

IRELAND

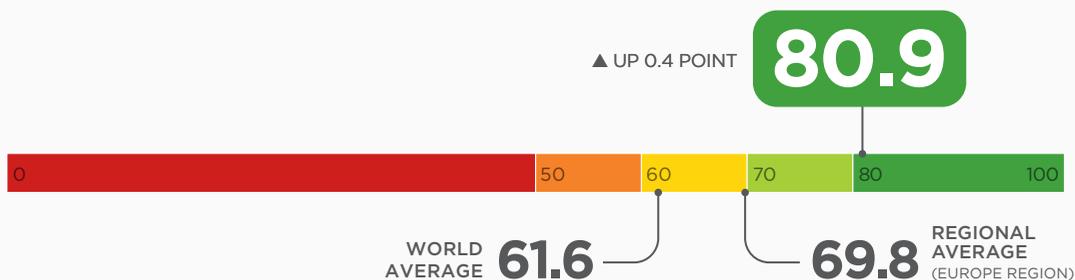


Ireland's economic freedom score is 80.9, making its economy the 6th freest in the 2020 *Index*. Its overall score has increased by 0.4 point, with a modest increase in the **government integrity** score balancing a similar decline in **judicial effectiveness**. Ireland is ranked 2nd among 45 countries in the Europe region, and its overall score is well above the regional and world averages.

The Irish economy made it back into the ranks of the economically free in 2018 and has maintained that rank in the years since then. GDP growth has been spectacular for the past five years.

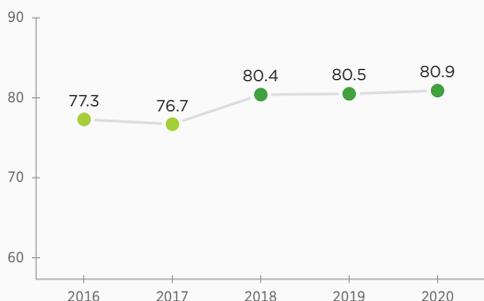
Further reforms aimed at improving the quality of judicial processes and fully privatizing the banking sector would help to solidify Ireland's status as a free economy. Given the ongoing uncertainties concerning Brexit, particular care is going to be needed to sustain the openness of trade and investment flows.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +12.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.9 million

GDP (PPP):
\$385.9 billion
6.8% growth in 2018
5-year compound annual growth 10.5%
\$78,785 per capita

UNEMPLOYMENT:
5.7%

INFLATION (CPI):
0.7%

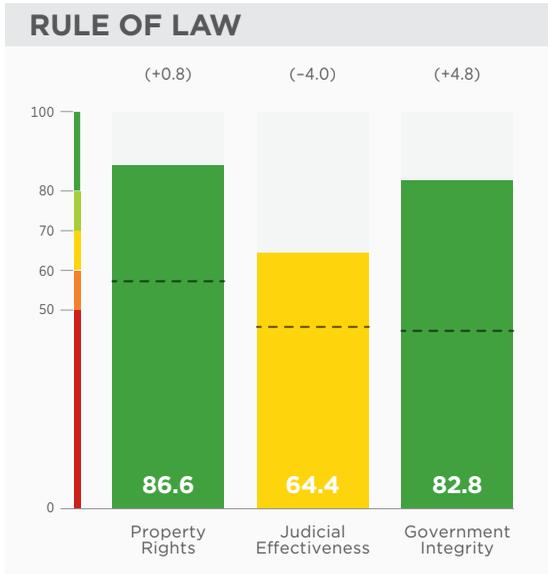
FDI INFLOW:
-\$66.3 billion

PUBLIC DEBT:
65.2% of GDP

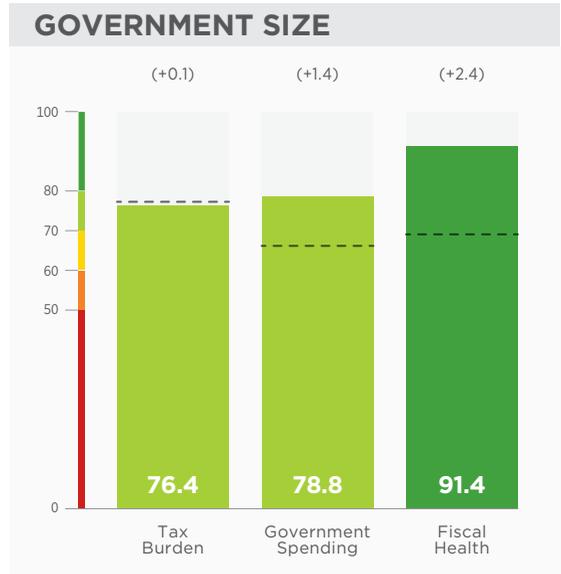
2018 data unless otherwise noted. Data compiled as of September 2019

