

# ECONOMY OF THE REPUBLIC OF IRELAND

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### Overview

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Ireland is a strategic location on major air and sea routes between North America and northern Europe. The Irish economy grew very rapidly in the early 1990s and Ireland came to be dubbed the "Celtic Tiger". After almost a decade of record growth, the Irish economy decelerated onto a slower and more stable growth pattern in 2001/2002. For most of the 1990's the Irish economy was expanding at three times the EU average. The key factors in Ireland's economic achievements in the 1990's were the following:

1. A youthful population and rapidly expanding labour supply: Ireland's population has been steadily increasing since the 1970's. The population grew at an annual rate of 1.3% from 1996 to 2002, the highest rate of growth in the EU.
2. Substantial inward investment inflows.
3. The strategic deployment of EU Structural and Cohesion Funds; In 1999 Ireland marked 25 years of full membership of the EU. Since accession, per capita GDP in Ireland has increased from almost 60% of the EU average in 1973 to well over 100% today. The country continuously reducing its economic dependence on the UK. Since 1973, the proportion of exports to non-UK destinations has increased from 45% to 74% today.
4. Pursuit of pragmatic and innovative government policies.
5. A Social Partnership approach to economic development.
6. An openness to international trade in goods and services, and to new ideas. There are over 1,100 overseas-owned companies in Ireland. Nearly half of these are from the United States and companies from Germany and the United Kingdom comprise roughly another quarter. Overseas-owned companies employ about 133,000 people.
7. An emphasis on education and technological innovation.

Agriculture, once the most important sector, is now dwarfed by industry and services. Industry accounts for 46% of GDP, about 80% of exports, and 29% of the labor force. Although exports remain the primary engine for Ireland's growth, the economy has also benefited from a rise in consumer spending, construction, and business investment. Per capita GDP is 10% above that of the four big European economies and the second highest in the EU behind Luxembourg. Over the past decade, the Irish Government has implemented a series of national economic programs designed to curb price and wage inflation, reduce government spending, increase labor force skills, and promote foreign investment. Ireland joined in circulating the euro

on 1 January 2002 along with 11 other EU nations.

The **agri-food industry** is an important sector of the Irish economy. It accounts for over 8 per cent of GDP, 7.5 per cent of total employment and, including food and agricultural products, around 7 per cent of exports. 70% of the total land area are utilised for agricultural purposes (including forestry). Cattle-raising and dairying are by far the most important sectors of the agricultural industry, and livestock (mainly cattle) and livestock products (principally milk), account for 76 per cent of the value of gross agricultural output. The Irish Sea fishing industry also makes a significant contribution to the economy, in terms of output, employment and exports.

The **industrial sector** has a highly skilled labour pool. Within this high technology grouping, the most active sectors currently are life sciences and medical technology sectors. There is also considerable consolidation in the information technology sector. There has been an impressive performance from all the world-leading companies in Ireland by comparison with other EU countries.

The **service sector** in Ireland accounts for over half of GDP and for 64 per cent of employment. Throughout the last decade output of services has grown strongly, largely as a result of growth in financial services, telecommunications and tourism.

**GDP:** €107.8 billion (2005 est.) ( ? €126 billion)

**GDP growth rate:** 4.9% ( ? 3.9%) (2005 est.)

**Gross monthly earnings:** €2500 ( ? €620)

**GDP - composition by sector:**  
*agriculture:* 5% ( ? 3.9%)  
*industry:* 46% ( ? 30.9%)  
*services:* 49% ( ? 65.3%) (2002 est.)

**Labor force - by occupation:** agriculture 8%, industry 29%, services 64% (2002 est.)

**Unemployment rate:** 4.2% (2005 est.) ( ? 7.1%)

**Inflation rate (consumer prices):** 2.7% (2005 est.) ( ? 3.7%)

**Population below poverty line:** 10% (2003 est.) ( ? 8.6%)

**Budget:** *revenues:* €55.5 billion  
*expenditures:* €54.6 billion (2005 est.)

**Agriculture - products:** turnips, barley, potatoes, sugar beets, wheat; beef, dairy products

**Industries:** steel, lead, zinc, silver, aluminum, barite, and gypsum mining processing; food products, brewing, textiles, clothing; chemicals, pharmaceuticals; machinery, rail transportation equipment, passenger and commercial vehicles, ship construction and refurbishment; glass and crystal; software, tourism

**Exports:** €80.3 billion (2005 est.)

**Exports - partners:** US 19.7%, UK 17.7%, Belgium 14.7%, Germany 7.7%, France 6%, Netherlands 4.6%, Italy 4.5% (2004)

**Imports:** €51.6 billion (2005 est.)

**Imports - partners:** UK 35.7%, US 13.8%, Germany 9%, Netherlands 4.3%, France 4.2% (2004)

## Principal economic results of Census 2002

The growth in the labour force recorded in recent censuses is largely due to a combination of the underlying growth in the population aged 15 years and over and increasing female labour force participation; the latter increased from 28.2 per cent in 1971 to 47 per cent in 2002. The unemployment rate increased sharply from 6.7 per cent in 1971 to 17.9 per cent in 1986. Following gradual decreases in the period to 1996, it declined to 8.8 per cent by April 2002, and to below 5 per cent since then.

