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Assessment of the 2012 national reform programme and stability programme for IRELAND

Accompanying the document

Recommendation for a

COUNCIL RECOMMENDATION

on Ireland's 2012 national reform programme and delivering a Council opinion on Ireland's updated stability programme

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CONTENTS

EXECUTIVE SUMMARY

Ireland's economy returned to modest, export-driven growth of 0.7% in 2011. While employment contracted by 2.1% in 2011 as a whole, it grew by a seasonally adjusted 0.6% in the final quarter of 2011. Unemployment is expected to reach 14.3% in 2012.

Ireland has agreed an Economic Adjustment Programme with the European Commission, the European Central Bank and the International Monetary Fund which aims at restoring the confidence of the financial markets in the sustainability of public finances and in the Irish banking sector, enabling a return to robust economic growth and market funding.

Overall, Ireland has made important progress in programme implementation. The fiscal deficit target for 2011 was achieved and the 2012 budget aims for a fiscal deficit in line with the programme. By 2015, Ireland plans to reach a deficit below 3% of GDP. The recapitalisation of domestic banks has for the most part been completed. The deleveraging of domestic banks exceeded the programme's targets for 2011. Sheltered sectors of the economy are being opened up with the publication of several reform bills, while steps are being taken in retail sector and to strengthen competition law enforcement. To address youth unemployment, the Irish authorities together with the Commission examined the possible measures for reducing youth unemployment, including through reallocation of the European Structural Funds.

Beside the adverse external environment and in particular developments in the euro area, major short and medium-term risks relate to obstacles to bank deleveraging and funding to the complexity of the reorganisation of the financial sector; and to the fact that economic activity may prove weaker than anticipated, putting pressure on the budget.

1. INTRODUCTION

Following a request from Ireland on 21 November 2010, a comprehensive financial assistance package was agreed at staff level with the European Commission and the International Monetary Fund (IMF), in liaison with the European Central Bank (ECB). The ECOFIN Council and the IMF Board approved the package in December 2010. The programme covers the period 2010–13 and includes financing for a total amount of EUR 85 billion. This includes contributions from the EU of EUR 45 billion, from the IMF of about EUR 22.5 billion and the use of Irish financial assets that amount to EUR 17.5 billion. The latter includes Treasury cash balances and assets of the National Pensions Reserve Fund. EU financing comes from the European Financial Stabilisation Mechanism (EUR 22.5 billion), the European Financial Stability Facility (EUR 17.7 billion) and bilateral loans from the UK, Sweden and Denmark (which amount to a total of EUR 4.8 billion). IMF financing is provided on the basis of an arrangement under the Extended Fund Facility (EFF). By the end of April 2012, a total amount of EUR 47.8 billion has been disbursed, representing 71% of the total international financial assistance of EUR 67.5 billion.

The main objective of the accompanying policy programme is to restore confidence of the financial markets in the sustainability of public finances and in the Irish banking sector, enabling a return to robust economic growth and market funding. To achieve this goal, the programme includes commitments in three main areas:

(1) **Reducing the government deficit to below 3 % of GDP by 2015**. This is necessary to restore the sustainability of public finances and reduce government debt. Progress towards this target would also enable Ireland to return to international financial markets. The consolidation strategy relies on expenditure consolidation and on broadening the tax base.

(2) **Downsizing and reorganising the banking sector**. Recapitalising and deleveraging the banking sector is necessary to restore its long-term viability and ensure that the credit channel functions properly, while at the same time supporting the orderly adjustment of household balance sheets and the continuation of lending to support economic activity.

(3) **Implementing a structural reform package to underpin growth** and facilitate the necessary shift of production capacity towards the export sector. Reforms to activation and unemployment benefit systems, as well as wage-setting mechanisms, will help reduce the risk of long-term unemployment, support job creation, and improve competitiveness. The opening up of sheltered service sectors, including the legal and medical professions, is intended to lower relatively high prices.

As for all Member States benefiting from a financial assistance package, progress in implementing the accompanying policy programme is monitored in a dedicated, regular and specific manner, in line with the provisions of the Memorandum of Understanding. Given the reporting requirements under financial assistance packages, as well as thorough and regular monitoring and the obligation to ensure compliance with agreed programme targets, programme countries have been exempted from the obligation to submit national reform programmes and stability or convergence programmes in 2012. Nonetheless, Ireland submitted updated programmes in April 2012. This Staff Working Document under the 2012 European Semester provides a synthesis of recent progress in implementing the financial assistance programme. More details can be found in the reports on the state of implementation that the European Commission publishes after each quarterly programme review mission[1].

2. ECONOMIC SITUATION AND OUTLOOK

Ireland's economy returned to modest growth of 0.7 % in 2011, broadly in line with expectations at the time the programme was negotiated. Growth was entirely export-led, thanks to improvements in competitiveness and solid external demand. Net exports contributed 4.7 percentage points to GDP growth, while domestic demand continued to contract due to fiscal consolidation, falling employment and household balance sheet repair. Although employment contracted by 2.1% in 2011 as a whole, it grew by a seasonally adjusted 0.6% in the final quarter of 2011. In 2012, growth is set to moderate to about 0.5 %, due to the weaker prospects for demand in Ireland's trading partners and the continuing adjustment of domestic demand. Household and corporate balance sheet repair will continue to weigh on consumption and investment in the medium term. While the broader employment situation is improving, agreed reductions in public sector employment and firm-specific developments in the financial sector will lead to a further employment contraction for 2012 as a whole. Export-driven growth is expected to pick up to 1.9 % in 2013 and to almost 3 % by 2015 on the back of Ireland's strong demographics, flexible labour market and considerable spare capacity in the economy. This should lead to employment growth and fall in the unemployment rate.

3. PROGRAMME IMPLEMENTATION

The fiscal deficit target for 2011 was achieved. The headline fiscal deficit was 13.1 % of GDP in 2011, including deficit-increasing bank support measures of 3.7 % of GDP. Excluding these measures, the underlying deficit of 9.4 % of GDP was well below the programme ceiling of 10.6 %[2]. Fiscal performance in 2011 demonstrates the prudent design of the budget, strong revenue collection capacity, and careful expenditure control. The lower interest burden, due to the reduction in EU financing costs and bank recapitalisation costs that were lower than expected, helped to compensate for lower growth and revenues.

The budget for 2012 aims for a fiscal deficit of 8.6 % of GDP, in line with the programme ceiling. The total consolidation effort amounts to 2.7 % of GDP split equally between expenditure-reducing and revenue-increasing measures, including a carryover from the revenue measures introduced in the 2011 budget. On the revenue side, key measures include an increase in the standard VAT rate of 2 percentage points to 23 %, an increase in capital taxes and the introduction of an annual household charge on primary residences as the first step toward a valuation-based property tax. On the expenditure side, the main savings are in the wage bill (by reducing the number of public service employees), social welfare and a range of other current expenditure areas, and the reprioritisation and reduction of capital spending. In the 2012 budget, the authorities increased the amount of consolidation to offset expected fiscal pressure due to the deterioration in the macroeconomic outlook at the end of 2011. However, the stability programme update of April 2012 estimates a lower fiscal deficit of 8.3 % of GDP in 2012 thanks to temporary non-tax revenue higher than previously projected and lower interest expenditure.

