National Competitiveness and Productivity Council
Bulletin 26-2 IMD World Competitiveness Rankings 2026

NCPC
National Competitiveness & Productivity Council
An Chomhairle Náisiúnta Iomaíochais agus Táirgiúlachta

- **Ireland is ranked 7th out of 70 economies in the IMD's World Competitiveness Yearbook in 2026, remaining consistent with the 2025 ranking. Within the euro area, Ireland remained the most competitive.**
- **Ireland improved across almost all competitiveness trends, particularly under Business Efficiency where our position increased from 11th in 2025 to 5th in 2026, and Economic Performance where our ranking increased from 9th in 2025 to 2nd in 2026 mainly as a result of an increase in ranking associated with the Domestic Economy.**
- **Ireland's ranking for Infrastructure worsened from 17th in 2025 to 19th in 2026, whereas Government Efficiency remained stable at 5th place for 2025 and 2026.**

OVERVIEW

The Institute for Management Development (IMD)'s World Competitiveness Yearbook 2026[1] assesses 70 economies globally based on their ability to create and maintain a competitive business environment.

Table 1: Top 15 Countries in 2026

Rank	Economy	Change since 2020	Change since 2025
1	Singapore	0	+1
2	Hong Kong SAR	+3	+1
3	Switzerland	0	-3
4	Taiwan*	+7	+2
5	UAE	+4	0
6	Denmark	-4	-2
7	**Ireland**	+5	0
8	Netherlands	-4	+2
9	Sweden	-3	-1
10	USA	0	+3
11	Qatar	+3	-2
12	China	+8	+4
13	Saudi Arabia	+11	+5
14	Luxembourg	+1	+6
15	Malaysia	+12	+8

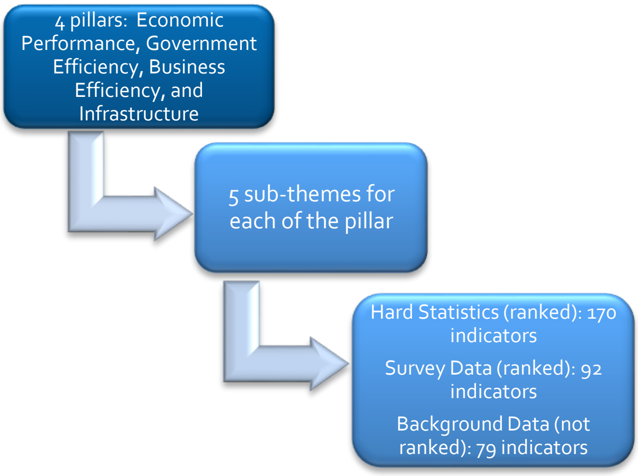
Source: IMD Note: *Chinese Taipei

According to the IMD indices, Ireland is the most competitive country in the euro area, and ranks 7th globally, in line with last year's figures. However, this is a decline of three places in two years and five places in three years. It is important to bear in mind the impact of globalisation on the underlying data for Ireland and the importance of carefully contextualising individual rankings.

The top-ranking economies, and the change in their ranking since 2020 and 2025 respectively, are summarised in Table 1. Some of the top performing economies are Asian, led by Singapore (1st place), Hong Kong SAR (2nd place) and Taiwan (4th). Western European countries (Switzerland, Denmark, Ireland, Netherlands, Sweden, and Luxembourg) rank highly and account for almost half of the world's Top 15 economies.

