Annual Competitiveness Report: 2006

Benchmarking Ireland's Performance

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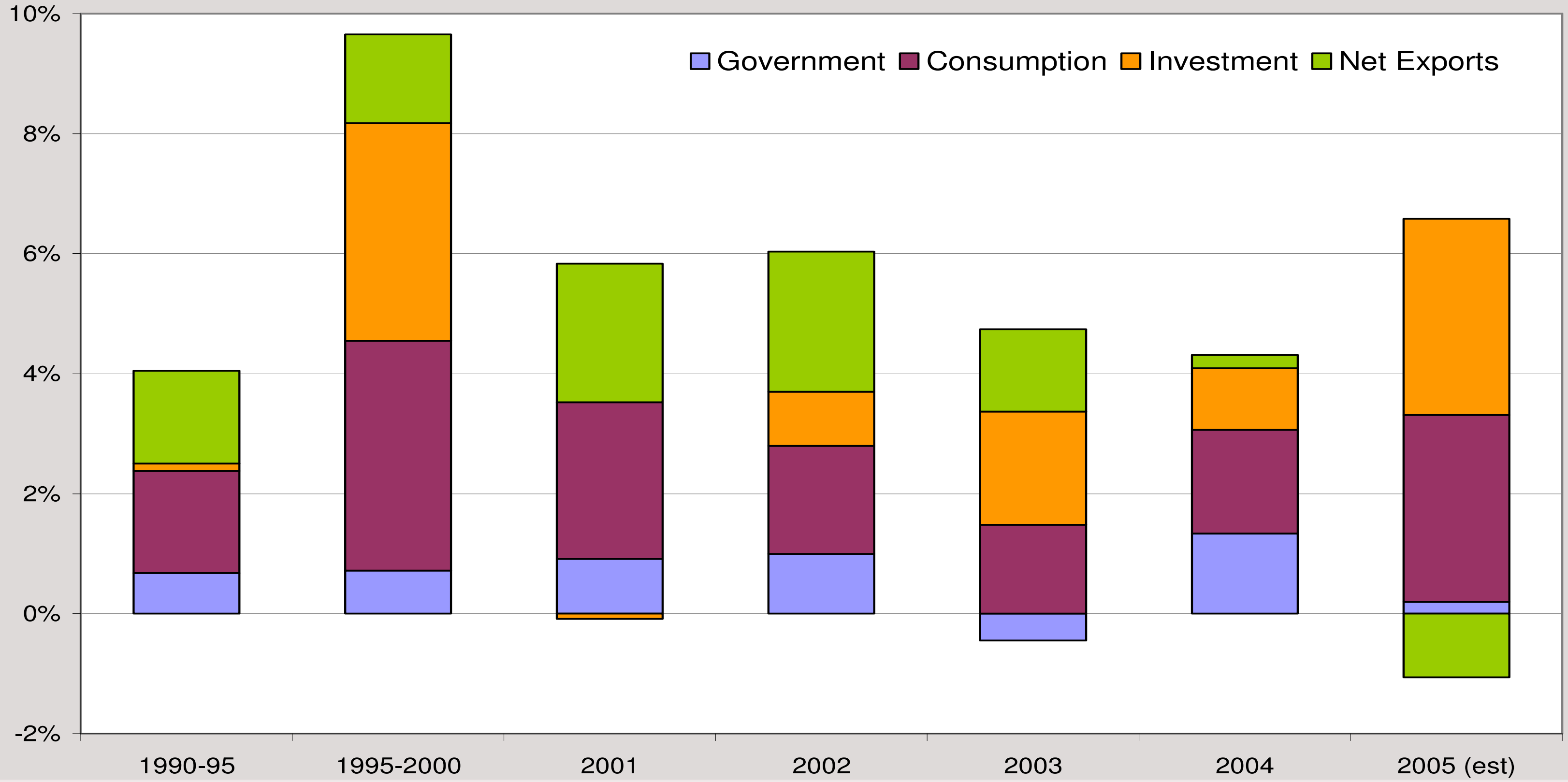
Council

Changing Structure of Irish Economic Growth

- Figures suggest that growth was driven entirely by domestic demand in 2005, with net exports acting as a drag on economic expansion. This contrasts with Ireland's earlier period of export-driven growth.
- This has been facilitated by high consumption and investment driven by rising debt. In 2006, Ireland (GNP) has the most indebted household sector among the benchmark countries.
- The manufacturing sector has witnessed an overall decline in world market share in contrast to an increase in services market share, evidenced by a fall in manufacturing employment since 2000 (over 30,000).

Contribution of Net Exports to Irish Economic Growth, 1990-2005



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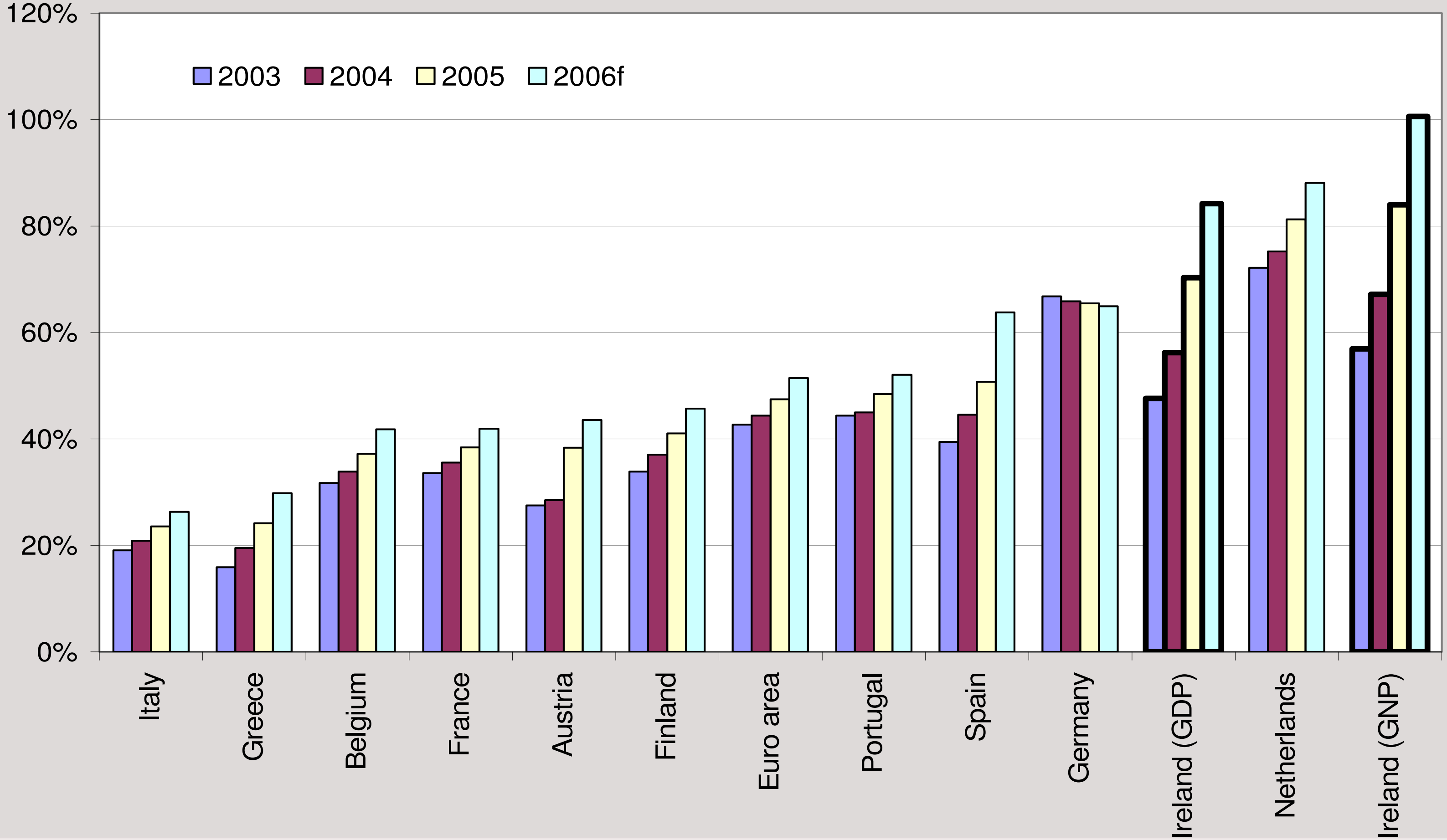
Household Borrowing as a % of GDP (2003-2006)



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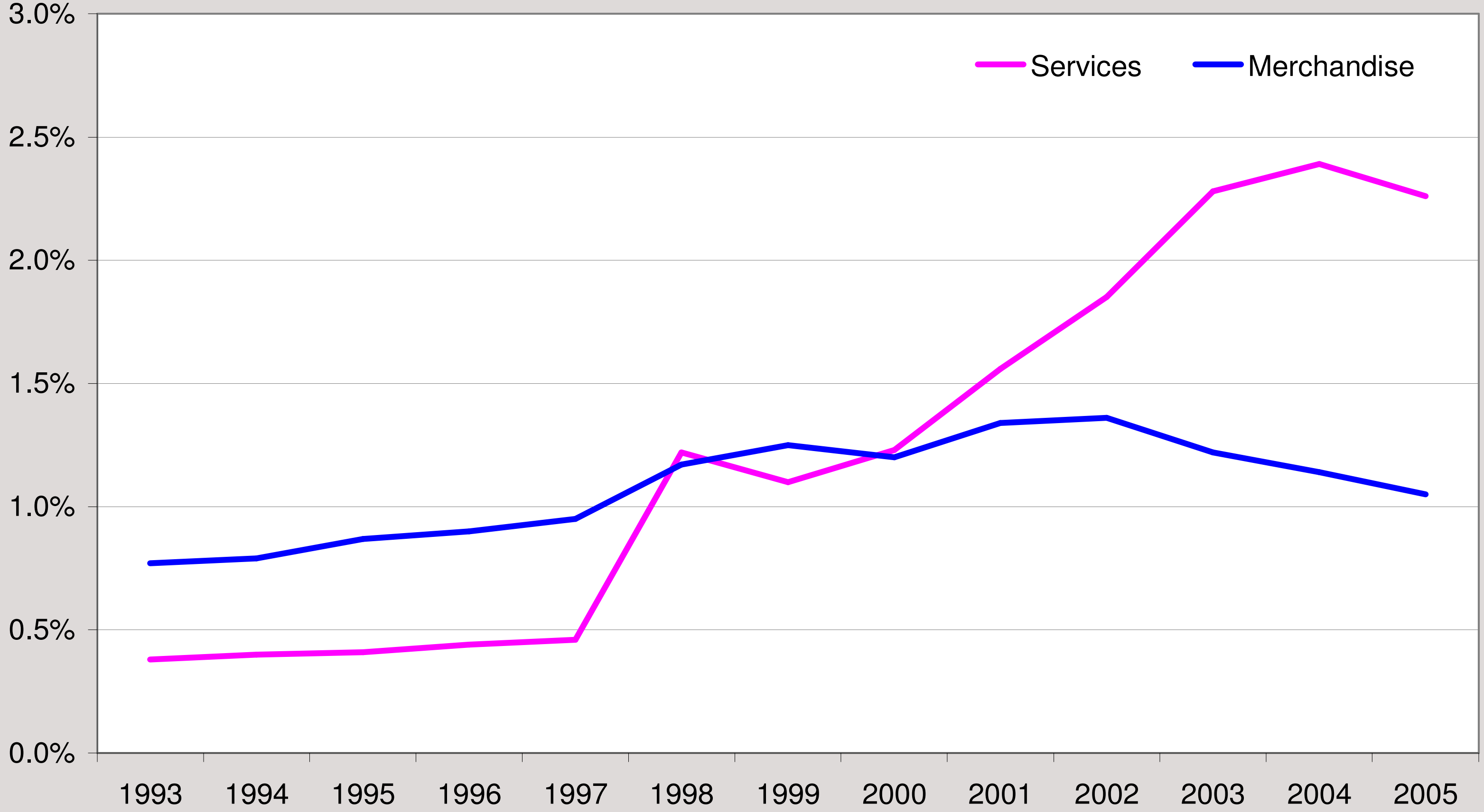
Ireland's Share in World Merchandise and Services Trade, 1993-2005



