

5 May 2023

Press Release

‘Seizing opportunities to undertake vital reforms especially important in times of heightened global uncertainty’ – NCPC Chair

- NCPC publishes its *Competitiveness Scorecard Report* which benchmarks the competitiveness of Ireland’s economy against international peer countries. This report and other research builds the evidence base for the Council’s policy recommendations that will be included in *Ireland’s Competitiveness Challenge 2023* that will be published later in the year.

Today (5 May 2023), the Chair of the National Competitiveness and Productivity Council (NCPC), Dr. Frances Ruane, launched *Ireland’s Competitiveness Scorecard 2023* report. This is the first edition of the Scorecard since the decision taken by the NCPC in 2020 to move to a triennial publication schedule. There are several new additions to the Scorecard for 2023. This includes measures of innovation, industrial peace, income inequality, and data on land use, among others. In this way, the Scorecard captures and benchmarks Ireland’s performance across a range of both economic and non-economic criteria.

The data in the Scorecard indicate certain relative strengths and weaknesses influencing our competitiveness position, which, in turn, can support or impair Ireland’s ability to achieve sustainable economic growth. The report flags areas that are negatively impacting Ireland’s competitiveness, and where Ireland’s relative position is not keeping pace with its competitors.

On launching the report Dr. Ruane said: “*The data in the Scorecard shows that overall, the Irish economy remains internationally competitive. However, there are still several critical areas where Ireland currently falls behind our competitor countries; and improvements in these areas could see Ireland maintain or increase its competitiveness in the years ahead*”.

The evidence suggests Ireland performs well in some areas, such as macroeconomic fundamentals, demographics, talent and skills, business and government efficiency, and quality of life indicators. However, the Report finds that in some key areas, Ireland performed poorly – most particularly in relation to energy, infrastructure, spending on R&D and venture capital, and interest costs to businesses.

The Council has identified three broad themes that will be critical to improving Ireland’s resilience and achieving sustainable economic growth:

- Infrastructure: planning, development and delivery
- Energy: generation, consumption and costs

- Consumer and producer prices

The NCPC will use the Competitiveness Scorecard, together with other research and taking into account policy and other developments as the year progresses, to prepare its flagship annual publication, Ireland's Competitiveness Challenge (due to be released in September). This comprehensive report will make recommendations to Government on the best ways to drive productivity, improve Ireland's competitiveness and achieve sustainable and inclusive growth in the Irish economy.

Dr. Frances Ruane added: *"Seizing opportunities to undertake vital reforms are especially important in times of heightened global uncertainty. The National Competitiveness and Productivity Council has long been highlighting areas where we can strengthen Ireland's competitiveness, but progress in some of these areas has been slow. By addressing these challenges and building on our strengths, Ireland has the potential to further enhance its competitiveness and foster sustainable economic growth so that our living standards and quality of life can continue to improve."*

ENDS

NOTES TO EDITORS

Ireland's Competitiveness Scorecard 2023

The *Competitiveness Scorecard 2023* gathers a wide range of indicators on Ireland's competitiveness and productivity position compared to relevant EU and OECD economies. In terms of the choice of indicators used here, the NCPC has sought to expand upon these following a hybrid workshop in early 2023 held to ascertain a broad range of views of which indicators to include. The intention is to continue to develop the Scorecard in the coming years incorporating new indicators. There are several new additions to the Scorecard for 2023. This includes measures of innovation, industrial peace, income inequality, and data on land use, among others. In this way, the Scorecard captures and benchmarks Ireland's performance across a range of both economic and non-economic criteria.

The following section provides a high-level overview of the key findings.

