Rialtas na hÉireann
Government of Ireland

Action Plan on **Competitiveness and Productivity**

September 2025

Contents

Foreword

Ireland's economy has demonstrated remarkable resilience over the past decade. We have emerged from a period of global volatility with a period of strong economic performance and a reputation for openness, stability, and a business-friendly environment.

However, the international economic landscape is undergoing profound structural change. Trade fragmentation, rising protectionism, and geopolitical uncertainty are reshaping global supply chains and investment flows. Any disruption to trade flows, including the imposition of a new tariff regime on goods entering the US, poses substantial risks for Irish-based exports to a key market.

Given the heightened level of international uncertainty, we cannot afford to be complacent. We must remain focused on the challenges ahead. Improving competitiveness and productivity are central to Ireland's economic prospects. They help to drive sustainable growth, support job creation, and are key contributors to improving living standards for all.

In light of the rapidly evolving global landscape, and in order to protect the future security of our economy, the Government is committed to improving Ireland's competitiveness and productivity offering and focusing on "controlling the controllables" – those areas that fall within our domestic sphere of influence.

This **Action Plan on Competitiveness and Productivity** is our strategic response to the challenges Ireland is facing. It reflects our determination to build a more resilient, agile, and future-ready economy – one that can withstand external shocks and continue to deliver sustainable growth, public capital investment and rising living standards for our people.

The Plan, informed by extensive consultation, as well as the outcome of the Government's recent Competitiveness Summit, draws on expert analysis from the National Competitiveness and Productivity Council (NCPC) and the EU Draghi Report. It also benchmarks Ireland's performance against other top-tier small, advanced economies, recognising that our ambition must be to compete at the frontier and not settle for the average. This Action Plan is closely aligned with the objectives of the National Development Plan (NDP, July 2025), particularly its focus on enhancing national economic resilience, investing in infrastructure that supports enterprise growth, and enabling innovation-led, sustainable development.

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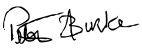


Each of the thematic areas identified in the Action Plan addresses a specific challenge. Whether it is closing the innovation gap, scaling our indigenous SMEs, or accelerating the delivery of critical national infrastructure (including housing, energy, water, and waste-water), the Plan provides a clear roadmap for achieving results. It also reflects our commitment to inclusiveness and a just transition, ensuring that the benefits of competitiveness are felt across society and throughout the regions. The Action Plan also emphasises the importance of optimizing our influence at the EU-level and taking a proactive role in advocating for policy reforms which can be effective in closing the innovation gap, strengthening economic security, and revitalizing the global competitiveness of the Single Market.

This is a whole-of-Government effort. Success will depend on collaboration across Departments, agencies, industry, academia, and civil society. It will require coordinated action, shared responsibility, and a relentless focus on delivery. The Plan's implementation framework and monitoring structures are designed to ensure accountability, transparency, and measurable progress against well-defined targets.

Ultimately, this Action Plan is about building a more resilient Ireland. By investing in our strengths, addressing our weaknesses, and embracing the opportunities of a changing world, we can secure Ireland's place at the forefront of global competitiveness – today and into the future.

Part A
Action Plan on Competitiveness and Productivity

Introduction

Ireland's overall international competitive position is strong and currently ranks as the seventh most competitive economy in the world. Ireland has experienced a decade of very significant economic expansion, a strong increase in population, rapid gains in employment, and a substantial rise in energy demand.

This is clear evidence of a very successful and resilient economic model, during a volatile period which has also witnessed events such as Brexit, a global pandemic, the war in Ukraine and turbulent international trading conditions. However, Ireland's rapid expansion has also exposed constraints in the country's physical infrastructure capacity, and structural barriers to continued strong economic development. The Programme for Government calls for the preparation of an Action Plan on Competitiveness and Productivity to be prepared within twelve months. Given the changing international economic environment, the Government has decided to accelerate the timeline to agree the Action Plan and to complement the timing of the 2025 Review of the National Development Plan.

Ireland's position as a small, open economy makes it particularly vulnerable to geopolitical uncertainty and external shocks in the global trading system. Our economic model is closely tied to the stability of international supply chains and trading relationships, particularly with our European partners and the United States. In this context, the trade agreement reached between the EU and the US (July 2025) may provide some certainty. However, the inclusion of a 15% tariff creates new headwinds for Irish exporters. Ultimately, Ireland's competitiveness and productivity performance will be driven by the actions of the private sector, ensuring that enterprise can adapt and remain resilient in this evolving environment will be a key priority under this Action Plan.

The overarching objective of this Action Plan is to focus on matters within Ireland's domestic sphere of control which can make the Irish economy more competitive and 'shock-resistant' to future adverse economic events – in other words: 'control the controllables'.

IMD World Competitiveness Rankings 2025: Top Ten

Rank	Economy	Change since 2020	Change since 2024
1	Switzerland	2	1
2	Singapore	-1	-1
3	Hong Kong SAR	2	2
4	Denmark	-2	-1
5	UAE	4	2
6	Taiwan	5	2
7	**Ireland**	**5**	**-3**
8	Sweden	-2	-2
9	Qatar	5	2
10	Netherlands	-6	-1

The NDP Review was published in July 2025. This represents one of the most significant capital injections into the economy of Ireland, in the history of the State. Government has allocated a total public capital investment of €275.4billion over the 2026-2035 period in order to implement their ambition to prioritise delivery of transformative, critical and growth enhancing infrastructure. This will play an important step in supporting, and enhancing, Ireland's competitive position. Government Departments – will publish their sectoral plan that sets out the sequenced pipeline of projects to be delivered under their infrastructure expenditure allocations.

This Action Plan is closely aligned with the objectives of the National Development Plan (NDP, July 2025), particularly its focus on enhancing national economic resilience, investing in infrastructure that supports enterprise growth, and enabling innovation-led, sustainable development. Consistent with – and complementing – the NDP's investment priorities, this Action Plan reinforces the long-term goal of ensuring that Ireland remains agile, competitive, and well-positioned to thrive in a more volatile and contested global trading environment.

The implementation of various Actions presented throughout this Action Plan – and the allocation of funding, where required – shall be subject to the standard annual Budgetary procedures and the provision of sanction by the Minister for Public Expenditure, Infrastructure, Public Service Reform, and Digitalisation. This Action Plan is informed by international best practice generally, and the EU Draghi Report in particular. If Ireland is to compete at the frontier, it must benchmark itself against top-performing peers. Ireland's ambition must be to compete at the leading edge, and not to settle for the average.

Six Thematic Challenges and the Actions Needed to Address Them

Through a process of extensive engagement with key stakeholders, a public consultation process which received 168 submissions, as well as drawing on the work of the National Competitiveness and Productivity Council, and benchmarking Ireland's performance against other advanced economies, the evidence clearly indicates that Ireland's competitiveness, while strong overall, is lagging some of our competitor jurisdictions in six key areas.

This Action Plan on Competitiveness and Productivity seeks to address these six key challenges facing Ireland through a thematic approach setting out 85 proposed actions by Government. In particular, under each theme, certain **priority actions have been identified and are highlighted** with a "P" in parentheses beside the action number.

There are 26 priority actions in total. These priority actions are considered to be potentially transformative in tackling Ireland's competitiveness challenge and will be a particular area of focus during the implementation of this Action Plan.

Theme	Number of Priority Actions	Key Focus
Productivity	5	Technological Change, Digitalisation, Skills
International	3	Market Diversification, EU Single Market, Advanced Manufacturing, Frontier Technologies
SMEs	3	Nurturing SMEs, Access to Finance, Start-Up Ecosystem
Competition	5	Simplification, Legal Reform, Domestic Competition
Infrastructure	3	Expediting Delivery, Construction Productivity
Sustainability	7	Energy, Regional Growth

Theme 1
Productivity:
Embracing Research, Innovation and Skills

Ireland's research, development and innovation (RD&I) performance is well above average internationally, but the gap relative to other small, advanced economies has increased over time. Ireland's RD&I system is dominated by private sector R&D expenditure, while other small, advanced countries have adopted a more balanced model, underpinned by sustained public investment and institutional support. An over-reliance on the private sector leaves our RD&I system vulnerable to both the economic cycle and global headwinds.

In terms of skills, while Ireland's rates of lifelong learning are above the EU average, they significantly lag the best-in-class performers. This is significant in the context of an increased focus on competitiveness across the EU. To support a more resilient and balanced RD&I model, Ireland must also evolve its skills system – shifting towards a more agile, demand-responsive approach that can quickly adapt to emerging technologies, sectoral needs, and economic shocks.

A persistent challenge within Ireland's innovation landscape is the significant investment gap between MNEs and SMEs in research, development and innovation (RD&I). This concentration of RD&I in a small number of large, foreign-owned firms, alongside significant underinvestment in RD&I by SMEs in Ireland, and by Government, raises questions about resilience and sustainability, particularly if global investment patterns shift. Strengthening the domestic RD&I base is therefore critical to building a more balanced and shock-resistant innovation system – one that is underpinned by a skilled workforce capable of generating, adapting, and applying new knowledge across sectors and regions.

Close to 80% of State support for RD&I activity is in the form of tax expenditures – specifically the R&D Tax Credit – but it is not as effective as it could be in terms of incentivising smaller firms. Tax incentives for R&D typically benefit larger, established, R&D-intensive firms more, where development processes may be more detailed and structured. Specifically, the data suggests that large firms have tended to be the main beneficiary of this measure.

While Micro enterprises and SMEs make up the majority of claimants – 87.5% of claimants were Micro/SMEs in 2023, while just 12.4% were large firms – a significantly greater share of the population of large firms is availing of the measure (approximately 25% of large firms, compared to just 3.4% of SMEs and 0.2% of Micro firms). Recent changes to the credit have sought to enhance SME engagement (including increases in the first-year payment threshold, which provide a cash-flow benefit for smaller R&D projects).The actions outlined below are intended to support the development of a more balanced, resilient, and strategically aligned RD&I and skills system.

Building on the evidence and analysis presented, they reflect priority areas where targeted public policy and investment can have the greatest impact (from strengthening institutional capacity and public research performance to expanding enterprise engagement and addressing structural gaps). These actions are framed to align with national strategic objectives and ensure that Ireland's innovation and skills system is equipped to deliver long-term value.

Priority Actions

1(P)	**Increase expenditure on research activity in the Higher Education sector to align more closely with leading Small Advanced Economies** through a structured programme of investment in National Research Infrastructure (i.e. "PRTLI2") to boost basic and applied research and innovation, build the talent pipeline for our indigenous and FDI enterprise base and continue to strengthen Ireland's capabilities in frontier, emerging and deep technology sectors.
2(P)	**Scale Ireland's Technology Centres in the priority enterprise sectors** to drive collaborative RD&I in SMEs and to anchor high-growth FDI companies in Ireland.
3(P)	**Review IP development in Ireland with a view to the development of "IP Ireland"** – a new agency to position Ireland as a global IP hub, leveraging our strengths in technology, pharmaceuticals, and creative industries, and exploiting the economic potential of IP management.
4(P)	**Establish a National Artificial Intelligence Office (NAIO)** as the central co-ordinating authority for the EU AI Act and to provide a focal point for the promotion and adoption of transparent and safe AI in Ireland, to ensure that we fully capture the strategic opportunity that AI presents. The NAIO will work with CeADAR to engage with business and organisations in Ireland around the role and potential of AI adoption.
5(P)	Given the economic potential of encouraging the **adoption of innovative technologies by the SME** sector, examine options – including, but not limited to, the introduction of new tax-based supports – to encourage innovation by all firms.

Artificial Intelligence and digital technology adoption

6	**Update the National Digital and AI Strategies** to support Ireland's ambition to remain a global digital leader, and to ensure that Ireland is positioned to maximise the benefits and opportunities of AI and digital technologies in the public and private sectors.
7	**Develop a High-Performance Computing Strategy** on a cross-Government basis encompassing Quantum, High Performance Computing, AI and data infrastructures to enhance Ireland's competitiveness in deep tech, strengthen Ireland's public research system, enable greater participation in EU initiatives such as AI Factories and the AI Continent Action Plan and support innovative start-ups.
8	Seek to establish an **AI Factory Antenna h**osted in Ireland under the current EuroHPC Joint Undertaking call to enable Irish SMEs to access supercomputing resources in an established AI Factory in the EU. This will enable SMEs to integrate advanced AI into their products and processes efficiently, fostering productivity growth and innovation capacity within the EU's digital ecosystem.

9	Establish a real-time, publicly available **AI Observatory** that delivers data and insights on a wide range of AI metrics. These could include labour market dynamics, capital flows, skills development, quality of life enhancement, complementary innovations, public attitudes and the impact of AI on certain sectors as they unfold. In order to avoid duplication of effort and siloing of data, this work should be aligned with the development of the wider National Skills Observatory. This resource will help policy makers, educators, and workers better navigate the changes ahead.
10	Increase the **drawdown of European Digital funding by Irish enterprise**, including by removing barriers such as lack of security clearance and strengthening the Digital Europe Programme National Contact Network.
11	Provide **improved and more targeted funding for the adoption of AI and digital tools** under the enterprise pillar of the new National Digital & AI Strategy.

Research, Development and Innovation

12	**Develop and deliver a programme of "research collaboration missions"** to connect and develop strategic partnerships between Irish researchers and international businesses and research and innovation centres in key strategic sectors.
13	Examine **options to enhance the competitiveness of the R&D Tax Credit**, to ensure Ireland maintains a best in class incentive to encourage innovation by domestic and international companies.
14	**Undertake a mid-term review and updating of the National Research and Innovation Strategy IMPACT 2030** aimed at strengthening the capability and performance in innovation of Ireland's Research and Innovation ecosystem.
15	Establish a **single point of entry for SMEs in engaging with RD&I opportunities** and collaboration with national R&I system to drive increased R&D in SME sector and support greater mobility of researchers into SMEs.
16	Work with Higher Education Institutions (HEIs) to ensure that creation and delivery of **commercialisation opportunities by researchers in HEIs is valued,** incentivised in terms of academic progression, and more fully enabled, examining whether current metrics (e.g. patents, licences, spinouts etc.) accurately measure commercialisation performance and, if so, are appropriately incentivised.
17	Continue to embed a focus on skills among SMES, including via the **rollout of a targeted SME incentivisation scheme**, aimed at reimbursing the cost of upskilling and reskilling of employees.
18	**Increase investment in the European Space Agency to facilitate increased participation by Irish-based firms in the European Space Agency** programmes to drive the success of start-ups and provide routes to market for innovative companies looking to accelerate technology commercialisation.

19	**Develop a CAV (Connected and Autonomous Vehicles) strategy and framework** for the safe introduction of the use and testing of autonomous vehicles on Irish roads.
20	The Department of Defence will continue to progress the interests of Irish SME's to facilitate growth and ensure deeper engagement in the commercial dual use area - both nationally and at an EU level. In that context, **Ireland will look to enhance its engagement and identify opportunities for Irish SME's in EU collaborative defence research and development programmes** such as the European Defence Fund.

Skills

21	Strengthen capacity and capability of the national RD&I innovation system through a structured and **targeted programme of recruitment of international talent across RD&I landscape** at all levels of education (i.e. basic research, applied research, innovation leaders) in key strategic sectors of the Irish economy.
22	Review skills' needs (both critical and general) to inform the employment permit process, following early stakeholder consultation, to evaluate and expand eligible roles for employment permits where there is a solid evidence base for doing so. **Review the Occupations Lists for employment permits to prioritise skills-based migration for those sectors facing significant shortages.**
23	In partnership with D/JHAM, **develop a single application procedure for immigration and employment permission** and deliver on the digitisation of the permits system to ensure service integration and delivery improvements, working across government to merge the employment permit and visa systems into one user friendly process supported by a modern ICT system.
24	**Invest in the engagement skills of social partners to drive productivity and transformation**, including a series of capacity building actions to support dispute avoidance and resolution being included in the Action Plan on Collective Bargaining later this year.
25	**Deliver a targeted programme of Lifelong Learning** to help prepare for the twin green and digital transitions.
26	**Establish the National Skills Observatory** to act as Ireland's centre for skills and labour market intelligence across the labour market, including the public and private sector, serving as the Government's central information broker and depository for skills and labour market intelligence.

Theme 2
International:
Boosting FDI and Exports and Influencing at EU Level

Ireland is a small and highly globalised economy with a strong export base comprising both outward-looking indigenous firms and multinational enterprises. We have greatly benefited from significant inward investment in high value, high productivity sectors. Geopolitical instability and the acceleration of deglobalisation are reshaping global trade, investment, and industrial policy. These shocks highlight the need to strengthen strategic EU and global partnerships, deepen trade relationships with reliable partners, develop more resilient and diversified supply chains, and, critically, to invest in domestic capacity where appropriate.

Ireland must continue to advocate for EU policy reforms (reflecting the EU Draghi report's three key tenets to (a) close the innovation gap, (b) strengthen economic security, and (c) revitalise competitiveness within the Single Market) that reinforce the integrity of the Single Market and address barriers in energy, services, and capital markets. The implementation of the Government Action Plan on Market Diversification will be crucial to strengthening and broadening our trade and investment relationships in global markets.

Important Projects of Common European Interest (IPCEIs) offer a valuable (EU state aid approved) mechanism to support industrial transformation and cross-border investment in strategic technologies. Ireland's participation to date has been poor; the country has availed of only one such project, and there is a need for more proactive engagement. Enhancing Ireland's future FDI competitiveness will require an integrated approach, that encompasses site readiness (e.g. via Next Generation Sites), infrastructure, skills, planning and environmental licensing and permitting reform, and research, development and innovation. Addressing energy cost challenges through investment in grid infrastructure and EU-level electricity market reform will also be vital.

The actions outlined below are intended to support the development of a more competitive, diversified, resilient, and outward-oriented industrial base. Building on the evidence and analysis presented, they reflect priority areas where targeted public policy and investment can have the greatest impact – from advocacy in respect of national interests at EU level, to strengthening Ireland's value proposition for FDI and expanding export participation. These actions are framed to align with national strategic objectives and ensure that Ireland's trade and investment model remains fit for purpose in a rapidly evolving global environment.

Priority Actions

27(P)	**Promote Ireland's vision for European competitiveness and the Single Market and advocate for Ireland's national interests at EU level** on themes including frontier technologies, competitiveness, digital and green transitions and energy costs, Savings and Investment Union, regulatory simplification, sustainable food production, deepening capital markets and completing the internal market.
28(P)	**Enable Irish-based firms to participate in Important Projects of Common European Interest** (IPCEI), in key strategic sectors. Such IPCEIs will help to strengthen Ireland's and Europe's capacity and capability in frontier technologies as well as building value chains to secure Ireland's competitiveness in strategic sectors (including, but not limited to, microelectronics, AI and quantum computing).
29(P)	Develop large-scale **Next Generation Sites (NGS) as master-planned** locations with property, utility and sustainable infrastructure, so as to attract transformational advanced manufacturing investment in key sectors, including in AI, semiconductors, life sciences and sustainability.

Exports

30	Publish a new **Government Trade and Investment Strategy** in line with Global Ireland 2040's regional and country strategies.
31	Implement in full the Government **Action Plan on Market Diversification**.
32	Scale-up the **presence of enterprise and tourism promotion agencies** in key strategic locations, to support and build on commercial opportunities in existing and high-potential markets.
33	**Consider the establishment of a "Market Diversification and Resilience Fund"**, pending the outcome of tariff negotiations, to support enterprises impacted by trade disruptions in the areas relating to customs and compliance, supply-chain capabilities, changing trade requirements, consultancy and market research.
34	In order to better understand how Irish companies perform globally, advance Ireland's participation in the **Microdata Infrastructure (MDI)** for productivity research.
35	Accelerate the programme of work to establish a National Security Clearance Framework and, in the interim, **establish a temporary personnel security clearance framework**.

Foreign Direct Investment

36	Publish a new national **Life Sciences Strategy**.
37	**Through the work of the Sustainable Aviation Fuel Task Force, explore the potential for indigenous production of Sustainable Aviation Fuels in Ireland** taking into account progress on the National Hydrogen Strategy and Ireland's Offshore Wind Industrial Strategy.

Theme 3
SMEs: Creating and Scaling More SMEs

Enhancing the SME sector in Ireland offers an opportunity not only to grow the economy but also to increase our resilience to exogenous international shocks and better balance the economy between the indigenous and MNE sectors. However, a funding gap exists for firms in Ireland looking for equity finance to scale up. As a result of this gap, founders of successful start-ups can be more likely to sell up or seek finance abroad, which typically means relocation of the business with the accompanying loss of jobs and knowledge to the State.

Ireland lags in early-stage startup formation and venture capital access. The OECD Entrepreneurial Ecosystem Diagnostics Report 2025 highlights a fragmented support landscape and under-capitalisation as key barriers to scale. Despite the availability of various tax incentives to aid entrepreneurs, Irish SMEs have voiced difficulties in their efforts to avail of such schemes.

Ireland's future economic resilience and global competitiveness rely on its ability to cultivate a vibrant, globally connected start-up ecosystem. Start-ups are not only engines of innovation and job creation but also serve as the critical entry point into the pipeline of high-growth, export-oriented enterprises. Strengthening this pipeline is essential to increasing the number of Irish firms that successfully scale on the international stage. OECD research supports this approach, highlighting that start-ups disproportionately contribute to job creation and productivity through dynamic firm turnover. These early-stage ventures are the foundation of the scaling pipeline, particularly in high-impact sectors such as disruptive technologies, artificial intelligence, and IP-intensive industries.

Access to appropriate forms of finance – from seed and venture capital to scale-up funding – plays a pivotal role in enabling start-ups to innovate, grow, and compete internationally. Enhancing the availability and diversity of finance options can amplify the impact of existing enterprise supports and help attract more global capital into Ireland's start-up ecosystem. Despite robust enterprise supports, Ireland continues to have one of the lowest exporter-to-enterprise ratios in the EU. Both the White Paper on Enterprise and the OECD Review of SME and Entrepreneurship Policy underscore the need to grow the number of innovative, scalable businesses capable of competing globally.

Led by Enterprise Ireland and inspired by successful EU models, it will provide a coordinated, strategic framework to boost global competitiveness and support high-growth startups. Key features include the development of a National Start-up hub, a redesigned support system, the launch of a National Accelerator Programme, and stronger collaboration across government, industry, academia, and investors. The goal is to create a more integrated, founder-focused environment and position startups as a key driver of innovation and economic growth.

Priority Actions

38(P)	**Establish Start-up Ireland as a central coordinating body to enhance alignment and collaboration across the national start-up ecosystem.** This initiative will provide a unified strategic direction for start-up development, including the rollout of a new National Accelerator Programme, as a successor to the NDRC and act as a national focal point for policy, investment, and ecosystem development and aligning with European and global best practices.
39(P)	**Establish an SME Scaling Fund** of scale to increase the available public capital for direct and indirect investment to support scaling, to improve access and choice for founders and encourage new private capital into Irish market.
40(P)	**Develop policy actions that will incentivise pension fund and institutional investor participation, either directly or indirectly, into scaling equity funds to further enhance the Irish scaling ecosystem, and consider options for the development of incentives for the participation of retail savings in capital markets.**

Scaling

41	**Review tax measures to incentivise investment into start-up and scaling companies**, including the potential benefits and costs of modifying aspects of Entrepreneur Relief and also of retaining the Key Employee Engagement Programme (KEEP) so that founders and employees are incentivised to remain with and grow their ventures.

Theme 4
Competition:
Regulating for Growth and Controlling Costs

Regulation is a complex area made up of a range of constituent elements. This Plan identifies three areas for improved performance – (i) Better Regulation, (ii) Licensing and Permitting and (iii) the Legal and Courts system. A mapping of the Irish regulatory landscape shows that there are approximately 80 national bodies with a regulation remit. Regulation – and the extent of any regulatory or administrative burden – has recently become a greater focus for countries seeking to further enhance their competitiveness. Ireland generally outperforms the OECD average, but lags behind the average of the five best performing OECD countries, particularly in the area of licences and permits.

An efficient and effective Courts and legal system will also seek to promote social and economic development creating a predictable and secure environment for economic activity, investment and innovation. Analysis from the OECD shows that Ireland scores below the OECD average in its ex-post evaluation of primary laws and secondary regulations. While our 'common law' system is highly regarded for its fairness and impartiality, Ireland has been criticised over the years for being a high-cost jurisdiction in which to conduct litigation. Ireland can also be slow in delivering judgments and resolving disputes compared to other similar jurisdictions internationally. While other legal systems internationally have modernised their procedures many years ago , some processes and procedures in the Irish courts system have remained largely unchanged since independence more than a century ago.

However, it is important to note that recent progress has been made, including the establishment by the Department of Justice of the Planning and Environment Division of the High Court and the enactment of the Planning and Development Act 2024.

A landmark report which examined ways to improve the efficiency and effectiveness of the Irish Courts system was the 'Review of the Administration of Civil Justice Report', which was published in 2020 and was chaired by the Honourable Mr Justice Peter Kelly, former President of the High Court. The Review made over 90 specific recommendations in relation to changes to court procedure and practice aimed at reducing the cost of litigation, removing over complex rules of procedure and improving practices to ensure timely hearings and making better use of modern technology. Although implementation is underway, the pace needs to be accelerated. Ireland is a small, advanced economy with high wages and costs. Effective competition policy is vital to contain cost pressures across the economy and particularly for the SME sector.

The actions outlined below are intended to support the development of a more effective regulatory system, which will seek to support sustainable economic growth while controlling overall cost levels. Building on the evidence and analysis presented, they reflect priority areas where targeted public policy intervention can have the greatest impact – from strengthening institutional capacity, reducing complexity and increasing clarity of responsibility. These actions are framed to align with national strategic objectives and ensure that Ireland's regulatory system is equipped to deliver long-term value.

Priority Actions

42(P)	Department of the Taoiseach to coordinate a range of actions **aimed at regulatory reform** across Government Departments, including the establishment of a central Economic Regulators Forum.
43(P)	Introduce a **'Red Tape Challenge' across Government to significantly reduce regulation for SMEs** reflecting the European Commission's commitment to simplifying and reducing administrative burden for SMEs by 2029. This would include a review by each Government Department to identify regulations to be removed or reduced without impacting on policy objectives and a public consultation to identify areas of high burden or where burden reduction could be launched.
44(P)	Expedite the **Environment Miscellaneous Provisions Bill** to put in place statutory timelines for EPA decisions and enable 'limited' licence reviews where the changes to an installation are examined (rather than a full review of the licence) in circumstances where an EIA is not required and the proposed change is not substantial. Resource EPA sufficiently to comply with these required licencing decision timeframes and review the legislative possibilities to allow for concurrent processing of planning and licencing decisions.
45(P)	Acknowledging the substantial legislative progress made with regard to planning, consenting and judicial review arrangements through the Planning and Development Act 2024, **commence these reforms to enhance delivery of infrastructure as soon as possible**.
46(P)	**Implement the outstanding recommendations from the *Review of the Administration of Civil Justice: Review Group Report (2020)*** including: reform of legal discovery, reform of the wider non-planning judicial review process and development of new guidelines to set clear rates and scales of fees for civil litigation.

Better Regulation

47	**Establish an AI regulatory sandbox and publish guidance and support** for innovative companies on compliance with the EU AI Act and other sectoral regulations, with a particular focus on SMEs and startups.
48	**All Government Departments will apply the SME test to all measures**, in particular to policy initiatives where it is proposed to increase costs on small business and include the SME test in the Government handbook.

Legal

49	**Introduce a scale of fees for environmental legal costs as a matter of priority**, as provided for under the Planning and Development Act 2024.
50	**Substantially increase the limit of the Small Claims Court procedure.**
51	Expand the coverage of the **one-stop application service for business licensing** by making participation mandatory for all licensors, as per the OECD Economic Survey of Ireland 2025.
52	Legislate to **empower Court Presidents to manage courts efficiently**, including a model for the delegation of tasks to court officers to free up judicial time for judgment writing and other judicial tasks.
53	**Continue rolling out the unified case management systems to improve the quality of data** on court operations and allow for an improved real-time understanding of court and judicial resourcing needs.

Competition and Costs

54	Implement a **new cross-Government Action Plan on Insurance Reform**, led by the Cabinet Committee Sub-Group on Insurance Reform, which will focus on improving insurance affordability, transparency and availability.
55	**Embed the Administrative Enforcement regime under the Competition (Amendment) Act 2022** which provides the power to impose administrative financial sanctions of up to €10 million or 10% of total worldwide turnover for infringements of competition law.
56	**Complete a 'State of Competition in Ireland'** study by end 2025 to examine the non-financial services sector and potentially identify markets or sectors of concern that could benefit from further study.
57	**Provide the CCPC with new powers to impose administrative financial sanctions** in respect of breaches of consumer protection legislation.
58	**Provide the CCPC with new powers to undertake Bid Rigging Screening** which is a form of anti-competitive behaviour where a number of suppliers come together and agree not to compete against one-another for a tender or contract. This power will be of enhanced importance in the context of the State's ambitious capital expenditure plans.
59	**Complete the development of an Action Plan on Collective Bargaining** in order to enhance collective bargaining in ways that contribute positively to economic performance and social well-being, while supporting competitiveness and driving productivity.

Theme 5
Infrastructure:
Increasing the State's Capacity to Deliver Infrastructure

The 2025 NDP review, published July 2025 is targeted specifically to address Ireland's infrastructural deficits - relative to peer countries. To close this gap, and to support Ireland's competitiveness, Government set out annual sectoral allocations for 2026 to 2030, and overall Government capital expenditure ceilings to 2035. This leads to a total public capital investment of €275.4billion out to 2035. Of this, €102.4billion is being allocated in the next five years. A further €10billion in equity and fund releases is being provided for megaprojects in water, energy and transport, demonstrating Government prioritisation of critical economic growth enabling sectors.

Construction sector productivity is a key competitiveness challenge for Ireland. Ireland's low productivity – benchmarked internationally – is contributing to slow delivery on targets. Low productivity levels are particularly impactful in the context of a labour constrained market. Modern methods of construction offer a route to relieving this productivity and labour constraint.

The Accelerating Infrastructure Taskforce has identified 12 barriers to infrastructure delivery (31st July 2025) in the areas of regulatory environment, the planning and legal system and internal systems. Actions to address these barriers will follow later this year. The delivery of strong infrastructure requires expertise. Often, rules in relation to recruitment of staff in the Public Sector can lead to difficulties in recruiting specialist skills into the Civil and Public Service. Greater utilisation of Specific Purpose/Duration Contracts for specific specialist skills, and flexibility for Departments and Agencies in relation to this would help facilitate greater matching of skills with public sector requirements.

Dublin Airport is a key infrastructural asset for Ireland which has contributed significantly to Irish economic growth. However, recent challenges with progressing planning applications have delayed the development of Dublin Airport and have highlighted the economic risk of over-reliance on a single airport for much of the country's air traffic.

The analysis shows that Ireland is making substantial investments in its infrastructure but that there remain gaps to close to competitor countries. Construction sector productivity remains low and is hampering our ability to deliver on investment, requiring a greater contribution of labour (in a constrained market) than otherwise needed to reach targets. Alongside the need to boost productivity, given current constraints, it is essential that Ireland utilises a strategic lens in the delivery of infrastructure. The rate of return across all infrastructural investments is not equal. Investments which focus on productivity enhancing infrastructure should be prioritised. This Action Plan proposes a range of measures to boost infrastructure capacity in Ireland.

Priority Actions

60(P)	**Prioritise the Work of the Accelerating Infrastructure Taskforce** to ensure that barriers to the delivery of infrastructure are addressed and the provision of infrastructure accelerated.
61(P)	**Prioritise increased construction sector productivity in national infrastructure and housing programmes**, through further embedding supply and demand-side initiatives at design and procurement stages and strengthening industry capability through initiatives such as EI's Built to Innovate, Construct Innovate Technology Centre, and the national MMC Demonstration Park at Mount Lucas, maintaining a focus on digitalisation, sustainable practices, lean processes and adoption of modern methods of construction.
62(P)	**Explore further flexibility for fixed term contract recruitment of specialist expertise by Government Departments and agencies on a case-by-case basis**, with the aim of embedding knowledge spill over and specialised expertise directly into relevant Units over a fixed period.

Transport

63	**Develop a long-term strategy for Irish airports as part of a review of Ireland's National Aviation Policy**, recognising the dependency risk of having a large share of Irish air traffic going through a single airport.
64	The Minister for Transport to **establish a Stakeholder Forum of key agencies to focus on the actions required to facilitate swift progression** of DAA's planning application for the construction of infrastructure including **additional pier and stand capacity at Dublin airport** to facilitate an increase in passenger numbers to 40m p.a. (while respecting independence of planning authority). This forum should seek to quickly identify and remove any barriers to progress including in relation to surface access to ensure that infrastructure enhancements that are necessary at Dublin Airport to ensure maximum connectivity for our island to the rest of the world can be progressed and to achieve the objective of removing the 32m passenger cap at Dublin Airport as soon as possible.

Theme 6
Sustainability: Growing Sustainable Irish Businesses and Boosting Regional Development

Industrial decarbonisation is not just an environmental, but also a competitive and economic imperative for Irish businesses. Reducing industry's reliance on fossil fuels insulates them from volatile energy prices. In renewable fuels, industry has access to a clean, lower cost source of energy. This makes businesses more resilient, retains jobs and creates a vibrant economy. Ireland will need to plan for future very large energy intensive industries (such as data centres, micro-chips, quantum computing) in a coordinated manner – aligning large new energy demands with renewable energy resources, and minimising additional infrastructure costs.

Targeted supports will be required to continue to reduce emissions in manufacturing sectors. Most businesses recognise the importance of sustainability as a differentiator for their product or service, as well as being important for retaining talent, clients and customers. Moreover, many are already being affected by climate change. Those that adapt and make their businesses more resilient will be more competitive – SMEs, in particular, will require independent advice and financial supports in order to become more competitive and resilient through decarbonisation.

Internationally, many countries are looking at ways to empower regions to help foster dynamic economic clusters in specific locations, boost regional productivity – particularly in areas falling below the national average - and support 'compact growth'. This can lead to more balanced regional economic growth overall with tourism and hospitality sectors playing a key role in this regard.

The achievement of balanced regional development is a key priority of the Government, and is at the heart of the National Planning Framework. The NPF was revised in April 2025 and aims for a 50:50 distribution of future growth between the Eastern and Midlands region, and the South and Northern and Western regions combined. This focus on balanced regional development will shape the sectoral plans for capital expenditure allocations under the NDP. Our businesses, customers, workers, and the communities in which they are embedded, rightly expect that new industrial developments and successful Irish enterprises can and will operate in a manner consistent with the national objective of net zero emissions by 2050, and an ambitious trajectory of decarbonisation to that target. The State has committed to legally binding commitments within the European Union, with significant risks and long-term implications for the State and exchequer finances if extensive purchasing of compliance credits from other Member States becomes necessary.

The actions outlined below are intended to support the development of a sustainable, resilient enterprise environment. It in particular seeks to improve the cost environment for SMEs, while ensuring that the economic and commercial incentives for all businesses drive decarbonisation and the renewable energy revolution, with resilient employment and indigenous value creation over the medium-term. These actions build on a range of enterprise policy interventions already in place, as well as targeted new measures to align decarbonisation objectives with the competitiveness of our enterprises and attractiveness of our economy as a place for investment.

Priority Actions

65(P)	**Examine the scope for supporting energy intensive manufacturing sectors**, under EU guidelines on State Aid for climate, environmental protection and energy, to ensure the competitiveness and resilience of Ireland's manufacturing base. Supporting manufacturers with the cost of their efficient electricity use, as a temporary response to elevated prices, would also underpin investment in domestically produced energy, and utilisation of renewable energy during periods of abundant supply. A targeted support to mitigate high electricity prices can also reduce the 'spark gap' and facilitate reduced emissions in these sectors. This measure should also incentivise firms to use the existing electricity grid as flexibly and efficiently as possible to keep overall system costs down.
66(P)	**Bring forward legislation to permit and implement a new Private Wire Framework** allowing private sector to install electricity grid within well-defined conditions and to a standard consistent with national infrastructure, enabling expedited grid delivery, deployment of 'proximate' renewables and storage, and allowing innovative energy park systems to emerge in certain locations.
67(P)	**Utilise the Environmental Aid Scheme** to the fullest extent in providing capital support grants to high impact decarbonisation projects in manufacturing sectors through Enterprise Ireland and IDA Ireland. Increased levels of support for more expensive abatement in lower margin sectors will be required to incentivise investments of significant scale and ambition to achieve our 2030 climate targets.
68(P)	**Conduct a review of electricity network tariffs** to ensure that the fixed cost element of electricity prices (TUoS / DUoS) do not disincentivise demand flexibility and to facilitate industry maximising the use of renewable energy in their heating systems when renewable energy availability is high, and wholesale prices are low, as part of the broader tariff review. Grid costs are important to sending the right price signals to industry to respond commercially to the availability of low costs renewable electricity, unlocking emissions savings and reducing curtailed renewables.
69(P)	Informed by findings from the Review of the Regional Enterprise Plans consider the establishment of a new **Regional Enterprise Development Fund**.
70(P)	**Task the Expert Group on Future Skills Needs to carry out an Assessment of the Future Skills Needs of the Tourism and Hospitality Sectors.**
71(P)	**Promote the digitalisation of tourism SMEs**, establish test and learn pilot projects to support adoption of innovative technologies (Generative AI, IoT, Immersive Experiences) among tourism SMEs, and partner with EU Digital Innovation Hubs (EDIH's) to foster applied innovation within tourism enterprises.

Regional Development

72	**Establish up to 3 pilot national clusters in H2 2025** to deliver proof of concept in order to secure funding for the National Clustering Programme for 2026 and beyond. In line with international best practice, clusters will be funded for a period of 6 years subject to meeting Key Performance Indicators, measured through annual and mid-term reviews.
73	Develop a **regional enterprise policy statement**.
74	Publish and resource **new Regional Enterprise Plans** – with metrics for measuring success tailored to the region as appropriate. The Department will work closely with the Regional Assemblies to better align regional enterprise policy with the Regional Spatial and Economic Strategies, through the Regional Enterprise Policy Statement and the subsequent development of new Regional Enterprise Plans.
75	Further develop **DETE engagement with the Regional Assemblies** to use the forthcoming Regional Spatial and Economic Strategies to better align regional activity with national enterprise policy, and in accordance with the National Planning Framework.
76	**Publish a green industrial growth strategy** focused on the development and industrial deployment of green technologies to support sectoral growth and unlock economic opportunities across all regions.

