diversity and coastal infrastructure. Read about new regulations designed to reduce the impact of nonindigenous species (page 3).

Carbon monoxide poisoning can have fatal consequences for vessel crews and passengers on our waterways. Read how a mere ounce of prevention can save lives (page 4).

We hope you enjoy this issue and, as always, we welcome your comments.

Sincerely,

John A. Rowney
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Countries with the most economic freedom also have the highest rates of long-term economic growth, according to the Heritage Foundation. Then, it's no surprise that Ireland ranked 5th out of 155 countries in the 2004 *Index of Economic Freedom* published by the *Wall Street Journal* and The Heritage Foundation. The United States ranked 10th.

Considered one of the most globalized economies, the Republic of Ireland has one of the world's highest growth rates and a knack for attracting foreign direct investment (FDI)—especially at a time when global capital flows are down for the third year in a row.

INBOUND FDI AND TAXES

In 2003, Ireland attracted \$25.5 billion in FDI—more than Canada, Germany, Denmark and South Korea combined, according to the Organization for Economic Cooperation and Development (OECD). In fact, Ireland wins a disproportionate share of FDI into the European Union. For a country that represents less than one percent of the EU population, in 2003 Ireland attracted nine percent of inbound European manufacturing investment, 31 percent of pharmaceutical/medical technologies investment, 12 percent of information and communication technologies investment, 41 percent of all software project investment, and 34 percent

of all service center investment (i.e., customer service and call centers).

What is responsible for this success? Many factors are, including a sound long-term investment attraction strategy, a focus on education and research activities, and a business environment that promotes innovation and entrepreneurship.



The Irish Industrial Development Agency (IDA Ireland) indicates that a total of 1,054 multinationals have chosen to invest in Ireland through their programs. Interestingly, the largest percentage of companies, 489, are American.

Ireland also offers one of the most attractive corporate tax rates in the world. At 12.5 percent, the rate is lower than that of the U.K., at 30 percent; France, 33.33 percent; Germany, 26.38 percent; and Italy, 33 percent.

STRATEGIES THAT WORK

Ireland has created an environment attractive to knowledge-based activities, especially information and communication technology, and biotechnology. This has involved a close working relationship with science and R&D institutions. In addition, FDI attraction strategies seek opportunities that create niches and distinguishable clusters. This has positioned Ireland as a

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center for innovation and emerging technology. And with the understanding that basic manufacturing of commodity products will continue to migrate to lower cost locations in Central and Eastern Europe, Latin America and Asia, Ireland seeks more advanced manufacturing that employs higher skilled workers conducting higher value activities. To enhance this, Ireland continues to build on the strengths and talents of its workforce.

THE YOUNG AND HIGHLY EDUCATED

In a January 11, 2004, *Time Magazine* cover story on the brain drain of top European scientific researchers from the European Union to the U.S., Ireland was singled out as the exception to the rule. The article detailed how Ireland is attracting the best and the brightest.



The availability of young, skilled labor is an important factor in choosing where to

locate facilities. Ireland has the youngest workforce in Europe. By 2010, 34 percent of the workforce will be under age 25 (34.8 percent in the U.S.). And by 2020, this will slightly decrease to 32.8 percent (33.5 percent in the U.S.), according to the United Nations. This means a sufficient supply of manpower likely will be available well into the 21st century, satisfying the growing demand for skilled workers.

Importantly, the Irish workforce is well educated. In fact, Ireland has one of the highest education participation rates in the world. But what they're studying really tells the tale. Ireland has the highest proportion of science and engineering graduates in the EU. Irish universities and colleges also have a strong history of collaboration with industry, especially in emerging high technology sectors. In addition, the Irish work ethic is highly valued by employers. Surveys show that investors consider the quality and the "can do" flexible attitude of Irish workers to be among the country's greatest attributes.

A STABLE, PRO-BUSINESS GOVERNMENT

In the past, political instability and violence in Northern Ireland were thought to affect the Republic of Ireland. In reality, however, this does not appear to be the case. It is believed that only a dramatic and long-term political deterioration in the North could impact the Republic's overall business environment.

