

**SPRING 2012 REFORM BAROMETER – IRELAND**

	Level			Rank			Gap		Areas of Action	
	2010	2011	Change	2010	2011	change	EU top 5	Gap <sup>1</sup>		
Pillar I	1 GDP per capita (Purchasing Power Parity- PPP)	31088	31800	2,3%	6	7	-1	NL AT IE SE DK	-1%	
	2 GDP per capita (€ at 2000 prices)	36350	36635	0,8%	5	5	0	DK IE SE NL AT	5%	
	3 Labour productivity per hour worked (PPP)	41,7	44,1	5,7%	7	7	0	NL BE FR IE DE	-2%	
	4 Labour productivity per person employed (PPP)	75292	78752	4,6%	4	4	0	IE BE AT FR NL	14%	
	5 Private investment (excluding non residential, %GDP)	0,9	2,0	1,2	32	30	2	SK AT BE IT CZ	-6,4	
	6 Industrial activity (% total value added)	31,6	32,4	0,7	3	2	1	SK CZ IE RO HU	1,9	
	7 R&D expenditure (% GDP) *	1,7	1,8	0,1	18	14	4	FI SE DK DE AT	-1,4	
	8 Operating surplus (% total value added)	53,5	53,7	0,2	5	5	0	BG GR RO LT IE	-1,4	
Pillar II	9 Current Account (% GDP)	0,5	0,7	0,3	16	14	2	SE DK NL LU DE	-5,0	
	10 Export market share (gain from 2000)	10,9	11,2	0,3	13	12	1	LT RO HU BG CZ	-52,0	
	11 Net export contribution to GDP	3,6	3,1	-0,5	3	2	1	PT IE GR SK HU	0,0	
	12 Relative yearly gain in global trade share (% total trade)	-0,18	-0,07	0,1	30	29	1	EE LT LV BG CZ	-0,17	
	13 Relative unit labour cost (gain from 2000)	7,0	2,3	-4,7	20	12	8	DE SE AT PL GR	9,3	
	14 High-tech exports (% total exports) **	24,3	22,1	-2,2	3	6	-3	MT LU HU IE CY	-7,9	
Pillar III	15 Employment rate (% working age population)	60,0	59,2	-0,8	27	26	1	AT NL LU DE CY	-11,2	
	16 Employment rate 15-24 (% population 15-24)	30,5	28,0	-2,5	16	18	-2	NL DK AT DE UK	-25,3	
	17 Employment rate 55-64 (% population 55-64)	50,0	50,3	0,3	14	14	0	SE DE DK UK FI	-10,3	
	18 Annual hours worked (per capita)	1804	1786	-1,0%	12	12	0	PL PT CZ GR HU	-10%	
	19 Labour participation (% working age population)	71,0	69,9	-1,1	21	22	-1	SE DK NL PT DE	-9,9	
	20 Working age population (as % total population)	67,6	67,8	0,1	16	14	2	SK PL CY LT RO	1,0	
	21 Unemployment rate (% labour force)	13,7	13,5	-0,2	27	26	1	AT NL LU DK MT	8,1	
Pillar IV	22 Gross debt - general government (% GDP)	94,9	108,1	13,3	26	28	-2	EE BG LU RO SE	85,5	
	23 Net debt - general government (% GDP)*	-28,4	-49,7	-21,3	15	18	-3	EE DK BG RO SE	-55,1	
	24 Government budget balance (% GDP)	-31,3	-10,3	21,0	32	32	0	HU SE EE LU FI	-8,8	
	25 Primary balance (% GDP)	-28,2	-6,7	21,4	32	31	1	HU SE DE EE IT	-9,2	
	26 Tax burden (% GDP)	29,7	30,5	0,0	9	9	0	BG LT LV RO SK	2,6	
	27 Highest marginal tax rate, individual rate (%)	47,0	48,0	0,0	24	25	-1	BG CZ LT RO SK	6	
	28 Public investment (% total public expenditure)	9,1	7,3	-0,2	12	15	-3	RO PL BG LV LT	-7,6	
	29 Net foreign assets (% GDP) *	112,3	101,2	-11,1	25	24	1	LU NL CY BE DE	176,9	
Pillar V	30 Net financial assets, households (% GDP) *	N/A	N/A	N/A	N/A	N/A	N/A	BE IT MT NL CY	N/A	
	31 Net financial liabilities, non financial corporations (% GDP)*	N/A	N/A	N/A	N/A	N/A	N/A	SK DE NL GR DK	N/A	
	32 Regulatory tier 1 capital to risk weighted assets *	10,6	12,0	1,4	24	16	8	EE BE MT LU RO	-2,9	
	33 Non performing loans to total gross loans	9,0	11,6	2,6	27	22	5	FI LU SE AT BE	-0,3	
	34 Loans to private sector (% GDP) *	221,1	181,5	-39,6	24	23	1	RO SK PL CZ LT	129,8	
	35 Bank liabilities (%GDP) *	N/A	N/A	N/A	N/A	N/A	N/A	RO SK PL LT BG	N/A	

■ Five best  
■ Lowest third

1. Percentage points, when not indicated otherwise

\* 2009/ 2010 data  
\*\* 2008/ 2009 data

A methodological note can be found in the report or [here](#).