Tourism

77	**Review the Employment Investment Incentive Scheme (EIIS)** with a view to minimising the administrative burden on the tourism sector.
78	Support **the Adoption of Sustainable Tourism Certification** through the development and implementation of a national support programme to promote the adoption of credible, third-party verified sustainability certification schemes in the tourism sector.

Electricity

79	**The National Energy Affordability Taskforce (NEAT)** will identify both relevant cost drivers and measures to enhance energy affordability for households and businesses.

80	**Design a medium-term plan to connect new, very large energy-intensive industries to the electricity grid**, setting out actions to inform and enable a coordinated approach to future Large Energy User investments — including data centres — with respect to their location, alignment with the National Planning Framework, and integration into energy system planning. This plan should emphasise the importance of co-locating energy-intensive sectors with renewable energy resources, while also acknowledging the critical need for supporting infrastructure such as conventional generation capacity, energy storage, and grid reinforcement to ensure security of supply and system resilience.
81	**Complete the ongoing scoping study for an Offshore Wind Centre of Excellence by end-Q3 2025 and** develop a project plan detailing next steps towards the establishment of the centre by end-2026.
82	**Review supports and funding available to businesses for climate adaptation measures.**
83	**Promote the use of 'Regulatory Sandboxes' in the piloting of innovative clean technologies**, to facilitate small-scale, live testing of innovations with derogations from certain regulatory provisions.

Agri-food

84	Continue to **progress the ongoing economic and environmental sustainability ambitions of the agri-food sector**, including farmers, fishers, foresters and food producers, and – in the context of Food Vision 2030 renewal – ensure a continued focus on the competitiveness issues facing the sector.
85	Deliver a **feasibility study relating to the establishment of a new industry led pre-commercial pilot-to-scale Precision Fermentation Demonstrator**, to maximise the opportunity of this cutting-edge technology for the Irish manufacturing sector in partnership with key government stakeholders.

Monitoring and Targets

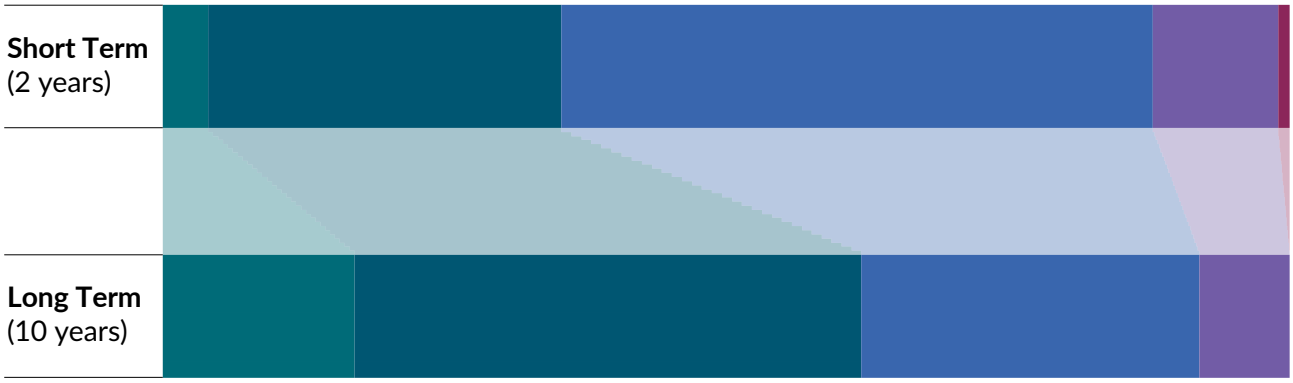
The measurement of progress against well-defined targets will be critical to the success of this Action Plan. Clear, evidence-based targets help focus policy action, align stakeholders, and communicate ambition. They also enable strategic prioritisation and resource allocation in a complex and fast-evolving economic environment. Ultimately, a strong focus on targets and measurement is essential. Throughout, targets have been identified under each theme of this Action Plan, that will assist us in turning strategy into action, and ambition into tangible outcomes.

Part B
In Depth Analysis Report

Introduction

The international economic environment is rapidly changing and many Irish-based businesses – whether indigenous or multi-national – are facing increased challenges and uncertainty, including disruption to global trade and supply chains and the high cost of doing business. Longstanding issues, such as infrastructural deficits, also remain a drag on our competitiveness. While Ireland currently holds a strong competitive position globally (ranked as the 7th most competitive country in the World in 2025, in the IMD World Competitiveness Rankings), we can never afford to be complacent in this regard. Several factors bolster our performance, including a highly skilled workforce, strong economic growth, and success in attracting foreign direct investment in high-value sectors.

Short and Long-Term Survey



- **Stormy:** Global catastrophic risks looming
- **Turbulent:** Upheavels and elevated risk of global catastrophes
- **Unsettled:** Some instability, moderate risk of global catastrophes
- **Stable:** Isolated disruptions, low risk of global catastrophes
- **Calm:** Negligible risk of global catastrophes

Source: Adapted from Global Risks Report 2025, World Economic Forum

The Programme for Government (PfG) calls for an Action Plan on Competitiveness and Productivity to be agreed stating (p.12) ***"Publish a whole of Government Action Plan on Competitiveness and Productivity within 12 months, with a key focus on reform. The plan will cover industrial policy, reducing the cost and regulatory burden on business, investing in infrastructure, digital regulation and reform, energy reform, international trade and research and development and innovation".***

Given the rapidly changing international economic environment, in April 2025 the Government decided to accelerate the timeline to agree the new Action Plan on Competitiveness and Productivity.

As a result of the heightened level of international uncertainty, most if not all of which is outside our control, the overarching objective of this Action Plan will be to **focus on matters inside our control** by way of policy changes which can make the Irish economy more competitive and resilient to economic shocks.

The key principles underlying the development of the Action Plan on Competitiveness and Productivity are as follows.

Current Challenges

- Robust identification of key challenges, drawing on National Competitiveness and Productivity Council analysis, and having particular regard to:
  a) Ireland's competitiveness performance against other small, advanced economies; and
  b) Challenges in Ireland's domestic sphere of control – in other words: 'control the controllables'.

Governance

- Where actions are cross-cutting, assign responsibility to a lead Department/Agency and set out targets to help monitor progress and implementation.
- Seek to work within existing structures and schemes, minimising creation of new agencies.

Actions

- Make recommendations that are actionable over a relatively short timeline of 1 to 3 years.
- Specify priority actions that have the potential to be transformative in addressing key challenges.

Future Proof

- Seek to build greater resilience into the Irish economic model so as to be better prepared to withstand future exogeneous economic shocks.

The Action Plan is informed by international best practice generally and the EU Draghi Report in particular with its focus on:

i) closing the innovation gap with the US and China;

ii) agreeing a plan for decarbonisation and competitiveness; and

iii) increasing EU strategic security and reducing dependencies.

The European Commission has published its 'Competitiveness Compass', to guide the Commission's work in the coming five years and lists priority actions to reignite economic dynamism in Europe.

Maintaining fiscal discipline will be essential in order to avoid overheating the economy and damaging competitiveness. Adding to demand at a time of full employment leads to higher prices, wages and other imbalances. Our public finances are in a relatively strong position; however this is due to significant corporation tax receipts from a small number of multinationals, much of which is classified as 'windfall' in nature. Ireland cannot rely on temporary revenue, which could disappear relatively suddenly, to fund permanent increases in current public expenditure, especially as we face into future challenges such as population ageing and climate change.

Through a process of extensive engagement with key stakeholders, a public consultation process that received 168 submissions, as well as drawing on the work of the National Competitiveness and Productivity Council, and benchmarking Ireland's performance against other advanced economies the evidence clearly indicates that Ireland's economic performance, while strong overall, is lagging some of our competitor jurisdictions in six key areas.

Six Thematic Challenges

The Action Plan addresses each of these six challenges in turn. Each of the six thematic chapters has the same three-part structure:

- The Challenge Ireland is Facing
- Benchmarking Ireland's Performance Internationally
- Proposed Actions to Boost Ireland's Competitiveness and Productivity

This Action Plan on Competitiveness and Productivity seeks to address these six key challenges facing Ireland through a thematic approach setting out 85 proposed actions by Government. In particular, 26 priority actions are highlighted which could be transformative in terms of addressing Ireland's competitiveness challenge.

If Ireland is to compete at the frontier, it must benchmark itself against top-performing peers, not the average of a diverse EU or OECD group. Ireland's ambition should be to compete at the leading edge, and not to settle for the average.

The measurement of progress against well-defined targets will be critical to the success of this Action Plan. Clear, evidence-based targets help focus policy action, align stakeholders, and communicate ambition. They also enable strategic prioritisation and resource allocation in a complex and fast-evolving economic environment. Ultimately, a strong focus on targets and measurement is essential. Throughout, targets have been identified under each theme of this Action Plan, that will assist us in turning strategy into action, and ambition into tangible outcomes.

Overall Target

Improving Ireland's international competitiveness

Deliver sustained increases in Ireland's performance in rankings of international competitiveness, namely, the annual IMD World Competitiveness Ranking.

Theme 1
Embracing Research, Innovation and Skills

- Research, development, skills and innovation are a cornerstone of economic progress and a critical driver of Ireland's international competitiveness.
- Overall, while Ireland's innovation performance is well above average internationally, the gap relative to other small, advanced economies has increased over time. If Ireland is to emerge as a global top performer, it is fundamental that we narrow this gap, through more systematic investment, coordination, and diffusion of innovation across the economy.
- Benchmarking Ireland's international performance highlights persistent challenges – including relatively low public R&D investment, limited innovation diffusion among SMEs, and uneven regional participation.
- Ireland's RD&I system is dominated by private sector R&D expenditure, while other small, advanced countries have adopted a more balanced model, underpinned by sustained public investment and institutional support. An over-reliance on the private sector leaves our RD&I system vulnerable to both the economic cycle and global headwinds, particularly in areas where long-term, foundational research is needed.
- A persistent challenge within Ireland's innovation landscape is the significant investment gap between MNEs and SMEs in research, development and innovation (RD&I). This concentration of RD&I in a small number of large, foreign-owned firms raises questions about resilience and sustainability, particularly if global investment patterns shift. Strengthening the domestic RD&I base is therefore critical to building a more balanced and shock-resistant innovation system.

- Close to 80% of State support for RD&I activity is in the form of tax expenditures – specifically the R&D Tax Credit – but the latter could be more effective in terms of incentivising smaller firms. Specifically, large firms have tended to be the main beneficiary of this measure.
- Skills and human capital development are key enablers of innovation and productivity within enterprise, and of the ability of our workforce to leverage the opportunities presented by the digital transformation, including AI and the green transition.
- Ireland's lifelong learning rate (in comparison to the EU average) is assessed through the Adult Education Survey, which is completed every five years. The most recent survey, conducted in 2022, indicates that Ireland's participation rate is 48.3%, placing Ireland's participation rate above the EU 27 average of 39.5%. However, Ireland continues to lag best in class performers substantially, and rates of participation are lower amongst older workers and those employed by SMEs. A culture of continuous learning across all cohorts will support these transitions.
- As reflected in the recent advice to the Government by the National Skills Council, increased flexibility and access in the way in which learners can access skilling opportunities, underpinned by targeted investment, and informed by good quality data, is key to enabling effective workforce development. Targeted interventions supported by regional and sectoral collaborations with enterprise on critical skills can marry the human capital and innovation goals in a holistic fashion.
- This Action Plan proposes a range of measures to boost the innovation ecosystem in Ireland.

1.1 The Challenge Ireland is Facing

Investment in research, development and innovation (RD&I), along with the associated upskilling, is a key driver of our resilience and long-term competitiveness. RD&I fuels the development of new technologies and processes, while skills ensure people can apply them effectively – together they drive productivity by enabling smarter, more efficient work. This supports the creation of new products, services, and business models, fuels start-up formation and scaling, and enhances export capacity by enabling firms to move up value chains. RD&I and a strengthened skills base also attract investment and position the economy to lead in areas of strategic importance, such as the digital, green, and advanced manufacturing sectors.

RD&I is a strategic imperative for all enterprises – large, small, high-tech, traditional, urban and rural. Realising the full potential of innovation depends on a workforce equipped with the right skills- enabling individuals to implement new ideas, adapt to evolving technologies and drive sustained productivity across all sectors. In a globally competitive landscape, sustained investment in RD&I is essential not only for current economic performance, but for shaping future prosperity. Indeed, strengthening the domestic RD&I and skills base is critical to building a more balanced and shock-resistant innovation system. Underinvestment in this space also carries significant opportunity costs. It can lead to missed opportunities in emerging technologies, reduced start-up activity, and weaker international performance.

Critically, it also risks the loss of top talent – particularly mobile international researchers – who are drawn to ecosystems with strong innovation infrastructure and ambition. To unlock the full potential of innovation across the economy, Ireland requires a coherent, well-resourced, and agile RD&I system – and a Government that acts as both strategic leader and system enabler. The State has a critical role to play in terms of setting long-term direction, investing in research capacity and skills, fostering collaboration across sectors and regions, and in ensuring that public policy supports innovation at all stages of the business lifecycle.

Innovation flourishes through the interaction of multiple actors. Government enables infrastructure, strategic vision, funding, and sets national priorities; firms bring market knowledge, expertise, financing, and commercial agility; academic and public research institutions contribute talent, creativity, and discovery; and the EU strengthens this ecosystem through funding, policy alignment, and by fostering international collaboration. Strong interconnections between these actors – at both national and European levels – are essential for translating knowledge into economic and societal impact.

Ireland's future competitiveness will depend not only on the strength of individual institutions, but on the connectivity, inclusiveness, and dynamism of the innovation ecosystem as a whole. As national ambitions expand – shaped by digitalisation, climate action, and global technological shifts – the innovation system must be able to evolve rapidly, respond to complexity, and direct effort toward shared missions and priorities. In this regard it is vital that our enterprise and research agencies continue to collaborate strategically.

Equally important is the need to ensure that the Irish research system is optimally structured to translate discovery into impact. This requires working with Higher Education Institutions (HEIs) to better incentivise commercialisation as a valued academic activity – recognising patents, licences, spin-outs, and industry engagement not just as outputs, but as meaningful contributions to academic progression. A review of current commercialisation metrics and incentives is warranted to ensure alignment with strategic objectives and international best practice. In addition, targeted supports such as the Commercialisation Fund play a vital role in translating research into market-ready innovations.

By supporting early validation and prototyping, the Fund enables researchers to drive competitiveness, economic growth, and real-world impact. The network of Enterprise Ireland and IDA-backed Technology Centres – and specialist Gateways – exemplifies how strategic public investment can drive collaborative research in key areas such as advanced manufacturing, AI, and food, enhancing national competitiveness and supporting enterprise-led innovation.

We must be wary of any assumption that the future will simply be a slightly different variant on the past, or that technological developments and adoption can only ever be incremental. The digital and AI revolution is reshaping economies in Europe and across the world.[1] Countries that are widely adopting the technology and supporting innovation will gain a decisive economic edge in terms of competitiveness and efficiency. To remain at the frontier of innovation and ensure long-term competitiveness, Ireland must invest strategically in the capabilities that underpin deep technological development. A core element of this is the development of a cross-Government High Performance Computing (HPC) strategy, encompassing Quantum, Artificial Intelligence (AI), and associated data infrastructure.

1. The February 2025 report to Government from the AI Advisory Council *"Ireland's AI Advisory Council Recommendations – Helping to Shape Ireland's AI Future"* states that the rapid pace of developments in AI technology is likely to be unprecedented in our economy.

Such a strategy would support national capacity for complex simulation, modelling, and AI-driven discovery, and would assist in Ireland's active participation in EU initiatives such as AI Factories and the AI Continent Action Plan. Ireland stands in a prime position to excel in specialised areas of AI, such as applied AI and regulatory excellence, and has the potential to become Europe's preferred base for both startups and established companies seeking to launch or scale AI products and AI-first ventures. In addition, increased investment in the European Space Agency (ESA) also offers a clear opportunity to catalyse growth in space-active and space-adjacent enterprises in Ireland, positioning Ireland as a credible actor in the rapidly expanding space economy.

Ireland, while lacking a traditional defence industry, has a strong SME sector with expertise in "dual use" technologies – those serving both civilian and military purposes. In line with the 2024 Defence Policy Review, efforts are underway to define how to grow a commercial dual use sector that supports Defence Forces capability, creates jobs, enhances innovation, and accesses EU funding. Ireland's innovation ecosystem is well-placed to develop niche solutions in this area. As EU-level activity expands, it is increasingly important for Irish industry to position itself to seize emerging opportunities in this growing sector.

We must continue to support companies in embracing both basic digital tools for driving efficiencies and productivity, and also to invest in more sophisticated technologies – where appropriate – for their business. Here, our Enterprise Agencies, the Local Enterprise Offices network, and the National Enterprise Hub, have played – and will continue to play – an invaluable role.

We must recognise the need for upskilling across the population so that the opportunities brought by digital and AI advances can be capitalised on. The network of European Digital Innovation Hubs (EDIHs) in Ireland are providers of digital expertise, guiding SMEs and the Public Sector to harness digitalisation, supporting enhanced production processes, boosting efficiency, and surpass global competitors.

Skills are the foundation of a high-performing RD&I system. A strong and diverse pipeline of talent – across scientific, technical, and commercial domains – is essential for generating ideas, translating research into impact, and scaling innovation. To drive productivity in a rapidly evolving economy, skills provision must be delivered more frequently and flexibly – enabling workers to continuously update their capabilities in line with emerging technologies, industry needs, and shifting job roles. As RD&I activity becomes increasingly interdisciplinary and technology-intensive, demand is growing not only for researchers and engineers, but also for data scientists, regulatory specialists, IP professionals, and innovation managers.

Ensuring the future supply of these critical skills requires sustained investment in education, training, and researcher mobility, as well as greater alignment between tertiary institutions and enterprise needs. Policy must also support inclusive participation and global talent attraction to address shortages and foster a resilient, innovation-ready workforce. Across the tertiary system increased connectivity between research and human capital development will be a nexus for the growth of our innovative capacity.

Ireland is not a global laggard in innovation and is consistently ranked among the stronger innovation performers. This is largely driven by our strong performance in output-oriented metrics such as knowledge-intensive exports, IP revenues, and high-growth enterprise activity. In general, these rankings underscore the value of Ireland's globalised, business-led innovation model.

However, they also highlight persistent challenges – including relatively low public R&D investment, limited innovation diffusion among SMEs, and uneven regional participation.[2] The ambition must be to move from a strong performer to a global leader, by addressing system-level gaps and ensuring that the benefits and capabilities of innovation are more broadly embedded – across all sectors, firm sizes, and regions.

This section introduces Theme 1 – Embracing Research, Innovation and Skills. This theme sets out the strategic foundations for a more ambitious, proactive and system-wide approach to innovation, and the skills required to capitalise on it.

1.2 Benchmarking Ireland's Performance Internationally

In assessing Ireland's RD&I performance, it is critical to benchmark against countries that are not only high-performing but also structurally comparable. While global leaders like the US or Japan are often cited in innovation discourse, their scale, institutional models, and economic composition differ significantly from Ireland's. As such, comparisons to these economies, while informative at a high level, may offer limited practical value for policy design and system development. While comparisons to OECD or EU averages can provide a useful context and offer a broad sense of Ireland's position, they can be misleading benchmarks when used in isolation as they reflect the performance of a wide and heterogeneous group, including many lower-performing economies.

If Ireland is to compete at the frontier, it must benchmark itself against top-performing peers, not the average of a diverse group that includes structural laggards. Ireland's ambition should be to match or exceed the leading edge, and not to settle for the average. In evaluating Ireland's innovation performance and contextualising our ambition, it is important to benchmark against economies that are structurally and strategically comparable. This section refers to the group of five small, advanced economies (termed the SAE-5) – Denmark, Finland, the Netherlands, Belgium, and Austria – as the core benchmark group for Ireland.

These countries form a realistic peer group of small, high-income, innovation-driven European economies. Each operates within the EU's regulatory and funding frameworks, faces similar structural constraints around scale and openness, and shares Ireland's ambition to build a resilient, knowledge-based, and sustainable economy. These five economies are all top-tier performers in the European Innovation Scoreboard (EIS) and the Global Innovation Index, consistently ranking above the EU average in both innovation inputs and outputs. Their innovation systems are also characterised by strong public research capacity, active enterprise participation, and institutional coordination.

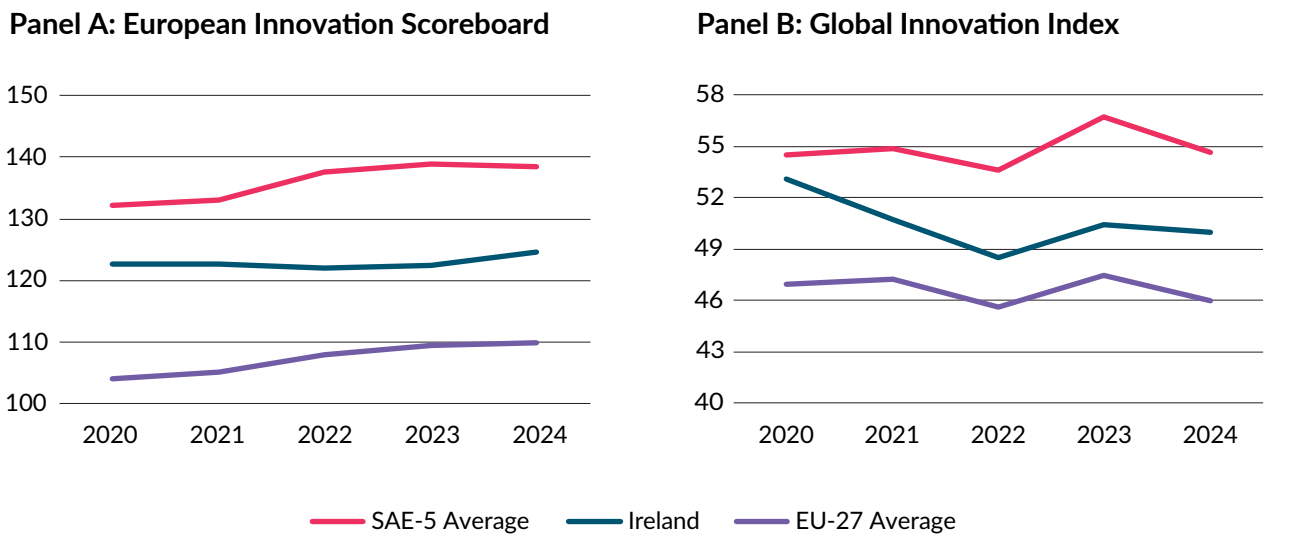
By focusing on the SAE-5, Ireland is not benchmarking against distant or unattainable leaders but rather positioning itself against realistic and relevant comparators – countries that demonstrate what is possible through sustained public investment, effective policy coordination, and a long-term commitment to innovation.

2. See: Regional Innovation Scoreboard – Ireland 2023; European Innovation Scoreboard – Ireland 2024; Global Innovation Index 2024. Ireland's NCPC has assessed that Ireland's performance in the GII is likely to be understated, once we adjust for the size of the domestic economy.

Figure 1.1 shows Ireland's performance in the EIS and the GII relative to the SAE-5 and EU-27 averages, from 2020 to 2024. The EIS data (see Panel A) shows that Ireland has consistently trailed the SAE-5 benchmark in group in terms of overall innovation score, by about 10-15 points each year. The gap versus the EU-27 average, however, is considerably smaller – Ireland scores 15-20 points higher across all years. This suggests that, although Ireland is performing well above the EU average, we have not yet closed the gap with top-tier small, advanced peers. The gap between Ireland and the SAE-5 group has widened, notwithstanding a small relative improvement in Ireland's score in 2024.

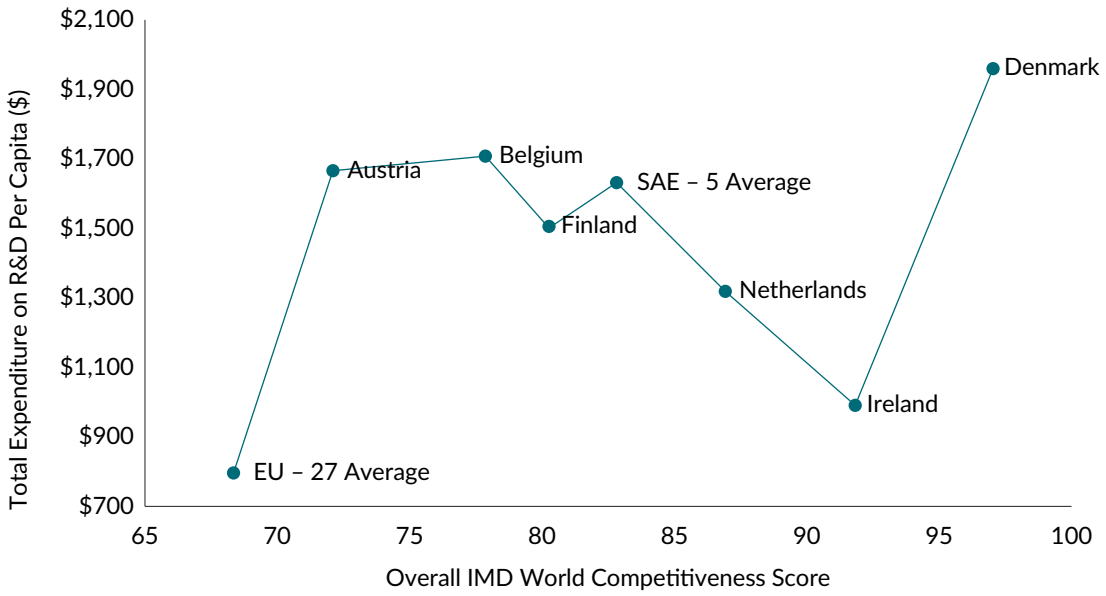
A similar picture emerges from the GII (see Panel B). Ireland scores above the EU-27 average each year, but trails the SAE-5 group, by margins of roughly 4-6 points. The GII data confirms the same pattern showing Ireland to be a strong performer but is not yet among the innovation frontier economies. As also captured by the EIS, the gap between Ireland and the SAE-5 is considerably higher in 2024 than it was in 2020. Overall, while Ireland's innovation performance is well above average, the gap relative to other small, advanced economies has increased over time. If Ireland is to emerge as a global top performer, it is fundamental that we narrow this gap, through more systematic investment, coordination, and diffusion of innovation across the economy.

Figure 1.1 Benchmarking Ireland's Innovation Performance, 2020-2024



Source: European Innovation Scoreboard; Global Innovation Index. Notes: The EIS measures innovation performance using a composite index built from 32 indicators across 12 dimensions grouped into 4 main categories: Framework Conditions, Investments, Innovation Activities, and Impacts. Scores are assessed relative to the EU average of 100 (e.g. a score of 120 would indicate performance at 20% above the EU average). The GII uses more than 80 indicators structured into seven pillars: Institutions, Human Capital and Research, Infrastructure, Market Sophistication, Knowledge and Technology Outputs and Creative Outputs. The maximum GII score is 100.

Figure 1.2 R&D Spend per capita vs. IMD World Competitiveness Score 2024



Source: IMD

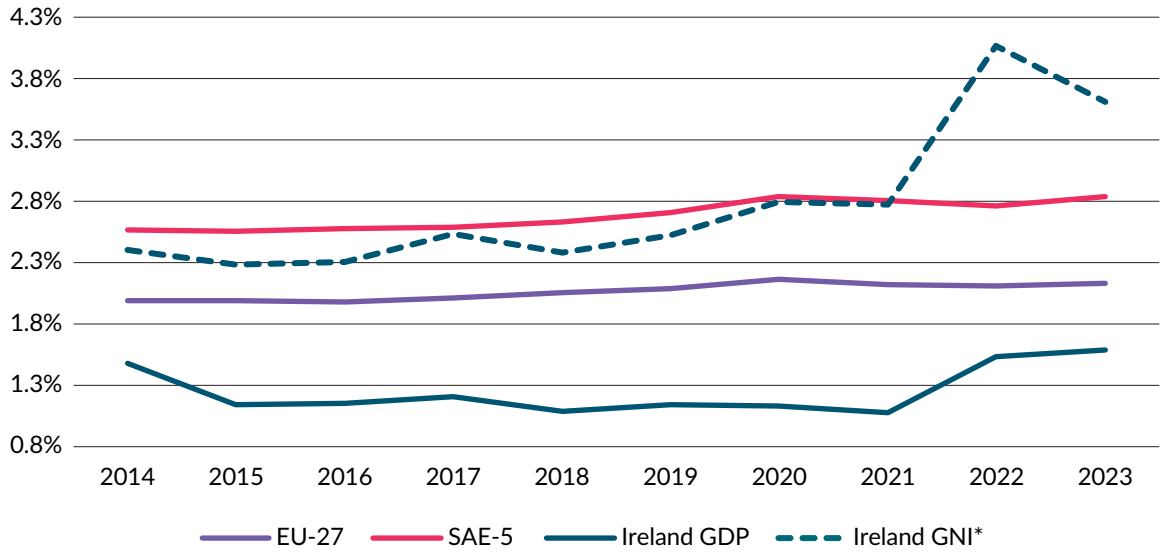
Figure 1.2 shows total R&D expenditure per capita against the IMD World Competitiveness Scores for 2024 for Ireland, the EU-27, and the SAE-5 average. As shown, Ireland stands out as an outlier in that it has a high overall competitiveness scores despite a relatively low R&D spend per capita. This suggests a disconnect between our competitiveness and our investment in R&D.

Denmark leads on both dimensions, while the broader SAE-5 group sits mid-range, suggesting a more balanced model of investment in innovation and economic performance. The EU-27 average is lowest on both axes, reflecting broader challenges across the bloc in scaling R&D and improving competitiveness. For Ireland, R&D intensity per capita is notably below that of innovation-driven peers. In closing this gap, there is scope for stronger public R&D, deeper industry-research collaboration, and improved incentives for indigenous innovation and IP generation.

A useful starting point in assessing the relative scale (or quantum) of national RD&I effort is Gross Expenditure on R&D (GERD), which captures total R&D spending across all sectors of the economy – namely Government, higher education, and business, typically expressed relative to national income. Assessed relative to GDP – a useful metric in international benchmarking – Ireland's GERD was just 1.58% in 2023. This was considerably below the broader EU-27 average (2.13%).

Expressed relative to GNI* (a more accurate indicator of national income in an Irish context) Ireland has shown growth in GERD over the past decade, rising from 2.40% in 2014 to 3.61% in 2023. This upward trend is encouraging, especially as it brings Ireland up to the levels of R&D intensity seen in the SAE-5 (2.83% in 2023) and above the EU-27 average. This can be seen in Figure 1.3.

Figure 1.3 Gross Expenditure on R&D (GERD), 2014-2023



Source: OECD

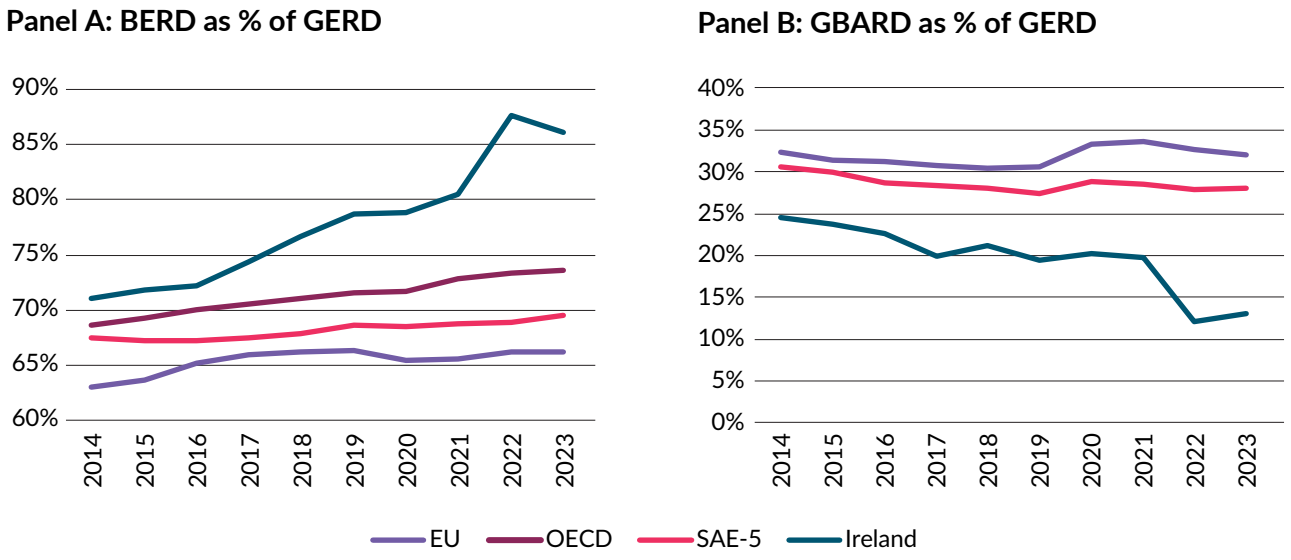
It should be noted, however, that the performance of our RD&I system depends not just on the quantum of investment, but on the balance of investment between the public and private sectors. While Ireland's overall RD&I intensity has improved, a deeper issue lies in the composition of GERD. As shown in Figure 1.4 (Panel A), Ireland is significantly more reliant on the private sector in driving overall GERD. In particular, for every €1 in R&D that is performed by the business sector, the Government sector performs only a very small fraction – far less than in peer economies. This is most striking when compared to the SAE-5 group.

To bring Ireland into line with the SAE-5 average in terms of GBARD per capita (that is, the government budget allocation for R&D), would require an additional investment of approximately €1.28bn. Bringing Ireland into line with the EU-27 represents a more modest target, that would still require an additional investment of €403.5 million (see Table 1.1). Ireland's RD&I system is dominated by private sector R&D expenditure, while other small, advanced countries have adopted a more balanced model, underpinned by sustained public investment and institutional support.

Heavy reliance on business-funded R&D (BERD) can expose the innovation system to cyclical risks, as private sector investment tends to fluctuate with economic conditions, sectoral cycles, and firm-level priorities – in contrast to the more stable, counter-cyclical role that public investment can play in sustaining long-term innovation capacity. An over-reliance on the private sector can leave the innovation system vulnerable, particularly in areas where long-term, foundational research is needed. This public funding deficit matters.

As the White Paper on Enterprise 2022–2030 cautions, "failing to keep pace with other small-advanced economies in terms of public investment in RD&I would pose a significant risk to the competitiveness of our economy". The White Paper also affirms that stepping up innovation in enterprise depends on sustained public investment in frontier research and the broader enabling RD&I environment – including infrastructure, talent, and institutions. Sustained public investment in RD&I provides increased confidence for long-term strategic planning of businesses, and has the potential to generate further industry investment in RD&I.

Figure 1.4 Expenditure on R&D (BERD & GBARD), 2014-2023



Source: OECD and Eurostat

Table 1.1 GBARD per capita, 2023

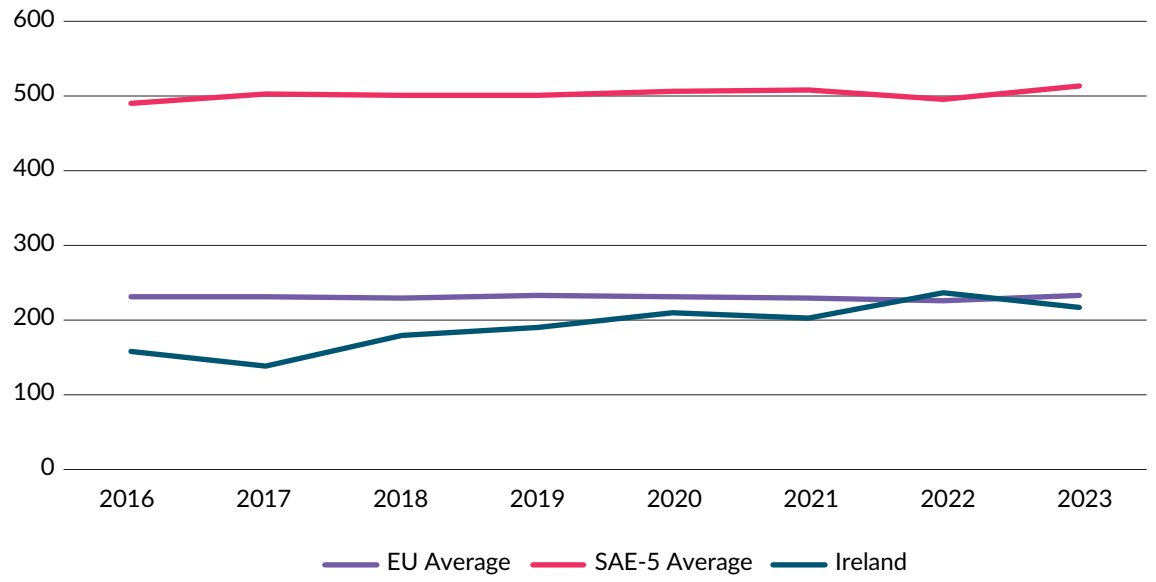
Regions	GBARD per capita
EU-27 average	€274
SAE-5 average	€440
Belgium	€328
Denmark	€551
Netherlands	€477
Austria	€449
Finland	€421
Ireland	€198

Source: Eurostat. Notes: SAE-5 average includes Belgium, Denmark, the Netherlands, Austria and Finland.

As a tangible output of the RD&I process, patents play a critical role in the innovation ecosystem, linking research activity with commercial and technological outcomes. Patents also serve as a proxy for technological progress, providing insight into the direction and intensity of innovation across sectors. Beyond protecting intellectual property, patents promote knowledge diffusion through public disclosure, support licensing and collaboration, and are increasingly used as indicators of innovation capacity and competitiveness in both policy and investment contexts.

However, Ireland lags behind the SAE-5 average in terms of resident patent applications (see Figure 1.5). This gap highlights ongoing challenges in translating research and innovation activity into protected intellectual property. Strengthening linkages between public research, enterprise, and patenting capacity will be key to closing this innovation output gap and enhancing Ireland's long-term competitiveness.

