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Assessing economic trends in Ireland and Northern Ireland

ALAN BARRETT AND ADELE BERGIN

ASSESSING ECONOMIC TRENDS IN IRELAND AND NORTHERN IRELAND

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ABBREVIATIONS

CPI	Consumer Price Index
CSO	Central Statistics Office
DEIS	Delivering Equality of Opportunity in Schools
FDI	Foreign Direct Investment
IFAC	Irish Fiscal Advisory Council
IPfG	Government of Ireland's Programme for Government
MDD	Modified domestic demand
NEET	Not in Education or Employment
NICEI	Northern Ireland Composite Economic Index
NIFC	Northern Ireland Fiscal Council
NIPfG	Northern Ireland Executive's Programme for Government
NISRA	Northern Ireland Statistics and Research Agency
OBR	Office for Budget Responsibility
PfG	Programme for Government
PPP	Purchasing power parity
SME	Smal and Medium Enterprises
UUEPC	Ulster University Economic Policy Centre

EXECUTIVE SUMMARY

This report is the first in a planned annual series examining the structure and performance of the economies of Ireland and Northern Ireland. At one level, this report builds on previous work under the Shared Island initiative, in particular Bergin et al. (2025), and presents comparable data on the economies of Ireland and Northern Ireland. However, given that this is the first report in the new series, another objective is to explore how future reports might be structured whereby the series will provide an ongoing, evidence-based evaluation of key indicators across the two jurisdictions, highlighting areas of convergence and divergence, and identifying data gaps that limit north-south analysis. By establishing this foundation, the report seeks to develop further a joint understanding of the economies of Ireland and Northern Ireland, support policy development, inform future research, and encourage greater collaboration on shared challenges and opportunities across the island.

While Ireland and Northern Ireland share a land border and many social and economic linkages, they differ in important structural respects. Ireland is a sovereign EU Member State, while Northern Ireland is a devolved region of the UK. These differences shape their respective economic models, policy levers and data systems. The report recognises these distinctions and aims to provide meaningful comparisons while acknowledging the limitations of available data.

Economic Growth: In the year ending Q2 2025, Ireland's Modified Domestic Demand (MDD) grew by 3.2 per cent, while Northern Ireland's output, as measured by the Northern Ireland Composite Economic Index (NICEI), increased by 2.8 per cent. In both jurisdictions, the services sector was the main driver of growth. Compared to the UK as a whole and to Scotland, Northern Ireland outperformed both, while Ireland remained the fastest-growing economy across the UK and Ireland.

Employment Trends: Employment increased in both jurisdictions in 2025 compared to 2024, with Ireland adding 63,900 jobs (a 2.3 per cent annual increase) and Northern Ireland adding 20,640 jobs (a 2.5 per cent annual increase). Over the longer term, Ireland has seen significantly stronger employment growth, with a 45.5 per cent increase since 2010 compared to 19.1 per cent in Northern Ireland.

Demographics: Between 2015 and 2024, Ireland's population grew by 14.8 per cent, driven largely by strong net migration, while Northern Ireland's population grew by 3.9 per cent. Ireland has a younger population and a lower old-age dependency rate (23.6 vs 28.6 in Northern Ireland), suggesting more favourable long-term demographic conditions.

Labour Market Engagement: In 2024, Ireland had higher labour force participation (78.5 per cent) and employment rates (75.1 per cent) than Northern Ireland (75.7 per cent and 74.3 per cent respectively). However, Northern Ireland's unemployment rate was lower (1.8 per cent vs 4.4 per cent in Ireland), reflecting differences in labour market dynamics, including higher inactivity in Northern Ireland (24.3 per cent vs 21.5 per cent).

Living Standards: Ireland outperforms Northern Ireland across several measures of living standards. In 2023, GNI* per capita in Ireland was €63,500, compared to €34,500 GDP per capita in Northern Ireland, a gap of 84 per cent. Household disposable income per equivalised household was €36,900 in Ireland and €33,400 in Northern Ireland in 2022, a 10.4 per cent gap favouring Ireland. PPP-adjusted hourly earnings were 29 per cent higher in Ireland in 2024.

Education and Skills: Ireland consistently outperforms Northern Ireland in educational participation, with higher enrolment across most age groups and particularly strong retention beyond age 16. In 2023, 93.9 per cent of 15-19 year olds were enrolled in Ireland compared to 69.2 per cent in Northern Ireland, and participation in lifelong learning is also more embedded in Ireland. Early school leaving and NEET (not in employment, education or training) rates remain significantly lower in Ireland (4.0 per cent and 8.6 per cent) than in Northern Ireland (10.0 per cent and 10.6 per cent), highlighting persistent gaps in post-compulsory education and youth engagement. Life expectancy is a key indicator reflecting the combined effects of income, education and access to health services. In 2022, it was 80.9 years for men and 84.2 years for women in Ireland, compared to 78.9 and 82.7 years in Northern Ireland, a gap of about 2 years for men and 1.5 years for women.

Public Finances: Ireland's public spending is increasing steadily, with current expenditure up 6 per cent year-on-year in 2025. Northern Ireland is also seeing spending increases in the current fiscal year due to increases in the Block Grant via the Barnett formula.[1] The amount available to the Executive increased by just over 10 per cent between Budgets 2024/25 and 2025/26. Health accounts for over 50 per cent of Northern Ireland's departmental spending, compared to 40 per cent in

[1] The Barnett formula is used by the UK Treasury to calculate the annual Block Grants for the Scottish, Welsh and Northern Irish governments. The formula calculates devolved budgets by using the previous year's budget as a starting point, and then adjusting it based on increases or decreases in comparable spending per person in England. (Taken from Institute for Government, https://www.instituteforgovernment.org.uk/article/explainer/barnett-formula).

Ireland (excluding Social Protection and other non-comparable items) or 43 per cent (including Disability spend).