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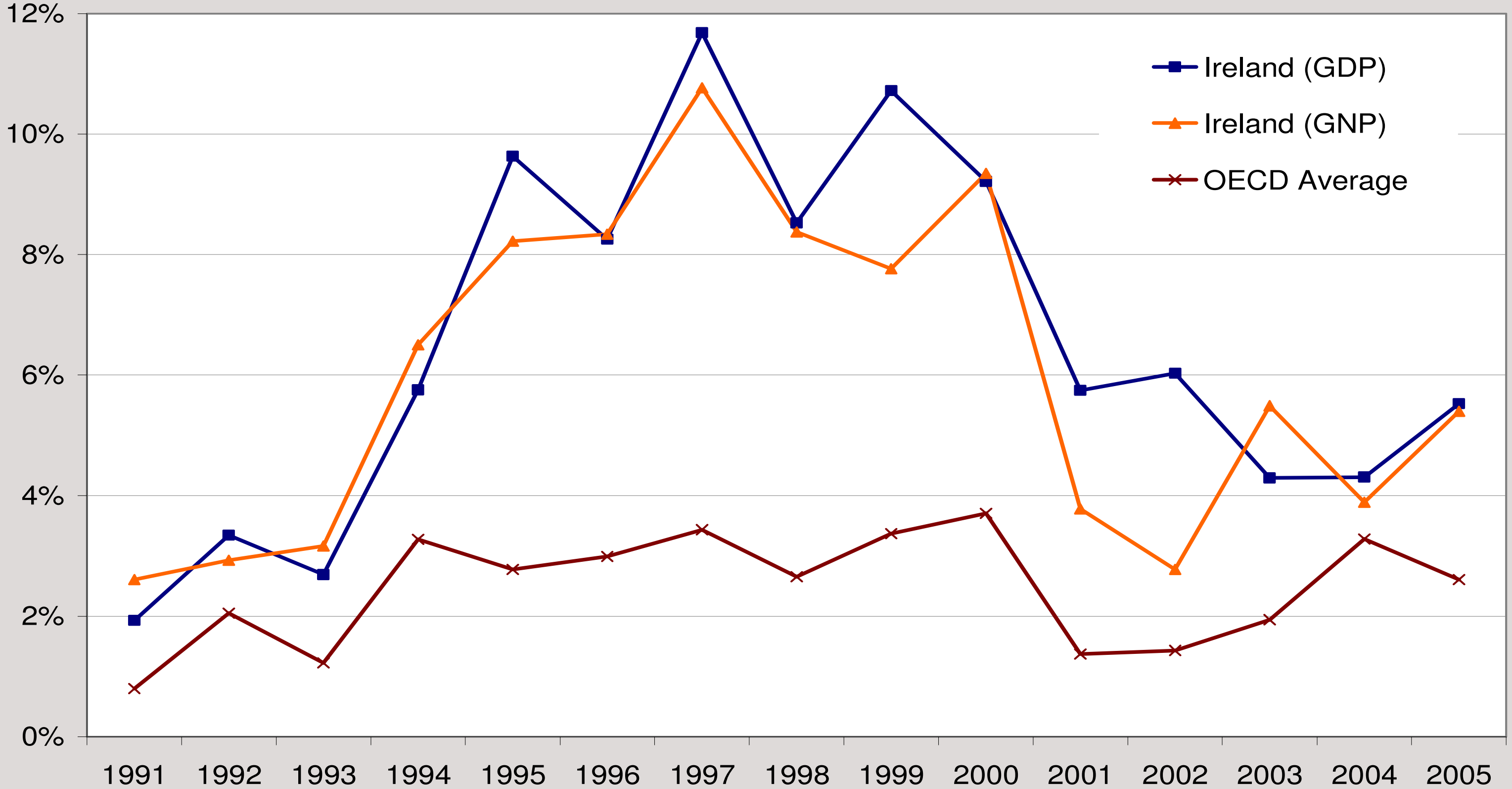
Ireland Shows Some Significant Strengths…

- GDP growth has been consistently higher than the OECD average over the last decade.
- GNP per capita levels are now in line with the OECD average.
- Figures indicate that a significant percentage of the population are happy with their lives.
- Ireland maintains an open and attractive environment for overseas investment.
- Entrepreneurship rates are relatively high and the Labour Force is very strong.
- Long standing advantages in our tax system continue to be of benefit.
- Our education system is strong in secondary school completion rates (aged 20-24 year olds).

Growth in GDP & GNP in Ireland, compared to OECD Average, 1990-2005



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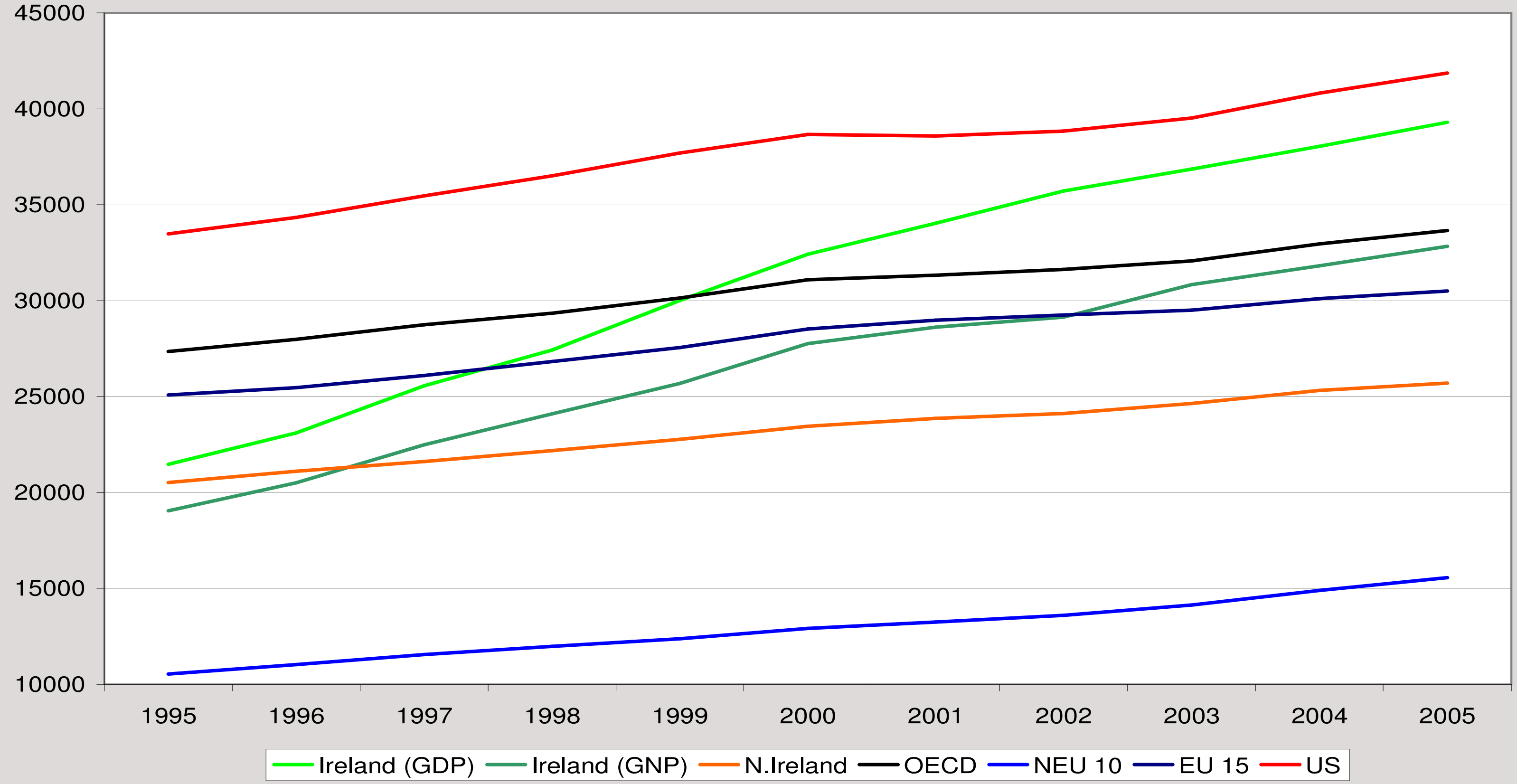
Levels of GDP per Capita, Ireland and Selected Economies, 1995-2005 (US$ PPP)



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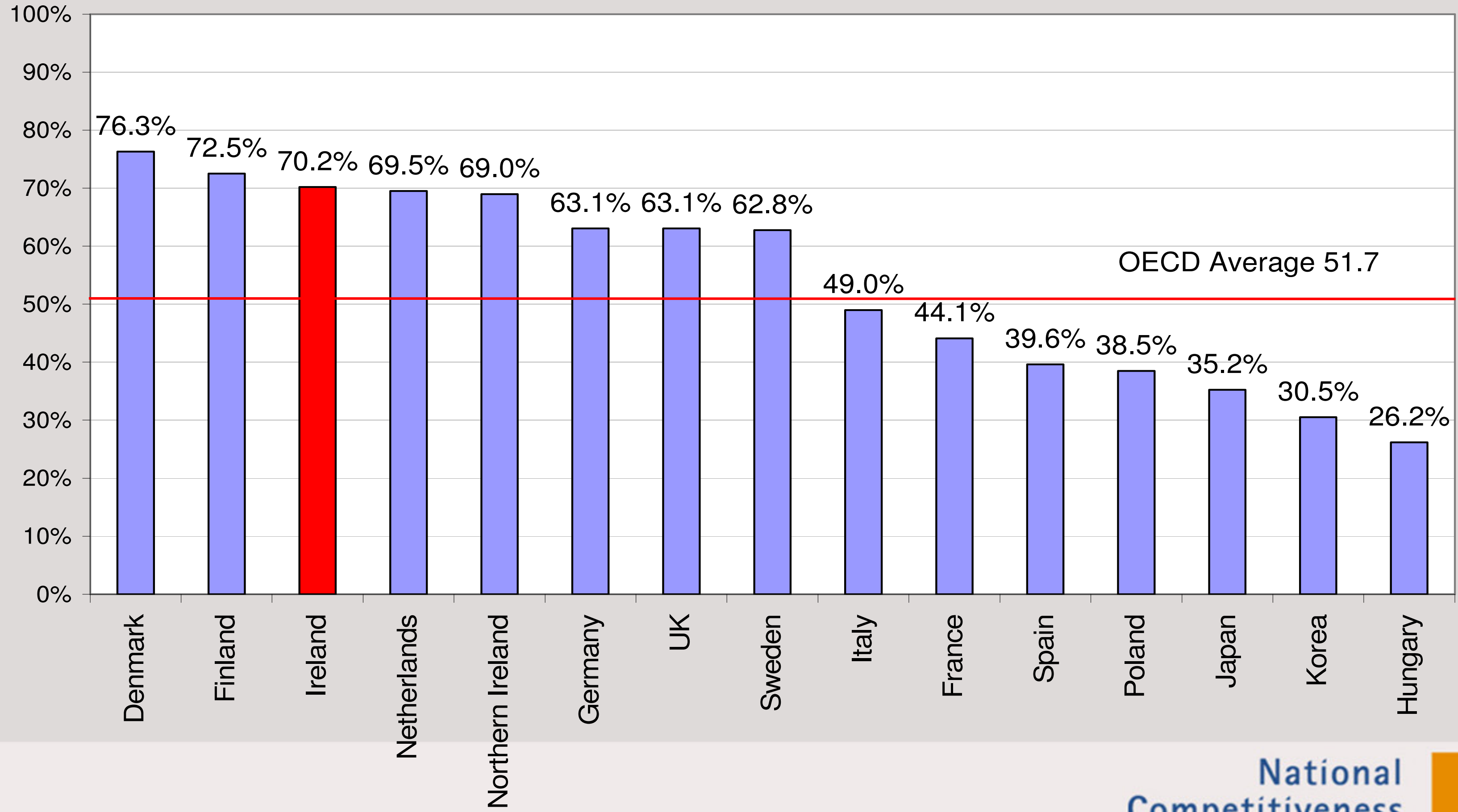
Percentage of Population with High Life-Satisfaction Scores, 2000



