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Positioning Ireland for Structural Transformation: The Next Wave of AI

The decisive question is not how fast Ireland adopts artificial intelligence, but how much of the value it captures



An independent insights paper prepared for the Department of Enterprise, Tourism and Employment

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Foreword | A question of position, more so than pace

Ireland's 2024 National AI Strategy Refresh committed to commissioning a study of how artificial intelligence (AI) will reshape the economy. The Government's 2026 National Digital & AI Strategy 2030 now provides the wider policy context for that work, with a renewed focus on digital and AI-enabled competitiveness, innovation and economic growth. This paper is our contribution to that question.

Our analysis is grounded in a clear historical lesson: economies that benefit most from any revolutionary technology are rarely its fastest adopters. Instead, they are those that secure the most valuable positions in the new structures the technology enables. Historical experience suggests similar patterns may emerge in the AI era. AI has the potential to become a transformative technology, reshaping industry structures, business models, labour markets and national competitiveness over time.

Whilst adoption of AI will be important, the larger economic question is whether Ireland can capture more of the value created through AI-enabled activity. The central task is to ensure that Ireland captures value from the transition rather than simply consuming technologies developed elsewhere.

This is, at heart, a paper about the future of the Irish economic model: a small, open, export-led economy built on foreign direct investment (FDI), deep specialisation in several globally-traded sectors, and an indigenous enterprise base that has not yet reached comparable international scale in high-value digital and technology markets. We examine AI as a force acting on that model: where it strengthens Ireland's position, where it threatens to erode the value of its traditional specialisms, and where it opens new opportunities for value capture.

Seizing new opportunities, explored later in this paper, is not guaranteed. We therefore assess Ireland's starting position through a structured lens of strengths, exposures and gaps. We also consider the potential strategic and structural implications of inaction before identifying a set of strategic opportunities informed by the evidence, analysis and stakeholder engagement undertaken for this paper.

This paper is not a forecast but our assessment of a choice, and a call to make that choice deliberately.

Our central message

The greatest economic impact of AI will probably not be on productivity but on economic structure, which is precisely where national strategy can be effective. Ireland has relevant assets, including a highly-specialised FDI base, deep sectoral expertise in life sciences and technology, a track record of successful indigenous exporters, and strong regulatory credibility. The task is to convert them into enduring positions through a small number of focused strategic opportunities.



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Executive summary: The strategic choice facing Ireland

AI increasingly resembles revolutionary general-purpose technologies like the steam engine, electricity, or the internet. Like these, its first-order effect is to raise productivity, but its ultimate impacts will be far more widely transformative. AI may change where value is created, who captures it, how firms compete and how small, open economies integrate with the global value chain.

of global employment

40%

is exposed to AI; ~60% in advanced economies.[1]

IMF, 2024

net new jobs worldwide

+78m

by 2030 (170m created, 92m displaced).[2]

WEF, 2025

Irish M&A deal volume

+34-37%

potential increase in global trade by 2040 if AI diffusion is broad-based.[3]

WTO, 2025

AI's potential contribution

~1.1%

to the US GDP over the next decade.[4]

ACEMOGLU, MIT, 2025

For the purposes of this paper, value capture refers to economic value generated through AI-enabled activity that is owned in Ireland, retained in the domestic economy and less exposed to external concentration risks.

The Strategic Reading

Taken together, these indicators illustrate both the scale of AI's potential economic impact and the uncertainty surrounding how that value will ultimately be created and captured. The economic outcome of AI is not determined by the technology alone, but by institutions, business adaptation and national positioning.

For Ireland, this moment presents a significant opportunity alongside a material concentration risk. The country's economic model that has delivered decades of prosperity – foreign direct investment, deep specialisation in pharma, medtech and technology, and integration into globally-owned platforms – is also highly concentrated. Foreign-owned multinationals account for 58% of GDP and 88% of corporation tax.[5] If AI further strengthens the advantage of global firms that own the foundational models, compute and data, a growing share of economic value could become concentrated in a relatively small number of foreign-owned firms, while the associated IP, technology and strategic decision-making remain controlled outside Ireland.

