



ECONOMIC REVIEW AND OUTLOOK 2002

BAILE ÁTHA CLIATH
ARNA FHOILSIÚ AG OIFIG AN tSOLÁTHAIR
Le ceannach díreach ón
OIFIG DHÍOLTA FOILSEACHÁN RIALTAIS,
TEACH SUN ALLIANCE, SRÁID THEACH LAIGHEAN, BAILE ÁTHA CLIATH 2,
nó tríd an bpost ó
FOILSEACHÁIN RIALTAIS, AN RANNÓG POST-TRÁCHTA,
51 FAICHE STIABHNA, BAILE ÁTHA CLIATH 2,
(Teil: 01 - 6476834/35/36/37; Fax: 01 - 6476843)
nó trí aon díoltóir leabhar.

DUBLIN
PUBLISHED BY THE STATIONERY OFFICE
To be purchased directly from the
GOVERNMENT PUBLICATIONS SALE OFFICE,
SUN ALLIANCE HOUSE, MOLESWORTH STREET, DUBLIN 2,
or by mail order from
GOVERNMENT PUBLICATIONS, POSTAL TRADE SECTION,
51 ST. STEPHEN'S GREEN, DUBLIN 2,
(Tel: 01 - 6476834/35/36/37; Fax: 01 - 6476843)
or through any bookseller.

(Pn. 11841)

(€7.60)

© Government of Ireland 2002

ISBN: 0-7557-1359-1

PREFACE	5
SUMMARY TABLE	6
PART I : COMMENTARY	7
PART II : INTERNATIONAL ECONOMY	10
PART III : ECONOMIC DEVELOPMENTS AND PROSPECTS IN IRELAND, 2001 AND 2002	
— Overview	13
— Domestic Demand	14
— Trade and Balance of Payments	16
— Output	18
— Employment and Unemployment	19
— Non-Agricultural Incomes	20
— Inflation	20
— Public Finances	21
— Monetary and Exchange Rate Developments	23
APPENDIX OF ECONOMIC STATISTICS	26

This report was prepared in the Department of Finance based on data available at late July. As the *National Income and Expenditure Accounts 2001* which the CSO would normally publish in July is not now expected to be available until September, the data concerning economic growth in 2001 and the 2002 forecasts are based on aggregate national accounts for the four quarters of 2001.

This report opens with a tabular statement of the main economic aggregates, including revised estimates and forecasts for 2001 and 2002, respectively. A commentary on the current economic situation follows in Part I. This identifies the main policy issues which will have to be addressed given our present economic circumstances. Part II deals with the international economic situation. Part III describes developments in the domestic economy in 2001 and also deals with trends and forecasts for 2002.

SUMMARY TABLE

Recent Economic Developments and Prospects

	1995-2000 Average	2001	2002 Budget Forecast	2002 Revised Forecast
	Annual Percentage Volume Changes			
Economic Growth¹				
Gross Domestic Product (GDP)	9.9	5.9	3.9	3.6
Gross National Product (GNP)	8.7	5.0	3.5	3.0
Expenditure on GNP¹				
Private Consumption	7.8	4.8	5.7	4.3
Fixed Investment	14.3	0.5	-2.6	0.3
Final Domestic Demand	8.8	3.8	3.3	3.4
Exports of Goods and Services	16.9	8.4	4.7	4.9
Imports of Goods and Services	16.6	7.7	4.3	4.9
Stock Changes (% GNP)	—	0.4	0.2	0.2
Net Factor Income (% GNP)	—	19.3	20.0	19.5
Level of GNP (€ billion)	—	96.7	103.5	104.2
Employment change (000)	78	49	24	22
Unemployment (%)	8.0	3.9	4.7	4.7
Consumer Price Index	2.5	4.9	4.2	4.5
General Government Balance: Surplus as % of GDP	1.4	1.7	0.7	0.1

¹The data for economic growth in 2001 are taken from the Q.4 2001 Quarterly National Accounts, which were published by the CSO on 30 April 2002.

Following sustained very strong growth since 1994, the Irish economy slowed markedly last year. While GDP growth for 2001 as a whole is estimated by the CSO at 5.9 per cent (GNP 5.0 per cent), there was a sharp deceleration from around mid-year. The slowdown reflected a number of factors, including a slower evolution of demand growth – particularly in the aftermath of the terrorist attacks in the US – in our major trading partners, difficulties in the information and communication technology sector, and the restrictions aimed at combating the threat of foot-and-mouth disease which affected domestic economic activity from the Spring. The public finances weakened considerably, reflecting the impact of the slowdown on revenues combined with strong expenditure growth. Nevertheless, employment continued to grow, underpinning continued wage and price pressures, especially in the services sector. Unemployment reached a record low in the first half of the year but, while remaining low by historical standards, rose in the second half of the year. Inflation, while easing, remained significantly above the euro area average.

As this year began, the prospect was for a gradual recovery in demand, supported by an expected pick-up in the international economy. Indications are that a recovery has been underway, although its pace and extent remain uncertain. Importantly from the viewpoint of a trading nation like Ireland, there has been a significant realignment among the major currencies – with potential to limit the transmission to us of the full benefits of an international recovery. On the basis that the international economic recovery gains momentum, and that recent euro strengthening is not reversed, but with its potential adverse competitive effects at least partly offset by appropriate domestic responses, a pick-up in domestic economic activity is still envisaged, albeit at a somewhat slower pace than foreseen at Budget-time. Under this scenario, annual growth should be close to potential in the final quarter of this year. In this context in 2002:

- GDP is expected to grow by $3\frac{1}{2}$ per cent (GNP 3 per cent);
- Employment may increase by somewhat more than 20,000 ($1\frac{1}{4}$ per cent);
- Inflation as measured by the CPI seems likely to be in the region of $4\frac{1}{2}$ per cent for the year as a whole;
- A small General Government Surplus is projected (reflecting the exclusion of euro-related receipts from the calculation);
- The debt/GDP ratio may fall to around 34 per cent;
- A deficit of the order of $1\frac{1}{2}$ per cent of GNP on the current account of the balance of payments appears in prospect.

The moderation in growth from the very rapid increases recorded during the second half of the last decade, and the recent considerable strengthening of the euro, have brought a number of issues to the fore.

A first important concern is that the slowdown in demand growth has not been associated with a sufficient improvement in price and cost trends. Inflation, as measured by the Consumer Price Index, averaged 4.7 per cent in the first half of this year – and around twice the euro area average on the EU Harmonised Index of Consumer Prices measure. Notably, services sector inflation – which better indicates domestic inflationary pressures – averaged around 9 per cent in this period.

Some may argue that this reflects continued tight labour market conditions in the context of reasonably robust domestic demand growth. That is undoubtedly part of the story. But high inflation also points to inadequate levels of competition, including barriers to entry, in some sectors of the economy – and thus to the merits of greater flexibility, including measures to stimulate competition in relevant services sectors, in the drive to contain inflation.

The impact of tight labour market conditions on wage developments, however, is also a key explanatory factor. The pace of increase here remains well in excess of those in our major trading partners, despite last year's sharp slowdown in economic activity. Irish productivity has grown faster than Europe's, but the wage differential is significantly above the 'productivity gap'. If sustained, relatively higher price and wage inflation will present a serious threat to the competitiveness of the economy, especially in the context of an appreciating euro, leading to lower output and employment growth, with an associated increase in unemployment.

In part, our recent growth reflects the mitigation of the potential adverse impact on the Irish economy of our relatively higher price and cost developments by the decline in the external value of the euro, particularly against sterling and the dollar, since 1999. Looking forward, it is critical that Irish prices, wages and costs generally evolve more closely in line with developments in our major trading partners, to avoid competitive losses and their dampening effects on our future economic prospects.

But perhaps the most important reality which the growth slowdown brings to the fore is that future progress here cannot emulate our recent, very strong performance. With the economy now operating at close to full employment, the boost to growth which employment of unused capacity enabled in recent times cannot be repeated. The consequence is obvious. Our ability to raise living standards, and to resource public service provision, will depend much more in the future on our success in raising productivity than it has in the past.

Ireland's ability to continue attracting leading edge investment will play a major role in our capacity to sustain strong productivity growth into the future. Assurance of our full participation in an expanded EU market will be an important factor in consolidating and increasing such inward investment.

The easing growth rate also raises public finance issues.

The slowdown has been accompanied by a diminishing public finance surplus, eating into the room for manoeuvre which our very strong budgetary position has provided either to respond to economic adversity or to accommodate domestic priorities. Our budgetary position remains solid – but offers much less scope today than a few years ago for growth in public services.

With slower – albeit comparatively fast by international standards – economic growth going forward, public policy faces an environment in which the potential for resource growth will be much more limited, and the capacity for desirable tax and expenditure initiatives correspondingly lower, than in recent times. The strong growth of the past – through the substantial extra resources it generated for public use each year – enabled major improvement in public service provision in parallel with continued easing of the tax burden. Equally relevant, it contributed to a build-up of high expectations for a continuation of that benign combination. In the new circumstances, there is a need for a sharper sense of priorities and a focus of resources on the issues which are *most* crucial to our economic and social well-being. Expectations, whether for public service provision or tax relief, will have to accommodate this new situation.

Slower growth going forward will bring another key issue into sharper relief – the need for clear choices between present and future consumption. Investment in the ‘infrastructure of growth’ unavoidably pre-empts resources which, otherwise, could be used to enhance current service provision or to ease taxation. Inadequate investment in the basis for future output growth *will* provide funding for higher living standards today, *but* at the expense of economic growth and consumption in the future.

Notwithstanding that the short-term outlook for the economy is subject to considerable uncertainty, and that medium-term growth prospects may break fewer records, Ireland retains the potential for relatively strong economic progress. Within limits, our choices about matters bearing on competitiveness will determine *how fast* we grow, rather than *whether* we grow at all. Growth will deliver increased resources. It is up to us to decide how best to use these in balancing current demands for enhanced services with the need for investment to continue growing and to ensure sustainable public finances to meet future inevitable demands.

Real GDP Growth (per cent change) for Selected Countries				
	2000	2001	2002 (f)	2003 (f)
Germany	3.0	0.6	0.7	2.5
France	3.6	2.0	1.4	3.0
Italy	2.9	1.8	1.5	2.8
Euro Area	3.5	1.6	1.3	2.9
UK	3.0	2.2	1.9	2.8
EU	3.4	1.7	1.5	2.8
United States	4.1	1.2	2.5	3.5
Japan	2.4	-0.4	-0.7	0.3
OECD	3.9	1.0	1.8	3.0

(f) Forecast.

Source: OECD Economic Outlook, June 2002.

Introduction

As a small open economy, Ireland's economic outlook is significantly affected by international economic conditions and our ability to compete in global markets. This section outlines the current economic situation and outlook in the European Union, the United States and Japan.

Overview

After the slowdown in world economic growth in 2001, a gradual recovery seems to have been underway this year, although its pace and extent remain uncertain. The OECD has forecast that GDP growth in member countries is expected to reach 1.8 per cent in 2002 and 3 per cent in 2003. The timing and pace of this recovery remain uncertain but are likely to be different across the OECD countries, with the speed of the recovery in the US critical to world growth prospects as well as to those for Ireland.

Europe and the Euro Area

Ireland's shares of merchandise exports to Europe and the euro area are 62% and 38% respectively. The world economic slowdown was reflected in lower GDP growth in the euro area of 1.6 per cent in 2001, compared with 3.5 per cent in 2000. The OECD forecast for the euro area is for a moderate recovery over the course of 2002, assisted by the easing of monetary and fiscal policy over the last year. The OECD estimates that the unemployment rate will be 8.2 per cent, while HICP inflation will be of the order of 2 per cent.