Sectoral Structure: Employment patterns show clear structural differences between the two economies. Manufacturing jobs are slightly more prevalent in Ireland (11.7 per cent of employment) than in Northern Ireland (9.2 per cent). Public services, covering public administration, health, and education, account for a much larger share of jobs in Northern Ireland, around one-third of employment (33.3 per cent) compared to just over one-quarter in Ireland (27.6 per cent). Wholesale and retail trade is a major employer in both jurisdictions, representing 23.2 per cent of jobs in Ireland and 24.9 per cent in Northern Ireland. Ireland also has a stronger presence in ICT (6.4 per cent vs 2.8 per cent in Northern Ireland) and financial and insurance services (5.0 per cent vs 2.2 per cent), whereas Northern Ireland's employment is more concentrated in public services and retail.

Trade: Ireland's exports are globally diversified and equivalent to over 200 per cent of GNI*, while Northern Ireland's exports (including goods and services purchased in Great Britain) are 52 per cent of GDP and concentrated in trade with Great Britain and Ireland. The share of Northern Ireland exports going to Ireland has increased from 14.4 per cent in 2015 to 26 per cent in 2023.

Policy: The context for economic policy formation differs significantly between Ireland (a sovereign state) and Northern Ireland (a devolved jurisdiction). For example, the Northern Ireland Executive has very limited revenue raising powers or powers to use the tax system to further policy objectives. In spite of this, a review of the respective Programmes for Government (PfGs) in Ireland and Northern Ireland reveals some common themes. Productivity, competitiveness and decarbonisation are discussed in both PfGs. More generally, both PfGs reflect an eagerness to invest in R&D, to support SMEs, to enhance the skills-base of the workforce and to achieve these goals in a sustainable and equitable manner.

Data Gaps: Across all chapters, data limitations especially in Northern Ireland affect comparability. Key gaps include timely and harmonised data on household income, skills needs, adult education, and trade in services. Improved cross-border collaboration on data collection and reporting is a strategic priority for future analysis.

To summarise, Northern Ireland continues to underperform relative to Ireland on indicators such as national income, household income, employment rates and educational attainment. However, the most recent data show Northern Ireland registering a rate of economic growth which exceeds that of the UK in totality.

Employment growth is also strong in Northern Ireland currently. In both jurisdictions, increased government spending is contributing to economic growth. Both the Northern Executive and the Government of Ireland have identified productivity and competitiveness as key targets for economic policy.

CHAPTER 1
Introduction

Since 2021, the Shared Island Unit (SIU) in the Department of the Taoiseach and the Economic and Social Research Institute (ESRI) have collaborated on a joint research programme, with the goal of 'adding to understanding of current and potential linkages across the island of Ireland in a range of economic, social and environmental domains'.[2]

A number of reports have focussed on economic issues. Lawless (2021) examined cross-border trade flows and identified the scope for increased trade in services across the island. Siedschlag et al. (2021) examined foreign direct investment (FDI) and made a case for coordinating efforts to pursue FDI on an all-island basis. Bergin and McGuinness (2022) undertook an analysis of the determinants of productivity in Ireland and Northern Ireland. In addition to finding lower rates of productivity in Northern Ireland, they showed how a multi-dimensional approach would be needed to improve outcomes involving investments in both human and physical capital.

Other studies under the joint programme covered subjects beyond economics but included insights relevant to economic policy. Smyth et al. (2022) undertook a comparative analysis of the education and training systems in Ireland and Northern Ireland. Among other observations, they noted higher rates of school dropout and lower rates of participation in further education in Northern Ireland, both of which have clear economic implications. Disch et al. (2024) analysed the housing market. Some commonalities emerged across the island including 'labour shortage in the construction sector as a key challenge for the expansion of housing supply'.

Bergin et al. (2025) provided a broad overview of the economies of Ireland and Northern Ireland, covering topics such as national income, employment and standards of living. Their work involved the identification and presentation of comparable sources of data for Ireland and Northern Ireland so that the levels of economic activity could be clearly illustrated and the structure of activity by sectors could be understood.[3]

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2 https://www.gov.ie/en/department-of-the-taoiseach/publications/shared-island-research/#economic-and-social-research-institute.

3 Of course, a number of studies comparing the economies of Ireland and Northern Ireland have been undertaken by others such as FitzGerald and Morgenroth (2020) and Doyle (2025).

The reports just outlined have accumulated in a way whereby there now exists a body of comparative knowledge on the economies of Ireland and Northern Ireland. In this report, we aim to begin an annual series of reports on the two economies (and their intersection) which will build on the knowledge assembled to date and which will facilitate its ongoing development and dissemination. The specific goals for this report are as follows:

- taking Bergin et al. (2025) as a starting point, we look again at some of the data which they presented in their report but placing it in a template which we hope to use in future issues of this new series;
- we go on to look at the scope for using additional sources of data which will expand the comparisons and improve the timeliness of those comparisons;
- where we identify data gaps, we comment on the possible scope for closing those gaps over time;
- we explore the possibility of adding forecasts and a discussion of economic policy to the broad template provided by Bergin et al. (2025).

The overall aim is to put in place a structure for a series of annual reports comparing the two economies, with the opportunity to explore specific issues in greater detail as part of the annual publication.

We should stress that the report is intended to be somewhat exploratory in nature. Comparisons of national economies are very commonplace and are facilitated by data which are prepared and presented on harmonised bases. A study such as the present one and other Ireland/Northern Ireland studies where a national economy and a devolved jurisdiction are compared are unusual and possibly unique. As will be shown in the chapters that follow, directly comparable data are not always available and so decisions have to be made on whether data are sufficiently similar to allow meaningful comparisons. We consider such issues but the answers are not always clear.

The report is structured as follows. In Chapter 2, we look at Recent economic developments and outlook, including policy. In Chapter 3, we turn to Demography and the labour market. Chapter 4 includes data on Living standards and incomes while Chapter 5 deals with the Public finances. The remaining chapters are Economic sectors (6), Trade (7) and Education and skills (8). In each chapter, we reflect on data availability, and in the concluding chapter we bring those thoughts together and discuss the scope for progress in addressing the gaps we identify.

