Open & Engaged

Civil Society Roundtable

09 October 2025

Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

Welcome

Governor Gabriel Makhlouf,

Civil Society Roundtable Chair

Civil Society Engagement 2025 & Proposed Engagement in 2026

Colm Kincaid, Deputy Governor for Consumer and Investor Protection

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Evolving our Approach to Civil Society Engagement

Over 2025, we have evolved our Civil Society Engagement to be **more focused, targeted and purposeful** based on your feedback:

- Recognition of the value of engagement.
- Interest in having a more structured approach to engagement.
- Agenda-setting for the roundtable.
- Support to establish issue-specific engagement channels.

What we are doing in response:

- Creating multiple avenues for participation while ensuring the roundtable remains a valuable touchpoint.
- Establishing opportunities for more targeted discussions on specific issues.
- Evolving this roundtable to serve as a parallel higher-level forum, providing a space for broader strategic discussions on an annual basis.

Opportunities for Future Engagement

The following items have been proposed by Civil Society Roundtable Members. Members are now invited to contextualise these topics.

- **National Disability Authority** – Digital Exclusion and challenges for consumers using Augmentative and Alternative Communication.
- **Inclusion Ireland** – Assisted Decision Making and Vulnerability.
- **Irish Mortgage Holders Organisation** – Mortgages, Arrears and Restructures.

You said, we heard

Aisling Menton, Domestic Banking & Retail Credit

Kevin Condron, Payments Policy

You said, we heard

Consumer Credit (Amendment) Act 2022

Central Bank to produce a report on the impact of the cap

Our approach: stakeholders, industry, data, consumers

Civil Society workshop in May

Next steps

How digitalisation of payments affects people in vulnerable circumstances

Online Shopping

- ✗ Limited internet access and product availability can be barriers
- ✗ Concerns about online fraud
- ✓ Can provide sense of safety for LGBTQ+ groups

In-store shopping

- ✓ Easier than online shopping
- ✓ Personal assistance available if needed
- ✓ Generates social well-being benefits

The role of cash

- ✓ Prefer option to pay in cash – seen as familiar, reliable, and private
- ✓ Promotes good budgeting habits
- ✗ No-cash policies are challenging

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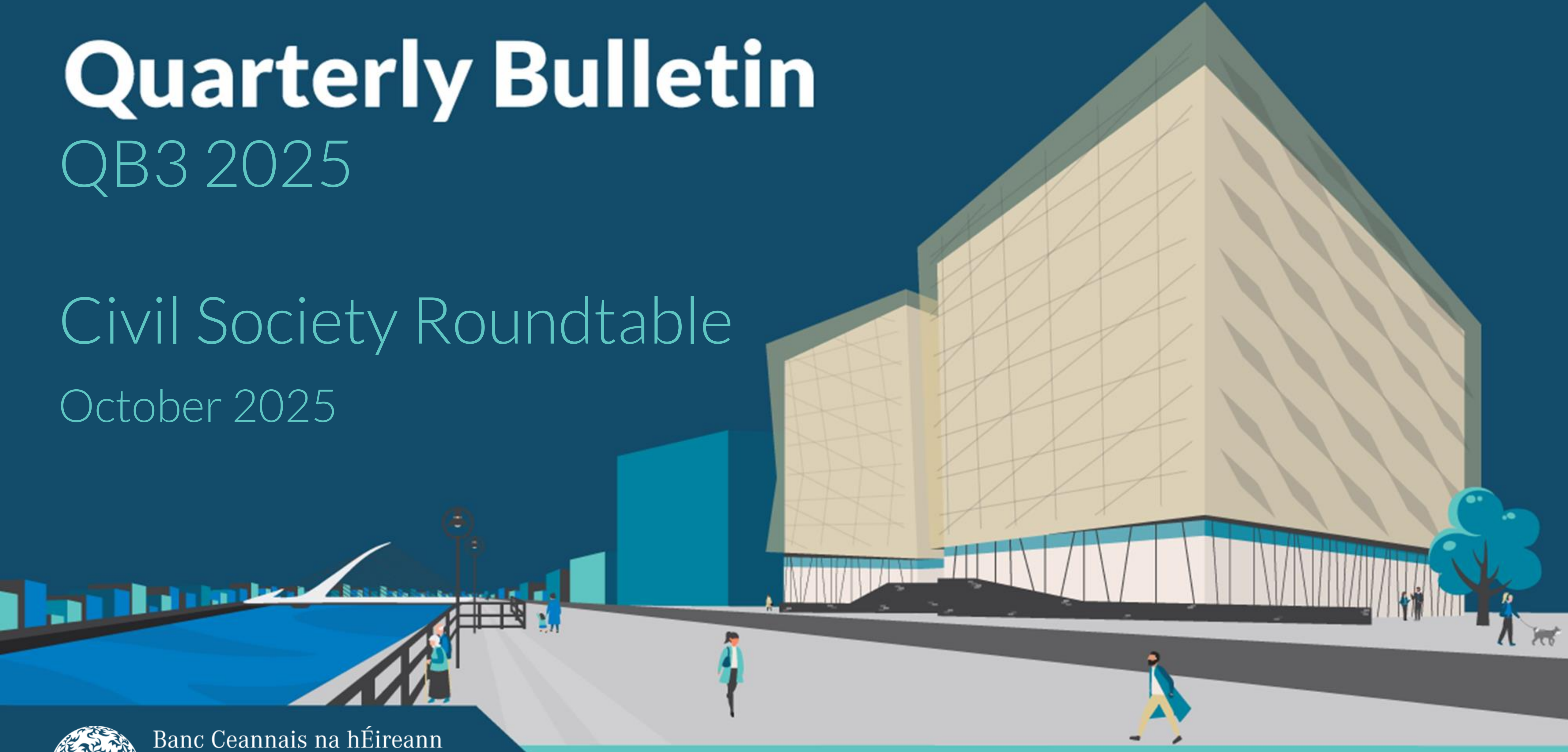
Quarterly Bulletin

