16th July 2026

# Press Release

Today (16 July 2026), the Chair of the National Competitiveness and Productivity Council (NCPC), Prof. Alan Barrett, launched *Ireland's Competitiveness Challenge 2026*.

The report comes at a time of heightened geopolitical uncertainty, rapid technological change and intensifying international competition for investment, talent and strategic industries. More defensive trade policies, increasing industrial intervention and evolving security considerations are reshaping the global economy, creating new challenges and opportunities for small, open economies such as Ireland. While Ireland continues to perform strongly across many measures of economic performance and international competitiveness, the Council notes that maintaining this success cannot be taken for granted. Preserving Ireland's competitive advantage will require sustained policy action, strategic investment and a forward-looking approach that anticipates emerging risks while positioning the economy to seize new opportunities.

This year's Competitiveness Challenge report emphasises that competitiveness extends well beyond attracting foreign direct investment. A competitive economy is one that enables businesses of all sizes to innovate, invest and grow; equips workers with the skills needed to thrive in a changing economy; delivers modern, efficient public services; provides the infrastructure and secure, affordable energy systems needed to support enterprise; and creates the conditions for sustained productivity growth and rising living standards.

The Council's recommendations are therefore designed not only to address today's competitiveness challenges, but to strengthen Ireland's long-term economic resilience and ensure the country remains agile, adaptable and well positioned for future growth.

On the launch of the report, Prof. Barrett said:

"*Ireland has demonstrated considerable resilience in recent years, but maintaining our competitiveness in an increasingly uncertain global environment will require sustained focus and a forward-looking policy approach. As geopolitical tensions, technological change and global competition intensify, competitiveness can no longer be taken for granted. This year's Competitiveness Challenge sets out practical recommendations to strengthen Ireland's long-term economic resilience, enhance productivity and ensure that Ireland remains an attractive place to invest, innovate, work and do business*."

In *Ireland's Competitiveness Challenge 2026*, the Council makes 19 targeted and actionable recommendations to Government across six broad areas where policy action is required. These areas are:

- Strengthening long-term economic resilience;
- Improving energy security and ensuring a reliable, sustainable energy supply;
- Reducing the cost of doing business to support enterprise competitiveness;
- Facilitating a more effective and responsive public service that can deliver at scale;
- Exploiting the opportunities that AI presents to maximise the benefits for the labour market;
- Leveraging the opportunities arising from Ireland's EU Presidency to help shape the EU competitiveness agenda.

Prof. Barrett highlighted that:

*"A competitive economy is better able to withstand shocks, while resilient infrastructure, secure energy systems, effective public services, strong enterprise capability and access to skills are essential to maintaining competitiveness in a more uncertain world.*

*Ireland's strong international competitiveness reflects many enduring strengths, but rankings alone are not enough. Competitiveness must be continually earned through sound economic management, investment in critical infrastructure, modern public services, affordable and secure energy, and the successful adoption of new technologies such as AI. The Council's recommendations are intended to help ensure Ireland remains competitive, resilient and well positioned to seize future opportunities*."

The *Competitiveness Challenge 2026* report was submitted to Government for consideration as part of the Council's statutory advisory role.

**ENDS**

**NOTES TO EDITORS**

## Ireland's Competitiveness Challenge 2026

*Ireland's Competitiveness Challenge 2026* is based on analysis from the Council, drawing on the most recent research and available data at the time of publication. The report sets out 19 targeted recommendations to Government aimed at improving Ireland's competitiveness and productivity. Alongside addressing pressing economic issues, the report examines six challenge areas, each of which are explored in detail in their respective chapters. The following section provides a high-level overview of the main findings in each chapter.

## Chapter 1 – Economic Resilience

The global economic environment is becoming increasingly characterised by volatility, uncertainty, complexity and ambiguity (VUCA), alongside a slowing pace of globalisation, and a shift towards more defensive trade and industrial policies. As a highly open economy, Ireland is particularly exposed to these shifts. At the same time, Ireland's position as a stable, advanced, and democratic location for foreign direct investment represents a significant competitive advantage in an increasingly uncertain world. Economic security underpins sustainable competitiveness. Even where risks do not fully materialise, they can dampen investment and weaken confidence. Without resilient supply chains, financial stability, and a secure workforce, competitiveness gains risk becoming fragile and short-lived.

