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What is the outlook for the Irish economy?

Since our last Bulletin, we have gained a clearer picture of US-EU tariffs, which at 15% are not prohibitive to trade.

So far, the Irish economy has shown resilience to external uncertainty, and we expect domestic growth of 2.9% this year.

As the economy adjusts to the new external environment, growth is expected to slow. Early signs are already visible through reduced private sector job vacancies and slowing employment growth.

Overall, we estimate the economy will be 1% smaller over the medium term than it otherwise would have been without tariffs.

How can policymakers navigate global economic changes?

Changing geopolitics expose excess corporation tax revenue, raising the risk of a sudden decline in this revenue.

At the same time, Irish firms that export to the US are typically large and have well-diversified export markets. Firms that are proactively diversifying further have a more optimistic outlook.

Therefore, rather than reactive fiscal measures, policy should favour helping companies to expand existing export markets and develop new ones.

Looking further ahead, we must keep Ireland attractive for new foreign direct investment by investing strategically in infrastructure, housing and skills development.

And we should lower barriers for companies to make it easier for them to grow and sell their products globally.

Finally, the EU is an extended home market for Ireland, with significant untapped potential. We should minimise frictions that hinder trade flows, and actively strengthen the Single Market through reforms that better mobilise savings and facilitate more integrated payment systems.

Find out more: [centralbank.ie/QuarterlyBulletin](https://www.centralbank.ie/QuarterlyBulletin)