Figure 1.5 Resident Patent Applications per million inhabitants



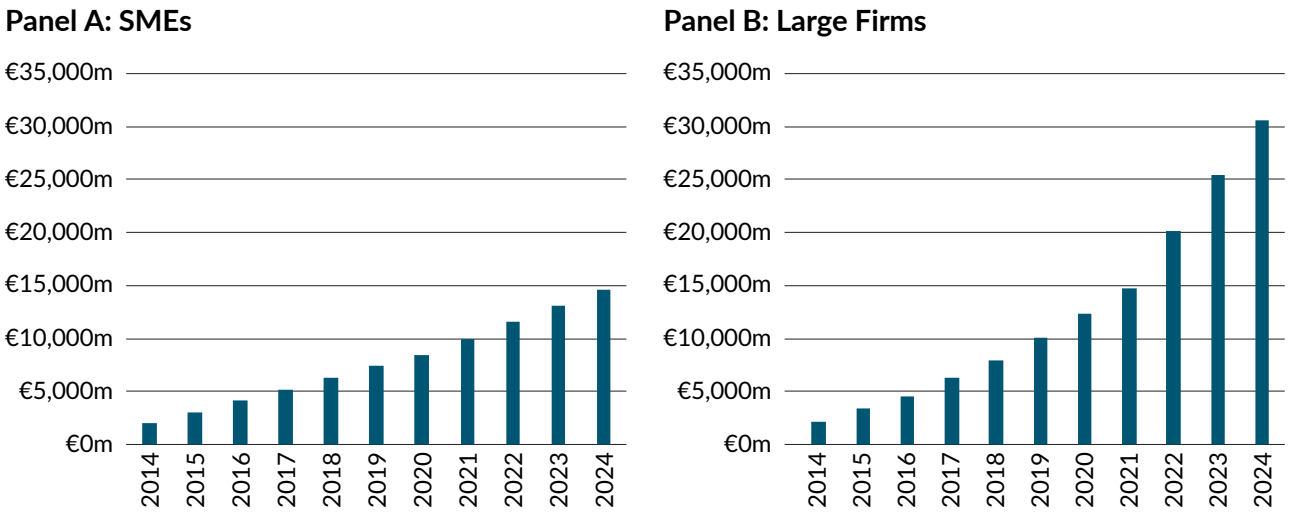
Source: WIPO. Notes: Data for Ireland unavailable over 1992 – 2016. Period from 2016 represents the most complete sample.

Ireland is also an outlier in terms of the proportion of GERD that is financed from abroad. OECD data suggests that in 2021 (the latest data available for Ireland), 26.3% of Irish GERD was funded from overseas, compared to an SAE-5 average of approximately 14%, and EU and OECD averages average of 9.9%, and 7.2% respectively. It is also the case that a majority of Ireland's BERD activity comes from a relatively small number of larger (foreign-owned) firms. A persistent challenge within Ireland's innovation landscape is the significant RD&I investment gap between MNEs and SMEs.[3]

In terms of firm size, as shown in Figure 1.6, BERD in Ireland is heavily dominated by large firms (generally foreign-owned multinationals). These firms tend to operate in high-intensity sectors such as pharmaceuticals, ICT, and medical technology, and invest at a scale far beyond that of most domestic enterprises. In contrast, Irish-owned firms are typically smaller,[4] concentrated in lower-intensity sectors, and engage in more incremental or process-oriented innovation. This concentration of R&D in a small number of large, foreign-owned firms raises questions about resilience and sustainability, particularly if global investment patterns shift. Strengthening the domestic RD&I base is therefore critical to building a more balanced and shock-resistant innovation system.

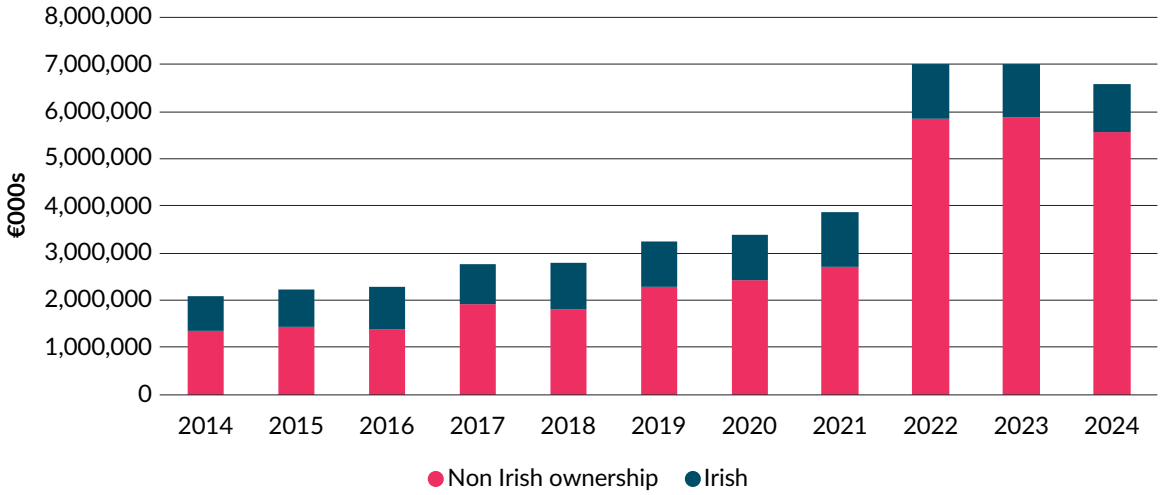
3. This has been examined in successive Competitiveness Challenge reports from the NCPC. Most recently in – Ireland's Competitiveness Challenge 2025.
4. See: Lawless, 2024. "Hare or Tortoise? Productivity and Growth of Irish Domestic Firms", *Economic and Social Review*

Figure 1.6 BERD by Firm Size, 2014-2024



Source: CSO

Figure 1.7 BERD by Firm Nationality



Source: CSO

As has been examined by the NCPC, a significant portion of State support for R&D activity is in the form of indirect tax expenditures (specifically, the R&D Tax Credit). Large firms, however, have tended to be the main beneficiary of this measure. The NCPC has consistently highlighted that the current design of the R&D Tax Credit may be relatively less accessible to SMEs, limiting their take-up of the measure. The gap between total R&D expenditure and the amount that is allowable under the terms of the R&D Tax Credit, is much greater for SMEs than for large firms (Figure 1.8).

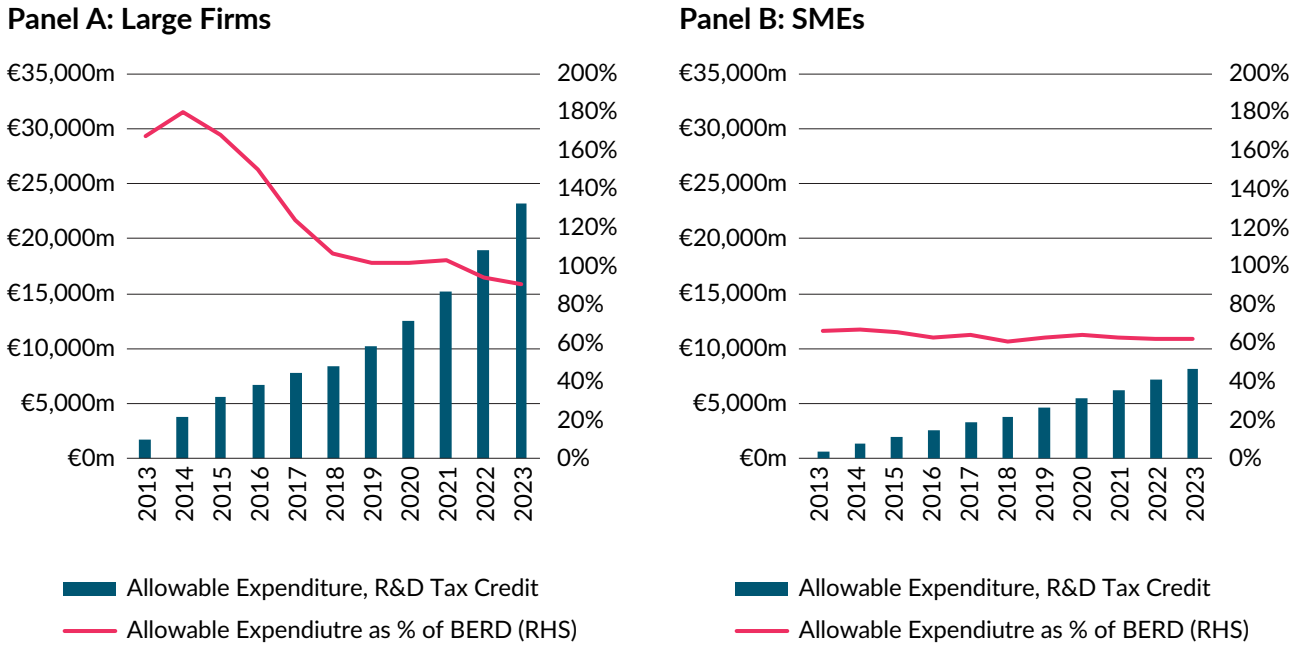
This suggests that large firms are making greater use of the incentive and are better positioned to classify their R&D activities as eligible for the measure. While Micro enterprises and SMEs make up the majority of claimants of the measure – 87.5% of claimants were Micro/SMEs in 2023, while just 12.4% were large firms – a significantly greater share of the population of large firms is availing of the measure (approximately 25% of large firms, compared to just 3.4% of SMEs and 0.2% of Micro firms).[5] Recent changes to the credit have sought to enhance SME engagement (including increases in the first-year payment threshold, which provide a cash-flow benefit for smaller R&D projects).

5. See: Research & Development ("R&D") Tax Credit Statistics, Revenue Commissioners, May 2025.

A previous economic evaluation by the Department of Finance estimated that 40% of R&D activity benefitting from the tax credit would have occurred anyway.[6] The NCPC has argued[7] that making the tax credit more accessible to small firms would bring benefits in terms of additionality and efficiency of the measure. The NCPC has previously recommended the introduction of a broader definition of qualifying activities in line with the Oslo (as opposed to the Frascati) Manual, that would incorporate "new to firm" innovation, to improve SME access and encourage greater R&D investment.

Alternatively, the NCPC has also proposed the introduction of a separate, but complementary, innovation-focused credit. The latter would be aimed at supporting digitalisation and the adoption of productivity-enhancing technologies, which may not meet the narrow eligibility criteria of the existing relief.

Figure 1.8 Allowable Expenditure under the R&D Tax Credit, 2014-2024



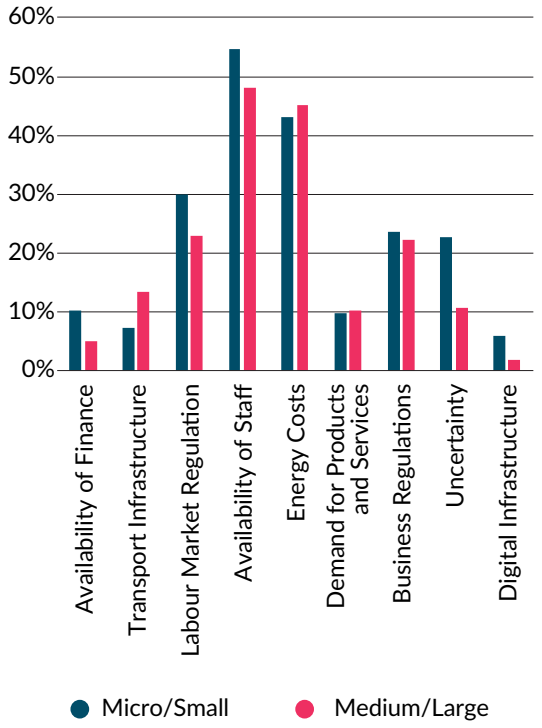
Source: OECD and Revenue Commissioners. Note: Expenditure is assessed on a rolling, cumulative basis.

6. See: Economic Evaluation of the R&D Tax Credit, Department of Finance, October 2016. It should be noted, however, that changes to the R&D Tax Credit have been implemented since this review was carried out.
7. See: Ireland's Competitiveness Challenge 2023, NCPC.

In the broader European context, a significantly greater share of medium and large firms are engaged in innovation activity compared to micro and small firms (see Figure 1.9). This reflects a persistent size-related gap in innovation activity, with smaller firms often facing greater constraints in terms of resources, capabilities, and access to finance or supports. Across the business population, irrespective of firm size, firms tend to focus more on innovation that results in products or services that are "new to the firm", rather than those that are "new to the market" – indicating a predominance of incremental over frontier innovation. However, this tendency is even more pronounced among micro and small firms, where innovation is more likely to take the form of internal improvements.

In contrast, medium and large firms are somewhat more likely to engage in innovation that pushes market boundaries, generating a broader competitive advantage. This pattern suggests that firm size plays a critical role not only in the likelihood of engaging in innovation, but also in the nature of that innovation. This points to a role for a targeted incentive to encourage investment in innovation by smaller firms. This measure could be aligned with broader national strategic priorities in areas where Ireland has dedicated national strategies, such as digital transformation, AI adoption, or the green transition, and strengthen the overall resilience and absorptive capacity of the RD&I ecosystem.

Figure 1.9 Type of Innovation; Barriers to Innovation, EU



Source: European Investment Bank Investment Survey 2024

Theme 2
Boosting FDI and Exports and Influencing at EU Level

- Ireland is a small and highly globalised economy with a strong export base comprising both outward-looking indigenous firms and multinational enterprises. We have also benefited from significant inward investment in high value, high productivity sectors.
- Geopolitical instability and the acceleration of deglobalisation are reshaping global trade, investment, and industrial policy. Recent shifts in US industrial and trade policy may be significant in terms of transatlantic economic relations, with non-trivial implications for investment flows and existing (particularly IP-intensive) assets. For a small, export-oriented economy like Ireland, these shocks highlight the need to strengthen strategic EU and global partnerships, deepen trade relationships with reliable partners, develop more resilient and diversified supply chains, and, critically, to invest in domestic capacity where appropriate.
- At the EU level, the publication of the Draghi Report and the Competitiveness Compass signal a shift toward a more coordinated and strategic approach to competitiveness. This will be to Ireland's benefit. Ireland must continue to advocate for EU policy reforms that reinforce the integrity of the Single Market and address barriers in energy, services, and capital markets. The Draghi and Letta reports highlight urgent reform priorities (including reducing fragmentation, completing Capital Markets Union, and advancing integration in services), which are directly aligned with Ireland's interests. Important Projects of Common European Interest (IPCEIs) offer a valuable mechanism to support industrial transformation and cross-border investment in strategic technologies. Ireland's participation to date has been limited, and there is a need for more proactive engagement to ensure smaller Member States can participate meaningfully.

- Reducing Ireland's exposure to sector-specific and market-specific shocks will require a broader export base, deeper engagement in new and emerging markets, and a more diversified FDI portfolio. A more resilient and agile economic model, anchored in strong but more balanced FDI and export performance, will be critical to safeguarding long-term prosperity. Enhancing Ireland's future FDI competitiveness will require an integrated approach, that encompasses site readiness (e.g. via Next Generation Sites), infrastructure, skills, planning and environmental licensing and permitting reform, and research, development and innovation. Addressing energy cost challenges through investment in grid infrastructure and EU-level electricity market reform (such as the treatment of infra-marginal pricing) will also be vital.
- This Action Plan proposes a range of measures to support the development of a more competitive, diversified, resilient, and outward-oriented industrial base. These actions are framed to align with national strategic objectives and ensure that Ireland's trade and investment model remains fit for purpose in a rapidly evolving global environment.

2.1 The Challenge Ireland is Facing

As an open economy with a small domestic market, the competitiveness of Irish exports in international markets has been a key determinant of our economic success. Ireland has a strong export base, comprising both outward-looking indigenous firms and multinational enterprises, that has underpinned growth, high-wage employment and sustained improvements in living standards. In particular, multinational enterprises have tended to dominate Ireland's export statistics. This reflects our success in attracting significant levels of inward investment in high value-added sectors, including pharmaceuticals, financial services and ICT, motivated by a stable and pro-business regulatory environment, our highly skilled workforce, and our membership of the EU single market. For a small, export-oriented economy like Ireland, recent economic shocks highlight the need to strengthen strategic EU and global partnerships, deepen trade relationships with reliable partners, develop more resilient and diversified supply chains, and, critically, to invest in domestic capacity where appropriate.

Addressing these challenges is essential to sustaining export-driven growth, while ensuring that Ireland can develop an agile and diverse enterprise base. Here, there is an opportunity for non-exporting indigenous firms to play a greater role, assisted by the rollout of national strategies in respect of market diversification, semiconductors, digitalisation and disruptive technologies. At the EU level, the competitiveness agenda has gained renewed urgency. The publication of the Draghi Report and the Competitiveness Compass signal a shift toward a more coordinated and strategic approach to competitiveness. This will be to Ireland's benefit.

These initiatives aim *inter alia* to close the innovation gap with global peers, reduce the EU's strategic dependencies, and strengthen the Single Market. For Ireland, deeper integration, particularly in respect of services and the creation of a Capital Markets Union, offers a pathway to expanding export opportunities for firms in Ireland, and attracting new investment, while supporting the scaling of capital-constrained SMEs.

EU initiatives such as the Clean Industrial Deal, the proposed Merger Guidelines, and Important Projects of Common European Interest (IPCEIs) aim to enhance scale, innovation, and strategic autonomy at the EU level. IPCEIs are large-scale, multi-country projects that can be used to overcome specified market failures. This mechanism allows member-states to enter into strategic partnerships alongside private firms – and with a role for partners such as third-level institutions and research organisations – using funding provided by both Governments and industry. In effect, IPCEIs allow governments to support firms through grant aid outside of normal State Aid rules.

These are a unique instrument for large-scale industrial collaborations across the Single Market and are becoming an increasingly important tool in EU industrial policy for fostering sustainable growth and boosting both the resilience and competitiveness of the EU. The new European Competitiveness Fund will also be a critical instrument in determining EU-wide research and innovation priorities, investing in and coordinating the development of ecosystems in strategic sectors.

Favourable State Aid rules apply under the IPCEI mechanism. The latter allows for public funding to be granted for certain projects that make an important contribution to the growth and productivity of the European industrial sector and to the achievement of the EU's strategic objectives. Since 2018, the European Commission has approved State Aid for at least one integrated IPCEI each year and a total of 10 integrated IPCEIs have been approved to date. In total, these have leveraged an overall investment of more than €100bn in just six years (consisting of State Aid of €37bn and matching private sector investment of €66bn). To date, Ireland has participated in just one IPCEI.

Ensuring that smaller economies can participate meaningfully in IPCEIs and similar initiatives will be essential for maintaining a balanced and inclusive EU industrial policy. Ireland must engage proactively to shape these strategies so that they support a level playing field and reflect the diversity of the EU economy.

At the same time, the evolving economic security agenda, including new investment screening and export control measures, will increase compliance demands on firms. These must be balanced with the need to preserve openness and agility in trade and investment flows, which are central to Ireland's growth model. Notwithstanding these challenges, Ireland's membership of the Single Market remains a core strength, providing a stable regulatory environment, and a powerful platform for attracting investment and scaling exports. Ensuring that emerging EU policies reinforce, rather than fragment, the integrity of the Single Market will be key to safeguarding Ireland's competitiveness in a shifting global environment.

Deepening European integration to improve Europe's economic growth potential will be crucial – both for the EU generally and Ireland specifically – in the years ahead. The forthcoming Irish Presidency of the European Council in the second half of 2026 offers Ireland a significant opportunity to push the reform agenda in the EU. Reform is needed at EU level to improve the functioning of the Single Market and thus increase European productivity. The recent reports by Enrico Letta and Mario Draghi set out the shortcomings of the Single Market and provide clear blueprints for reform.

Both reports stress the need to cut red tape and extend the Single Market into sectors that have proved resistant to integration such as energy, telecommunications and capital markets. The fragmentation of Europe's capital markets and banking sector is a real problem, resulting in smaller pools of capital, higher costs and lower returns. That, in turn, drives many innovative companies to the US. The EU has been debating these issues for many years. Ireland needs to continue to advocate for further European integration, including advancing the Savings and Investment Union as a route to addressing many of these. The Giovanni Reports of 2001 and 2003 set out proposals for deeper capital market integration. Yet progress to date has been very slow.

The IMF notes in its recent "Regional Economic Outlook for Europe" (October 2024) that "absent a strong reform effort, growth will remain below its full potential". The IMF notes that Europe's medium-term growth is projected to remain below the pre-Covid forecast levels due to a combination of structural shifts, growth impediments and lingering uncertainties. In particular, these include:

- Slowing labour force growth resulting from accelerating population ageing;
- Low investment rates relative to the capital stock; and
- Low productivity growth.

According to the IMF, European policymakers need to act decisively to lift Europe's growth potential. As well as prudent monetary and fiscal policy, structural policies, such as reform of the Single Market will be key. The Letta and Draghi reports come to a similar conclusion that Europe's low productivity is related to a lack of market depth and scale. Both reports link Europe's lack of competitiveness to Europe's incomplete Single Market in the trade of goods, services, capital and labour. Remaining barriers are still substantial and have resulted in less investment and innovation than necessary to accelerate growth and productivity. Two key structural reform priorities stand out for urgent attention. These are summarised in Table 2.1.

Table 2.1 Key EU Structural Reform Priorities

Reducing all remaining barriers to a fully functioning single market for goods and services
Key measures include opening up protected sectors such as financial services, telecommunications, and electricity, to more foreign competitors, improvements in border infrastructure and harmonised rules for businesses operating in different jurisdictions such as a common 28th corporate regime. These measures would reduce trade costs and increase the benefits of scale.

Advancing the EU Savings and Investment Union:
Developing a truly EU single market for financial services is particularly important to help increase financing for riskier, but potentially highly productive investments, while lowering lending costs. Concrete measures include completing the European Single Access Point (an online repository for corporate financial information), harmonising insolvency procedures, greater portability of pensions products streamlining cross-border withholding tax procedures etc.

Addressing cost pressures is also fundamental, particularly in energy and housing, which have a direct impact on enterprise competitiveness and Ireland's attractiveness for investment. High energy prices pose a sustained challenge for both energy-intensive industries and the broader enterprise base. Ireland must continue to engage actively at EU level to advocate for reforms to the electricity market design, including the treatment of infra-marginal pricing, to help stabilise costs and ensure a fairer reflection of renewable generation in wholesale prices. At the same time, greater investment in domestic grid infrastructure, renewable energy integration, and housing will be essential to relieve structural cost pressures and support sustainable investment and growth.

In parallel, efforts to diversify sources of inward investment and expand into new export markets will be critical to reducing Ireland's exposure to systemic and sector-specific risks. This includes broadening the range of source countries for FDI, supporting the internationalisation of indigenous firms, and deepening engagement in high-growth and emerging global markets. Enterprise Ireland is focused on building out a pipeline of highly innovative projects from the existing base and first-time food FDI. This will contribute to the sustainable growth of the sector, the creation of high-quality RD&I jobs, and an increase in value and diversity of exports within the food and beverage industry.

A more diversified and resilient economic model that is anchored in strong FDI and export performance, will be essential to safeguarding Ireland's long-term prosperity. It will also help cushion the economy against external shocks, regulatory shifts, and changes in global demand patterns, while supporting more balanced regional development and enterprise growth.

While Ireland must – and will – continue to advocate at an EU level on these issues, it is also fundamental that we act to address those challenges which fall within domestic control. Enhancing our export competitiveness and our FDI proposition will require a coherent and coordinated approach to policy, encompassing infrastructure, planning, environmental licensing and permitting, research, development and innovation (RD&I), and skills. Underinvestment in key infrastructure is limiting Ireland's ability to attract the next wave of FDI. The availability of suitable, development-ready sites is becoming a key determinant of success in attracting next-generation FDI.

In particular, as global competition intensifies, driven by shifts in industrial policy, supply chain realignment, and open strategic autonomy, the ability to offer large, well-serviced sites with minimal delays and planning risk will provide a key competitive edge. In this context, Next Generation Sites (NGS) are essential to securing Ireland's future pipeline of high-value FDI. As sectors such as MedTech, semiconductors, clean technology, and advanced manufacturing evolve, investors are likely to prioritise site readiness, infrastructure access, and permitting certainty. Developing a portfolio of large, investment-ready sites will be critical to ensuring that Ireland remains a credible location for major projects. The proactive delivery of NGS will help shorten lead times, and can enhance regional investment spread, and help future-proof Ireland's FDI offering in a more contested international investment environment.

This chapter sets out an analysis and a way forward for enhancing Ireland's FDI offering. In tandem, it also proposes measures to enhance our export competitiveness – for *both* the MNC and SME sectors of the economy – through an expanded export base and the diversification of export markets. It draws on the latest evidence to identify priority actions.

2.2 Benchmarking Ireland's Performance

Shaped by high levels of trade and FDI, Ireland's economy is one of the most globalised in Europe. Using key indicators, we can benchmark Ireland's openness, trade structure, and FDI position against our EU counterparts. These metrics (spanning trade openness, export concentration, services intensity, and FDI positioning) help to quantify the unique structure of Ireland's economic model. In particular, they highlight Ireland's exceptional strength in internationally traded services, and our reliance on FDI as a driver of growth.

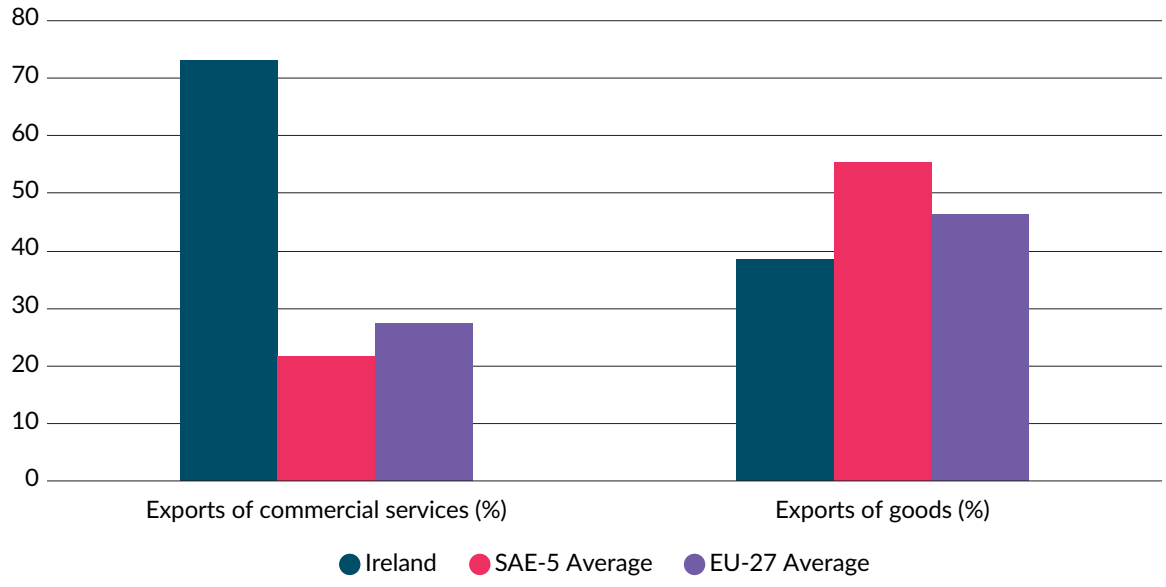
At the same time, they reveal important structural characteristics, such as a concentrated export profile and negative net investment position, which differentiate Ireland from both the EU-27 average and the group of small, advanced economies that comprise the SAE-5 (i.e. Denmark, Finland, Austria, Belgium, and the Netherlands). These metrics provide a data-driven overview of these dynamics, supporting a more informed understanding of Ireland's position within the global economy and the risks and opportunities it faces in an increasingly fragmented international landscape.

Exporting goods and services

Overall, Ireland's trade-to-GDP ratio is significantly higher than the EU-27 and SAE-5 averages (at 202, versus 158 and 168 respectively). In particular, Figure 2.1 shows that Ireland performs comparatively well in the export of commercial services. As a percentage of GDP, data for 2023 shows the value of commercial services exports for Ireland far exceeded the EU-27 and the SAE-5 averages. This reflects our competitive strength as a hub for globally traded services, particularly in areas such as ICT, finance, and professional services.

However, Ireland's goods exports as a percentage of GDP fall below both the SAE-5 and EU-27 averages. This suggests that, relative to peer economies, Ireland's export mix is more heavily weighted towards services rather than goods. This is consistent with an industrial structure that has been largely FDI-driven, and an economy that hosts significant investments by large multinational firms within the ICT, financial and professional services sectors, and that has significant holdings of intellectual property assets.

Figure 2.1 Exports as a percentage of GDP, Ireland vs. EU-27 and SAE-5



Source: WTO

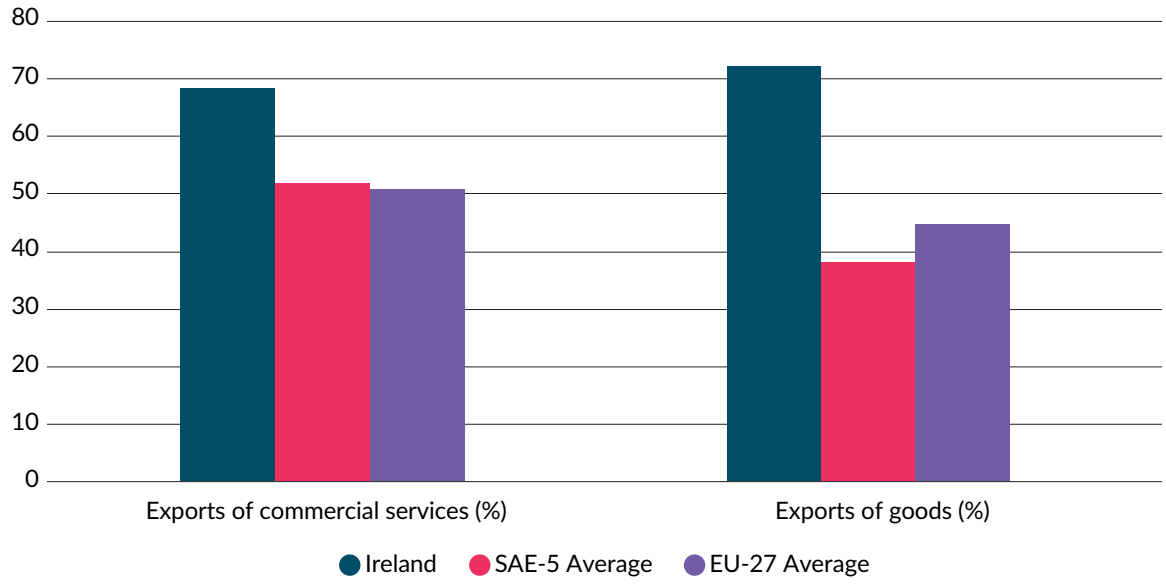
Export concentrations

Ireland has a relatively narrow export base compared to both the EU-27 and SAE-5 averages. This holds true in terms of both export concentration by product and by trade partner. This suggests a greater vulnerability to shocks in key sectors or partner countries. As shown in Figure 2.2, Ireland's export structure appears relatively more reliant on a smaller number of goods, likely reflecting the dominance of sectors (such as high-value pharmaceuticals).

The US is Ireland's single largest export market. Close to one-third (€73bn) of all Irish goods exports in 2024 (€224bn) went to the US. Goods exports increased by 232% between 2013 and 2022 from €19bn to €63bn. Four broad sectors account for the vast majority of all Irish exports to the US – Medicinal and pharmaceutical products (60%), Organic chemicals (13%), Professional, scientific and controlling apparatus (6%), and Essential oils, perfume materials, toilet preparations etc. (5%).

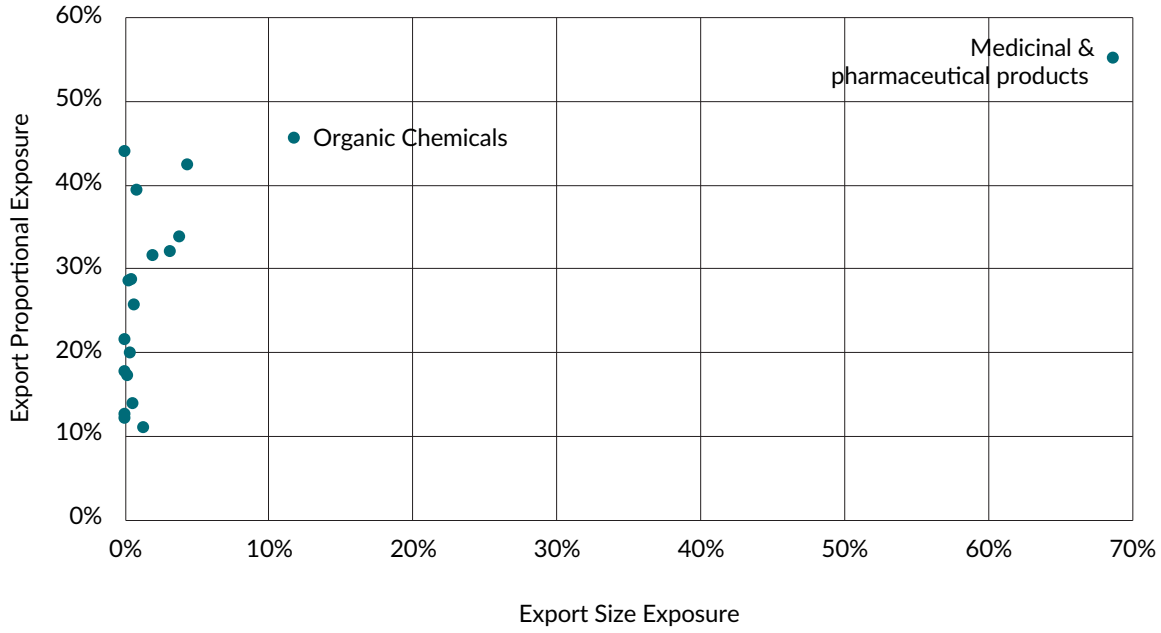
In terms of Irish goods exports, Figure 2.3 shows both the size exposure (i.e. the share of that product in total Irish exports to the US) and the proportional exposure (i.e. the share of the US in that product's total exports) to the US market. An Exposure Index value can be derived as a weighted sum of the size and proportional exposure values. The highest Exposure Index values are attributed to Medicinal and Pharmaceutical Products, Tobacco, Organic Chemicals, and Professional, Scientific and Controlling Apparatus and Miscellaneous Manufactured Articles (medical devices).

Figure 2.2 Export concentration – goods, Ireland vs. EU-27 and SAE-5 averages



Source: UNCTAD. Note: Based on UNCTAD data for 2022. Refers to the top five named countries, and products, as a per cent of total exports respectively.

Figure 2.3 Goods Exports, Proportional and Size Exposure



Source: Based on trade data from the CSO, including the 12 months to March 2025.

Ireland records a net direct investment position of -42.1% of GDP, significantly below the EU-27 average of 7.1% and the SAE-5 average of 27.9% (based on 2022 UNCTAD data). This negative balance reflects the high presence of foreign-owned assets in Ireland and the outflow of income associated with these investments. While this is consistent with the significant levels of FDI in Ireland, it implies a relative vulnerability to the repatriation of profits.

Overall, Ireland's strong relative position in services exports and deep integration into global FDI networks represent key domestic strengths, but they are accompanied by structural vulnerabilities in trade concentration and external investment exposure. Maintaining competitiveness in services, diversifying the export base, and actively managing the risks of over-concentration will be critical in adapting to a more fragmented and uncertain global economic environment.

Export participation rates

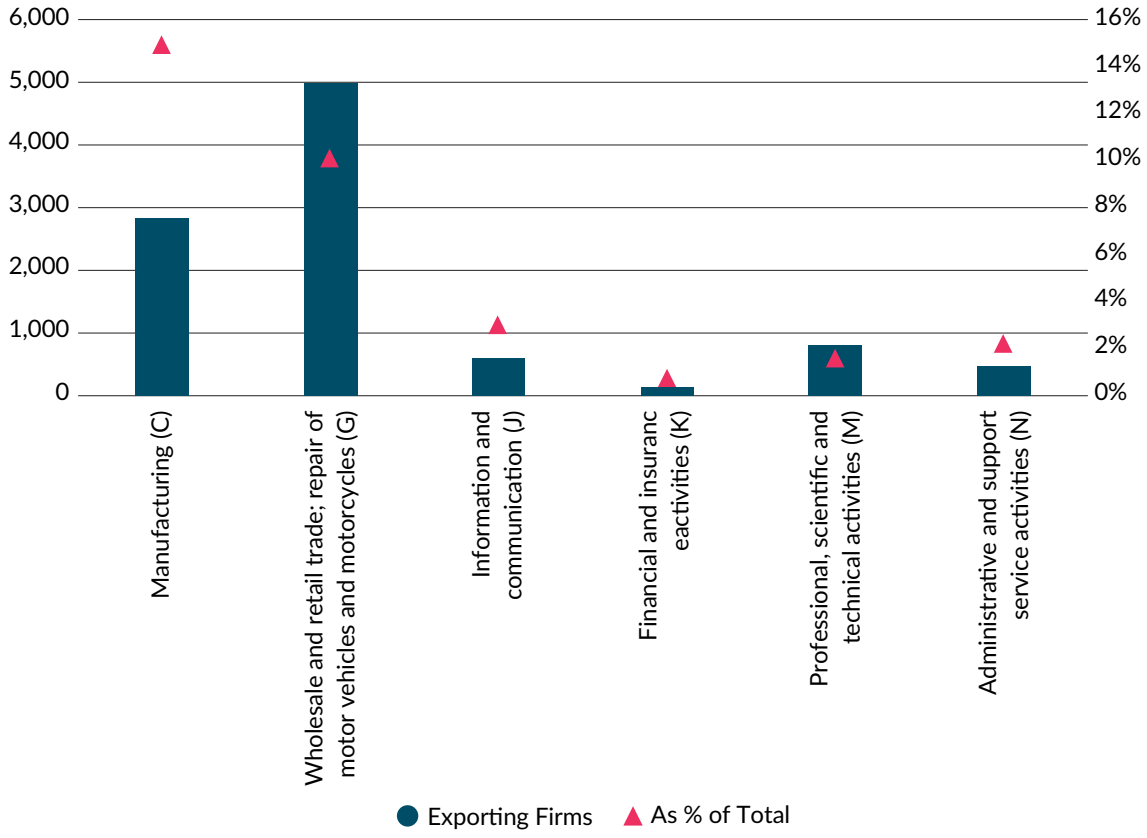
Ireland's exporting activity is concentrated in a relatively small number of firms and sectors. While the economy is highly globalised in value terms, relatively few enterprises across most sectors are engaged in exporting. Figure 2.4 below illustrates export participation rates by sector, highlighting both strengths and untapped potential, particularly in respect of tradable services. However, it is important to note that these are broad sectoral classifications, and there can be considerable differences in the type of activity firms are engaged in within the same sectoral grouping.