BACKGROUND

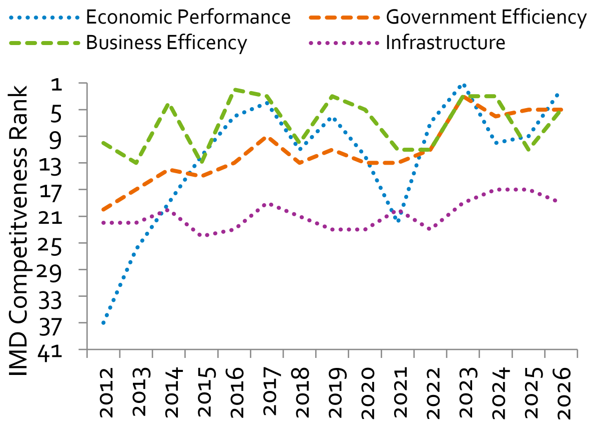
Figure 1 shows the rankings are defined under four pillars[2]: Economic Performance, Government Efficiency, Business Efficiency, and Infrastructure.



[1] Published 18th June 2026: WCR-Rankings - IMD business school for management and leadership courses

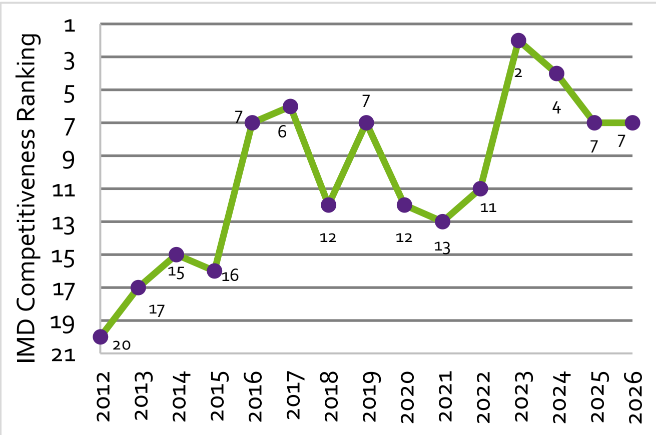
[2] Each pillar consists of five sub-themes, each based on 262 metrics . Some 170 of the metrics are based on 'hard' (or quantitative) data, while the remaining 92 are based on 'soft' (or qualitative drawn from a survey of business executives). This means that hard criteria represent a weight of 2/3 in the overall ranking whereas the survey data represent a weight of 1/3. Further details are provided in methodology-in-a-nutshell.

Figure 1: Process of IMD Rankings in 2026



Ireland remains one of the most competitive economies within the EU and has been placed in the Top 20 most competitive economies globally since 2012 (Figure 2). On average, Ireland has ranked 9th over the past decade and has not dropped outside the Top 15 countries since 2015.

Figure 2: Ireland's IMD competitiveness ranking, 2012-2026



Source: IMD

This year's stagnation in Ireland's overall ranking reflects improvements in *Economic Performance* and *Business Efficiency*, offset by deterioration in *Infrastructure* and stationary figure for *Government Efficiency* (Figure 3). *Business Efficiency* saw the largest increase from 11th place in 2025 to 5th in 2026. While *Infrastructure* indicates a decrease to 2023 levels at 19th place, there is significant variability within the sub-themes. For instance, while Ireland ranks first for *ICT service exports*, the country ranks 64th for *Energy infrastructure*. The following sections provide more detail on the four pillars.

Figure 3: Ireland's ranking across four pillars, 2012-2026

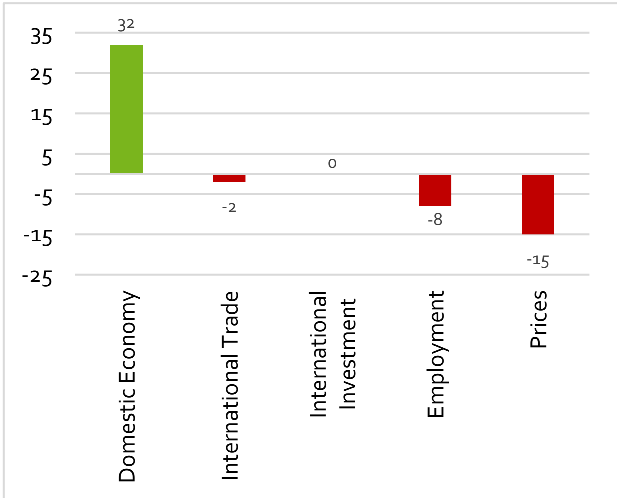
Source: IMD

PILLAR I: ECONOMIC PERFORMANCE (2nd)

The five sub themes under Economic Performance are: *Domestic Economy*, *International Trade*, *International Investment*, *Employment*, and *Prices*. In terms of the overall pillar, Ireland has improved by seven places to 2nd position overall.

