WORLD RANK: 3

REGIONAL RANK: 2

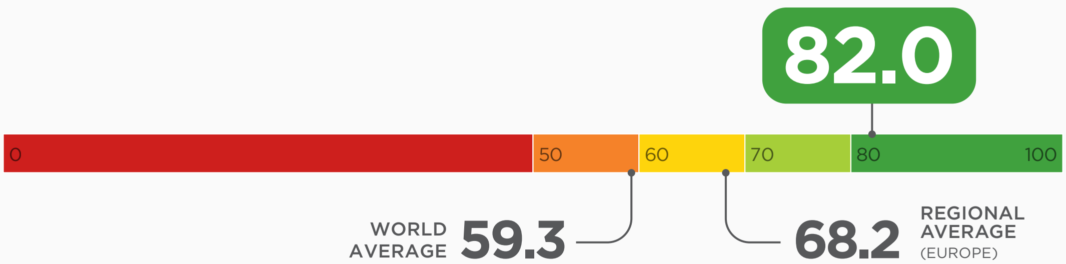
ECONOMIC FREEDOM STATUS: FREE

IRELAND

Ireland's economic freedom score is 82.0, making its economy the 3rd freest in the 2023 *Index*. Its score is unchanged from last year. Ireland is ranked 2nd out of 44 countries in the Europe region, and its overall score is well above the world and regional averages.

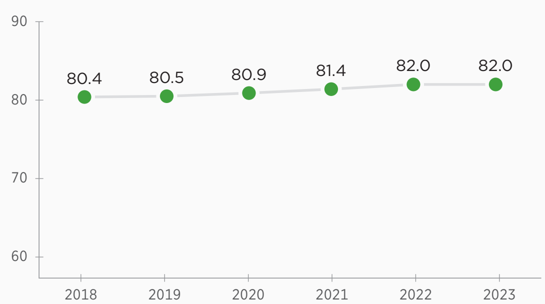
The Irish economy has many firmly intact institutional strengths. The foundations of economic freedom are buttressed by well-institutionalized protection of property rights and a stable judiciary. Regulatory efficiency and openness to global trade and investment support Ireland's competitiveness. The budget deficit has been on the rise, increasing the debt burden.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +13.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.0 million

GDP (PPP):
$566.7 billion
13.5% growth in 2021
5-year compound annual growth 8.4%
$112,463 per capita

UNEMPLOYMENT:
5.6%

INFLATION (CPI):
2.4%

FDI INFLOW:
$15.7 billion

PUBLIC DEBT:
55.3% of GDP

2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Micheál Martin of the conservative Fianna Fáil (FF) became prime minister in June 2020 leading a coalition with center-right Fine Gael (FG) and the Green Party. The coalition lost its majority in July but won a vote of confidence shortly thereafter. The FG's Leo Varadkar returned as prime minister in December 2022. Ireland's small, modern, and trade-dependent economy has performed extraordinarily well for decades and was among the first in the European Union to recover from the 2008 financial crisis. Foreign multinationals dominate the export sector, led by machinery and equipment, computers, chemicals, medical devices, pharmaceuticals, foodstuffs, and animal products.

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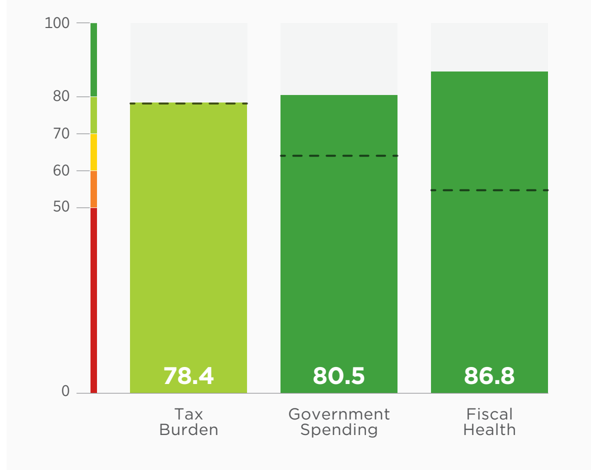
RULE OF LAW

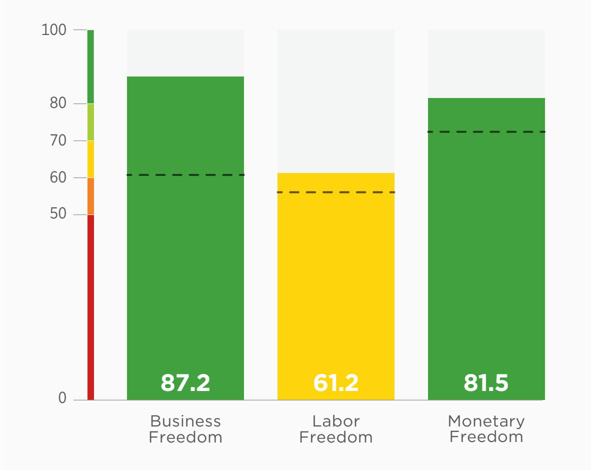
The overall rule of law is well respected in Ireland. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.

GOVERNMENT SIZE



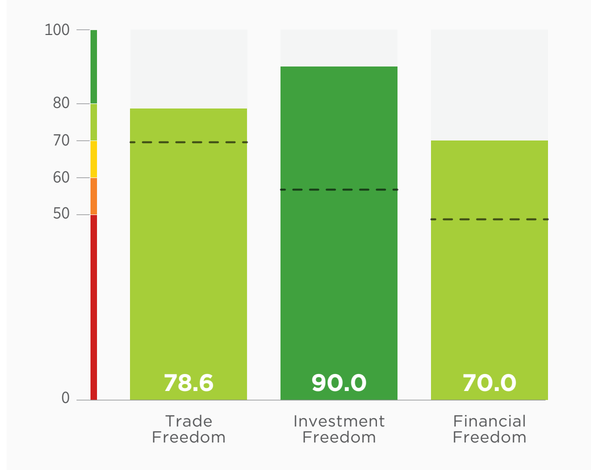
The top individual and corporate tax rates are, respectively, 40 percent and 12.5 percent. The tax burden equals 20.2 percent of GDP. Three-year government spending and budget balance averages are, respectively, 25.5 percent and –2.1 percent of GDP. Public debt equals 55.3 percent of GDP.

REGULATORY EFFICIENCY



With no minimum capital requirement, the streamlined regulatory process is very conducive to dynamic investment. The labor market remains relatively flexible, and labor costs are moderate. Monetary stability has been relatively well maintained. The most recent available inflation rate is 2.4 percent.

OPEN MARKETS



The trade-weighted average tariff rate (common among EU members) is 3.2 percent, and more than 600 EU-mandated nontariff measures are in force. Commitment to facilitating global investment flows is institutionalized. Recapitalization and restructuring have restored financial-sector stability. The number of nonperforming loans remains relatively high.