Export participation is strongest in the manufacturing (15%) and the wholesale and retail trade (10%) sectors. Meanwhile, participation in high-value, tradable service sectors like ICT, professional services, and financial services, is surprisingly low, despite global market potential. This signals that there is potentially a large pool of firms that may have the capacity to export but haven't yet done so.

Overall, Ireland's export activity is highly concentrated among a small share of firms. Only 3% of all enterprises are exporting goods. Among SMEs, which make up the vast majority of active firms, just 3% engage in exporting. In contrast, 53% of large enterprises (250+ employees) are exporters, highlighting the stark difference by firm size.

This pattern reflects the dominant role of multinational and capital-intensive firms in Ireland's trade performance, while the broader base of domestic enterprises remains largely absent from international markets. The network of Local Enterprise Offices will continue to play an active role in increasing the number of small indigenous businesses that are exporting.

Figure 2.4 Export Participation Rates by Sector



Source: 1 – CSO's Business in Ireland 2022; 2 – CSO's Trade by Enterprise Size 2022.

The focus of the Local Enterprise Offices in the period of 2026 – 2030 will be on enhancing the competitiveness and productivity of small businesses, with a strong emphasis on exports, decarbonisation and digitalisation. In response to potential economic headwinds, the LEOs[8] will increase the number of small businesses exporting and will contribute to the target set by Enterprise Ireland of 1,700 additional Irish-owned exporters by 2029. The period from 2026 – 2030 will see a ramping up of the green and digital supports that are available to all small businesses – Green for Business, Energy Efficiency Grant, Digital for Business and Grow Digital.

These grants are critical to drive competitiveness and productivity in small businesses – which have been identified as lagging in this regard. The LEOs will increase the number of priming, feasibility and business expansion grants to help more manufacturing and internationally traded service businesses to expand, grow and diversify export markets. This drive for new exporters will be enabled by the Market Explorer Grant which will also be increased.

Contribution of foreign-owned corporations

The economic contribution to Ireland as a result of foreign direct investment has expanded significantly in the last twenty years. This is evident when analysing data from foreign-owned enterprise development agency client firms. This section describes the economic impact of such firms operating in Ireland. As of 2024, 268,157 people are employed by foreign-owned firms operating in Ireland (Figure 2.5a). This is a ~56% increase on the level of employment of such firms compared to 2000 (when 172,134 were employed). Although employment levels declined for several years after 2007, since 2010 growth has been steady and by 2017 employment levels had exceeded those pre-great financial crash.

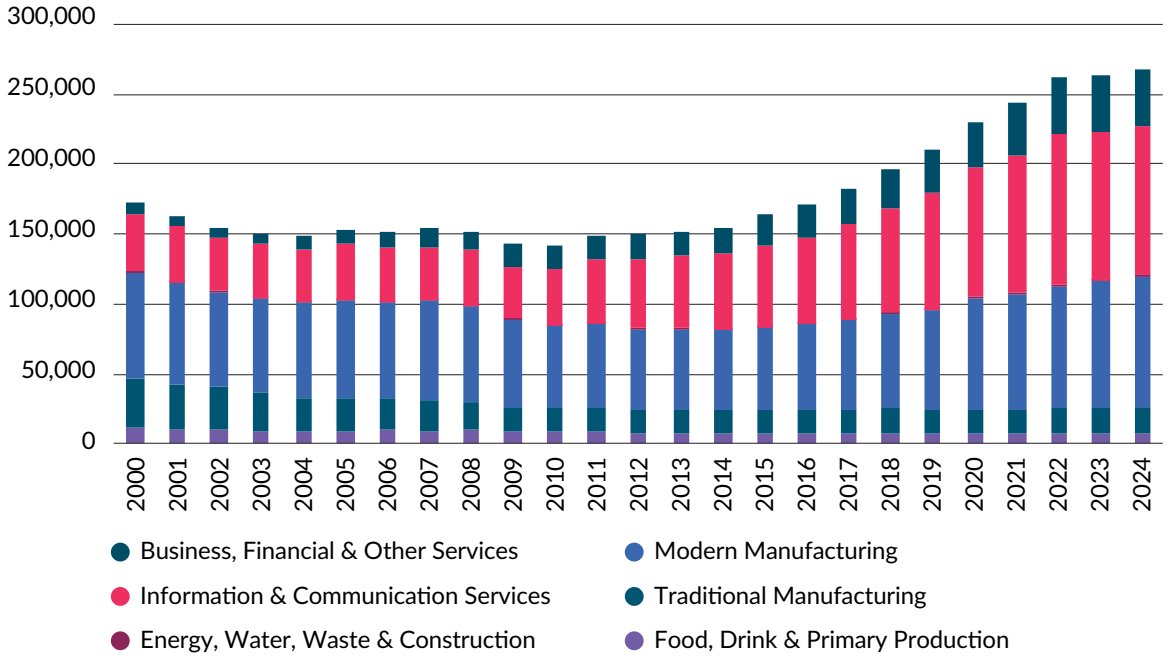
Referring to Figure 2.5a, the broad sectors, 'Modern Manufacturing', 'Information and Communication Services', and Business, Financial & Other Services' are the largest employers, at 93,189, 106,609 and 41,009 people employed respectively (~90% of employment by foreign-owned companies). On a regional basis (see Figure 2.5b), as of 2024, Dublin has the highest share of those employed by foreign-owned firms, at ~43% (116,520), followed by the South-West (~15% or 40,473) and the West (~11% or 28,893). Employment growth from 2000-2023 in the Border regions (~61%), the West (~100%), Dublin (~95%), the South-East (~57%) all exceed average employment growth in foreign-owned firms (~56%). The Midlands and the Mid-East have experienced an employment decline in said firms, declining by ~4% and 7% respectively.

Since 2012, the proportion of total employment contributed by foreign-owned firms increased from 8% to about 10% in 2024 (Figure 2.6a). The largest employing sectors in this cohort are 'Modern Manufacturing' (~3%) and 'Information & Communication Services' (~4%). As of 2024, foreign-owned firms contribute proportionally less to employment (Figure 2.6b) in the Midlands (4.8%) and the Mid-East (4.6%) than in 2012 (5% & 4.7%).

Dublin has experienced the greatest acceleration in proportional employment by foreign-owned companies over the period, increasing from ~10% in 2012 to over 14% in 2024. Regions experienced a spike in proportional employment during 2020 when pandemic restrictions came into effect. This spike was due to a higher proportion of Irish businesses (primarily SMEs in the tertiary sector) forced to temporarily close, compared to foreign-owned MNCs. Most regions have met or exceeded pre-pandemic norms for proportional regional employment.

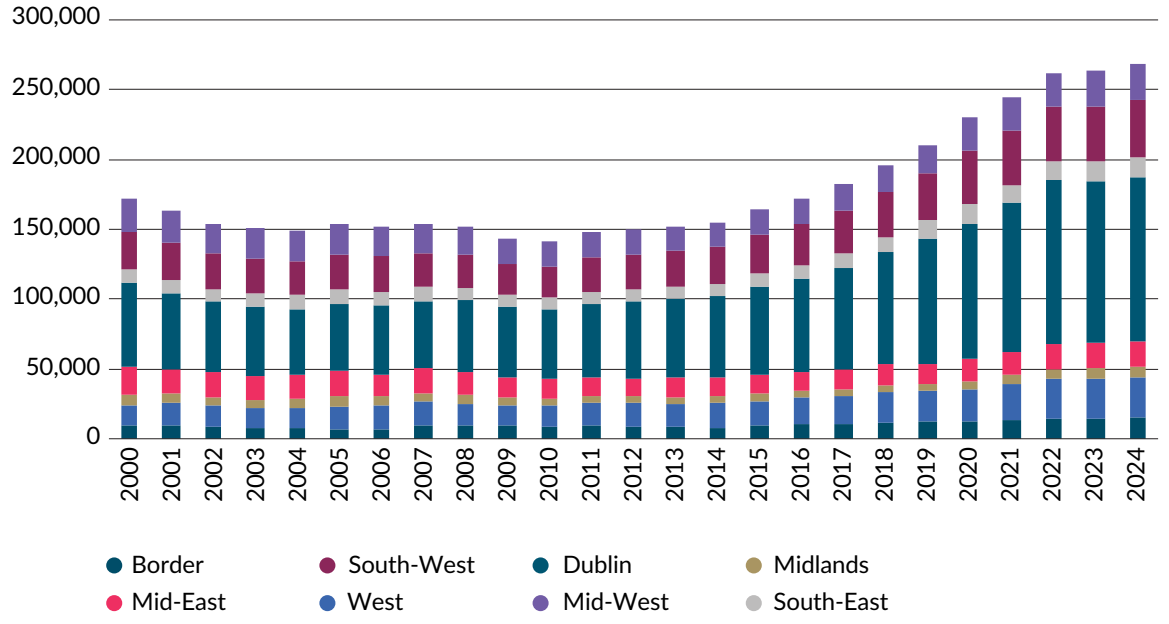
8. Local Enterprise Offices Policy Statement 2024-2030

Figure 2.5a Employment in Foreign-Owned Firms by Broad Sector, 2000-2024



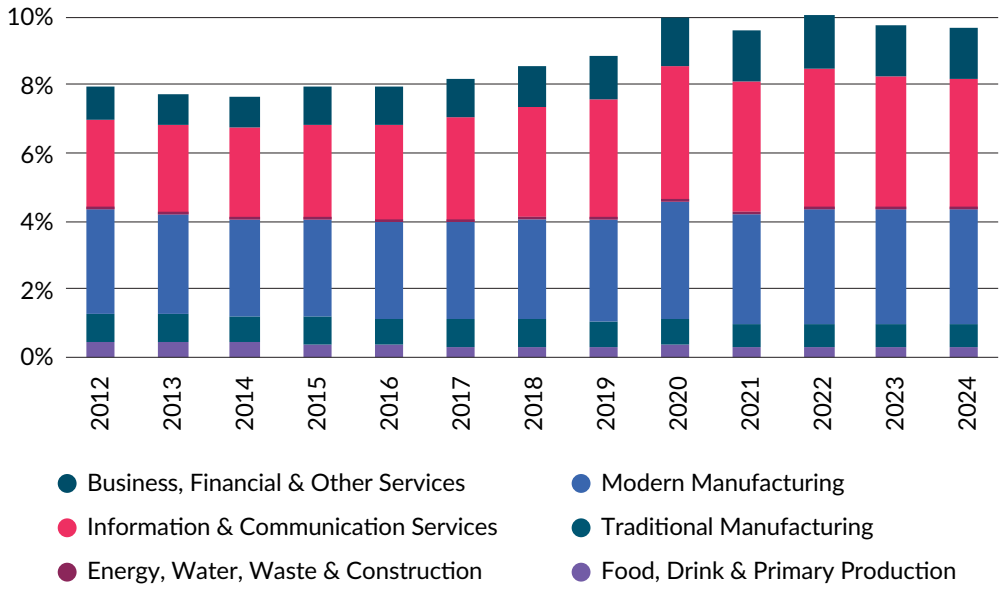
Source: DETE

Figure 2.5b Employment in Foreign-Owned Firms by NUTS3 Region, 2000-2024



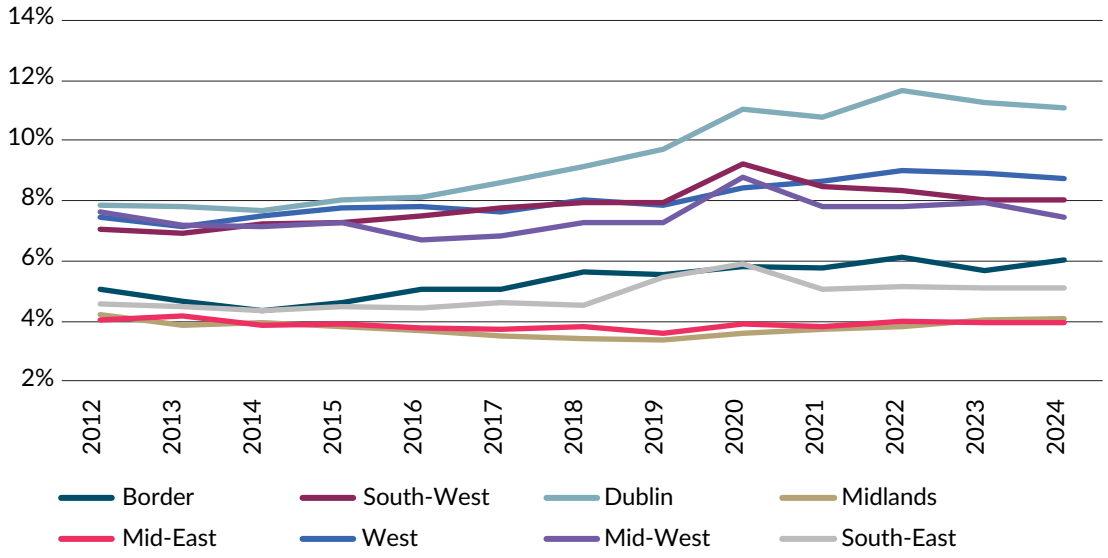
Source: DETE

Figure 2.6a Contribution to Economy-Wide Employment by Foreign-Owned Firms, by Broad Sector, 2012-2024



Source: DETE, CSO, DETE Calculations

Figure 2.6b Contribution to NUTS3 Regional Employment by Foreign-Owned Firms, 2012-2024



Source: DETE, CSO, DETE Calculations

Ireland's Participation in IPCEIs

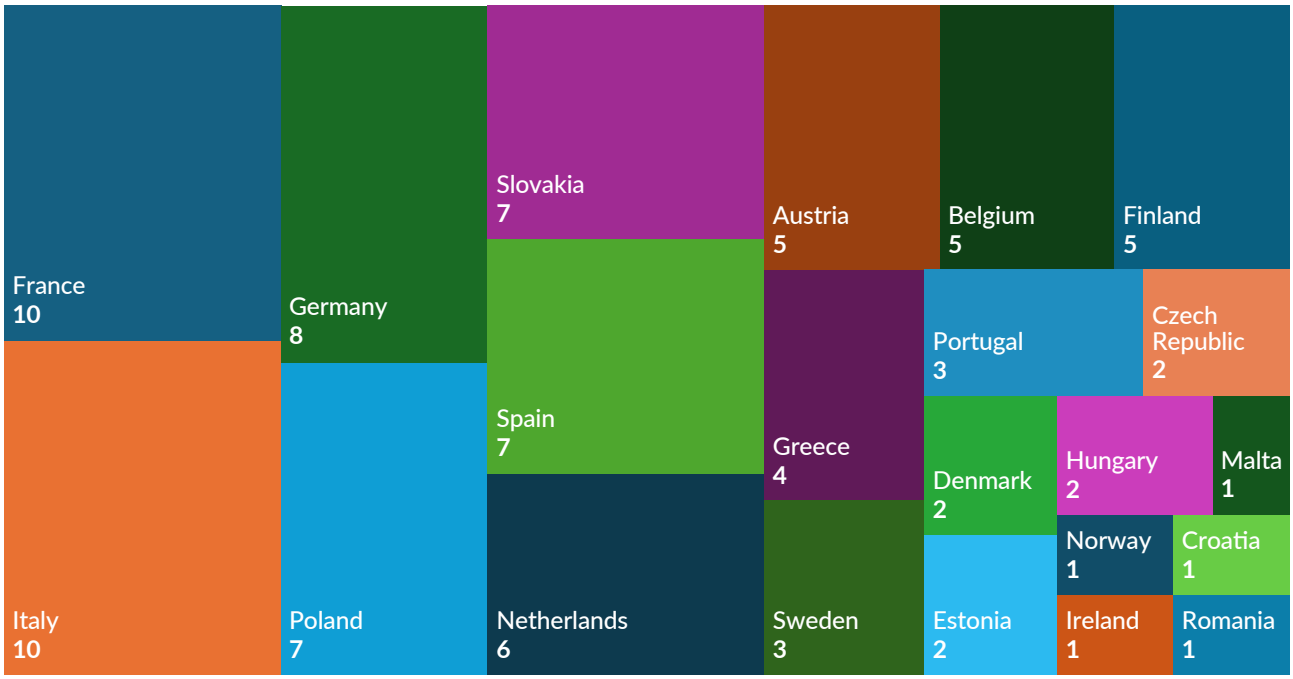
The evolving EU State Aid framework (particularly through more flexible rules under the Temporary Crisis and Transition Framework or TCTF) offers Ireland the opportunity to support strategically important sectors while remaining within EU competition rules. This means that there is scope for targeted support in areas such as green technologies and digital transformation.

In parallel, for Ireland, deeper participation in IPCEIs could help accelerate the development of capabilities in critical technologies, strengthen links with EU value chains, and unlock co-investment opportunities in areas such as semiconductors, hydrogen, and advanced manufacturing. IPCEIs offer a valuable mechanism to channel public and private investment into high-impact, cross-border innovation and industrial projects. To realise these benefits, proactive coordination, enterprise readiness, and strategic alignment with EU priorities will be essential.

As shown in Figure 2.7, Ireland's participation in IPCEIs to date has been limited, particularly when compared to larger Member States that have actively leveraged these initiatives. Strengthening Ireland's ability to engage in future IPCEIs represents an opportunity to deepen integration into EU value chains and access critical technologies that are strategically aligned with long-term competitiveness goals.

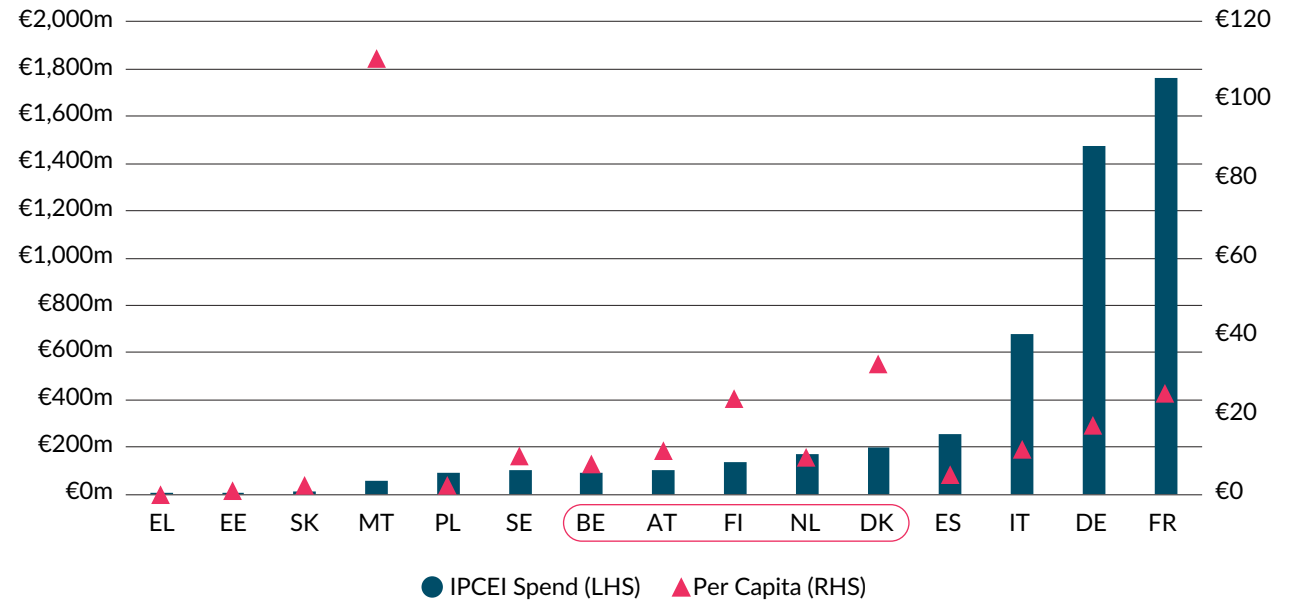
Figure 2.8 shows that, in terms of the amount spent on State Aid in the execution of IPCEIs, larger Member States dominate. Specifically, France and Germany lead, followed by Italy. In comparison, the SAE-5 group have spent an average of approximately €140m on IPCEIs over 2018-2023. Under the TCTF, this group has spent an average of €663m in State Aid, compared to Ireland's €370m (see Figure 2.9).

Figure 2.7 Number of IPCEI Projects by EU Member State



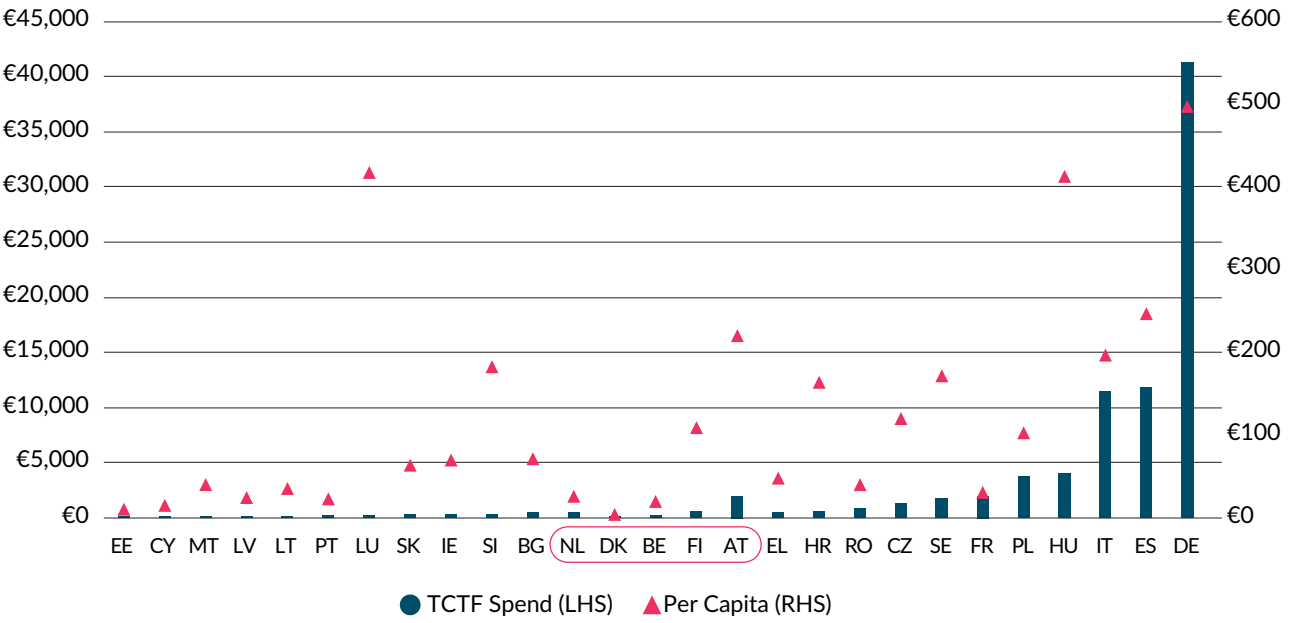
Source: European Commission

Figure 2.8 State Aid Expenditure to Promote Execution of an IPCEI, 2018-2023



Source: European Commission. Notes: Red circle refers to the group of SAE-5 economies (Belgium, Austria, Finland, the Netherlands, and Denmark), which have spent a combined sum of €698.5m over 2018-2023 on IPCEIs, or an average of €139.7m per economy. As this data includes amounts spent up to end-2023, Ireland is not included – Ireland signed up to the first IPCEI ("Second IPCEI on Microelectronics and Communication Technologies") in June 2023. Population data refers to 2023, and is from Eurostat.

Figure 2.9 State Aid Expenditure under the TCTF, 2022-2023



Source: European Commission. Notes: Red circle refers to the group of SAE-5 economies (Belgium, Austria, Finland, the Netherlands, and Denmark), which have spent a combined sum of €3.3bn over 2022-2023 under the TCTF, or an average of €662.8m per economy. Ireland has spent €370m.

Theme 3
Creating and Scaling More SMEs

- Small and Medium sized (SME) businesses are vital to Ireland's success and are central to our ability to build a broad-based and successful economy and wider society.
- Enhancing the SME base in Ireland offers an opportunity not only to grow the economy and enhance living standards but also to increase the resilience of the Irish economy to exogenous international shocks and better balance the economy between the indigenous and MNC sectors.
- The OECD's 2019 Report on "SME and Entrepreneurship Policy in Ireland' notes that SME business dynamism and the startup rate have been relatively low, Irish SMEs are not very active in international markets, and SME productivity growth has been stagnant.
- Part of the answer to this problem lies in increasing the international presence of Irish high-potential start-up (HPSU) enterprises through greater exporting and international scale-up and increasing the numbers of Irish 'born global' enterprises.
- A funding gap exists for firms in Ireland looking for equity finance to scale up. As a result of this gap, founders of successful start-ups can be more likely to sell up or seek finance abroad, which typically results in relocation of the business with the accompanying loss of jobs and knowledge to the State.
- Ireland only ranks 16th globally in the 2025 StartupBlink Global Startup Ecosystem Index, showing a modest improvement from the previous year.

- According to recent OECD findings[9], early-stage entrepreneurship continues to face significant challenges, particularly in accessing venture capital and in the underperformance of new business formation. Despite these obstacles, the period from 2020 to 2023 witnessed a marked increase in the emergence of high-growth firms and unicorns. This contrast highlights both the potential of the innovation ecosystem and the persistent structural barriers to scale, namely, a fragmented support landscape and chronic under-capitalisation. These findings reinforce the urgent need to build a more cohesive and well-capitalised innovation ecosystem to support sustainable entrepreneurial growth. The equity funding gap in Ireland is particularly significant, with over half of firms stating that they did not secure sufficient equity financing to meet scaling needs over the preceding three years.
- Across almost all asset classes internal finance is used extensively. The lack of alternative sources of finance used to acquire digital technologies such as data analytics software and AI infrastructure does warrant concern given the substantial productivity gap between MNEs and SMEs in Ireland. The same is also true of investments under the climate category which would include investments in low carbon/climate mitigation assets given the need to decarbonise Irish industry and to improve energy security.
- Despite the availability of various tax incentives to aid entrepreneurs in doing do, Irish SMEs have voiced difficulties in their efforts to avail of such schemes. For example, as regards the Employment Investment Incentive, which is a tax relief aimed at individual investors in unquoted SMEs. In a ScaleIreland survey, 47% of respondents stated that it was not relevant to their company, with 37% stating that the process was either difficult or very difficult.
- This Action Plan proposes a range of measures to pivot towards an SME model which can support growth, innovation and competitiveness.

3.1 The Challenge Ireland is Facing

As a small open economy that is critically dependent on foreign direct investment, economic and geopolitical events over the past few years have highlighted Ireland's vulnerability to exogenous shocks. Small and Medium sized (SME) businesses are vital to Ireland's success and are central to our ability to build a broad-based and successful economy and wider society. Enhancing and revitalising the SME base in Ireland offers us an opportunity not only to grow the economy and enhance living standards but also, as outlined in the 2022 White Paper on Enterprise, to increase the resilience of the Irish economy to exogenous international shocks and better balance the economy between the indigenous and MNC sectors.

In 2022, the Central Statistics Office estimated the contribution that small to medium sized enterprises make to the Irish economy. SMEs accounted for 68% of all employment and 41% of gross valued added across the economy. The OECD's 2019 Report on "SME and Entrepreneurship Policy in Ireland' notes that SME business dynamism and the startup rate have been relatively low, Irish SMEs are not very active in international markets, and SME productivity growth has been stagnant.

9. Supporting start-up globalisation in Ireland through incubation and acceleration, OECD, 2024

The OECD Report states that while Ireland offers a favourable regulatory environment and low taxation, access to finance remains problematic and incentives could be strengthened for investment in SMEs and entrepreneurship. The OECD view is that Ireland has many SMEs with low productivity compared to the frontier firms in their industry. The causes include prolonged use of low productivity techniques, underinvestment in capital, weak management practices, insufficient digital technology adoption and limited direct entry into export markets.

Despite the important contribution the SME sector makes to the Irish economy, more could be done to provide an environment conducive to SME growth. While other European countries have established national startup platforms and scale up strategies, Ireland has yet to unify its startup support programmes in a similar fashion. Recognising the importance of targeted support to startups, the OECD has identified incubators and accelerators as critical channels for fostering start-up globalisation. These platforms offer tailored mentorship, resources, and networking opportunities specifically designed for start-ups with the potential and ambition to scale internationally.

To build on this insight, the Department of Enterprise, Tourism and Employment commissioned the OECD to conduct a review of Ireland's accelerator and incubator ecosystem. The resulting report, "Supporting Start-up Globalisation in Ireland through Incubation and Acceleration", highlighted key challenges and opportunities within the Irish start-up landscape. A key finding from the report is that "the overall incubation and acceleration system is fragmented and would benefit from a co-ordinating entity or network". Drawing on international best practices, the OECD highlighted the success of national startup platforms in countries like Sweden and Estonia and recommended that Ireland adopt a more unified and strategic approach to maximise the impact of its support structures for globally scalable start-ups.

A funding gap exists for firms in Ireland looking for equity finance to scale up. As a result of this gap, founders of successful start-ups can be more likely to sell up or seek finance abroad, which typically results in relocation of the business with the accompanying loss of jobs and knowledge to the State. The risk is that we could end up being an incubator for other world regions. This is a risk for Ireland alone but also for the European Union more generally. At times of economic disruption, this funding gap tends to increase as the investment market becomes more risk averse. State interventions that make public investment available, counter those cycles and encourage more private investment, with its expertise, into Irish firms by reducing the risk.

Investment survey data compiled by the European Investment Bank also reveals a reluctance on the part of broader European enterprise to invest to expand capacity given economic shocks over the past five years in addition to underlying concerns about regulatory activity and political developments. As SMEs make a significant contribution to the economy, the obstacles that they face in relation to scaling will potentially constrain economic growth and stifle innovation. By enabling SMEs to effectively scale, this would reduce our economic dependence on the multinational base. The State has a key role to play in developing and catalysing the funding ecosystem. This should be done by directly adding to the supply of capital in the market, encouraging more pension and institutional investment in Irish firms, and reviewing tax measures.

3.2 Benchmarking Ireland's Performance Internationally

Start-up Ecosystem and Funding

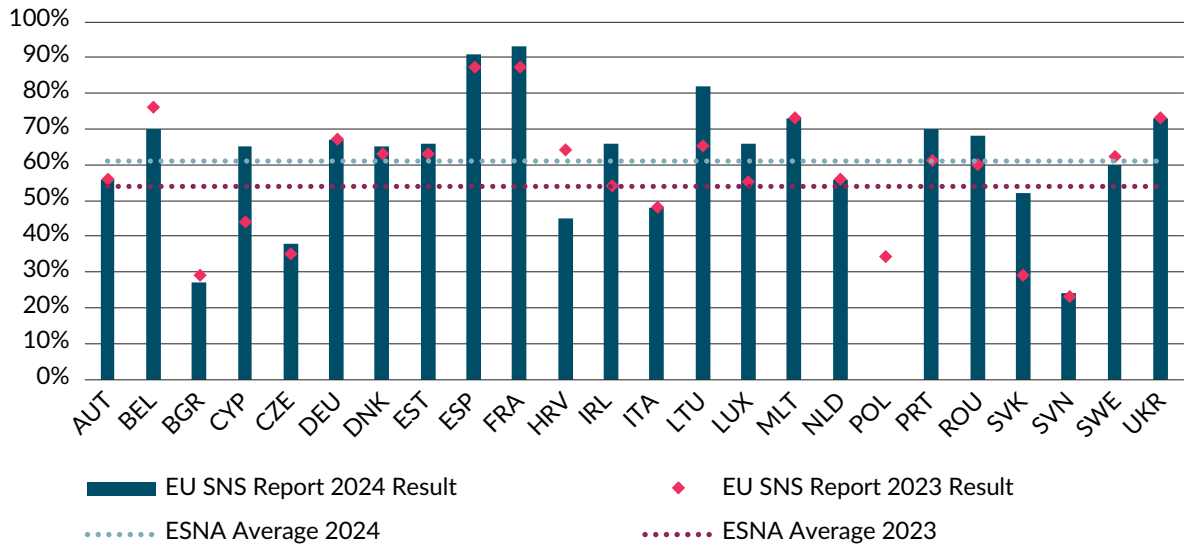
Ireland's startup ecosystem faces macro and firm-level challenges that threaten its long-term competitiveness. In 2024 the OECD[10] highlighted six critical weaknesses from ecosystem fragmentation to poor international connectivity and infrastructure deficits. International benchmarking adds further urgency.

Ireland ranks 11th in the European Startup Nations Alliance Ecosystem Ranking (see Figure 3.1), lagging behind countries like France, Lithuania, and Portugal with significant room to improve in talent attraction, finance access, and regulation. It is worth nothing that leading startup countries in Europe such as France, Estonia, and Denmark have implemented national startup platforms and scale-up strategies to accelerate founder journeys. Irish support systems, according to the OECD assessment of Ireland's startup support system, is fragmented and would benefit from a co-ordinating entity or network.

Ireland ranks 16th globally in StartupBlink's Global Startup Ecosystem Index for 2025 showing a modest improvement from the previous year. Ireland is part of the Small Advanced Economies Initiative, a group of high-performing, innovation-driven countries. Israel and Singapore lead the group, placing third and fourth respectively (behind the US and the UK), while Switzerland and Finland also outperform Ireland, ranking ninth and fifteenth. Denmark in seventeenth place trails Ireland by one place, and New Zealand was not included in the rankings.

The OECD's Entrepreneurial Ecosystem Diagnostics Report 2025 is a benchmarking tool that evaluates how well countries support entrepreneurship. It scores national ecosystems across ten input elements such as finance, talent, and infrastructure alongside outputs like startup formation and growth, and the inclusiveness of entrepreneurial activity. Ireland performs well in institutional quality, but scores below leading OECD countries in other areas such as entrepreneurial networks, infrastructure and access to finance.

Figure 3.1 European Startup Nations Alliance Ecosystem Ranking (2024)



Source: ESNA, based on official data from Members Countries

10. Supporting start-up globalisation in Ireland through incubation and acceleration, OECD, 2024

While Ireland is regarded by the OECD as exceling in producing high-growth firms and unicorns, it lags in early-stage startup formation and venture capital access. The OECD scores highlight a fragmented support landscape and under-capitalization as key barriers to scale. Addressing these gaps through coordinated national strategies and targeted investment could significantly enhance Ireland's global competitiveness.

Start-up and Scale-up Funding

One major factor preventing Irish SMEs from scaling is access to finance. Survey data collected on behalf of the Department of Enterprise (and due to be published in mid-2025) indicates that there is an equity gap for scaling firms in Ireland. During times of economic disruption these financing gaps tend to increase as the investment market becomes more risk averse. The existence of a funding gap would not be surprising given the economic shocks that have shaken the European economy over the past few years. However, the equity funding gap in Ireland is particularly significant, with over half of firms stating that they did not secure sufficient equity financing to meet scaling needs over the preceding three years. This data encompasses firms that did not acquire financing and firms that acquired less than the required amount.

The survey data implies that there are gaps across all funding ranges, with international capital only being available at the +€10m range. Respondents have claimed that Irish Venture Capital funds are too small to execute scaling strategies where more financing is procured at a later stage, with late-stage VC deal sizes being smaller than the European average. Risk aversion by Irish investors and a limited selection of financiers have contributed to undercapitalisation at earlier stages of the scaling process, with firms not hitting the required metrics necessary to expand. If this gap in equity finance persists, there is a risk that Irish firms will seek financing from abroad and relocate to where their investors are located.

Respondents agreed that further state intervention was needed to incentivise private capital and to increase the size of later stage funds available. The lack of institutional investment by mutual funds was flagged as a major issue alongside other regulatory barriers and tax incentives. Fund managers and other stakeholders surveyed recommended that any proposed intervention should facilitate the provision of patient capital and take action to prevent peaks and troughs in fundraising. Demand side challenges stemming from a lack of financial acumen and knowledge of equity finance should also be addressed.

Sweden's Investeringssparkonto (ISK) incentivises private saving and investment, and participation in capital markets, by simplifying tax and reducing friction. The ISK is a tax-efficient investment savings account that applies a flat annual tax, instead of taxing each gain or dividend. It offers tax-free savings up to SEK 150,000 (SEK 300,000 from 2026).

Research conducted by the ESRI indicates that SMEs experience difficulties accessing funds beyond equity financing.[11] 27% of firms surveyed in 2024 stated that access to finance was a barrier to expansion. Data was also collected on the investment financing structure employed for different asset categories:

11. SME investment report 2024: Developments between 2016 and 2023, ESRI, May 2025.

Table 3.1 Average Structure of Investment Financing (%)

Financing source	Buildings		Vehicles		Other fixed		Intangibles		Digital		Climate	
	2021	2023	2021	2023	2021	2023	2021	2023	2021	2023	2021	2023
Internal finance	80.6	85.2	65.2	55.3	79.9	83.1	86	89.7	91.8	95.6	76.3	86.7
Leasing	0.9	1.4	25.6	32	7.6	6.6	2.6	1.4	1.2	0.8	12.3	5.7
Bank loans	11	8.2	2.7	7.6	3.3	4.2	4.4	6.8	0.5	0.3	3.6	4
Non-banks	0.9	0.8	4.3	2.8	4.2	1.7	7.1	1.2	0.7	0.3	4.5	2.1
Owners' equity	4.1	1.5	2	0.9	2.8	1.8	0	0.1	3.7	2.1	2.6	0
External equity	1.8	1	0	0.3	1.7	2.2	0	0.7	2.2	0.8	0	1.2
Supplier credit	0.7	1.5	0	1.1	0.6	0.5	0	0	0	0	0	0
Other/refused	0	0.4	0.2	0	0	0	0	0	0	0	0.7	0.3
Total	100	100	100	100	100	100	100	100	100	100	100	100
Observations (n)	125	201	166	330	235	461	48	49	160	270	72	147

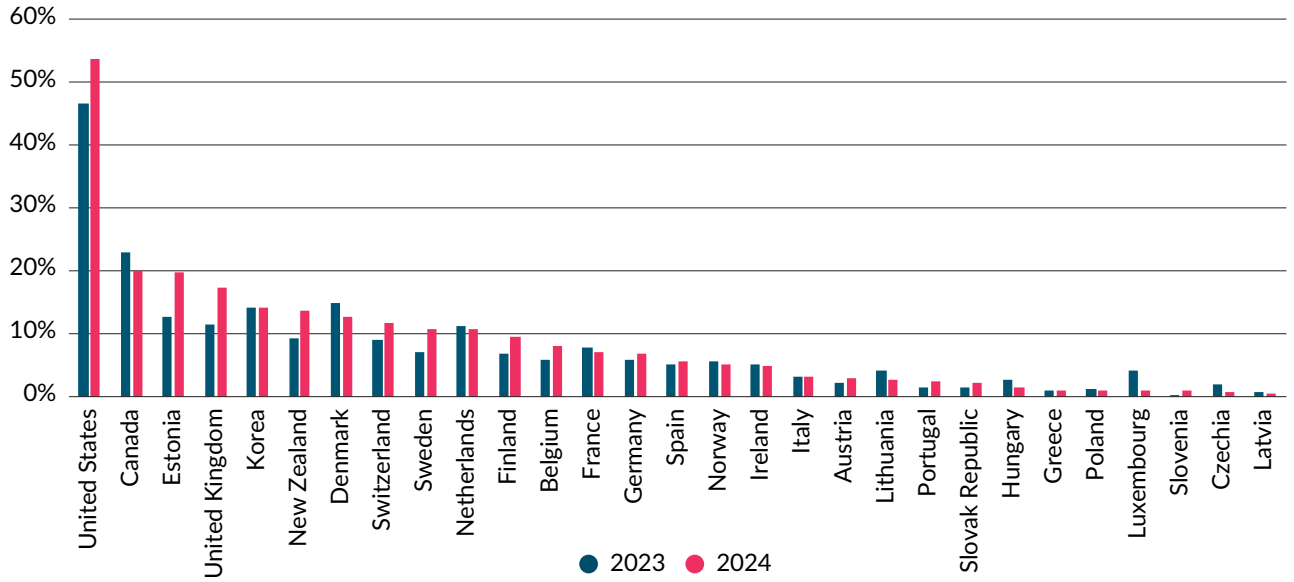
Source: Department of Finance Credit Demand Surveys, 2022 and 2024

Across almost all asset classes internal finance is used extensively, with vehicles being the primary exception. The lack of alternative sources of finance used to acquire digital technologies such as data analytics software and AI infrastructure does warrant concern given the substantial productivity gap between MNEs and SMEs in Ireland.