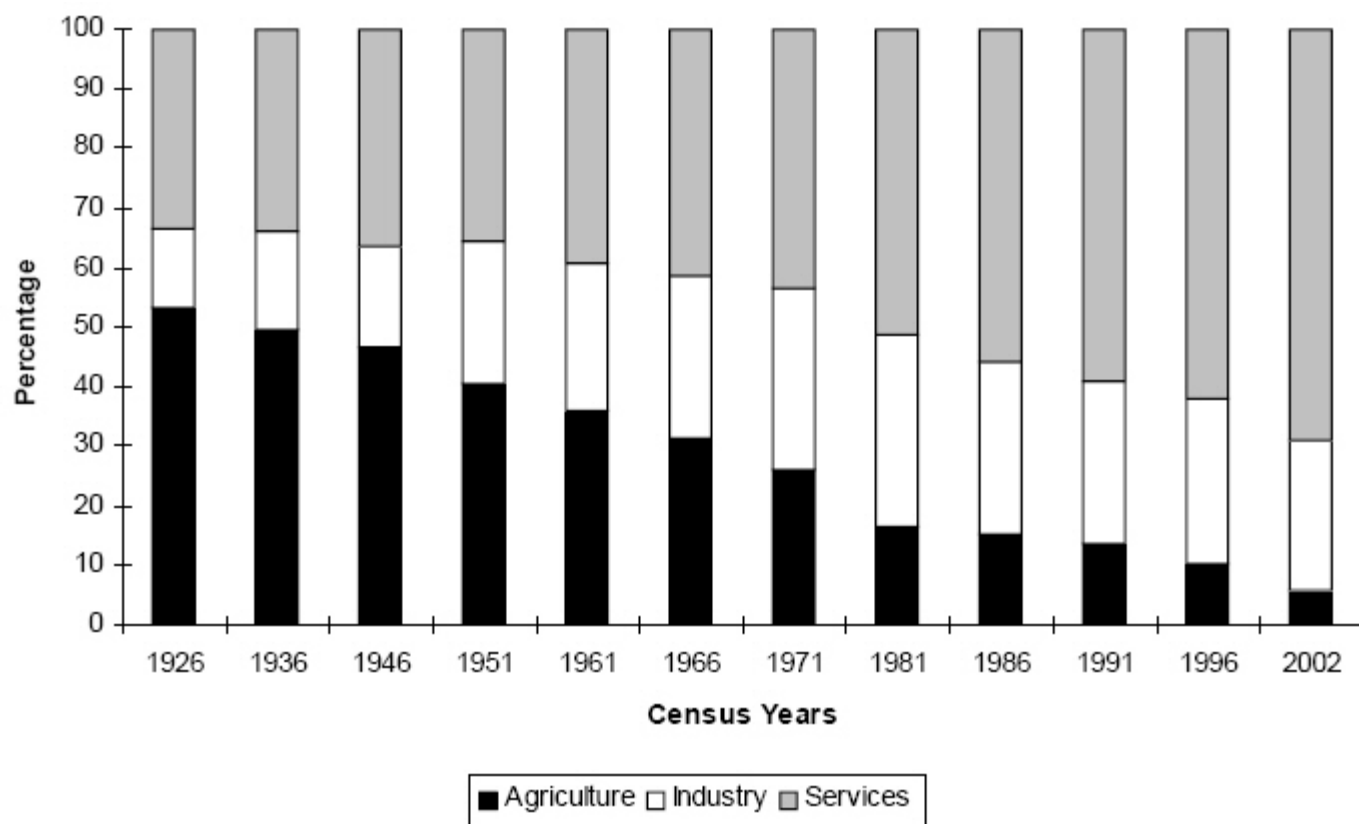
### Main labour market indicators, 1971- 2002