QB3 2025

Civil Society Roundtable

October 2025



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Quarterly Bulletin September 2025

Civil Society Roundtable

Early signs of resilience but headwinds remain

- With tariff-related uncertainty diminishing.
- Near term volatility in exports as front-loading unwinds but underlying momentum from new product lines.
- The outlook is revised up for this year on the back strong H1 performance as consumption and investment show resilience.
- Growth expected to ease through the transition to a new external environment.

Ireland is uniquely exposed to US policy shifts amid growing economic protectionism

- Economy estimated to be 1% smaller over the medium term than it would have been without tariffs
- Reallocation of activity from manufacturing to services.
- Near term mitigation by market expansion rather than fiscal intervention.
- Ireland's economic strategy needs to be robust to potential structural shifts in the global economy, by maintaining the economy's attractiveness to FDI, fostering local business dynamism and leveraging and strengthening the EU single market.

To ensure long-term resilience, Ireland must diversify its tax base, prioritise infrastructure delivery, and commit to a credible fiscal anchor that enables both sustainable spending and effective counter-cyclical support.

Forecast Summary

	2024	2025	2026	2027
MDD	1.8%	2.9% ⇧ 0.9 pp	2.2% ⇧ 0.1 pp	2.4% ⇧ 0.2 pp
Unemployment	4.3%	4.6% -	4.8% -	4.9% -
Inflation	1.3%	1.8% ⇩ 0.1 pp	1.4% ⇩ 0.4 pp	1.4% ⇩ 0.3 pp

Main reasons for the revisions
(with respect to QB2 –June 2025 Forecast)

- Upward revision to MDD forecast, mainly for 2025, due to impacts of revised CSO data, stronger Q1 outturn, momentum from available data for Q2 and additional government spending (current and capital) announced for 2025 and 2026.
- Strong GDP growth still expected for 2025, though outturn uncertain and dependent on timing and extent of unwinding of Q1 pharma exports surge.
- Downward revision to inflation in 2026 and 2027 reflecting weaker outlook for energy prices and euro appreciation.
- Labour market outlook broadly similar to the previous forecast.

Main sources of forecast uncertainty

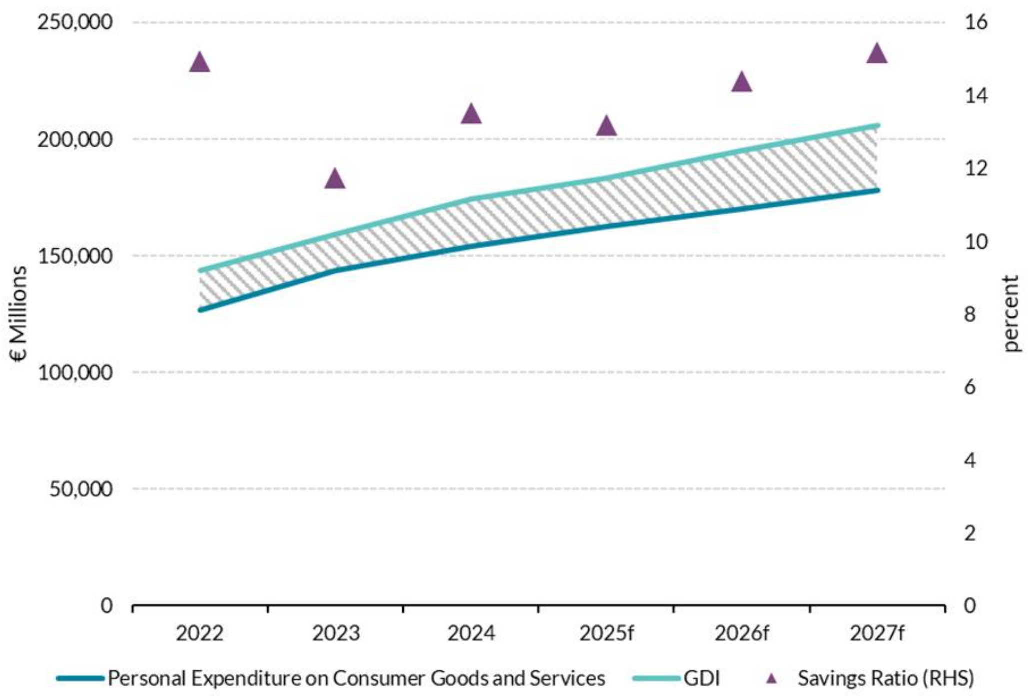
Risks to the growth outlook are tilted to the downside