Between this exposure and opportunity, we see three pathways for Ireland's AI future:

1 International Monetary Fund (2024). Gen-AI: Artificial Intelligence and the Future of Work. Staff Discussion Note SDN/2024/001. View source

2 World Economic Forum (2025). Future of Jobs Report 2025. View source

3 World Trade Organization (2025). World Trade Report 2025: Making Trade and AI Work Together. View source

4 Acemoglu, D. (2025). "The Simple Macroeconomics of AI." Economic Policy, 40(121). Acemoglu's 1.1% US GDP boost estimate relates to aggregate economy-wide output impact under a cautious scenario and should not be interpreted as an estimate of individual worker productivity gains.

5 CSO, Institutional Sector Accounts (2024); Revenue Commissioners, Corporation Tax analysis (2025). Tax figures exclude one-off receipts from the 2024 CJEU Apple ruling. View source

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Exhibit 1 - Three Futures for Ireland in the AI economy

Each section returns to this decision lens: where Ireland sits, where it risks drifting, and the aspiration.

Pathway A, THE DEFAULT



High adoption, low ownership. Value creation happens elsewhere; economic rents flow outward. The outcome if no deliberate choices are made.

Value Captured: **Low**

Pathway B, NECESSARY, NOT SUFFICIENT



Strong adoption and real productivity gains across firms and public services, but limited ownership of the highest-value layers of the AI economy.

Value Captured: **Moderate**

Pathway C, THE ASPIRATION



Ireland develops positions others depend on, capturing value through exports, indigenous firms, IP and ecosystem leadership. Not automatic; a function of strategy.

Value Captured: **High**

The report's central strategic message is that Pathway B is necessary, but not sufficient. Widespread and deep AI adoption across businesses and public services is required to protect competitiveness and realise productivity gains. However, adoption leadership alone will not materially strengthen Ireland's long-term economic position if the firms, IP and highest-value capabilities remain predominantly owned elsewhere. Ireland should therefore seek to progress towards Pathway C: building Irish-owned AI firms, intellectual property, expertise and export capabilities so that a greater share of AI-enabled economic value is retained within the Irish economy. The three strategic opportunities identified in this paper are intended to support that progression.

Three potential strategic opportunities

The analysis presented in this paper points to three areas that may warrant further consideration. Each is anchored in existing Irish strengths, carries economic relevance and offers a potential route to greater Irish ownership of AI-enabled value rather than adoption alone.

PLAY 1 / Build a Generation of AI-Native Irish Export Champions

Create the conditions for Irish-owned, AI-native firms that serve global markets from inception. This opportunity has particularly strong alignment with Pathway C because it focuses directly on Irish-owned enterprise, IP creation, exports and long-term value capture.

PLAY 2 / Develop an AI-Enabled Sustainable Food System with Export Potential

Turn Ireland's €19bn indigenous agri-food sector into a low-carbon, AI-enabled model, then export the platforms, technologies and expertise that model creates. The play is exportable capability, not just using AI on farms.

PLAY 3 / Build Ireland's Applied AI Export Capability

Ireland may be well positioned to grow exportable applied AI capability in regulated industries: life sciences, pharma, medtech, manufacturing and financial services, where Ireland's hosting of global firms has built rare expertise.

The central proposition of this paper is that Ireland's focus should extend beyond AI adoption alone and consider how a greater share of AI-enabled economic value can be retained within the Irish economy.

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1. Why AI is a structural economic force

Much of the current discussion treats AI as an efficiency technology, but this framing risks understating its wider economic significance. Economists often classify technologies such as the steam engine, electricity and the internet as general-purpose technologies because they diffuse across sectors, improve over time and enable complementary innovation. AI increasingly exhibits many of these characteristics. Like earlier general-purpose technologies, its most significant economic effects may emerge gradually as businesses, institutions and markets adapt – an effect known as the 'productivity J-curve'. [6]

AI displays the defining features of such a technology: pervasiveness across sectors, continuous improvement over time, and the ability to stimulate complementary innovation. Where earlier general-purpose technologies automated physical power and then information flow, AI begins to automate decision-making itself. It is already possible to identify some of the pathways by which AI will alter industries, e.g. by lowering barriers to entry, stripping away intermediary layers in value chains, and spawning a new generation of smaller, AI-native startups. We expect the effect on some of Ireland's principal sectors – pharma, manufacturing, professional services – to be significant.

As a consequence, the strategic question facing Ireland is not how rapidly it can diffuse AI through its economy, but how well it can position itself in the industries and activities that AI creates. This is the distinction between Pathway B and Pathway C that underpins this paper. Pathway B may improve the economy's performance, but only Pathway C seeks to strengthen Ireland's long-term economic position.