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[1] These reports, along with other information related to the financial assistance package, can be found on http://ec.europa.eu/economy_finance/eu_borrower/ireland/index_en.htm.

[2] The direct effect of bank support measures is excluded from the headline deficit numbers, as far as assessing compliance with the programme's targets is concerned.

Medium-term fiscal consolidation plans are consistent with the programme's deficit ceilings and the goal of reaching a deficit below 3 % of GDP by 2015. The authorities have announced the overall composition of revenue and expenditure adjustments until 2015. The planned adjustment in revenue and capital expenditure is underpinned by broad measures, but not all adjustment in current expenditure has been underpinned by explicit measures yet. In particular, binding ministerial expenditure ceilings until 2014 include both specified measures and adjustment needs that have not yet been addressed with specific policy actions, and the adjustment for 2015 still needs to be detailed. Good progress has been made to establish a medium-term budgetary framework and multiannual expenditure ceilings to strengthen the capacity to significantly reduce debt after 2013. The establishment in 2011 of the independent Irish Fiscal Advisory Council is welcome. The authorities have published draft legislation that gives a statutory basis to the Irish Fiscal Advisory Council and establishes national budgetary rules.

The recapitalisation of domestic banks envisaged by the 2011 Prudential Capital Assessment Review of the Central Bank of Ireland has for the most part been completed, with only EUR 1.3 billion remaining to be injected into Irish Life & Permanent (ILP) following the legal separation and acquisition by government of its life insurance assets. This is expected to be done by June 2012. The budgetary costs are significantly lower than originally anticipated thanks to burden sharing with subordinated debt holders and a sizeable injection of private capital into Bank of Ireland, which is an important sign of the increasing confidence of investors in Ireland's prospects.

The deleveraging of domestic banks exceeded the programme's targets for 2011 as a whole. Looking ahead, challenging market conditions and the deteriorating quality of remaining assets for disposal may put the achievement of future deleveraging objectives at risk. The reform of the regulatory and supervisory frameworks is also proceeding in line with programme targets. It is essential to further develop the financial sector strategy to underpin the viability of domestic banks, with a view to improving prospects for their timely return to market funding and, ultimately, private ownership.

Structural reforms to improve competitiveness and create more jobs are significantly advanced. Sheltered sectors of the economy are being opened up with the publication of several reform bills (in particular in relation to the legal and medical professions), while steps are being taken to raise caps on the size of retail premises and to strengthen the enforcement of competition law. Proposals have been drafted and discussed to introduce water charges by the end of the programme period and to better target social support expenditure. Moreover, legislation has been passed to progressively increase the state pension age from 65 to 68 by 2028. Work continues on the state-owned asset disposal programme with a view to enhancing the efficiency and competitiveness of the economy, and to reducing the government's financing needs.

In order to tackle Ireland's high and increasingly structural level of unemployment, measures designed to stimulate both labour demand and supply are being implemented. The 2012 update of the National Reform Programme refers to the February 2012 Action Plan for Jobs, which contains more than 275 distinct actions by a range of government department. The plan targets the addition of 100 000 new jobs by 2016 and to have 2 million people in work by 2020. Ireland estimates that achieving this goal will bring to within the range of its EU 2020 employment rate target, at 70.1%. Draft legislation was also introduced to reform sectoral wage-setting arrangements in order to facilitate smoother labour market adjustment. On the supply side, the government has outlined reformed to its activation system to tackle unemployment. In February 2012 it launched 'Pathways to Work', its policy statement on labour market activation. It sets out how the government intends to introduce a better approach to providing supports for the unemployed, including more regular and on-going engagement with people who are unemployed; greater targeting of activation places and opportunities; incentivising the take up of opportunities; incentivising employers to provide more jobs for people who are unemployed; and reforming institutions to deliver better services.

Addressing youth unemployment, which is high in Ireland, was identified as one of the main priorities. Following the European Council of 30 January 2012, the Irish authorities and the Commission examined measures for reducing youth unemployment, including through reallocation of the European Structural Funds. While all funds for Ireland are already committed, some resources of the European Social Fund (ESF) have been shifted towards education and training programmes for early school leavers (3 700 places on the Youth reach programme) and the new Education and Training Fund (6 500 places) will be co-financed by the ESF.

The crisis has adversely affected the attainment of several Europe 2020 targets. The financial assistance package facilitates an orderly economic and fiscal adjustment process that ensures a return to sustainable growth. Structural growth-enhancing reforms are part of the programme, but progress towards achieving Europe 2020 targets is constrained by fiscal adjustment needs.

2011 commitments	**Summary assessment**
Euro Plus Pact (national commitments and progress)	
Fostering competitiveness: (i) An independent review of the Employment Regulation Order (ERO) and Registered Employment Agreement (REA), (ii) A programme of state asset disposal, (iii) Legislative changes to remove restrictions in the legal and pharmaceutical professions and medical services.	(i) The review of the ERO and REA was carried out and published. The Industrial Relations (Amendment) Bill was published in the first quarter of 2012 and is set to be adopted later in the year. (ii) The shape and scale of the asset disposal programme has been agreed between the government and the EU/IMF programme partners. Specific assets have been identified for disposal. (iii) The Legal Services Regulation Bill has been published and is expected to be enacted in the third quarter of 2012. Work on the Health (Provision of General Practitioner Services) Act 2012 began in March. Regulations were enforced to reduce the mark-up to 20 % on pharmaceuticals dispensed under the Community Drug Schemes. The retail mark-up on non-drug items was also reduced to 20 %.
Fostering employment: (i) A 50 % reduction until the end of 2013 in employers' social insurance contributions for low-income earners (on a weekly wage of up to EUR 356), (ii) A capital works programme focusing on 'shovel-ready' labour-intensive projects, (iii) A large increase in the number of places for the unemployed on a range of education and employment programmes, (iv) New taxation and sectoral measures to promote job creation.	(i) This measure was implemented with effect from 1 July 2011. The scheme covers the first 18 months of employment. (ii) EUR 90 million was reprioritised towards labour-intensive capital works in 2011. The capital programme for 2012–2016 includes funding for the construction of a new children's hospital, 40 new schools and the expansion and renovation of 180 existing schools. (iii) An extra 20 900 training, education and work placements were created in 2011. For 2012, the government is committed to supporting over 85 000 beneficiaries of job placement, work experience and back-to-education schemes. (iv) A temporary reduction in some tourism-related VAT rates to 9 % and in social security contributions on low wages from 1 July 2011 until the end of 2013. Measures to increase the availability of credit for