Germany

Growth in Germany in 2001, at 0.6 per cent, was the lowest since 1993 with the first quarter the only quarter showing positive growth. This weak performance was due to the deceleration of export growth, the contraction of investment and private consumption and reduced stocks, and led to a rise in unemployment. According to the OECD, average GDP growth in 2002 will be only 0.7 per cent, despite projected fourth quarter growth of 2.6 per cent. Unemployment is expected to average 7.8 per cent in 2002, up slightly from 7.4 per cent in 2001.

France

Economic activity in France was more resilient to the global slowdown than most other eurozone economies, due in part to the strength of consumer demand. However, GDP growth in France slowed in the latter half of 2001 and slipped into negative growth in the last quarter of the year, to give an average of 2 per cent for the year as a whole. The OECD estimates that growth will slow further to 1.4 per cent in 2002. Unemployment is expected to average 9.2 per cent in 2002, up from 8.7 per cent in 2001.

United Kingdom

The UK did not suffer as badly as many other EU economies from the world economic slowdown in 2001. Growth slowed in the fourth quarter, but GDP growth for the whole year was 2.2 per cent, outperforming other major economies. For 2002, the OECD projects continued weakness in the UK manufacturing sector with other sectors generating stronger activity to compensate. Consumer demand is holding up well despite recent global economic uncertainty. GDP growth of 1.9 per cent is expected this year.

According to the OECD, underlying inflationary pressures have remained weak in the first part of 2002, due to the continued strength of sterling and favourable labour cost developments. Inflation has as a result remained below the official target of 2.5 per cent for retail inflation. Unemployment has edged slightly upwards since 2001 to 5.2 per cent by May 2002.

United States

Ireland's merchandise exports to the United States account for around 17% of our total merchandise exports. The latest official data from the US indicate that the rate of economic growth in the US in 2001 was revised down to 0.3 per cent, compared with 3.8 per cent in 2000. Official figures show that GDP growth, while strong in the first quarter of this year, slowed markedly in the second quarter to 1.1 per cent on an annualised basis. For the year as a whole, the OECD forecast published in June was for a growth rate of 2.5 per cent.

Risks to the U.S. economic outlook include political instability in the Middle East and a consequent impact on oil prices and the possibility that domestic developments might not sustain the current recovery. US Department of Labour figures show that unemployment increased to 5.9 per cent in June and July 2002, up from 4.8 per cent at the end of 2001. Inflation remains low, with the core rate of inflation steady at 2.5 per cent reflecting gains in productivity and moderate increases in labour costs. However, if the weaker dollar were sustained or there was a rise in oil prices inflationary pressure would increase.

Japan

Japan was caught in its worst post-War recession in 2001. GDP fell for the last three quarters of 2001. Overall GDP fell by 0.4 per cent in 2001. A weak yen is boosting exports but consumer demand remains weak. The economy is estimated to further contract in 2002 by about 0.7 per cent.

Unemployment rose to 5.4 per cent in June 2002. A fragile financial system and the rising level of public debt are felt by the OECD to continue to be risks to a Japanese recovery.

World Trade

The global slowdown, coupled with the drop in oil prices post-September 11, resulted in no growth in world trade in 2001, significantly down on growth of 13 per cent in 2000. World trade growth is expected to recover to 2.5 per cent in 2002.

World Trade and Domestic Demand – percentage change							
				2001	2002 (f)	2003 (f)	
World Trade	...	...	...	0	2.5	9.5	
<i>Domestic Demand</i>							
Euro Area	...	...	...	0.9	1.2	2.7	
EU	...	...	...	1.2	1.4	2.7	
United States	...	...	...	1.3	3	3.9	
OECD	...	...	...	0.7	1.9	2.9	

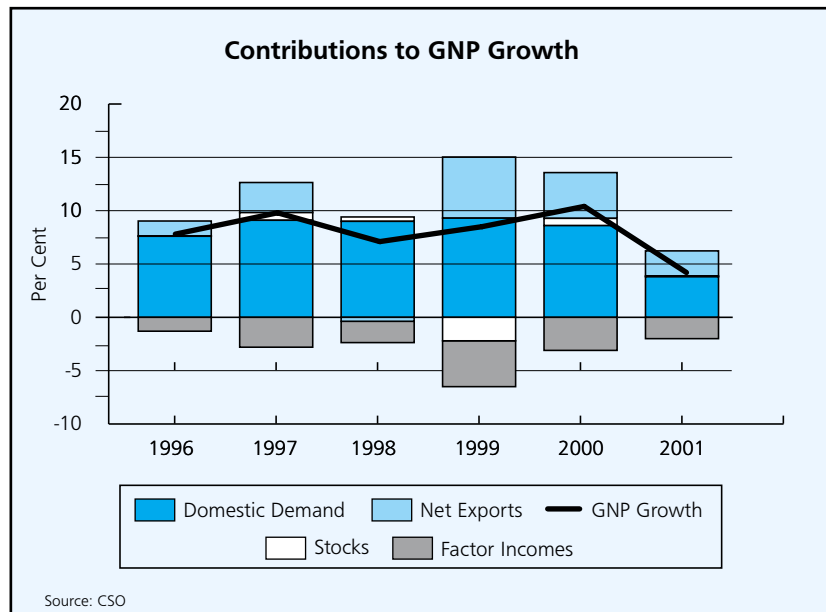
(f) Forecast.

Source: OECD Economic Outlook, June 2002.

OVERVIEW

The pace of economic expansion slowed markedly during 2001. There was substantial year-on-year growth in the early months, but this largely reflected the carry-over of very strong economic activity from 2000. Intra-year growth for the remainder of the year was weak. Real GDP grew by about 10½ per cent in the first half of the year, compared with the same period in 2000. However, growth in the second half was much more muted and only expanded by about 1½ per cent. For the year as a whole, the latest estimate is that real GDP grew by 5.9 per cent and real GNP by 5.0 per cent. While these rates were half those for 2000, they were still three times the EU average.

The slowdown reflected both domestic and external shocks. On the domestic front, the restrictions put in place to guard against a widespread outbreak of foot-and-mouth disease adversely affected a number of sectors, including the agricultural and tourism sectors in particular. The information and communication technologies (ICT) sector also had a difficult year as it suffered from the drop in global demand and registered a number of job losses. At the same time, the international economic environment deteriorated progressively and net exports weakened through 2001. However, domestic demand stayed strong. Against this background, employment growth moderated, and the General Government Balance, while remaining in surplus, deteriorated substantially. While activity eased, inflation remained high, averaging 4.9 per cent for the year.



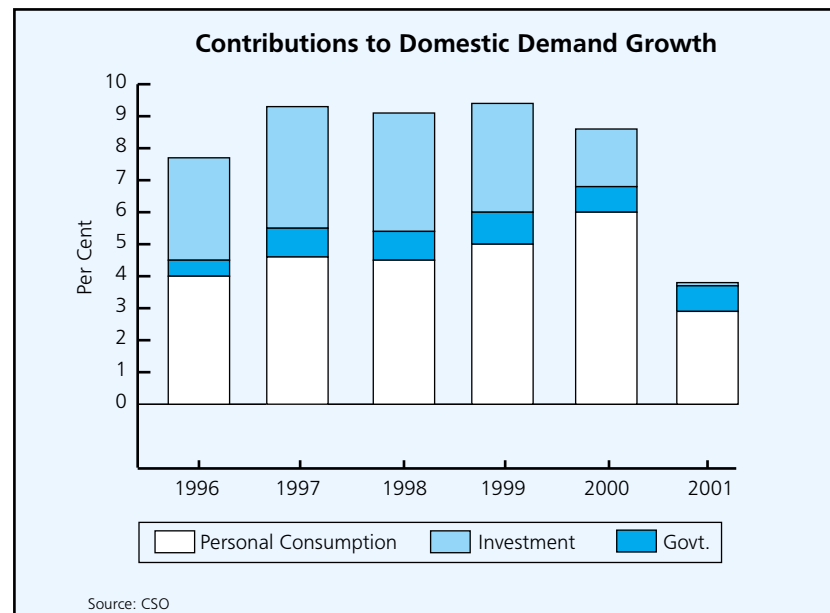
It is generally agreed that the global economy has been on the road to recovery following the slowdown of 2001, although the pace and extent of the recovery remain uncertain. Merchandise exports have recovered from their poor showing towards the end of last year, retail sales growth excluding motor trades is positive, house prices have resumed an upward movement, and soft indicators such as Purchasing Managers Indices for both the

manufacturing and services sectors are positive. Allowing for seasonal factors, the trend in GNP in the first quarter of this year appears to be flat, but economic activity is expected to pick up through 2002. Economic growth rates for the year as a whole are expected to be below trend, averaging 3 per cent in real GNP terms, while real GDP is expected to grow by $3\frac{1}{2}$ per cent.

DOMESTIC DEMAND

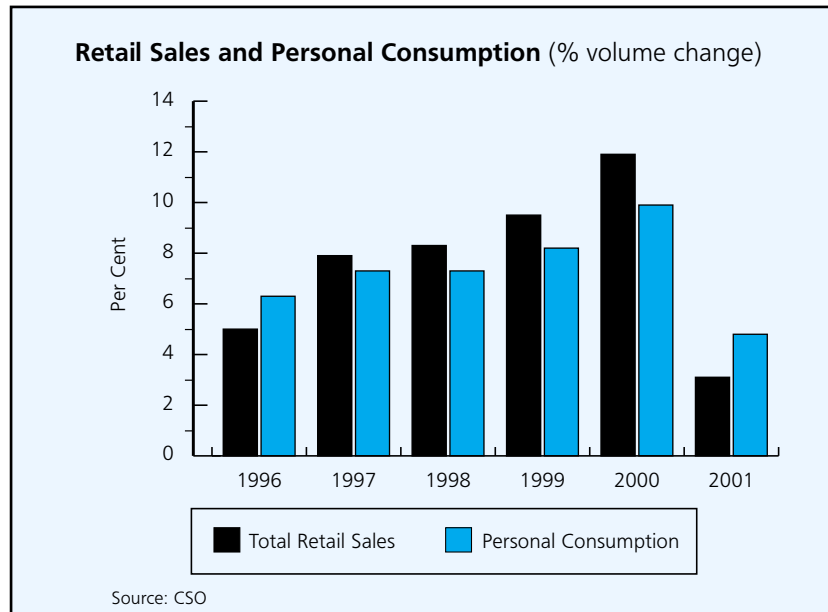
Consumer Spending

Despite the weakened economic environment, activity by consumers remained strong last year. A number of factors were behind this growth, including further increases in take-home pay, historically low interest rates and possibly some increase in spending in the run up to the changeover to the euro. While total retail sales grew by only 3.1 per cent year on year, retail sales excluding motor trades grew by 7.5 per cent. New car sales contracted in 2001, although this partly reflects the fact that sales had for a variety of reasons been particularly strong in 2000.