Looking to Figure 4, Ireland has risen 32 places to 1st position in the *Domestic Economy* sub-theme, driven primarily by strong performance in *Gross Fixed Capital Formation*. This indicator is measured at current prices as a percentage of GDP. As such, if this were expressed relative to GNI*, Ireland's relative position would likely further improve.

Figure 4: Key sub-themes – **Economic Performance** pillar showing change between rankings in 2025 and 2026



Source: IMD, authors calculations

Other sub-themes such as *International Trade, Investment* and *Prices* did not see the same level of changes as *Domestic Economy*.

International Investment and *Trade* were relatively stable[3], as any improvements in these indicators were offset by declines elsewhere, highlighting the vulnerability of Irish firms to current volatility in the international trade market. *Prices* saw the largest deterioration, due to a fall in *Consumer Price Inflation*, reflecting the on-going cost-of-living and housing crisis. This pattern is mirrored across all sub-themes including *Apartment Rent*, *Office Rent* and

[3] Despite changes in multiple sub-themes, the overall ranking for *International Trade* remained stable at 7th place. Many economies in the IMD World Competitiveness Ranking experienced similar trends of consistent International Trade rankings. As a result, Ireland's improvements are partially offset by relative gains in similar advanced economies.

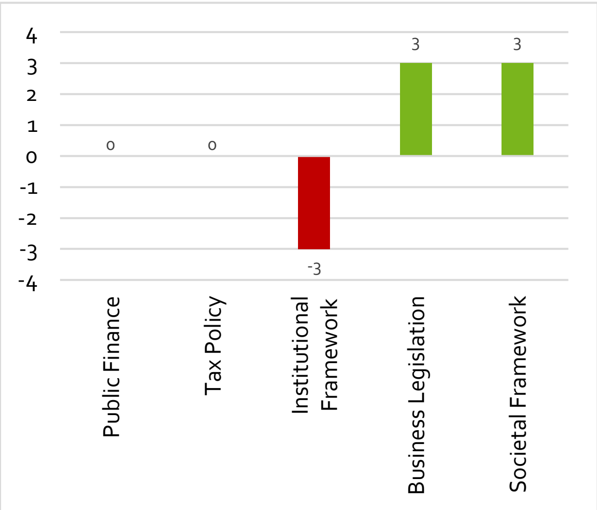
Gasoline prices, although *Food Costs* remained stable. These trends demonstrate the persistent

inflationary pressures and sensitivity of the Irish economy to volatility in the global economy.

PILLAR II: GOVERNMENT EFFICIENCY (5th)

This pillar measures the extent to which Government policies support competitiveness using 64 sub-metrics. The five sub-themes under this pillar are: *Public Finances, Tax Policy, Institutional Framework, Business Legislation*, and *Societal Framework*. In overall terms, Ireland continues to perform strongly under this pillar (remaining stable at 5th place).

