

COMPETITIVENESS RANKING FALL UNDERLINES IRELAND'S COMPETITIVENESS CHALLENGE

- Ireland's competitiveness ranking as benchmarked by the IMD has fallen from 6th to 12th most competitive economy. As benchmarked by the IMD, Ireland is the 3rd most competitive economy in the Euro area.
- The IMD Report underlines the importance of maintaining competitiveness in the context of intense competition internationally for exports, mobile investment and talent and the increasing pressures of a fast-growing economy.
- The fast growth of the economy is beginning to manifest itself in cost pressures and capacity constraints, impacting on our national competitiveness. The fall in Ireland's ranking is a timely reminder about the need to continuously implement policies to improve national competitiveness.
- Urgently improving the key foundations of Ireland's competitiveness performance is the only response to the serious and imminent danger presented by Brexit, a narrow economic base, rising costs, and infrastructural deficits.

Introduction

As the Irish economy continues to grow strongly, ensuring competitiveness is sustained takes on heightened importance. On May 23rd the Institute for Management Development (IMD) published its 2018 World Competitiveness Yearbook. After several years of improvement, Ireland's IMD competitiveness ranking declined from 6th to 12th out of 63 benchmarked economies.

Context

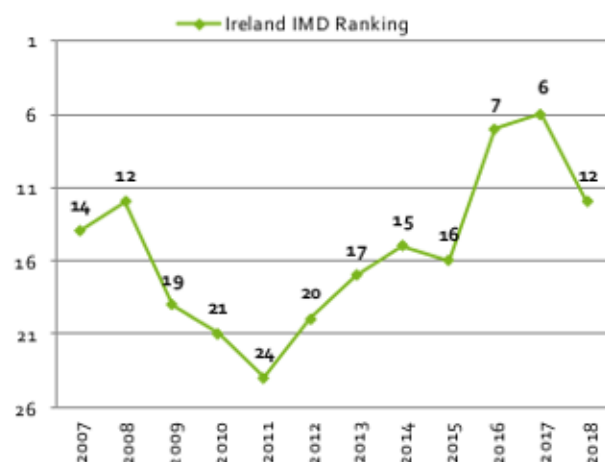
The IMD defines national competitiveness as how an economy manages the totality of its resources and competencies to increase the prosperity of its population. The IMD report uses a blend of quantitative data and qualitative survey responses to assess and rank the competitiveness of economies.

How Ireland performs

Ireland's competitiveness ranking declined from 6th to 12th in 2018 representing the 3rd most competitive economy in the Euro area. While rankings have their weaknesses, this change is significant. The top-ranking economies, their scores (out of 100), and change in their ranking since 2017 are summarised below.

Rank	Economy	Score	2017 rank
1	US	100	(4 th)
2	Hong Kong SAR	99.16	(1 st)
3	Singapore	98.55	(-)
4	Netherlands	97.53	(5 th)
5	Switzerland	97.14	(2 nd)
6	Denmark	96.38	(7 th)
7	UAE	95.65	(10 th)
8	Norway	95.42	(11 th)
9	Sweden	95.04	(-)
10	Canada	94.33	(12 th)
11	Luxembourg	93.13	(8 th)
12	Ireland	92.14	(6 th)

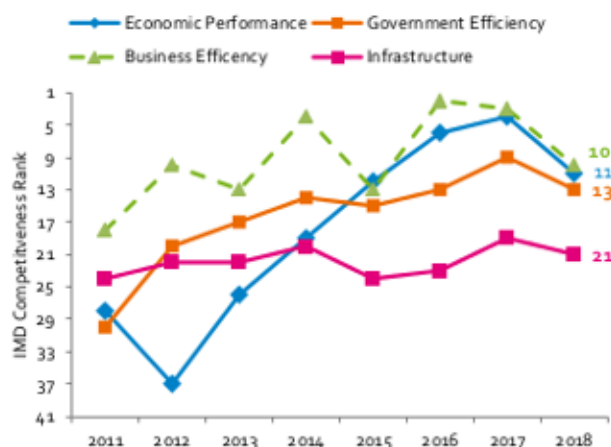
Figure 1: Ireland's Competitiveness Ranking, 2007-2018



Source: IMD

Figure 1 shows Ireland's overall performance in the rankings has generally followed an upward trajectory since 2011 when Ireland was ranked 24th.

Figure 2: Breakdown of Ireland's Ranking 2011-2018



Source: IMD

Figure 2 shows that, across the four key competitiveness dimensions assessed by IMD, particularly with regard to economic performance and Government efficiency, Ireland has improved since 2011 despite the fall this year.