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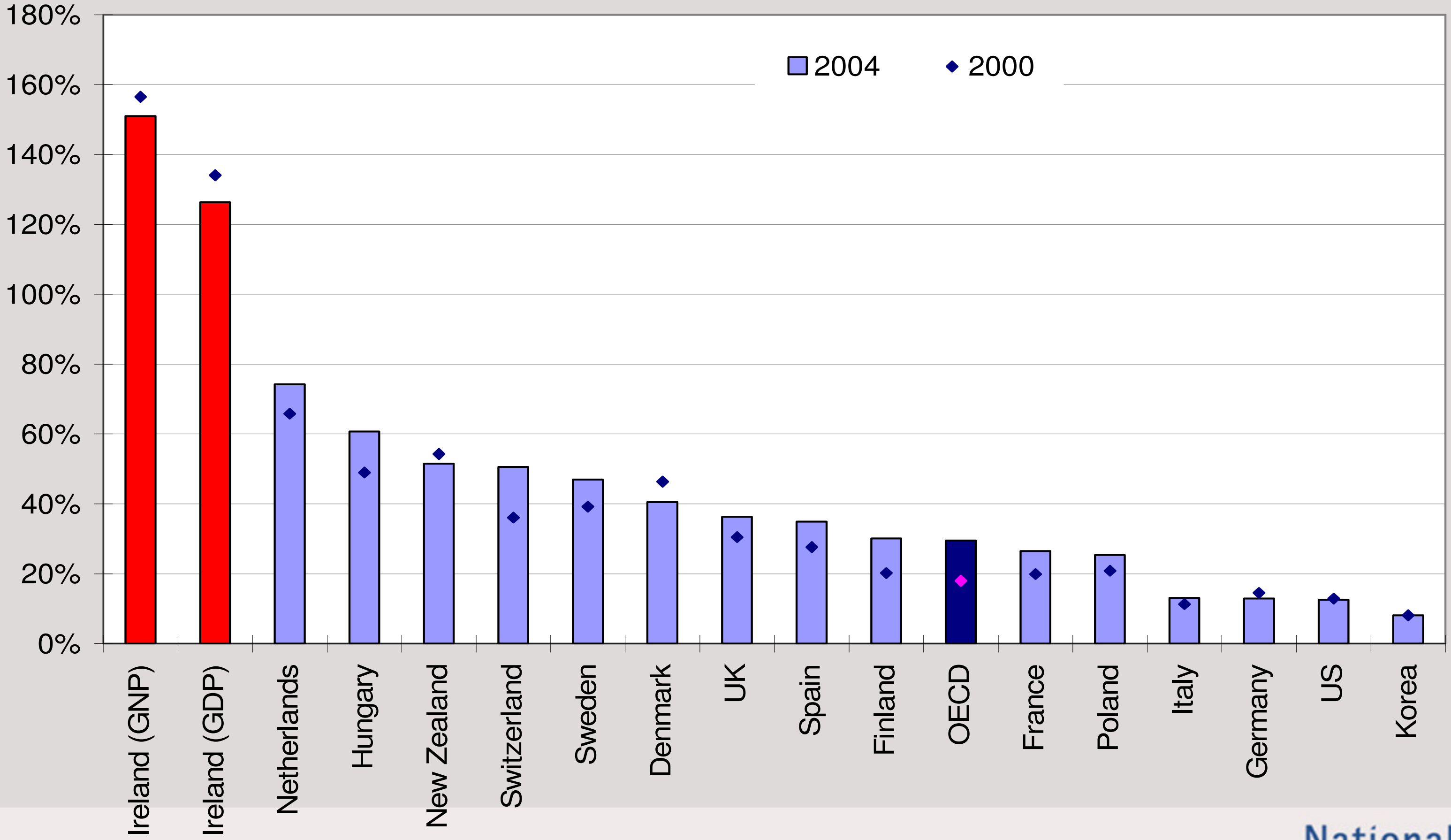
FDI Inward Stock (% of GDP), 2004



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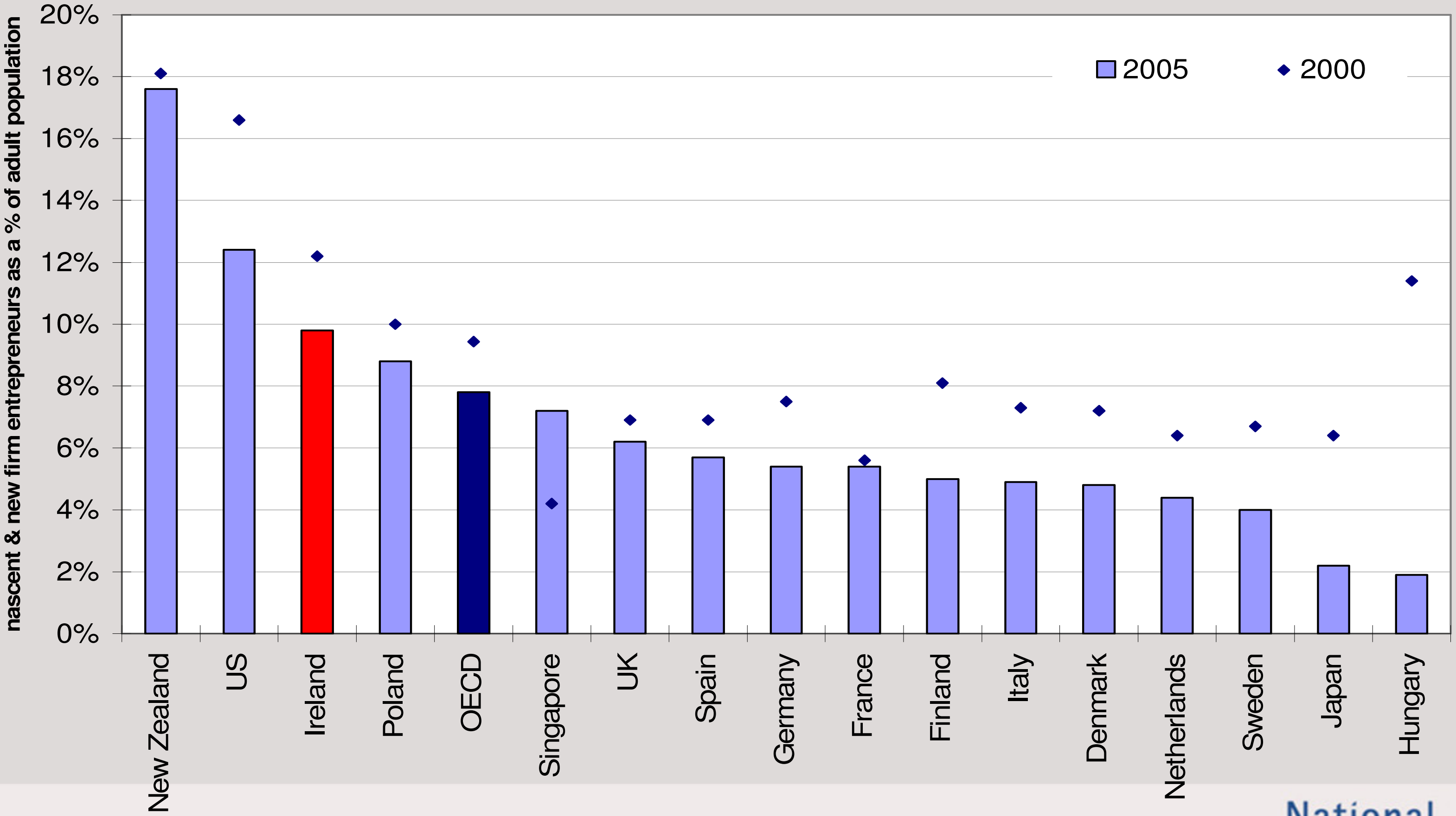
Total Entrepreneurial Activity Rate, 2005



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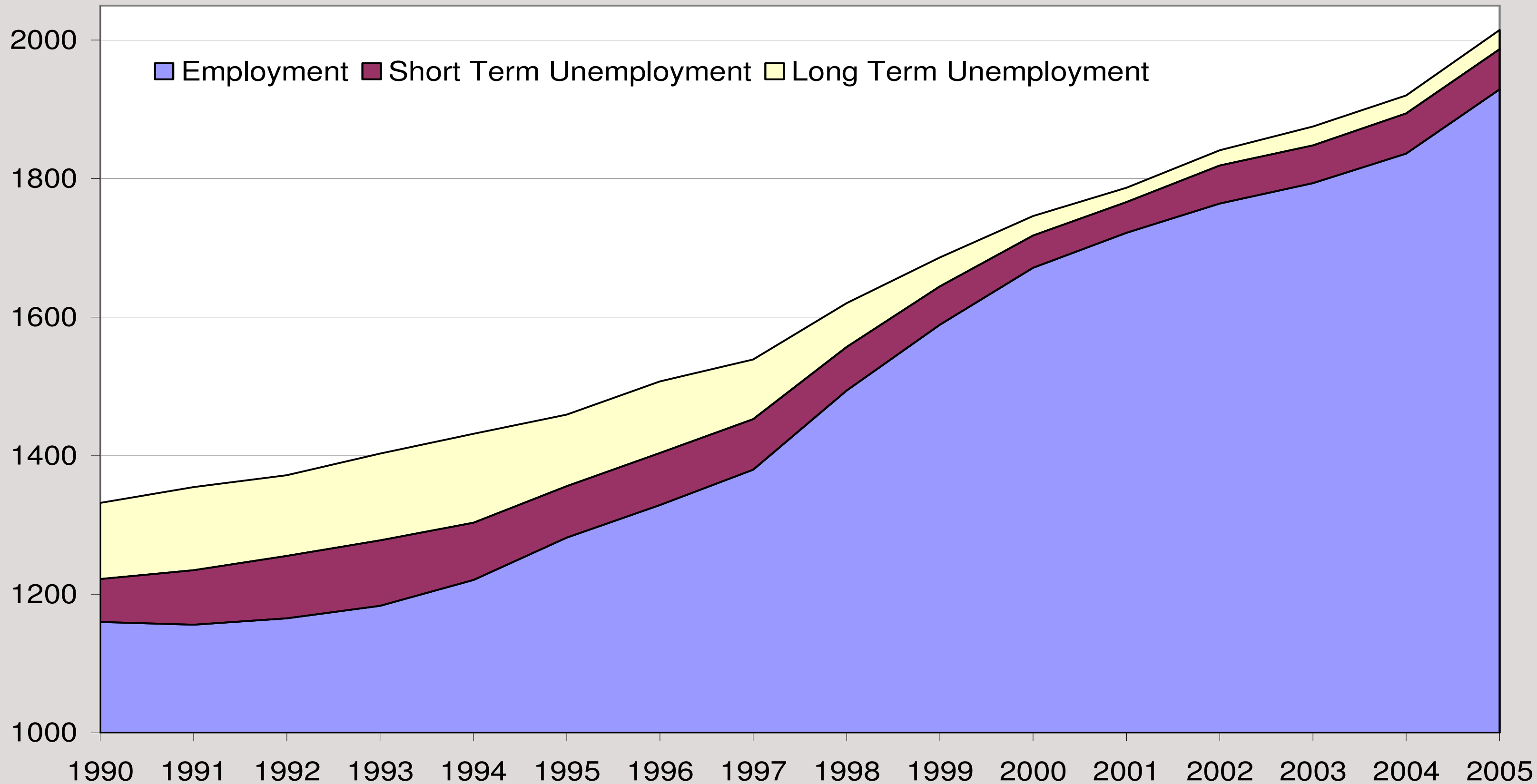
Labour Force (Employment & Unemployment), 000s, 1990-2005