Figure 5: Key sub-themes – **Government Efficiency** pillar showing change between rankings in 2025 and 2026



Source: IMD, authors calculations

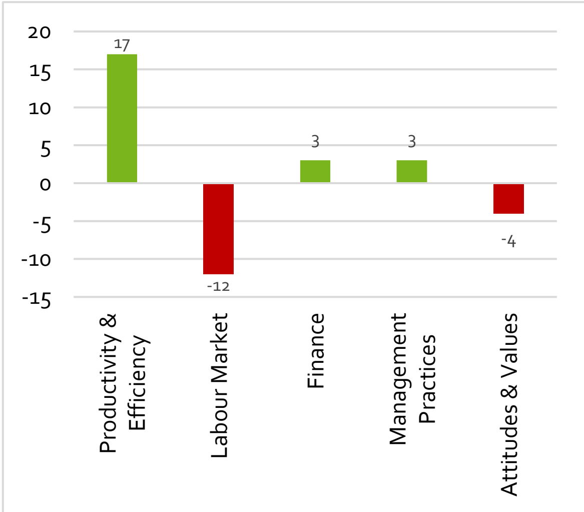
Figure 5 shows that Ireland recorded no change in ranking under *Tax Policy* and *Public Finance*, but large changes to the other sub-themes. *Institutional Framework* fell by 3 places, primarily triggered by weaker *Central Bank Policy* and *Adaptability of Government Policy*. Ireland's improvements in *Business Legislation* masks the underlying weaknesses arising from higher cost of business. Improvements in sub-themes such as *Subsidies, Labour Regulations* and *Unemployment Legislation* mask the declines. Adjustments arising from this sub-theme may reflect country-wide changes from firms due to new EU regulatory standards on exports[4].

Finally, the *Societal Framework* improved to 3rd place, driven by a decline in the *Growth of Income Distribution Among the Lowest 40%* (down 31 places to 35th).

PILLAR III: BUSINESS EFFICIENCY (5th)

The five themes under this pillar are*: Productivity and Efficiency, Labour Market, Finance, Management Practices*, and *Attitudes and Values*. The ranking here reflects the performance of the business sector (using 65 sub-metrics). Ireland's ranking is back in the top 10 relative to last year's ranking of 11th place, driven primarily through improvements in Productivity and Efficiency.

Figure 6: Key sub-themes – **Business Efficiency** pillar showing change between rankings in 2025 and 2026



Source: IMD, authors calculations

Figure 6 shows a considerable improvement in *Productivity & Efficiency*, rising 17 places from 2025 to 5th place in 2026. Ireland's strong performance in *Productivity & Efficiency* is consistent with Ireland's position as a highly productive, export-oriented economy. The increase also highlights the role of multinational activity and capital intensity in supporting productivity growth, which can exhibit volatility year-to-year.

However, despite these gains, developments within the labour market point to emerging cost pressures and structural challenges that may affect competitiveness going forward. The *Labour Market* sub-theme reflects a large decline of 12 points to 18th place. Sharp increases in *Unit Labour Cost for Total Economy* from 52nd place in 2025 to 1st place in 2026 reflects stagnation in productivity levels and rapidly rising wages following recent minimum wage increases.

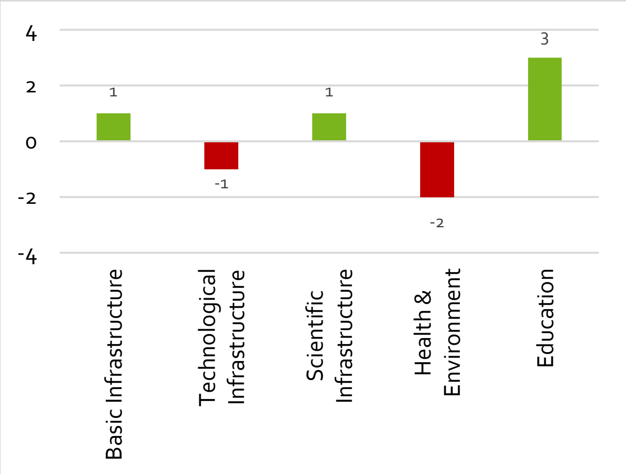
PILLAR IV: INFRASTRUCTURE (19th)

Ireland's infrastructure gaps worsened in 2026 with the *Infrastructure* sub-theme falling to 19th place, driven by the

[4] Control of Export Act 2023, commenced mid-2024, enforces new regulatory standards on EU Firms - [Export controls - DETE]

sub themes of *Technological Infrastructure* and *Health & Environment*. This pillar assesses the extent to which infrastructural resources meet the needs of the country under five sub-themes: *Basic*, *Technological*, *Science*, *Health and Environment*, and *Education*. The performance is based on 87 sub-metrics.

