

IRELAND

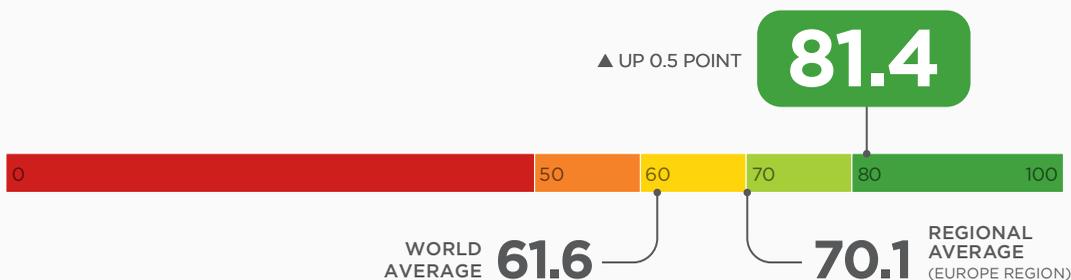


Ireland's economic freedom score is 81.4, making its economy the 5th freest in the 2021 *Index*. Its overall score has increased by 0.5 point, primarily because of an improvement in **judicial effectiveness**. Ireland is ranked 2nd among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The Irish economy has maintained its standing among the ranks of the economically free. 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. As the EU transitions after Brexit, the government should also consider additional measures to sustain the openness of trade and investment flows.

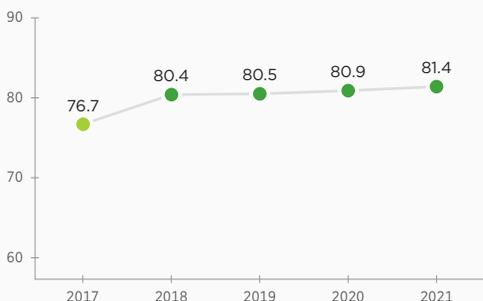
IMPACT OF COVID-19: As of December 1, 2020, 2,069 deaths had been attributed to the pandemic in Ireland, and the economy was forecast to contract by 3.0 percent for the year.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +12.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.9 million

GDP (PPP):
\$417.9 billion
5.5% growth in 2019
5-year compound annual growth 10.2%
\$88,241 per capita

UNEMPLOYMENT:
4.9%

INFLATION (CPI):
0.9%

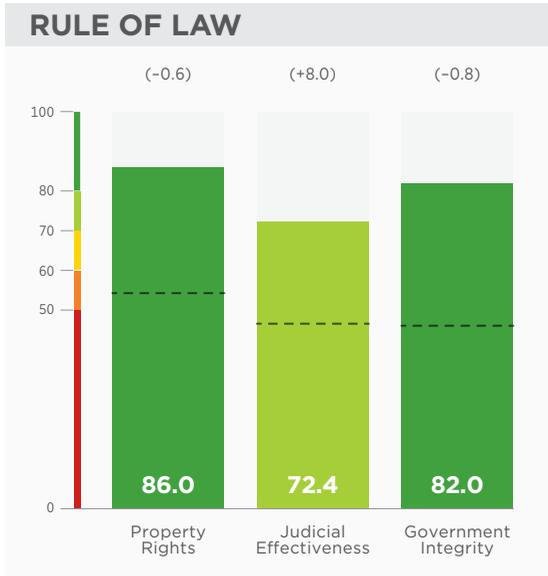
FDI INFLOW:
\$78.2 billion

PUBLIC DEBT:
58.6% of GDP

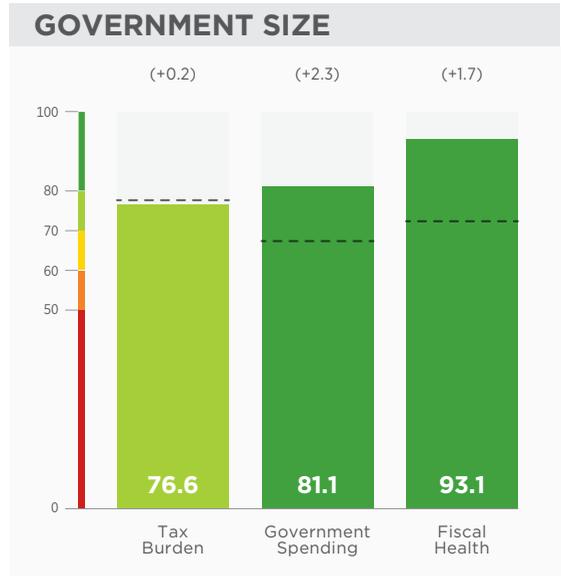
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The February 2020 general election produced a fractured legislature; conservative Fianna Fáil (FF) outpolled surging leftist Sinn Féin and the center-right Fine Gael (FG) party of outgoing Taoiseach (Prime Minister) Leo Varadkar. Micheál Martin of FF became Taoiseach in June, leading a coalition with FG and the Green Party and with FF and FG governing together for the first time. Under the agreement, Leo Varadkar will return as Taoiseach in December 2022. 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.

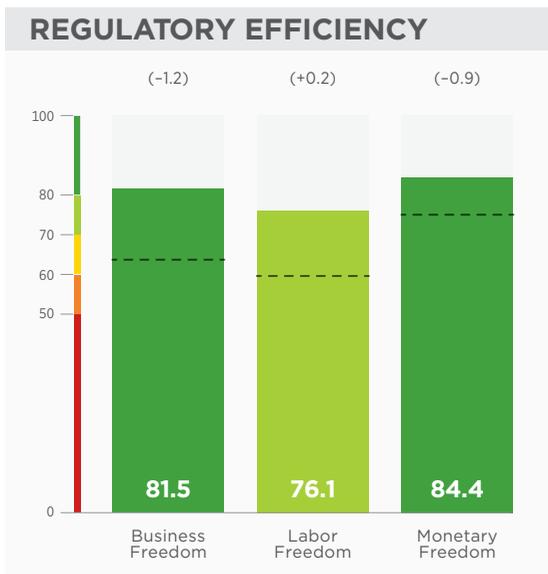
12 ECONOMIC FREEDOMS | IRELAND



Property rights are well protected, and secured interests in property, both chattel and real estate, are recognized and enforced. Contracts are secure, and expropriation is rare. Ireland's legal system is based on common law, and the judiciary is independent. Outright public corruption is rare and is investigated and prosecuted. Legislation strengthening regulation of post-government service lobbying was introduced in 2020.



The top individual 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 22.3 percent of total domestic income. Government spending has amounted to 25.1 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.02 percent of GDP. Public debt is equivalent to 58.6 percent of GDP.



An increase in the stamp duty on nonresidential property transfers has raised the cost of property registration. Dealing with construction permits has also become slightly more expensive. Labor markets are sparsely regulated, and labor relations are cooperative. Funding for subsidies in the government's 2020 budget is equivalent to 0.4 percent of GDP.



As a member of the EU, Ireland has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. A commitment to facilitation of global investment flows is well institutionalized. Recapitalization and restructuring have restored financial-sector stability. Banks continue to divest their relatively numerous nonperforming loans.