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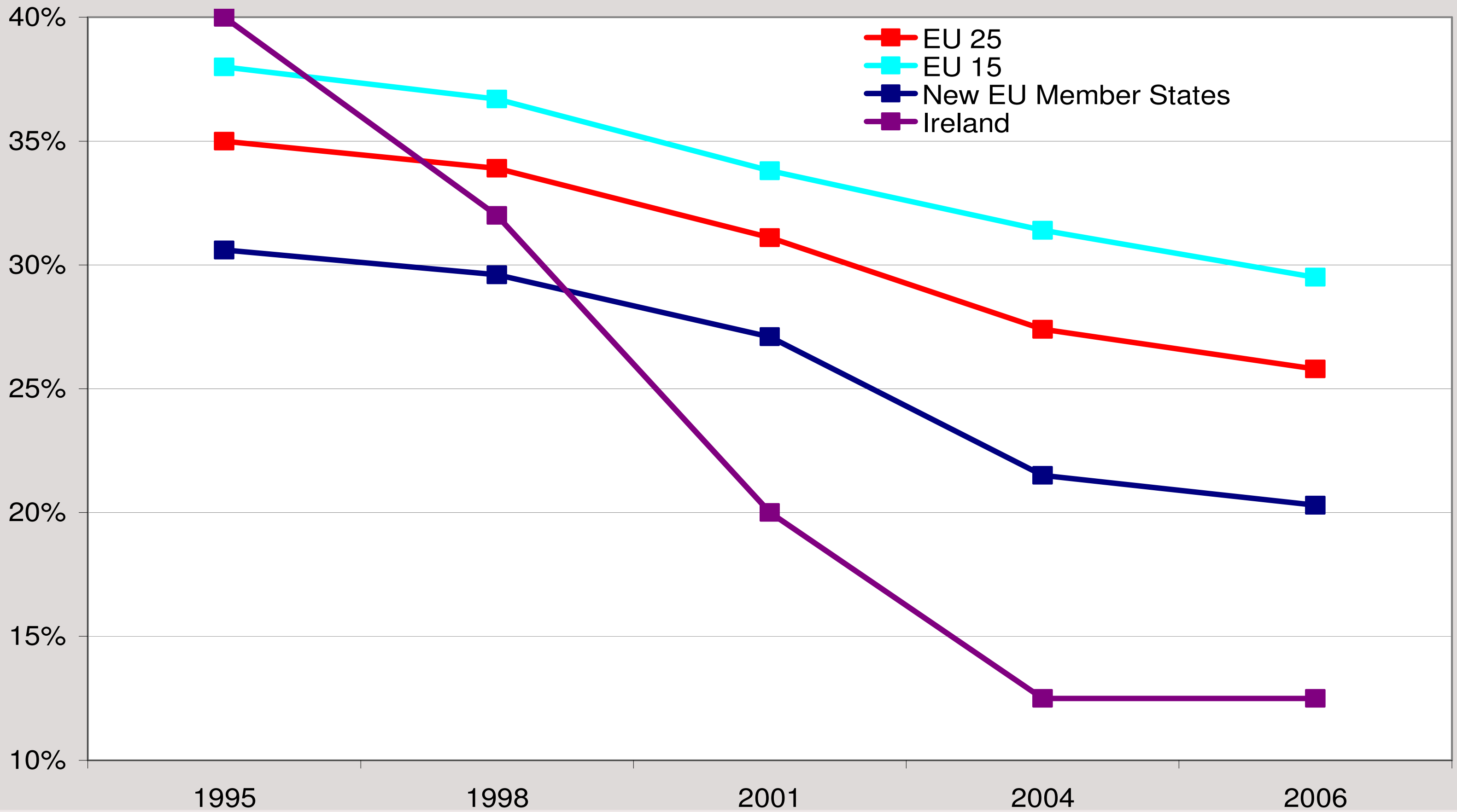
Top Standard Tax Rate on Corporate Income, 1995-2006



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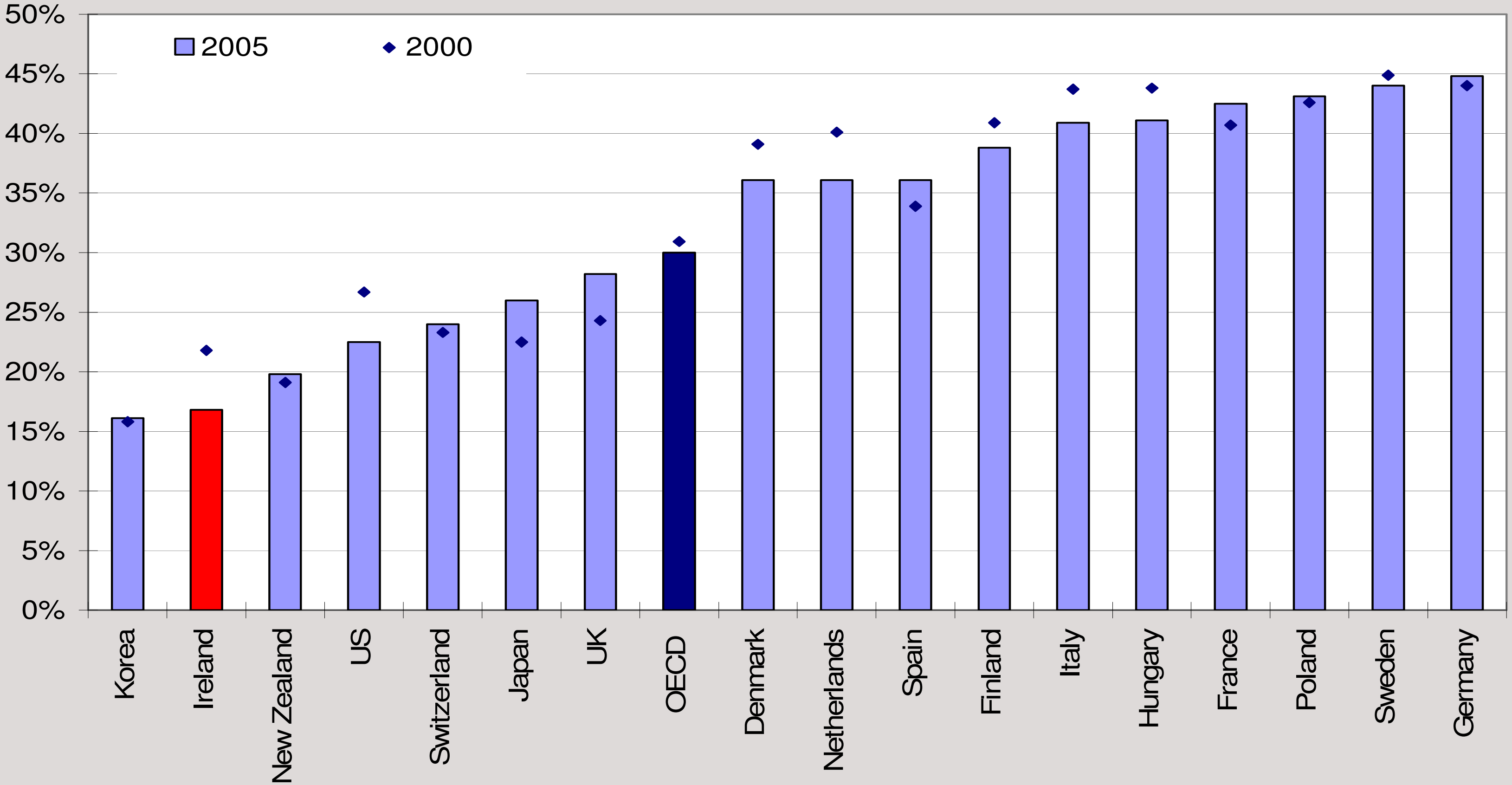
Total Tax Wedge, Percentage of Average Earnings, 2005