Figure 7: Key sub-themes – **Infrastructure** pillar showing change between rankings in 2025 and 2026



Source: IMD, authors calculations

Ireland's ranking under *Education* improved to 3rd place in 2026, compared to last year (13th). Increases in *Primary and Secondary Education* (5th) and *University Education* (7th) indicate stronger commitment to improving human capital. While *Total Public Expenditure on Education Per Student* fell by 4 places (to 24th), which would typically suggest relatively lower levels of education investment, this was partially offset by a lower *Pupil–Teacher Ratio in Secondary Education* (38th), indicating fewer students per teacher.

The Action Plan on Competitiveness and Productivity and the National Development Plan (NDP) both place a strong emphasis on infrastructure as a key enabler of long-term economic growth, productivity and regional development. In the Irish context, infrastructure investment is seen as critical to addressing structural bottlenecks in areas such as housing, transport, energy and digital connectivity.

Methodology

The IMD World Competitiveness Ranking evaluates how effectively countries create and sustain an environment that enables enterprises to compete and generate wealth. It is based on the idea that value creation primarily occurs at the enterprise level, but that businesses operate within a national context that can either support or constrain their performance. Therefore, the ranking focuses on "country competitiveness" as a way of assessing how well national environments facilitate business success both domestically and internationally.

To measure this, the methodology organizes the national environment into four key factors: Economic Performance, Government Efficiency, Business Efficiency, and Infrastructure. Each of these is further divided into five sub-factors, resulting in 20 sub-factors in total, covering areas such as trade, employment, public finance, labour markets, education, and technological capacity. These sub-factors are designed to capture a comprehensive picture of competitiveness, with each one contributing equally (5%) to the final overall score, regardless of how many individual indicators it contains.

The ranking relies on a mix of 341 criteria, combining "hard data" (quantitative indicators like GDP or employment figures) and "soft data" (survey-based perceptions such as management quality or workforce skills). Hard data accounts for two-thirds of the total weighting, while survey data contributes one-third. Some indicators are used only for background context and do not affect rankings. Ultimately, the results from all sub-factors are aggregated to produce a single overall competitiveness ranking for each country.

Conclusion

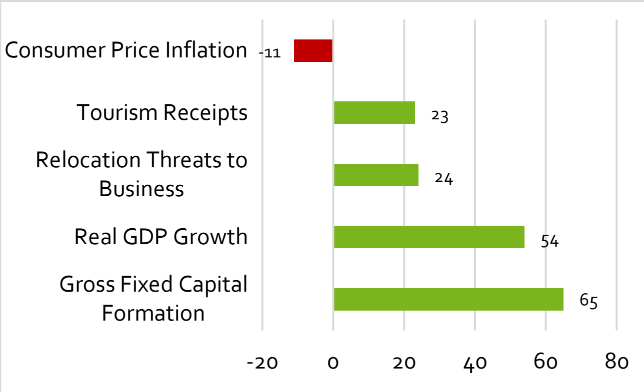
Ireland maintaining 7th place ranking in the IMD World Competitiveness Rankings for 2026 and 2025 reflects resilience of our global competitive position. Figure 2 shows that while 2026 figures were expected to show a decline, our ranking remained strong within the top 10 globally. While this is a positive outcome, it is not indicative of genuine gains and must be interpreted with caution given the global impact of energy shocks and trade disruptions.