CHAPTER 2

Recent economic developments and outlook

2.1 OUTPUT

The most timely official information on trends in economic activity across countries is typically provided by quarterly estimates of GDP. In Ireland, these figures are prepared and published by the Central Statistics Office following standard approaches to the production of the National Accounts and applying modifications to reflect the specific nature of Ireland's economy.[4] For Northern Ireland, NISRA publishes the Northern Ireland Composite Economic Index (NICEI) on a quarterly basis.[5] According to NISRA:

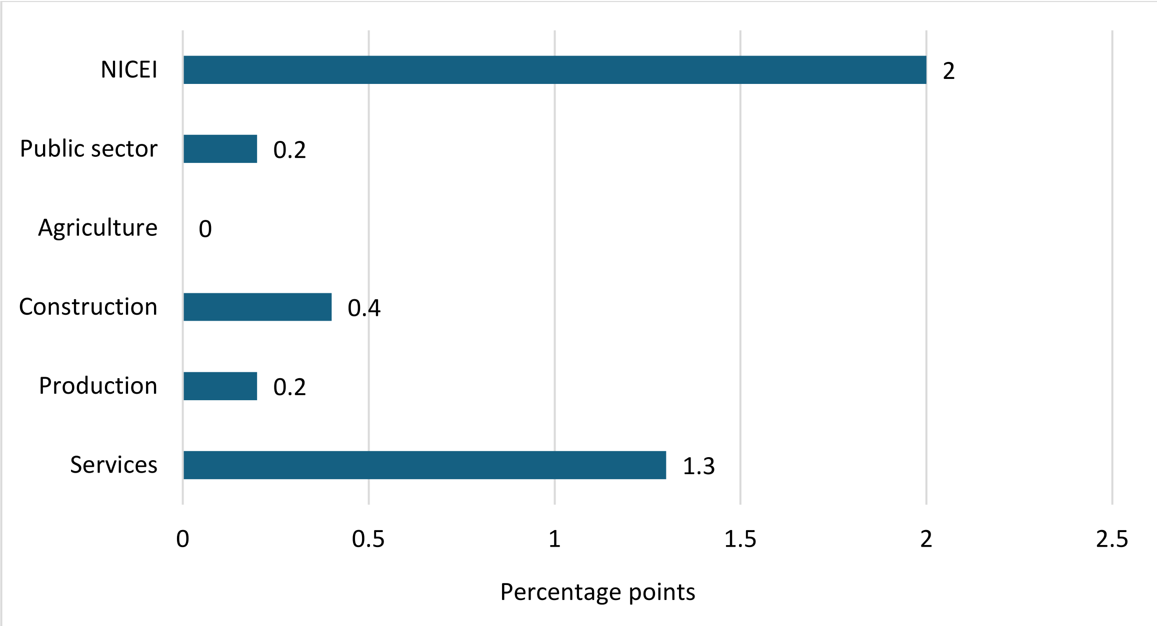
> *The NICEI is a quarterly measure of economic activity in NI based on available official statistics. The NICEI statistics in (each) release are official statistics in development, which are still undergoing evaluation and are subject to revision…. The NICEI is broadly equivalent to the output measure of Gross Domestic Product (GDP) produced by the Office for National Statistics (ONS) and is used to measure the performance of the NI economy.*

In Figure 2.1, we show the estimated quarter-on-quarter growth rate for Northern Ireland in Q2 2025 and the components of that growth rate across sectors. Figure 2.2 shows the annualised growth rate which captures the rate of change between the four quarters ended Q2 2025 and the four quarters prior to that.

4 https://www.cso.ie/en/statistics/nationalaccounts/quarterlynationalaccounts/.

5 https://www.nisra.gov.uk/system/files/statistics/2025-09/NI-Composite-Economic-Index-Q2-2025-statistical-bulletin.pdf.

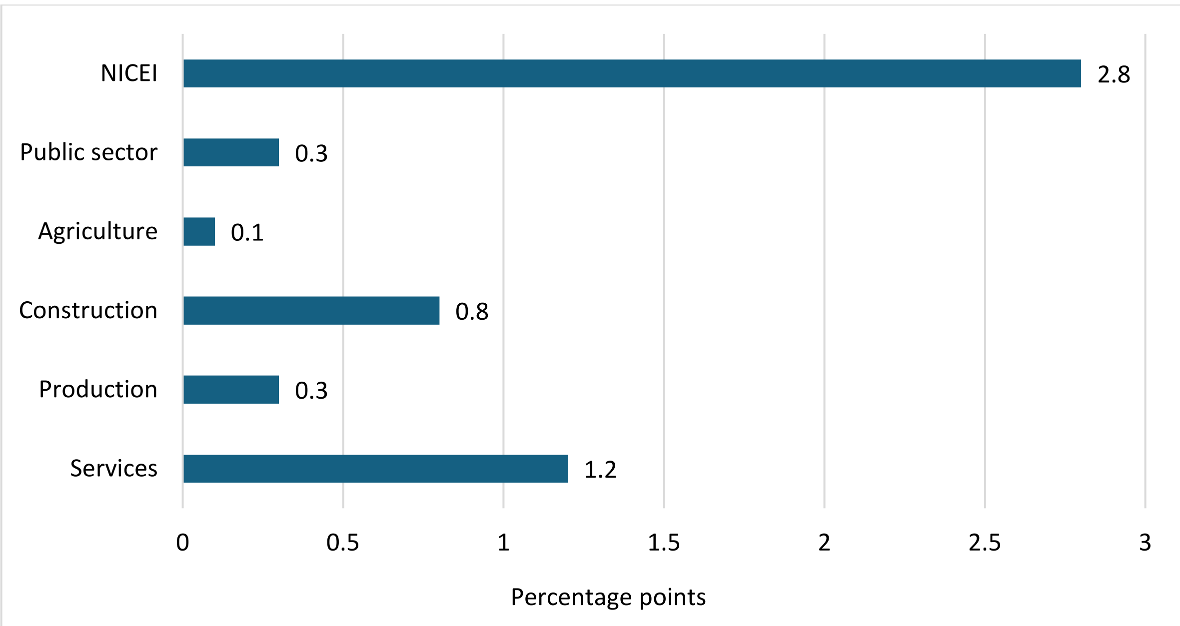
FIGURE 2.1 NICEI QUARTERLY GROWTH Q1 2025 TO Q2 2025



Source: NISRA.