- **Recommendation 1.1:** The Council recommends that Government strengthen Ireland's economic by exercising restraint in the net fiscal position (in both expenditure and tax policy), through adherence to a domestic fiscal rule, as recommended by the Irish Fiscal Advisory Council while targeting increased investment towards competitiveness and productivity enhancing reforms, such as energy, water and public transport.
- **Recommendation 1.2:** The Council recommends that Government strengthen Ireland's economic resilience to supply disruptions, geopolitical risks and changing global trade patterns, by:
  - (i) Developing a national capability to map and monitor critical supply chain dependencies; and
  - (ii) Progressing the delivery of outstanding actions under the Government Action Plan on Market Diversification to support firms in expanding into new markets, reducing concentration risks, and strengthening resilience to external shocks.
  - (iii) Continuing development and publication of the *National Risk Assessment – Overview of Strategic Risks*, to identify and discuss significant strategic risks which may arise for Ireland. The process should help inform and support cross-government preparedness and strengthen institutional capacity to anticipate, manage, and respond effectively to external shocks and periods of heightened uncertainty.

## Chapter 2 – Energy Security

Secure, affordable, and sustainable energy is now a central determinant of competitiveness. Recent geopolitical shocks have underscored the risks associated with energy dependence and price volatility. Over the long term, improving Ireland's energy security and supporting a more resilient energy system will require accelerating the deployment of indigenous renewable energy, expanding long-duration storage, and developing alternative fuel sources such as biomethane. A technology-neutral approach should be maintained, with no viable option excluded from consideration.

- **Recommendation 2.1:** The Council recommends accelerating the delivery of Ireland's electricity infrastructure by:
  - (i) Accelerating investment in the renewal and expansion of the electricity grid and ensuring that EirGrid is appropriately resourced and incentivised to deliver this investment, while ensuring that the chosen funding model does not undermine firm competitiveness through unreasonable pass-through costs
  - (ii) Undertaking rapid reform of planning and permitting processes to meet the timelines required under the EU Renewable Energy Directive III, and prepare for the forthcoming Grids Package, including the timely delivery of Phase 1 offshore wind projects and the North-South Interconnector.
- **Recommendation 2.2:** The Council recommends that Ireland strengthen the resilience and security of its energy system, through:
  - (i) Putting in place strategic LNG Storage facilities as quickly as possible to ensure the resilience of gas and electricity supply;
  - (ii) Following the rejection by the EU Commission of a proposed 'domestic multiplier' under the Renewable Heat Obligation (RHO), designing a support framework, such as a Contract for Difference auction, for indigenously produced biomethane to be used in high-temperature manufacturing processes; and,
  - (iii) Facilitating the accelerated rollout of solar powered energy solutions.
- **Recommendation 2.3:** The Council recommends that Government maintain a technology-neutral approach to future energy options, and that a feasibility study be undertaken on the potential costs and benefits of alternative power options for Ireland, including nuclear (with reference to the role that small modular reactors (SMRs) could play), biomethane and tidal power.

## Chapter 3 – Cost of Doing Business

The cost of doing business in Ireland remains a key competitiveness challenge, particularly for domestic SMEs. Addressing cost pressures, especially in relation to energy, while tackling long-standing structural impediments to competitiveness will be essential to sustaining enterprise activity, investment and living standards. The establishment of the Cost of Business Advisory Forum is a welcome development, providing an important mechanism for identifying and assessing the cost pressures facing firms and informing policy responses to improve cost competitiveness. However, its success will depend on implementation of its recommendations by Government. Maintaining a stable and constructive industrial relations environment is also an important component of Ireland's competitiveness proposition, supporting investment, business certainty and economic resilience.

- **Recommendation 3.1:** The Council recommends that Government engage with the concerns identified by the Cost of Business Advisory Forum and give consideration to rapidly progressing its recommendations, particularly those measures that would support competitiveness, productivity and the operating environment for firms.

- **Recommendation 3.2:** The Council recommends that Government examine the ways in which it can facilitate increased banking sector competition, reductions in the cost of financing, and increases in the availability of funding to promote SME growth and scaling.
- **Recommendation 3.3:** The Council recommends that the National Energy Affordability Taskforce (NEAT) brings forward both short-term measures to mitigate the impact of the energy crisis for consumers, as well as longer-term structural or market changes to ensure that the low marginal cost of renewable energy materially reduces customer bills.
- **Recommendation 3.4:** Recognising the importance of a stable and harmonious industrial relations environment, Government and the Social Partners are encouraged to continue investing in the maintenance of constructive industrial relations. In this context, the Council welcomes the publication of the Action Plan on Collective Bargaining and recommends that priority actions be progressed, particularly those relating to research and analysis of the indigenous sector and of collective bargaining and its broader economic and societal impacts.