The same is also true of investments under the climate category which would include investments in low carbon/climate mitigation assets given the need to decarbonise Irish industry and to improve energy security. Constraints on access to finance by Irish SMEs are also highlighted in international benchmarking studies.[12] For example, venture capital activity seems to make a lesser contribution to Irish economic activity relative to other similarly developed countries.

12. OECD Financing SMEs and Entrepreneurs Scoreboard: 2025 Highlights | OECD, April 2025

Figure 3.2 Venture Capital Investment as Percentage of GDP 2023-2024

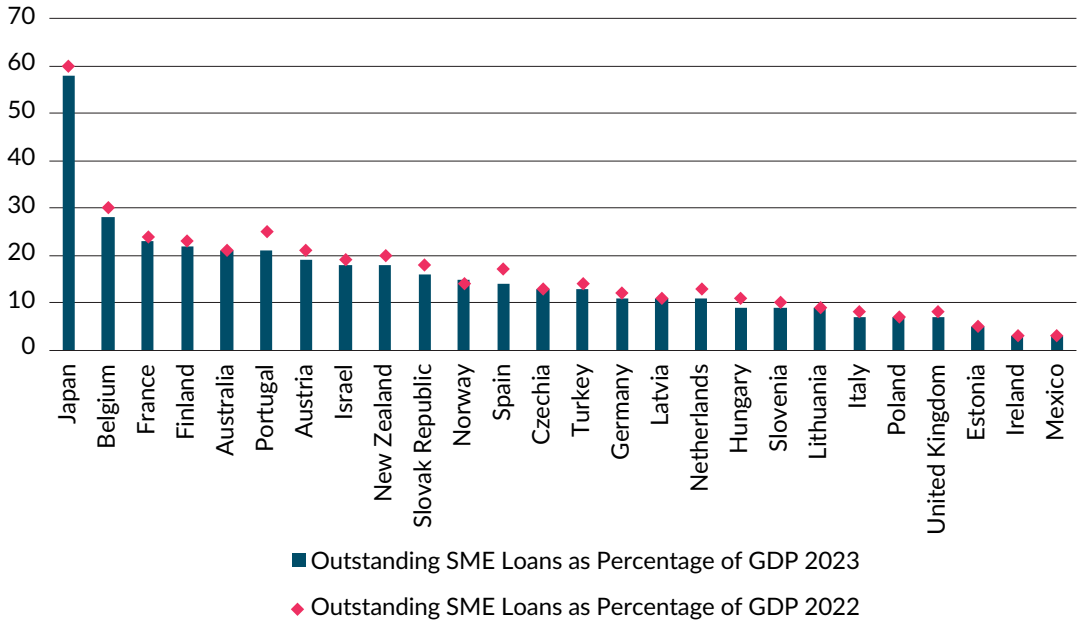


Source: OECD Data Explorer – Venture Capital Investment Statistics

The above chart indicates that venture financing in Ireland occupies a middling position relative to other OECD countries, lagging similarly high-income economies in North America and Western Europe. This would seem to vindicate the claims made by respondents in the DETE survey regarding the lack of equity finance available for firms wishing to scale up, as well as highlighting the flight risk posed by Irish firms who may wish to relocate to other jurisdictions with better financing ecosystems.

International benchmarking studies also shed some light on the state of other financing sources for SMEs, particularly sources of debt finance. The same OECD scoreboard document also provides data on the value of loans to SMEs across a number of OECD members.

Figure 3.3 Outstanding Stock of SME Loans (Volume as a share of GDP)



Source: OECD Financing SME Scoreboard 2025 Highlights

The above data indicates that the volume of SME loans in Ireland is relatively low by OECD standards, with Mexico being the only economy lagging Ireland in the above survey. This provides some indication of the difficulties experienced by SMEs in obtaining debt finance.

Regulatory Costs

Although MNEs in the Irish economy have readily adapted new technologies to boost productivity, there is more uncertainty amongst SMEs regarding the implementation of promising new technologies such as Artificial Intelligence tools. The persistence of an information gap in this area could be problematic, given the substantial productivity gap between MNE's and domestic firms in the Irish economy. If there is uncertainty surrounding the potential regulatory costs and legal pitfalls of using these tools, this may contribute to a reluctance on the part of SMEs to utilise them.

This is reflected in ScaleIreland's most recent State of Start-ups Survey. Out of 235 founders surveyed in 2025, 87% stated that they were utilising AI tools. Only 59% were aware of the new AI Act and 43% indicated that they were unsure as to how it would affect their firm.[13] As such, there is a pressing need to provide clarity surrounding the legal implications of AI to Irish SMEs, especially as these firms may not access to the same legal resources as MNEs.

This ties into broader concerns regarding compliance costs for Irish business. A global compliance survey conducted by PwC showed that 97% of Irish respondents felt that compliance requirements had become more complex over the last three years compared to 85% of global respondents[14]. The most pressing compliance requirements identified by both Irish and international respondents were anti-fraud risks, cybersecurity and data protection. As these regulatory costs are particularly onerous for SMEs who may lack the legal resources of larger firms and are more threatened by potential fines, there is a need for state bodies to provide additional guidance and support.

13. 2025 Final Scale Ireland State of Start-Ups Survey.pdf, Scale Ireland, 2025
14. Global Compliance Survey — Report | PwC Ireland, March 2025

State Supports

Government supports can significantly aid SMEs in their attempts to scale and innovate. Given the need to compete for talent with larger competitors and to attract investment for high-risk activities, state support is particularly important. Despite the availability of various tax incentives to aid entrepreneurs in doing do, Irish SMEs have voiced difficulties in their efforts to avail of such schemes. For example, in the most recent ScaleIreland survey, startup founders were asked about their experiences with the Key Employee Engagement Programme, which is a tax incentive scheme designed to facilitate the issuance of share options to start up employees.

Approximately 61% of respondents stated that they had no opinion of the scheme, with 26% stating that it needed major reform and 12% stating that it needed more minor changes. This would imply that many respondents have little experience with the scheme, with most recipients encountering significant difficulties in applying for it. This feeds into broader difficulties experienced by the indigenous tech sector in recruiting and retaining staff, with 65% of respondents stating that the Irish government is not doing enough to aid the sector in doing so.

The same can also be said about the Employment Investment Incentive, which is a tax relief aimed at individual investors in unquoted SMEs. In the survey, 47% of respondents stated that it was not relevant to their company, with 37% stating that the process was either difficult or very difficult.

Theme 4
Regulating for Growth and Controlling Costs

- A mapping of the Irish regulatory landscape shows that there are now approximately 95 national bodies with a remit for regulation (and/or funding, licensing, permitting, data collection or standards).
- Regulation – and the extent of any regulatory or administrative burden – has recently become a greater focus for countries seeking to further enhance their competitiveness.
- Benchmarking regulatory performance internationally is difficult given variation in regulatory systems, inherent difficulties in measuring impact of large regulatory systems which have built up through time, differing impacts of regulation – some being productivity enhancing and others imposing cost.
- Ireland generally outperforms the OECD average, but lags behind the average of the five best performing OECD countries, particularly in the area of licences and permits. An efficient and effective Courts system will also seek to promote social and economic development creating a predictable and secure environment for economic activity, investment and innovation.
- Analysis from the OECD shows that Ireland scores below the OECD average in its ex-post evaluation of primary laws and secondary regulations.
- While our 'common law' system is highly regarded for its fairness and impartiality, Ireland has been criticised over the years for being a high-cost jurisdiction in which to conduct litigation and can also be slow in delivering judgments and resolving disputes compared to other similar jurisdictions internationally.

- While other legal systems internationally have modernised their procedures many years ago, some processes and procedures in the Irish courts system have remained largely unchanged since independence more than a century ago.
- A landmark report which examined ways to improve the efficiency and effectiveness of the Irish Courts system was the 'Review of the Administration of Civil Justice Report', which was published in 2020 and was chaired by the Honourable Mr Justice Peter Kelly, former President of the High Court. The Review made over 90 specific recommendations in relation to changes to court procedure and practice aimed at reducing the cost of litigation, removing over complex rules of procedure and improving practices to ensure timely hearings and making better use of modern technology. While work on implementation is progressing, implementation needs to be speeded up.
- Ireland is a small, advanced economy with high wages and costs. Effective competition policy is vital to contain cost pressures across the economy and particularly for the SME sector.
- This Action Plan proposes a range of measures to pivot towards a regulatory model which can underpin and support growth, innovation and competitiveness.

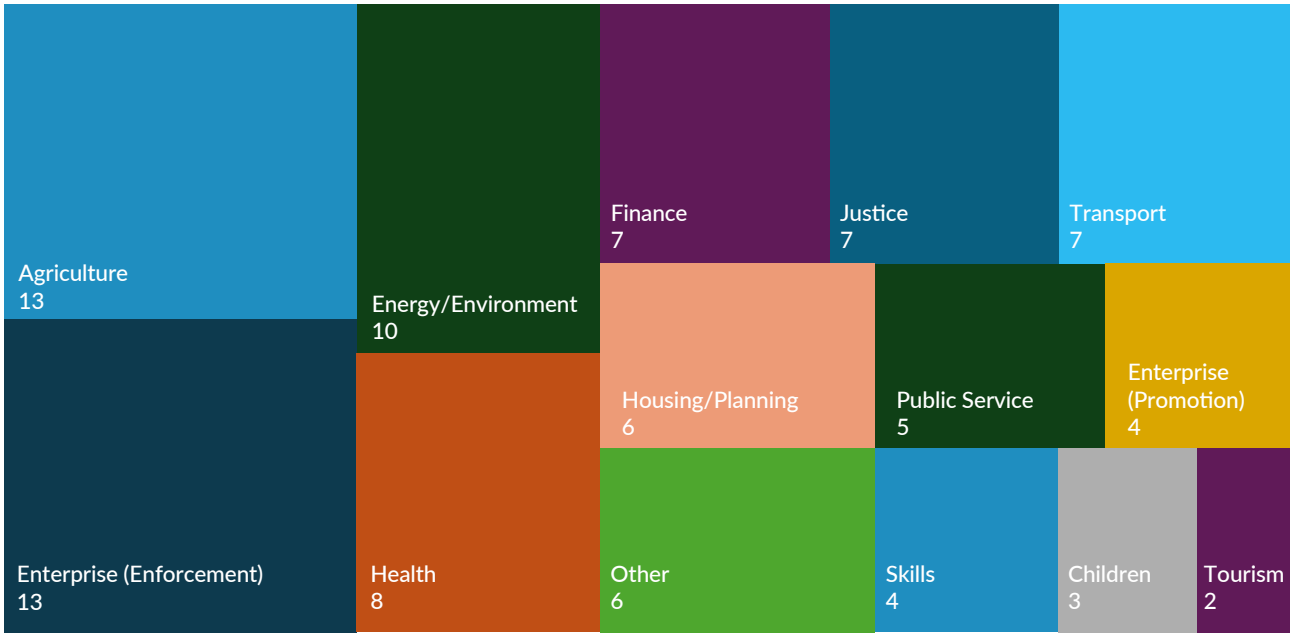
4.1 The Challenge Ireland is Facing

If designed and used well, regulations have the potential to improve outcomes in many areas. The right rules keep us safe by minimising risks and allowing us to prosper by supporting innovation and growth. Poorly designed or burdensome rules undermine the potential of economies to thrive.

Many Governments, across the world are currently prioritising smarter, simpler and more streamlined regulations[15]. A mapping of the Irish regulatory landscape shows that there are now approximately 95 national bodies with a regulatory, funding, licensing, permitting, data collection and/or standards remit.

15. OECD Regulatory Policy Outlook 2025 | OECD April 2025

Table 4.1 Ireland's Regulatory Ecosystem, 2025



Source: Author's estimates

Regulation has recently become a greater focus for countries seeking to further enhance their competitiveness offering. Ireland has traditionally been viewed as a strong performer among European countries in the area of 'business friendly' regulation, however the OECD notes that Ireland has not initiated any significant reforms in this area for some time and the EU as a whole is widely perceived as having created an overly burdensome regulatory environment in comparison to other major economic zones – most notably the US[16].

The 2024 report on '*The Future of European Competitiveness*' from Mario Draghi offers an in-depth look at regulation in a European context. It highlights the EU's focus on process rather than outcomes, which can contribute to a system where firms face lengthy, unpredictable regulatory procedure. Added to this, fragmented regulations between Member States can pose a challenge for firms operating across the EU (one of the main reasons Ireland continues to push for greater progress on the Single Market). Draghi proposed a shift to an outcomes-based regulation and the need to reduce the burden of regulation on firms – beyond the ongoing work of the 'Better Regulation' agenda which had been in operation for a number of years.

The EU Competitiveness Compass picked up on a number of the proposals in the Draghi report and identifies simplification and reduced regulatory burden as one of five key horizontal enablers for the future of the EU's competitiveness. One of the objectives is to reduce the administrative burden for SMEs by at least 35%. This has been pursued initially through the 'Omnibus' packages I and II, primarily seeking to reduce the burden associated with CSRD and the CSDDD, and which postpones the application of all reporting requirements in the CSRD for companies that are due to report in 2026 and 2027 (so-called wave 2 and 3 companies) and which also postpones the transposition deadline and the first wave of application of the CSDDD by one year to 2028.

Further omnibus proposals have been published by the Commission; Omnibus III relating to simplifying the Common Agricultural Policy; Omnibus IV on Mitigating measures for SMEs and Small Mid-cap enterprises, on Digitalisation, and Battery due diligence obligations; Omnibus V on Defence Readiness; and Omnibus VI on Requirements and Procedures for chemical products.

16. Draghi, M. 2024. "The Future of European Competitiveness" (the "Draghi Report").

While the move at a European level to reduce regulation is positive, we should also seek to act at the national level, at a very minimum, to reflect on our regulatory procedures and the degree to which they enhance our competitiveness – and based on this move forward. As set out above; regulation, more specifically over-regulation and administrative burden can be a cost driver for firms – but these are not the only area of costs for firms. More broadly Ireland is now generally viewed as a higher cost economy.

However, it is important to bear in mind in a discussion on costs and competitiveness, that while costs are a considerable factor in competitiveness at the firm-level (and indeed, discussions on cost tend to dominate the discussion of competitiveness among firms such that competitiveness is often seen to only refer to 'cost competitiveness'), costs are often less important at a macro-economic level. For example, higher (labour) costs are often a feature of a high-productive economy with specialised high-skill labour.

It should be stated that this does not diminish the importance of achieving efficiencies where possible and not opening ourselves up to undue cost in comparison to competitor countries – for example in the area of energy. However, higher productivity will ultimately be the key enabler of our competitiveness performance compared against a focus limited to cost reduction.

Through this view we clearly see that Ireland needs to be regulating for growth, and not only seeking to cut costs for their own sake. When it comes to advanced technologies, we can build on our history of attracting and retaining investment from technology companies by ensuring Ireland has streamlined, coherent and innovation friendly digital and AI regulators; fostering innovation and regulatory sandboxes (secure environments for testing and refining AI); and emphasising practical, real-world AI applications.

Regulation is a complex area made up of a range of constituent elements. This Plan (see Figure 4.2) identifies three areas for improved performance – Better Regulation, Licensing and Permitting and the Legal and Courts System.

Figure 4.2 Three core regulatory areas

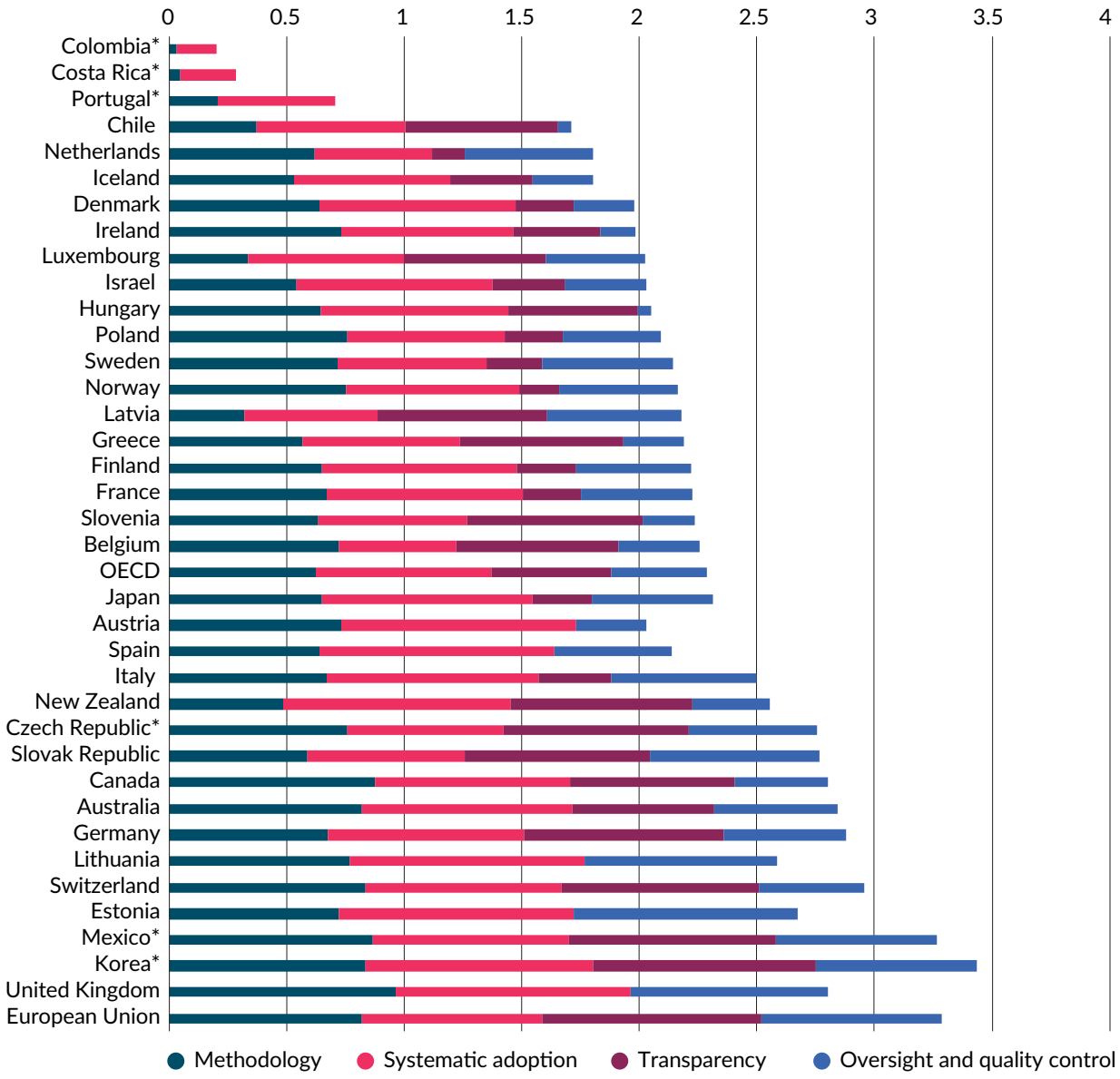
4.2 Benchmarking Ireland's Performance Internationally

Better Regulation

Benchmarking regulatory performance internationally is difficult given variation in regulatory systems, inherent difficulties in measuring impact of large regulatory systems which have built up through time, differing impacts of regulation – some being productivity enhancing and others imposing cost. The OECD have consistently looked at how regulations are applied across countries.

Their Regulatory Policy Outlook 2025 highlights the importance of Government not taking a 'set and forget' approach to regulation, and the need to adapt proportionate regulatory frameworks. Analysis from the OECD – set out in Figure 4.3 below – shows that Ireland scores below the OECD average in its ex-post evaluation of primary laws and secondary regulations. This OECD data potentially points to a lack of reflection on our laws and the impact which they have on firms and society.

Figure 4.3 Regulatory Impact Assessment for developing primary laws



Source: OECD Indicators of Regulatory Policy and Governance Surveys 2014, 2017 and 2021[17]

17. Measuring regulatory performance | OECD

There has been a number of drives for 'Better Regulation' – a Government white paper 'Regulating Better' was published in 2004[18]. It had six core principles on regulation: necessity, effectiveness, proportionality, transparency, accountability and consistency. The principles had the aim of ensuring that Ireland's regulatory framework should be flexible and responsive to the needs of business and citizens. Other elements of Better Regulation include the RIA Guidelines[19], Policy Statement on Economic Regulation[20] and the Consultation Principles and Guidelines[21].

This is seen in the introduction of the SME Test (see Table 4.2) across all major Government decisions in relation to legislation. The Programme for Government commits to "rigorously implement the SME test to scrutinise every new piece of legislation and regulation for its impact on SMEs, ensuring that any obligations that increase business costs are phased in and that there is consideration of the broader implications of any decisions affecting businesses across government".

Table 4.2 SME Test Tracker, June 2025

SME Tests implemented	SME Test not yet implemented
Department of Enterprise, Tourism and Employment	Department of Foreign Affairs and Trade
Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation	Department of Defence
Department of Agriculture, Food and the Marine	Department of Housing, Local Government and Heritage
Department of Children Disability Equality	Department of Transport
Department of Climate Energy and Environment	
Department of Finance	
Department of Social Protection	
Department of Justice, Home Affairs and Migration	
Department of Further and Higher Education, Research, Innovation and Science	
Department of Rural and Community Development and the Gaeltacht	
Department of Health	
Department of Culture, Communications and Sport	
Department of Education and Youth	

Source: DETE

18. Regulating Better, Department of the Taoiseach, January 2004
19. RIA_Guidelines_2009.pdf , Department of the Taoiseach, June 2009
20. Government Statement on Economic Regulation, July 2013
21. Consultation Guidelines 2016, Department of Public Expenditure and Reform, November 2016

The Department of Enterprise, Tourism and Employment has recently taken stronger action itself in the Better Regulation space to reduce administrative and regulatory burden and has requested offices and agencies under the Department's aegis to reflect on their processes to consider how they may be simplified without compromising policy objectives. Efforts on this front will be set out in each organisation's annual report for 2025.

Finally, there is also value in looking to what other countries have done with regard to their own regulatory environment. New Zealand presents a useful case study as a small, open economy which has recently undertaken a series of actions to reduce regulatory burden.

Box A: New Zealand's Regulatory Reform Programme

Established just over a year ago the **New Zealand Ministry for Regulation**, with a staff of around 100 people, is a new Government agency focused on lifting quality across all regulatory systems and supporting agencies with regulatory responsibilities to align with good practice. It has four key functions:

1	Ensure the quality of new regulation.
2	Improve the functioning of existing regulatory systems.
3	Raise the capability of those who design and operate regulatory systems.
4	Provide continuous and enduring improvements to the Regulatory Management System.

It is focusing on four outcomes to achieve its purpose.

1	Higher quality regulation – Government resources are combined and focused to improve the quality of regulation and the performance of regulatory systems.
2	Public trust and confidence – The public have better experiences with, and perceptions of, regulation and regulatory systems.
3	Greater transparency – The Government and the public are informed about the purpose, costs, benefits, and outcomes of regulation being used in New Zealand.
4	Increased capability – Regulators and regulatory leaders are more capable stewards and operators of regulatory systems.

One of the ways it is seeking to achieve these outcomes is through a new Regulatory Standards Bill. The **New Zealand Regulatory Standards Bill** establishes a benchmark for good legislation by introducing a set of principles of responsible regulation in primary legislation, focused on the effect of legislation regarding:

- existing interests and liberties, including the rule of law, liberties, taking of property, taxes, fees, and levies, and the role of courts; and
- good law-making processes, including consultation, options analysis, and cost-benefit analysis.

The Bill requires responsible Ministers, administering agencies, and other makers of legislation to assess the consistency of proposed and existing legislation (both primary and secondary) against these principles. Where inconsistency is identified, the Bill requires a statement from the responsible Minister (or maker of secondary legislation where not a Minister) to briefly explain the reasons. Ministers, as well as makers of secondary legislation, must publish or present to the House of Representatives the results of those assessments and explanations. The Bill also establishes a Regulatory Standards Board, with members to be appointed by the for Regulation, to independently assess consistency of legislation, helping incentivise Ministers and agencies to complete robust consistency accountability statements. The board can carry out inquiries following a complaint, at the direction of the Minister, or on its own accord into whether legislation is inconsistent with the principles.

Finally, the Bill strengthens regulatory quality by supporting the Ministry for Regulation in its regulatory oversight role, including by requiring the Ministry to report on the overall state of the regulatory management system.

Licensing and Permitting

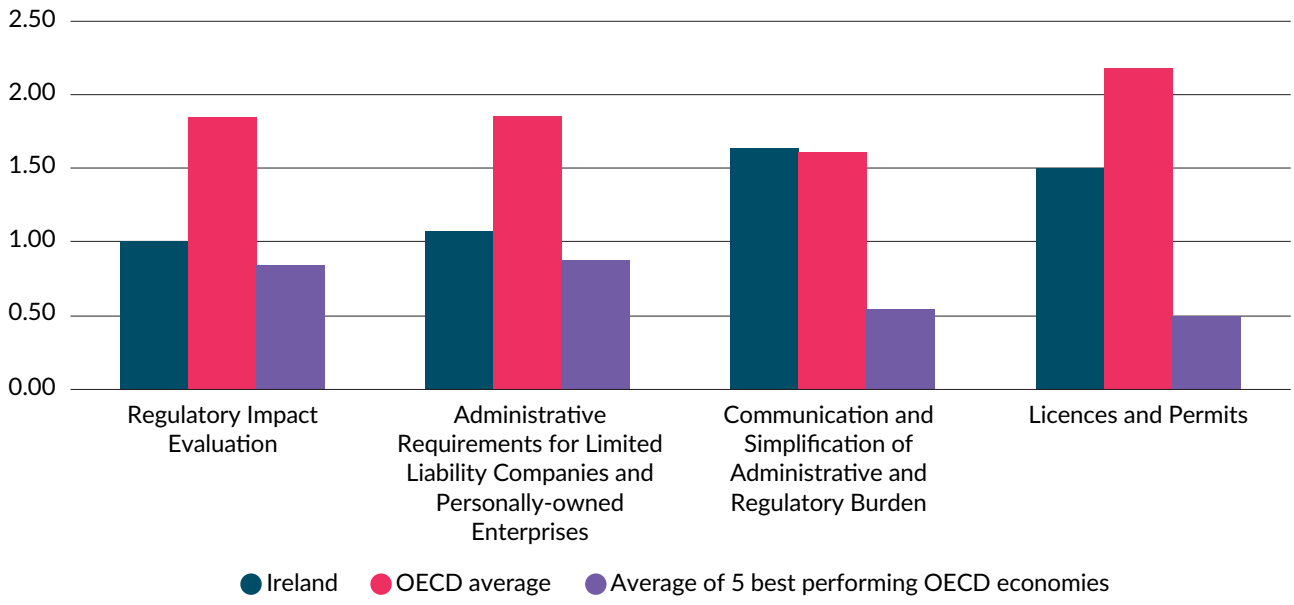
The OECD Product Market Regulation (PMR) assess the alignment of a country's regulatory framework with international best practices, measuring both economy-wide and sector-specific regulatory barriers to entry and competition. The PMR is scored on the basis of 0 being the best performance, with a higher score being less desirable. As shown in Figure 4.4, Ireland outperforms the OECD average across most measures relating to regulation burden on this index, which focuses on the administrative and regulatory burdens that new firms have to face to start their business.

Specifically, this looks at two key themes. Firstly, *Administrative Requirements for Limited Liability Companies and Personally Owned Enterprises* measures the administrative requirements necessary to set up new enterprises, including the number of private and public bodies that need to be contacted, the number of procedures required, and the costs of complying with these procedures, with a focus on two specific legal forms: limited liability companies and personally owned enterprises.

Secondly, *Communication and Simplification of Administrative and Regulatory Burden* measures the existence of an online database of all laws and regulations and regulatory agenda, the requirement of plain language drafting of laws and regulations, the principle of risk, proportionality for new licensing requirement, the application of 'silence is consent' rule for issuing new licenses.

In terms of licensing and permitting Ireland generally outperforms the OECD average, but lags behind the average of the 5 best performing OECD countries – particularly in the area of licences and permits.

Figure 4.4 Product Market Regulation – Economy Wide Measures



Source: OECD Product Market Regulation 2023 (published Jan 2025)

The OECD Economic Survey of Ireland 2025 finds that, while 'registering a new business is easy, licensing and permitting requirements to start operations remain complex. Not all licensors are integrated in the existing online business licensing service'. This points to room for improvement in terms of how Ireland's licensing and permitting system can help enhance rather than hinder the formation of companies and entrepreneurial activity.

Licensing, permitting and regulatory delays can also impact the delivery of infrastructure. Research from the ESRI establishes that there is a significant impact from planning and regulatory delays (including application for grid connection) on energy infrastructure delivery[22]. It finds that better coordination between regulatory bodies could reduce the administrative burden on applicants and regulatory authorities.

The impact of licensing and permitting delays is a theme which has emerged more strongly in the last number of months – most pointedly in relation to EPA (Environmental Protection Agency) licensing impacting on Uisce Éireann. This is also a feature of engagement with stakeholders in the manufacturing sectors which emphasises the slow pace of planning, permitting and licensing for large projects – discussed in further detail in Chapter 6.

The Planning and Development Act 2024 introduces a range of reforms aimed at delivering increased certainty and confidence in the Irish planning system, including:

- a significant restructuring of An Bord Pleanála (now An Coimisiún Pleanála);
- the introduction of statutory timelines for all consenting processes, including An Coimisiún Pleanála, increasing certainty for delivery stakeholders;
- a more streamlined process for applications for planning judicial review with increased clarity on matters such as sufficient interest and standing rights for applicants;
- more strategic and greater aligned, long-term planning at all tiers of the planning system, ensuring enhanced consistency of policy delivery.

In parallel with the Act, major resource investment into An Coimisiún Pleanála and the wider planning sector through the implementation of the Ministerial Action Plan on Resources will improve efficiency in the planning system. The recent finalisation of the revision process relating to the National Planning Framework, which sits at the top of the planning policy hierarchy and informs lower tier plans and decisions, allows for an up to date all-of-Government approach to growth and development, in particular relating to housing, climate and infrastructure, to be reflected within the planning system.

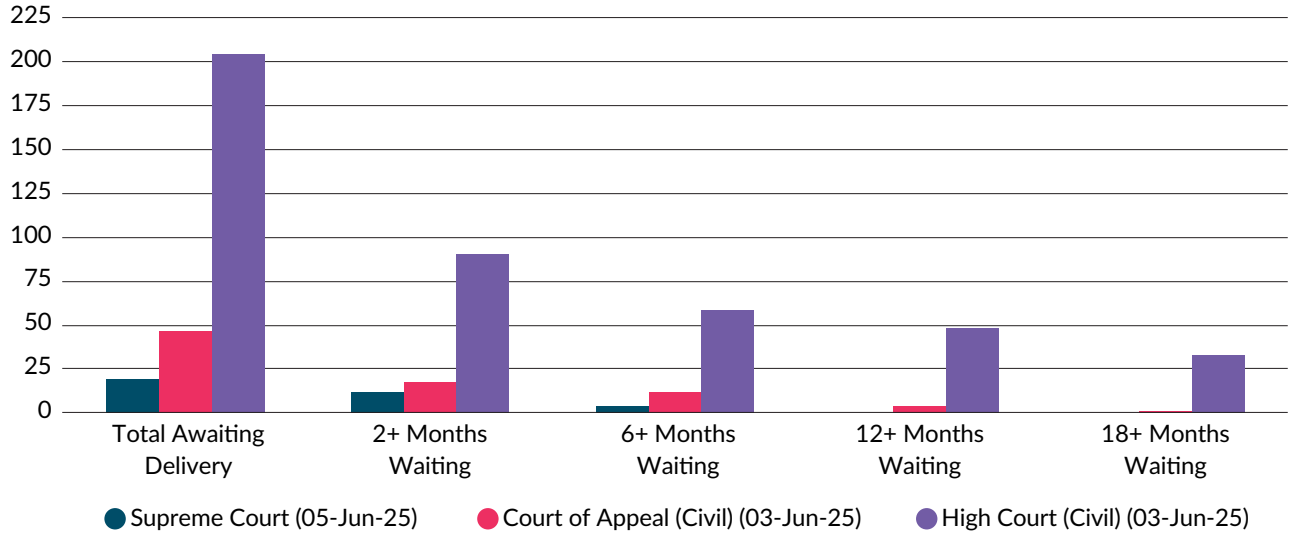
Legal System

The most important objective of any country's courts and legal system is to provide for and maintain a clear framework of rules that protect citizen's rights and liberties, ensure equality before the law, resolve disputes fairly and uphold the rule of law and maintain public order. An efficient and effective courts system will also seek to promote social and economic development creating a predictable and secure environment for economic activity, investment and innovation.

Although our 'common law' system is highly regarded for its fairness and impartiality, Ireland has been subject to criticism over the years for being a high-cost jurisdiction in which to conduct litigation and one which can also be slow in delivering judgments and resolving disputes compared to other jurisdictions. Notwithstanding the increasing volume of cases progressed at all levels through Irish Courts over time, the reduction in waiting time for the delivery of judgments and the programme of modernisation that has been implemented, delays remain a feature of the system (specifically in the Superior Courts[23]).

22. The impact of planning and regulatory delays for energy infrastructure, ESRI Research Bulletin 2024/19
23. Cases/motions can settle, and orders are made by consent, and also judgments post-hearing in less complex cases can be delivered ex tempore. In both instances, these outcomes result in an interim/final order. The majority of motions/cases in the High Court are finalised in this way, rather than by way of a reserved judgment.

Figure 4.5 Cases Awaiting Delivery (as of June 2025)



Source: Register of Reserved Judgments (Courts Service)

Indeed, the incidence of reserved judgments and the time taken to complete adjudication is indicative of the scale of delays – with almost 300 cases awaiting the delivery of a decision and more than 50 of these cases waiting for more than 12 months (see Figure 4.5).

Over several years, the NCPC has highlighted the costs and delays which are features of the Irish legal system as risks to competitiveness with a Competitiveness Bulletin (2016) identifying the need for a number of reforms to address cost competitiveness (including the establishment of conveyancing as a profession, procedural and ICT change, and reform of Senior Counsel appointments), while both the 2020 and 2021 Competitiveness Challenge make recommendations aimed at reducing legal costs[24]. The OECD Economic Survey of Ireland 2025 calls out lengthy court proceedings along with high legal costs as reducing Ireland's competitiveness[25].

A landmark report which considered options to improve the efficiency and effectiveness of the Irish Courts system was the '*Review of the Administration of Civil Justice Report*', was published in 2020 and was chaired by the Honourable Mr Justice Peter Kelly, former President of the High Court. The Review made over 90 specific recommendations in relation to changes to court procedure and practice aimed at reducing the cost of litigation, removing over complex rules of procedure and improving practices to ensure timely hearings and making better use of modern technology.

Whilst some of these recommendations have been addressed, there are a number still outstanding. The Review is noteworthy in a number of respects. It is a highly comprehensive review of the civil justice aspects of the Irish Courts system. Every level of the judiciary participated in the Review Group and all of the recommendations in the Report were put forward on a consensus basis bar one (in relation to litigation costs). The Government established a Judicial Planning Working Group (JPWG) in 2021 which reported in 2023. A first phase of 24 new Judges were appointed in 2023 and Government approved a second phase of 20 extra judges in 2024.

24. retrospective-review-2020-2023.pdf NCPC, April 2025
25. OECD Economic Surveys: Ireland 2025 | OECD, February 2025

However overall progress in implementing the Review has been slow. The implementation of the Review's recommendations would greatly enhance the efficiency with which the legal system addresses cases. A number of the specific recommendations in the Review are worthy of note.

In relation to 'Discovery', the Review noted that the Review Group has formed a clear view that (a) the current discovery regime is failing all parties involved in litigation and (b) that significant reform is now required… a wholesale cultural change is required and the Review Group considers that such cultural change can only be achieved if underpinned by an entirely new scheme of discovery. The Review went on to recommend that primary legislation should be enacted to (a) abolish the current entitlement to discovery, inspection and production of documents…and (b) specify the principles and policies underpinning a new remedy to be elaborated upon in new rules of court (p. 406).

In relation to 'Judicial Review' the Review recommended that primary legislation should be introduced which would prescribe that leave to commence judicial review proceedings should not be granted unless the court is satisfied that there are substantial grounds for contending that the impugned decision is invalid or ought to be quashed and in cases of relief that such reliefs should be granted. Litigation costs was the one area that the Review Group failed to reach a consensus. A minority of the Review Group recommended that a mechanism for prescribing the maximum level of litigation costs chargeable, in the form of a table of costs should be introduced, as the only practical means of ensuring reductions of levels of legal costs for private individuals and businesses in litigation.