Pathway A, THE DEFAULT

AI Consumer Nation

High adoption, low ownership. Value creation happens elsewhere; economic rents flow outward. The outcome if no deliberate choices are made.

Value Captured: **Low**

Pathway B, NECESSARY, NOT SUFFICIENT

AI Adoption Leader

Strong adoption and real productivity gains across firms and public services, but limited ownership of the highest-value layers of the AI economy.

Value Captured: **Moderate**

Pathway C, THE ASPIRATION

AI Value-Capture Leader

Ireland develops positions others depend on, capturing value through exports, indigenous firms, IP and ecosystem leadership. Not automatic; a function of strategy.

Value Captured: **High**

KEY MESSAGE

Ireland should not view AI merely as a task of technology selection or adoption. It is an economic transformation challenge, and positioning for that transformation is a matter of national strategy rather than procurement alone.

6 Brynjolfsson, Rock & Syverson, "The Productivity J-Curve", AEJ: Macroeconomics (2021); David, "The Dynamo and the Computer", American Economic Review (1990). view source

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2. What do we mean by value capture?

Since "value capture" is the organising idea of this paper, we define it precisely. A country can host enormous economic activity while capturing only a modest, mobile, share of the value it generates. We use value capture to mean the degree to which economic value generated within or via Ireland is **owned, retained, and made resilient** in the Irish economy, rather than created here but captured elsewhere. We believe it has eight dimensions, which we apply consistently throughout.

Exhibit 2 - The eight dimensions of value capture

A consistent yardstick for assessing Ireland's position and for testing each strategic play.

01 IP ownership
Patents, models, data rights and know-how owned in Ireland.

02 Enterprise ownership
Indigenous firms, not only foreign affiliates, holding the value.

03 Export earnings
Sales to the world that accrue to Irish-owned activity.

04 High-value employment
Skilled, well-paid, durable roles rather than routine ones.

05 Productivity gains
Diffused across the economy, not just the frontier.

06 Tax-base resilience
A broader, less concentrated, less mobile revenue base.

07 Strategic autonomy
Reduced dependence on externally owned compute and platforms.

08 New value pools
Ecosystems and markets Ireland helps create and anchor.



"The test of a strategy is not how much AI-driven activity occurs in Ireland, but how much of its value remains domiciled and tied to Ireland."

Importantly, **adoption advances some of these dimensions but not the most durable ones.** A firm that adopts a foreign AI tool gains productivity (5) but adds nothing to IP ownership (1), enterprise ownership (2), or strategic autonomy (7). The strategic opportunities discussed later in this paper focus on the more durable dimensions of value capture: ownership, IP, strategic autonomy and new value pools, not performance alone.

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3. How AI changes value creation and capture

Traditional value chains are organised around production. AI introduces logic in which advantage derives from data, prediction, orchestration, and customer access, and value migrates toward whoever coordinates the system. Whilst its ultimate impacts are unknown, four structural shifts are already visible:

Disintermediation: information-heavy activities can increasingly be performed by intelligent systems, collapsing the distance between producer and customer.

Integration: firms bundle customer relationship, analysis, decision, and delivery into unified models.

Reintermediation: old intermediaries are replaced by new control points, platform operators, data aggregators, and ecosystem orchestrators.

Platformisation: competition shifts from firm-versus-firm to ecosystem-versus-ecosystem.

Exhibit 3 - The AI value chain, and where Ireland's pathways sit

Pure adoption (Pathway B) consumes compute and models built elsewhere, the lower layers. Value capture (Pathway C) means shifting into the layers Ireland can realistically contest.



Value is increasingly accruing to infrastructure and model layers – where Ireland is unlikely to establish a leading position, but also toward **applied intelligence, outcomes, and trusted relationships** – areas where a small, credible, well-governed European economy may be well placed to contest. For advisory firms and knowledge-intensive sectors, value will increasingly reside in validation, assurance, governance, and human accountability. This provides a useful lens through which to consider Ireland's strategic opportunities. Opportunities may exist where contestable layers of the value chain intersect with Ireland's existing strengths. Ireland is unlikely to become a leader in frontier model development or hyperscale compute ownership. The strategic opportunity lies in applied intelligence, trusted deployment, sector expertise and value capture in contestable layers of the value chain.