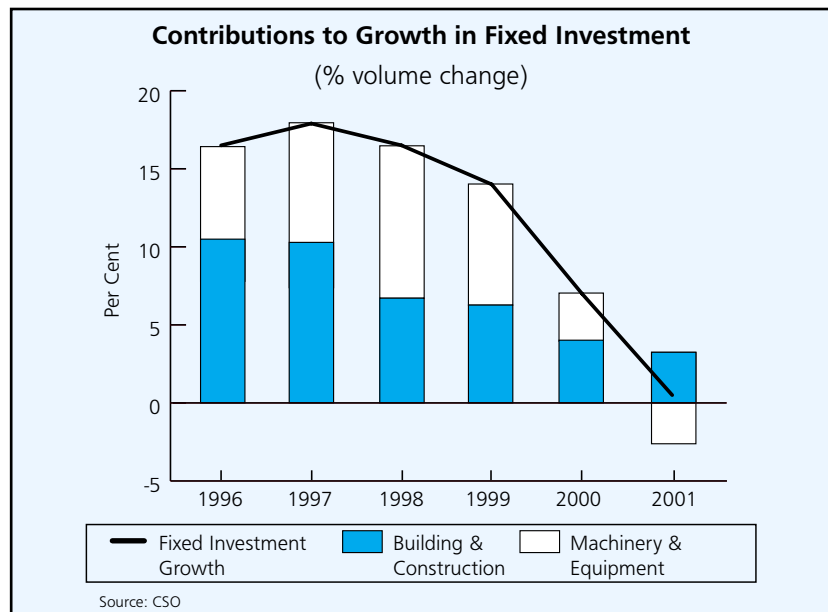
Households' disposable incomes are expected to rise, as earnings growth remains strong and the tax reductions announced in Budget 2002 take effect. However, while uncertainties remain about both the labour market and the economy more generally, households may choose to save more of this disposable income. Personal consumption growth is therefore expected to moderate in 2002. Available data for the first quarter are consistent with this view of a moderation in the rate of consumption growth. Personal consumption expanded in real terms by 3.6 per cent in the first quarter, as compared with the same period of 2001. In addition, the volume of retail sales excluding motor trades was just under $2\frac{3}{4}$ per cent higher in the first five months of 2002 than in the corresponding period in 2001. Furthermore, the new car market is not expected to contribute positively to consumption growth. Overall the volume of personal consumption is expected

to grow by $4\frac{1}{4}$ per cent this year, which is considerably lower than the average of recent years.



Investment

Investment grew by just 0.5 per cent in 2001. Investment in building and construction remained strong, growing by just under $6\frac{1}{2}$ per cent. This figure reflected the continued implementation of the National Development Plan and a record 52,600 house completions. However, investment in machinery and equipment fell by over 6 per cent, as slower export growth and the general level of uncertainty, most notably in the ICT sector, took their toll on investment decisions in the mainly foreign-owned sector.



At Budget time we expected investment in overall terms this year to fall by $2\frac{1}{2}$ per cent. The latest available data show that the volume of investment for the first quarter of this year fell by 5.1 per cent as compared with the

same period last year. Data are now indicating more positive activity within the building sector in terms of new house completions and home-bond registrations. In fact, it is now estimated that the housing component of investment which includes both new construction as well as repair and maintenance, expanded on an annual basis by about 7 per cent in the first quarter of this year. For the year as a whole, building and construction is expected to grow by about $2\frac{3}{4}$ per cent. In relation to machinery and equipment investment, it is estimated to have contracted, in annual terms, by $7\frac{3}{4}$ per cent during the first quarter. This is no surprise as imports of capital goods – a useful proxy for imports of machinery and equipment – have been weak for the first four months of this year, contracting in annual value terms by just over 13 per cent. At this stage because of weaker sentiment surrounding the global environment in the first half of this year, machinery and equipment investment is expected to contract by about 5 per cent. In overall terms, investment is now forecast to make a marginal positive contribution to growth, expanding by about $\frac{1}{4}$ per cent in 2002.

Public Consumption

The volume of public consumption rose by $5\frac{1}{2}$ per cent last year and first quarter data for 2002 show an annual growth rate of 5.3 per cent. Public consumption should grow this year at almost the same rate as last year.

TRADE AND BALANCE OF PAYMENTS

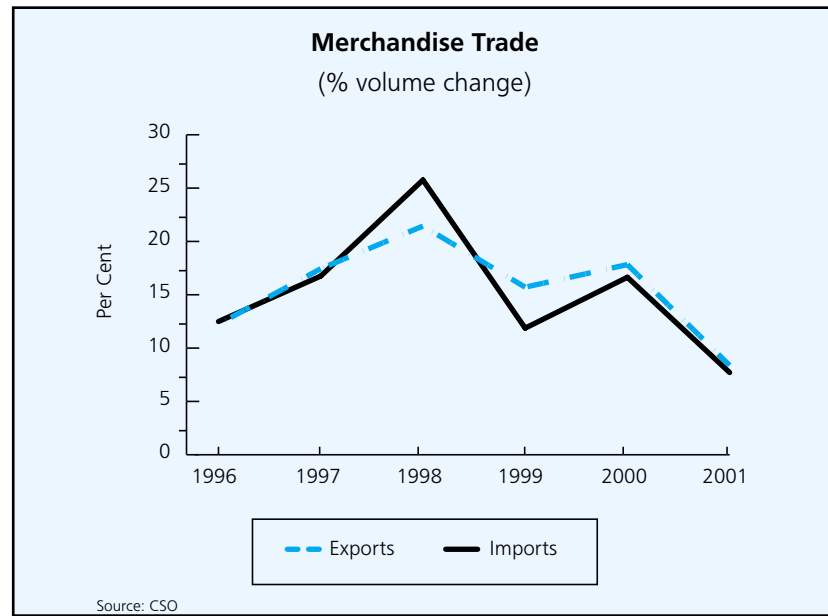
Merchandise Exports

Against a background of the slowdown in the global economy, merchandise export growth slowed dramatically over the course of 2001, and actually recorded negative year on year growth in the final four months. For 2001 as a whole merchandise export volumes grew by 5 per cent, compared with 19.3 per cent the previous year. The value of merchandise exports in sectors dominated by foreign owned companies¹ grew by just over $12\frac{1}{2}$ per cent. The performance of the more traditional sectors of manufacturing, where Irish-owned firms have a greater presence, was more subdued, despite benefiting from the relative strength of sterling against the euro. Agricultural exports, which were hindered by the closure of some of our key markets following the one case of foot and mouth disease, fell by 11 per cent last year.

On an annual basis, the volume of exports of goods and services grew by 8.3 per cent in the first quarter of 2002, having fallen by 1.3 per cent in the final quarter of last year. The volume of merchandise exports grew by only 1 per cent in the period, so the large overall increase was fuelled by exports of services. Going forward, the rate of growth in merchandise exports is expected to accelerate as the year progresses assuming the continued recovery of the world economy and favourable base effects due to

¹Chemicals, office and data processing, instrument and electrical engineering sectors.

the weakness experienced in the latter part of 2001. Published trade statistics would support this view; for the first five months of this year the value of merchandise exports is $8\frac{1}{2}$ per cent higher, while volume growth for the first four months was 2 per cent higher than the comparable period last year. The volume of merchandise exports is forecast to grow by $5\frac{1}{4}$ per cent for the year as a whole. Services exports are forecast to grow by 3 per cent, partly reflecting what is expected to be a difficult year for the tourism sector. The volume of exports of goods and services overall is therefore forecast to expand by just under 5 per cent.



Merchandise Imports

Showing a similar trend to merchandise exports, the volume of imports began 2001 strongly, but were recording negative year on year growth by May 2001. By December 2001, merchandise imports were $9\frac{1}{2}$ per cent lower than they had been in December 2000. For the year as a whole merchandise import volume fell by 0.6 per cent. Materials being imported for further production grew by only $3\frac{1}{2}$ per cent, compared to 30 per cent growth the previous year, reflecting the impact of the global slowdown on the export sector. Imports of capital goods ready for use fell by 7 per cent. Consumption goods ready for use showed positive growth of 7 per cent, reflecting the strength in domestic demand referred to earlier.

On a trade statistics basis, the volume of merchandise imports fell, on an annual basis, by about 3 per cent during the first quarter of this year. However, imports of goods and services grew by $5\frac{3}{4}$ per cent in the first quarter. The situation for merchandise imports is expected to improve. According to the latest available data, the volume of merchandise imports was marginally positive over the first four months of this year, registering strong growth of $11\frac{1}{2}$ per cent on an annual basis in April, supporting our forecast that the volume of merchandise imports should grow by $2\frac{1}{4}$ per cent this year. Imports of consumer goods should remain strong, and

imports of materials for further production are expected to pick up as the global economic environment improves. As was the case last year, services imports should grow at a quicker pace and $8\frac{1}{2}$ per cent real growth is forecast. In overall terms this would suggest that the volume of imports of goods and services in 2002 will expand by just under 5 per cent.

Current Account Balance

The visible trade surplus widened to €33,561 million last year, from €27,698 million in 2000. The deficit on trade in services continued to widen, from €13,064 million in 2000 to €16,357 million in 2001, because of the continued tendency for foreign-owned multinational corporations (MNCs) to source service inputs from abroad. The growing scale of operations of foreign-owned MNCs in Ireland and their associated higher profits resulted in a higher net factor income deficit. In addition, net transfers to Ireland continued to decline. As a result, the current account recorded a deficit of €1,145 million, equivalent to 1.2 per cent of GNP, compared to a deficit of €615 million (0.7 per cent of GNP) in 2000.

Despite a widening surplus on visible trade during the first quarter of this year, the deficit on the invisibles expanded, thus leaving a small deficit of €200 million on the current account for the period. Notwithstanding the appreciation of the euro against both sterling and the dollar in recent months, the surplus on visible trade is expected to increase, while it will again be outweighed by further increases in the services and net factor income deficits. Overall, the current account balance is expected to record a deficit of the order of $1\frac{1}{2}$ per cent of GNP.

OUTPUT

Industry

Industrial output (including building) increased by 8.1 per cent in real terms last year, compared with 13.7 per cent in 2000. High technology sectors, the catalyst behind strong output growth in recent years, showed mixed results. Output from the chemical sector remained strong, and grew by 22 per cent, but growth in the electrical and optical equipment sector moderated to about 5 per cent (it had recorded growth of $36\frac{1}{2}$ per cent in 2000) as the ICT sector suffered from a fall in global demand.

Growth in industrial output is likely to moderate once again this year. Data for the first quarter of 2002 are consistent with such a view. Industrial production grew by just under 5 per cent year on year (compared to growth of 31 per cent in the same period in 2001) and house completions increased by $8\frac{1}{4}$ per cent. If the euro continues to appreciate against sterling and the dollar, industries will face worsening terms of trade, and further losses in competitiveness given the current high level of wage increases.

Services

The volume of output of services rose by $6\frac{3}{4}$ per cent last year, moderating from $9\frac{3}{4}$ per cent in 2000. While services are expected to perform strongly this year, the growth rate may once again slow, as consumer spending, exports and employment growth are all expected to moderate.

Agriculture

In 2001, the value of agricultural output increased by 0.5% to €5,879 million. Particularly large increases were recorded in the milk, sheep and pig sectors. The value of agricultural inputs rose by 4.5% to €3,056 million. Agricultural subsidies increased by 6.6% to €1,380 million, and aggregate farm income increased by 4.2% to €2,614 million.

The outlook for agriculture in 2002 is dependent on a number of factors. Prospects for the beef sector will depend to a large extent on whether demand in the EU continues to recover, as well as on the re-opening of key third country markets. The outlook for the dairy sector is uncertain, and will be dependent on whether or not there is a recovery in world demand. EU market support decisions will also be important. The outlook for sheep and pigs is reasonably positive, while cereals, fruit and vegetables may be adversely affected by poor weather conditions. Direct payments by the Department of Agriculture and Food, which account for 53% of aggregate income, are likely to increase over last year's record level.

EMPLOYMENT AND UNEMPLOYMENT

Employment rose last year by 49,100 (2.9 per cent), decelerating from the 4.7 per cent increase recorded in 2000. This reflected the less plentiful labour supply available, as well as an easing in the pace of investment as businesses responded to the more muted demand conditions. The latter was especially relevant in the second half of the year. The services and construction sectors were particularly buoyant, recording increases of 3.6 per cent and 7.6 per cent respectively. The numbers engaged in agriculture fell for the second consecutive year.