According to the NICEI, output in Northern Ireland grew by 2 per cent in Q2 compared to Q1, with most of the increase coming from services. In the 12 months ending Q2 2025, output grew by 2.8 per cent. As with the quarter-on-quarter growth rate, services made the most significant contribution, but construction also added significantly to the overall growth picture.

FIGURE 2.2 NICEI, ANNUALISED GROWTH TO Q2 2025



Source: NISRA.

In Table 2.1 we draw on a NISRA presentation of economic growth rates in the whole of the UK, Scotland, Northern Ireland and Ireland. It is well understood that the standard metrics of national output (GDP and GNP) have severe limitations in measuring economic activity in Ireland due to the highly globalised nature of the economy. For this reason, the CSO has developed alternative measures, including modified domestic demand (MDD) and this is used by NISRA in this table.[6]

According to the latest Quarterly National Accounts for Ireland, MDD grew by 0.6 per cent quarter-on-quarter in Q2 2025 and by 3.2 per cent on an annual basis in the four quarters ending Q2 2025. Hence Ireland is the fastest growing economy amongst this group, but Northern Ireland grew by twice the rate of the UK as a whole in the year ended Q2 2025. Looking more widely, the euro area economy grew by 0.9 per cent in 2024. (The Q-on-Q and annualised growth patterns in Table 2.1 look different for Northern Ireland compared to the others; this is explained by a Q-on-Q output fall in Q1 2025.)

TABLE 2.1 QUARTER-ON-QUARTER AND ANNUALISED GROWTH RATES IN OUTPUT, Q2 2025

	Q-on-Q	Annualised for 12 months ended Q2 2025
Northern Ireland	2	2.8
UK	0.3	1.3
Scotland	0.2	1.2
Ireland (MDD)	0.6	3.2

Source: NISRA.

2.2 EMPLOYMENT

Given the difficulties in interpreting macroeconomic data for Ireland, many commentators pay particular attention to trends in employment growth in an effort to capture underlying dynamics in the Irish economy. There are also advantages in using employment in comparing trends between Ireland and elsewhere (including Northern Ireland), as the trends lend themselves to clearer comparison than the measures of output.

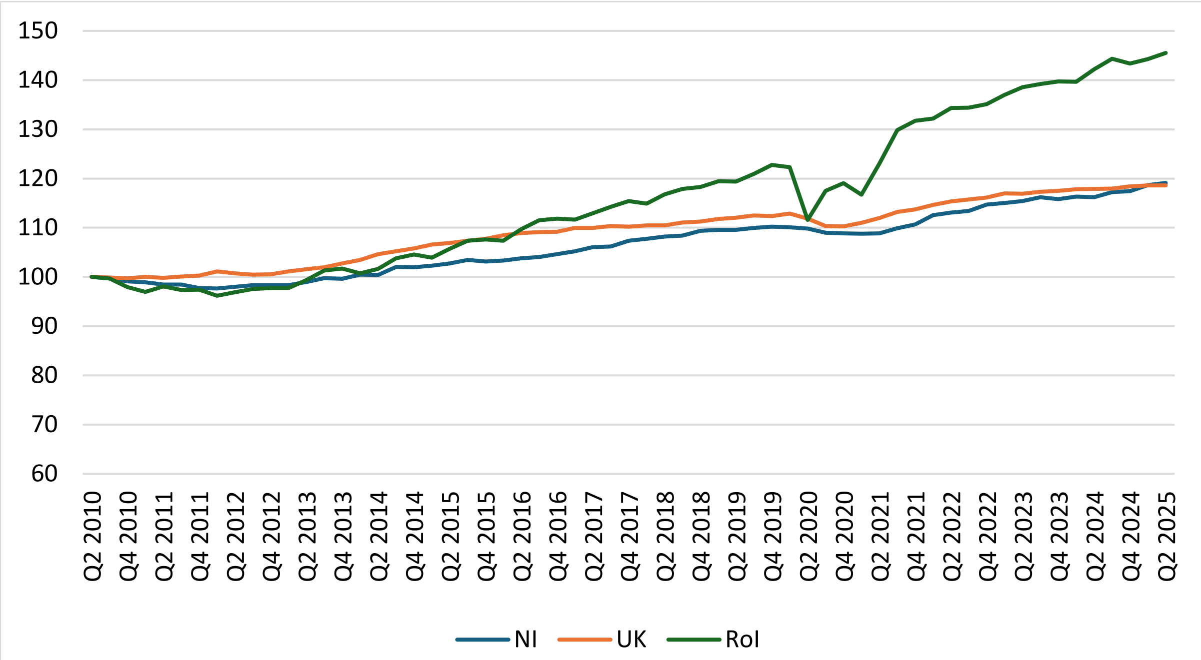
According to the CSO's Labour Force Survey in Q2 2025, 2,818,100 people were in employment which was an increase of 2.3 per cent (63,900) from the 2,754,200 who were employed in Q2 2024. For Northern Ireland, NISRA reported 842,740 'employee jobs' in June 2025 which was an increase of 2.5 per cent (20,640 jobs)

6 MDD is the sum of private consumption expenditure, government consumption of goods and services and 'modified' investment where 'modified' refers to an adjustment excluding imported research and development services and trade in intellectual property and investments in leased aircraft.

over the year. Hence, both Ireland and Northern Ireland are showing positive and similar rates of job growth.