Census Year	Persons in the labour force	Labour force participation rate		Unemployment Rate
		Male	Female	
	Thousands	%	%	%
1971	1,125	82.0	28.2	6.7
1981	1,271	76.4	29.7	10.5
1986	1,330	74.0	32.2	17.9
1991	1,383	71.7	35.9	16.9
1996	1,534	70.7	40.7	14.8
2002	1,801	69.9	47.0	8.8

Major changes have taken place since 1926 in the relative employment shares of the three broad sectors of economic activity: Agriculture, Industry and Services. The diminishing importance of Agriculture is clearly evident from Figure below with the sector accounting for a reduced share of just under 6 per cent of total employment in 2002 compared with over 50 per cent in 1926. The growth in Services sector employment has been particularly pronounced over the entire period, particularly since 1971 (Ireland joined to the EU in 1973). Its share now stands at 69 per cent of the total. Industry's share of total employment increased from 13 per cent in 1926 to 32 per cent in 1981. Since then, however, it has tended to decline and stood at 25 per


cent in 2002.

### Sectoral employment shares, 1926- 2002



Employees worked an average of 38 hours in the week before Census Day in 2002. On average, male employees worked 10 hours more than their female colleagues (42.3 hours compared with 32.3 hours). Those involved in Agriculture worked the longest hours (55.4) followed by mining (44.2) and construction (42.9). Those involved in the education sector had the shortest working week (29.9 hours).

### Cost of living

The average salary in Ireland is more than 4 times more than in Hungary. The minimum wage rate for an experienced adult employee is 7.65 euro per hour (~2000 HUF/h;  ~400 HUF/h in Hungary). On the other hand it is now believed that Ireland is now one of the most expensive countries in which to live, in Europe.

**1€ = 262 Ft (May, 2006)**

**Item**

**Cost in Ireland  
(EURO, €)**

Milk (4 pints)

3.60

Apple Juice (1 litre)	2.00
Bread (400g loaf) *	2.49
Eggs (carton of 6)	1.97
Sugar (750g)	1.20
Butter Spread (250g)	2.20
Raspberry Jam (454g)	2.70
Newspapers (daylies)	1.00
Inexpensive restaurant	20.00-25.00/person
Petrol (gasoline, 1 litre)	1.30
Shampoo (200ml)	2.90
Toothpaste (100ml)	1.95
Kit Kat chocolate bar	0.65
Can of pepsi	0.80
1 kg of cheese	6.00
Sandwich (in a school canteen)	2.00
Fish and chips	6.00
McDonalds Meal	3.00 – 5.00
A bus ticket for one ride	2.00-4.00
Cinema Ticket	5.00-12.00
Theatre Ticket	12.00-30.00

\* This is a very good quality bread, not 'TESCO gazdaságos'!

## Money

The Irish Punt was completely replaced by the Euro on 9 February 2002. Before introducing the Euro the bank notes depicted famous historical persons of Ireland. The coins beared images of different species of the Irish Fauna.



**€5** note features a portrait of **Catherine McAuley** (1778-1841), foundress of the Sisters of Mercy. This Order has always been associated with teaching.



**£10** note features a portrait of **James Joyce** (1882 - 1941). He was an **expatriate** Irish writer and poet, widely considered to be one of the most influential writers of the 20th century.



**£20** note carries a portrait of **Daniel O'Connell** (1775-1847). Ireland's predominant politician in the first half of the nineteenth century. He campaigned for Catholic Emancipation and Repeal of the Union between Ireland and Great Britain.



**£50** note features a portrait of **Douglas Hyde** (1860-1949), first President of Ireland. He founded the Gaelic League, one of the most influential cultural organisations in Ireland.



**£100** note features a portrait of **Charles Stewart Parnell** (1846 - 1891) - the 'uncrowned King of Ireland'. He was an Irish political leader and one of the most important figures in 19th century Ireland and the United Kingdom.

Today the currency in the Republic of Ireland is the Euro (EUR, €). There are 7 euro notes. In different colours and sizes they are denominated in 500, 200, 100, 50, 20, 10 and 5 euros. The notes are uniform throughout the euro area; unlike coins, they have no national side. The designs are symbolic for Europe's architectural heritage. They do not represent any existing monuments.

There are 8 euro coins denominated in 2 and 1 euros, then 50, 20, 10, 5, 2 and 1 cents. Every euro coin carries a common European face. On the reverse, each Member State has their own motif. In the case of Irish coins they have a harp, the date and the word "Éire".



 **vocabulary:**

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**expatriate**emigrációban élő

**sources:**

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Wikipedia, [Republic of Ireland](#)

[CIA - The World Factbook](#)

[www.eu2004.ie](#)

[Sean's Site](#)

[Census 2002 - Principal Socio-Economic Results](#)

[Finfacts Ireland](#)