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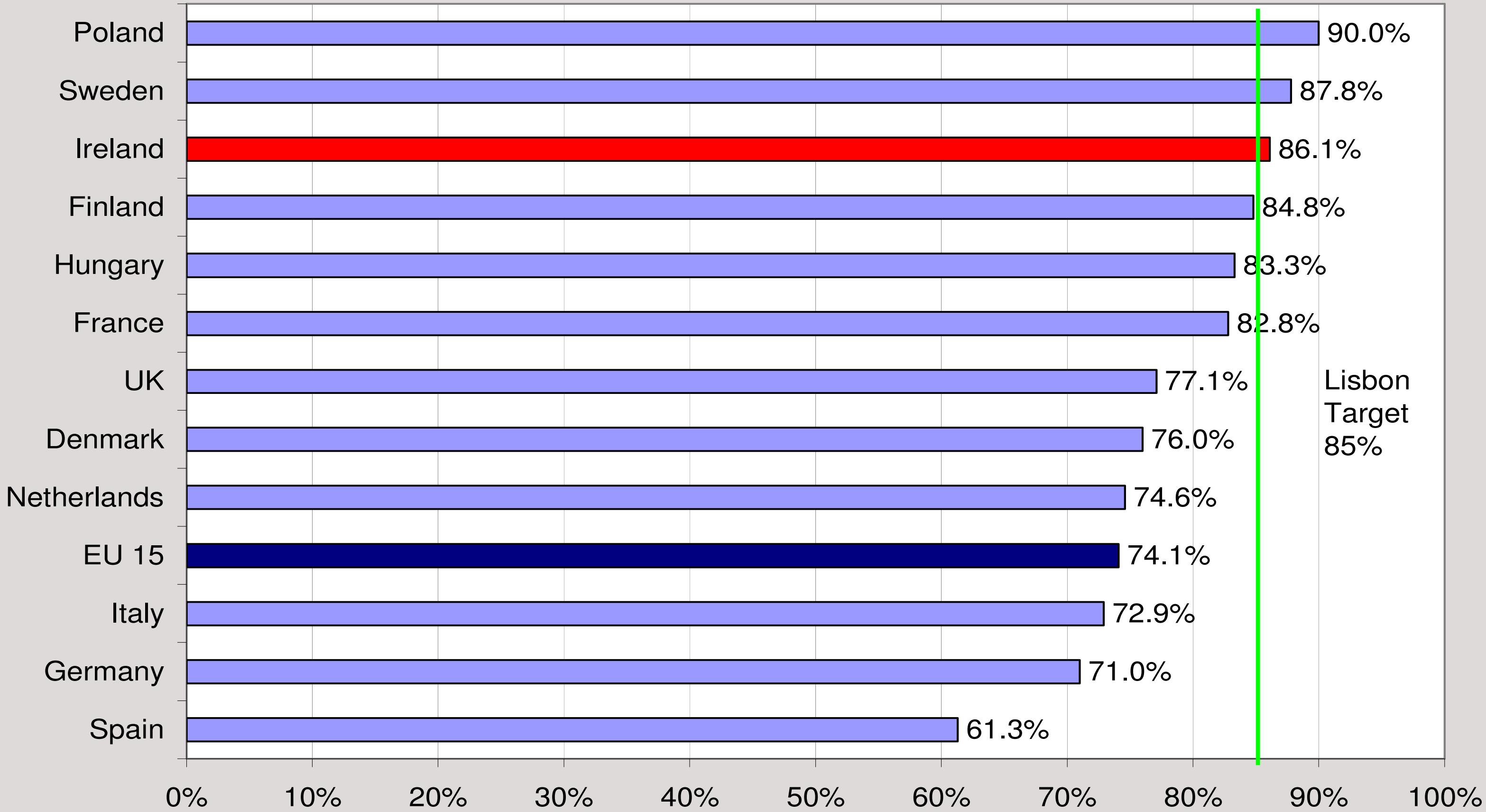
Percentage of the Population Aged 20 to 24 having Completed at Least Upper Secondary Education 2005



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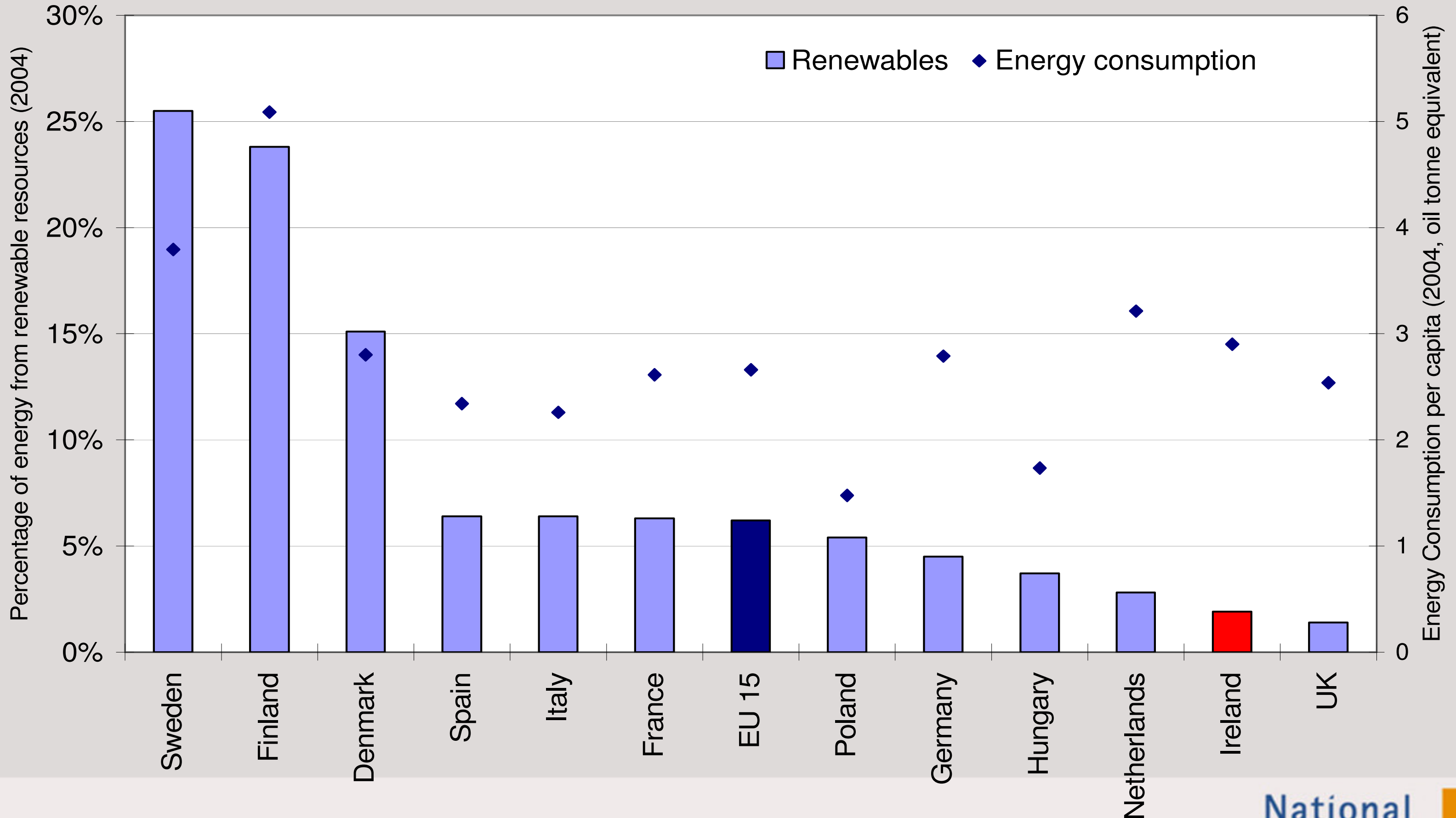
…But Also Highlights Some Long Standing and Potentially Emerging Weaknesses

- Renewable energy sources are not greatly utilised.
- While productivity levels are in line with the OECD average, growth has slowed to its lowest levels since 1980.
- Costs are relatively high (especially utilities) and rising.
- Although competition is perceived as relatively efficient some sectors remain dominated by single operators.
- Though government investment levels are relatively high, infrastructure remains deficient.
- On the job training and learning is relatively poor by international standards.
- Finally, despite high levels of investment our R&D infrastructure lags top performers.

Proportion of Energy from Renewable Sources & per Capita Energy Consumption, 2004



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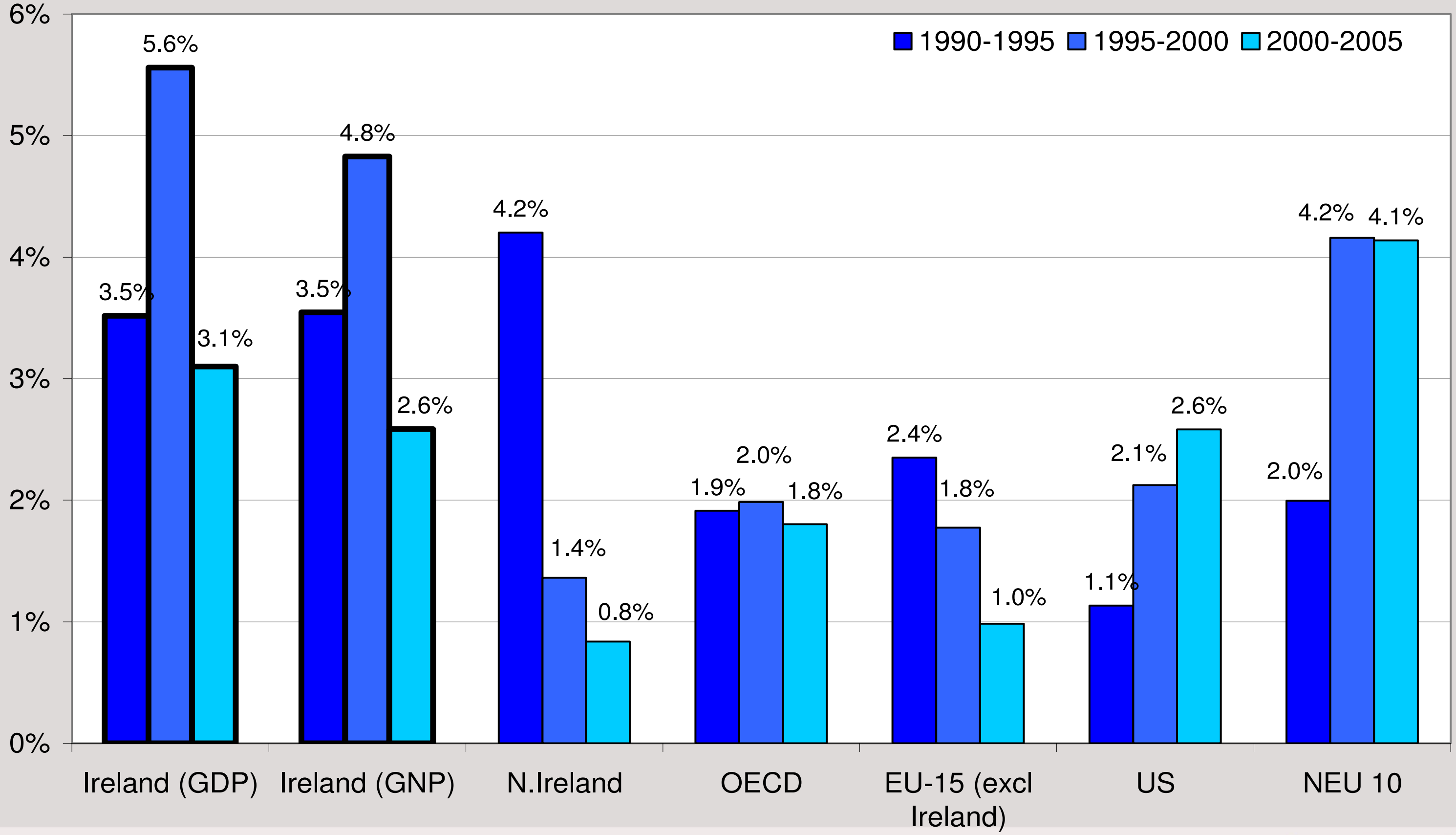
Growth in Output per Hour Worked, Selected Economies, 1990-2005