The structural shifts described above do not only reshape industries and value chains; they also appear to be creating new types of firms. Whilst many organisations will apply AI within existing business models, a sizeable share of future value may be captured by firms designed around AI-native economics from inception. Recent research suggests that AI is accelerating movement towards business models centred on outcomes, ecosystem coordination, intelligence and customer domains rather than traditional product or sector boundaries.[7] Rather than being defined by sector, these firms are defined by the positions they occupy within the value chain and the mechanisms through which they capture value.

Outcome-as-a-Service Providers use AI to deliver and verify measurable results rather than selling labour, software or products. Value is captured through ownership of outcomes such as efficiency gains, compliance performance or operational improvements.

7 Woerner, S. L. & Weill, P. (2025). Top-Performing Companies Reuse Four Digital Platform Designs. MIT CISR Research Briefing. View source

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Platform Orchestrators capture value through coordination rather than production. By connecting participants, automating decisions and benefiting from data-network effects, they occupy central positions within business ecosystems.

Data and Intelligence Companies transform proprietary data, expertise and sector knowledge into commercial intelligence. Their advantage derives less from technology itself than from differentiated information, insight and predictive capability.

Cross-Sector Integrators create value by combining capabilities from multiple industries around customer outcomes. As AI lowers the cost of coordination across organisational boundaries, new opportunities increasingly arise at the intersection of sectors rather than within traditional industry categories.



Strategic implication

These archetypes are important not because they represent entirely new industries, but because they occupy positions where value increasingly accumulates within the AI economy. Outcome providers capture results rather than effort; platform orchestrators capture coordination rather than production; data and intelligence companies capture insight rather than information alone; and cross-sector integrators capture value from convergence rather than specialisation.

For Ireland, the strategic question is therefore not only which sectors adopt AI, but whether Irish-owned firms can establish positions within these emerging layers of value creation and capture. If Pathway C is the aspiration, success may depend as much on developing firms that occupy these positions as on AI adoption itself.

Exhibit 4 - Emerging opportunity domains

Opportunity domain	Irish starting asset	Emerging source of value	Most relevant archetypes
Manufacturing and Health	Life sciences, medtech, regulated manufacturing	Regulatory intelligence, validation, connected-health data and trusted deployment	Data & Intelligence; Outcome-as-a-Service
Construction and Climate	Engineering, infrastructure delivery and climate transition	Lifecycle optimisation, performance assurance and built-environment intelligence	Cross-Sector Integrators; Outcome-as-a-Service
Agri-food and Sustainable Food Systems	Large indigenous agri-food sector, export reach, production data and food-system expertise	Verified low-carbon production, traceability, resource optimisation and exportable food-system intelligence	Data & Intelligence; Platform Orchestrators; Outcome-as-a-Service
ICT and Services / SMEs	Indigenous software, services and digital exports	Workflow ownership, embedded intelligence and AI-native platforms	Platform Orchestrators; Data & Intelligence
Tourism and Mobility / Culture	Tourism ecosystem, cultural assets and visitor services	Destination intelligence, customer access and visitor orchestration	Platform Orchestrators; Cross-Sector Integrators

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Exhibit 5 - Strengths and exposures of the Irish economic model

Ireland has relevant assets, but is not automatically positioned to capture AI value.

Economic strengths

+ **Life sciences cluster.** 9 of top 10 pharma firms; ~45% of goods exports; 3rd-largest pharma exporter globally.[8]
+ **Medtech.** 14 of top 15 firms; >300 companies; largest medtech employer in Europe per capita.[9]
+ **Indigenous agri-food.** Largest indigenous exporter: €19bn, ~160,000 jobs, 180+ markets.[10]
+ **AI skills and talent.** Ireland ranks 2nd in the EU for AI skills; AI-related jobs are growing at 2–3 times the pace of peer countries, supported by a strong talent pipeline.[11]
+ **Research and regulatory credibility.** Highest density of FDA-approved sites in Europe; EU AI Act leadership.[12]

Economic exposures

– **Foreign-owned concentration.** MNCs = 58% of GDP, 88% of corporation tax; top 3 groups ≈ 46%.[13]
– **SME AI / digital gap.** Only 17.2% of small firms use AI vs 57.7% of large; 29% of SME GenAI use is in core activities.[14]
– **Indigenous scale-up gap.** Few Irish-owned firms reach global scale in high-value digital markets.
– **Compute and platform dependence.** Reliant on externally owned models, compute and platforms.
– **External demand concentration.** 43% of pharma exports by value go to the US, a tariff/ reshoring risk.