	Growth	Inflation
More binding capacity constraints amid demand-supply imbalances	⇧ (ST) ⇩ ⇩ (MT)	⇧
Tariffs and trade fragmentation with slower demand growth in major trading partners; higher policy uncertainty and tighter financing conditions, spillover to public finances	⇩ ⇩	⇩ (ST) ⇧ ⇩ (MT)

Notes: ST = Short Term and MT = Medium Term

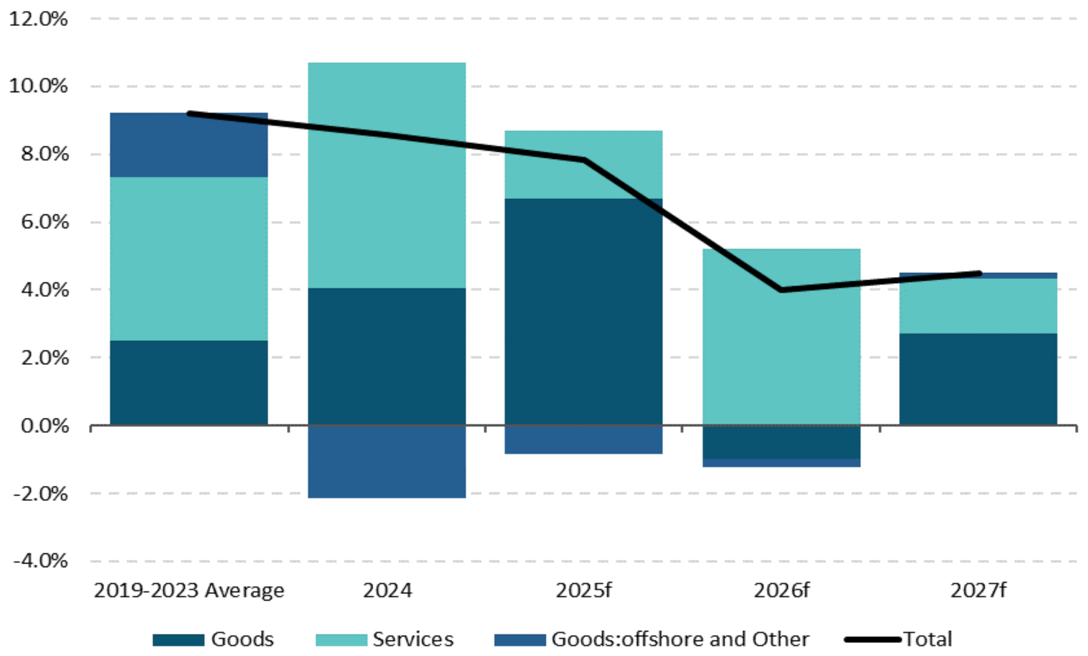
Signs of resilience in the domestic economy, but growth momentum expected to ease over the forecast horizon

Consumption projected to rise in line with disposable income as savings rate remains high



Source: CSO and Central Bank of Ireland

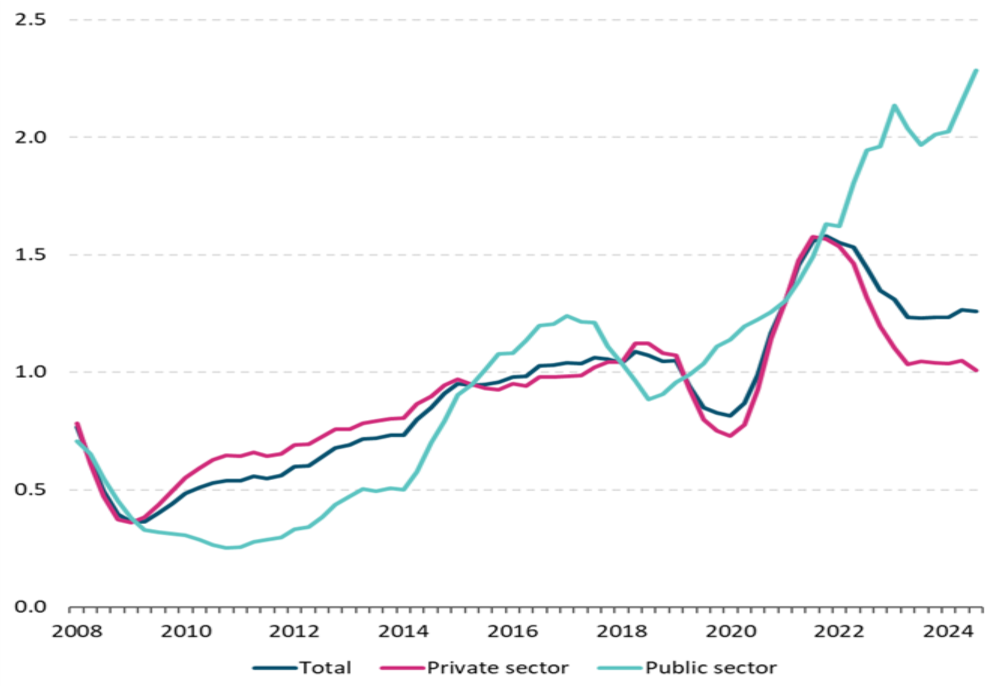
Strong growth in pharmaceuticals forecast to drive export growth in 2025, with services exports expected to dominate thereafter