- Overall, Ireland's macroeconomic fundamentals are strong, and the country retains a competitive edge in terms of demographics. While public debt is high in nominal terms, the ratio of debt to national income is on a downward path. In terms of talent and skills, Ireland has the second highest share (after Japan) of working age population with tertiary education in the OECD and leads EU members in terms of STEM graduates per 1,000 of population aged 20-29. Since 2018, Ireland has consistently ranked in the Top 20 across most indicators of business and government efficiency. Ireland is also a strong performer internationally across a range of quality-of-life indicators, reflecting progress across both economic and non-economic criteria. In addition, at-risk-of-poverty rates net of social transfers are substantially lower in Ireland than elsewhere in the EU, a mark of the effectiveness of the tax and social welfare system. These are the foundations of competitive success.
- Notwithstanding this relative success, there remain important areas for improvement if Ireland is to maintain, or improve upon, its competitiveness position in the years ahead. More needs to be done on

meeting energy and environmental targets, and significant action is required if 2030 targets on emissions and renewables are going to be met. Furthermore, while price levels have generally been high in Ireland, a lower rate of inflation when compared to competitors in the decade up to 2020 had previously helped in maintaining cost competitiveness. This is no longer the case.

- Infrastructural constraints are undermining Ireland's current competitiveness performance, with housing supply the most serious of several problem areas. For 2021, Ireland was the poorest performer in western Europe in terms of housing investment (as a percentage of GNI*). It is important that we recognise the risks posed by these constraints to Ireland's competitiveness standing and the need to address them efficiently and effectively so that they do not undermine employment and living standards.
- Relative to national income, Ireland trails competitors in terms of gross (direct) spending on R&D and venture capital. In addition, interest costs have been consistently higher for Irish firms than for their euro area competitors.
- Apart from these relative strengths and weaknesses, the NCPC is monitoring developments across several key issues that were identified in the preparation of this report. For example, the dual nature of the Irish economy is very evident across several of the metrics included in this report. In terms of productivity growth, sectors dominated by foreign-owned multinationals greatly out-perform sectors dominated by domestic firms. Export activity is also heavily concentrated by enterprise, sector, and country, which leaves the economy vulnerable to external shocks in these areas.
- The labour market has rebounded strongly from the COVID-19 pandemic, and this is reflected in the record number of people at work. This has been accompanied by clear signs of market tightness, with pressures in filling vacancies across many sectors. Underlying structural shifts, moreover, have emerged in recent years. The female participation rate has exceeded pre-pandemic levels, and participation by age is also changing over time, as younger people are staying in education longer and older people are working longer.

'Ireland's Competitiveness Scorecard 2023' is available at <http://www.competitiveness.ie/>

The National Competitiveness and Productivity Council

The National Competitiveness and Productivity Council (NCPC) reports to the Taoiseach and the Government, through the Minister for Enterprise, Trade and Employment, on key competitiveness and productivity challenges facing the Irish economy and offers recommendations on policy actions required to address these challenges. Following the European Council recommendation in September 2016 and subsequent Government decision, the NCPC was designated as Ireland's National Productivity Board, tasked with analysing developments and policies in the areas of productivity and competitiveness.

The work of the National Competitiveness and Productivity Council is underpinned by research and analysis undertaken by the Enterprise Strategy, Competitiveness and Evaluation Division of the Department of Enterprise, Trade and Employment.

The members of the Council are:

Dr. Frances Ruane	Chair, National Competitiveness and Productivity Council
Laura Bambrick	Head of Social Policy & Employment Affairs, ICTU
Leo Clancy	Chief Executive, Enterprise Ireland
Ciarán Conlon	Director of Public Policy, Microsoft, Ireland
David Hegarty	Assistant Secretary, Department of Enterprise, Trade and Employment
Neil McDonnell	Chief Executive, ISME
Fergal O'Brien	Director of Lobbying and Influence, IBEC
Michael Lohan	Chief Executive, IDA Ireland
Michael Taft	Research Officer, SIPTU
Patrick Walsh	Managing Director, Dogpatch Labs

Representatives from the Departments of An Taoiseach; Agriculture, Food and the Marine; Environment, Climate and Communications; Further and Higher Education, Research, Innovation and Science; Social Protection; Finance; Housing, Local Government and Heritage; Justice; Public Expenditure and Reform; Tourism, Culture, Arts, Gaeltacht, Sport and Media; Children, Equality, Disability, Integration and Youth; and Transport attend Council meetings in an advisory capacity.