



Ireland - Economic forecast summary

Ireland is continuing to undertake a comprehensive and vital adjustment programme to reduce its macroeconomic imbalances and restore its banking system to health. Despite robust export growth, weak domestic demand and ongoing fiscal consolidation have prevented an economic recovery from unfolding so far. As domestic demand stabilises, a modest upturn of output is expected in the course of 2011, with some acceleration in 2012. The unemployment rate is likely to stay high, and core deflation to continue.

The fiscal position remains characterised by high deficits, reflecting negative cyclical effects, the collapse of housing-related tax revenues and the large cost of bank recapitalisation. In line with the EU and IMF programme, the general government deficit needs to be reduced to below 3% of GDP by 2015, in order to arrest the accumulation of public debt and restore fiscal sustainability. The government plans to cover the recapitalisation needs of the banking system revealed by the recent stress tests so as to restore normal bank credit flows and support the economic recovery. This should be done as planned without delay. Improving competitiveness through wage restraint and structural reforms should remain a priority.

Ireland: Demand, output and prices

	2007	2008	2009	2010	2011	2012
	Current prices € billion	Percentage changes, volume (2008 prices)				
GDP at market prices	189.3	-3.6	-7.6	-1.0	0.0	2.3
Private consumption	90.1	-1.8	-7.2	-1.2	-2.1	0.3
Government consumption	30.6	2.8	-4.2	-2.1	-1.9	-2.0
Gross fixed capital formation	50.1	-14.4	-30.9	-27.7	-11.0	0.8
Final domestic demand	170.7	-4.7	-12.4	-6.2	-3.3	-0.2
Stockbuilding ¹	1.4	-0.8	-1.3	0.7	-0.5	0.0
Total domestic demand	172.2	-5.5	-13.8	-5.4	-4.0	-0.2
Exports of goods and services	152.5	-0.8	-4.2	9.4	5.3	6.6
Imports of goods and services	135.3	-2.9	-9.8	6.5	4.0	5.3
Net exports ¹	17.2	1.4	3.8	3.6	2.2	2.5
<i>Memorandum items</i>						
GDP deflator	—	-1.4	-4.0	-2.5	-1.3	1.1
Harmonised index of consumer prices	—	4.1	-4.5	-0.9	1.7	0.5
Private consumption deflator	—	3.0	-4.3	-2.2	0.8	0.5
Unemployment rate	—	6.0	11.7	13.5	14.7	14.6
General government financial balance ^{2,3}	—	-7.3	-14.3	-32.4	-10.1	-8.2
Current account balance ²	—	-5.6	-3.0	-0.7	3.7	5.3

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook Sources and Methods* (<http://www.oecd.org/eco/sources-and-methods>).

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

2. As a percentage of GDP.

3. Includes the one-off impact of recapitalisations in the banking sector.

Source: OECD Economic Outlook 89 database.

Also available:

- [Irlande - Résumé des projections économiques](#) (French)

Related documents:

- [Economic Outlook No. 89](#) (English)

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