A major programme of reform leading to change in terms of the discovery and judicial review processes – alongside other reforms in relation to costs and the efficiency of service delivery and access, as proposed in the Review – could greatly reduce the expensive nature of litigation in Ireland and provide for a more-timely courts process overall. It is noted that the Department of Justice is now preparing a Civil Reform Bill to bring forward the recommendations on Judicial Review, Discovery and other recommendations.

A sub-group to the JPWG Steering Group further examined reforms to empower Court Presidents to manage courts efficiently, including a model for the delegation of tasks to court officers to free up judicial time for judgment writing and other judicial tasks. The sub-group completed its final report in summer 2024 and consideration is currently being given in the Department of Justice to draft legislation to give effect to the proposed reforms.

As part of the implementation of the JPWG report, the Courts Service has significantly expanded the suite of metrics captured on Court business and, in collaboration with the Judiciary and the Department of Justice, identified indicators to capture the impacts of extra judges. Quarterly data reports on incoming and resolved cases, waiting times, clearance rates and other indicators are shared with Court Presidents and the Department, allowing for a better real-time understanding of court business trends and resulting resource needs. Data quality is continuously improving with the roll-out of unified case management systems to replace 150 legacy case management systems under the Courts Service Modernisation Programme.

In addition, the introduction of a new Division of the High Court dedicated to Planning and Environmental (P&E) cases has proved to be successful in moving JRs through the Courts systems more quickly, allowing for greater efficiency and specialism in the handling of litigation relating to planning and environmental matters, particularly judicial reviews.

The establishment of the P&E Court provides a good model of how urgent cases, such as proceedings that concern large-scale projects of strategic importance, or matters of significant environmental impact, can be dealt with expeditiously. The applicability of this model to other JR areas should be explored.

Separately, an increase in the threshold for the Small Claims Court (which is only open to claims of €2,000 or less) should be considered as a means of improving access for consumers and increase the efficiency with which the Courts can deal with smaller cases. The threshold has not kept pace with inflation in recent years and as a result, the real threshold level has effectively been reduced.

In relation to planning Judicial Review (JR), the Planning and Development Act 2024 (Act of 2024) contains major reform of planning judicial review, improving both the effectiveness of its processes and the overall costs associated with JR, through the introduction of a scale of fees relating to the judicial review legal fees. This will improve access to justice and regularise judicial review costs for the State, whilst maintaining compliance with Ireland's commitments under the Aarhus Convention. The Department of Climate, Energy and the Environment, who have responsibility for Ireland's implementation of the Aarhus Convention, are leading on this issue. In addition, other important judicial review related informs include reform to application to leave, grounds and sufficient interest.

The Act of 2024 removes the leave stage for planning judicial reviews, which in turn reduce both time and unnecessary additional legal costs for all parties. All applicants must in any case provide evidence of grounds and sufficient interest in order to proceed. The provision in relation to applications to strike out Part 9 judicial review maintains the ability of a party to apply to the Court to strike out the proceedings on stated criteria such as lack of standing, being out-of-time, a failure to exhaust appeals and administrative procedures or a failure to disclose an arguable case. The Court may also deem applications to be frivolous or vexatious.

In relation to grounds, presently a JR applicant may bring amended grounds beyond those originally filed in their application. This can cause significant delays as the Court and defendant must then consider the merits of each new amended ground. The Act of 2024 reforms this by requiring that that an application for judicial review may only be made on the grounds of challenge raised by the applicant in the statement of grounds filed with their application and sets out limited criteria by which the Court may allow subsequent amendments to that statement of grounds.

The 'sufficient interest' test has also been reformed to provide increased clarity. With some exceptions, an applicant will not be permitted to plead a ground in JR proceedings unless they are directly or indirectly materially affected by the matter to which a ground relates (this is not limited to an interest in land or a financial interest). An applicant (other than an unincorporated body) who is not directly or indirectly materially affected but who made a valid submission to the relevant body whose decision, act or failure to act is at issue in the JR will also be regarded as having a sufficient interest (e.g. the applicant made a submission as part of the planning application process).

Unincorporated bodies, such as residents' associations, maintain the right to take JR proceedings, subject to having a sufficient interest (i.e. being directly or indirectly materially affected by the matter) and satisfying specified governance criteria.

The special protected status of environmental non-governmental organisations to take JR proceedings is maintained, subject to specified governance criteria. Such organisations are not required to have made a submission to the relevant decision-making body or be materially affected by the matter to which a ground relates where the proceedings relate to a development likely to have significant effects on the environment or a European site or relate to an act or omission in contravention of a provision of the Act of 2024 relating to the environment.

Theme 5
Increasing the State's Capacity to Deliver Infrastructure

- Ireland's infrastructural capital stock on a per-capita basis lags behind key competitor countries, in particular deficits are evident across electricity and transport. The Irish Government has been investing in infrastructure more intensively than competitor countries to close this gap.
- Strong population growth is contributing to considerable infrastructural demand, with supply in a number of areas falling short of this demand.
- Construction sector productivity is a key competitiveness challenge for Ireland. Ireland's low productivity – benchmarked internationally – is contributing to slow delivery on targets.
- Low productivity levels are particularly impactful in the context of a labour constrained market.
- Modern methods of construction offer a route to relieving this productivity and labour constraint.
- The Accelerating Infrastructure Taskforce has identified 12 barriers to infrastructure delivery (31st July 2025) in the areas of regulatory environment, the planning and legal system and internal systems. Actions to address these barriers will follow later this year.
- The delivery of strong infrastructure requires expertise. Often, rules in relation to recruitment of staff in the Public Sector can lead to difficulties in recruiting specialist skills into the Civil and Public Service. Greater utilisation of Specific Purpose/Duration Contracts for specific specialist skills, and flexibility for Departments and Agencies in relation to this would help facilitate greater matching of skills with public sector requirements.

- Dublin Airport is a key infrastructural asset for Ireland which has contributed significantly to Irish economic growth. However, recent challenges with progressing planning applications have delayed the development of Dublin Airport and have highlighted the economic risk of over-reliance on a single airport for much of the country's air traffic.

5.1 The Challenge Ireland is Facing

Ireland has experienced a decade of economic growth, employment growth, population growth and energy demand growth. This is clear evidence of a successful and resilient economic model, through a period of international volatility with events such as Brexit, a global pandemic, a war in Europe and turbulent international trading conditions. However, this expansion has also exposed constraints in the country's physical infrastructure capacity, rising energy prices and structural barriers to decarbonisation.

Over the last number of years Ireland's infrastructure has continually presented as the most significant detractor from its competitiveness performance. A lack of investment in the years following the financial crisis in which the country did not have the resources to invest, contributed. The scarring effects of the housing crash have persisted – with the numbers employed in the construction sector in 2025 (180,000) still substantially below those employed in 2007 (240,000). When set against our much-increased population – this severely limits the country's ability to respond to its infrastructural needs.

Planning has also presented as an issue, as it too has struggled with recruitment of sufficient staff numbers, alongside significant perceived issues in terms of process – with the Planning and Development Act 2024 and the Ministerial Action Plan on Planning Resources intended to address many of these. Improved performance on planning will be critical to securing not only our housing goals but also to achieving ambitious targets in relation to the delivery of energy and grid capacity.

Improved delivery of infrastructure is recognised in the Programme for Government as a key driver in attracting and retaining investment in Ireland, growing our economy, and fostering regional development. The Programme for Government make a broad range of substantial commitments on infrastructure.

The Department of Public Expenditure, NDP Delivery and Reform – through an 'Accelerating Infrastructure' Taskforce undertook a review of how critical economic infrastructure is delivered in Ireland. The review identifies barriers to the efficient delivery of critical economic infrastructure. Overall, the Accelerating Infrastructure Taskforce has identified 12 barriers to infrastructure delivery (31st July 2025) in the areas of regulatory environment, the planning and legal system and internal systems. Actions to address these barriers will follow later this year.

At the time of writing, it is envisaged that significant tariff increases will be introduced for non-domestic users of multiple public utilities (i.e., energy, water, and waste-water) in order to fund planned network infrastructure investment (and address the legacy of under-investment). For instance, the CRU has approved a c.10% increase in all existing water and waste-water non-domestic tariff rates from 1 October 2025 whilst the current draft price determination for electricity – which is still under consideration – could see a small firm paying a tariff that is up to 21% than is currently the case. These tariff increases will inevitably have an adverse impact on business operating costs and add further to pressures on cost-competitiveness.

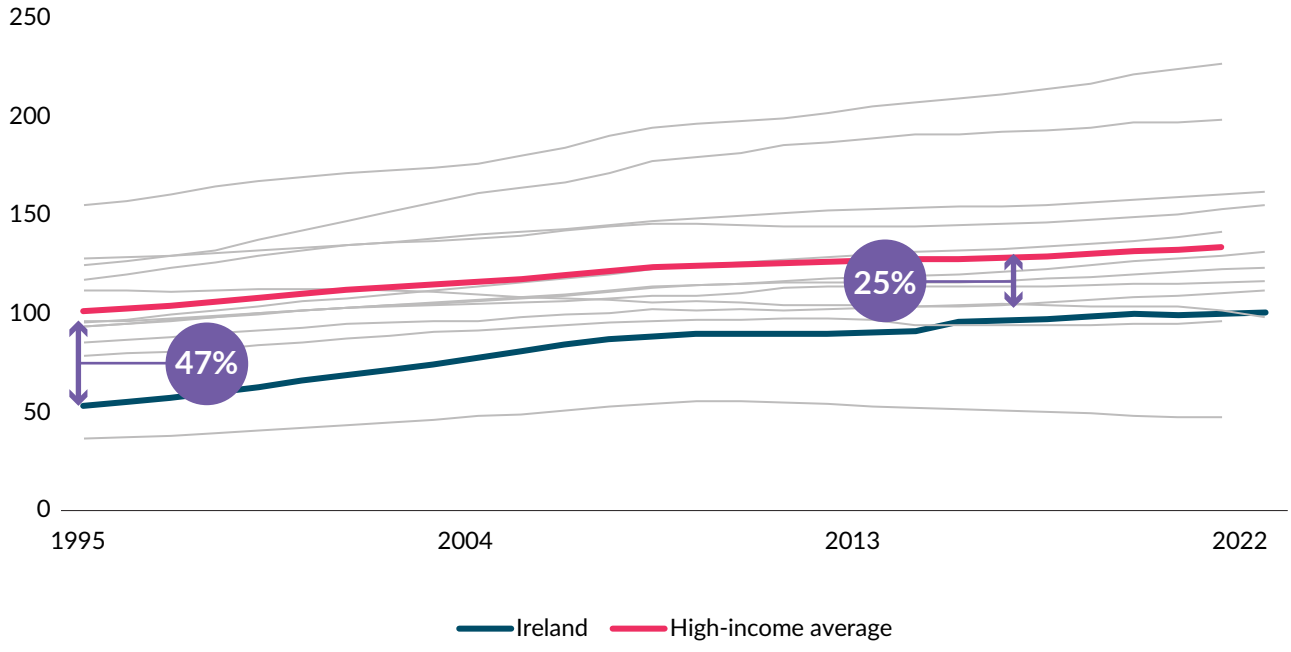
5.2 Benchmarking Ireland's Performance

Analysis undertaken by both the Irish Fisal Advisory Council and the National Competitiveness and Productivity Council helps contextualise Ireland's performance on infrastructure. The NCPC, in *Ireland's Competitiveness Challenge 2025* point to Ireland's considerable population growth as a major source of infrastructural demand – a demand which our system's supply is struggling to adapt to. The Council contrast the significant increase in our population, up 98,700 in the year to April 2024, against a 6.7% drop in housing supply in 2024.

This potential future demand on our infrastructure is evident in ESRI analysis which was a key input into the National Planning Framework[26]. Census 2022 data shows that our population was 5.184 million people. The ESRI project a population of 6.308 million by 2040 in a high-migration scenario, and a 5.904 in a low-immigration scenario. The baseline projection is for a population of 6.1 million people in 2040 – an increase of 922,000 people between 2022 and 2040. The Council observe the difficulties in long-term planning across such a wide range of potential population projections,

If Ireland is to truly grow at a sustainable level it is important that it has adequate infrastructural stock relative to its population. The Irish Fiscal Advisory Council show that Ireland's growing investment in infrastructure is resulting in a rising level of capital stock per person (as of 2022 data) – which is a strongly positive finding – however there remains work to do as we still lag the average high-income country's capital stock per capita by 25%.

Figure 5.1 Real net capital stock (2015 prices, € thousands) divided by total population



Source: IFAC Analysis, Eurostat, CSO. Countries shown: Belgium, Denmark, Germany, Ireland, Greece, France, Italy, Luxembourg, Netherlands, Austria, Finland, Sweden and Norway.

26. Population projections, the flow of new households and structural housing demand

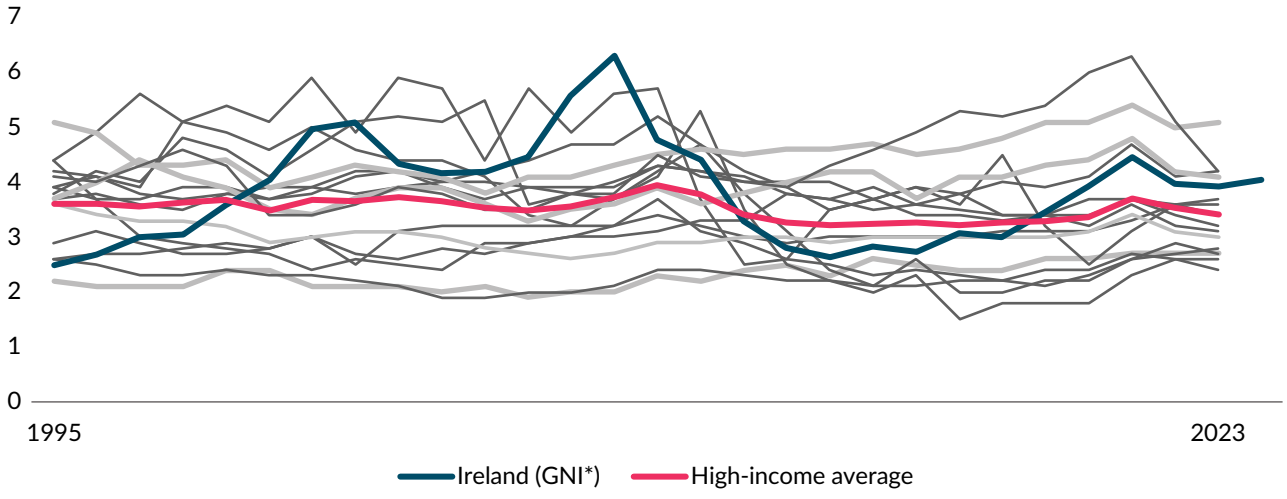
Figure 5.1 shows that Ireland currently finds itself with an average capital stock per capita which is 25% below competitor countries, while also experiencing a surge in demand for infrastructure presents a challenge in itself - but it is a challenge which we need to rise to if we are to compete internationally while also growing sustainably. In particular there are clear gaps in relation to our stock of transport infrastructure – with a net transport capital stock per person 41% below high-income European average, and our electricity capital stock per person is similarly lagging by 26%.

Ireland has been investing at a rate which – all else equal – would see us catch up with competitor countries in terms of infrastructure. Figure 5.2 shows that on a GNI* basis we are in the upper quartile of high-income countries in terms of Government's investment. Despite this high level of investment (Government Gross Fixed Capital Formation) it still falls short of Government planned investment on a GNI* basis as per the National Development Plan (2021) for investment to exceed 5% of GNI* from 2023 onwards.

Ireland is investing considerable amounts in its infrastructure however there remains a clear gap between the rate at which we are investing and the experience of citizens in terms of infrastructure delivery. As raised in the opening section, Ireland's construction sector currently employs approximately 180,000 people as of Q1 2025, compared against 240,000 in 2007[27].

At present, Ireland is at full employment, which presents a further challenge in substantially increasing this figure beyond 180,000 in the short term. Currently the construction sector makes up 6.4% of total employment in Ireland – while this share is significantly lower than the 2008 position it falls in line with the EU-27 and SAE-5 average, as set out in Figure 5.3 below.

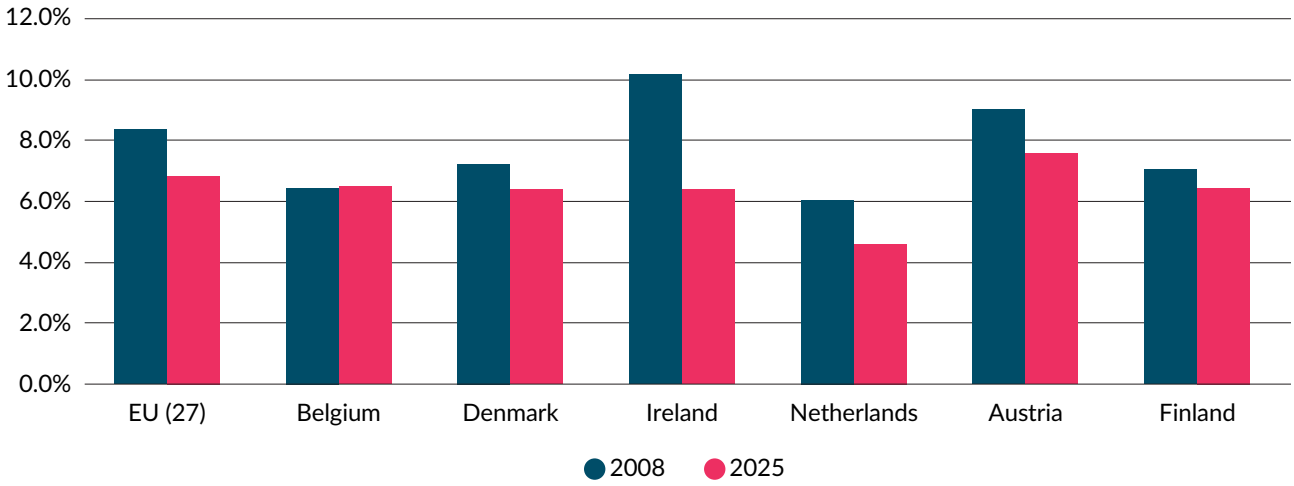
Figure 5.2 General Government Investment as a share of GDP



Source: IFAC, Eurostat

27. Data Labour Force Survey Quarter 1 2025 - Central Statistics Office, May 2025

Figure 5.3 Construction Sector Employment as a share of Total Employment

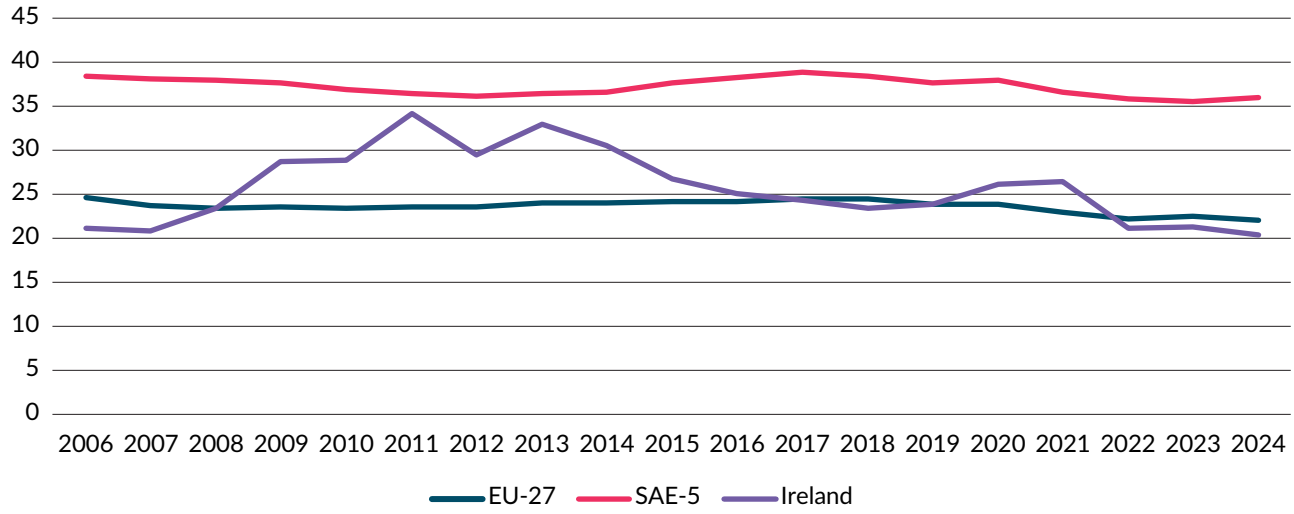


Source: Eurostat

Low levels of productivity in our domestic construction sector remain a persistent issue. In a situation where there is considerable pressure on infrastructure delivery it is critical that we seek ways to improve this. If Ireland was performing at the frontier of productivity for construction this alone would resolve our infrastructural pressures. We are currently less than half as productive as frontier countries (see Figure 5.4).

An increase in productivity to perform at the level of other high-income countries would substantially relieve construction sector capacity issues. This has real impacts – particularly in terms of the level of labour required to deliver infrastructure. IFAC estimates that almost 80,000 additional construction workers are required to address Ireland's infrastructure deficits, however if productivity improved less than 20,000 extra workers would be required.

Figure 5.4 Productivity in the Irish construction sector vs other economies – Output per Hour Worked



Source: Eurostat; output is Real Gross Value Added

Energy

Ireland's energy costs relative to other countries (see Figure 5.5) puts us at a clear competitive disadvantage. As a small economy, with limited domestic energy sources we have been significantly exposed to energy price inflation over the last number of years.

The route to increased competitiveness in this space is clear – Ireland needs to embrace the potential of the green energy transition via continued expansion of own clean energy supply from wind and solar energy. Similarly, increased inter-connection with the European energy market will increase the resilience of our energy supply.

Alongside this there is a considerable need to enhance our grid infrastructure to enable us to cater for surging demand – both from a growing population and from a burgeoning digital enterprise sector which in itself will be a competitiveness differentiator for Ireland if developed.

Water

Water is an essential input for many businesses and in may processes and ensuring security of supply is vital if we are to facilitate the growth of both our enterprise base and the population as a whole. Water also has a key in the delivery and maintenance of infrastructure. Investment in the area of water by Uisce Éireann is evident – our net capital stock per person is now at average high-income European levels[28].

However, capacity issues remain evident - it is noted in particular that both water and wastewater infrastructure in the greater Dublin area are operating at or near to maximum capacity. Uisce Éireann recently set out its funding and investment plans out to 2029, in order to ensure we have a water infrastructure which enhances our competitiveness, Uisce Éireann needs to be facilitated in delivering on this planned investment and not be unduly delayed through planning and licensing processes. The Eastern Water Supply Project is one recent example of a necessary amelioratory project to address the infrastructural investment deficit and needs to be prioritised from the perspective of planning and consenting processes given its critical strategic importance.

Figure 5.5 Electricity prices for non-household consumers, First half of 2024 (€ per kWh)

Source: Eurostat

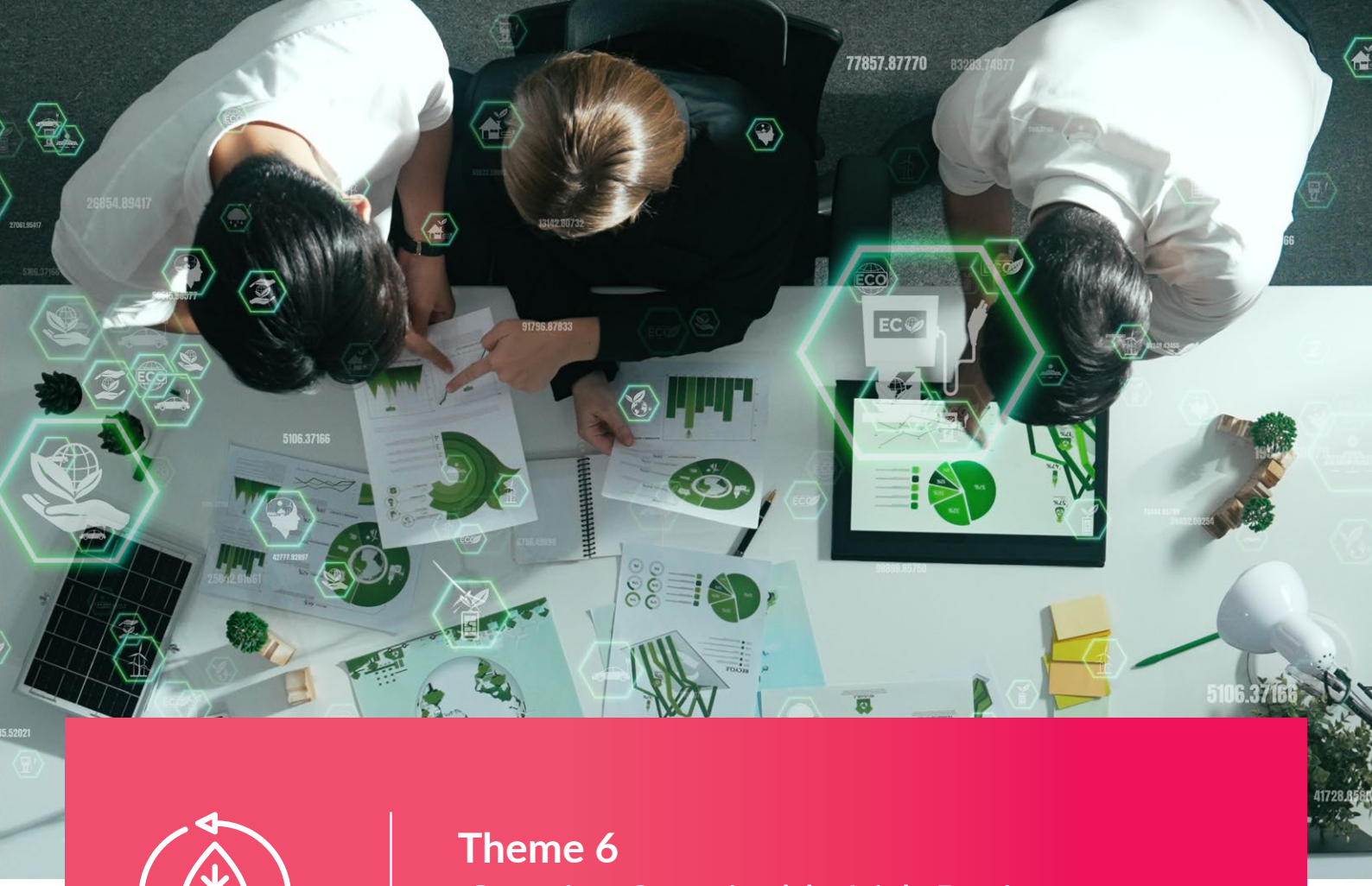
28. Ireland's Infrastructure Demands – Irish Fiscal Advisory Council, October 2024

Transport

As set out above – with net capital stock per person 41% below the high-income European average, continued investment in transport will be required to maintain our competitiveness. It is also necessary to strongly consider the profile and location of this investment. The State airports at Dublin, Cork and Shannon, provide essential international connectivity which is a major generator of economic activity for Ireland.

While our current airport network is extensive for a country of our size, the important role that regional airports Ireland West Airport Knock, Kerry and Donegal, also play in their areas and in regional development is also recognised. Dublin Airport is currently being developed as a secondary hub airport. However, there is an over-reliance on Dublin airport with over 85% of passenger traffic to/from the island coming through this gateway which is a risk for the economy. In line with commitments in the Programme for Government, in developing a new National Aviation Policy, the Government should conduct a study to examine future airport capacity needs to mitigate this risk while supporting economic growth and balanced regional development.

Recognising the impact that any further delay to the development of Dublin Airport may have on our competitiveness and to enhancing our connectivity, a Stakeholder Forum of key agencies will be established by the Minister for Transport to focus on the actions required to facilitate swift progression of DAA's planning application for the construction of infrastructure including additional pier and stand capacity at Dublin airport to facilitate an increase in passenger numbers to 40m per annum (while respecting independence of planning authority). This forum should seek to quickly identify and remove any barriers to progress including in relation to surface access to ensure that infrastructure enhancements that are necessary at Dublin Airport to ensure maximum connectivity for our island to the rest of the world can be progressed and to achieve the objective of removing the 32m passenger cap at Dublin Airport as soon as possible as provided for in the Programme for Government.



Theme 6
Growing Sustainable Irish Businesses and Boosting Regional Development

- A sustainable and regionally balanced economic model is essential to secure Ireland's long-term competitiveness – one that aligns decarbonisation with enterprise growth and addresses regional disparities in development.
- Ireland must harness the opportunities of the green transition – decarbonisation is not just an environmental imperative but a source of economic resilience, cost savings, and competitive advantage for industry and SMEs. In renewable fuels, industry has access to a clean, lower cost source of energy. This makes them more resilient, retains jobs and creates a vibrant economy.
- Most businesses recognise the importance of sustainability as a differentiator for their product or service, as well as being important for retaining talent, clients and customers. Moreover many are already being affected by climate change. Those that adapt and make their businesses more resilient will be more competitive. SMEs in particular will require advice and support so that they too can become more competitive and resilient through decarbonisation.
- Regional imbalances are a constraint on growth, highlighting the need for place-based policy. Dynamic regional economies depend on strong infrastructure, spatial planning and enterprise policy alignment – including investment in transport and digital – to support compact, connected urban growth. Clustering is a key enabler of productivity and innovation, unlocking agglomeration effects and helping Ireland to compete globally.

- Tourism and hospitality remain foundational to regional employment and development – especially in rural and peripheral areas. Ensuring their competitiveness is vital to developing a spatially inclusive economic model.
- Ireland will need to plan for future very large energy intensive industries (such as data centres, micro-chips) in a coordinated manner – aligning large new energy demands with renewable energy resources, and minimising additional infrastructure costs.
- This Action Plan proposes a range of measures to pivot towards a sustainability model which can underpin and support growth, innovation and competitiveness in a way that supports balanced regional development.

6.1 The Challenge Ireland is Facing

Achieving long-term competitiveness requires a transition to a more sustainable and regionally balanced economic model. Environmental challenges are re-shaping the global economy, with decarbonisation creating both risks and opportunities for Ireland. At the same time, uneven regional development can constrain growth potential and deepen structural inequalities. By aligning climate action with competitiveness and fostering place-based growth, Ireland can ensure that the benefits of economic progress are both environmentally sustainable and geographically inclusive.

Internationally, many countries are looking at ways to empower regions to foster dynamic economic clusters in specific locations, boost regional productivity – particularly in areas falling below the national average – and support 'compact growth'. This can lead to more balanced regional economic growth overall, an approach which is aligned with the National Planning Framework. High-quality public transport infrastructure and services are a key enabler of such growth, by underpinning accessibility and mobility, facilitating labour market participation, and supporting the development of compact, connected urban centres across regions.

In Ireland the clearest evidence in relation to the challenges of regional development and competitiveness (particularly through the lens of sustainable growth) – is the gap in the economic development between two out of the three NUTS2 regions of Ireland – the Eastern and Midlands Region and the Southern Region of the country and the Northern and Western Region. Since 2020 the Northern and Western Region has been classified as a 'Transition Region,' – whereby GDP per capita was between 75% and 90% of the EU average. This demonstrates the clear disparity between the economic success of areas in the Eastern and Southern parts of the country, from those in the Northern and Western parts.

Urban renewal plays a critical role in addressing these disparities by unlocking agglomeration effects that boost productivity through improved connectivity, density, and access to talent. Well-planned renewal enhances labour and housing markets, facilitates knowledge spillovers, attracts investment and improves quality of life. It enables cities and towns to function more effectively as drivers of innovation and growth. In Ireland's case, renewal of Dublin and regional urban centres is essential to sustain the FDI and export-led model, improve spatial equity, and support the transition to a more resilient, low-carbon economy.

A key driver of balanced regional development is the ability to attract and retain economic activity outside major urban centres – and in this context, tourism plays a vital role in generating local employment, supporting SMEs, and enhancing place-based competitiveness. Both tourism and hospitality provide substantial employment opportunities across the length and breadth of the country. The tourism sector is Ireland's biggest regional employer, and largest indigenous sector, with a value of over €10 billion.[29] The CSO estimates that in 2019 there were 284,800 full-time equivalent jobs directly involved in tourism in Ireland – more than 13% of total full-time equivalent jobs.[30] Prior to the pandemic (in 2019), the OECD and the UN put the size of the tourism sector at between 4.4% and 4.8% of GDP. In 2023, the CSO estimated gross value added from tourism at €13.5 billion – close to 4.4% of the economy.

There are well acknowledged skills and talent issues with careers in tourism and hospitality, a point echoed by Fáilte Ireland.[31] Concerns regarding costs to businesses in the tourism sector arose as inflation increased significantly since 2022.[32] Fáilte Ireland research shows that cost pressures are eating into operating margins. In 2024, 44% of tourism businesses experienced a decline in profitability. The top three concerns raised by operators were – energy costs, staff costs, and other rising operating costs. As a result of rising costs, Fáilte Ireland reported that price increases were recorded across the vast majority (68%) of tourism businesses in 2024.[33]

The National Planning Framework (NPF), Ireland's high-level, strategic plan for the development of the country out to 2040, aims to achieve a roughly 50:50 distribution of population and employment growth between the Eastern and Midlands Region and the combined Southern and Northern & Western Regions. The NPF was introduced in 2018 and may be revised every six years. The first NPF revision was published in April 2025. The NPF sets out 10 National Strategic Outcomes (NSOs) to guide delivery of sustainable, balanced, and inclusive growth across the country. Delivering under the NPF will require the coordination of growth and place-making with investment in world class infrastructure, including digital connectivity, and in skills and talent to support economic competitiveness and enterprise growth. Effective regional development policy and governance structures are critical to this, supported by investment through the National Development Plan.

With the revised NPF now in place, the other elements of the planning system will now be updated to ensure alignment with the new framework[34]. The Regional Assemblies are preparing to update the three Regional Spatial and Economic Strategies (RSES), which sit directly below the NPF in the broader planning hierarchy and provide the strategic framework for regional development in each of the three NUTS2 regions of Ireland. The RSES in turn inform the City and County Development Plans (CDPs) at the next tier of the planning hierarchy led by the local authorities. There is an opportunity to utilise the RSES and the CDPs to better align regional development, including planning, with national enterprise policy and in accordance with the Revised National Planning Framework.

29. Irish Tourism Industry Confederation, available at: Irish Tourism Industry Confederation
30. Irish Tourism Sector 2019 (Tourism Satellite Account) - Central Statistics Office, July 2023
31. Tourism Careers Research 2024 Update: Summary Report, November 2024
32. Tourism on the island of Ireland, DCU and Ulster University, Mary 2024
33. Fáilte Ireland - Tourism Barometer, January 2025
34. The Regional Spatial and Economic Strategies (RSES) led by the three regional assemblies and the City and County Development Plans (CDPs) led by local authorities provide the basis for delivering on the NPF at the regional and local authority level. The RSES also include the Metropolitan Area Strategic Plans for their respective regions. The MASPs cover the five cities of Cork, Dublin, Galway, Limerick and Waterford. The revised NPF provides the basis for the review and updating of the RSES and CDPs to reflect updated housing figures, projected jobs growth, renewable energy capacity allocations, including through the zoning of land for residential, employment and other purposes.

In addition, work has commenced on the preparation for the development of the next iteration of the Regional Enterprise Plans (REPs), a key part of the Government's work to support this agenda. The REP initiative was the successor to the Regional Action Plan for Jobs. The first iteration of the REPs was launched in 2019, with the most recent version introduced in 2022 and scheduled to run until 2024 and then extended by 12 months to end-2025. They empower regions to identify their unique strengths and challenges, and to implement actions that support enterprise growth, innovation, and job creation. They are designed to bridge national enterprise policy and local action by providing a flexible structure that reflects the specific priorities and capacities of each region. The Local Government sector, including the Local Enterprise Offices (LEOs), plays a central role in supporting this agenda.

Local authorities are key actors in regional development, delivering place-based economic strategies, infrastructure planning, and community supports that respond to regional and local needs. Through the LEOs, they provide direct support to start-ups and small businesses, fostering entrepreneurship, innovation, and export potential at the local level.

The Department appointed Indecon to carry out a review to identify ways to strengthen the initiative and to inform delivery on the Programme for Government commitment to publish and resource new regional enterprise plans for 2026 onwards. The review will also inform work on a Regional Enterprise Policy Statement. Regional development can be a relatively complex landscape involving a wide range of stakeholders. The Policy Statement provides an opportunity to clearly define the roles and responsibilities of key stakeholders and to ensure a more coherent approach to regional enterprise development. Stakeholder engagement and effective alignment with national policy priorities including innovation, decarbonisation and SME support are seen as strengths of the REP initiative. However, there is scope to build on this and make the REPs more responsive. The absence of dedicated funding has been noted by stakeholders as a barrier to realising the full potential of the Plans.

Since 2017 the Department of Enterprise, Tourism and Employment has approved regional enterprise development funding of over €150 million through a variety of schemes administered by Enterprise Ireland. The Regional Enterprise Development Fund (REDF) and Border Enterprise Development Fund (BEDF), both of which are now closed to new applications but continue to fund approved projects, are funding delivery of just over 60 physical locations, enterprise centres and hubs designed specifically to benefit local enterprise.

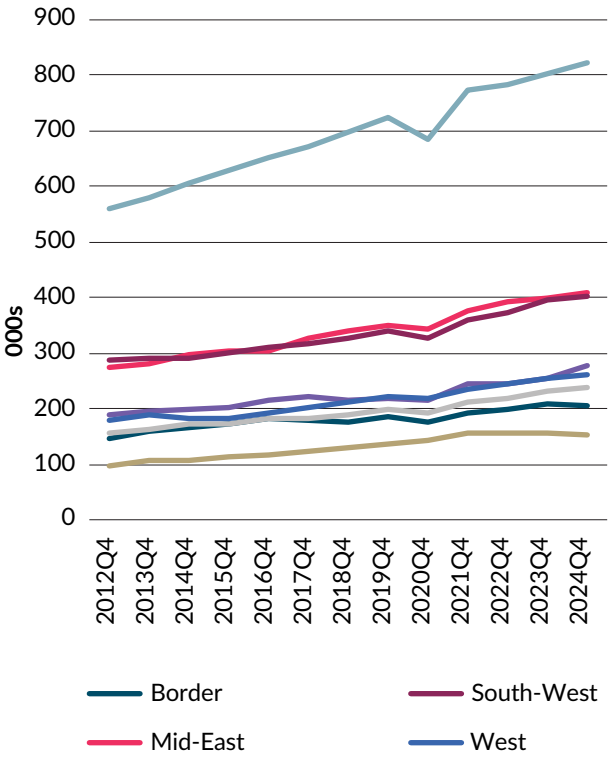
Investments funded to date through the Smart Regions Scheme include cluster development programmes, innovative enterprise support schemes and targeted investment in strategic capital infrastructure underpinning our regional ecosystems.