## PRIORITIES FOR REFORM IN 2012

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
<b>Priority 1</b>	16	1. Strictly adhere to IMF/EU fiscal consolidation path 2. Ensure appropriate balance between expenditure cuts and tax increases	x	
<b>Priority 2</b>	23	1. Introduce loan guarantee scheme for SMEs 2. Accelerate reform of state-covered banks to ensure return to more normal lending practices	x	
<b>Priority 3</b>	13	1. Implement substantive structural reform of welfare system 2. limit any further income tax increases to base broadening	x	
<b>Priority 4</b>	17	1. Increase public sector outsourcing 2. Promote public private partnerships		x
<b>Priority 5</b>	8	1. Ensure rapid implementation of the new national employment entitlements body	x	

### Policy areas

1. Business Environment - Regulatory barriers to entrepreneurship
2. Business Dynamics - Start-up conditions
3. R&D and Innovation
4. ICT
5. Competition policy framework
6. Sector specific regulation (telecom, energy)
7. Market integration - Openness to trade and investment
8. Active labour market policies
9. Job protection
10. Labour supply measures for specific groups (older workers, women...)
11. Wage bargaining and wage-setting policies
12. Labour market mismatch and labour mobility
13. Making work-pay: interplay of tax and benefit system
14. Pension and health care reforms
15. Quality of fiscal institutions and budgetary framework
16. Consolidation of public expenditures
17. Public sector efficiency
18. Public investment
19. Tax reforms
20. Access to bond markets
21. Access to equity markets
22. Venture capital and SME financing instruments
23. Bank lending conditions
24. Long term investment instruments

## REFORM PROGRESS IN 2011

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?		How do you assess reform progress over the past year? (1 for excellent progress; 5 for no progress) *	Are these priorities properly identified in the National Reform Programme submitted by your government in 2011?		
			Yes	No		Comments	Rank	Yes
Priority 1	16	1. Strictly adhere to IMF/EU fiscal consolidation path 2. Ensure appropriate balance between expenditure cuts and tax increases	yes		1. Ireland is fully meeting its targets under the IMF/EU loan agreement. 2. While balance has been on cutting expenditure, more focus could have been placed on expenditure rather than taxation.	2	x	
Priority 2	23	1. Introduce loan guarantee scheme for SMEs 2. Review current banking policy and operation of bad assets bank	1. yes	2. no	1. An SME loan guarantee scheme is currently in a tender process and may be introduced before the end of the year. Scope will be very limited. 2. No progress on banking policy review and bad assets bank	4		x
Priority 3	13	1. Implement substantive structural reform of welfare system 2. limit any further income tax increases to base broadening		No	1. The new national employment entitlement service will result in more effective labour market policies, but is yet to be fully implemented. 2. Income taxes increased in 2011, but government is committed to not increasing income taxes in Budget 2012	3		x
Priority 4	17	1. Increase public sector outsourcing 2. Promote public private partnerships		No	No progress yet, but government is considering this in the comprehensive expenditure review to be published in November 2011	5		x
Priority 5	9	1. Reduce employer social security charges 2. Reduce other state charges and fees levied on business	1. yes	2. no	1. The June 2011 jobs initiative reduced the lower rate of PRSI (employer ssc). 2. No progress on reducing other state charges on business.	3	1. yes	2. no

\* Please see list of areas on page 2 "reform priorities for 2012"

\* Rank of reform progress: 1. Excellent/ no further progress needed; 2. Satisfactory; 3. Mixed; 4. Unsatisfactory; 5. No progress

**REFORM PROGRESS IN OVERALL POLICY AREAS 2011**

	<i>Excellent</i>	<i>Satisfactory</i>	<i>Mixed</i>	<i>Unsatisfactory</i>	<i>No progress</i>
<b>Productivity and investment</b>		X			
<b>International competitiveness</b>	X				
<b>Labour market</b>			X		
<b>Public finances</b>	X				
<b>Financial stability</b>		X			

## EUROPEAN SEMESTER

1. Do you believe the European Semester will bring a real change to policy coordination in Europe?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
		x		

2. Basing your analysis on the National Reform Programme submitted by your government, would you consider that it reveals a greater commitment from your country to this process?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
		x		

3. Do you believe the National Reform Programme submitted by your government properly reflects the key challenges in your country?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
			x	

4. The Commission's country specific recommendations for your country are:

<i>Excessively complacent</i>	<i>Slightly too positive</i>	<i>Absolutely appropriate</i>	<i>Slightly too negative</i>	<i>Excessively harsh</i>
		x		

5. Are the country-specific recommendations being properly implemented?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	x			

6. Are commitments concerning the euro plus pact properly addressed by your government in the NRP?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	x			

7. Do you believe the Commission recommendations in this area to be appropriate?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
		x		