While the unemployment rate for the year as a whole fell – averaging 3.9 per cent (compared to 4.3 per cent in 2000), it was a year of two contrasting halves. The first half of 2001 saw unemployment fall to a record low of 3.7 per cent, before the impact of the global economic downturn and the measures associated with averting a widespread outbreak of foot and mouth disease took their toll. During the second half of the year unemployment picked up and averaged 4.2 per cent.

The latest Quarterly National Household Survey release showed that employment rose by 2.1 per cent in the first quarter of this year. The outlook for 2002 is for a further moderation in employment growth. For the year as a whole, the total at work is expected to grow by 22,000, or 1.3 per cent. Such employment growth seems unlikely to absorb the total assumed

increase in the labour force. The upward trend in unemployment has continued into the start of 2002 with unemployment rising to 4.4 per cent in the three months to February. Unemployment for the year as a whole is forecast to average $4\frac{3}{4}$ per cent, a figure which is still low by historical standards.

NON-AGRICULTURAL INCOMES

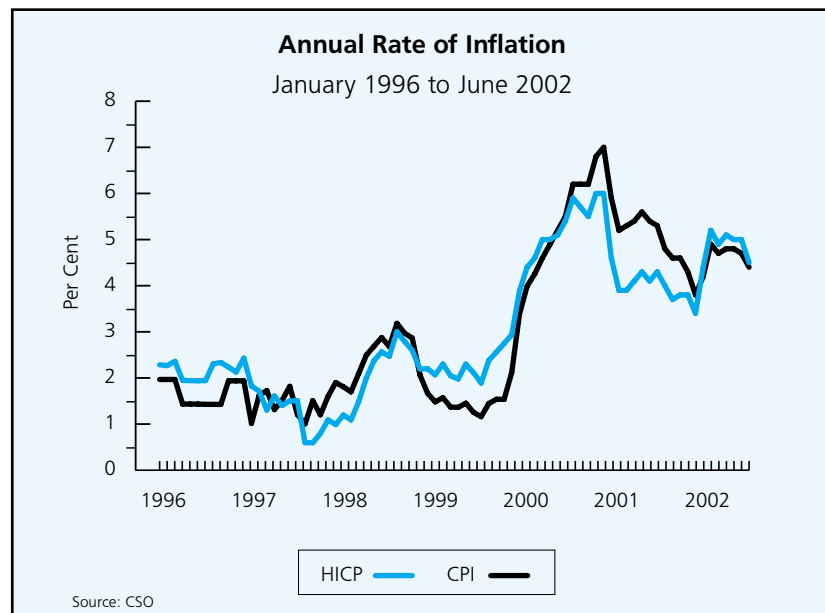
There was a continuing high annual rate of increase in earnings growth in 2001, above the effective 7.5 per cent increase provided for under the revised terms of the PPF, and undoubtedly contributing to general price inflation.

Weekly earnings increased strongly last year in all sectors. In the industrial sector, average weekly earnings rose to 7.9 per cent from 6.6 per cent in 2000, while in construction average weekly earnings rose by 8.7 per cent compared with 12.4 per cent in 2000. Earnings growth in the services sector also remained strong. Weekly earnings in business and distribution services grew by 8.3 per cent year on year, while weekly earnings in the financial sector rose by 10.9 per cent. In the public sector, weekly earnings rose by 10.4 per cent.

The latest CSO data show that hourly earnings in construction and industry continued their strong upward trend, growing by 11.1 per cent and 12.6 per cent respectively in Q1 2002. However, the growth in wage rates is expected to ease over the course of the year as employment growth slows and unemployment rises slightly. Overall, non-agricultural wages are expected to grow by around $7\frac{3}{4}$ per cent in 2002. Notwithstanding some scope for productivity gains, it would not be possible to accommodate a continuation of current wage and cost trends without damaging international competitiveness, particularly in the euro and UK areas where tighter wage policies (yielding wage increases of less than half those in Ireland) are prevailing. The knock-on effects of wage inflation in the sheltered sectors of the economy remain a serious concern. The appreciation in the value of the euro against the dollar and sterling, together with the possibility of further appreciation, cannot but accentuate the need for moderation in wage developments.

INFLATION

Inflation, as measured by annual changes in the Consumer Price Index (CPI), averaged 4.9 per cent last year, following an increase of 5.6 per cent in 2000. A number of factors were behind the continued high rate of increase of consumer prices, including foot-and-mouth related restrictions, which boosted food prices, as well as continued strong services sector inflation.



In terms of comparisons with other euro area countries, the appropriate measure is the Harmonised Index of Consumer Prices (HICP), which differs slightly in terms of coverage with the CPI. On the HICP basis, consumer price inflation in Ireland averaged 4.0 per cent last year. This compares with a euro area average of 2.5 per cent.

The annual CPI inflation averaged 4.7 per cent in the first half of this year. A number of factors contributed to this relatively high rate including significant oil price rises in the second quarter, price rises across a wide range of services and indirect tax measures.

As measured by the HICP, Irish inflation was the highest in the euro area in the first half of the year, exceeding the euro area average by around $2\frac{1}{2}$ percentage points.

Over the remainder of the year, a number of factors can be expected to exert a benign impact on the CPI. The recent appreciation of the euro against both sterling and the dollar should impact favourably on traded goods price inflation, while oil prices may have peaked. On the other hand, the fall in mortgage interest rates from September last year will fall out of the annual comparison. Taking these factors into account, an average rate of CPI inflation of in the region of $4\frac{1}{2}$ per cent is forecast for the year as a whole. The HICP average may be slightly higher at around $4\frac{3}{4}$ per cent.

PUBLIC FINANCES

2001 Outturn

The Exchequer surplus totalled €650 million in 2001 or 0.7 per cent of GNP. This compares with the Budget Day target of a €3,222 million surplus. On a General Government basis, there was a surplus of 1.7 per cent of GDP. A surplus of 4.3 per cent of GDP had been originally forecast in the 2001

Budget. The Debt to GDP ratio declined further in 2001, to 36.6 per cent by end-year.

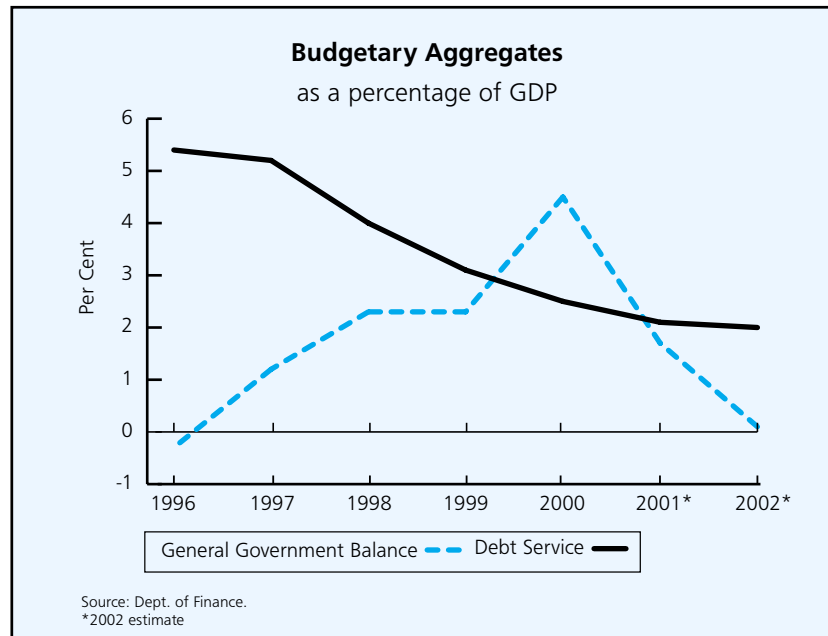
2002 Budget

The 2002 Budget projected an Exchequer surplus of €170 million, 0.2 per cent of GNP and a current Budget surplus equivalent to 5.4 per cent of GNP. At Budget time the projected General Government surplus was 0.7 per cent of GDP.

Mid-2002 Assessment

The Exchequer returns to end-July showed a surplus of €1,785 million, compared to a surplus of €170 million budgeted for 2002 as a whole. The increase in tax receipts in 2002 was forecast at Budget time to be 8.6 per cent. The end-July Exchequer Returns showed tax receipts in the first seven months were 0.7 per cent higher than the same period in 2001.

The performance of tax receipts this year, when compared with 2001, has been significantly affected by a number of timing factors including the impact of the change to the calendar year and the Budget 2002 revenue-yielding changes in Corporation Tax and VAT not enhancing receipts until May and June, respectively. Income tax remains below target. However, it is expected that as the impact of the above timing factors dissipates and as the economy continues to recover, the performance of tax receipts will improve.



The year-on-year increase in total net voted spending in the first seven months of this year was 21.9 per cent, compared with a Revised Estimates Volume increase of 14.4 per cent for the year as a whole. It has been made clear that Government spending will have to be managed within the

approved allocation, and spending plans are being closely monitored to ensure that the target is achieved.

At this stage of the year, it is expected that an emerging shortfall in tax revenue of the order of €500 million may arise by year-end. There is also a potential additional cost of meeting benchmarking in 2002. However, extra non-tax revenue from Central Bank profits, lower EU Budget contributions, ACC receipts and miscellaneous other receipts, should provide an offset.

At this stage it is therefore still expected that there will be a Budget surplus at the end of the year. The GGS for 2002 is now forecast at around 0.1% of GDP; this estimate reflects the Eurostat decision that the euro-related receipts from the Central Bank should not be included. The debt to GDP ratio is expected to decline further in 2002, to 34 per cent by end-year.

MONETARY AND EXCHANGE RATE DEVELOPMENTS

Since the European Central Bank (ECB) assumed responsibility for monetary policy in the euro area and conducting foreign exchange operations in relation to the euro, its primary objective has been the maintenance of price stability and, without prejudice to this objective, to support the general economic policies in the Community. The ECB has defined price stability as a year-on-year inflation rate of below 2% and its monetary policy aims to maintain price stability over the medium-term rather than trying to counteract short-term fluctuations.

2001

The ECB key interest rate was lowered on four separate occasions in 2001 ending the year at 3.25%. An improved outlook for price developments saw rates lowered by 25 basis points in both May and August. Following 11 September, the ECB anticipated that the tragic events would lower domestic growth and further reduce inflationary risks. Consequently, interest rates were cut again in mid-September and November by a further 50 basis points on each occasion.

The ECB reacted quickly to the events of September 11 and supported the normal functioning of the markets, by providing liquidity to them. While normal conditions prevailed in the following months, the Euro system continued to monitor developments in the financial markets.

The euro remained relatively weak with respect to the US dollar and sterling, falling 5.1% against the dollar and 4.3% against sterling over the course of 2001. On the whole, therefore, monetary conditions in Ireland were rather relaxed during 2001 and relatively low interest and exchange rates helped to cushion the impact of the economic slowdown last year.

The Euro system also finalised arrangements to ensure a smooth transition to euro banknotes and coins from 1 January, 2002. In Ireland, the euro cash changeover progressed rapidly and smoothly.

2002 – first six months

The key ECB interest rate has remained unchanged at 3.25% since November 2001. Notwithstanding the recent decline in inflation and the strengthening of the euro, the ECB expect annual HICP inflation rates to fluctuate around 2% in the coming months.

Since the beginning of this year the euro has recovered significantly, with a particularly sharp appreciation occurring from June which resulted in the euro achieving parity with the dollar in mid-July. Although by the end of July the euro had fallen back from its mid-month highs, it was still trading at around \$0.98 which was 8.5 per cent higher than at end-2001. The euro has also risen against sterling reaching 64p in June and July – its highest level since October, 1999. However, by the end of July, it had fallen back to just under 63p.

The appreciation of the euro, if sustained, can be expected to ease inflationary pressures both in the euro area in general and in Ireland in particular because a great proportion of our trade is with non-euro area countries. The stronger euro will also affect the competitiveness of our exports to the US and the UK and increases the importance of minimising cost increases here.