	businesses include the establishment of a Microfinance Fund worth up to EUR 100 m, the establishment of a Temporary Partial Loan Guarantee Scheme, and a second call for tenders under Innovation Fund Ireland.
Improving the sustainability of public finances: (i) A comprehensive spending review will underpin the fiscal consolidation process, (ii) A Fiscal Advisory Council will be established, (iii) Reform of the budgetary framework by way of a Fiscal Responsibility Bill, (iv) Proactive measures to reduce long-term pension liabilities through the Social Welfare and Pensions Bill, (v) The introduction of measures to broaden the tax base.	(i) The review was completed and it was published on 5 December 2011. It identified a range of concrete options for savings which will deliver the bulk of consolidation over the medium term. (ii) The Irish Fiscal Advisory Council was established in June 2011 on a non-statutory basis. Legislation to put the Council on a statutory footing will be published soon. (iii) Draft legislation (the General Scheme of the Fiscal Responsibility Bill) was published in April 2012. It reflects the requirements of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union and helps to put the Irish Fiscal Advisory Council on a statutory footing. A separate piece of legislation is envisaged later in 2012, covering the remaining aspects of the budgetary framework, in particular multi-annual expenditure ceilings. (iv) Legislation was passed to progressively increase the state pension age from 65 to 68 by 2028. The parliament is still considering a public service pension reform bill for new entrants. (v) The 2012 budget introduced measures to broaden the tax base, including changes to property-based ‘legacy’ tax relief, betting duty, capital taxes, the domicile levy and the tax treatment of certain social welfare benefits. A household charge has also been introduced.
Reinforcing financial stability: (i) Reforming and improving the supervisory framework for Irish banks, (ii) The radical reorganisation and downsizing of the Irish banking system to better serve the needs of the Irish economy, (iii) Deleveraging of the banking system to reduce lending in areas that will not support economic recovery and decrease the system’s reliance on ECB/Central Bank funding, (iv) Making banks profitable again by rationalising their cost base and fully recapitalising them based on stringent stress tests carried out by independent experts.	(i) The Central Bank (Supervision and Enforcement) Bill was published in October 2011. This Bill involves a careful overhaul of the statutory basis for the Central Bank’s regulatory powers. (ii) The strategy for the two pillar banks was announced on 31 March 2011. The two pillar banks — AIB and Bank of Ireland — have begun to reorganise their operations into core and non-core operations and to implement a carefully managed programme of deleveraging. The operations of AIB and the Educational Building Society (EBS) were merged to create a second pillar bank from the strengths of both institutions. The merger of Anglo Irish Bank and Irish Nationwide Building Society took place on 1 July 2011 to form the Irish Banking Resolution Corporation (IBRC). (iii) The two pillar banks exceeded their 2011 deleveraging targets and their reliance on Eurosystem funding has decreased. They are set to deleverage to loan-to-deposit ratios of 122.5 % by 2013. (iv) By the end of 2010, the government had injected EUR 46.3 billion into Irish banks. The 2011 Prudential Capital Assessment Review (PCAR) identified an additional capital requirement of EUR 24 billion, of which EUR 16.5 billion were covered by the state and the rest by the private sector. The 2011 PCAR recapitalisation has for the most part been completed, with only EUR 1.3 billion remaining to be injected into

	Irish Life & Permanent.
Europe 2020 (national targets and progress)	
Employment rate target: between 69 % and 71 %	The employment rate was 64.1 % in 2011. It has been falling since 2008 and is expected to continue falling in 2012.
R&D investment target: 2 % of GDP	Gross domestic expenditure on R&D was 1.77 % of GDP in 2010 (predominantly private sector R&D). The increase in the ratio plateaued in 2010.
The reduction of greenhouse gas (GHG) emissions in sectors that are not covered by the Emission Trading System by 20 % compared to 2005 levels	Greenhouse gas emissions were reduced by 7.6 % in 2010. Projected reduction of 0.1 % by 2020, based on existing measures.
Renewable energy target: 16 % of total energy use	Renewable energy in final energy consumption increased from 5 % in 2009 to 5.5 % in 2010. This figure is close to the 2011/2012 interim target. To achieve the EU 2020 target, Ireland should speed up the removal of non-cost barriers to the large-scale development of both biomass and wind energy sources. It should ensure that additional policies for offshore wind projects are put in place swiftly, to harness the country's rich resources and create an offshore industry sector in Ireland.
Energy efficiency — reduction in primary energy consumption in Million tonnes of oil equivalent (Mtoe): -2.75	n.a. The energy efficiency objectives are set according to national circumstances and national formulations. As the methodology to express the 2020 energy consumption impact of these objectives in the same format was agreed only recently, the Commission is not yet able to present an overview.
Early school leaving target: 8 %	The percentage of early leavers from education and training programmes was 10.5 % in 2010. The ambitious target, compared to other Member States, is attainable based on the current trend.
Tertiary education attainment target: 60 %	Tertiary education attainment reached 49.9 % in 2010. Rates have been steadily increasing over the last decade.
To reduce the number experiencing consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.2%, which will lift at least 200,000 people out of the risk of poverty and exclusion between 2012 and 2020 (revised target).	The number of people in consistent poverty increased from 186 000 to 277 000 in the period 2008–2010.

4. CONCLUSION

Ireland has made significant progress in programme implementation, but major challenges remain. All the programme's conditions have been met, and available information suggests that the policy conditions associated with future reviews are also broadly on track to be met. Key challenges and risks in the period ahead relate to the adverse external environment and in particular the risk of unfavourable developments in the euro area; increasing related challenges to bank deleveraging and funding; the complexity of the reorganisation of the financial sector; and possible pressure on the budget should economic activity prove weaker than anticipated. To minimise vulnerability, it is essential that the programme continue to be steadfastly implemented.