The existence of comparable data on employment allows us to take a longer perspective right up to the present day. In Figure 2.3, we show trends in employment for Ireland and Northern Ireland, along with the UK. Quarter 2 of 2010 is taken as the base (=100) in each case and the evolution of employment is then tracked relative to that base. In the earlier part of the period shown – 2010 to 2015 – rates of employment increase were very similar across Ireland and the UK, with Northern Ireland lagging slightly. By the end of 2015, the index was 107.7 for the UK, 107.6 for Ireland and 103.2 for Northern Ireland. However, by the end of the period, we can see that a substantial gap had opened between Ireland and the other two. The index for Ireland stood at 145.5 in Q2 2025 compared to 119.1 for Northern Ireland and 118.6 for the UK. This divergence is evident from around 2017 up to the pandemic when Ireland suffered a steeper decline in employment. However, after the pandemic, a significant gap opened between Ireland and the others in terms of employment growth. Within overall employment growth in Ireland since the pandemic, increases in female employment have been notable (+20.6 per cent between Q2 2021 and Q2 2025, compared to +16.3 per cent for males).

FIGURE 2.3 TRENDS IN EMPLOYMENT, IRELAND, NORTHERN IRELAND AND THE UK, QUARTERLY 2010 TO 2025



Source: NISRA and CSO.

2.3 ECONOMIC FORECASTS

In Table 2.2 we present economic forecasts for both Ireland and Northern Ireland. We have reported forecasts which were published in September and October of 2025 so as to capture the most up-to-date views. Economic forecasts are typically revised on a rolling basis so that the most recent data are factored into the analysis, hence the value in looking at the autumn 2025 forecasts.

One point to note in the table is the absence of forecasts for Northern Ireland from official bodies and the reliance on private sector bodies for such forecasts.[7] At UK level, the economic and fiscal forecasts which underpin the government's budgetary strategy are produced by the Office for Budget Responsibility, but the OBR only produces comprehensive economic forecasts for the whole of the UK. At the level of the devolved administrations, its work is more focused on specific fiscal topics such as tax forecasts. In Ireland, the forecasts underpinning the Budget are prepared by the Department of Finance and endorsed by the Irish Fiscal Advisory Council (IFAC). Forecasts are also provided by the Central Bank of Ireland, the ESRI and some private agencies.

In the table it can be seen that both EY and Danske expect moderate rates of economic growth in Northern Ireland this year and next, at just over 1 per cent for each year. Danske is more optimistic than EY on the prospects for employment growth in Northern Ireland in 2025 (1.5 per cent vs 1 per cent), but both bodies expect employment growth to ease considerably in 2026. EY does not provide a forecast for the unemployment rate in 2025, but Danske expects the rate to increase between 2025 and 2026 which is consistent with the easing in employment growth.

[7] We should note that the Ulster University Economic Policy Centre (UUEPC) also produces forecasts for Northern Ireland. As the EY and Danske forecasts were published more recently, we have used these in the table.

TABLE 2.2 ECONOMIC FORECASTS FOR IRELAND AND NORTHERN IRELAND, 2025 AND 2026

	Northern Ireland			
	EY		Danske	
	2025	**2026**	**2025**	**2026**
Gross value added % change	1.3	1.2	1.1	1.1
Employment % change	1.0	0.6	1.5	0.4
Unemployment rate		2.4	2.3	2.6
	Ireland			
	ESRI		**Department of Finance**	
	2025	**2026**	**2025**	**2026**
Gross domestic product % change	8.0	2.0	10.8	1
Modified Domestic Demand % change	3.8	2.9	3.3	2.3
Employment % change	2.0	1.6	2.2	1.5
Unemployment rate	4.6	4.6	4.6	4.8

Source: EY (2025), Danske (2025), Barrett et al. (2025) and Department of Finance (2025).

For Ireland, both the ESRI and the Department of Finance expect rapid rates of GDP growth in 2025 followed by a reduced pace in 2026, but the forecasts for MDD provide a more meaningful picture of expected growth in the economy. The ESRI expects MDD to grow by 3.8 per cent in 2025 and by 2.9 per cent in 2026. The Department of Finance is more cautious but its forecasts for MDD also suggest strong rates of growth.

Turning to employment (for which the data are more directly comparable across Northern Ireland and Ireland), both economies are expected to see growth in both 2025 and 2026, but the expectations are stronger for Ireland. This suggests that the trend shown in Figure 2.3 of higher employment growth in Ireland will continue in the short term at least. The ESRI envisages a slower pace of employment growth in 2026; for the Department of Finance, a moderate weakening in the labour market is seen in an increase in the expected rate of unemployment.

The forecasts presented in Table 2.2 are accompanied by narratives on economic developments in Ireland and Northern Ireland and interesting points emerge when the narratives are compared. While the tone in the narratives for both countries is generally positive, there are cautionary notes too. For Ireland, the ESRI raises concerns about the growth in public expenditure in recent years and also about possible fragility in the tax base related to corporation tax received from foreign multinationals. The ongoing under-supply of housing also features, along with pessimistic forecasts of housing completions out to the end of 2026.

For Northern Ireland, the increase in employers' National Insurance contributions is referenced as a factor depressing economic activity and employment growth. There is also discussion of the uncertainty in the lead up to the UK Budget in

November and the possibility of tax rises due to fiscal pressures for the UK Government. Unlike Ireland where commentators warn about possibly excessive government spending, in Northern Ireland there is a sense that the Executive's finances remain constrained. Finally, with inflation higher in the UK than Ireland, commentary on the Northern Ireland economy includes inflation as a headwind. We should note that the absence of Northern Ireland-specific inflation data is another data gap as regards north-south comparisons.

CHAPTER 3

Demographic and labour market indicators

This section presents updated comparative data on the demographic and labour market[8] structures of Ireland and Northern Ireland (NI), highlighting key trends and differences as of 2024. It builds on the findings of the previous Shared Island report (Bergin et al., 2025), which generally covered data up to 2022, and so allows for a more recent assessment of convergence or divergence across key indicators.