TABLE 1	Gross National Product and Gross Domestic Product at Current Market Prices and Percentage Changes in GNP and GDP at Constant (1995) Prices	28
TABLE 2	Expenditure on Gross National Product at Current Market Prices	29
TABLE 3	Expenditure on Gross National Product at Constant (1995) Market Prices	29
TABLE 4	Gross Domestic Product at Factor Cost by Sector of Origin and Gross National Product at Current Market Prices	30
TABLE 5	Gross Domestic Product at Constant (1995) Factor Cost by Sector of Origin and Gross National Product at Constant (1995) Market Prices	30
TABLE 6	Net Domestic Product at Factor Cost by Sector of Origin and Gross National Product at Current Market Prices	31
TABLE 7	National Income	32
TABLE 8	National Disposable Income, Savings and Capital Formation	32
TABLE 9	General Government Balance	33
TABLE 10	Volume of Production Indices in Major Industrial Sectors	34
TABLE 11	Agricultural Output, Input, Product and Income	35
TABLE 12	Estimated Labour Force (ILO) and Numbers at Work by NACE Economic Sector	36

TABLE 12 (continued) Estimated Labour Force (QNHS) and Numbers at Work by NACE Economic Sector	37
TABLE 13 Population, Natural Increase and Net Migration	38
TABLE 14 Price Index Numbers	39
TABLE 15 Hourly Earnings Indices in National and Common Currency Terms	40
TABLE 16 Retail Sales and New Private Car Licensing	41
TABLE 17 Value and Volume of Exports and Imports	42
TABLE 18 Sectoral Origin of Exports	42
TABLE 19 Distribution of Imports according to Main Use	43
TABLE 20 Percentage Distribution of Trade by Area	43
TABLE 21 Balance of International Payments	44
TABLE 22 Interest Rates	45
TABLE 23 Exchange Rates	46

TABLE 1

Gross National Product and Gross Domestic Product at Current and Constant Market Prices and Percentage Changes in GNP and GDP at Constant (1995) Prices

Year	GNP at Current Market Prices	GNP at Constant Market Prices	Percentage Change in GNP at Constant Prices
	€m	€m	€m
1995	46,748	46,748	
1996	51,523	50,227	7.4
1997	58,978	54,962	9.4
1998	67,728	59,303	7.9
1999	75,811	64,140	8.2
2000	87,121	70,816	10.4
2001	96,662	74,334	5.0

Year	GDP at Current Market Prices	GDP at Constant Market Prices	Percentage Change in GDP at Constant Prices
	€m	€m	€m
1995	52,697	52,697	
1996	58,059	56,782	7.8
1997	67,017	62,933	10.8
1998	77,110	68,350	8.6
1999	89,029	75,767	10.8
2000	103,470	84,452	11.5
2001	115,352	89,395	5.9

TABLE 2

Expenditure on Gross National Product at Current Market Prices (€ million)

Description	1996	1997	1998	1999	2000	2001*
Personal consumption of goods and services	32,133	35,427	39,361	44,062	50,686	56,003
Net expenditure by central and local government on current goods and services	8,284	9,228	10,164	11,309	12,573	14,227
Gross domestic fixed capital formation	10,819	13,541	17,028	20,951	24,449	26,642
Value of physical changes in stocks	506	875	1,153	-72	287	389
Exports of goods and services #	45,016	53,482	66,769	79,006	98,165	110,120
less imports of goods and services #	-38,273	-45,002	-57,999	-66,617	-83,484	-92,915
Statistical discrepancy	-426	-533	635	390	795	887
Gross domestic product at market prices	58,059	67,017	77,110	89,029	103,470	115,352
Net factor income from the rest of the world	-6,535	-8,040	-9,382	-13,218	-16,348	-18,690
Gross national product at current market prices	51,523	58,978	67,728	75,811	87,122	96,662

*Preliminary.

Excluding factor income flows.

TABLE 3

Expenditure on Gross National Product at Constant (1995) Market Prices (€ million)

Description	1996	1997	1998	1999	2000	2001*
Personal consumption of goods and services	31,320	33,597	36,060	39,023	42,895	44,935
Net expenditure by central and local government on current goods and services	8,104	8,545	9,018	9,603	10,125	10,688
Gross domestic fixed capital formation	10,465	12,341	14,383	16,392	17,545	17,640
Value of physical changes in stocks	561	923	1,149	-160	279	344
Exports of goods and services #	45,147	53,020	64,387	74,502	87,783	95,135
less imports of goods and services #	-38,474	-44,921	-56,492	-63,200	-73,714	-79,396
Statistical discrepancy	-341	-574	-154	-394	-461	49
Gross domestic product at constant market prices	56,782	62,933	68,350	75,766	84,452	89,395
Net factor income from the rest of the world	-6,554	-7,970	-9,047	-11,626	-13,636	-15,061
Gross national product at constant market prices	50,227	54,962	59,303	64,140	70,816	74,335

*Preliminary.

Excluding factor income flows.

TABLE 4

Gross Domestic Product at Factor Cost by Sector of Origin and Gross National Product at Current Market Prices
(€ million)

Description	1995	1996	1997	1998	1999	2000*
Agriculture, forestry and fishing	3,798	3,876	3,699	3,720	3,412	3,646
Industry (including building)	17,765	19,190	23,041	27,871	33,052	39,084
Distribution, transport and communication	7,307	8,687	9,748	11,346	12,537	14,987
Public administration and defence	2,322	2,439	2,615	2,835	2,984	3,124
Other services (including rent)	17,933	19,621	22,306	26,002	30,340	34,780
Adjustment for financial services	-2,221	-2,093	-2,059	-2,501	-2,993	-3,518
Statistical discrepancy	171	426	533	-635	-390	-795
Gross domestic product at factor cost	47,075	52,146	59,883	68,639	78,941	91,309
<i>plus</i> Taxes on expenditure	7,715	8,480	9,541	10,829	12,333	14,444
<i>less</i> Subsidies	-2,093	-2,568	-2,407	-2,358	-2,245	-2,283
Gross domestic product at market prices	52,696	58,059	67,017	77,110	89,029	103,470
Net factor income from the rest of the world	-5,948	-6,535	-8,040	-9,382	-13,218	-16,348
Gross national product at current market prices	46,748	51,523	58,978	67,728	75,811	87,122

*Preliminary.

TABLE 5

Gross Domestic Product at Constant (1995) Factor Cost by Sector of Origin and Gross National Product at
Constant (1995) Market Prices (€ million)

Description	1996	1997	1998	1999	2000	2001
Agriculture, forestry and fishing	4,049	4,058	4,076	3,896	3,928	3,989
Industry (including building)	19,292	22,476	25,898	29,749	33,838	36,574
Distribution, transport and communication	8,455	9,244	10,279	11,464	13,377	14,046
Public administration and defence	2,363	2,368	2,424	2,472	2,496	2,572
Other services (including rent)	18,522	19,397	20,437	22,135	23,798	25,351
Adjustment for financial services	-2,054	-1,938	-2,211	-2,555	-2,859	-2,694
Statistical discrepancy	341	574	154	394	461	-49
Gross domestic product at constant factor cost	50,969	56,180	61,056	67,554	75,038	79,788
<i>plus</i> Taxes on expenditure	8,293	8,987	9,648	10,444	11,671	11,660
<i>less</i> Subsidies	-2,480	-2,235	-2,354	-2,232	-2,258	-2,053
Gross domestic product at constant market prices	56,782	62,933	68,350	75,766	84,452	89,395
Net factor income from the rest of the world	-6,554	-7,970	-9,047	-11,626	-13,636	-15,061
Gross national product at constant market prices	50,227	54,962	59,303	64,140	70,816	74,334

TABLE 6

Net Domestic Product at Factor Cost by Sector of Origin and Gross National Product at Current Market Prices
(€ million)

Description	1995	1996	1997	1998	1999	2000*
Agriculture, forestry and fishing						
Remuneration of employees	357	320	338	345	353	346
Other	2,912	2,994	2,779	2,775	2,449	2,632
Industry (including building)						
Remuneration of employees	7,874	8,427	9,327	10,551	11,660	36,362
Other	8,475	9,113	12,026	15,180	19,246	
Distribution, transport and communication						
Remuneration of employees	4,158	4,646	5,263	6,405	7,435	13,678
Other	2,741	3,039	3,415	3,929	4,077	
Public administration and defence						
Remuneration of employees	2,322	2,439	2,615	2,835	2,984	3,124
Other services (including rent)						
Remuneration of employees	9,131	9,944	10,936	12,099	14,002	30,227
Other	6,364	6,945	8,129	10,299	12,318	
Adjustment for stock appreciation	-457	145	-58	61	-714	-841
Industry	-56	34	-85	87	-442	-601
Distribution	-401	111	28	-25	-272	-240
Adjustment for financial services	-2,221	-2,093	-2,059	-2,501	-2,993	-3,518
Statistical discrepancy	171	426	533	-635	-390	-795
Net domestic product at factor cost	41,827	46,343	53,244	61,344	70,427	81,216
<i>plus</i> Provision for depreciation	5,248	5,803	6,639	7,295	8,514	10,093
Agriculture, forestry and fishing	529	563	582	600	609	668
Industry	1,472	1,616	1,773	2,053	2,587	3,323
Distribution, transport and communication	808	892	1,042	1,037	1,297	1,549
Other services	2,438	2,732	3,242	3,604	4,020	4,554
Gross domestic product at factor cost	47,075	52,146	59,883	68,639	78,941	91,309
<i>plus</i> Taxes on expenditure	7,715	8,480	9,541	10,829	12,333	14,444
<i>less</i> Subsidies	-2,093	-2,568	-2,407	-2,358	-2,245	-2,283
Gross domestic product at current market prices	52,696	58,059	67,017	77,110	89,029	103,470
Net factor income from the rest of the world	-5,948	-6,535	-8,040	-9,382	-13,218	-16,348
Gross national product at current market prices	46,748	51,523	58,978	67,728	75,811	87,122

*Preliminary.

TABLE 7
National Income (€ million)

Description	1995	1996	1997	1998	1999	2000*
Income from agriculture, forestry and fishing ...	3,266	3,311	3,115	3,119	2,796	2,976
Income from self-employment and other trading income	2,909	2,991	2,778	2,773	2,444	2,630
Remuneration of employees:						
– Wages and salaries	331	298	315	322	329	323
– Employers' contribution to social insurance	26	22	23	23	24	24
Non-Agricultural income	40,610	44,699	51,654	61,361	71,014	82,552
Profits, professional earnings, interest, dividends and income from lands and buildings:						
Trading profits of companies (including corporate bodies) before tax	12,338	13,153	16,329	20,493	25,674	
Other trading profits, professional earnings etc.	3,370	3,733	4,366	5,370	5,824	36,932
Adjustment for stock appreciation	-457	145	-58	61	-714	-841
Rent of dwellings (actual and imputed) ...	1,871	2,211	2,875	3,545	4,143	5,049
Rent element in land annuities... ..	3	3	2	1	6	3
Remuneration of employees:						
– Wages, salaries, pensions	21,982	23,930	26,424	29,906	33,775	38,657
– Employers' contribution to social insurance	1,503	1,525	1,717	1,984	2,305	2,753
Adjustments:						
Adjustment for financial services	-2,221	-2,093	-2,059	-2,501	-2,993	-3,518
Statistical discrepancy	171	426	533	-635	-390	-795
Net domestic product at factor cost	41,827	46,343	53,244	61,344	70,427	81,216
Net factor income from the rest of the world	-5,948	-6,535	-8,040	-9,382	-13,218	-16,348
Net national product at factor cost	35,879	39,808	45,204	51,962	57,209	64,868

*Preliminary.