Source: CSO, Central Bank of Ireland

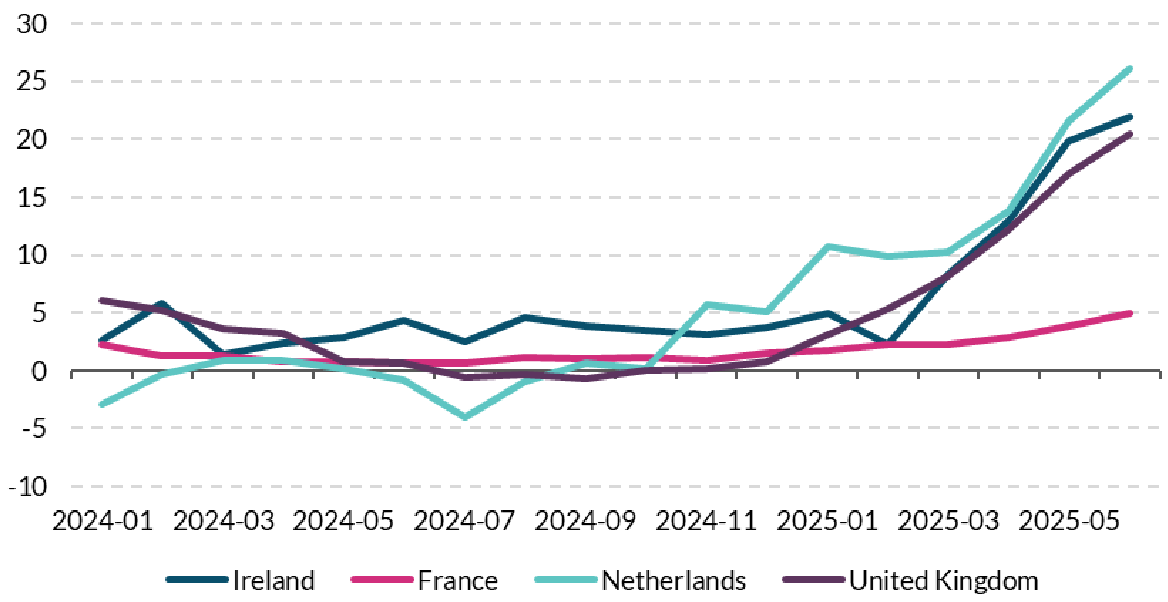
More stable labour market conditions overall, with near-term inflation driven by increases in price of limited number of goods in food category

Public sector vacancies have sustained the aggregate vacancy rate while private sector slows



Source: CSO and Central Bank of Ireland

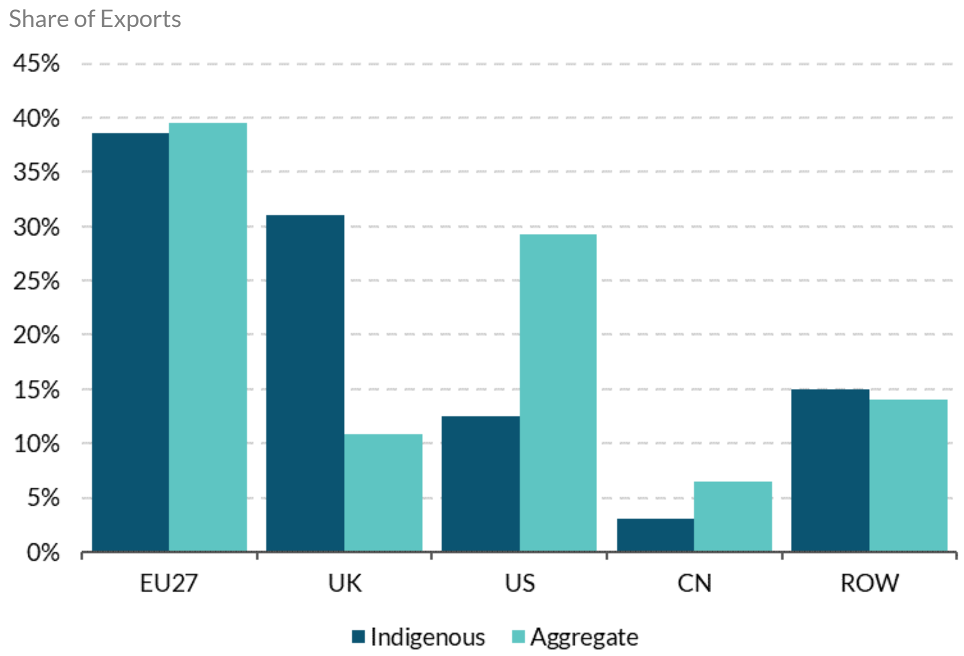
Food price inflation of circa 5% dominated by developments in beef and veal prices, similar to other European markets