Strengthening clustering dynamics will also be critical to driving innovation, deepening enterprise capability, and supporting place-based growth. Clustering is an element of several different schemes provided by Enterprise Ireland, including REDF, BEDF and SREIS. However, the principal funding for clustering has been through the Regional Technology Clustering Fund (RTCF), launched in 2019 with the aim of supporting Institutes of Technology and Technological Universities to establish and develop clusters to achieve increased SME productivity, drive SME competitiveness and support internationalisation activity. RTCF funding is due to conclude in 2026. The Programme for Government 2025 includes a commitment to establish five new national cluster organisations.

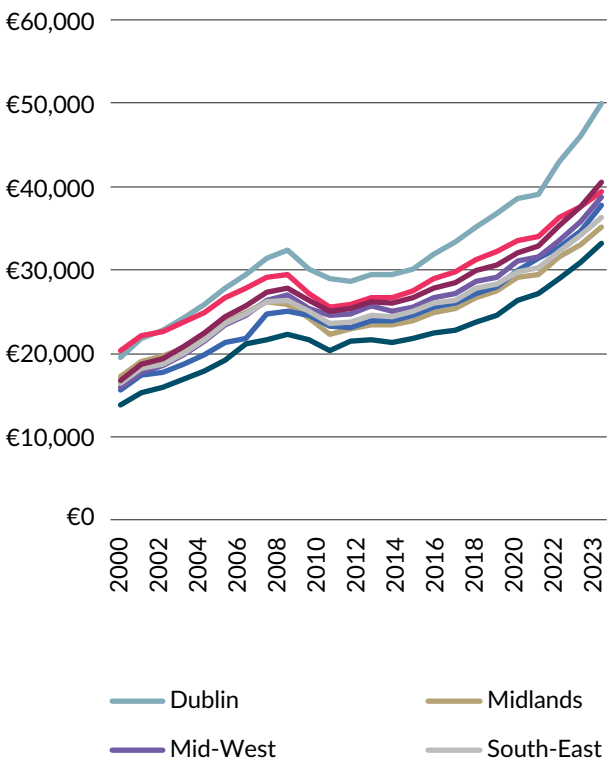
This echoes the commitment in respect of clustering in the White Paper on Enterprise, which recognised clustering as an enterprise policy tool to improve national competitiveness by building clusters of national scale with international visibility. The National Clustering Programme will encourage the formation and strengthening of national cluster organisations with a view to maximising the scale, impact and international visibility of Irish clusters. It is proposed to pilot up to three mature clusters in the Irish clustering ecosystem in 2025, all of which support national strategic priorities, to assist in the development of a robust evidence base for further National Clustering Programme funding in the Estimates 2026 process. The clustering programme is building on the success of the MIDAS Microelectronics Cluster and the more recent Cyber Ireland Cluster, both of which have bolstered their respective sectors considerably.

Figure 6.1 Regional Economic Development, 2012-2024

Panel A: Employment Growth



Panel B: Income per Capita



Source: CSO

Ireland's future economic growth – both nationally and in the regions – will also be constrained unless we can offer low-emission, reliable energy sources to new and existing industries. Currently, Ireland's energy system and manufacturing sectors are highly dependent on imported fossil fuel, and natural gas in particular. This reliance on fossil fuels puts Ireland at a strategic disadvantage compared to other developed nations whose scale and pace of decarbonisation far outstrips ours. Ireland was ranked 29th in this year's Climate Change Performance Index, behind countries with which it competes for investment on the basis of emissions intensity.[35]

This position belies the value of Ireland's renewable energy potential. Increasing the portion of renewables such as wind and solar in our electricity mix and shifting other fossil-fuel use to electricity and indigenous bio-based fuels, represents a potentially enormous import substitution. Spending in the economy on energy can, and should, increasingly be diverted to indigenous renewable energy sources, national infrastructure and a domestic supply chain. This represents an opportunity to decarbonise our energy system and our industrial sectors, as well as our homes and transport systems. Crucially it also builds greater resilience, diversification and agility into our energy mix.

It will also be important to ensure a correct balance of regulation and assistance to ensure business decarbonisation. To date, the focus has been on the use of grants to support businesses to decarbonise and improve their energy efficiency through retrofit programmes. There is scope to also consider the role that tax policy can play in supporting climate policies and green investments. Reduced VAT rates for certain desirable commercial activities such as retrofitting services, renewable technology and energy and climate advisory and consultancy services, or for adopting circular economy practices (like recycling, reuse, and reduced packaging). This has the potential to reduce costs for businesses who implement efficient waste management practices.

Greater use can be made of 'Regulatory Sandboxes' in the piloting of innovative clean technologies. These sandboxes facilitate small-scale, live testing of innovations by giving derogations from certain regulatory provisions to projects for a limited amount of time. Enabling regulatory sandboxes in Ireland could remove time delays in piloting clean technologies, accelerating their pathway towards scale-up and widespread use.

A 2023 European Commission report Study on Regulatory Sandboxes in the Energy Sector states that "regulatory sandboxes are useful policy tools to develop regulations and enable the creation of new products and services". The study identified no evidence of regulatory sandboxes or other regulatory experimentation frameworks in place or proposed in Ireland; these are already in place or under development in 12 Member States (including Sweden, Belgium, France and Austria) and under consideration in six other Member States.

Ireland has strong industrial employment and value-add in sectors that are particularly exposed to consumer sentiment and a value-chain focus on climate change impacts; these include food and beverage, technology services, construction materials, and pharmaceutical sectors. Consumer facing brands, strong corporate commitments to environmental sustainability, and globally integrated supply chains leave these sectors particularly exposed to competition on the basis of their environmental impacts and carbon emissions. Their importance within the Irish industrial and employment base emphasises the critical role of the renewable energy transition and decarbonisation to the medium-term resilience and competitiveness of our economy.

35. Climate Performance Ranking 2025, Climate Change Performance Index, 2025

The future of Ireland's attractiveness as a location for investment, and the resilience of our goods and services exports, relies on our ability to make this fundamental shift. New industrial developments and successful Irish enterprises will have to operate in a manner consistent with our national objective of legally binding net zero emissions targets by 2050. Achieving this, however, requires the decarbonisation of our SMEs and industrial base, with speed and at scale. Currently Irish industries have made limited progress due to a number of structural barriers:

- the upfront costs of decarbonisation investments;
- the cost of electricity relative to fossil fuels (the 'spark gap');
- limited availability of low-carbon gases, and;
- a shortage of technical expertise are significant hurdles to making quicker progress.

Manufacturing sectors further emphasise the time and costs associated with securing or upgrading an electricity grid connection, and the slow pace of planning, permitting and licensing for large projects to modernise production and remove emissions. SMEs in particular face a complex challenge, with limited bandwidth to address a broad range of sustainability issues across energy, water, packaging, waste and circular economy measures.

This is at a time when climate change is already impacting Irish businesses, with almost a third reporting that they are being affected by climate change.[36] Climate adaptation and mitigation need to be aligned and coordinated if the variety of challenges posed by climate change are to be addressed.

With just five years before Ireland may start incurring significant compliance costs if it does not meet its EU-wide targets, now is the time for the State to invest ambitiously in a deep decarbonisation of Irish industry. This is a responsible use of taxpayer's money and should unlock and expedite the willingness of industry and SMEs to cut their energy costs and emissions, and with that improve their long-term competitiveness. Ireland faces a further challenge to facilitate investments in energy intensive sectors such as data centres and microchips. To compete globally for these industrial development opportunities, and meet climate and energy objectives, these large energy users will need access to primarily renewable energy. A plan-led approach to co-locating these energy intensive sectors with renewable energy, minimising infrastructure costs, and maximising economic benefits, will be required, creating high-quality regional employment.

6.2 Benchmarking Ireland's Performance Internationally

Regional Development – Lessons from Abroad

The OECD has set out guiding principles[37] for effective regional development policies, whereby there is consideration of place, scale, governance, responsiveness to change, and funding. Many of these pillars are evident across Ireland's approach to regional enterprise development.

The bottom-up approach of the REP design process enables them to be tailored to the strengths and weaknesses of the individual regions. Extensive and ongoing stakeholder engagement supports the development and implementation of regional enterprise development policy and programmes, including the NPF, RSES and REDF. There is also significant sharing of learnings across stakeholders involved in different aspects of the enterprise ecosystem – including Regional Skills Forum and REPs Steering Committees and Working Groups.

36. Amárach research 2025 on behalf of DETE.
37. Recommendation of the Council on Regional Development Policy, OECD adopted in June 2023

Notwithstanding differences in governance structures and funding regimes, a review of approaches in similar economies including Denmark, Scotland and New Zealand provides insights into some measures that could be taken to strengthen regional enterprise development. This section outlines key features of regional development strategies in these jurisdictions, highlighting how they prioritise local strengths, foster inclusive growth, and integrate sustainability and innovation at the regional level. These international examples offer useful lessons for shaping future Irish policy in areas such as spatial planning, regional enterprise support, and the delivery of national missions through local action.

Based on the City and Regional Growth deals in Scotland, there may be scope for a stronger alignment with regional enterprise needs through the established and new development-related funding programmes (this will be determined in D/ETE sectoral plan outlining projects and the detail of delivery, under the 2026-2030 NDP capital expenditure allocations). There may also be scope to work with regional enterprise development stakeholders across the border to consider and develop joint regional partnerships and projects to support the enterprise ecosystem in border regions and across the country.

Scotland's City Region and Regional Growth Deals are long-term funding partnerships between the Scottish Government, UK Government, and local stakeholders, aimed at driving inclusive regional economic growth, investment, and job creation.

Over £6.4 billion has been committed across all partners, with projects selected through local-led proposals aligned with national priorities. Deals progress through a structured process – strategic proposals, negotiations, business cases, and implementation – with defined governance frameworks at both local and national levels. An Audit Scotland review found the deals have had a positive impact, supporting job creation, skills, infrastructure, and regional collaboration, including the emergence of Regional Economic Partnerships (REPs).

Some deals have incorporated regional economic strategies ensuring long-term economic benefits beyond initial funding. However, challenges persist around rising costs, project delays, and inconsistent data collection, which hinder the measurement of long-term outcomes.

New Zealand's Regional Infrastructure Fund (RIF) is a NZ$1.2 billion (€630 million) initiative under the government's Going for Growth strategy, aimed at boosting regional economic development through targeted infrastructure investment. Administered by the Ministry of Business, Innovation and Employment, the fund focuses on enhancing regional resilience, productivity, and growth, with an emphasis on flood resilience and Māori economic development. Unlike grant-based models, RIF funding is primarily delivered through loans and equity, reflecting a more commercial approach. Projects must align with region-specific priorities, determined by local development bodies rather than through a coordinated national framework. The fund's scope is broader than schemes like the Scottish Regional Economic Partnerships (REPs), signalling a flexible, region-led model tailored to local needs.

Denmark's ERDF programme, "Strong Enterprises Through Innovation, Digitalisation and Green Transition", is a €500 million initiative for the 2021–2027 period, agreed with the European Commission and managed by the Danish Board of Business Development. It targets SMEs and supports six objectives, including boosting innovation capacity, SME competitiveness, digitalisation, green transition, sustainable tourism, and inclusive urban development.

The programme is structured around five investment priorities – ranging from innovation and digitalisation to urban regeneration and welfare technology – reflecting a broad, place-sensitive approach to regional development. While its objectives overlap with Ireland's Regional Enterprise Plans, Denmark's model benefits from dedicated EU funding, and includes a wider remit covering culture, tourism, and city centre renewal.

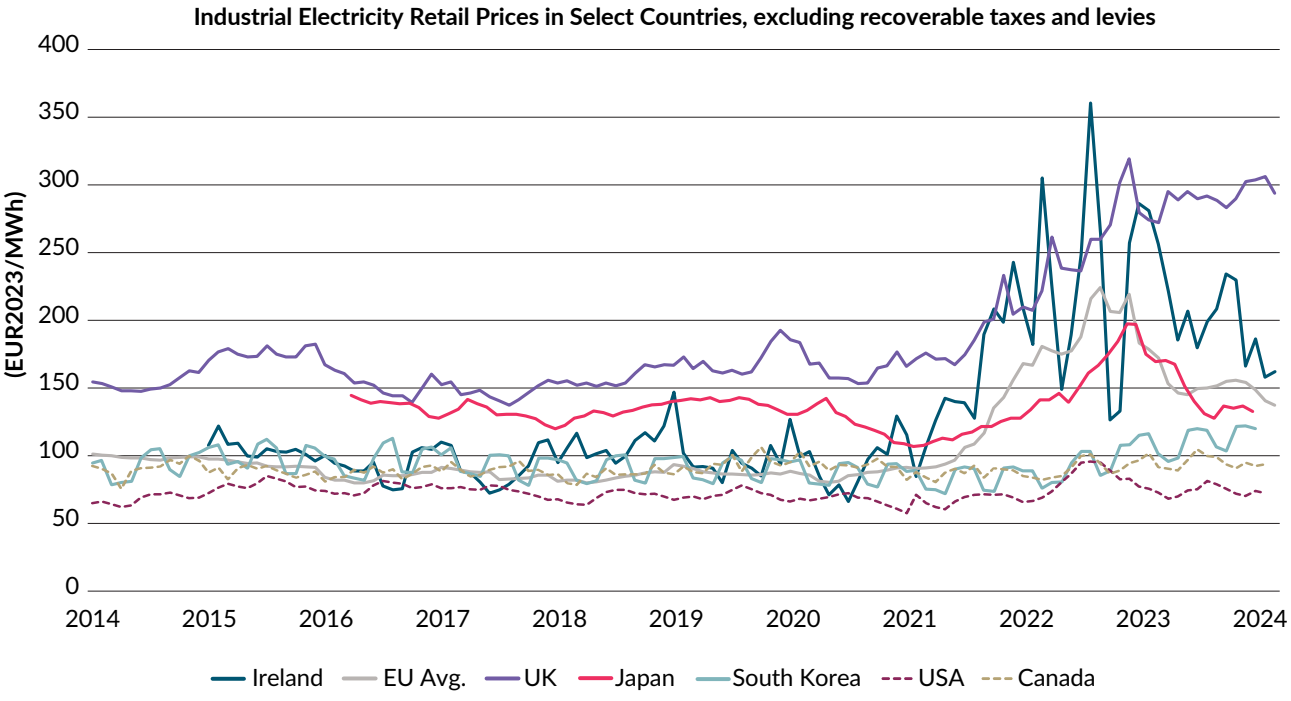
Energy Price Volatility and Competitiveness

The period since late 2021 has witnessed a dramatic increase in aggregate EU energy prices, for both electricity and gas, arising due to the post Covid economic recovery and associated supply chain constraints, and in particular the Russian invasion of Ukraine in April 2022. Notwithstanding a subsequent decline in energy prices, this resulted in a further deterioration in the region's international economic competitiveness. As noted in the Draghi Report, this widening energy cost competitiveness gap reflects both legacy and more recent underlying structural issues, including the region's lack of fossil fuel resources, and insufficient investment in energy network and renewable energy infrastructure.

Building on the Draghi report's recommendations, the Clean Industrial Deal outlines that 'affordable energy is the foundation of competitiveness'. It reiterates that when decarbonisation policies are properly integrated with industrial and economic policies, it can be a 'powerful driver for growth'.

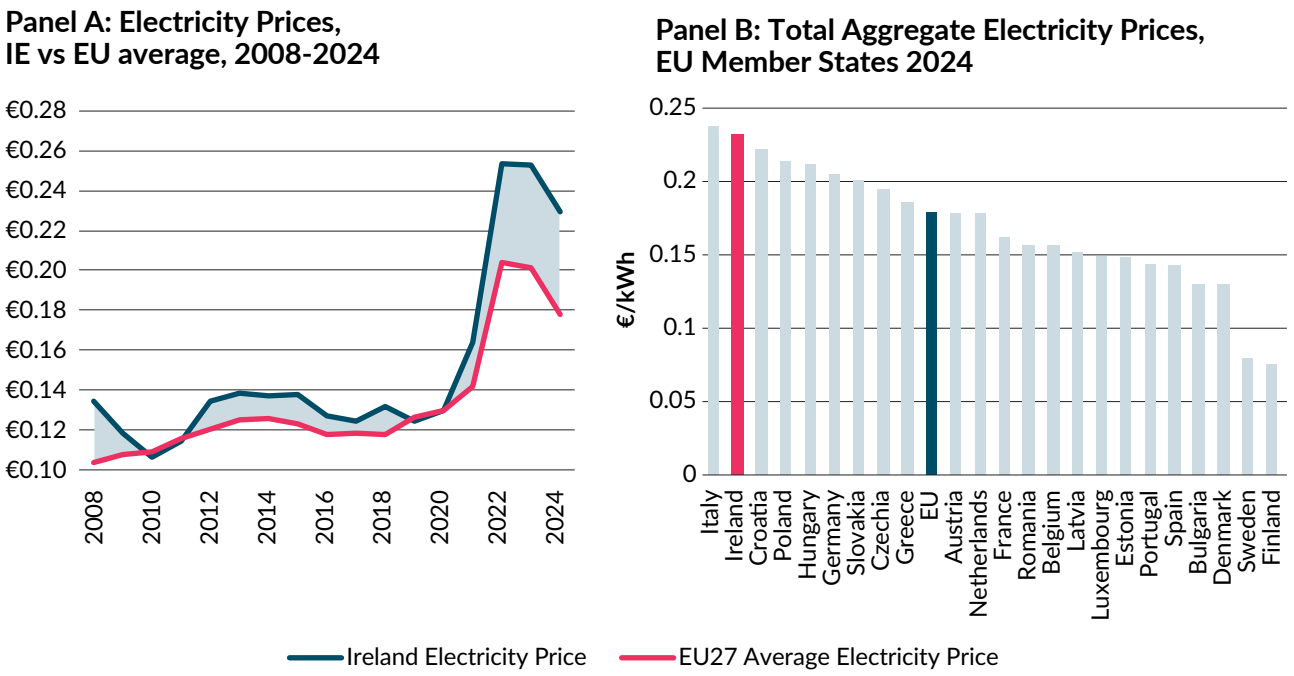
The sharp rise in gas costs has resulted in a commensurate increase in EU electricity prices due to a wholesale market design based on marginal pricing and the position of natural gas-fired generation as the typical price-setting generation in many EU countries, including Ireland. As highlighted in Figure 6.2, this resulted in a pronounced increase in EU electricity prices compared to many other global economies, and a further erosion in the bloc's external competitiveness. The response of EU policymakers, including the Clean Industrial Deal is only likely to materialise over the medium to long term time horizon. There is a need for further complementary action at national level to address higher energy costs facing industry and businesses.

Figure 6.2 Industrial Electricity Prices in the EU, Ireland, USA, Japan, UK, Canada and South Korea, 2014-2024



Source: European Commission, Report on Energy Prices and Costs in Europe, February 2025

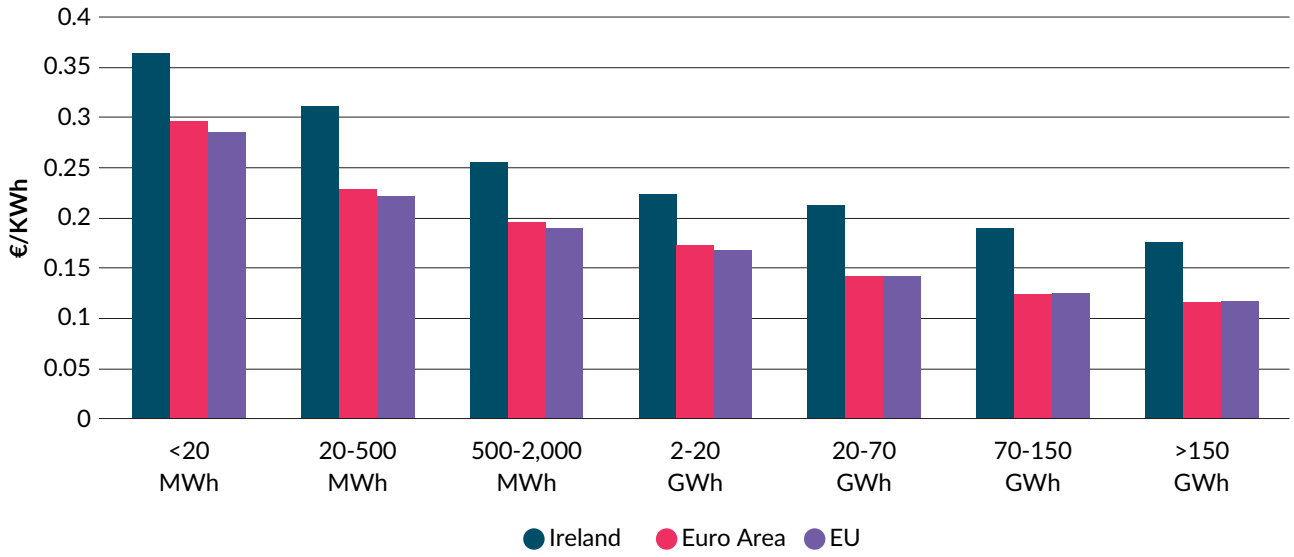
Figure 6.3 Electricity Prices for Businesses in the EU & Ireland



Source: SEAI, Eurostat

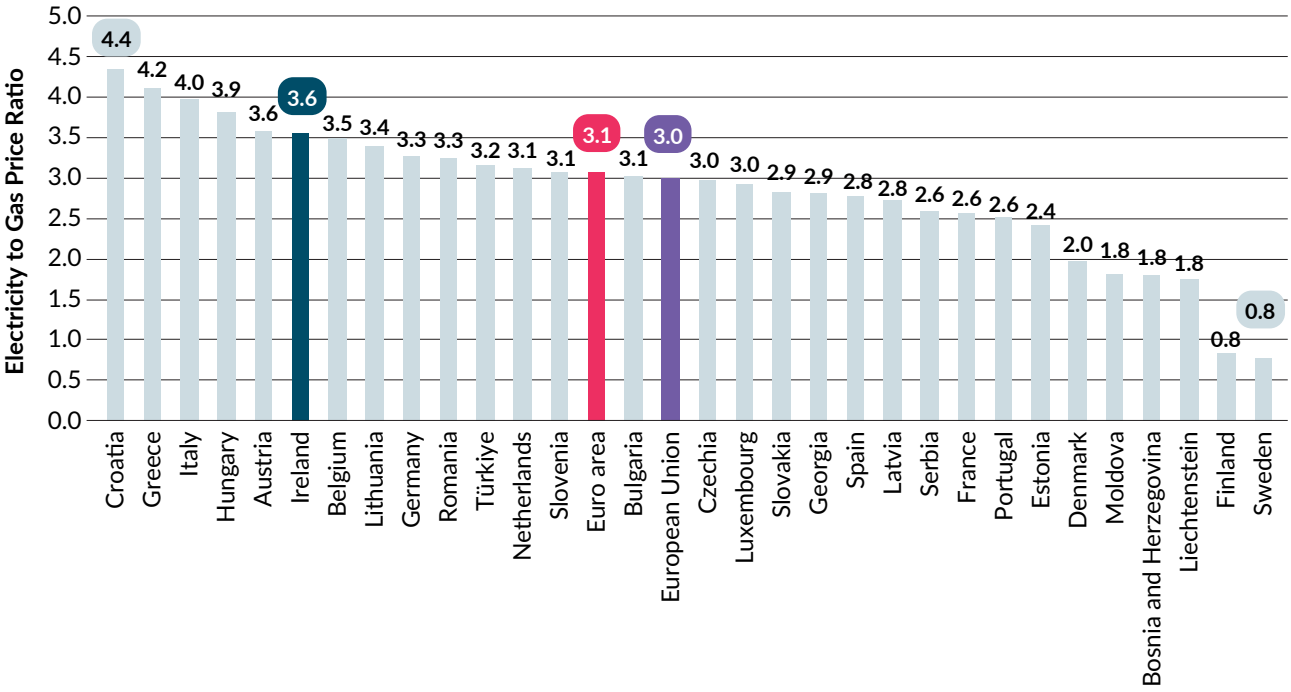
As shown in Figure 6.3 Panel A, within the EU, Ireland has been disproportionately impacted by rising energy prices over the last four years, with aggregate business electricity prices in Ireland being consistently higher than the EU average. And, as illustrated in Figure 6.3 Panel B, prices in Ireland were the second highest within the EU during H2 2024, across all seven electricity consumption bands.

Figure 6.4 Industrial Consumption Band Prices €/kWh



Source: Eurostat

Figure 6.5 Price Differential between Electricity and Natural Gas across the EU



Source: Eurostat (H2 2024)

The elevated cost of electricity for Irish businesses is actively discouraging adoption of electrification technologies needed to meet Ireland's ambitious industrial decarbonisation targets. In particular, as highlighted by Figure 6.5, the difference in cost between a unit of natural gas energy and the equivalent unit of electricity – the 'spark gap' – remains amongst the widest in the EU, and beyond the 2.5 multiple required to encourage uptake of more carbon-efficient heat pump technology, according to the European Heat Pump Association.

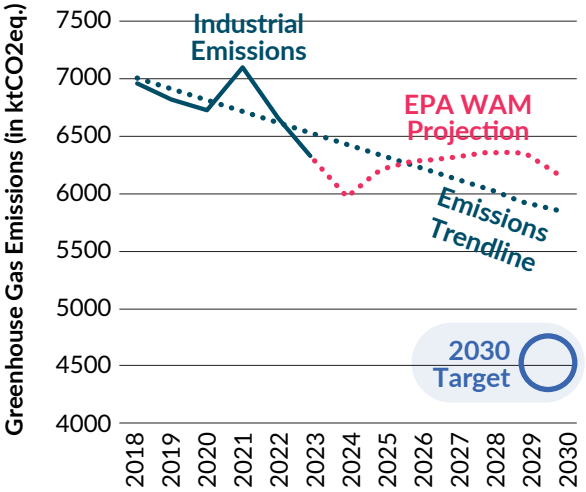
Deploying industrial and space heat-pumps currently brings higher operational costs for Irish businesses and homes than in most European countries. Put simply, while policy promotes the electrification of heat, the economic incentives often do not at present align with this objective. While many factors influence the pace of electrification, the relative cost of electrification represents the single primary constraint on accelerating electrification. The current price dynamic is not incentivising fuel switching at the required pace to achieve Ireland's 2030 targets.

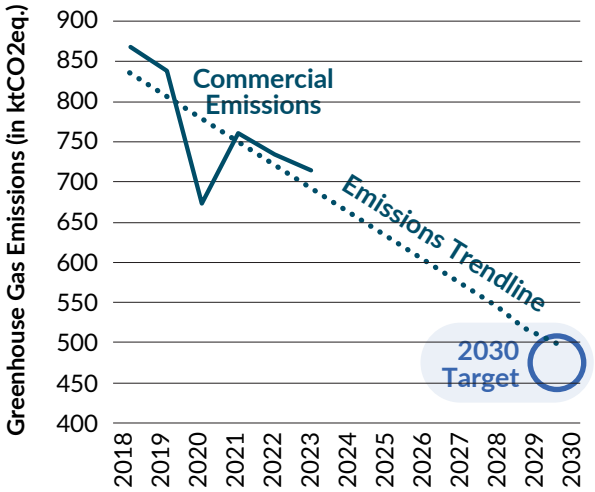
Progress Towards Emissions Targets

Ireland has made significant progress towards decarbonising industrial and commercial emissions since 2018, with associated emissions having fallen by 9.3% and 17.7% respectively since 2018.

However, as highlighted by Figure 6.6, considerable further progress will be required if Ireland is to meet its industrial and commercial emissions targets by the end of this decade, which are required to meet Ireland's wider legally binding climate objective for a 51% reduction in greenhouse gas emissions by 2030.

Figure 6.6 Gap to Target: Industrial and Commercial Buildings Emissions





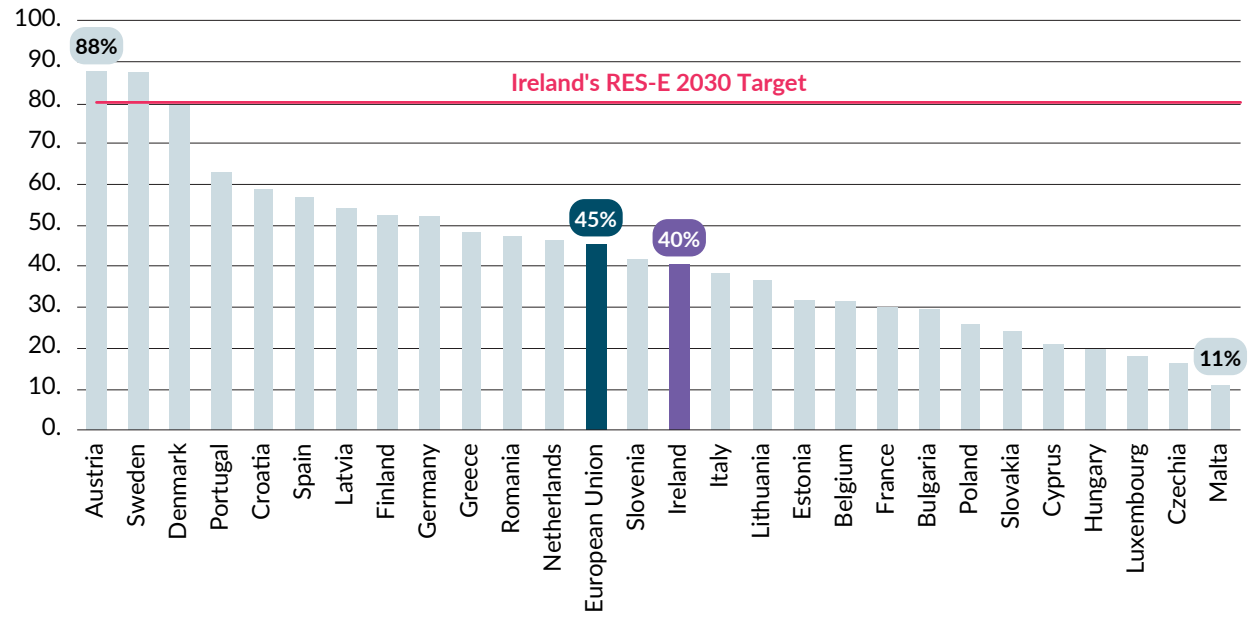
Source: EPA

While a sustained downward trajectory in industrial emissions and emissions from commercial premises has been achieved since the start of this decade, the pace and pervasiveness of investments in electrification, energy efficiency, and decarbonisation have not matched the State's ambitions. Increased electrification of Ireland's enterprise sector can deliver numerous benefits to the wider economy and enhance the competitiveness of Irish businesses. Making the near-term price of electricity attractive, to spur electrification and unlock this competitiveness over the medium-term is essential.

Further work to incentivise energy storage of different durations, and unlock demand-responsiveness, will further support that resilience and dynamism – while reducing the costs of the transition for energy customers. Put simply, industrial consumers can reduce costs and greenhouse gas emissions by shifting electricity use during peak demand periods or increasing electricity consumption during periods of surplus renewable electricity generation, in response to price signals, grid conditions, or financial incentives.

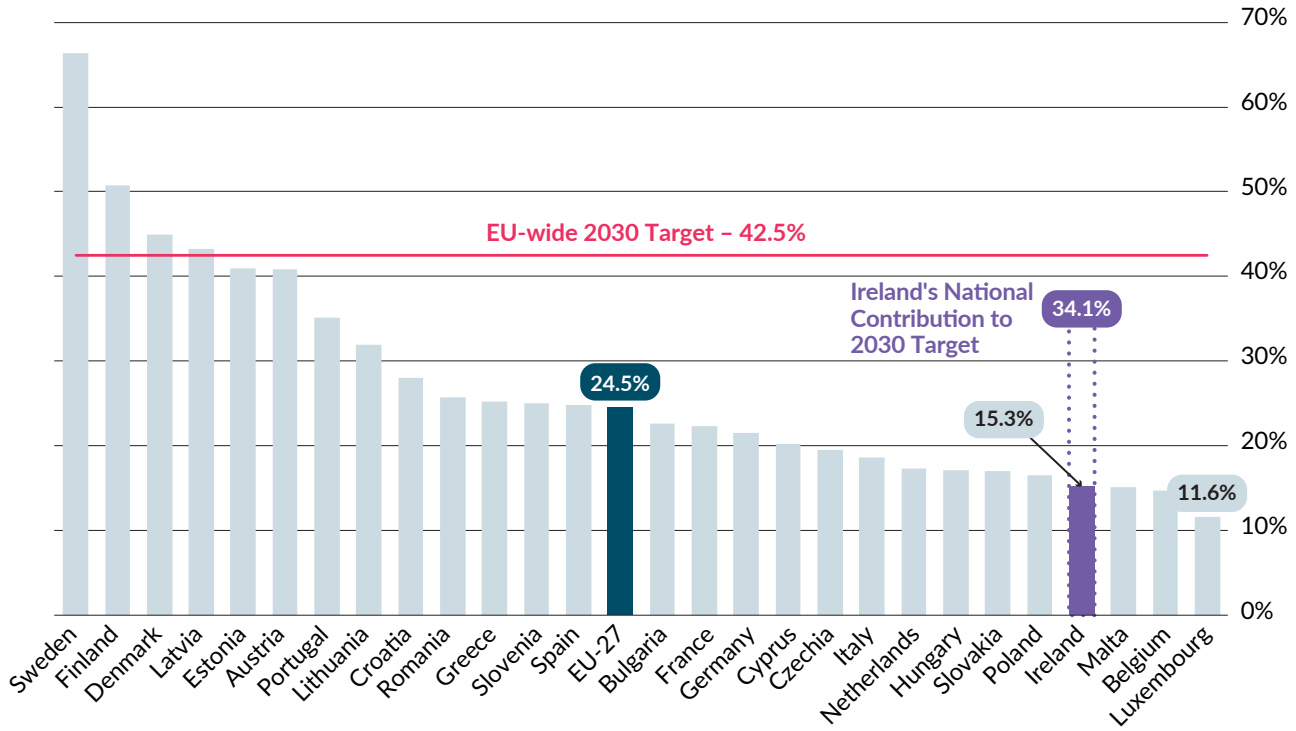
Enabling demand flexibility also allows grid operators to reduce grid congestion and reliance on expensive peaking power plants, to the benefit of all electricity customers. This can place downward pressure on electricity system costs borne by business (and household) customers through enabling more efficient utilisation of Ireland's existing electricity grid infrastructure, thereby mitigating the need for further future grid investments.

Figure 6.7 Share of Renewable Energy in Final Electricity Consumption (RES-E)



Source: Eurostat

Figure 6.8 Share of Renewable Energy in Final Energy Consumption (RES)



Source: Eurostat

With the roll out of further onshore renewable energy, complemented by additional interconnection capacity over the coming years and offshore wind towards the end of this decade, Ireland will continue to make progress towards its national and EU renewable energy and decarbonisation objectives (see Figures 6.7 and 6.8). The State will need to expedite the delivery of infrastructure that unlocks the green transition – the electricity grid, electric vehicle charging, district heating – and spread the costs of those investment over a time-horizon in which they will return value, including cost savings, to end-customers. Government will need to ensure that infrastructure costs are borne appropriately, and that the short-term costs do not disincentivise making the investment required for medium and long-term competitiveness. A number of structural interventions are appropriate and necessary to that end.

Significant investment in innovation for low-carbon energy technology is needed to drive down costs and increase our competitiveness in this sector. Alongside the State's considerable investment in offshore wind, accelerated and enhanced research and innovation may increase Ireland's competitiveness by finding solutions to challenges in a global growth segment. In that context, Ireland requires to remain at the frontier in energy sector innovation and aligned to global opportunities.

SME attitudes to sustainability

The Department of Enterprise, Tourism & Employment commissioned Amárach Market Research to conduct research among Irish SMEs in relation to sustainability and wider trends. The purpose of the research is to identify what factors motivate/demotivate SMEs and micro companies to become more sustainable; as well as what language resonates with SMEs about sustainability; and to establish a set of indicators for the current level of sustainability among SMEs, which can be used to measure their progress in this area.

About one in four businesses say climate change is affecting them now, especially larger firms: so, it is a pressing rather than a hypothetical issue for many. Most businesses have a good understanding of sustainability but also recognise they have significant additional action required before they have 'reached' their sustainability goals. Motivations in relation to sustainability combine both financial (efficiency) and social (wider impact), suggesting that the topic isn't simply seen through an economic lens. A key driver is regulatory compliance, but impact on brand reputation, employees and customers are also important. Despite such considerations, only a third of firms have a sustainability plan in place, suggesting a need for greater integration of sustainable thinking into strategic planning.

Table 6.1 Importance of Compliance with Sustainability Requirements to Irish Firms

Question: Thinking about the next 3 years, how unimportant or important do you believe strong compliance with sustainability requirements will be for the following?		Size			
	Total	1-9	10-49	50-249	250+
N=	310	139	79	44	48
Q1 Your ability to meet/comply with new laws and regulations	86%	81%	89%	84%	98%
Q2 Reducing costs	85%	84%	84%	82%	90%
Q3 Attracting and Retaining customers and clients	82%	81%	78%	86%	88%
Q4 Acting as a point of brand differentation in your market	73%	68%	75%	84%	73%
Q5 Attracting and retaining key staff	68%	61%	65%	84%	79%

	Export		Turnover		Balance Sheet		Years Operating		
	Yes	No	Under €1m	€1m+	≤€20m	€20m+	Up to 5	Up to 20	20+
N=	91	219	138	110	163	44	79	99	122
Q1...	90%	84%	83%	92%	85%	84%	82%	86%	91%
Q2...	86%	84%	85%	85%	85%	82%	82%	86%	86%
Q3...	89%	79%	81%	85%	82%	82%	82%	83%	83%
Q4...	81%	69%	70%	79%	69%	77%	76%	75%	70%
Q5...	76%	65%	62%	77%	65%	68%	71%	66%	69%

Source: Amárach Research survey for DETE

Part C
Implementation Framework

Introduction

Effective implementation is critical to ensuring that the actions set out in this Action Plan translate into tangible improvements in Ireland's competitiveness and productivity. As a whole-of-Government strategy, successful delivery will require strong coordination across Government departments and state agencies, with clear accountability for actions and outcomes. Regular tracking of both implementation milestones and impact indicators will help ensure transparency, support evidence-based policymaking, and maintain a clear focus on long-term strategic objectives. By embedding robust monitoring mechanisms, Government can drive alignment, demonstrate progress, build public trust, and ensure that implementation remains focused on delivering real-world improvements in competitiveness and productivity.