## Chapter 4 – Public Sector Reform and Infrastructure Delivery

An effective and responsive public service is a key enabler of competitiveness. Recent evidence suggests that Ireland's public administration is performing less strongly than many international peers[1] with limited system-wide reform over the past two decades. Further analysis is needed to assess Ireland's public sector performance and identify lessons from successful reform initiatives in other jurisdictions. At the same time, businesses and citizens frequently encounter regulatory and administrative processes that are perceived as slow, complex and overly focused on inputs rather than outcomes. There is significant scope to improve public service performance through structural reform, and the strategic adoption of new technologies, including artificial intelligence. Strong population growth and sustained economic expansion have also placed increasing pressure on Ireland's infrastructure systems, including housing, energy, water and transport. While the publication of the Accelerating Infrastructure Report and Action Plan is welcome, persistent infrastructure deficits highlight the need for further reform to improve delivery capacity, including faster planning and permitting processes and stronger coordination across agencies. In particular, water and wastewater capacity and pricing constraints are increasingly acting not only as environmental and housing challenges, but also as direct barriers to enterprise investment, regional development and the timely delivery of foreign direct investment projects. Addressing these challenges will require further measures to improve planning and permitting processes, strengthen coordination across agencies, and increase the capacity of the State to deliver critical infrastructure efficiently and at scale.

- **Recommendation 4.1:** The Council recommends that Government consider how the new public service agreement can support and enable ongoing reform, increased digitalisation and productivity improvements across the public services.
- **Recommendation 4.2:** The Council recommends that Government establish measurable service-level targets and regularly report on progress in relation to digitalisation, data sharing, process automation, service quality and user outcomes across major public services. Government should also identify priority areas for the deployment of emerging technologies,

[1] NCPC Bulletin 25-5: Benchmarking the Performance of Ireland's Public Administration.

including artificial intelligence, where these technologies can improve productivity, enhance service delivery and streamline access to public services.

- **Recommendation 4.3:** The Council recommends that Government strengthen the resilience and security of Ireland's critical infrastructure in an increasingly uncertain geopolitical environment. This could be achieved by ensuring that the implementation of the Critical Entities Resilience framework fully considers domestic and external sources of disruption across critical infrastructure sectors, including cyber threats, climate-related risks, operational failures and physical security risks.

## Chapter 5 – AI, Innovation and the Labour Market

Ireland must leverage artificial intelligence (AI) and innovation to boost labour market outcomes and support resilience and competitiveness by enabling firms and workers to adapt to rapid technological change. The diffusion of AI across sectors presents significant opportunities to enhance productivity, improve job quality, and create new areas of employment, but it also requires a proactive policy response to manage transition risks. This includes investing in skills development, lifelong learning, and reskilling initiatives to ensure that the workforce is equipped to meet evolving demand. At the same time, supporting enterprise adoption of AI – particularly among SMEs – will be critical to maximising its economic impact.

- **Recommendation 5.1:** The Council recommends that Government strengthen the capacity of SMEs to adopt and effectively utilise digital and AI technologies where there is a clear commercial rationale for doing so. This should include:
    - (i) Assessing management skills and organisational capability requirements associated with technology adoption;
    - (ii) Addressing information and awareness gaps and enhancing advisory and capability-building supports;
    - (iii) Embedding cybersecurity capability and best practice within enterprise support programmes; and
    - (iv) Introducing targeted supports for "new-to-firm" innovation, technology adoption and digitalisation.
- **Recommendation 5.2:** The Council recommends that Government strengthen the responsiveness of the skills system to evolving labour market and enterprise needs. This should include:
    - (i) Using evidence from the Working in Ireland Survey and the proposed National Skills Observatory to inform the targeting of lifelong learning and skills investment; and,
    - (ii) Expanding apprenticeship provision in areas of strategic importance to the economy, including ICT, AI and digital technologies, advanced manufacturing, life sciences, and critical technical and operative occupations.
    - (iii) Strengthening the integration between apprenticeship provision, regional skills strategies and enterprise clusters to support productivity growth, including through the adoption of Modern Methods of Construction, and to address persistent regional labour and skills shortages.