5. ANNEX

Table I. Macroeconomic indicators

	1995-1999	2000-2004	2005-2008	2009	2010	2011	2012	2013
Core indicators								
GDP growth rate	9.9	5.7	3.2	-7.0	-0.4	0.7	0.5	1.9
Output gap [1]	2.3	1.9	1.5	-5.9	-4.9	-2.7	-1.2	0.9
HICP (annual % change)	2.2	4.1	2.7	-1.7	-1.6	1.2	1.7	1.2
Domestic demand (annual % change) [2]	8.8	5.2	3.9	-12.7	-4.9	-3.0	-2.5	-0.3
Unemployment rate (% of labour force) [3]	9.4	4.3	5.0	11.9	13.7	14.4	14.3	13.6
Gross fixed capital formation (% of GDP)	20.1	22.7	25.3	15.7	11.5	10.1	9.5	9.5
Gross national saving (% of GDP)	22.7	22.1	21.0	10.8	11.6	10.5	11.6	13.1
General government (% of GDP)								
Net lending (+) or net borrowing (-)	**0.8**	**1.4**	**-0.7**	**-14.0**	**-31.2**	**-13.1**	**-8.3**	**-7.5**
Gross debt	**63.7**	**32.9**	**30.2**	**65.1**	**92.5**	**108.2**	**116.1**	**120.2**
Net financial assets	**-34.4**	**-12.7**	**-5.8**	**-27.2**	**-48.7**	**n.a**	**n.a**	**n.a**
Total revenue	37.7	34.3	36.2	34.8	35.6	35.7	35.8	35.5
Total expenditure	36.9	32.9	36.9	48.8	66.8	48.8	44.1	43.1
of which: Interest	3.9	1.5	1.1	2.0	3.1	3.4	4.0	5.5
Corporations (% of GDP)								
Net lending (+) or net borrowing (-)	**n.a**	**3.4**	**3.1**	**5.1**	**27.5**	**5.6**	**5.8**	**6.0**
Net financial assets, non-financial corporations	**n.a**	**-92.4**	**-82.0**	**-128.9**	**-124.6**	**n.a**	**n.a**	**n.a**
Net financial assets, financial corporations	**n.a**	**-4.0**	**-12.6**	**-16.8**	**-2.3**	**n.a**	**n.a**	**n.a**
Gross capital formation	n.a	9.0	9.0	5.1	4.1	4.8	5.3	5.7
Gross operating surplus	n.a	34.3	30.8	28.7	31.0	30.8	32.1	32.8
Households and NPISH (% of GDP)								
Net lending (+) or net borrowing (-)	**n.a**	**-6.6**	**-7.2**	**4.1**	**4.7**	**4.1**	**4.0**	**4.2**
Net financial assets	**n.a**	**88.7**	**63.2**	**61.2**	**75.1**	**n.a**	**n.a**	**n.a**
Gross wages and salaries	n.a	35.8	39.1	42.9	41.3	39.9	38.6	37.7
Net property income	n.a	1.9	1.0	0.3	0.2	-1.8	-2.5	-1.7
Current transfers received	n.a	13.9	14.2	19.8	20.4	20.4	20.3	18.9
Gross saving	n.a	3.7	4.8	8.8	7.8	6.3	5.7	6.0
Rest of the world (% of GDP)								
Net lending (+) or net borrowing (-)	**2.9**	**0.4**	**-4.4**	**-3.7**	**0.1**	**-0.2**	**1.4**	**2.7**
Net financial assets	**n.a**	**19.7**	**37.3**	**112.3**	**101.2**	**n.a**	**n.a**	**n.a**
Net exports of goods and services	12.2	15.3	9.8	15.5	19.1	21.5	23.6	25.1
Net primary income from the rest of the world	-10.9	-14.9	-13.2	-16.8	-17.1	-19.9	-21.3	-21.7
Net capital transactions	1.0	0.4	0.1	0.0	0.0	0.0	-0.1	-0.4
Tradable sector	50.6	45.5	37.9	40.1	39.7	n.a	n.a	n.a
Non-tradable sector	38.1	42.6	49.7	50.2	49.6	n.a	n.a	n.a
of which: Building and construction sector	5.1	7.1	8.3	5.1	5.0	n.a	n.a	n.a
Real effective exchange rate (index, 2000=100)	108.5	109.3	135.4	140.4	126.7	120.4	112.8	109.9
Terms of trade in goods and services (index, 2000=100)	101.8	101.1	98.3	97.4	96.2	93.4	93.4	93.3
Market performance of exports (index, 2000=100)	78.2	106.0	105.2	115.2	111.2	111.6	113.3	113.7

Notes:

[1] The output gap constitutes the gap between actual and potential gross domestic product at 2000 market prices.

[2] The indicator for domestic demand includes stocks.

[3] Unemployed persons are all persons who were not employed, had actively sought work and were ready to begin working immediately or within two weeks. The labour force is the total number of people employed and unemployed. The unemployment rate covers the age group 15-74.

Source :

Commission spring 2012 forecast

Table II. Comparison of macroeconomic developments and forecasts

	2011		2012		2013		2014	2015
	COM	**SP**	**COM**	**SP**	**COM**	**SP**	**SP**	**SP**
Real GDP (% change)	0.7	0.7	0.5	0.7	1.9	2.2	3.0	3.0
Private consumption (% change)	-2.7	-2.7	-1.7	-1.7	0.3	0.0	1.0	1.2
Gross fixed capital formation (% change)	-10.6	-10.6	-4.0	-2.5	1.0	1.5	3.8	4.5
Exports of goods and services (% change)	4.1	4.1	3.2	3.3	4.2	4.3	4.8	4.8
Imports of goods and services (% change)	-0.7	-0.7	1.2	1.4	3.0	2.6	3.4	3.5
Contributions to real GDP growth:								
- Final domestic demand	-3.3	n.a.	-1.9	-1.5	-0.2	-0.2	0.5	0.7
- Change in inventories	0.9	n.a.	0.0	-0.1	0.0	0.0	0.0	0.0
- Net exports	4.7	n.a.	2.3	2.3	2.0	2.4	2.4	2.3
Output gap[1]	-2.7	-3.1	-1.2	-1.8	0.9	-0.4	0.9	1.7
Employment (% change)	-2.1	-2.1	-0.6	-0.4	0.7	0.8	1.3	1.6
Unemployment rate (%)	14.4	14.4	14.3	14.3	13.6	13.6	12.8	11.7
Labour productivity (% change)	2.8	2.9	1.2	1.1	1.2	1.4	1.6	1.5
HICP inflation (%)	1.2	1.1	1.7	1.8	1.2	1.3	1.5	1.8
GDP deflator (% change)	-0.4	-0.4	1.2	0.9	1.2	1.0	1.3	1.4
Comp. of employees (per head, % change)	-1.4	-1.0	-0.8	0.4	0.1	1.0	1.4	1.9
Net lending/borrowing vis-à-vis the rest of the world (% of GDP)	-0.2	0.1	1.4	1.1	2.7	2.2	3.2	3.7

Note:

[1]In per cent of potential GDP, with potential GDP growth according to the programme as recalculated by the Commission.

Source :

Commission spring 2012 forecasts (COM); Stability programme (SP).