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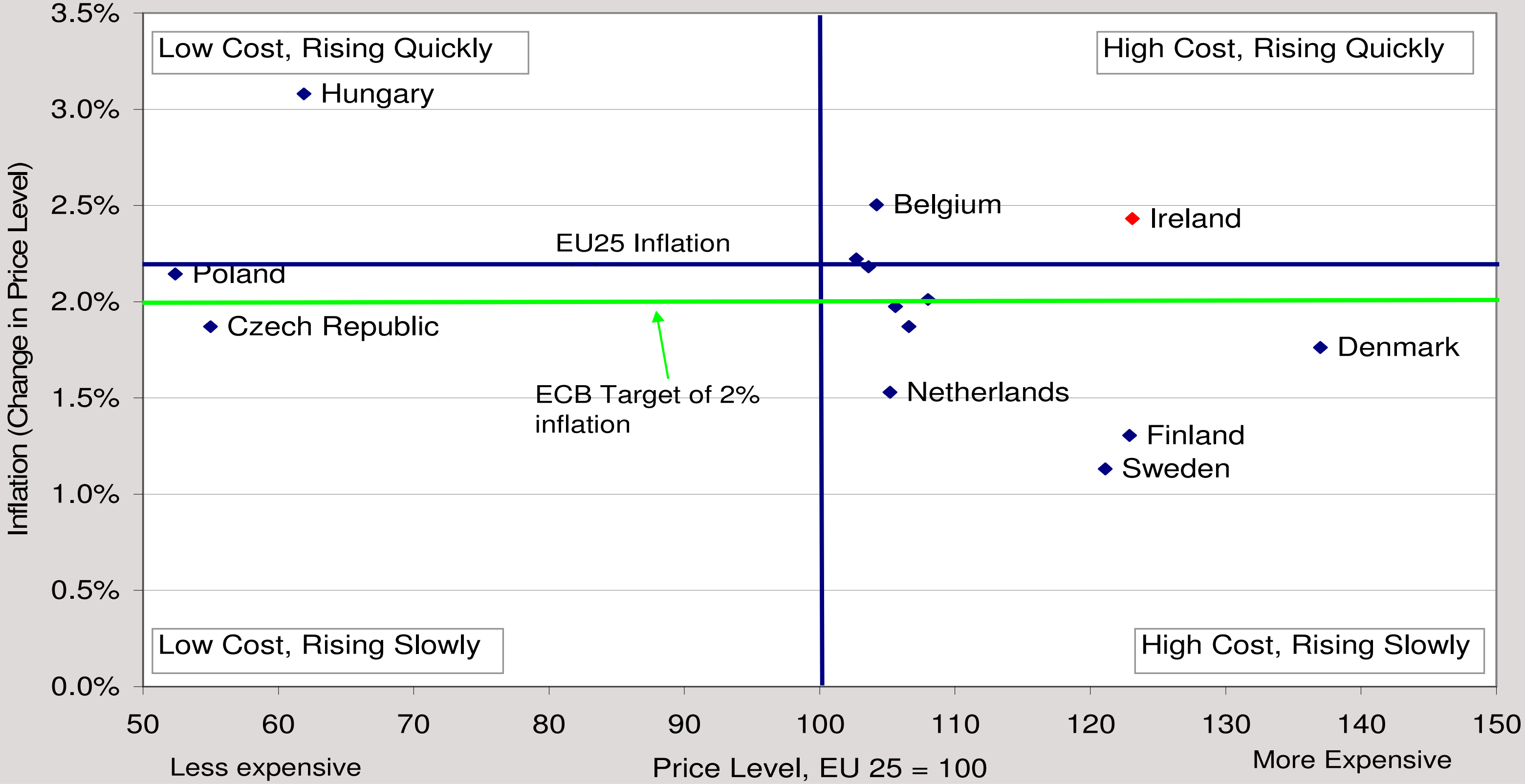
Price Level 2004, and Inflation (2004 to 2006 average), EU Member States



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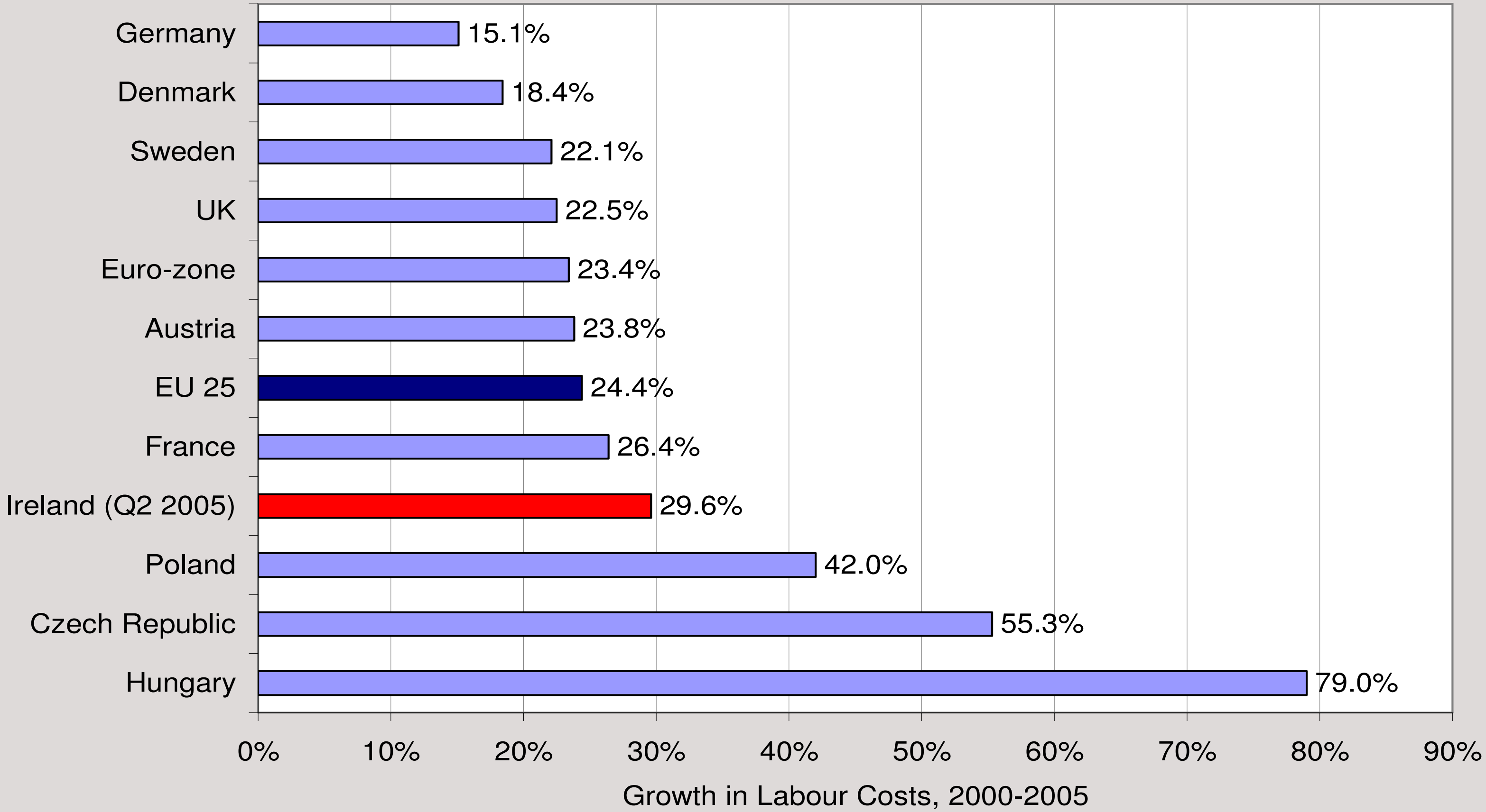
Labour Cost Growth Rate, 2000-2005



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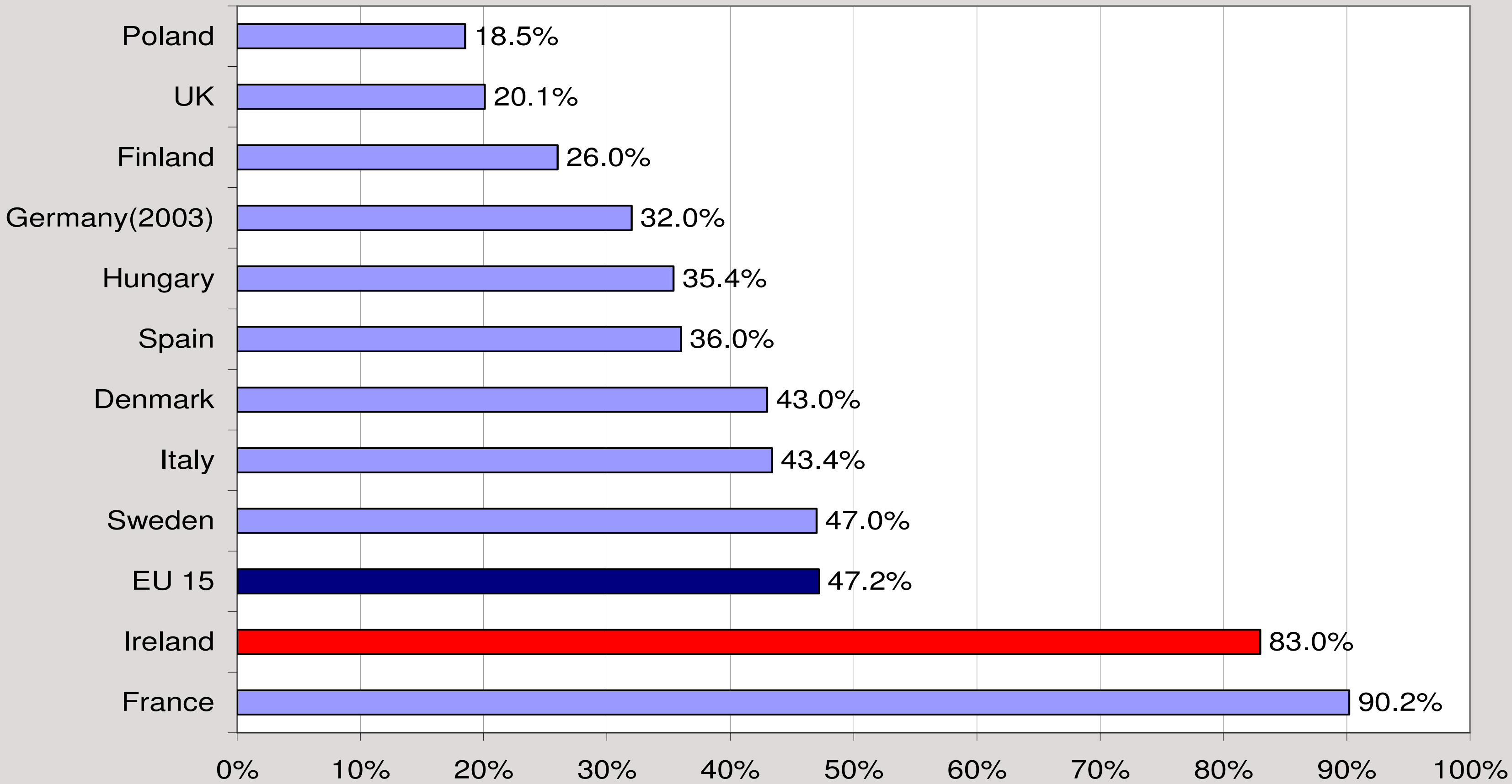
Market Share of Largest Generator in the Electricity Market, 2004