3.1 CURRENT EVIDENCE AND COMPARATIVE INSIGHTS

3.1.1 Population trends and age structure

Ireland's population reached 5.38 million in 2024, compared to 1.93 million in Northern Ireland. This means Ireland's population is approximately 2.8 times larger than that of Northern Ireland. This continues the trend identified in the previous report, which noted that Ireland's population was growing at a faster pace than Northern Ireland's, largely due to stronger net migration flows. The comparative figures presented in Table 3.1 highlight this widening gap, showing both the absolute population totals and the age distribution across jurisdictions.

TABLE 3.1 DEMOGRAPHIC INDICATORS

	Northern Ireland		Ireland	
	2015	2024	2015	2024
Population ('000)				
<15	360.8	358.6	1,001.7	1,010.3
15-64	1,201.7	1,220.0	3,075.8	3,536.8
65+	292.5	349.2	610.3	833.2
Total	1,854.9	1,927.9	4,687.8	5,380.3
Population (% of total)				
<15	19%	19%	21%	19%
15-64	65%	63%	66%	66%
65+	16%	18%	13%	15%
Dependency Rates:				
Young age (<15)	30.0	29.4	32.6	28.6
Old-age (65+)	24.3	28.6	19.8	23.6

Sources: NISRA Mid-Year Population Estimates and CSO Population and Migration Estimates.

8 In Chapter 2, we look at developments in the labour market at a macro-level focussing on overall employment changes. In this chapter, we look in more detail at some structural features of the respective labour markets.

The age structure of Ireland and Northern Ireland differs in ways that matter especially for long-term planning. Ireland has a younger profile, with 15 per cent of its population aged 65 and over, compared to 18 per cent in Northern Ireland. However, both jurisdictions are ageing, with the share of those aged 65+ rising steadily. The old-age dependency rate (the ratio of those aged 65+ to the working-age population) was 23.6 in Ireland and 28.6 in Northern Ireland in 2024. Northern Ireland is further along in this demographic shift, while Ireland's rate is lower but increasing. These trends highlight the need for forward planning in both jurisdictions to sustain public services. The data also show that the share of the population under 15 has declined slightly in both jurisdictions but remains slightly higher in Ireland. This points to a more balanced demographic structure in Ireland, with a relatively larger base of younger cohorts entering the education system and eventually the labour market.

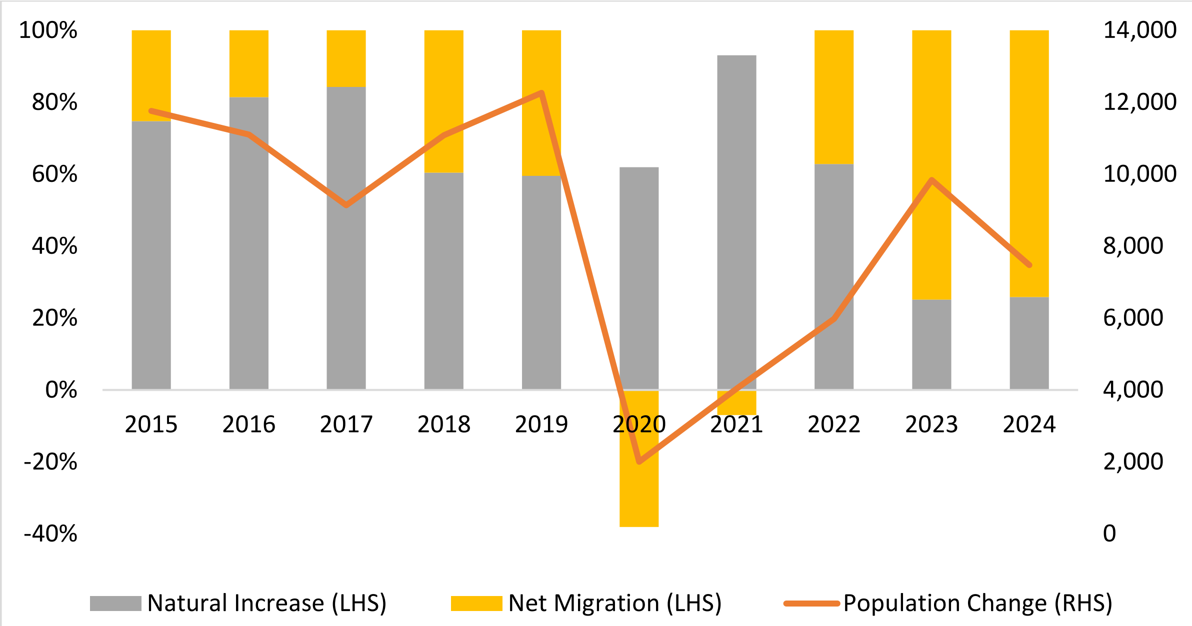
Overall, the demographic indicators in Table 3.1 reinforce the evidence of some divergence between Ireland and Northern Ireland, with Ireland's population structure appearing more conducive to long-term growth, while both jurisdictions must prepare for the challenges associated with an ageing population.

Figures 3.1 and 3.2 show the annual changes in population for Northern Ireland and Ireland respectively, broken down into two key components: natural increase (births minus deaths) and net migration (immigration minus emigration). In Northern Ireland, population growth has been relatively modest over the past decade. While the natural increase was historically the main contributor to growth, its impact has diminished significantly in recent years. Net migration has become more variable, with periods of negative migration (notably in 2020 and 2021) offsetting gains from the natural increase. By 2024, both components contributed positively, but the overall growth remains subdued compared to Ireland. Over the full period from 2015 to 2024, Northern Ireland's population grew by 3.9 per cent.