Strategic implication

Ireland's strengths and exposures are two sides of the same structure. Its strongest sectors are largely foreign-owned; the sectors where ownership is primarily indigenous, including SMEs and agri-food, are also where the AI capability gap is widest. Its relative strength in AI skills and talent provides an important bridge between the two: if converted into Irish-owned IP, firms and exportable capabilities, it can support more durable positions in the AI economy. A value-capture strategy must therefore do two things at once: anchor higher-value AI activity around the foreign-owned base and channel Ireland's talent advantage into indigenous scale, ownership and exports.

8 IDA Ireland (2025); CSO, Goods Exports and Imports, December 2024 (February 2025). Nine of the top ten global pharmaceutical companies operate in Ireland; medical and pharmaceutical products accounted for approximately 45% of goods exports (€99.9bn) in 2024.

9 IDA Ireland, MedTech sector profile (2025). Fourteen of the top fifteen global medtech companies operate in Ireland, which is the largest medtech employer in Europe per capita.

10 Bord Bia, Export Performance and Prospects 2024/25; Teagasc (2024). Agri-food is Ireland's largest indigenous exporting sector, worth approximately €19bn and supporting around 160,000.

11 Expert Group on Future Skills Needs (2026), The Irish Labour Market and AI in 2026, Department of Enterprise, Tourism and Employment. The analysis finds that Ireland ranks second in the EU for AI skills, that employment in AI-related occupations is growing at two to three times the rate observed in peer countries, and that Ireland has a strong pipeline of AI-related talent.

12 Department of the Taoiseach (2026), Digital Ireland – Connecting our People, Securing our Future: National Digital & AI Strategy 2030; particularly the "Lead: Digital Regulatory Hub and Centre of Expertise" pillar. View source

13 CSO, Institutional Sector Accounts (2024); Revenue Commissioners (2025); Irish Fiscal Advisory Council (2024-26); ESRI / Fitzgerald, J., The Irish Pharmaceutical Sector (2025). Foreign-owned multinationals account for 58% of GDP and 88% of corporation tax; the top three corporate groups pay roughly 46% of corporation tax. 43% of Irish pharmaceutical exports by value went to the US in 2024, a tariff and reshoring exposure.

14 Central Statistics Office (2025), Information Society Statistics – Enterprises 2025, for AI adoption rates by firm size (17.2% of small firms and 57.7% of large firms); OECD (2025), AI Adoption by Small and Medium-Sized Enterprises: OECD Discussion Paper for the G7, OECD Publishing, Paris, for the finding that 29% of SMEs using generative AI deploy it in core business activities.

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4. The cost of inaction: Why Pathway A is the default

Pathway A is not a hypothetical worst case. It is simply what happens if Ireland makes no deliberate choices, because the gravity of the global AI economy pulls value toward those who own its foundational layers.

Three forces make drift the default. First, the economics of AI concentrate value at the compute and model layers, which are owned by a handful of global firms. Second, **Ireland's adoption is already proceeding**; enterprise AI use doubled from 8% to 20% between 2023 and 2025,[15] which delivers Pathway B-style productivity but not ownership. Third, **the indigenous gap is self-reinforcing**: smaller Irish firms adopt later and less deeply, so the productivity and capability divide widens without intervention.

Exhibit 6 - The cost of inaction: Five compounding risks

Each risk is individually plausible under current trends; taken together, they describe how Ireland's ability to capture and retain value from AI-enabled activity could be constrained over time.

01 Reduced domestic value capture
As AI intelligence layers are built at foreign HQs, a rising share of value created in Ireland is captured abroad.

02 Deepening platform dependence
Irish firms and public services run on externally owned models and compute, with limited bargaining power or autonomy.

03 Widening productivity divide
A small AI-enabled frontier pulls away from a large, under-digitised indigenous long tail.

04 Weaker indigenous enterprise
The scale-up gap persists; few Irish-owned AI-native firms emerge to capture new value pools.

05 Increased concentration risk
An already concentrated tax base becomes more exposed to a handful of mobile firms' location decisions.

> The risk for Ireland is not that AI disappoints. It is that AI succeeds, and Ireland captures too little of the value it creates."



Strategic implication

The cost of inaction is not a sudden shock, but a slow erosion of economic position characterised by adoption without ownership and performance without resilience. This is precisely the case for strategic intervention: not because AI will fail Ireland, but because, absent deliberate choices, its benefits will be captured elsewhere.

