

European Commission
Directorate-General for Economic and Financial Affairs

Economic Adjustment Programme for Ireland

Summer 2011 Review



CONTENTS

EXECUTIVE SUMMARY	5
INTRODUCTION	7
1. MACROECONOMIC AND FINANCIAL BACKGROUND	9
2. PROGRAMME IMPLEMENTATION	15
3. POLICY DISCUSSIONS	23
3.1. Fiscal Consolidation	23
3.2. Financial Sector Policies	24
3.2.1. RECAPITALISATION	24
3.2.2. RESTRUCTURING AND GOVERNANCE OF DOMESTIC FINANCIAL SECTOR	25
3.2.3. OTHER FINANCIAL SECTOR OR FRAMEWORK REFORMS	26
3.3. Structural fiscal reforms	27
3.4. Other structural reforms	28
4. PROGRAMME MODALITIES AND RISKS	29
5. APPRAISAL	33
LIST OF ABBREVIATIONS	35
ANNEX 1: COMMISSION SERVICES' MACROECONOMIC PROJECTIONS	37
ANNEX 2: PROGRAMME DOCUMENTS	43

LIST OF TABLES

Table 1: Macroeconomic framework	13
Table 2: Tax revenue outturn in January-June against the Spring 2011 updated programme projections (EC) and Department of Finance (DoF) forecast, cash	15
Table 3: Annual consolidation measures, EUR billion	17
Table 4: Projected financing needs and sources, 2010-2013 (billion EUR) 1/	30

LIST OF GRAPHS

Graph 1: Contributions to y-o-y GDP growth	10
Graph 2: Real export growth and GDP growth (2000Q1-2011Q1)	10
Graph 3: Reuters consensus y-o-y GDP growth)	11
Graph 4: Unemployment (survey-based)	11
Graph 5: Wage growth	12
Graph 6: Current account	12
Graph 7: Competitiveness developments	12
Graph 8: Financing needs (EUR billion)	30
Graph 9: Financing sources (EUR billion)	30
Graph 10: Ireland Sovereign ratings	31
Graph 11: Sovereign spreads (ten year)	31

LIST OF BOXES

Box 1: Deleveraging so far	20
Box 2: Emerging governance structure of the domestic Irish banking sector	21