Source: Eurostat

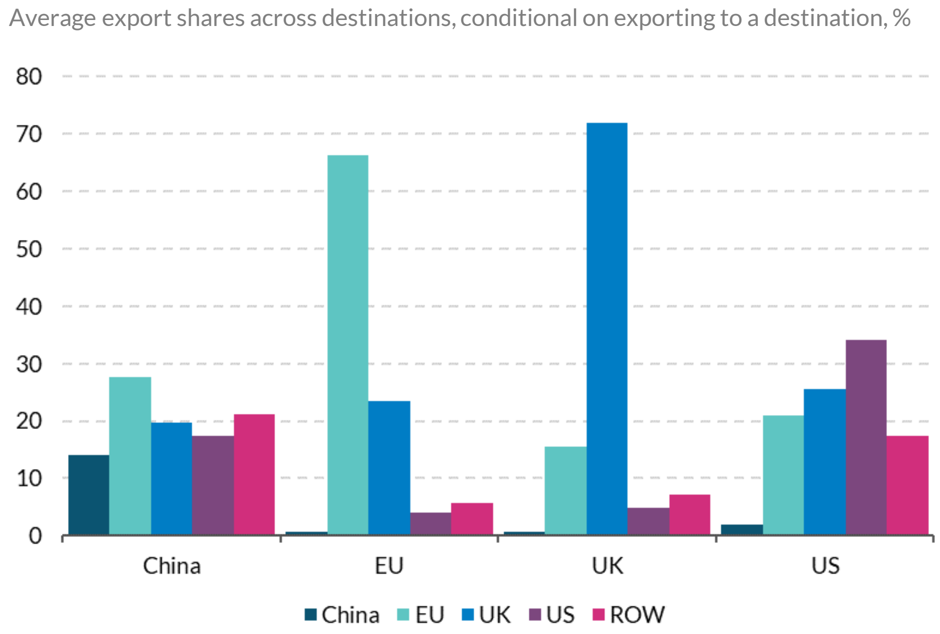
Indigenous firms that export to the US tend to be large, productive and geographically diversified

Nearly 70% of indigenous firm exports go to the EU and UK



Source: CSO (Trade) and authors' calculations.
Notes: Share of exports by destination, %.

Indigenous firms exporting to the US and China are more geographically diversified than EU/UK exporters

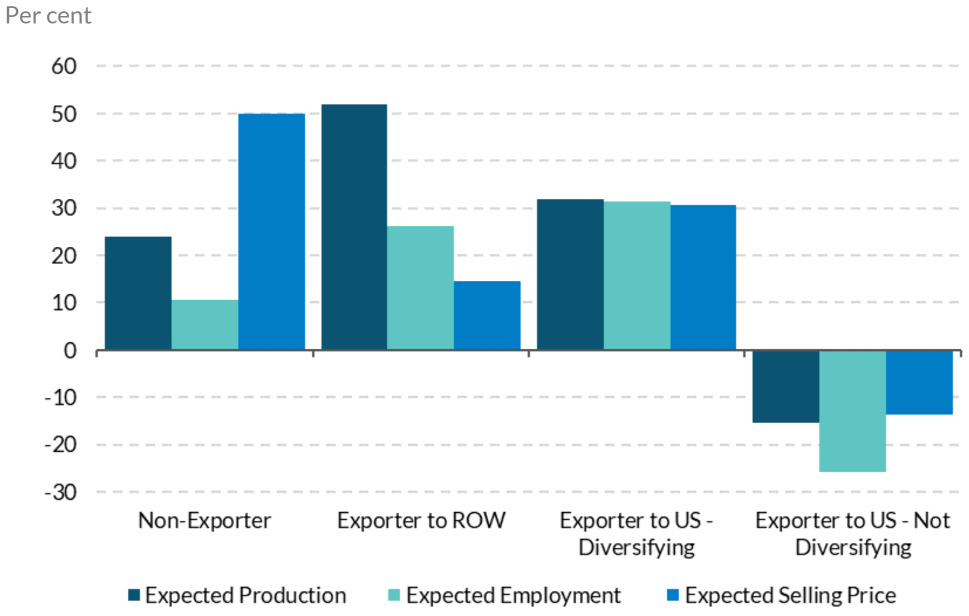


Source: CSO (Trade) and authors' calculations.
Notes: Share of exports by destination, %.