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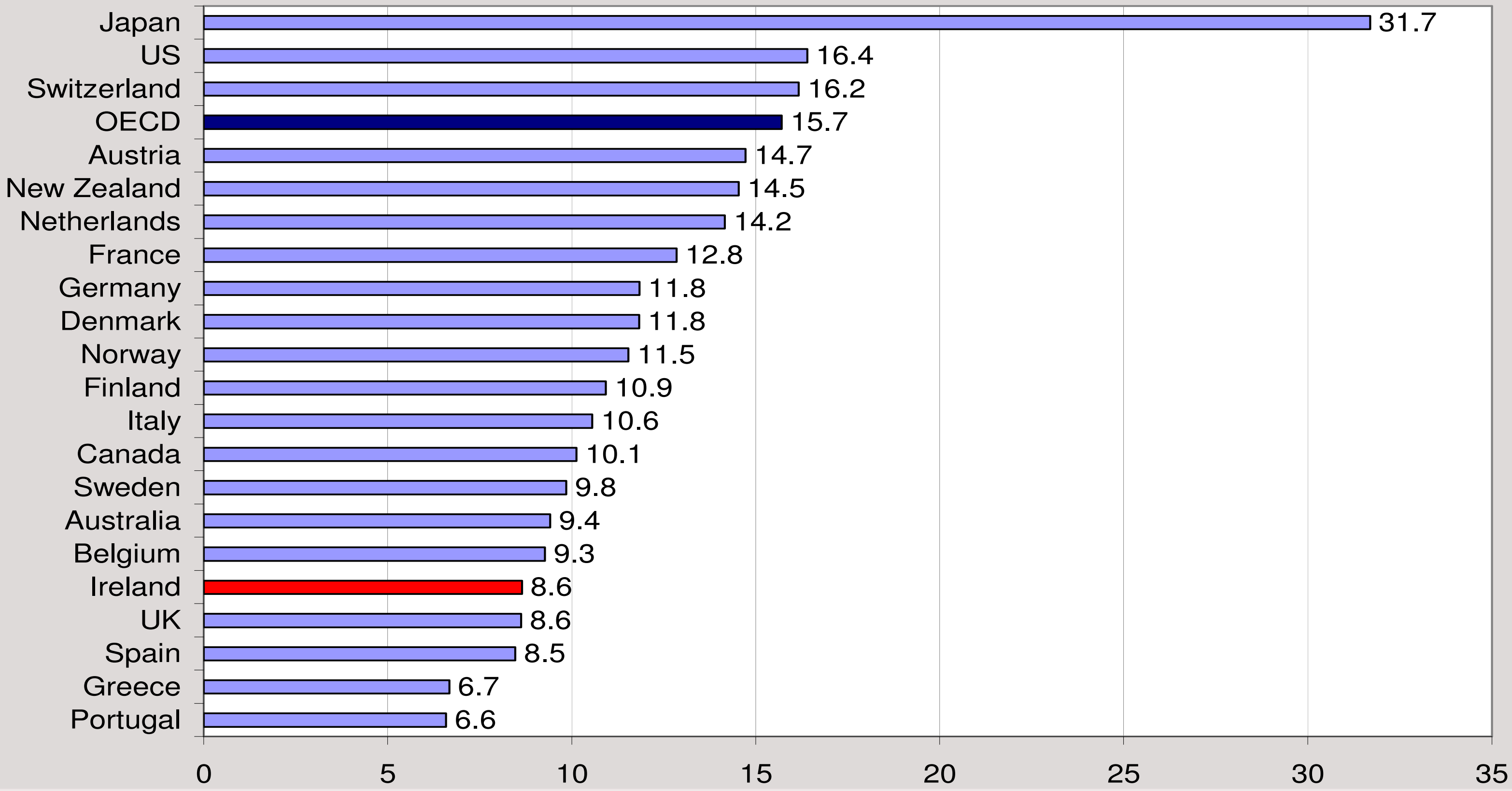
Public Capital Stock per Person in Thousand $, 2006



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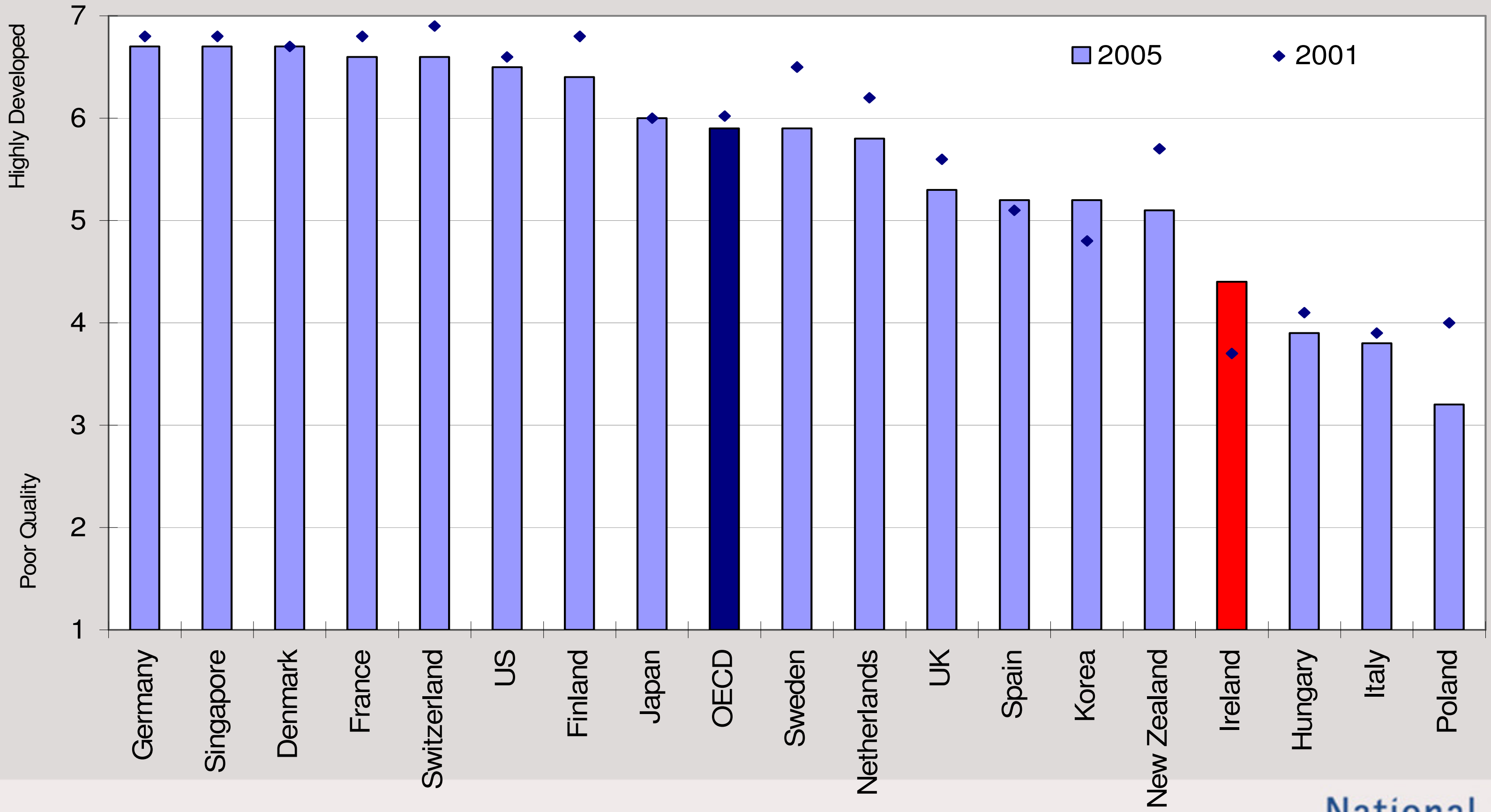
Overall Infrastructure Quality, 2005 (Scale 1-7)



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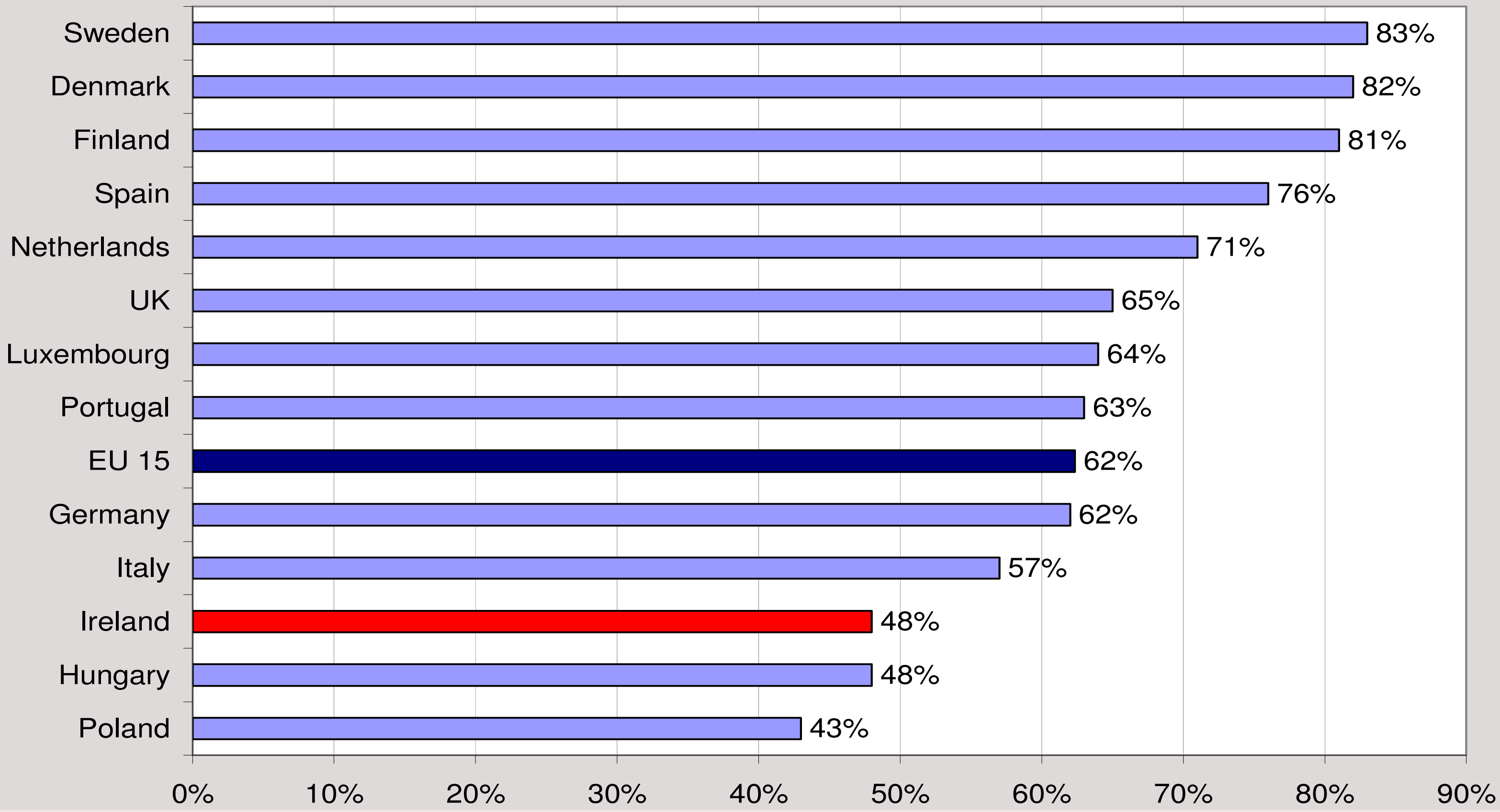
Percentage of Enterprises with Broadband, 2005