15 CSO, Information Society Statistics, Enterprises 2025: enterprise AI use 8.1% (2023), 15.2% (2024), 20.2% (2025); small-firm 17.2% vs large-firm 57.7%. View source

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5. The three potential strategic opportunities

Based on the analysis set out in this paper, we identify three strategic opportunities that may warrant further consideration in the context of Ireland's AI value-capture ambitions.

PLAY 1 / Build a Generation of AI-Native Irish Export Champions

The Opportunity

Ireland can create the conditions for a generation of Irish-owned, AI-native firms that serve global markets from inception, so that the country owns AI value as well as consumes it.

This opportunity has particularly strong alignment with Pathway C because it focuses directly on Irish-owned enterprise, IP creation, exports and long-term value capture. Where Ireland only adopts AI, the productivity gain is real, but the firm value, the intellectual property and the long-run revenue accrue abroad. Where Irish-owned firms are able to scale successfully, more of the IP, exports, high-value jobs and broader economic benefits can be retained in Ireland. AI may also lower traditional barriers to scale by reducing the capital, workforce and infrastructure required to build globally competitive firms.[16] This creates a potentially different environment to previous technology waves, in which relatively few Irish-owned firms achieved international scale. Irish firms have shown they can absorb technology quickly: enterprise AI use rose from 8% to 20% between 2023 and 2025.[17] The constraint is therefore unlikely to be capability but capital, ambition and the mechanisms that keep successful firms Irish-owned.

PATHWAY IMPACT Moves Ireland from and dependence on foreign-owned value (Pathway A and B), toward indigenous ownership of new, AI-native value pools. This is the most direct route to Pathway C.

WHAT WOULD CHANGE OUR VIEW Persistent early acquisition of Irish AI firms by foreign buyers, capturing the value abroad before it anchors, would suggest the binding constraint is capital and ownership policy rather than firm formation, and would shift the play toward retention mechanisms.

PLAY 2 / Develop an AI-Enabled Sustainable Food System with Export Potential

The Opportunity

Ireland can turn its agri-food sector into a global model of efficient, low-carbon, AI-enabled food production, and export sector-specific capabilities, platforms, and expertise.

This play builds on Ireland's largest indigenous export sector,[18] worth roughly €19bn in exports, supporting around 160,000 jobs and selling into more than 180 markets. Irish agri-food already enjoys real market credibility, but at around 40% of national emissions, its carbon footprint is a real liability.[19] AI may provide a significant opportunity to address both emissions and efficiency throughout the production chain and thus convert a liability into a defensible and exportable advantage. The opportunity is to build a recognised position in verified low-carbon food production. Other leading agricultural economies have demonstrated how digital capability can become a source of competitive advantage, suggesting that food-system innovation may represent a realistic and exportable opportunity for Ireland.

PATHWAY IMPACT Moves Ireland from a commodity exporter exposed to price and climate (Pathway A), toward an owner and exporter of food-system capability that other countries depend on (Pathway C).

WHAT WOULD CHANGE OUR VIEW If traceability and sustainability data prove not to command a durable price premium, or if the producer base cannot be coordinated around shared infrastructure, the export-capability case weakens and the play reverts to ordinary adoption.

16 On AI lowering minimum efficient scale: KPMG Ireland analysis drawing on Stanford HAI, AI Index Report 2025, and emerging firm-level evidence. Treated as a hypothesis as applied to Ireland.

17 CSO, Information Society Statistics – Enterprises 2025. Enterprise Ai use rose from 8.1% (2023) to 15.2% (2024) to 20.2% (2025). View source

18 Bord Bia, Export Performance and Prospects 2024/25; Department of Agriculture, Food and the Marine; Teagasc (2024); CSO trade statistics. View source

19 EPA, Ireland's Final Greenhouse Gas Emissions 1990-2024 (March 2026). Agriculture accounted for 37.9% of national greenhouse gas emissions in 2024, excluding land use, land-use change and forestry (LULUCF),making it the largest single contributing sector.

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PLAY 3 / Build Ireland's Applied AI Export Capability

The Opportunity

Ireland may be well positioned to grow exportable applied AI capability in regulated industries, selling indigenous expertise, services and software into life sciences, pharma, medtech, manufacturing and financial services worldwide.