While headline economic indicators – including tax receipts and employment levels – remain robust, there are growing signs of moderation in parts of the economy. Historical experience provides a useful reminder of how rapidly competitiveness positions can shift. Following a peak global ranking of 5th in 2000, Ireland experienced a sustained period of decline, falling to 10th by 2004 and to 24th by 2011. While current conditions differ in many respects, this underscores the importance of not becoming complacent and of addressing emerging risks at an early stage.

Ireland's enduring strengths – including a highly skilled workforce, a pro-business environment and strong institutional stability – continue to underpin its competitiveness performance. However, sustaining this position will require a renewed focus on addressing structural challenges, including cost competitiveness, infrastructure constraints and productivity growth. The recent Action Plan on Competitiveness and Productivity as well as the forthcoming report on the Cost of Doing Business will play a critical role in both safeguarding these strengths and targeting areas of weakness to ensure Ireland remains competitive in an increasingly complex global environment.

Appendix

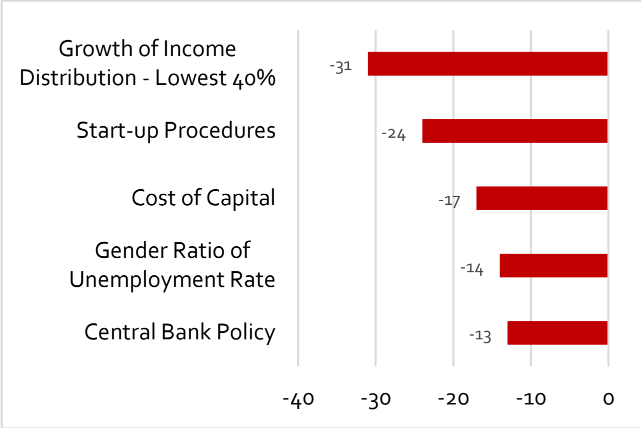
Figure 1: Largest changes under Economic Performance Pillar



Source: IMD, author calculations

Figure 1 illustrates changes in competitiveness rankings compared to 2025 for the top 5 indicator changes under the Economic Performance Pillar, highlighting several significant improvements across key indicators. The strongest gains are seen in *Gross Fixed Capital Formation*, which increased by 65 places, and *Real GDP Growth*, which rose by 54 places. These substantial upward movements indicate a marked improvement in investment activity and overall economic performance. More moderate increases are observed in *Tourism Receipts* and *Relocation Threats to Business*, both improving by roughly 23 and 24 places respectively, suggesting a steady recovery in tourism. In contrast, *Consumer Price Inflation* is the only indicator showing a decline in ranking.

Figure 2: Largest changes under Government Efficiency Pillar

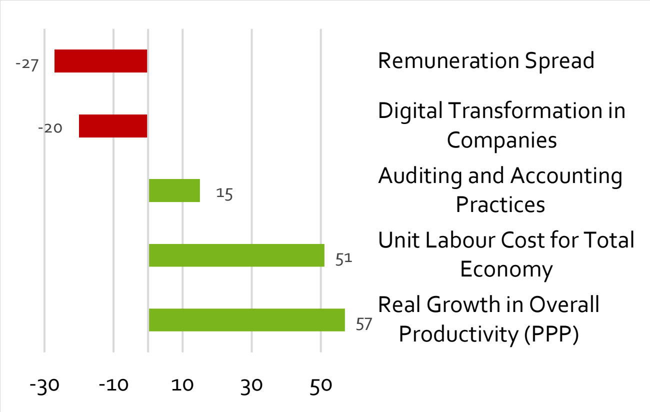


Source: IMD, author calculations

Figure 2 highlights a consistent decline in competitiveness rankings under the Government Efficiency Pillar across the top five indicator changes compared to 2025, with each category experiencing a notable drop. The most significant deterioration is seen in the *Growth of Income Distribution* among the lowest 40%, which fell by 31 places. Similarly, *Start-up Procedures* declined by 24 places, suggesting increased barriers or inefficiencies in establishing new businesses. The *Cost of Capital* also dropped by 17 places, indicating a less favourable financing environment.