Monitoring the success of this Action Plan will operate across two distinct but complementary dimensions. The first focuses on practical delivery, tracking the timely and effective implementation of specific actions and commitments across Government. The second assesses strategic impact, evaluating progress toward the broader goals of the plan – namely, sustained improvements in Ireland's competitiveness and productivity.

In support of the former, an annual progress report on implementation will be prepared for the consideration of Government. This will be coordinated by the Department of Enterprise, Tourism and Employment and the Department of the Taoiseach. To support monitoring and oversight in respect of the broader aims of the Action Plan, Government will continue to seek the advice and input of the NCPC, particularly in benchmarking Ireland's performance against international peers, with a focus on monitoring those metrics set out in this section.

The tables that follow outline the implementation timeline for the actions under each theme, along with the body or bodies responsible for oversight. Following each table, high-level targets are provided to reflect the overall aims and intended outcomes of the actions.

The implementation of various Actions presented throughout – and the allocation of funding, where required – shall be subject to the standard annual Budgetary procedures and the provision of sanction by the Minister for Public Expenditure Infrastructure, Public Service Reform and Digitalisation.

Theme 1 – Embracing Research, Innovation and Skills

	Priority Actions	Timeline	Responsible Body
1(P)	**Increase expenditure on research activity in the Higher Education sector to align more closely with leading Small Advanced Economies** through a structured programme of investment in National Research Infrastructure (i.e. "PRTLI2" to boost basic and applied research and innovation, build the talent pipeline for our indigenous and FDI enterprise base and continue to strengthen Ireland's capabilities in frontier, emerging and deep technology sectors.	2026-2030	D/FHERIS
2(P)	**Scale Ireland's Technology Centres in the priority enterprise sectors** to drive collaborative RD&I in SMEs and to anchor high-growth FDI companies in Ireland.	2025-2030	D/ETE; Enterprise Ireland
3(P)	**Review IP development in Ireland with a view to the development of "IP Ireland"** – a new agency to position Ireland as a global IP hub, leveraging our strengths in technology, pharmaceuticals, and creative industries, and exploiting the economic potential of IP management.	2025	D/ETE
4(P)	**Establish a National Artificial Intelligence Office (NAIO)** as the central co-ordinating authority for the EU AI Act and to provide a focal point for the promotion and adoption of transparent and safe AI in Ireland, to ensure that we fully capture the strategic opportunity that AI presents. The NAIO will work with CeADAR to engage with business and organisations in Ireland around the role and potential of AI adoption.	2026	D/ETE; D/FHERIS
5(P)	Given the economic potential of encouraging the **adoption of innovative technologies by the SME** sector, examine options – including, but not limited to, the introduction of new tax-based supports – to encourage innovation by all firms.	2025	D/FIN

Artificial Intelligence and digital technology adoption

6	**Update the National Digital and AI Strategies** to support Ireland's ambition to remain a global digital leader, and to ensure that Ireland is positioned to maximise the benefits and opportunities of AI and digital technologies in the public and private sectors.	2025	D/ETE; D/Taoiseach
7	**Develop a High-Performance Computing Strategy** on a cross-Government basis encompassing Quantum, High Performance Computing, AI and data infrastructures to enhance Ireland's competitiveness in deep tech, strengthen Ireland's public research system, enable greater participation in EU initiatives such as AI Factories and the AI Continent Action Plan and support innovative start-ups.	2026	D/FHERIS
8	Seek to establish an **AI Factory Antenna h**osted in Ireland under the current EuroHPC Joint Undertaking call to enable Irish SMEs to access supercomputing resources in an established AI Factory in the EU. This will enable SMEs to integrate advanced AI into their products and processes efficiently, fostering productivity growth and innovation capacity within the EU's digital ecosystem.	2026	D/FHERIS
9	Establish a real-time, publicly available **AI Observatory** that delivers data and insights on a wide range of AI metrics. These could include labour market dynamics, capital flows, skills development, quality of life enhancement, complementary innovations, public attitudes and the impact of AI on certain sectors as they unfold. In order to avoid duplication of effort and siloing of data, this work should be aligned with the development of the wider National Skills Observatory. This resource will help policy makers, educators, and workers better navigate the changes ahead.	2026	D/ETE
10	Increase the **drawdown of European Digital funding by Irish enterprise**, including by removing barriers such as lack of security clearance and strengthening the Digital Europe Programme National Contact Network.	2025-2027	D/ETE
11	Provide **improved and more targeted funding for the adoption of AI and digital tools** under the enterprise pillar of the new National Digital & AI Strategy.	2025	D/ETE

Research, Development and Innovation

12	**Develop and deliver a programme of "research collaboration missions"** to connect and develop strategic partnerships between Irish researchers and international businesses and research and innovation centres in key strategic sectors.	2025-2026	D/FHERIS
13	Examine **options to enhance the competitiveness of the R&D Tax Credit**, to ensure Ireland maintains a best in class incentive to encourage innovation by domestic and international companies.	2025	D/FIN
14	**Undertake a mid-term review and updating of the National Research and Innovation Strategy IMPACT 2030** aimed at strengthening the capability and performance in innovation of Ireland's Research and Innovation ecosystem.	2025-2026	D/FHERIS
15	Establish a **single point of entry for SMEs in engaging with RD&I opportunities** and collaboration with national R&I system to drive increased R&D in SME sector and support greater mobility of researchers into SMEs.	2025-2026	Enterprise Ireland; D/ETE; D/FHERIS
16	Work with Higher Education Institutions (HEIs) to ensure that creation and delivery of **commercialisation opportunities by researchers in HEIs is valued,** incentivised in terms of academic progression, and more fully enabled, examining whether current metrics (e.g. patents, licences, spinouts etc.) accurately measure commercialisation performance and, if so, are appropriately incentivised.	2026	D/FHERIS; D/ETE; Research Ireland; Enterprise Ireland
17	Continue to embed a focus on skills among SMES, including via the **rollout of a targeted SME incentivisation scheme**, aimed at reimbursing the cost of upskilling and reskilling of employees.	2026	D/FHERIS
18	**Increase investment in the European Space Agency to facilitate increased participation by Irish-based firms in the European Space Agency** programmes to drive the success of start-ups and provide routes to market for innovative companies looking to accelerate technology commercialisation.	2025-2027	D/ETE; Enterprise Ireland

19	**Develop a CAV (Connected and Autonomous Vehicles) strategy and framework** for the safe introduction of the use and testing of autonomous vehicles on Irish roads.	2026	D/Transport
20	The Department of Defence will continue to progress the interests of Irish SME's to facilitate growth and ensure deeper engagement in the commercial dual use area - both nationally and at an EU level. In that context, **Ireland will look to enhance its engagement and identify opportunities for Irish SME's in EU collaborative defence research and development programmes** such as the European Defence Fund.	2025-2030	D/Defence

Skills

21	Strengthen capacity and capability of the national RD&I innovation system through a structured and **targeted programme of recruitment of international talent across RD&I landscape** at all levels of education (i.e. basic research, applied research, innovation leaders) in key strategic sectors of the Irish economy.	2025-2030	D/FHERIS
22	Review skills' needs (both critical and general) to inform the employment permit process, following early stakeholder consultation, to evaluate and expand eligible roles for employment permits where there is a solid evidence base for doing so. **Review the Occupations Lists for employment permits to prioritise skills-based migration for those sectors facing significant shortages.**	2025	D/ETE
23	In partnership with D/JHAM, **develop a single application procedure for immigration and employment permission** and deliver on the digitisation of the permits system to ensure service integration and delivery improvements, working across government to merge the employment permit and visa systems into one user friendly process supported by a modern ICT system.	2025	D/JHAM; D/ETE
24	**Invest in the engagement skills of social partners to drive productivity and transformation**, including a series of capacity building actions to support dispute avoidance and resolution being included in the Action Plan on Collective Bargaining later this year.	2025-2030	D/ETE

25	**Deliver a targeted programme of Lifelong Learning** to help prepare for the twin green and digital transitions.	2025-2030	D/FHERIS
26	**Establish the National Skills Observatory** to act as Ireland's centre for skills and labour market intelligence across the labour market, including the public and private sector, serving as the Government's central information broker and depository for skills and labour market intelligence	2026	D/FHERIS

Targets for Theme 1

Increase GBARD per capita to exceed – at a minimum – the EU-27 average
Increase the number of resident patent applications per million inhabitants to the SAE-5 average

Theme 2 – Boosting FDI and Exports, and Influencing at EU Level

Priority Actions		Timeline	Responsible Body
27(P)	**Promote Ireland's vision for European competitiveness and the Single Market and advocate for Ireland's national interests at EU level** on themes including frontier technologies, competitiveness, digital and green transitions and energy costs, Savings and Investment Union, regulatory simplification, sustainable food production, deepening capital markets and completing the internal market.	2025-2030	D/ETE
28(P)	**Enable Irish-based firms to participate in Innovative Projects of Common European Interest** (IPCEI), in key strategic sectors. Such IPCEIs will help to strengthen Ireland's and Europe's capacity and capability in frontier technologies as well as building value chains to secure Ireland's competitiveness in strategic sectors (including, but not limited to, microelectronics, AI and quantum computing).	2025-2030	D/ETE
29(P)	Develop large-scale **Next Generation Sites (NGS) as master-planned** locations with property, utility and sustainable infrastructure, so as to attract transformational advanced manufacturing investment in key sectors, including in AI, semiconductors, life sciences and sustainability.	2026	D/ETE; IDA

Exports			
30	Publish a new **Government Trade and Investment Strategy** in line with Global Ireland 2040's regional and country strategies.	2026	D/FAT; D/ETE
31	Implement in full the Government **Action Plan on Market Diversification**.	2025-2030	D/ETE
32	Scale-up the **presence of enterprise and tourism promotion agencies** in key strategic locations, to support and build on commercial opportunities in existing and high-potential markets.	2025	D/ETE

33	**Consider the establishment of a "Market Diversification and Resilience Fund"**, pending the outcome of tariff negotiations, to support enterprises impacted by trade disruptions in the areas relating to customs and compliance, supply-chain capabilities, changing trade requirements, consultancy and market research.	2025	D/ETE
34	In order to better understand how Irish companies perform globally, advance Ireland's participation in the **Microdata Infrastructure (MDI)** for productivity research.	2025	CSO; D/ETE
35	Accelerate the programme of work to establish a National Security Clearance Framework and, in the interim, **establish a temporary personnel security clearance framework**.	2025 (interim arrangement)	D/JHAM

Foreign Direct Investment

36	Publish a new national **Life Sciences Strategy**.	2026	D/ETE
37	**Through the work of the Sustainable Aviation Fuel Task Force, explore the potential for indigenous production of Sustainable Aviation Fuels in Ireland** taking into account progress on the National Hydrogen Strategy and Ireland's Offshore Wind Industrial Strategy.	2026	D/Transport

Targets for Theme 2

Reduce the degree of export product concentration to the EU-27 (or SAE-5) average
Increase the export participation rate of each sector to bring it in line with the EU-27 or SAE-5 average
Increase expenditure on State Aid to facilitate Ireland's participation in additional IPCEIs

Theme 3 – SMEs: Creating and Scaling More SMEs

	Priority Actions	Timeline	Responsible Body
38(P)	***Establish Start-up Ireland* as a central coordinating body to enhance alignment and collaboration across the national start-up ecosystem.** This initiative will provide a unified strategic direction for start-up development, including the rollout of a new National Accelerator Programme, as a successor to the NDRC and act as a national focal point for policy, investment, and ecosystem development and aligning with European and global best practices.	Q4 2026	D/ETE
39(P)	**Establish an SME Scaling Fund** of scale to increase the available public capital for direct and indirect investment to support scaling, to improve access and choice for founders and encourage new private capital into Irish market.	Publish Strategy - Q3 2025 Implementation of Strategy -2025/2026	D/ETE, Enterprise Ireland
40(P)	Develop policy actions that will **incentivise pension fund and institutional investor participation**, either directly or indirectly, into scaling equity funds to further enhance the Irish scaling ecosystem, and consider **options for the development of incentives for the participation of retail savings** in capital markets.	Q2 2026	D/ETE
	Scaling		
41	**Review tax measures to incentivise investment into start-up and scaling companies**, including the potential benefits and costs of modifying aspects of Entrepreneur Relief and also of retaining the Key Employee Engagement Programme (KEEP) so that founders and employees are incentivised to remain with and grow their ventures.	Q4 2026	D/FIN

Targets for Theme 3

Improve average structure of SME investment financing: - Internal vs. External (DoF Credit Demand Survey)
Increase VC investment as a % of GDP (OECD)
Improve our ranking in the EU Startup Nations Standards (SNS) Report (Currently 11th out of 24 countries)
Support 1,000 new start-ups over Enterprise Ireland's five-year strategy, from 2025 to 2029

Theme 4 – Competition: Regulating for Growth and Controlling Costs

	Priority Actions	Timeline	Responsible Body
42(P)	Department of the Taoiseach to coordinate a range of actions **aimed at regulatory reform** across Government Departments, including the establishment of a central Economic Regulators Forum.	2026-2027	D/Taoiseach
43(P)	Introduce a **'Red Tape Challenge' across Government to significantly reduce regulation for SMEs** reflecting the European Commission's commitment to simplifying and reducing administrative burden for SMEs by 2029. This would include a review by each Government Department to identify regulations to be removed or reduced without impacting on policy objectives and a public consultation to identify areas of high burden or where burden reduction could be launched.	2026	D/ETE, D/ Taoiseach Cross Government
44(P)	Expedite the **Environment Miscellaneous Provisions Bill** to put in place statutory timelines for EPA decisions and enable 'limited' licence reviews where the changes to an installation are examined (rather than a full review of the licence) in circumstances where an EIA is not required and the proposed change is not substantial. Resource EPA sufficiently to comply with these required licencing decision timeframes and review the legislative possibilities to allow for concurrent processing of planning and licencing decisions.	Q1 2026	D/CEE
45(P)	Acknowledging the substantial legislative progress made with regard to planning, consenting and judicial review arrangements through the Planning and Development Act 2024, **commence these reforms to enhance delivery of infrastructure as soon as possible**.	2025-2026	D/HLGH, D/ CEE
46(P)	**Implement the outstanding recommendations from the *Review of the Administration of Civil Justice: Review Group Report (2020)*** including: reform of legal discovery, reform of the wider non-planning judicial review process and development of new guidelines to set clear rates and scales of fees for civil litigation.	Q4 2027	D/JHAM

Better Regulation

47	**Establish an AI regulatory sandbox and publish guidance and support** for innovative companies on compliance with the EU AI Act and other sectoral regulations, with a particular focus on SMEs and startups.	2026	D/ETE
48	**All Government Departments will apply the SME Test to all measures**, in particular to policy initiatives where it is proposed to increase costs on small business and include the SME test in the Government handbook.	Ongoing	D/ETE

Legal

49	**Introduce a scale of fees for environmental legal costs as a matter of priority**, as provided for under the Planning and Development Act 2024.	Q2 2026	D/CEE; D/HLGH
50	**Substantially increase the limit of the Small Claims Court procedure.**	2027-2028	D/JHAM
51	Expand the coverage of the **one-stop application service for business licensing** by making participation mandatory for all licensors, as per the OECD Economic Survey of Ireland 2025.	Q4 2026	D/ETE
52	Legislate to **empower Court Presidents to manage courts efficiently**, including a model for the delegation of tasks to court officers to free up judicial time for judgment writing and other judicial tasks.	Q2 2027	D/JHAM
53	**Continue rolling out the unified case management systems to improve the quality of data on court operations and allow for an improved real-time understanding of court and judicial resourcing needs.**	Q2 2027	D/JHAM

Competition and Costs

54	Implement a **new cross-Government Action Plan on Insurance Reform**, led by the Cabinet Committee Sub-Group on Insurance Reform, which will focus on improving insurance affordability, transparency and availability.	2025-2029	D/FIN; D/ETE; D/JHAM
55	**Embed the Administrative Enforcement regime under the Competition (Amendment) Act 2022** which provides the power to impose administrative financial sanctions of up to €10 million or 10% of total worldwide turnover for infringements of competition law.	Q2 2026	D/ETE
56	**Complete a *'State of Competition in Ireland'* study by end 2025** to examine the non-financial services sector and potentially identify markets or sectors of concern that could benefit from further study.	Q4 2025	D/ETE
57	**Provide the CCPC with new powers to impose administrative financial sanctions** in respect of breaches of consumer protection legislation.	Q4 2026	D/ETE
58	**Provide the CCPC with new powers to undertake Bid Rigging Screening** which is a form of anti-competitive behaviour where a number of suppliers come together and agree not to compete against one-another for a tender or contract. This power will be of enhanced importance in the context of the State's ambitious capital expenditure plans.	Q4 2026	D/ETE
59	**Complete the development of an Action Plan on Collective Bargaining** in order to enhance collective bargaining in ways that contribute positively to economic performance and social well-being, while supporting competitiveness and driving productivity.	2025	D/ETE

Targets for Theme 4

Improve Ireland's performance in OECD indicators of regulatory policy
Increase the number of SME Tests implemented by Departments
Reduce court case waiting times (Courts Service)

Theme 5 – Infrastructure: Increasing the State's Capacity to Deliver Infrastructure

	Priority Actions	Timeline	Responsible Body
60(P)	**Prioritise the Work of the Accelerating Infrastructure Taskforce** to ensure that barriers to the delivery of infrastructure are addressed and the provision of infrastructure accelerated.	Q4 2025	D/PER
61(P)	**Prioritise increased construction sector productivity in national infrastructure and housing programmes**, through further embedding supply and demand-side initiatives at design and procurement stages and strengthening industry capability through initiatives such as EI's Built to Innovate, Construct Innovate Technology Centre, and the national MMC Demonstration Park at Mount Lucas, maintaining a focus on digitalisation, sustainable practices, lean processes and adoption of modern methods of construction.	2026-2027	D/Taoiseach; D/PER; D/ETE; D/FHERIS; D/HLGH
62(P)	**Explore further flexibility for fixed term contract recruitment of specialist expertise by Government Departments and agencies on a case-by-case basis**, with the aim of embedding knowledge spill over and specialised expertise directly into relevant Units over a fixed period.	2026	D/PER

	Transport		
63	**Develop a long-term strategy for Irish airports as part of a review of Ireland's National Aviation Policy**, recognising the dependency risk of having a large share of Irish air traffic going through a single airport.	2026	D/Transport

64	The Minister for Transport to **establish a Stakeholder Forum of key agencies to focus on the actions required to facilitate swift progression** of DAA's planning application for the construction of infrastructure including **additional pier and stand capacity at Dublin airport** to facilitate an increase in passenger numbers to 40m p.a. (while respecting independence of planning authority). This forum should seek to quickly identify and remove any barriers to progress including in relation to surface access to ensure that infrastructure enhancements that are necessary at Dublin Airport to ensure maximum connectivity for our island to the rest of the world can be progressed and to achieve the objective of removing the 32m passenger cap at Dublin Airport as soon as possible.	Q4 2025	D/Transport

Targets for Theme 5

Improve capital stock per person relative to EU average
Improve productivity in the Irish construction sector (Eurostat)
Improve our ranking in the IMD Infrastructure sub-pillar (IMD)

Theme 6 – Sustainability: Growing Sustainable Irish Businesses and Boosting Regional Development

	Priority Actions	Timeline	Responsible Body
65(P)	**Examine the scope for supporting energy intensive manufacturing sectors**, under EU guidelines on State Aid for climate, environmental protection and energy, to ensure the competitiveness and resilience of Ireland's manufacturing base. Supporting manufacturers with the cost of their efficient electricity use, as a temporary response to elevated prices, would also underpin investment in domestically produced energy, and utilisation of renewable energy during periods of abundant supply. A targeted support to mitigate high electricity prices can also reduce the 'spark gap' and facilitate reduced emissions in these sectors. This measure should also incentivise firms to use the existing electricity grid as flexibly and efficiently as possible to keep overall system costs down.	2025	D/ETE; IDA
66(P)	**Bring forward legislation to permit and implement a new Private Wire Framework** allowing private sector to install electricity grid within well-defined conditions and to a standard consistent with national infrastructure, enabling expedited grid delivery, deployment of 'proximate' renewables and storage, and allowing innovative energy park systems to emerge in certain locations.	2025-2026	D/CEE
67(P)	**Utilise the Environmental Aid Scheme** to the fullest extent in providing capital support grants to high impact decarbonisation projects in manufacturing sectors through Enterprise Ireland and IDA Ireland. Increased levels of support for more expensive abatement in lower margin sectors will be required to incentivise investments of significant scale and ambition to achieve our 2030 climate targets.	2025-2030	D/ETE
68(P)	**Conduct a review of electricity network tariffs** to ensure that the fixed cost element of electricity prices (TUoS / DUoS) do not disincentivise demand flexibility and to facilitate industry maximising the use of renewable energy in their heating systems when renewable energy availability is high, and wholesale prices are low, as part of the broader tariff review. Grid costs are important to sending the right price signals to industry to respond commercially to the availability of low costs renewable electricity, unlocking emissions savings and reducing curtailed renewables.	Commencing 2025	CRU; D/CEE

69(P)	Informed by findings from the Review of the Regional Enterprise Plans consider the establishment of a new **Regional Enterprise Development Fund**.	2026	D/ETE
70(P)	**Task the Expert Group on Future Skills Needs to carry out an Assessment of the Future Skills Needs of the Tourism and Hospitality Sectors.**	2026	D/ETE
71(P)	**Promote the digitalisation of tourism SMEs**, establish test and learn pilot projects to support adoption of innovative technologies (Generative AI, IoT, Immersive Experiences) among tourism SMEs, and partner with EU Digital Innovation Hubs (EDIH's) to foster applied innovation within tourism enterprises.	2026	D/ETE

Regional Development

72	**Establish up to 3 pilot national clusters in H2 2025** to deliver proof of concept in order to secure funding for the National Clustering Programme for 2026 and beyond. In line with international best practice, clusters will be funded for a period of 6 years subject to meeting Key Performance Indicators, measured through annual and mid-term reviews.	2025	D/ETE
73	Develop a **regional enterprise policy statement**.	2025	D/ETE
74	Publish and resource **new Regional Enterprise Plans** – with metrics for measuring success tailored to the region as appropriate. The Department will work closely with the Regional Assemblies to better align regional enterprise policy with the Regional Spatial and Economic Strategies, through the Regional Enterprise Policy Statement and the subsequent development of new Regional Enterprise Plans.	2026-2030	D/ETE
75	Further develop **DETE engagement with the Regional Assemblies** to use the forthcoming Regional Spatial and Economic Strategies to better align regional activity with national enterprise policy, and in accordance with the National Planning Framework.	2025-2030	D/ETE; Regional Assemblies
76	**Publish a green industrial growth strategy** focused on the development and industrial deployment of green technologies to support sectoral growth and unlock economic opportunities across all regions.	2026	D/ETE

Tourism

77	**Review the Employment Investment Incentive Scheme (EIIS)** with a view to minimising the administrative burden on the tourism sector.	2025	D/ETE
78	Support **the Adoption of Sustainable Tourism Certification** through the development and implementation of a national support programme to promote the adoption of credible, third-party verified sustainability certification schemes in the tourism sector.	2026	D/ETE

Electricity

79	**The National Energy Affordability Taskforce (NEAT)** will identify both relevant cost drivers and measures to enhance energy affordability for households and businesses.	2025	D/CEE
80	**Design a medium-term plan to connect new, very large energy-intensive industries to the electricity grid**, setting out actions to inform and enable a coordinated approach to future Large Energy User investments — including data centres — with respect to their location, alignment with the National Planning Framework, and integration into energy system planning. This plan should emphasise the importance of co-locating energy-intensive sectors with renewable energy resources, while also acknowledging the critical need for supporting infrastructure such as conventional generation capacity, energy storage, and grid reinforcement to ensure security of supply and system resilience.	2025	D/ETE; D/CEE
81	**Complete the ongoing scoping study for an Offshore Wind Centre of Excellence by end-Q3 2025 and** develop a project plan detailing next steps towards the establishment of the centre by end-2026.	2026	D/ETE
82	**Review supports and funding available to businesses for climate adaptation measures.**	2025-2026	D/ETE

83	**Promote the use of 'Regulatory Sandboxes' in the piloting of innovative clean technologies**, to facilitate small-scale, live testing of innovations with derogations from certain regulatory provisions.	2026	D/CEE; D/ETE

Agri-food

84	Continue to **progress the ongoing economic and environmental sustainability ambitions of the agri-food sector**, including farmers, fishers, foresters and food producers, and – in the context of Food Vision 2030 renewal – ensure a continued focus on the competitiveness issues facing the sector.	2025-2030	D/AFM
85	Deliver a **feasibility study relating to the establishment of a new industry led pre-commercial pilot-to-scale Precision Fermentation Demonstrator**, to maximise the opportunity of this cutting-edge technology for the Irish manufacturing sector in partnership with key government stakeholders.	2026	Enterprise Ireland

Targets for Theme 6

Reduce the gap to target – industrial and commercial buildings emissions (EPA)
Increase the share of renewable energy in final electricity consumption (Eurostat)
Reduce electricity prices for non-household consumers (Eurostat)
Improve emissions reductions (Eurostat / European Environment Agency)

Part D
Public Consultation

Overview of Public Consultation

As a key component in designing the Action Plan on Competitiveness and Productivity, the Department of Enterprise, Tourism and Employment launched a public consultation to invite input from company owners, directors, employees, sole traders, and other stakeholders. The consultation took the form of a survey, which began with profiling questions to determine the location, sectors, age and scale of their respective organisations. Respondents were then able to share their views, via written and multiple-choice questions, on national competitiveness, productivity, the cost of doing business, and the role of government policy in influencing these areas.

The consultation received 168 valid submissions. The respondents reflected a diverse sample of Ireland's enterprise landscape. More than one third (35%) identified as company owners, followed by directors (28%), employees (20%), and sole traders (8%). Most respondents were based in Dublin (35%), Munster (26%), and the rest of Leinster (19%), with Connacht and Ulster each accounting for 10%. Half of all respondents represented small businesses with fewer than 50 employees, and 28% came from micro-enterprises with fewer than 10. The majority of firms were relatively young; 34% had been active for under 25 years, and 27% for under 10. The most represented sector was hospitality (47%), followed by retail (24%), information and communication (8%), financial services (6%), and manufacturing (4%).

When asked about Ireland's current global competitiveness, nearly half of respondents (48.4%) expressed a positive view, though perceptions were more critical when looking back over the past decade with just 31.7% agreeing that competitiveness had improved, and 55.9% disagreeing. When asked what factors matter most, business costs topped the list, followed by regulatory burden and infrastructure.

In terms of Ireland's strengths in competitiveness and productivity, respondents most frequently pointed to the country's highly skilled and educated workforce, which they believed were supported by initiatives such as Erasmus+, a strong innovation ecosystem, a relatively high minimum wage and the presence of multinational companies (MNCs) that attract international talent. MNCs themselves were also seen as a core strength, drawn by Ireland's EU membership, stable policy environment, and pro-business tax regime. The agricultural sector was another standout, with respondents praising its global reputation for quality and food safety as a driver of both exports and tourism.

Stakeholders viewed rising operational costs as the most frequently cited barrier to competitiveness, particularly for SMEs and sectors such as hospitality and retail. Many respondents expressed concern over VAT, wage pressures, and a perceived imbalance between SMEs and multinationals; with larger firms better positioned to absorb costs or offer higher salaries. Taxation and regulation were also seen as disproportionately burdensome for smaller businesses, with calls for more proportional compliance standards. Labour shortages, especially in hospitality and food production, were linked to limited capacity to attract or retain talent. Finally, the housing crisis was highlighted as a constraint on workforce availability, particularly in attracting international workers. It also imposes significant cost pressures on households and limits developments in quality of life.

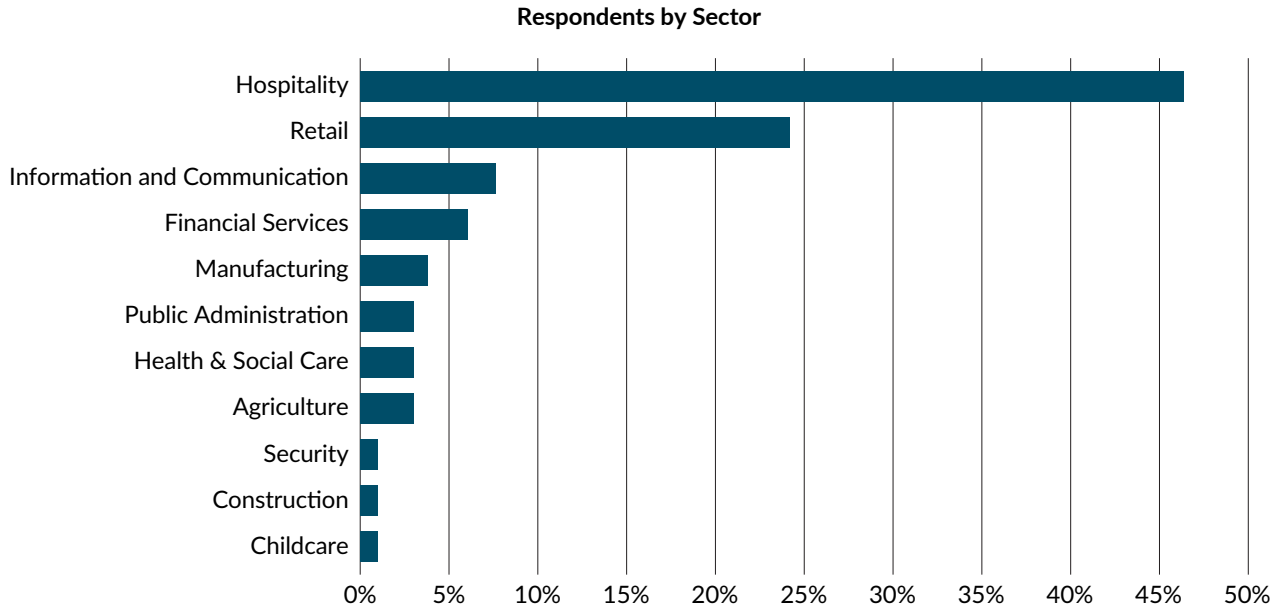
Summary of Respondents (Questions 1-6)

- Regarding the primary role/affiliation of respondents, the majority were classified as **Company Owners at 35%,** followed by Directors at 28%, Employees at 20%, Sole Traders at 8%, Other at 7%, with students and unemployed persons both at 1%. The majority of respondents were **based in Dublin (35%),** closely followed by Munster (26%) and rest of Leinster region (19%). These were followed by Connaught and Ulster regions with both at 10%.
- **The majority of respondents represented small and medium companies** with less than 50 employees (50%) and less than 10 employees (28%). Larger organisations made up 13% (for less than 250 employees) and 9% (more than 250 employees) of the public consultation. Regarding years active**, the majority of the respondents' organisations were less than 25 years old (34%) and under 10 years (27%) active**. Other respondents represented firms under 50 years old (21%) and over 50 years old (17%).
- **The most represented sector was Hospitality**. This was followed by Retail, Information and Communication, Financial Services, and Manufacturing (see Figure A1).

Question 7 – Ireland's Competitiveness Position

- When asked to assess Ireland's global competitiveness, a greater proportion of respondents expressed a positive view than a negative one. In response to the statement "Ireland is a globally competitive economy," 48.4% of respondents either agreed or strongly agreed. In contrast, only 36.7% either strongly disagreed or disagreed, indicating a net positive perception of Ireland's competitiveness among them.
- In contrast, perceptions of Ireland's competitiveness over the past decade were more negative. When presented with the statement "Ireland's competitiveness has improved over the last 10 years," only 31.7% of respondents agreed or strongly agreed meanwhile 55.9% of respondents suggested to disagree or strongly disagree.
- Perceptions on Government policy in support of competitiveness were also negative. In response to the statement "Government policy has generally supported Ireland's competitiveness," only 24.7% agreed or strongly agreed with this statement while 52.5% of respondents strongly disagreed or disagreed.

Figure A1: Percentage of Respondents Affiliated with Each Sector[38]



38. Percentages are calculated based solely on the 129 respondents who answered Question 6. Non-responses (38) are excluded from this analysis.

Question 8 – Factors Influencing Ireland's Competitiveness

- Business costs were chosen as the most important factor. It was followed by Regulatory burden, indicating that compliance and administrative demands are perceived as significant constraints.[39] Infrastructure was the third most cited, reflecting the perceived importance of physical and digital connectivity, particularly for rural areas (see Figure A2 for details).

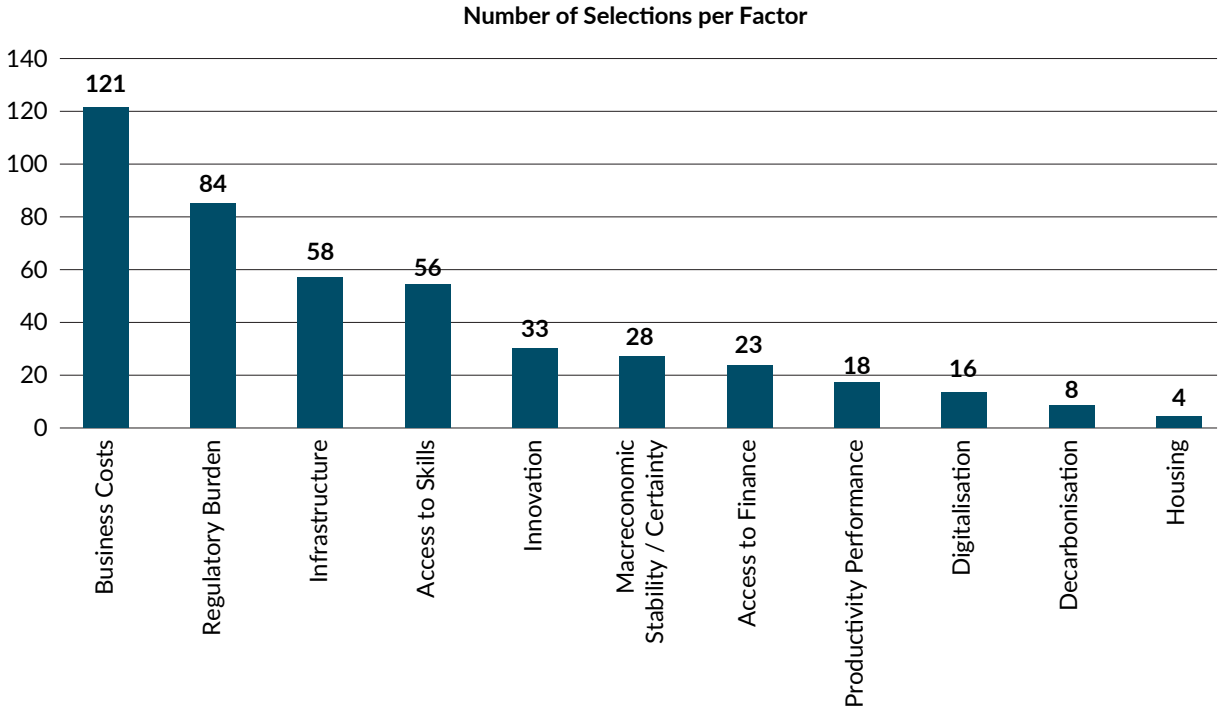
Question 9 – What other strengths or weaknesses do you wish to highlight regarding Ireland's competitiveness and productivity performance?

Strengths

The most cited strength was **Ireland's highly skilled, educated workforce.** Respondents discussed the following ways in which this is driven:

- Initiatives like Erasmus+ have boosted engagement in the workforce among young people;
- High minimum wage relative to EU counterparts;
- The presence of MNCs, particularly FinTech, have encouraged an influx of international talent;
- A strong, well networked approach to innovation, credited in part to the presence of MNCs, have further driven the upskilling of the workforce.

Figure A2: Frequency of Selection for Most Important Factors Influencing Competitiveness[40]



39. This view is also frequently cited in the written responses to questions 9 and 12 - see summaries on pages -7.
40. This analysis includes manually entered answers not included in the selection offered in the survey, namely the 'Housing' factor.

The **second most** common strength was the **presence of MNCs**, particularly in high-value sectors and FDI. Respondents credited Ireland's attractiveness to MNCs to the following:

- EU membership and commitment to regulatory alignment;
- Corporation taxes;
- A predictable policy environment facilitated by stable governance;
- A pro-business tax regime (e.g. R&D tax credits);
- Highly skilled workforce.

Thirdly, respondents discussed the importance of the **Agricultural sector** in enhancing global competitiveness, highlighting how global reputation for high standards in quality and food safety has boosted export success and tourism.

Weaknesses

Respondents most frequently cited **rising operational costs** (and **business environment** more generally) as a barrier to competitiveness, particularly for SMEs and indigenous industry. Respondents in the Hospitality sector frequently discussed VAT as a financial burden. Many, particularly from retail and hospitality discussed rising wages as a major expense, leading to staff reductions.

- Respondents cite a perceived a **lack of fairness** between **SMEs and MNCs**: Namely, how MNCs can offer higher salaries to employees to offset rising housing costs, while this measure isn't feasible for many SMEs. Asymmetric policy impacts were cited, suggesting tax structures may unintentionally favour large firms by imposing a disproportionate burden on SMEs operating on tighter margins.
- Taxation was widely cited as a barrier to competition for SMEs. Several argued that **high USC** rates have contributed to higher emigration of young, skilled workers. Moreover, indigenous SMEs face a heavier relative burden from tax arrangements compared to MNCs.
- Respondents also **described Ireland's regulatory environment as** burdensome for SMEs. Many responses reflected frustration with planning laws, adding to uncertainty among SMEs. Similar to the perceived asymmetry in tax structures discussed above, responses pointed to a lack of proportionality in regulation, meaning SMEs are subject to the same compliance standards as MNCs, creating disproportionate burdens.
- Many cited **labour shortages** as an issue. It is argued that SMEs struggle to attract international talent and retain staff as they are unable to offer relocation packages or high salaries to offset these rising costs. This was a particularly prominent issue for hospitality and food production, as these sectors are largely dominated by SMEs, and therefore more vulnerable to labour shortages. Respondents also noted the **knock-on effect of these shortages between sectors**. For example, shortages in childcare can limit the ability among workers to participate in other sectors. The second most discussed barrier was the **housing crisis**. Namely its impact on the workforce; discussing how rising housing costs have hindered the attraction of foreign workers.

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