Ireland already hosts the operations of the world's leading regulated-industry firms.[20] That presence gives its people and companies valuable expertise in making AI work in the most complex compliance environments. The play is to turn that expertise into **Irish-owned capability, services and export revenue**, rather than letting it remain locked inside foreign affiliates. The proposition is not to build frontier AI models, but to establish a differentiated position in applying AI within sectors where Ireland already enjoys competitive advantages. This could also extend to adjacent sectors where Ireland has recognised professional and technical strengths, including engineering, quantity surveying, commissioning, project controls and the wider built environment. In these areas, AI may create opportunities to enhance and export specialist Irish expertise, services and software. Applied AI in regulated settings depends less on frontier model development than on the surrounding capabilities, high-quality data, skills and trusted governance, which is where Ireland's workforce has depth.[21]

PATHWAY IMPACT Moves Ireland from hosting world-class regulated operations (Pathway B), toward owning and exporting the applied-AI capability built around them (Pathway C).

WHAT WOULD CHANGE OUR VIEW Evidence that regulated-industry AI capability is being systematically centralised at foreign headquarters, with no route into Irish-owned firms, would weaken the play and argue for concentrating capital on Play 1 instead. A material contraction in the host base would have the same effect: roughly 43% of pharma exports by value go to the United States, so reshoring or tariff pressure could shrink the platform this play is built on before the export capability matures.[22]

Two general enablers

Whilst these did not rank as standalone plays in their own right, both act as important cross-cutting enablers that could strengthen the impact of the three opportunities.

ENABLER A

Trusted AI: Assurance and governance

Ireland's EU AI Act leadership and regulatory credibility make trust a cross-cutting advantage, strengthening the credibility of Irish industrial intelligence, food-system data and indigenous firms in regulated global markets.

ENABLER B

SME and indigenous AI diffusion

Closing the small-firm AI gap (17% vs 58% adoption)[23] broadens the base from which AI-native exporters emerge and lifts economy-wide productivity, the precondition for Play 1 and a broad-based Pathway B-plus. A stronger SME base also expands the pipeline of future exporters, innovators and AI-native firms capable of generating indigenous economic value.

20 IDA Ireland (2025); CSO trade statistics (Feb 2025). Nine of the top ten global pharmaceutical firms and fourteen of the top fifteen medtech firms operate in Ireland; pharmaceutical and medical products accounted for €99.9bn, or 45% of goods exports in 2024. View source

21 World Economic Forum and KPMG (2025), Blueprint for Intelligent Economies: AI Competitiveness through Regional Collaboration, AI Governance Alliance. View source

22 ESRI / Fitzgerald, J., The Irish Pharmaceutical Sector (2025), on US reshoring and tariff risk to Irish pharma. View source

23 CSO, Information Society Statistics – Enterprises 2025. Small firms 17.2% AI adoption versus large firms 57.7% (2025). View source

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6. Execution: enabling conditions and roadmap

Execution of the three plays depends on five critical enabling conditions:



Trust



SME diffusion



Talent that combines domain depth with AI capability



Data and compute foundations including national data assets and access arrangements



The public sector as lead customer and demonstrator of trustworthy Irish AI

These conditions can be built on Ireland's existing policy architecture. Specifically, each option requires an institutional owner and supporting instruments. **Enterprise Ireland** has a central role in supporting the growth and internationalisation of Irish-owned AI-native firms (Option 1), while **IDA Ireland** can help strengthen connections between the multinational base and the broader AI ecosystem, particularly in areas of applied AI capability and sector expertise (Option 3). **Bord Bia, Teagasc and a national agri-food data trust** are the natural tools for play 2; the **National AI Office** should become the home of trust and assurance; and the **public sector as a lead customer** can play a critical role as a test bed, adopter, and demand creator for AI services, innovation and expertise before they are exported.

Exhibit 7 - Building on Ireland's existing AI policy architecture

The institutional anchors largely exist or are imminent. The opportunity is to orient them toward value capture.

When	Instrument	Role in the strategy
2021 to Nov 2024	National AI Strategy, "AI: Here for Good", and 2024 Refresh	Established Ireland's people-centred AI roadmap and, through the 2024 Refresh, committed to the landmark study of AI's economic implications that this paper addresses.
Feb 2026–2030	National Digital & AI Strategy 2030, "Digital Ireland – Connecting our People, Securing our Future"	Current whole-of-government framework for digital and AI policy, focused on competitiveness, innovation, public services, skills, infrastructure and regulatory leadership; includes the AI Office of Ireland as the central coordinating authority for the EU AI Act.
Dec 2025 - ongoing	Oireachtas Joint Committee on AI	All-of-government approach: 85 recommendations, with the EU AI Act treated as a baseline to build on.[24]
ICT and Services / SMEs	National AI Office operational	Single point of contact under Article 70 of the EU AI Act, institutional anchor for trust and convenor of cross-sector ecosystems.
Tourism and Mobility / Culture	Tourism ecosystem, cultural assets and visitor services	Destination intelligence, customer access and visitor orchestration