Ireland, a parliamentary democracy, has an open and

transparent business climate. Surveys by private sector consultants consistently find that Ireland has one of the most supportive business environments in Europe.

ECONOMIC GROWTH TO REMAIN STRONG

This country of only four million people has enjoyed economic growth rates among the highest in the world. According to the World Bank, Irish average gross domestic (GDP) growth rates jumped from 3.2 percent in 1980-1990 to 6.9 percent in 1990-1999—more than doubling in just a decade. The island's GDP growth rate of 6.2 percent in 2001 and 6.9 percent in 2002 were among the highest across the globe.

In 2003, after years of record-breaking economic growth, Ireland's GDP dropped to 1.4 percent. However, according to the OECD, Ireland's GDP growth should rise to 3.4 and 4.6 percent in 2004 and 2005, respectively. IDA Ireland estimates the 2004 and 2005 growth to be higher, 4.6 and 5.2 percent, respectively.

CATCHING THE TIGER BY THE TAIL

The image of Ireland as an agrarian society faded long ago. In fact, agriculture is becoming a smaller portion of the Irish economy, contributing under 4 percent of economic output, according to the OECD. The country is focusing future growth on the next generation of industries: biotechnology, nanotechnology and digital media.

According to the World Trade Organization, in 2003 Ireland imported \$53 billion in global merchandise, an amount roughly equal to the world imports of Brazil or Denmark. Irish global exports of nearly \$93 billion are roughly the same amount as those from Saudi Arabia or Malaysia.



With well-educated and talented young workers, sound business strategies, free access to the EU market of 448 million consumers, and Europe's lowest corporate tax rate, the Irish "Celtic Tiger" is showing its true stripes as a location that's prime for investment. What's more, Ireland offers competitive employment rates, an efficient European distribution network, and world-class shared service centers that provide financial, general administrative and management functions, among many others. All this, including the island's increasing demand for imports, enhances its position as a prime candidate for U.S. trade and investment opportunities. ■

BALLAST WATER MANAGEMENT

STANDARDS ARE GETTING TOUGHER

You might say it all started with the lowly zebra mussel. The mollusk's accidental and costly outbreak in the Great Lakes during the 1980s first underscored the growing problem of nonindigenous aquatic nuisance species in U.S. waters. Recognizing that ballast water from ships is the primary means of transglobal invasion, federal agencies introduced mandatory ballast water management (BWM) practices for the Great Lakes in the early 1990s. The National Invasive Species Act of 1996



(NISA) extended voluntary BWM practices to all other U.S. waters.

But like the zebra mussel population, the problem has only grown. A new invasion still occurs twice every three weeks somewhere in the United States, according to

the U.S. Coast Guard, with significant impacts on marine and freshwater resources, biological diversity and coastal infrastructure. This year national and international agencies have added teeth to existing rules and taken bold new steps in an attempt to address what has become a global challenge. Sure-fire solutions, however—and even a full grasp on the situation—are still years away.

COMPLIANCE IN U.S. WATERS

As the U.S. agency charged with addressing the problem, the Coast Guard has been especially active in recent months. In a final rule effective August 13, 2004, the agency established penalties for vessels equipped with ballast water tanks and bound for U.S. waters that fail to submit a BWM form. Such reports of the vessel's practices have been mandatory since 1999 under NISA, but low rates of compliance finally spurred the creation of penalties, which range as high as \$27,500 a day.

A separate rule effective September 27, 2004, makes national BWM practices mandatory, with penalty provisions. The rule requires that all vessels subject to the rule either complete ballast water exchange at least 200 nautical miles from shore, retain ballast water onboard, or use an alternative environmentally sound BWM method approved by the Coast Guard. Because viable alternative methods currently don't exist and retaining ballast water would make cargo operations impossible, most vessels will have little choice but to conduct mid-ocean exchange for the foreseeable future, with few exceptions. While better than

nothing, the imperfect exchange process is still only a makeshift solution to the problem of invasive species.