Table III. Composition of the budgetary adjustment

(% of GDP)	2011	2012		2013		2014	2015	Change: 2011-2015
	COM	COM	SP	COM	SP	SP	SP	SP
Revenue	**35.7**	**35.8**	**35.8**	**35.5**	**35.9**	**36.1**	**36.0**	**0.3**
of which:								
- Taxes on production and imports	11.5	11.5	11.6	11.6	11.7	11.5	11.2	-0.3
- Current taxes on income, wealth, etc.	11.7	12.4	12.5	12.6	13.1	13.8	14.4	2.7
- Social contributions	6.6	6.3	6.2	6.2	6.1	6.0	5.8	-0.8
- Other (residual)	5.8	5.5	5.5	5.1	5.0	4.8	4.6	-1.2
Expenditure	**48.8**	**44.1**	**44.1**	**43.1**	**43.5**	**40.8**	**38.8**	**-10.0**
of which:								
- Primary expenditure	45.4	40.0	40.0	37.6	37.9	35.3	33.2	-12.2
of which:								
Compensation of employees	11.4	11.1	11.5	10.6	10.9	10.3	9.7	-1.7
Intermediate consumption	5.6	5.5	5.2	5.0	4.9	4.5	4.2	-1.4
Social payments	17.8	17.4	17.3	16.1	16.5	15.3	14.5	-3.3
Subsidies	0.4	0.4	0.4	0.4	0.4	0.3	0.3	-0.1
Gross fixed capital formation	3.3	2.7	2.5	2.3	2.3	2.1	2.0	-1.3
Other (residual)	6.9	3.0	3.1	3.2	2.9	2.7	2.6	-4.3
- Interest expenditure	3.4	4.0	4.1	5.5	5.6	5.5	5.6	2.2
General government balance (GGB)	**-13.1**	**-8.3**	**-8.3**	**-7.5**	**-7.5**	**-4.8**	**-2.8**	**10.3**
Primary balance	**-9.7**	**-4.3**	**-4.2**	**-2.0**	**-1.9**	**0.8**	**2.8**	**12.5**
One-off and other temporary measures	-3.6	0.3	0.3	0.0	0.0	0.0	0.0	3.6
GGB excl. one-offs	**-9.5**	**-8.6**	**-8.6**	**-7.5**	**-7.5**	**-4.8**	**-2.8**	**6.7**
Output gap[2]	-2.7	-1.2	-1.8	0.9	-0.4	0.9	1.7	4.4
Cyclically adjusted balance[2]	-12.0	-7.8	-7.6	-7.9	-7.4	-5.2	-3.5	8.5
Structural balance[3]	**-8.4**	**-8.1**	**-7.9**	**-7.9**	**-7.4**	**-5.2**	**-3.5**	**4.9**
Change in structural balance		*0.3*	*0.5*	*0.2*	*0.5*	*2.2*	*1.7*	
Structural primary balance[3]	-4.9	-4.1	-3.8	-2.4	-1.8	0.3	2.1	7.1
Change in structural primary balance		*0.9*	*1.2*	*1.7*	*2.0*	*2.1*	*1.8*	
Expenditure benchmark								
Public expenditure growth[4] (real)		-13.61	-13.42	-6.02	-5.27	-6.15	-4.58	-
Reference rate[5,6]		0.43	0.43	0.43	0.43	*0.43*	*0.43*	-
Lower reference rate[5,7]		-0.83	-0.83	-0.83	-0.83	*-0.83*	*-0.83*	-
Deviation in % of GDP from applicable reference rate		-5.87	-5.77	-2.07	-1.76	*-1.98*	*-1.29*	-
Two-year average deviation in % of GDP from applicable reference rate		n.a.	n.a.	-3.97	-3.77	*-1.87*	*-1.63*	-

Notes*:*

[1]On a no-policy-change basis.

[2]Output gap (in % of potential GDP) and cyclically adjusted balance according to the programme as recalculated by the Commission on the basis of the information in the programme.

[3]Structural (primary) balance = cyclically adjusted (primary) balance excluding one-off and other temporary measures.

[4]Modified expenditure aggregate used for the expenditure benchmark, growth rates net of non-discretionary changes in unemployment benefit and of discretionary measures.

[5]The reference rates applicable to 2014 onwards will be available from mid-2012. For illustrative purposes, the current reference rates have also been applied to the years 2014 onwards.

[6]The (standard) reference rate applies starting in the year following the one in which the country reaches its MTO.

[7]The lower reference rate applies as long as the country is adjusting towards its MTO, including the year in which it reaches the MTO.

Source :

Stability programme (SP); Commission spring 2012 forecasts (COM); Commission calculations.

Table IV. Debt dynamics

(% of GDP)	Average 2006-10	2011	2012		2013		2014	2015
			COM	SP	COM	SP	SP	SP
Gross debt ratio[1]	**50.3**	**108.2**	**116.1**	**117.5**	**120.2**	**120.3**	**119.5**	**117.4**
Change in the ratio	13.1	15.7	7.9	9.3	4.1	2.8	-0.8	-2.1
Contributions [2] *:*								
1. Primary balance	**8.2**	**9.7**	**4.3**	**4.2**	**2.0**	**1.9**	**-0.8**	**-2.8**
2. 'Snow-ball' effect	**2.7**	**3.2**	**2.1**	**2.4**	**2.0**	**1.9**	**0.7**	**0.5**
Of which:								
Interest expenditure	1.7	3.4	4.0	4.1	5.5	5.6	5.6	5.6
Growth effect	0.4	-0.6	-0.6	-0.7	-2.1	-2.5	-3.5	-3.4
Inflation effect	0.6	0.4	-1.3	-1.0	-1.4	-1.2	-1.5	-1.7
3. Stock-flow adjustment	**2.2**	**2.9**	**1.5**	**2.7**	**0.1**	**-0.9**	**-0.6**	**0.2**
Of which:								
Cash/accruals diff.								
Accum. financial assets								
Privatisation								
Val. & residual effects								
(% of GDP)		2011	2012		2013		2014	2015
			COM/SP[3]	SP[4]	COM/SP[3]	SP[4]	SP[4]	SP[4]
Gap to the debt benchmark[5,6]	-	-	-	-	-	-	-	-
Structural adjustment[7]	-	-	-	-	-	-	-	-
To be compared to:								
Required adjustment[8]	-	-	-	-	-	-	-	-

Notes:

[1]End of period.

[2]The snowball effect captures the impact of interest expenditure on accumulated debt, as well as the impact of real GDP growth and inflation on the debt ratio (through the denominator). The stock-flow adjustment includes differences in cash and accrual accounting, the accumulation of financial assets, and valuation and other residual effects.

[3]Assessment of the consolidation pat set in the SP assuming growth follows the COM forecasts.

[4]Assessment of the consolidation pat set in the SP assuming growth follows the SP projections.

[5] Not relevant during the excessive deficit procedures that were ongoing in November 2011 and in the three years following the correction of the excessive deficit.

[6]Shows the difference between the debt-to-GDP ratio and the debt benchmark. If positive, projected gross debt-to-GDP ratio does not comply with the debt reduction benchmark.

[7]Applicable only during the transition period of three years from the correction of the excessive deficit for excessive deficit procedures that were ongoing in November 2011.

[8]Defines the remaining annual structural adjustment over the transition period which ensures that - if followed – Member State will comply with the debt reduction benchmark at the end of the transition period, assuming that the COM (SP) budgetary projections are achieved.

Source :
Stability programme (SP); Commission spring 2012 forecasts (COM); Commission calculations.