TABLE 8
National Disposable Income, Savings and Capital Formation (€ million)

Description	1995	1996	1997	1998	1999	2000
Gross national product at current market prices	46,748	51,523	58,978	67,728	75,811	87,122
Current transfers from the rest of the world less current transfers to the rest of the world	1,409	1,720	1,638	1,319	1,177	1,031
Gross national disposable income	48,158	53,244	60,615	69,047	76,988	88,153
Total consumption expenditure	37,317	40,417	44,655	49,525	55,371	63,259
Gross national savings	10,841	12,827	15,960	19,522	21,618	24,895
Provision for depreciation	5,248	5,803	6,639	7,295	8,514	10,093
Net national savings	5,593	7,024	9,321	12,227	13,104	14,801
Capital transfers	649	621	734	839	560	1,206
Net foreign disinvestment	-2,132	-2,550	-2,812	-1,545	-908	-570
Statistical discrepancy	171	425	533	-635	-390	-795
Gross total available for investment	9,358	10,898	13,882	18,816	21,270	25,531
Gross domestic fixed capital formation	8,986	10,819	13,540	17,027	20,952	24,449
Value of physical changes in stocks on farms ...	116	119	131	55	-165	-150
Increase in value of non-agricultural stocks and work in progress (including EU intervention stocks)	884	242	802	1,037	807	1,278
Adjustment for stock appreciation	-457	145	-58	61	-714	-841
Gross Domestic Physical Capital Formation at current prices	9,529	11,324	14,415	18,182	20,880	24,736

TABLE 9
General Government Balance (€ million)

	1993	1994	1995	1996	1997	1998	1999	2000	2001
Current Budget									
1. Expenditure	13,356	14,206	15,273	16,078	17,795	18,301	19,750	20,634	24,012
– Central Fund Services	3,643	3,582	3,787	4,013	4,686	4,360	4,379	3,924	3,608
– Voted Current Expenditure	9,714	10,623	11,486	12,065	13,109	13,940	15,371	16,710	20,404
2. Revenue	12,875	14,225	14,814	16,449	18,563	20,950	24,117	27,606	28,738
– Tax	12,322	13,758	14,392	15,897	18,124	20,480	23,565	27,072	27,925
– Non-Tax	553	467	422	551	439	470	551	534	812
3. Current Budget Surplus/Deficit(–)	–481	19	–459	371	767	2,649	4,367	6,971	4,726
as % of GNP	–1.2	–	–1.0	0.7	1.3	3.9	5.8	8.0	4.9
Capital Budget									
4. Expenditure	1,577	1,736	1,581	1,828	2,025	2,934	8,591	6,527	6,020
5. Resources	1,178	863	1,244	903	960	1,233	5,736	2,733	1,944
6. Exchequer Borrowing									
Deficit(–) for Capital Purposes... ..	–399	–873	–337	–925	–1,065	–1,701	–2,855	–3,794	–4,076
as % of GNP	–1.0	–2.1	–0.7	–1.8	–1.8	–2.5	–3.8	–4.4	–4.2
7. Exchequer Borrowing									
Deficit(–)	–880	–854	–796	–554	–298	948	1,512	3,177	650
as % of GNP	–2.3	–2.0	–1.7	–1.1	–0.5	1.4	2.0	3.6	0.7
8. General Government Balance									
Surplus/Deficit(–)	–978	–677	–978	–147	783	1,783	2,075	4,699*	1,994
as % of GDP‡... ..	–2.3	–1.5	–1.9	–0.3	1.2	2.3	2.3	4.5	1.7

* Excluding €126.974 million received from the Insurance Compensation Fund.

‡ In accordance with the requirements of the Maastricht Treaty, General Government Balance is calculated as a percentage of GDP estimated on the basis of the European System of National and Regional Accounts, 1995. The other indicators in this table are calculated as a percentage of GNP estimated on the basis of the European System of Accounts, 1995.

TABLE 10

Volume of Production in Major Industrial Sectors (1995 = 100)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Food products... ..	70.7	77.5	81.7	88.2	100.0	100.5	101.2	108.1	114.6	116.7	125.7
Beverages	89.8	88.5	89.8	96.1	100.0	105.6	113.9	116.1	114.9	130.7	127.0
Tobacco products	105.4	111.4	101.7	102.2	100.0	104.1	103.8	95.8	104.7	121.3	127.5
Textiles	120.3	121.8	122.6	122.8	100.0	98.9	101.7	103.8	90.2	83.3	96.9
Wearing apparel; dressing and dyeing of fur	129.4	131.1	125.9	122.7	100.0	103.5	99.3	101.0	91.0	60.9	51.7
Leather and leather products	102.2	87.6	81.7	86.4	100.0	93.7	96.0	96.7	83.2	79.0	63.7
Wood and wood products	97.9	100.3	101.4	111.9	100.0	112.3	142.6	154.6	170.8	165.4	150.8
Pulp, paper and paper products; publishing, printing and reproduction of recorded media	64.0	70.9	77.0	90.1	100.0	108.4	131.6	165.2	180.4	171.4	169.7
Chemicals, chemical products and man-made fibres	51.0	59.8	65.8	78.6	100.0	117.7	163.4	231.1	290.5	331.2	403.4
Rubber and plastic products	71.7	75.7	75.3	80.5	100.0	98.0	95.0	95.1	96.2	98.8	99.5
Other non-metallic mineral products... ..	69.5	72.0	69.8	77.0	100.0	105.3	119.0	120.6	123.7	135.7	136.0
Basic metals and fabricated metal products	97.8	94.5	94.8	99.7	100.0	102.0	105.4	110.0	114.6	123.5	110.4
Machinery and equipment, not elsewhere classified	62.9	62.0	60.9	70.0	100.0	99.9	99.1	107.7	100.9	104.7	95.8
Electrical and optical equipment	52.6	60.8	64.9	73.5	100.0	110.0	131.4	151.2	175.0	238.9	250.1
Office machinery and computers	46.9	55.6	58.8	65.3	100.0	106.3	122.9	134.7	160.8	219.7	201.9
Electrical machinery and apparatus, not elsewhere classified	61.3	68.0	74.1	92.4	100.0	112.2	142.3	188.6	200.7	284.8	335.3
Radio, television and communication equipment and apparatus... ..	44.5	50.1	55.4	70.2	100.0	106.1	123.6	154.9	162.1	199.6	153.9
Medical, precision and optical instruments, watches and clocks	67.4	74.9	79.6	85.0	100.0	121.8	151.7	172.0	202.9	279.4	376.2
Transport equipment	105.3	101.3	98.3	103.5	100.0	116.9	134.0	151.3	160.4	199.6	209.9
Manufacturing not elsewhere classified; recycling; refined petroleum products	74.9	76.6	73.5	80.7	100.0	99.4	108.8	105.8	104.2	124.2	115.9
Total Manufacturing Industries	63.0	69.5	73.2	82.5	100.0	108.4	129.4	157.0	180.6	209.0	230.4
Mining, and quarrying... ..	61.6	58.5	66.0	67.8	100.0	98.2	84.0	77.4	92.7	114.0	108.1
Transportable goods industries	62.9	69.0	72.9	82.0	100.0	108.1	128.1	154.8	178.2	206.4	227.1
Electricity, gas and water supply	85.5	88.8	93.8	98.4	100.0	105.7	110.2	113.3	122.9	129.3	137.7
All Industries	64.2	70.2	74.2	83.0	100.0	108.0	126.9	152.2	174.6	201.5	221.4

TABLE 11
Agricultural Output, Input, Product and Income

	Estimated Value (€ million)					Volume Index Numbers (1995 = 100)				
	1997	1998	1999	2000	2001	1997	1998	1999	2000	2001
Goods output at producer prices	4,633.9	4,644.7	4,577.7	4,718.5	4,876.4	102.1	102.2	102.7	100.3	101.6
of which: Cattle	1,389.9	1,401.7	1,335.5	1,366.4	1,245.9	106.4	109.9	107.0	99.3	98.3
Milk	1,414.5	1,431.2	1,408.4	1,446.0	1,564.0	99.3	96.2	96.7	97.5	100.8
Intermediate consumption (total input)	2,672.0	2,768.1	2,844.3	2,924.6	3,055.7	94.8	100.0	102.3	100.6	99.9
Gross value added at basic prices	2,981.2	2,987.3	2,721.9	2,926.1	2,823.1	106.9	107.2	101.7	103.2	99.5
Factor income	2,822.7	2,851.0	2,588.7	2,793.9	2,906.1					
Operating surplus	2,566.2	2,582.0	2,311.3	2,509.5	2,614.0					

TABLE 12

Estimated Labour Force (ILO) and Numbers at Work by NACE Economic Sector
(Thousands)

Economic Sector (NACE Rev. 1)	Quarterly National Household Survey									
	Sep-Nov 1997	Dec '97- Feb '98	Mar-May 1998	Jun-Aug 1998	Sep-Nov 1998	Dec '98- Feb '99	Mar-May 1999	Jun-Aug 1999	Sep-Nov 1999	Dec '99- Feb '00
A-B Agriculture, Forestry and Fishing	134.8	135.0	136.0	136.5	136.6	137.9	135.9	142.3	140.0	133.8
Industry										
C-E Other production industries	299.6	301.0	301.3	311.0	302.2	300.4	308.9	321.3	314.0	313.5
F Construction	132.7	135.5	136.3	143.9	147.3	148.9	142.1	150.9	154.8	159.7
Services										
G Wholesale and retail trade	204.0	209.6	207.6	219.8	211.9	217.4	223.3	236.4	229.3	233.5
H Hotels and restaurants ...	89.0	89.9	93.1	103.1	94.9	92.2	102.6	116.7	105.1	105.4
I Transport, storage and communication	76.2	79.0	80.2	85.0	88.3	91.2	96.0	99.9	99.9	101.2
J-K Financial and other business services	160.7	162.2	165.5	175.1	176.7	179.0	195.8	208.0	205.3	206.8
L Public administration and defence	68.2	70.0	72.5	75.3	74.2	75.9	74.4	77.8	78.3	76.8
M-N Education and health ...	215.5	214.4	212.8	212.3	214.0	215.0	220.4	219.0	225.8	226.7
O Other services	91.7	86.3	89.3	97.6	98.5	97.0	91.8	97.0	95.1	93.2
TOTAL AT WORK	1,472.2	1,483.1	1,494.5	1,559.7	1,544.7	1,555.0	1,591.1	1,669.2	1,647.4	1,650.6
Unemployed	171.6	138.6	126.6	128.9	106.0	95.1	96.9	101.1	88.7	81.5
Seeking full-time work	132.3	113.1	105.4	109.5	89.4	80.7	80.1	83.4	73.0	66.8
Seeking part-time work	39.3	25.4	21.2	19.4	16.6	14.4	16.8	17.7	15.7	14.8
Labour Force	1,643.9	1,621.6	1,621.1	1,688.6	1,650.7	1,650.1	1,688.1	1,770.3	1,736.1	1,732.1
Unemployment Rate %	10.4	8.5	7.8	7.6	6.4	5.8	5.7	5.7	5.1	4.7

TABLE 12 (continued)

Estimated Labour Force (ILO) and Numbers at Work by NACE Economic Sector
(Thousands)