- **Recommendation 5.3:** The Council recommends progressing the recommendations set out in the ESRI's *Roadmap for an Evaluation of the National Training Fund* to strengthen the evaluation of NTF-supported programmes. This should help to ensure that NTF expenditure remains aligned with the statutory purpose of the Fund, in supporting skills development and employability. This will also support a more robust assessment of programme effectiveness and provide a stronger evidence base to inform future funding and policy decisions relating to skills development and employability.
- **Recommendation 5.4:** The Council recommends that Government maintain a responsive and evidence-based employment permits system that supports Ireland's competitiveness by enabling access to skills critical for productivity, innovation, and growth. This should include ongoing review of Minimum Annual Remuneration thresholds, informed by labour market conditions, skills shortages, and stakeholder engagement, to ensure the permits system remains adaptable to evolving economic and enterprise needs.

## Chapter 6 – Ireland's EU Presidency

Ireland's EU Presidency presents a strategic opportunity to influence the European policy agenda in support of competitiveness, resilience, and the functioning of the Single Market. As competitiveness becomes an increasingly important priority across the EU, the Presidency provides Ireland with a valuable opportunity to shape discussions on innovation, investment, regulatory simplification and economic security, while promoting an open, outward-looking and competitive European economy.

- **Recommendation 6.1:** The Council recommends that Ireland actively support the EU's competitiveness agenda by advancing reforms to strengthen the Single Market, boost innovation, and increase investment. In doing so, Ireland should advocate for approaches that recognise the role of effective, coordinated and appropriately decentralised governance in delivering economic resilience and competitiveness. Ireland should also continue to represent the interests of smaller Member States, ensuring that efforts to enhance resilience and strategic autonomy do not undermine open markets, free trade, or competition. A strong, outward-looking and globally engaged Europe remains critical to Ireland's long-term economic growth.
- **Recommendation 6.2:** The Council recommends that the new "Single Market Taskforce", through concerted action by all Government Departments, works to strengthen the implementation of Single Market rules and Ireland's compliance with its Single Market obligations, through the removal and prevention of barriers to the freedom of movement of goods, services and people within Ireland.
- **Recommendation 6.3:** The Council recommends that Government support and advance EU simplification measures in a clear and transparent way, including the Omnibus initiatives, with a view to reducing administrative burdens on firms and improving the overall business environment and competitiveness.

The full report and the list of recommendations are available here.

## The National Competitiveness and Productivity Council

The National Competitiveness and Productivity Council (NCPC) reports to the Taoiseach and the Government, through the Minister for Enterprise, Tourism and Employment, on key competitiveness and productivity challenges facing the Irish economy and offers recommendations on policy actions required to address these challenges. Following the European Council recommendation in September 2016 and subsequent Government decision, the NCPC was designated as Ireland's National Productivity Board, tasked with analysing developments and policies in the areas of productivity and competitiveness.

Since 1997, in accordance with the NCPC's Terms of Reference, the Council has published its flagship policy report *Ireland's Competitiveness Challenge*. The work of the National Competitiveness and Productivity Council is underpinned by research and analysis undertaken by the Economics and Climate Division of the Department of Enterprise, Tourism and Employment.

The members of the Council are:

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| Prof. Alan Barrett | Chair, National Competitiveness and Productivity Council |
| Dr. Laura Bambrick | Head of Social Policy & Employment Affairs, ICTU |
| Edel Clancy | Group Director of Corporate Affairs, Musgrave Group |
| Jenny Melia | Chief Executive Officer, Enterprise Ireland |
| Ed Brophy | Head of Public Policy for Amazon in Ireland |
| Dr. Christian Ketels | Lead Economist at the World Bank, Washington |
| Denise Sidhu | Partner & Director, Kernel Capital |
| Luiz de Mello | Director of Policy Studies, Economics Department, OECD |
| Maeve Dineen | Chair of Ireland's Financial Services and Pensions Ombudsman |
| Brian McHugh | Chairperson, Competition and Consumer Protection Commission |
| Gary Tobin | Assistant Secretary, Department of Enterprise, Tourism and Employment |
| Michael Lohan | Chief Executive, IDA Ireland |
| Liam Madden | Independent Consultant, Semiconductor Industry |
| Niel McDonnell | Chief Executive, ISME |

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| Bernadette McGahon | Director of Innovation Services, Industry Research & Development |
| Danny McCoy | Chief Executive, IBEC |
| Michael Taft | Research Officer, SIPTU |

Representatives from the Departments of An Taoiseach; Agriculture, Food and the Marine; Environment, Climate and Communications; Further and Higher Education, Research, Innovation and Science; Social Protection; Finance; Housing, Local Government and Heritage; Justice; Public Expenditure and Reform; Tourism, Culture, Arts, Gaeltacht, Sport and Media, Children, Equality, Disability, Integration and Youth, and Transport attend Council meetings in an advisory capacity.