BACKGROUND: Leo Varadkar, the youngest prime minister in Irish history, leads the center-right Fine Gael party at the head of a minority government. In December 2018, the main opposition party, the conservative Fianna Fail, agreed to extend its support for the government until 2020. A 2018 vote ending a strict constitutional ban on abortion reflected an increasingly secular and socially liberal electorate. The small, modern, and trade-dependent economy has performed extraordinarily well for decades and was among the first in the European Union to recover from the 2008 financial crisis. Foreign multinationals dominate the export sector, led by machinery and equipment, computers, chemicals, medical devices, pharmaceuticals, foodstuffs, and animal products. Post-Brexit trade and border arrangements with the United Kingdom are key issues.

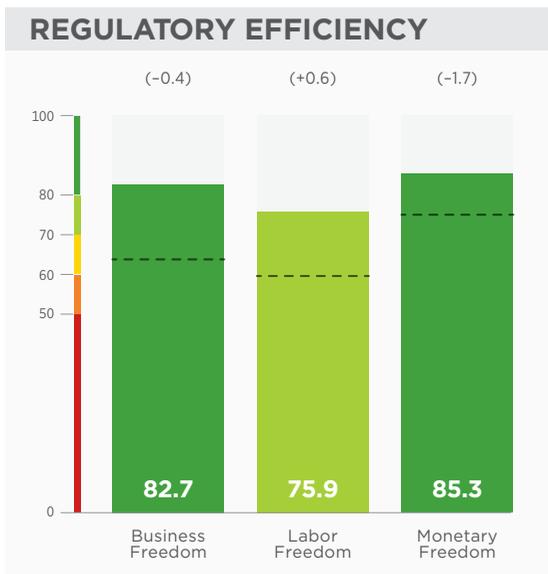
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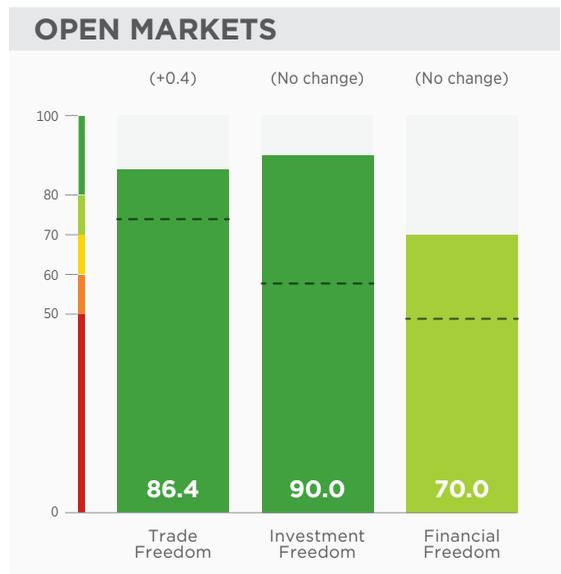
Property rights are well protected, and secured interests in property are recognized and enforced. Contracts are secure, and expropriation is rare. The judiciary is independent, but performance is only average on an index measuring the quality of judicial processes. Corruption is not a serious problem. Antibribery and anticorruption laws that make it illegal for Irish public servants to accept bribes are enforced adequately.



The top personal income tax rate is 41 percent, and the top corporate tax rate is 12.5 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 22.8 percent of total domestic income. Government spending has amounted to 26.6 percent of the country's output (GDP) over the past three years, and budget deficits have averaged 0.2 percent of GDP. Public debt is equivalent to 65.2 percent of GDP.



Ireland has improved access to credit and has made enforcement of contracts easier, but the stamp duty on non-residential property transfers has been increased. The labor force is less regulated than the labor forces in most of the EU countries on the continent. The government has estimated that Brexit might result in a deficit of up to 1.5 percent of GDP due to higher subsidy payments in significant sectors of the economy.



The total value of exports and imports of goods and services equals 209.8 percent of GDP. The average trade-weighted applied tariff rate (common among EU members) is 1.8 percent, with 637 EU-mandated nontariff measures reportedly in force. Domestic and foreign firms receive equal treatment under a competitive and efficient investment regime. The banking sector has been stable. The government retains majority or minority ownership stakes in several bank groups.