Economic Sector (NACE Rev. 1)	Quarterly National Household Survey							
	Mar-May 2000	Jun-Aug 2000	Sep-Nov 2000	Dec-Feb 2001	Mar-May 2001	Jun-Aug 2001	Sep-Nov 2001	Dec-Feb 2002
A-B Agriculture, Forestry and Fishing	130.9	130.7	122.7	121.7	120.1	127.3	124.4	121.7
Industry								
C-E Other production industries	309.9	326.4	321.0	318.3	317.1	330.8	318.0	310.4
F Construction	166.3	175.5	178.1	179.9	180.2	186.4	184.8	183.2
Services								
G Wholesale and retail trade	235.8	253.4	242.6	246.5	247.8	253.4	245.6	249.1
H Hotels and restaurants ...	109.0	118.3	110.0	106.6	104.8	116.3	109.1	108.7
I Transport, storage and communication	100.8	105.9	105.2	107.2	110.4	112.6	110.9	108.9
J-K Financial and other business services	212.1	218.8	216.3	218.1	218.3	230.7	228.2	226.4
L Public administration and defence	77.8	78.8	78.5	78.4	80.4	84.2	81.4	82.0
M-N Education and health ...	234.7	232.5	241.8	242.6	245.2	248.1	255.7	260.0
O Other services	93.4	97.6	94.1	90.7	92.3	96.9	94.9	94.9
TOTAL AT WORK	1,670.7	1,737.9	1,710.3	1,709.9	1,716.5	1,786.6	1,752.9	1,745.5
Unemployed	74.9	77.7	68.8	65.6	65.4	79.5	72.6	80.0
Seeking full-time work	61.3	63.3	55.3	52.4	53.7	65.0	59.7	67.5
Seeking part-time work	13.6	14.4	13.5	13.2	11.7	14.5	12.9	12.4
In Labour Force	1,745.6	1,815.6	1,779.1	1,775.5	1,781.9	1,866.1	1,825.5	1,825.4
Unemployment Rate %	4.3	4.3	3.9	3.7	3.7	4.3	4.0	4.4

TABLE 13
Population, Natural Increase and Net Migration*

Year	Population at mid-April	Total Increase	Natural Increase	Net Migration**
		Since mid-April of previous year		
(000's)				
1983	3,504.0	24	38	-14
1984	3,529.0	25	34	-9
1985	3,540.0	11	31	-20
1986	3,541.0	1	29	-28
1987	3,546.5	6	29	-23
1988	3,531.0	-16	26	-42
1989	3,510.0	-21	23	-44
1990	3,506.0	-4	19	-23
1991	3,526.0	20	22	-2
1992	3,554.5	29	22	7
1993	3,574.0	20	20	0
1994	3,586.0	12	17	-5
1995	3,601.0	15	17	-2
1996	3,626.0	25	17	8
1997	3,661.0	35	20	15
1998	3,705.0	44	21	23
1999	3,745.0	40	21	19
2000	3,787.0	42	22	20
2001	3,839.0	52	26	26

*Figures rounded to nearest thousand.

**A minus sign denotes net outward migration.

TABLE 14
Price Index Numbers and Percentage Changes
(1990 = 100)

Period	Consumer Prices (All Items)	Wholesale Prices (General Index)	Agricultural Output Prices	Agricultural Input Prices	Export Unit Value	Import Unit Value	Terms of Trade
1986	88.3	93.1	93.4	96.7	96.7	92.9	104.0
1987	91.0	93.6	97.2	92.2	96.6	92.8	104.1
1988	93.0	97.4	107.5	94.7	103.6	98.9	104.7
1989	96.8	102.9	112.9	99.8	110.5	105.3	104.9
1990	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1991	103.2	101.2	96.2	100.4	99.3	102.3	97.0
1992	106.4	102.1	97.8	100.3	96.6	100.2	96.4
1993	107.9	106.9	104.2	100.3	103.9	105.4	98.6
1994	110.4	108.0	105.8	101.1	103.8	108.1	96.0
1995	113.2	110.3	108.2	102.8	105.7	112.7	93.7
1996	115.1	110.8	103.4	107.0	105.1	111.4	94.3
1997	116.8	110.3	97.0	104.8	106.3	112.0	94.9
1998	119.6	112.0	96.2	102.4	109.1	114.6	95.2
1999	121.6	113.1	92.3	103.5	109.5	118.0	92.8
2000	128.4	120.0	98.2	110.0	115.0	128.0	89.9
2001	134.6	123.5	102.6	115.5	120.9	131.8	91.7
2002							
Jan	136.9	—	103.9	115.9	—	—	—
Feb	137.8	—	101.9	115.9	—	—	—
Mar	139.0	—	101.3	116.3	—	—	—
Apr	140.3	—	—	—	—	—	—
May	141.0	—	—	—	—	—	—
June	141.3	—	—	—	—	—	—
July	140.6	—	—	—	—	—	—
Percentage changes							
1986	3.9	-2.1	0.5	-3.8	-7.3	-11.1	4.3
1987	3.2	0.5	4.1	-4.7	-0.1	-0.1	0.1
1988	2.1	4.1	10.6	2.7	7.2	6.6	0.6
1989	4.0	5.6	5.0	5.4	6.7	6.5	0.2
1990	3.4	-2.8	-11.4	0.2	-9.5	-5.0	-4.7
1991	3.2	1.2	-3.8	0.4	-0.7	2.3	-3.0
1992	3.0	0.8	1.7	-0.1	-2.7	-2.1	-0.6
1993	1.5	4.8	6.5	0.0	7.6	5.2	2.3
1994	2.4	1.0	1.6	0.8	-0.1	2.6	-2.6
1995	2.5	2.1	2.2	1.6	1.8	4.3	-2.4
1996	1.6	0.5	-4.5	4.1	-0.6	-1.2	0.6
1997	1.5	-0.5	-6.2	-2.0	1.1	0.5	0.6
1998	2.4	1.5	-0.8	-2.4	2.6	2.3	0.3
1999	1.6	1.0	-4.0	1.1	0.4	3.0	-2.5
2000	5.6	6.1	6.3	6.3	5.0	8.5	-3.1
2001	4.9	2.9	4.5	5.0	5.1	3.0	2.0

TABLE 15

Compensation per employee Indices in National and Common Currency Terms
(1987 = 100)

Indices in National Currency*

Year	UK	USA	Germany	France	Italy	Japan	Main Partners	Ireland
1988	108.3	104.8	103.0	104.5	108.2	103.8	105.5	107.0
1989	118.4	108.2	106.0	108.8	117.5	108.8	111.8	114.0
1990	129.3	113.8	111.0	114.6	129.7	114.9	119.7	118.7
1991	141.3	119.0	117.5	119.2	141.1	120.4	128.2	123.8
1992	148.2	125.3	129.9	124.1	149.3	121.1	135.4	132.5
1993	155.0	128.8	135.2	127.9	156.2	123.1	140.5	141.0
1994	159.5	131.9	139.2	130.5	160.9	124.8	143.5	144.5
1995	164.5	134.3	144.2	133.9	167.6	126.8	147.9	148.0
1996	170.4	137.7	146.1	137.6	177.9	127.7	151.2	153.2
1997	177.7	141.9	147.3	140.7	185.0	129.7	155.4	159.5
1998	186.6	148.3	148.8	144.0	182.2	129.4	159.6	166.8
1999	196.5	154.4	150.5	147.6	186.6	128.1	163.9	175.6
2000	204.7	162.3	152.4	150.8	192.2	128.7	169.4	191.1
2001	215.4	170.7	154.8	154.3	197.6	127.4	175.7	208.7

Indices in Common Currency (IEP)*

Year	UK	USA	Germany	France	Italy	Japan	Main Partners	Ireland
1988	114.9	102.3	102.9	102.9	105.2	114.2	107.3	107.0
1989	124.2	113.5	106.3	107.5	116.5	119.5	114.9	114.0
1990	126.3	102.1	110.9	113.7	126.1	103.1	116.2	118.7
1991	140.6	109.7	117.5	117.3	136.3	119.3	126.3	123.8
1992	139.0	109.2	130.6	123.2	137.3	121.5	129.6	132.5
1993	144.3	130.7	149.1	137.7	130.8	162.0	142.4	141.0
1994	148.3	131.0	153.4	140.6	128.6	175.4	145.6	144.5
1995	147.1	124.6	167.7	149.6	123.7	180.7	148.5	148.0
1996	151.0	128.0	162.1	150.1	138.9	157.5	149.6	153.2
1997	174.3	139.1	149.7	142.1	138.1	151.9	152.1	159.5
1998	197.2	154.8	158.7	153.2	142.0	149.2	164.8	166.8
1999	213.5	169.7	162.0	158.3	146.3	178.8	174.5	175.6
2000	240.5	205.9	163.9	161.8	150.7	218.9	190.9	191.1
2001	247.9	223.3	166.5	165.5	154.9	198.3	197.4	208.7

*From Eurostat Cronos database.

TABLE 16
Retail Sales and New Private Car Licensing

Period	Index of Total Retail Sales (Seasonally Adjusted) 1995 = 100				New Private Car Licensing	
	Value Index	Year-on-Year % Change	Volume Index	Year-on-Year % Change	Total	Year-on-Year % Change
1995	100.0	0	100.0	0	82,730	6.4
1996	107.9	7.9	105.8	5.8	109,333	32.2
1997	116.8	8.2	113.5	7.3	125,818	15.1
1998	128.2	9.8	122.7	8.1	138,538	10.1
1999	142.8	11.4	134.3	9.5	170,322	22.9
2000	166.1	16.3	150.3	11.9	225,269	32.3
2001	175.9	5.9	155.0	3.1	160,908	-28.6
1997 Q1	111.5	6.4	108.6	5.1	41,211	6.2
Q2	113.7	6.3	110.8	5.3	38,704	3.8
Q3	118.1	9.1	115.0	8.5	25,622	12.9
Q4	123.3	11.2	119.2	10.2	20,281	92.6
1998 Q1	123.0	10.3	118.6	9.2	47,374	15.0
Q2	126.2	11.0	120.8	9.0	46,205	19.4
Q3	130.5	10.5	124.6	8.3	29,582	15.5
Q4	132.5	7.5	126.3	6.0	15,377	-24.2
1999 Q1	137.2	11.5	130.3	9.9	56,459	19.2
Q2	138.6	9.8	131.0	8.4	54,465	17.9
Q3	145.3	11.3	136.6	9.6	39,554	33.7
Q4	149.3	12.7	139.1	10.1	19,844	29.0
2000 Q1	161.4	17.6	148.1	13.7	79,644	41.1
Q2	166.4	20.1	151.3	15.5	78,853	44.8
Q3	166.9	14.9	150.4	10.1	47,052	19.0
Q4	169.0	13.2	150.9	8.5	19,720	-0.6
2001 Q1	170.9	5.9	152.3	2.8	60,932	-23.5
Q2	173.9	4.5	153.5	1.5	54,151	-31.3
Q3	175.3	5.0	153.9	2.3	31,966	-32.1
Q4	182.1	7.8	159.1	5.4	13,859	-29.7
2002 Q1	179.2	4.9	154.7	1.6	55,543	-8.8

TABLE 17
Value and Volume of Exports and Imports*

Year	Value at Current Prices			Volume Index 1990 = 100			
	Imports €m	Exports €m	Trade Surplus €m	Imports		Exports	
				Volume	% Change	Volume	% Change
1986	10,946.8	11,902.9	956.1	74.4	2.9	67.6	3.7
1987	11,624.7	13,616.0	1,991.3	79.1	6.3	77.4	14.5
1988	12,970.8	15,623.9	2,653.1	82.8	4.7	82.9	7.1
1989	15,597.8	18,534.4	2,936.6	93.6	13.0	92.2	11.2
1990	15,832.1	18,203.9	2,371.8	100.0	6.8	100.0	8.5
1991	16,317.2	19,070.1	2,752.9	100.8	0.8	105.6	5.6
1992	16,753.9	21,260.2	4,506.3	105.6	4.8	121.1	14.7
1993	18,899.7	25,178.5	6,278.9	113.0	7.0	133.4	10.2
1994	21,945.4	28,890.9	6,945.6	127.9	13.2	153.2	14.8
1995	26,180.9	35,330.1	9,149.2	146.3	14.4	184.0	20.1
1996	28,479.5	38,608.9	10,129.4	160.9	10.0	202.2	9.9
1997	32,863.5	44,868.0	12,004.5	184.8	14.9	232.4	14.9
1998	39,715.0	57,321.8	17,606.7	218.3	18.1	289.2	24.4
1999	44,327.1	66,956.2	22,629.1	236.5	8.3	336.5	16.4
2000	55,908.8	83,888.9	27,980.1	275.2	16.4	401.4	19.3
2001	57,273.2	92,790.6	35,517.4	273.5	-0.6	421.6	5.0

* On a trade statistics basis. The trade balance on a balance of payments basis is shown in Table 21.