In contrast, Ireland's population growth has been consistently strong, with net migration emerging as the dominant driver. Since 2016, Ireland has experienced sustained and increasing levels of inward migration, with very strong levels recorded in 2023 and 2024. Although natural increase has also declined, reflecting broader demographic trends such as lower birth rates, the scale of net migration has more than compensated, resulting in robust overall population growth. Between 2015 and 2024, Ireland's population expanded by 14.8 per cent, nearly four times the rate of growth seen in Northern Ireland.

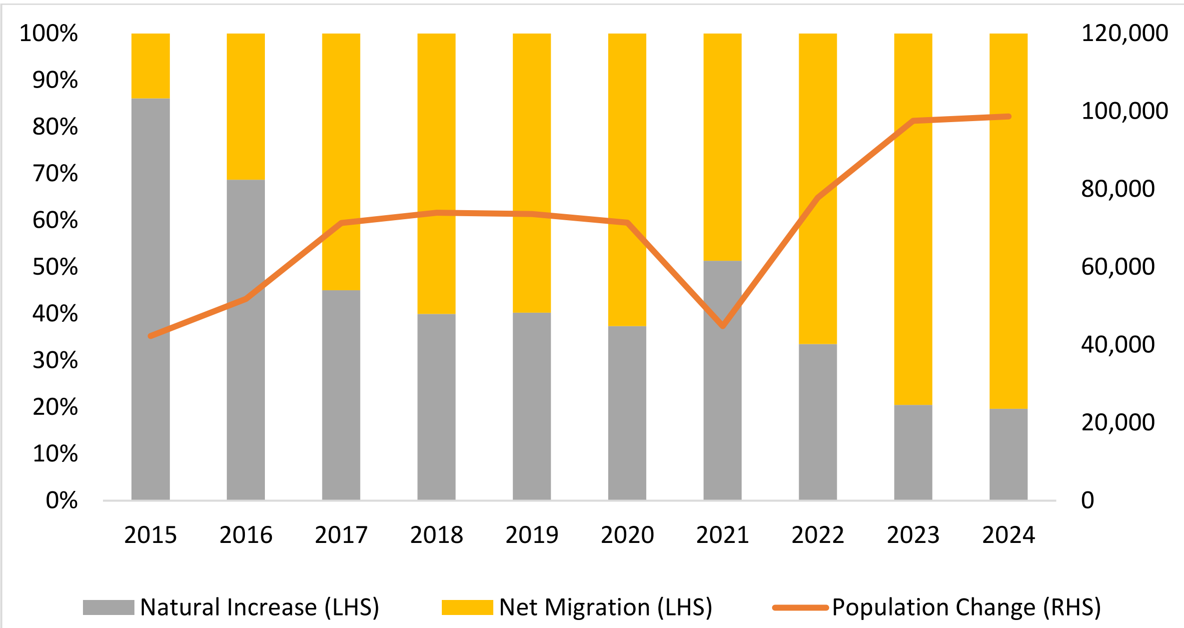
These contrasting patterns underscore the demographic divergence between the two jurisdictions. Ireland's younger age profile and higher levels of inward migration support a more dynamic population trajectory, while Northern Ireland's reliance on natural increase and more modest migration flows suggest slower long-term growth.

FIGURE 3.1 NORTHERN IRELAND POPULATION CHANGE AND CONTRIBUTION TO POPULATION CHANGE



Source: NISRA Migration and Components of Change.

FIGURE 3.2 IRELAND POPULATION CHANGE AND CONTRIBUTION TO POPULATION CHANGE

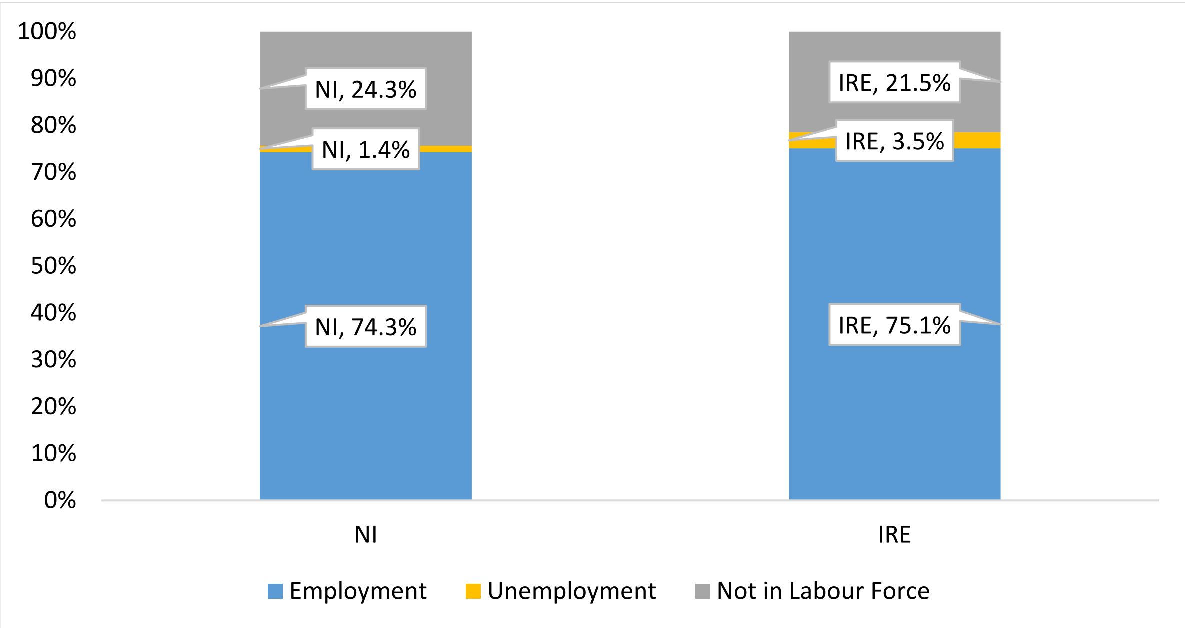


Source: CSO Population and Migration Estimates.