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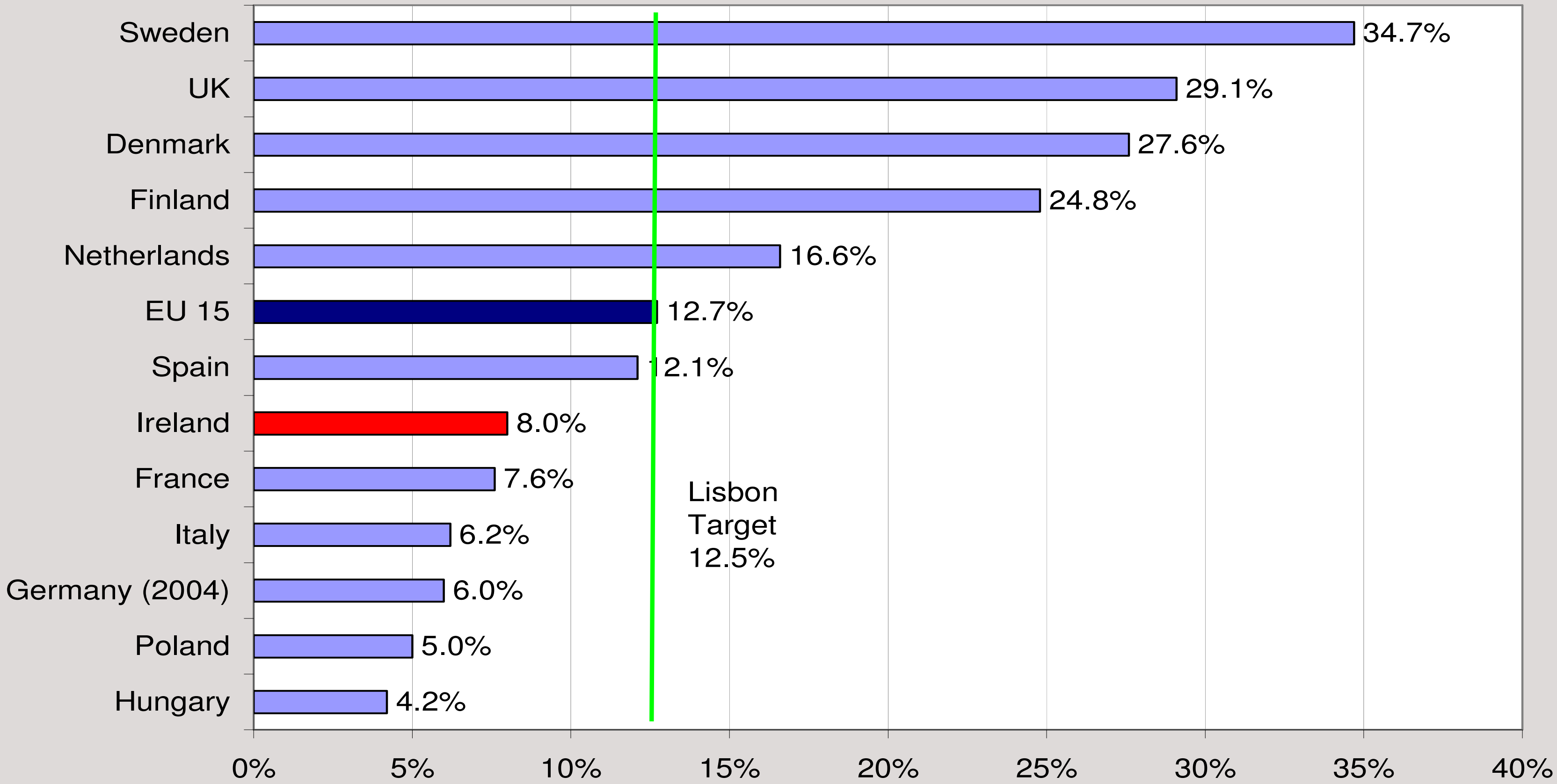
Life Long Learning in EU Member States (% 25-64 year olds), 2005



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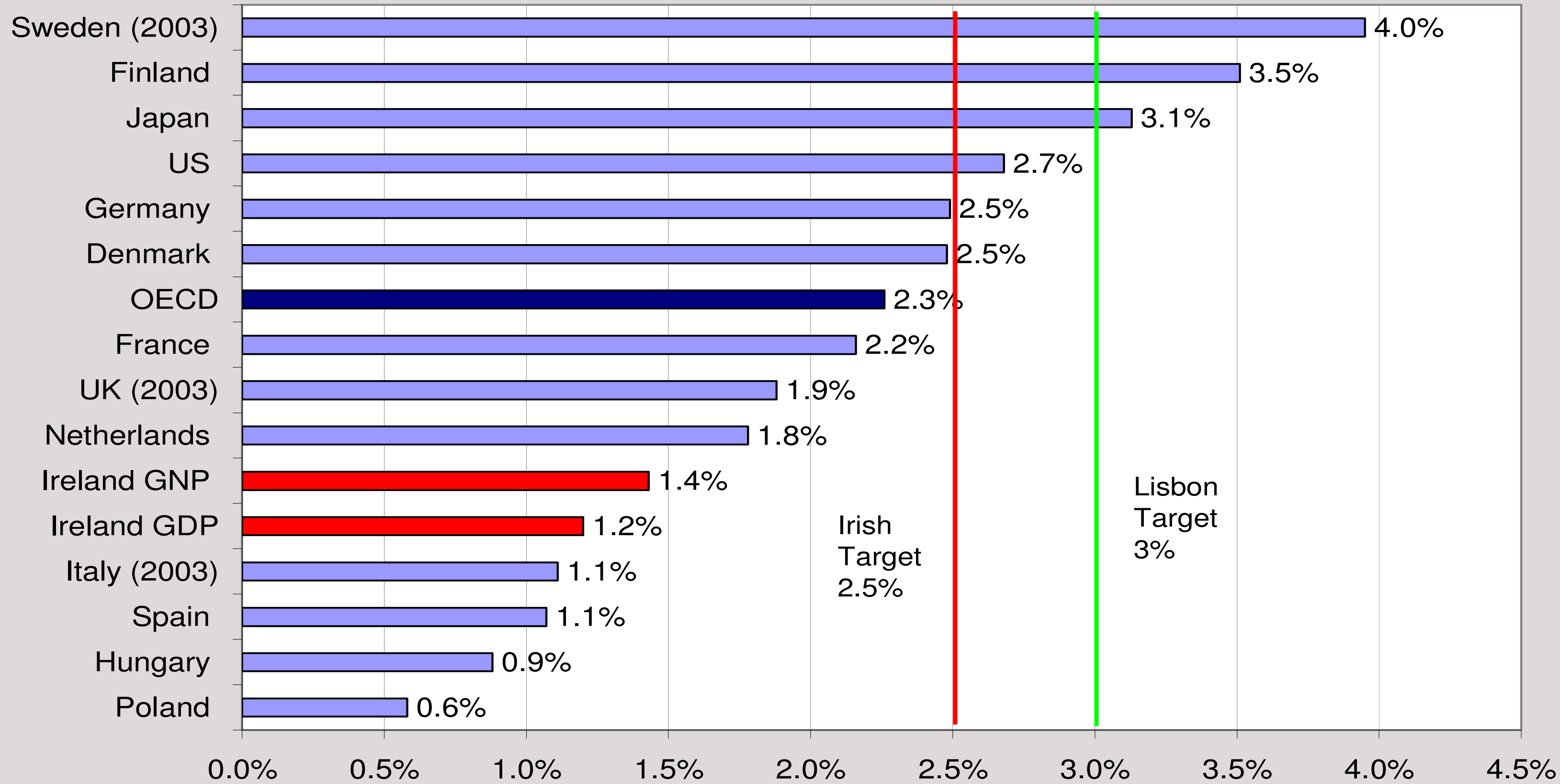
Gross Domestic Expenditure on R&D (GERD), % GDP, 2004



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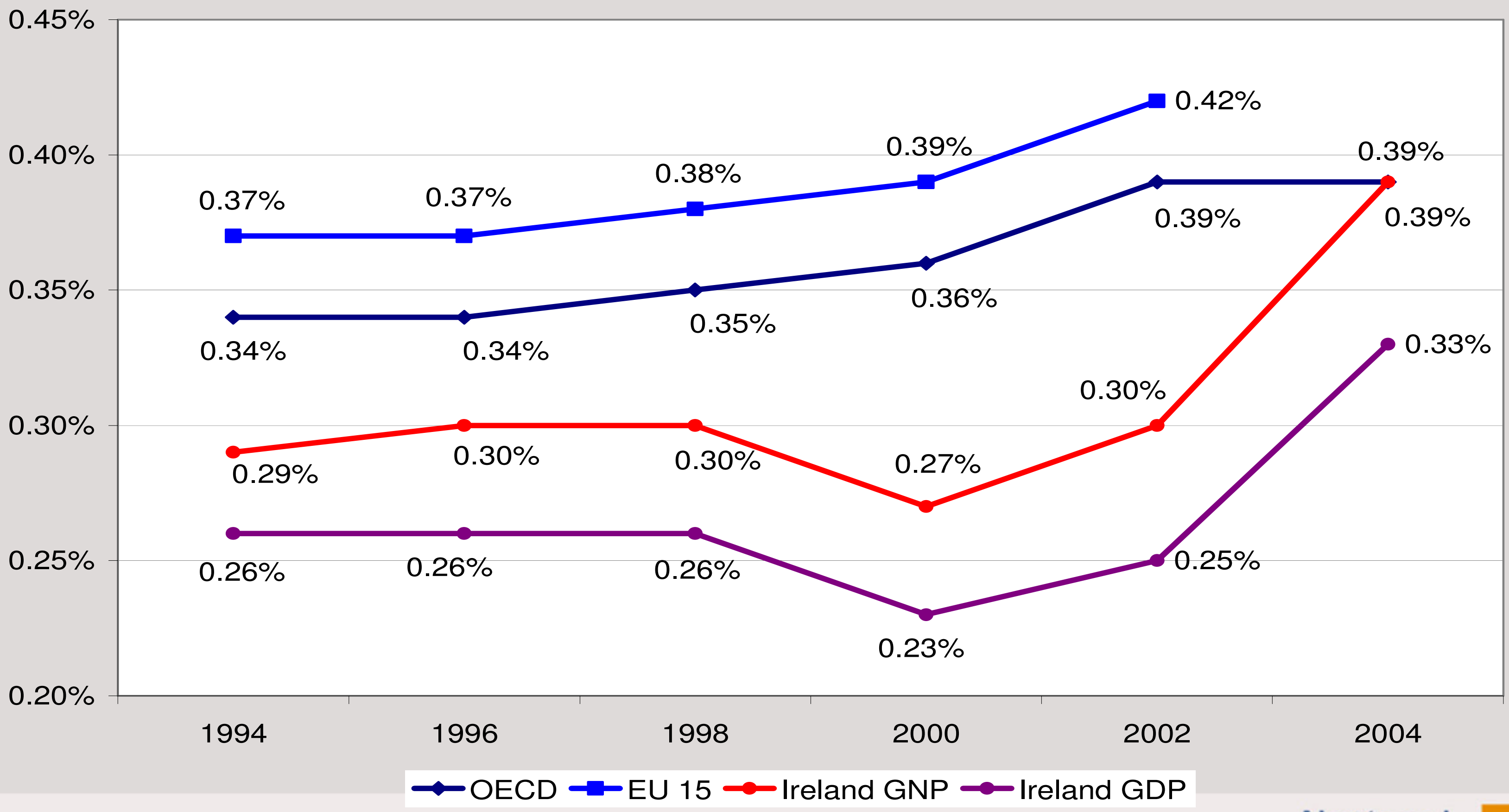
Higher Education Expenditure on R&D (HERD) as a % of GDP, 1994-2004



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