Table V. Long-term sustainability indicators

	IE		EU27	
	No policy change scenario	**Stability programme scenario**	**No policy change scenario**	**SCPs scenario**
S2	6.7	2.7	2.9	0.7
of which:				
Initial budgetary position (IBP)	3.3	0.1	0.7	-1.6
Long-term change in the primary balance (LTC)	3.4	2.6	2.3	2.4
of which:				
Pension	3.1	2.9	1.1	1.2
Care (HC and LTC)	2.2	2.3	1.5	1.5
Others	-1.9	-2.5	-0.3	-0.3
S1 (required adjustment)*	10.3	3.0	2.2	-0.1
Debt, % of GDP (2011)	108.2		82.8	
Age-related expenditure, % of GDP (2011)	26.0		25.8	

Notes:

The 'no policy change' scenario depicts the sustainability gap under the assumption that the budgetary position evolves according to the spring 2012 forecast until 2013. The 'stability programme' scenario depicts the sustainability gap under the assumption that the budgetary plans in the programme are fully implemented.

* The required adjustment of the primary balance until 2020 to reach a public debt of 60% of GDP by 2030.

Source : Commission, 2012 stability and convergence programmes

Figure. Medium-term debt projection

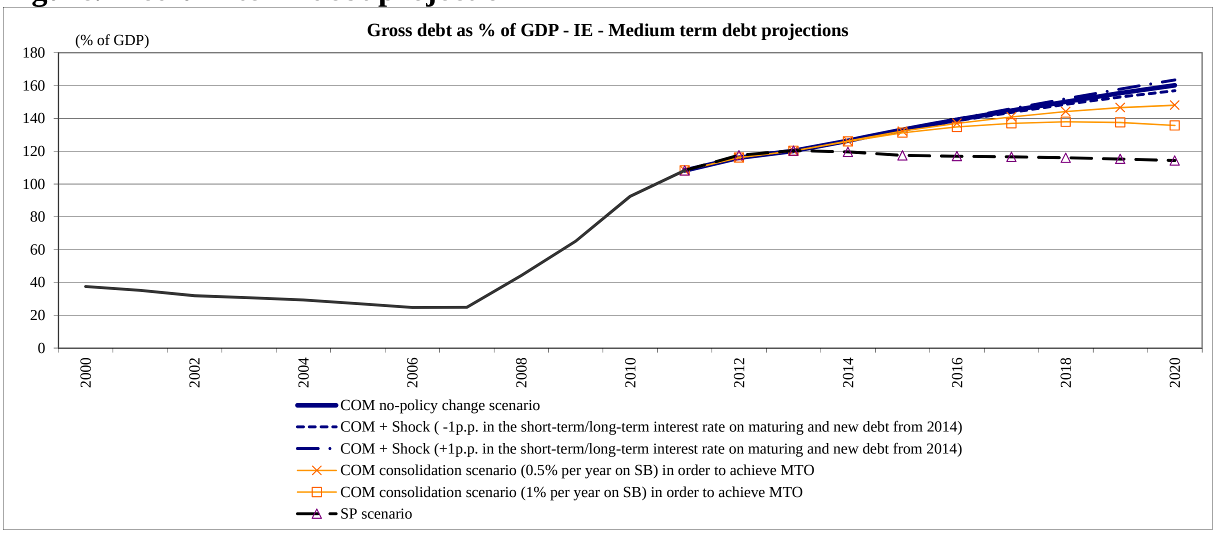

Table VI. Taxation

	2001	2005	2007	2008	2009	2010
Total tax revenues (incl. actual compulsory social contributions, % of GDP)	29.5	30.5	31.3	29.6	28.2	28.2
Breakdown by economic function (% of GDP)[1]						
Consumption	10.8	11.4	11.2	10.9	10.0	10.0
of which:						
- VAT	6.8	7.6	7.5	7.3	6.4	6.4
- excise duties on tobacco and alcohol	1.7	1.3	1.2	1.2	1.4	1.3
- energy	1.2	1.3	1.2	1.3	1.5	1.5
- other (residual)	1.2	1.2	1.2	1.1	0.8	0.8
Labour employed	10.8	10.2	10.7	11.2	11.7	11.6
Labour non-employed	0.1	0.1	0.1	0.1	0.1	0.1
Capital and business income	5.8	6.2	6.6	5.2	4.4	4.3
Stocks of capital/wealth	2.0	2.7	2.8	2.2	2.0	2.2
p.m. Environmental taxes[2]	2.3	2.5	2.5	2.5	2.4	2.4
VAT efficiency[3]						
Actual VAT revenues as % of theoretical revenues at standard rate	60.6	66.1	63.2	55.4	46.5	48.5

Note:

1 Tax revenues are broken down by economic function, i.e. according to whether taxes are raised on consumption, labour or capital. See European Commission (2012), Taxation trends in the European Union, for a more detailed explanation.

2 This category comprises taxes on energy, transport and pollution and resources included in taxes on consumption and capital.

3 The VAT efficiency is measured via the VAT revenue ratio. The VAT revenue ratio is defined as the ratio between the actual VAT revenue collected and the revenue that would theoretically be raised if VAT was applied at the standard rate to all final consumption. A low ratio can indicate a reduction of the tax base due to large exemptions or the application of reduced rates to a wide range of goods and services ('policy gap') or a failure to collect all tax due to e.g. fraud ('collection gap'). See European Commission (2011), Tax reforms in EU Member States, European Economy 5/2011, for a more detailed explanation.

Source: Commission

Table VII. Financial market indicators

	2007	2008	2009	2010	2011
Total assets of the banking sector (% of GDP)	875.8	962.0	1017.5	978.9	840.9
Share of assets of the five largest banks (% of total assets)	50.4	55.3	58.8	56.8	…
Foreign ownership of banking system (% of total assets)	58.7	55.8	49.9	…	…
Financial soundness indicators:					
- non-performing loans (% of total loans) [1]	0.8	2.6	9.0	8.6	14.1
- capital adequacy ratio (%) [2]	10.7	10.6	10.9	14.6	10.3
- return on equity (%) [1), 3)]	16.4	-8.0	-40.6	-66.5	-8.6
Bank loans to the private sector (year-on-year % change)	20.7	1.4	-5.6	-12.6	-4.7
Lending for house purchase (year-on-year % change)	11.4	-6.9	-4.1	-2.5	-0.9
Loan to deposit ratio	181.1	179.0	162.0	140.8	133.4
CB liquidity as % of liabilities	2.5	5.6	6.0	9.3	9.1
Banks' exposure to countries receiving official financial assistance (% of GDP)[4]	6.0	6.1	5.7	1.6	1.2
Private debt (% of GDP)	…	…	222.1	182.8	168.6
Gross external debt (% of GDP) [5]					
- Public	16.1	33.9	45.6	50.8	62.5
- Private	391.5	482.6	525.4	668.0	650.8
Long term interest rates spread versus Bund (basis points)*	8.9	54.2	200.3	299.6	699.3
Credit default swap spreads for sovereign securities (5-year)*	…	89.2	202.1	299.6	734.7

Notes:

1) All licensed banks. Latest June 2011.