TABLE 18
Sectoral Origin of Exports

Origin of Industrial Produce	1996		1997		1998		1999		2000		2001	
	€m	%	€m	%	€m	%	€m	%	€m	%	€m	%
Agricultural ...	3,173.2	8.2	3,218.3	7.2	3,342.7	5.8	3,696.8	5.5	4,046.6	4.8	3,601.7	3.9
Forestry and Fishing	368.0	1.0	336.1	0.7	347.5	0.6	351.7	0.5	384.9	0.5	476.3	0.5
Industrial ...	34,356.7	89.0	40,632.6	90.6	52,555.6	91.7	61,748.8	92.2	77,648.5	92.6	86,671.5	93.7
Unclassified Exports*	711.1	1.8	681.0	1.5	1,076.0	1.9	1,158.8	1.7	1,808.9	2.2	1,773.8	1.9
Total ...	38,608.9	100.0	44,868.0	100.0	57,321.8	100.0	66,956.2	100.0	83,888.9	100.0	92,523.3	100.0

*Includes estimates which are not classified by industrial origin.

TABLE 19
Distribution of Imports according to Main Use

Main Use Category	1996		1997		1998		1999		2000		2001	
	€m	%	€m	%	€m	%	€m	%	€m	%	€m	%
Producer's capital goods	3,038.6	10.7	3,834.5	11.7	5,175.5	13.0	6,511.9	14.7	8,069.5	14.4	7,501.7	13.1
Consumption goods	6,071.6	21.3	7,044.0	21.4	8,278.6	20.8	9,387.4	21.2	11,486.0	20.5	12,285.7	21.5
of which												
– Food, drink, tobacco	1,627.0	5.7	1,783.3	5.4	2,022.1	5.1	2,292.9	5.2	2,481.5	4.4	2,798.7	4.9
– Other	4,444.6	15.6	5,260.7	16.0	6,256.5	15.8	7,094.5	16.0	9,004.5	16.1	9,487.0	16.6
Materials for further processing	17,712.2	62.2	20,360.4	62.0	24,273.1	61.1	26,218.2	59.2	34,056.6	60.9	35,271.2	61.7
of which												
– Agriculture	722.7	2.5	637.3	1.9	631.6	1.6	730.4	1.6	886.9	1.6	943.2	1.6
– Other	16,989.5	59.7	19,723.2	60.0	23,641.5	59.5	25,487.8	57.6	33,169.7	59.3	34,328.0	60.0
Unclassified Imports	1,656.9	5.8	1,624.6	4.9	1,988.5	5.0	2,170.0	4.9	2,296.6	4.1	2,118.9	3.7
Total	28,479.5	100.0	32,863.5	100.0	39,715.7	100.0	44,287.5	100.0	55,908.8	100.0	57,177.5	100.0

TABLE 20
Percentage Distribution of Trade by Area

Areas	Exports		Imports	
	2000	2001	2000	2001
European Union	62.3	61.8	55.0	59.1
of which:				
Great Britain	20.4	22.0	29.3	33.3
Northern Ireland	2.1	1.9	2.2	2.2
Germany	11.2	12.7	6.0	6.2
France	7.6	6.1	4.6	4.9
Netherlands	5.6	4.6	3.2	3.4
Belgium and Luxembourg	4.9	4.9	1.6	1.5
Italy	4.0	3.6	2.2	2.0
Other EU	6.6	6.0	5.9	5.6
Other European Countries	5.0	5.1	3.9	4.1
Other Countries	31.4	31.6	38.2	34.2
of which:				
USA	17.0	17.0	10.4	12.6
Japan	3.7	3.5	3.6	3.6
Other	10.7	11.1	24.2	18.0
Trade Not Classified by Country	1.3	1.4	2.8	2.6
Total	100.0	100.0	100.0	100.0
of which:				
OECD	90.6	90.1	83.5	84.9

TABLE 21
Balance of International Payments (€ million)

Current Account	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Trade at Current Prices										
Merchandise	5,238	7,020	7,889	10,705	12,457	15,442	17,771	22,802	27,698	33,561
Services	-2,185	-2,430	-3,290	-4,683	-5,714	-6,962	-9,002	-10,428	-13,064	-16,357
Net factor income outflows –										
Current	-4,491	-4,661	-4,718	-5,948	-6,535	-8,040	-9,382	-13,218	-16,280	-18,880
Net Current Transfers	1,581	1,662	1,467	1,409	1,720	1,638	1,319	1,177	1,031	532
Balance on Current Account	143	1,589	1,349	1,483	1,928	2,078	706	333	-615	-1,145
As % of GNP	0.4	4.1	3.2	3.2	3.7	3.5	1.0	0.4	-0.7	-1.2

TABLE 21
Balance of International Payments (€ million) – Detailed Breakdown

	1999	2000	2001
Current Account			
Merchandise ¹	22,802	27,698	33,561
Services	-10,428	-13,064	-16,357
– Tourism ²	-6	28	-128
– Other Services	-10,422	-13,092	-16,229
Income	-13,218	-16,280	-18,880
Current Transfers	1,177	1,031	532
Balance on Current Account	333	-615	-1,145
as % of GNP	0.439%	-0.706%	-1.183%
Balance on Capital Account	560	1,207	664
Financial Account			
Direct Investment	11,631	21,865	4,895
Portfolio Investment	-14,342	-5,650	-19,534
Other Investment ³	-974	-7,087	16,221
Reserve Assets	1,746	-142	-441
Balance on Financial Account	-1,939	8,986	1,141
<i>Net errors and omissions</i>	<i>1,046</i>	<i>-9,578</i>	<i>-660</i>

¹ Adjusted for balance of payments purposes.

² Excluding passenger fare receipts.

³ Including financial derivatives and trade credits.

* The series has been adjusted retrospectively to 1992 to take account of the financial services sector and achieve comparability in the series from 1992 to 2001. The figures from 1992 to 1997 are therefore different to the official balance of payments statistics published by the CSO for this period.

TABLE 22

Interest Rates: End Period

Source: Central Bank of Ireland

End of Year/Period	One Month Interbank Rate (%)	Associated Banks Prime Rate* (%)	Mortgage Rate** (%)
1983	12.2	12.8	11.75
1984	15.0	14.8	11.75
1985	10.4	10.5	9.75
1986	13.7	13.5-14.0	12.50
1987	8.2	9.0	9.75
1988	7.9	8.0	8.25
1989	12.4	11.0	11.25-11.95
1990	11.1	10.5	11.00-11.70
1991	10.7	11.3	10.75-11.45
1992	18.0	19.0	13.75-14.45
1993	6.6	7.0-7.4	7.75-8.45
1994	5.75	6.21-6.25	6.85-7.25
1995	5.45	6.00-6.13	6.85-7.79
1996 Q1	5.1	5.52-5.65	6.85-7.29
1996 Q2	5.2	5.73-5.75	6.50-6.75
1996 Q3	5.6	6.13-6.20	6.60-7.00
1996 Q4	5.74	6.25-6.29	6.60-7.00
1997 Q1	5.65	6.25-6.29	6.60-7.00
1997 Q2	6.25	6.75-6.81	7.10-7.50
1997 Q3	6.23	6.75-6.81	7.10-7.85
1997 Q4	6.43	6.81-7.00	7.10-7.85
1998 Q1	6.2	6.62-6.74	7.10-7.85
1998 Q2	6.29	6.75-6.88	7.10-7.85
1998 Q3	6.08	6.62-6.75	7.10-7.85
1998 Q4	3.23	3.88-4.06	5.50-6.35
1999 Q1	2.99***	3.50-3.62	5.10-5.75
1999 Q2	2.64	3.11-3.25	4.85-5.35
1999 Q3	2.58	3.11-3.12	3.85-5.35
1999 Q4	3.54	4.00-4.12	3.69-4.39
2000 Q1	3.69	4.13-4.21	3.75-4.89
2000 Q2	4.42	4.88-5.00	4.93-5.65
2000 Q3	4.79	5.24-5.31	4.93-5.90
2000 Q4	4.86	5.49-5.63	5.59-6.15
2001 Q1	4.7	5.36-5.38	5.59-6.15
2001 Q2	4.5	5.00-5.15	5.30-5.89
2001 Q3	3.7	4.38-4.63	5.10-5.89
2001 Q4	3.31	3.93-4.00	4.25-4.75
2002 Q1	3.35	3.88-3.93	4.25-4.75
2002 Q2	3.38	3.88-4.00	4.25-4.75

*Rates shown for period prior to December 1991, are AAA category overdraft rates.

From December 1991 the rates shown are representative of those charged to large commercial customers for short-term borrowings.

**The representative mortgage rate above refers to annuity mortgage rates.

The Central Bank quotes a range of representative mortgage rates – prior to 1989 it quoted a single rate.

***EURIBOR interest rates are shown from Q1 1999 onwards (end of quarter).

TABLE 23

Exchange Rates: Units per Irish Pound (Period Averages)

Source: Central Bank of Ireland.

	US Dollar	Sterling	DM	ECU	Effective Index
1980	2.06	0.89	3.73	1.48	74.0
1981	1.62	0.80	3.64	1.45	67.8
1982	1.42	0.81	3.45	1.45	67.4
1983	1.25	0.82	3.18	1.40	65.1
1984	1.09	0.81	3.08	1.38	62.3
1985	1.07	0.82	3.11	1.40	62.4
1986	1.34	0.91	2.91	1.37	66.7
1987	1.49	0.91	2.67	1.29	66.2
1988	1.52	0.86	2.67	1.29	65.1
1989	1.42	0.87	2.67	1.29	64.4
1990	1.66	0.93	2.67	1.30	68.3
1991	1.61	0.91	2.67	1.30	67.3
1992	1.71	0.97	2.66	1.31	69.5
1993	1.47	0.98	2.42	1.25	66.0
1994	1.50	0.98	2.43	1.26	66.2
1995	1.60	1.02	2.30	1.23	67.1
1996	1.60	1.03	2.41	1.26	68.5
1997	1.52	0.93	2.63	1.34	67.4
1998 Q1	1.38	0.84	2.50	1.27	62.63
Q2	1.41	0.85	2.52	1.28	63.66
Q3	1.43	0.86	2.51	1.27	64.18
Q4	1.50	0.89	2.49	1.27	65.05

Exchange Rates: Units per euro (Period Averages)

Source: European Central Bank.

	US Dollar	Sterling	Effective Index
1999 Q1	1.122	0.687	100.0
Q2	1,057	0.658	96.1
Q3	1,049	0.655	94.6
Q4	1,038	0.636	92.2
2000 Q1	0.986	0.614	89.0
Q2	0.933	0.610	86.0
Q3	0.905	0.612	84.7
Q4	0.868	0.600	83.0
2001 Q1	0.923	0.633	88.6
Q2	0.873	0.614	86.0
Q3	0.890	0.619	87.0
Q4	0.896	0.621	87.5
2002 Q1	0.876	0.615	87.1