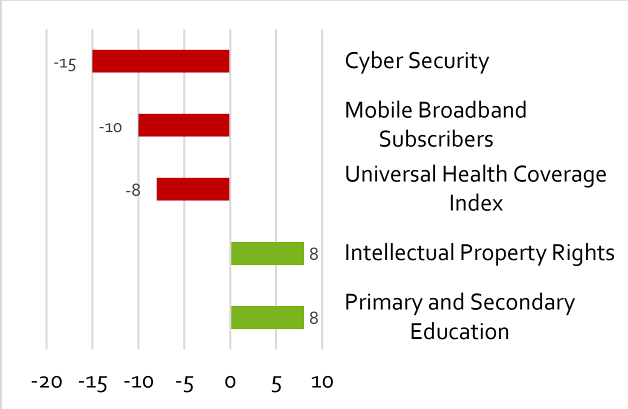
More moderate declines are observed in the *Gender Ratio of Unemployment Rate* and *Central Bank Policy*, both falling by 14 and 13 places respectively. These decreases imply some weakening in labour market equality and in the perceived effectiveness of monetary policy. Overall, the chart suggests a broad-based fall in competitiveness across social, financial, and regulatory dimensions, with concerns emerging around inclusivity, entrepreneurship, and access to finance relative to 2025.

Figure 3: Largest changes under Business Efficiency Pillar



Source: IMD, author calculations

Figure 4: Largest changes under Infrastructure Pillar.



Source: IMD, author calculations

Figure 3 highlights a mix of positive and negative developments across the top five changing indicators under the Business Efficiency Pillar. Two indicators show notable declines, represented by red bars: *Remuneration Spread* and *Digital Transformation in Companies*. *Remuneration Spread* experiences the largest negative change, suggesting increased inequality or imbalance in compensation structures. *Digital Transformation in Companies* also shows a moderate decline, indicating that progress in adopting new technologies or digital practices may have slowed during the period being analysed.

In contrast, three indicators demonstrate positive progress, shown with green bars. *Real Growth in Overall Productivity (PPP)* stands out as the strongest improvement, increasing by 50 places, followed closely by *Unit Labour Cost for the Total Economy*, which also shows a significant increase. *Auditing and Accounting Practices* improve more modestly but still remain in positive territory. Overall, the chart suggests that while economic efficiency and productivity are strengthening considerably, certain structural and organisational aspects, particularly digital adoption and pay distribution, are facing challenges.

Figure 4 shows the largest changes for the top 5 indicators under the Infrastructure Pillar. *Cyber Security* shows the largest decline in ranking, falling by 15 places. This is followed by *Mobile Broadband Subscribers*, which drops by 10 places, suggesting reduced competitiveness in connectivity. The *Universal Health Coverage Index* also declines, though more moderately at 8 positions, pointing to a smaller but still deterioration in healthcare system standing.

On the other side, *Intellectual Property Rights* records the strongest improvement in ranking, rising by 10 places, highlighting enhanced protection for innovation and creativity. *Primary and Secondary Education* also improves, climbing by 8 positions, indicating better performance in education outcomes. Overall, the ranking movements show that while there have been meaningful gains in education and intellectual property frameworks, these are offset by significant drops in cybersecurity, digital access, and health coverage, resulting in a mixed performance within the infrastructure pillar.

Further Reading: The Institute for Management Development's World Competitiveness Yearbook 2026 is available at: www.worldcompetitiveness.imd.org.

The NCPC reports to An Taoiseach and the Government, through the Minister for Enterprise, Tourism and Employment, on the key competitiveness and productivity issues facing the Irish economy and makes recommendations to Government on how best to address these issues. The latest NCPC publications can be found at: www.competitiveness.ie.

This Bulletin has been issued by the Chair, Prof Alan Barrett, and was prepared by Roisin Austin and Yvonne Hayden of the NCPC Secretariat.