Initial focus on market expansion over fiscal intervention

- In the short run, the most salient economic risk relates to a **reduction in windfall corporate tax receipts.**
- **Firms were already taking steps to diversify** away from the US in the 12 months prior to the July 2025 US-EU trade deal.
- These factors point to avoiding reactive fiscal measures.
- For affected exporters, **policy should focus on facilitating market expansion rather than focus on fiscal interventions.**

Survey evidence points to stark difference in outlook for US exporting firms (MNE and indigenous) that are proactively diversifying

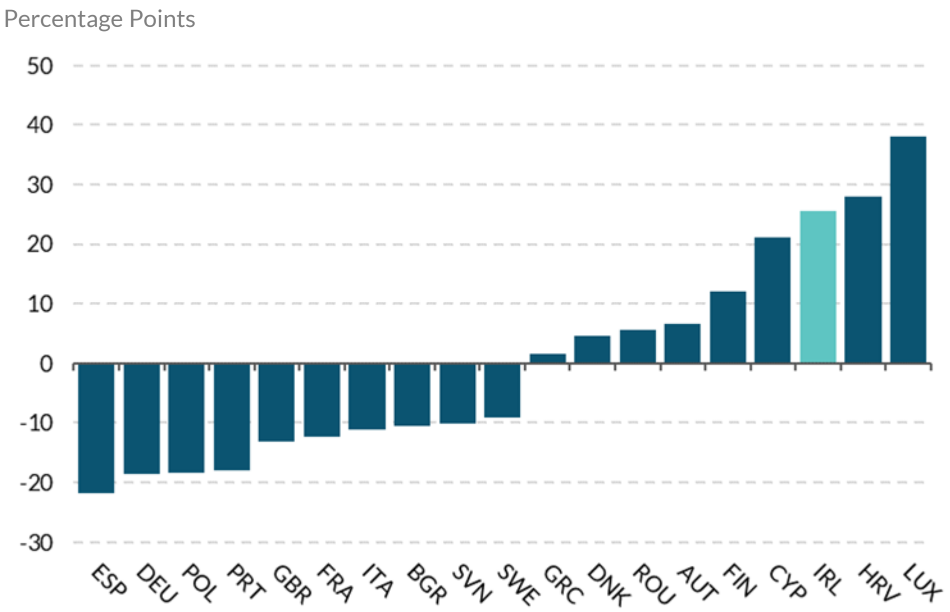


Source: Irish Industry Survey for July 2025.
Notes: Uses survey weights. Y-axis measures difference (in per cent) between the proportion of firms reporting "up" and the proportion of firms reporting "down" in response to each question.

A point of opportunity to proactively respond to shifting geopolitics

- **Support attractiveness to FDI flows** through investment in infrastructure, housing, and human capital.
- **Complement FDI with a policy focus on fostering local business dynamism,** exploiting new technological and external market opportunities.
- **Leverage and strengthen the Single Market**
  - Exploit **untapped opportunities for export growth** in the EU, effectively our 'extended domestic market'.
  - **Contribute to strengthening the EU Single** Market through structural reforms, including to better utilize EU savings and integrate payments systems.

Ireland has higher implied trade frictions within the EU than most member states



Source: World Bank trade costs data, CEPII gravity data, authors' calculations.
Notes: A value of 20 implies that a country has ad-valorem equivalent trade barriers with other member states, as per the method of Novy (2011), that are 20 percentage points higher than the average for other EU countries' trade within the Union.

QB Appendix:
Macroeconomic Projections for the Irish Economy

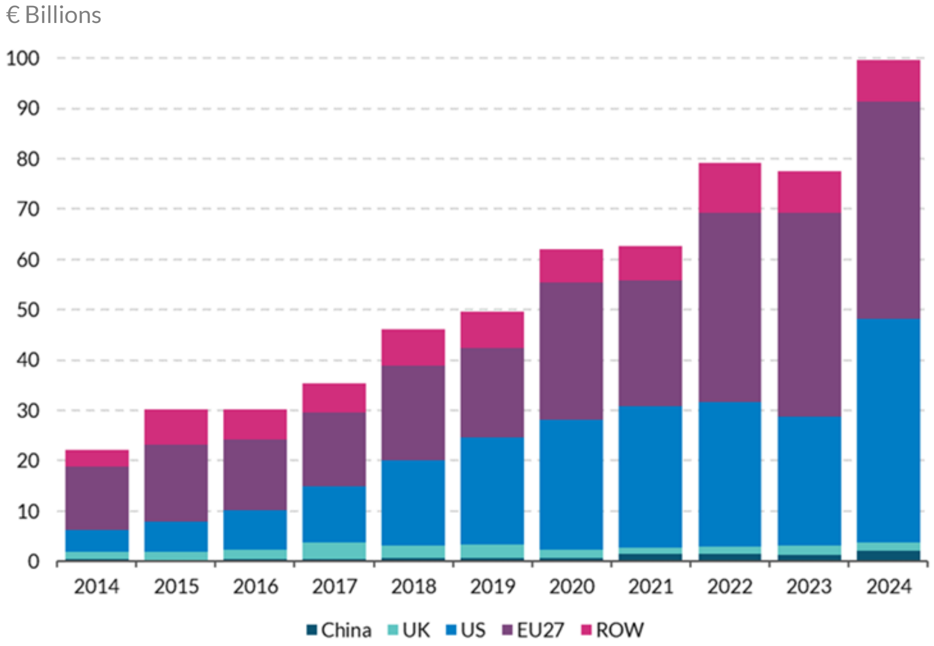
(annual percentage changes unless stated)