SETTING A GLOBAL STANDARD

In February, the International Maritime Organization (IMO) adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediments, which will enter into force one year after at least 30 nations ratify it. The enacted Convention would be the first time international law has required BWM and would establish the first-ever BWM performance standards—that is, the maximum permissible number of aquatic organisms per unit volume of discharged ballast water. Given support from the Coast Guard and shipping industry, U.S. ratification is likely.

Under the IMO timeline, new vessels (built in or after 2009) must meet the performance standards upon entry into service. Existing vessels (built before 2009) will have a phase-in period—until either 2014 or 2016, depending on vessel size—before they must meet the standards. During the phase-in period, existing vessels must conduct ballast water exchange, a requirement largely consistent with the new Coast Guard rule.

While the IMO standards are not as stringent as the Coast Guard wanted, most observers agree they are a good starting point. The Convention does allow ratifying nations to set more rigorous standards to protect their waters, but talk of tougher standards puts the cart well before the horse. Why? Currently there are no technologies demonstrated aboard vessels that can meet even the IMO standards.

Many hope the new standards will serve as a catalyst for R&D. As further incentive, the Convention provides vessels that help test and evaluate treatment technologies with a five-year grace period before compliance. The Coast Guard has a similar initiative, the Shipboard Technology Evaluation Program.



The IMO timeline demonstrates now is the time for strategy and investment planning. Only through participation in the development process can vessel owners ensure there are viable and affordable technologies, based on sound scientific data, ready to meet the world's BWM challenge. ■

CARBON MONOXIDE DANGERS WIDESPREAD BUT PREVENTABLE

Recurring news reports of carbon monoxide poisoning on the water may seem limited to houseboats and teak surfers, but don't be fooled. The threat of this common marine accident should be on the minds of all commercial operators, recreational boaters and marina owners. Like a sneaky serial killer, the colorless, odorless gas can be fatal in seconds in the confined spaces of any vessel. Yet a mere ounce of prevention can easily save lives.

Carbon monoxide (CO) is produced by burning any carbon-based fuel, which on a boat may involve engines, gas generators, cooking stoves, and space and water heaters. Because it blocks the body's intake of oxygen, the gas can be deadly after prolonged exposure to low concentrations or quick exposure to high concentrations. Crew members who smoke or consume alcohol are more susceptible to CO poisoning, which is also accelerated by physical exertion. Early symptoms include irritated eyes, headache, nausea, weakness and dizziness, making it easy to mistake

for seasickness, intoxication or heat stress, according to the U.S. Coast Guard Office of Boating Safety.

In addition to the most obvious dangers, such as a poorly vented heater, the accumulation of CO in or around a vessel can happen suddenly in several ways. Slow speeds or idling can cause gas to build up in the cabin, cockpit, bridge and aft deck, especially in a tailwind.

Blocked exhaust outlets, next to a dock or another vessel, can cause CO accumulation even when hatches and windows are closed. Exhaust from nearby vessels can creep on board and linger, and backdrafts can cause gas buildup when operating a boat at a high bow angle or with heavy loading.

TAKING PRECAUTIONS EVERY TRIP

Prevention of CO poisoning begins with the installation of CO alarms and the annual inspection of exhaust hoses, metallic exhaust components, engines and generators by qualified technicians. Each month vessel operators should inspect exhaust clamps and hoses and

look for signs of exhaust leaks.

The Coast Guard and National Safe Boating Council also recommend the following six guidelines whenever a vessel is underway:

1. Educate all passengers and crew about the symptoms of CO poisoning and where CO may accumulate.
2. Maintain fresh air circulation throughout the vessel at all times. Keep forward-facing hatches open, even in bad weather, to allow fresh air into living spaces.
3. Know where your engine and generator exhaust outlets are located and keep all passengers and crew away from these areas.
4. Treat symptoms of seasickness as possible CO poisoning and get the person into fresh air immediately. Seek medical attention.
5. Listen for any change in exhaust sound, which could indicate an exhaust component failure.
6. Finally, when docked, always be aware of the exhaust emissions from other vessels nearby. Your boat should be at least 20 feet from the nearest operating vessel. ■

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