2) The capital adequacy ratio is defined as total capital divided by risk weighted assets.

3) Net income to equity ratio. Latest June 2011.

4) Covered countries are IE, EL, PT, RO, LV and HU.

5) Latest data 2011Q3.

* Measured in basis points.

Source :

Bank for International Settlements and Eurostat (exposure to macro-financially vulnerable countries), IMF (financial soundness indicators), Commission (long-term interest rates), World Bank (gross external debt) and ECB (all other indicators).

Table VIII. Labour market and social indicators

Labour market indicators	2006	2007	2008	2009	2010	2011
Employment rate (% of population aged 20-64)	73.4	73.8	72.3	67.1	65.0	64.1
Employment growth (% change from previous year)	4.7	3.6	-0.7	-8.2	-4.2	-2.1
Employment rate of women (% of female population aged 20-64)	63.3	64.4	64.1	61.9	60.5	59.7
Employment rate of men (% of male population aged 20-64)	83.4	83.0	80.4	72.4	69.5	68.6
Employment rate of older workers (% of population aged 55-64)	53.1	53.8	53.7	51.3	50.2	50.0
Part-time employment (% of total employment)	17.3	18.1	19.0	21.8	23.0	24.1
Part-time employment of women (% of women employment)	31.5	32.3	32.8	34.4	35.3	36.2
Part-time employment of men (% of men employment)	6.8	7.2	8.0	11.0	12.2	13.3
Fixed term employment (% of employees with a fixed term contract)	6.0	8.1	8.5	8.6	9.4	9.9
Unemployment rate[1] (% of labour force)	4.5	4.6	6.3	11.9	13.7	14.4
Long-term unemployment[2] (% of labour force)	1.4	1.3	1.7	3.5	6.7	8.6
Youth unemployment rate (% of youth labour force aged 15-24)	8.6	8.9	13.3	24.4	27.8	29.4
Youth NEET[3] rate (% of population aged 15-24)	10.1	10.7	14.8	18.5	18.9	:
Early leavers from education and training (% of pop. 18-24 with at most lower sec. educ. and not in further education or training)	12.1	11.6	11.3	11.3	10.5	:
Tertiary educational attainment (% of population 30-34 having successfully completed tertiary education)	42.5	44.1	45.1	47.5	48.1	:
Labour productivity per person employed (annual % change)	0.9	1.5	-1.9	1.2	4.0	3.2
Hours worked per person employed (annual % change)	-0.2	-0.7	-1.1	-2.0	-0.2	-0.1
Labour productivity per hour worked (annual % change; constant prices)	1.1	2.2	-0.8	3.3	4.2	3.3
Compensation per employee (annual % change; constant prices)	1.4	4.5	8.0	3.0	-0.8	0.8
Nominal unit labour cost growth (annual % change)	4.0	4.3	7.5	-2.4	-6.9	-2.9
Real unit labour cost growth (annual % change)	0.5	2.9	10.1	1.7	-4.6	-2.1

Notes:

[1] According to ILO definition, age group 15-74)
[2] Share of persons in the labour force who have been unemployed for at least 12 months.
[3] NEET are persons that are neither in employment nor in any education or training.

Sources:
Commission (EU Labour Force Survey and European National Accounts)

Table VIII. Labour market and social indicators (continued)

Expenditure on social protection benefits (% of GDP)	2005	2006	2007	2008	2009
Sickness/Health care	6.86	6.95	7.20	8.46	10.72
Invalidity	0.88	0.90	0.96	1.14	1.35
Old age and survivors	3.71	3.82	3.92	4.54	5.57
Family/Children	2.45	2.48	2.58	3.08	3.66
Unemployment	1.25	1.28	1.36	1.80	3.08
Housing and Social exclusion n.e.c.	0.35	0.34	0.34	0.41	0.35
Total	17.9	18.2	18.8	22.0	27.9
of which: Means tested benefits	4.04	4.13	4.34	5.25	6.71
Social inclusion indicators	**2006**	**2007**	**2008**	**2009**	**2010**
Risk-of-poverty or exclusion[1] (% of total population)	23.3	23.1	23.7	25.7	29.9
Risk-of-poverty or exclusion of children (% of people aged 0-17)	28.0	26.2	26.6	31.4	37.6
Risk-of-poverty or exclusion of elderly (% of people aged 65+)	27.7	28.7	22.5	17.9	12.9
At-risk-of-poverty rate[2] (% of total population)	18.5	17.2	15.5	15.0	16.1
Value of relative poverty threshold (single household per year) - in PPS	9563	10633	10901	10556	9707
Severe material deprivation[3] (% of total population)	4.8	4.5	5.5	6.1	7.5
Share of people living in low work intensity households[4] (% of people aged 0-59 not student)	12.8	14.2	13.6	19.8	22.9
In-work at-risk-of poverty rate (% of persons employed)	6.2	5.6	6.5	5.4	7.6

Notes:

[1] People at risk of poverty or social exclusion (AROPE): individuals who are at risk of poverty (AROP) and/or suffering from severe material deprivation (SMD) and/or living in households with zero or very low work intensity (LWI).

[2] At-risk-of poverty rate: share of people with an equivalised disposable income below 60% of the national equivalised median income.

[3] Share of people who experience at least 4 out of 9 deprivations: people cannot afford to i) pay their rent or utility bills, ii) keep their home adequately warm, iii) face unexpected expenses, iv) eat meat, fish, or a protein equivalent every second day, v) enjoy a week of holiday away from home once a year, vi) have a car, vii) have a washing machine, viii) have a colour TV, or ix) have a telephone.

[4] People living in households with very low work intensity: share of people aged 0-59 living in households where the adults work less than 20% of their total work-time potential during the previous 12 months.

Sources:
For expenditure on social protection benefits ESSPROS; for social inclusion EU-SILC.