		2023	2024	2025f	2026f	2027f
Constant prices	Modified Domestic Demand	6.1	1.8	2.9	2.2	2.4
	Modified Gross National Income (GNI*)	5.7	4.8	2.6	2.2	2.7
	Gross Domestic Product	-2.5	2.6	10.1	3.8	4.2
	Final Consumer Expenditure	4.4	3.0	2.9	2.1	2.2
	Public Consumption	6.4	4.8	3.4	2.5	2.1
	Gross Fixed Capital Formation	13.4	-28.5	26.9	1.6	2.2
	Modified Gross Fixed Capital Formation	10.2	-4.2	2.4	2.1	3.2
	Exports of Goods and Services	-3.9	8.6	7.7	4	4.5
	Imports of Goods and Services	2.2	2.7	4.8	3	3.5
Total Employment		3.4	2.7	2.1	1.9	1.8
Unemployment Rate		4.3	4.3	4.6	4.8	4.9
Harmonised Index of Consumer Prices (HICP)		5.2	1.3	1.8	1.4	1.4
HICP Excluding Food and Energy (Core HICP)		4.4	2.3	1.8	1.4	1.4
Compensation per Employee		6.8	4.3	4.1	3.7	3.6
General Government Balance (% GNI*)		6.1	1.8	2.9	2.2	2.4
'Underlying' General Government Balance (% GNI*)		-1.3	-2.1	-3.3	-3.4	-3.7
General Government Gross Debt (%GNI*)		75.7	67.9	63.6	61.3	60.2

[1] 'Underlying' General Government Balance excludes estimates of excess corporation tax receipts.

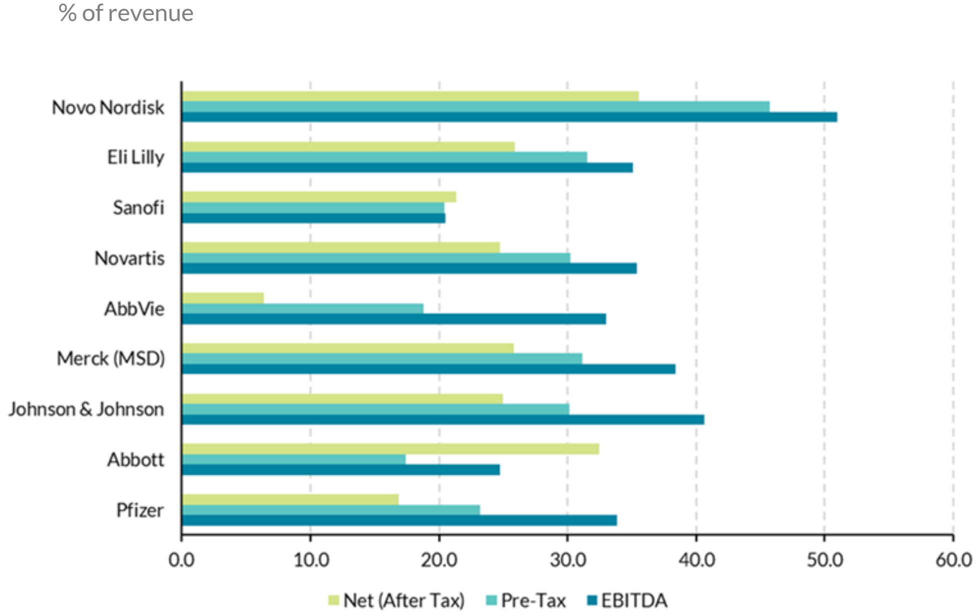
EU market access, lower demand elasticity, and relatively higher profit margins of specialised pharmaceuticals add to MNE tariff resilience

EU as large a destination for MNE pharmaceuticals as US



Source: Eurostat

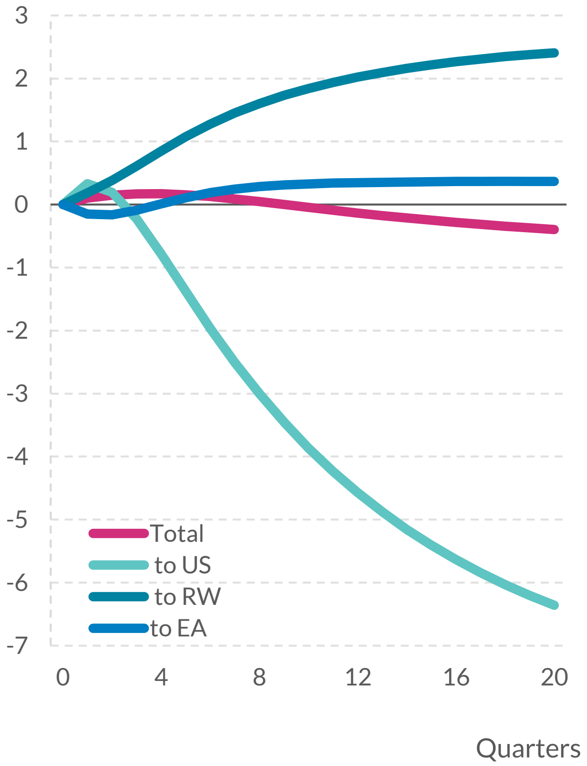
Relatively higher profit margins of specialised pharmaceuticals provide buffer to lower export volumes from tariffs.