Source: Department of Enterprise, Trade and Employment (2024), National AI Strategy Refresh: AI – Here for Good; Department of the Taoiseach (2026), Digital Ireland – Connecting our People, Securing our Future: National Digital & AI Strategy 2030; Houses of the Oireachtas, Joint Committee on AI, First Interim Report (Dec 2025); EU AI Act, Regulation (EU) 2024/1689.

What follows is not a forecast, but a scenario framework that illustrates the stakes of the strategic choice by showing how Ireland's value capture position might diverge across the three pathways.

24 Houses of the Oireachtas, Joint Committee on Artificial Intelligence, First Interim Report (December 2025) View source

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Exhibit 8 - Three pathways for Ireland in 2035, an illustrative scenario framework

Directional and illustrative, not predictive. The purpose is to highlight likely consequences of given choices, not to quantify them.

Dimension by 2035	Pathway A: Consumer	Pathway B: Adopter	Pathway C: Value-Capture
AI adoption	High, but shallow in SMEs	High and broad across firms	High, broad, and built upon
Enterprise creation	Few indigenous AI firms	Some, mostly sub-scale	A cohort of Irish-owned exporters
Exports & ownership	Rises but foreign-owned	Strong, still MNC-concentrated	Broader base incl. indigenous IP
Productivity	Frontier-only; divide widens	Economy-wide gains	Economy-wide plus new pools
IP ownership	Largely external	Mixed; applied IP emerging	Material Irish-owned IP
Economic resilience	Highly concentrated	Improved but concentrated	Diversified, broader tax base
Strategic autonomy	Deep dependence	Dependence persists	Greater autonomy in chosen domains

Source: KPMG Ireland analysis. Cells describe directional states, not quantified projections; intended to support deliberation, not to be cited as a prediction.

Taken together, the scenario framework suggests pathway A delivers activity without ownership; pathway B delivers performance without resilience; only pathway C improves Ireland's structural position. The three opportunities illustrate how Ireland could move closer to the right-hand column.



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7. Conclusion: A choice, not a prediction

The impact of AI remains uncertain, but it is likely to be more than a productivity-enhancing technology. It is plausible that AI will be a structural force capable of transforming industries, institutions, and economic systems. The key question for Ireland is therefore whether we will **merely participate** in that transformation, or position ourselves to **capture value** from it.

To restate our logic: AI is a structural force (section 1); value capture, not adoption, is what endures (sections 2 and 3); Ireland's economic model is strong but concentrated and exposed (section 4); three strategic opportunities could help move Ireland toward Pathway C, supported by two enablers and the existing policy architecture (sections 5 and 6). The 2035 framework (section 6) illustrates the stakes.



THE DECISION BEFORE US

Ireland has the assets to succeed. The challenge, both strategic and urgent, is to translate them into **enduring position** through a small number of deliberate opportunities. The choice between consumer, adopter, and value-capture leader is ours to make. This paper is an argument for making it deliberately.

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Appendix A

Methodology

Purpose and nature

This is an agenda-setting economic strategy paper, not a primary empirical study. Its function is to frame the structural-transformation question for Ireland and to propose a set of strategic priorities. It is intended to inform deliberation, not to substitute for detailed sectoral modelling.

Analytical framework

The argument follows a deliberate chain: structural transformation, global evidence, changes in value creation and capture, Ireland's economic model, cost of inaction, prioritisation, strategic plays, enablers and roadmap, and illustrative 2035 scenarios. Recommendations are designed to emerge from this chain rather than precede it.

Evidence standard

Statistics are drawn from named institutional sources and are the most recent available as of July 2026.

Limitations and assumptions

Three limitations should be borne in mind. First, the global evidence base on AI's macroeconomic effects is young and contested; we present both optimistic and sceptical positions. Second, some Irish-specific value-capture data (indigenous AI firm formation, intelligence-layer location decisions) are not yet systematically measured. Third, the prioritisation reflects our judgement as well as evidence. The paper assumes continuity of Ireland's EU membership, the broad direction of the EU AI Act, and no abrupt structural break in global trade.

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Appendix B

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