Table IX. Product market performance and policy indicators

Performance indicators	2002-2006	2007	2008	2009	2010	2011
Labour productivity[1] total economy (annual growth in %)	**1.8**	**1.5**	**-2.0**	**1.3**	**3.9**	**2.2**
Labour productivity[1] in manufacturing (annual growth in %)	**5.6**	**9.9**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Labour productivity[1] in electricity, gas, water (annual growth in %)	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Labour productivity[1] in the construction sector (annual growth in %)	**-2.3**	**-1.8**	**1.5**	**1.4**	**-11.0**	**n.a.**
Patent intensity in manufacturing[2] (patents of the EPO divided by gross value added of the sector)	**0.7**	**0.8**	**0.7**	**n.a.**	**n.a.**	**n.a.**
Policy indicators	**2002-2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Enforcing contracts[3] (days)	**n.a.**	**515**	**515**	**515**	**515**	**650**
Time to start a business[3] (days)	**n.a.**	**13**	**13**	**13**	**13**	**13**
R&D expenditure (% of GDP)	**1.2**	**1.3**	**1.5**	**1.7**	**1.8**	**n.a.**
Tertiary educational attainment (% of 30-34 years old population)	**37.2**	**43.3**	**46.1**	**49.0**	**49.9**	**n.a.**
Total public expenditure on education (% of GDP)	**4.6**	**4.9**	**5.6**	**n.a.**	**n.a.**	**n.a.**
	2005	**2006**	**2008**	**2009**	**2010**	**2011**
Product market regulation[4], Overall (Index; 0=not regulated; 6=most regulated)	**n.a.**	**n.a.**	**0.9**	**n.a.**	**n.a.**	**n.a.**
Product market regulation[4], Retail (Index; 0=not regulated; 6=most regulated)	**n.a.**	**n.a.**	**1.0**	**n.a.**	**n.a.**	**n.a.**
Product market regulation[4], Network Industries[5] (Index; 0=not regulated; 6=most regulated)	**3.1**	**2.8**	**2.6***	**n.a.**	**n.a.**	**n.a.**

Notes:

[1]Labour productivity is defined as gross value added (in constant prices) divided by the number of persons employed.

[2] Patent data refer to applications to the European Patent Office (EPO). They are counted according to the year in which they were filed at the EPO. They are broken down according to the inventor's place of residence, using fractional counting if multiple inventors or IPC classes are provided to avoid double counting.

[3] The methodologies, including the assumptions, for this indicator are presented in detail on the website http://www.doingbusiness.org/methodology.

[4] The methodologies for the product market regulation indicators are presented in detail on the website http://www.oecd.org/document/1/0,3746,en_2649_34323_2367297_1_1_1_1,00.html. The latest available product market regulation indicators refer to 2003 and 2008, except for Network Industries.

[5] Aggregate ETCR.

*figure for 2007.

Source :

Commission, World Bank - *Doing Business* (for enforcing contracts and time to start a business) and OECD (for the product market regulation indicators).

Table X. Indicators on green growth

Ireland		2001-2005	2006	2007	2008	2009	2010
Green Growth performance							
Macroeconomic							
Energy intensity	kgoe / €	0.12	0.11	0.11	0.11	0.11	0.11
Carbon intensity	kg / €	0.56	0.48	0.46	0.47	0.46	n.a.
Resource intensity (reciprocal of resource productivity)	kg / €	1.52	1.55	1.55	1.60	1.66	n.a.
Waste intensity	kg / €	n.a.	0.21	0.18	0.16	n.a.	n.a.
Energy balance of trade	% GDP	-1.5%	-2.1%	-2.5%	-3.2%	-2.4%	-3.1%
Energy weight in HICP	%	8	9	9	9	9	9
Difference between change energy price and inflation	%	3.62	6.9	4.6	5.6	-4.1	3.3
Environmental taxes over labour taxes	ratio	23.5%	23.9%	23.0%	22.2%	20.1%	n.a.
Environmental taxes over total taxes	ratio	8.2%	7.7%	7.9%	8.4%	8.4%	n.a.
Sectoral							
Industry energy intensity	kgoe / €	0.07	0.08	0.07	0.07	0.06	n.a.
Share of energy-intensive industries in the economy	% GDP	17.4	12.8	13.8	14.0	16.0	n.a.
Electricity prices for medium-sized industrial users	€ / kWh	0.08	0.10	0.11	0.13	0.12	0.11
Public R&D for energy	% GDP	n.a.	0.01%	0.01%	0.02%	0.02%	n.a.
Public R&D for the environment	% GDP	n.a.	0.00%	0.01%	0.01%	0.01%	n.a.
Recycling rate of municipal waste	ratio	22.8%	33.1%	34.1%	36.5%	35.4%	n.a.
Share of GHG emissions covered by ETS	%	n.a.	31.6%	31.2%	30.1%	27.6%	n.a.
Transport energy intensity	kgoe / €	0.70	0.69	0.69	0.68	0.60	n.a.
Transport carbon intensity	kg / €	1.83	1.76	1.71	1.77	1.67	n.a.
Change in the ratio of passenger transport and GDP	%	-2.9%	-1.7%	-0.6%	5.3%	n.a.	n.a.
Security of energy supply							
Energy import dependency	%	89.6%	90.7%	88.2%	89.9%	88.0%	n.a.
Diversification of oil import sources	HHI	n.a.	0.74	0.41	0.43	0.26	n.a.
Diversification of energy mix	HHI	0.40	0.39	0.39	0.38	0.37	n.a.
Share of renewable energy in energy mix	%	1.8%	2.7%	2.9%	3.5%	4.3%	n.a.

Country-specific notes:
The year 2011 is not included in the table due to lack of data.
General explanation of the table items:
Source: Eurostat unless indicated otherwise; ECFIN explanations given below
All macro intensity indicators are expressed as a ratio of a physical quantity to GDP (in 2000 prices)
Energy intensity: gross inland energy consumption (in kgoe) divided by GDP (in EUR)
Carbon intensity: Greenhouse gas emissions (in kg CO2 equivalents) divided by GDP (in EUR)
Resource intensity: Domestic Material Consumption (in kg) divided by GDP (in EUR)
Waste intensity: waste (in kg) divided by GDP (in EUR)
Energy balance of trade: the balance of energy exports and imports, expressed as % of GDP
Energy weight in HICP: the share of the "energy" items in the consumption basket used in the construction of the HICP
Difference between energy price change and inflation: energy component of HICP, and total HICP inflation (annual %-change)
Environmental taxes over labour or total taxes: from DG TAXUD's database "Taxation trends in the European Union"
Industry energy intensity: final energy consumption of industry (in kgoe) divided by gross value added of industry (in EUR)
Share of energy-intensive industries in the economy: share of gross value added of the energy-intensive industries in GDP
Recycling rate of municipal waste: ratio of municipal waste recycled over total municipal waste
Public R&D for energy or for the environment: government spending on R&D (GBAORD) for these categories as % of GDP
Share of GHG emissions covered by ETS: based on greenhouse gas emissions as reported by Member States to EEA (excl LULUCF)
Transport energy intensity: final energy consumption of transport (in kgoe) divided by gross value added of industry (in EUR)
Transport carbon intensity: greenhouse gas emissions in transport divided by gross value added of the transport sector
Passenger transport growth : measured in %-change in passenger kilometres
Energy import dependency: net energy imports divided by gross inland energy consumption incl. of international bunkers
Diversification of oil import sources: Herfindahl index (HHI), calculated as the sum of the squared market shares of countries of origin
Diversification of the energy mix: Herfindahl Index over natural gas, total petrol products, nuclear heat, renewable energies and solid fuels
Share of renewable energy in energy mix: percentage-share in gross inland energy consumption, expressed in tonne oil equivalents