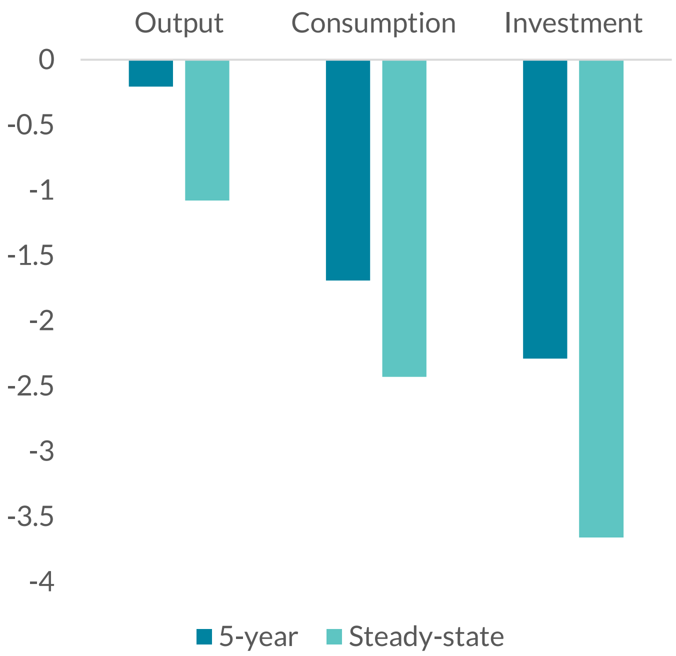
Source: Macrotrends
Note: Q2 Data is representative of the twelve months ending June 30. Margins expressed as a percentage of revenue. EBITDA is earnings before Income, Taxes, Depreciation, and Amortization.

Moderate reallocation of activity and a 1% smaller economy as a result of current tariffs

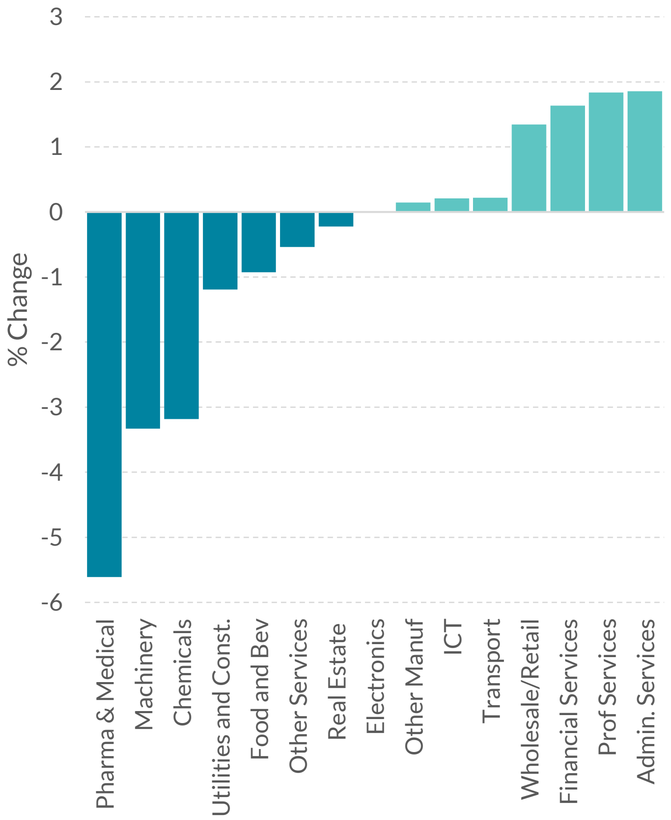
The decline in US exports is partly offset by increased exports elsewhere



Lower investment reduces long-term output



Economic activity reallocates across sectors



Source: CBI model estimates from four-country DSGE model building on Jacquinot et al (2022).
Notes: The scenario assumes that the US imposes a 15% tariff on all goods from Europe (including Ireland), with no exceptions. The EU (including Ireland) does not retaliate. The US also imposes tariffs on China (35 per cent) and the rest of the world whereby China retaliates and the rest of the world does not. The increase in tariffs is assumed to be permanent . x-axis measured in quarters from announcement of tariffs

Source: Lukmanova and O'Grady (2025).

Open Discussion

Thank you for your participation.

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