3.1.2 Labour force participation, employment and unemployment

Labour market engagement also differs between the two jurisdictions, particularly in terms of inactivity and unemployment. Figure 3.3 shows that inactivity rates are higher in Northern Ireland than in Ireland. In 2024, 24.3 per cent of Northern Ireland's population aged 15-64 were not in the labour force, compared to 21.5 per cent in Ireland.

FIGURE 3.3 POPULATION AGED 15-64 BY LABOUR FORCE STATUS, 2024



Source: OECD, Labour Indicators – Regions.

This gap reflects structural differences in labour market participation, including factors such as health status, caring responsibilities, and educational participation. The data also suggest that individuals who are not working in Ireland are more likely to be actively seeking employment and therefore classified as unemployed, whereas in Northern Ireland a greater proportion is outside the labour force entirely. These patterns are further reflected in the broader labour market indicators presented in Table 3.2, which show that while overall employment rates are similar, at 75.1 per cent in Ireland and 74.3 per cent in Northern Ireland, the more pronounced differences lie in inactivity and unemployment.

Labour force participation rates for those aged 15-64 were 78.5 per cent in Ireland and 75.7 per cent in Northern Ireland in 2024. The gender breakdown in Table 3.2 shows that female participation has increased more sharply in Ireland, contributing to the overall divergence. The unemployment rate in Ireland stood at 4.4 per cent in 2024, compared to 1.8 per cent in Northern Ireland. This gap seems to reflect broader differences in labour market engagement.

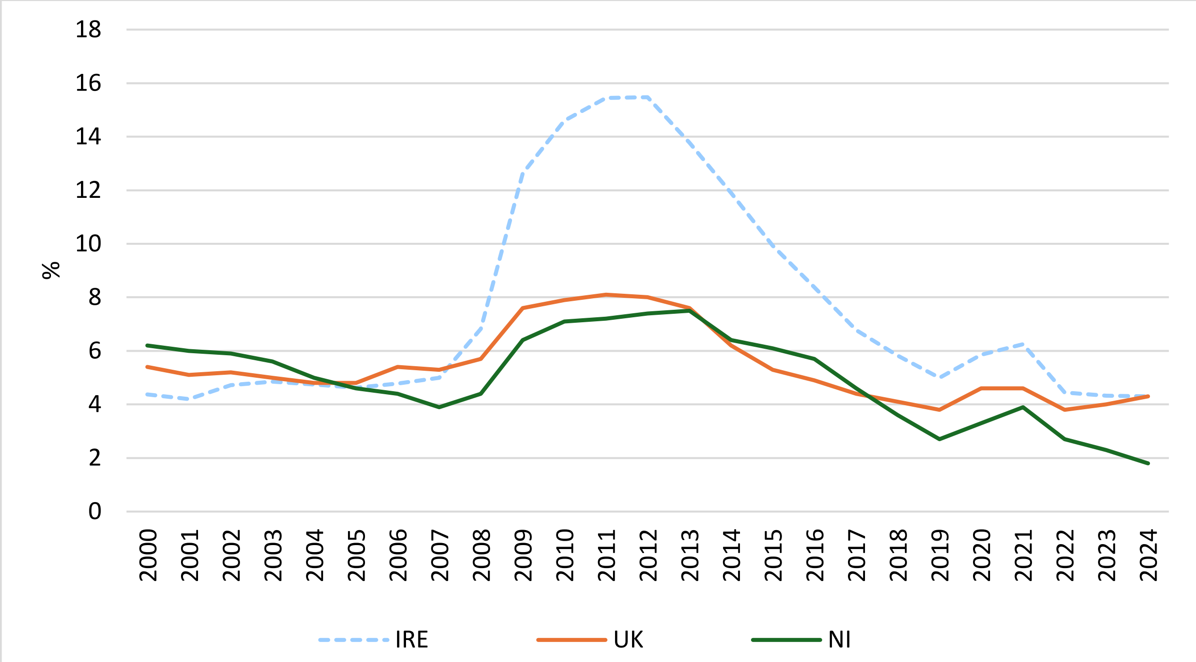
TABLE 3.2 LABOUR MARKET INDICATORS

	Northern Ireland		Ireland	
	2015	2024	2015	2024
Labour Force Participation Rate, 15-64	72.9	75.7	72.1	78.5
LFPR, 15-64, Males	79.1	80.2	79.0	82.8
LFPR, 15-64, Females	66.8	71.3	65.2	74.4
Employment to Population Ratio, 15-64	68.4	74.3	64.8	75.1
Employment to Population Ratio, 15-64, Males	73.3	78.4	70.3	79.1
Employment to Population Ratio, 15-64, Females	63.7	70.3	59.4	71.1
Unemployment Rate, 15-64	6.1	1.8	10.1	4.4
Unemployment Rate, 15-64, Males	7.4	2.2	11.1	4.5
Unemployment Rate, 15-64, Females	4.7	1.4	9.0	4.4

Sources: NISRA Mid-Year Population Estimates and CSO Population and Migration Estimates.

Figure 3.4 presents long-run trends in unemployment rates across Ireland, Northern Ireland, and the UK from 2000 to 2024. The data show that unemployment in Ireland rose sharply during the global financial crisis, peaking in 2012, before declining steadily over the following decade. In Northern Ireland, the unemployment rate has remained relatively low and stable, with a gradual downward trend since 2013. By 2024, Ireland's unemployment rate stood at 4.4 per cent, compared to 1.8 per cent in Northern Ireland. This pattern is consistent with Ireland's more globally integrated and export-driven economy, where economic fluctuations tend to have a stronger impact on labour market outcomes. As noted in the previous report, Ireland's unemployment rate is more responsive to changes in economic conditions, while Northern Ireland's labour market is characterised by more persistent inactivity and less cyclical variation in unemployment. While the unemployment series for Ireland and Northern Ireland are broadly aligned, minor differences in age coverage (15-74 in Ireland vs 16+ in Northern Ireland) should be noted when interpreting long-run trends.

FIGURE 3.4 ILO UNEMPLOYMENT RATES



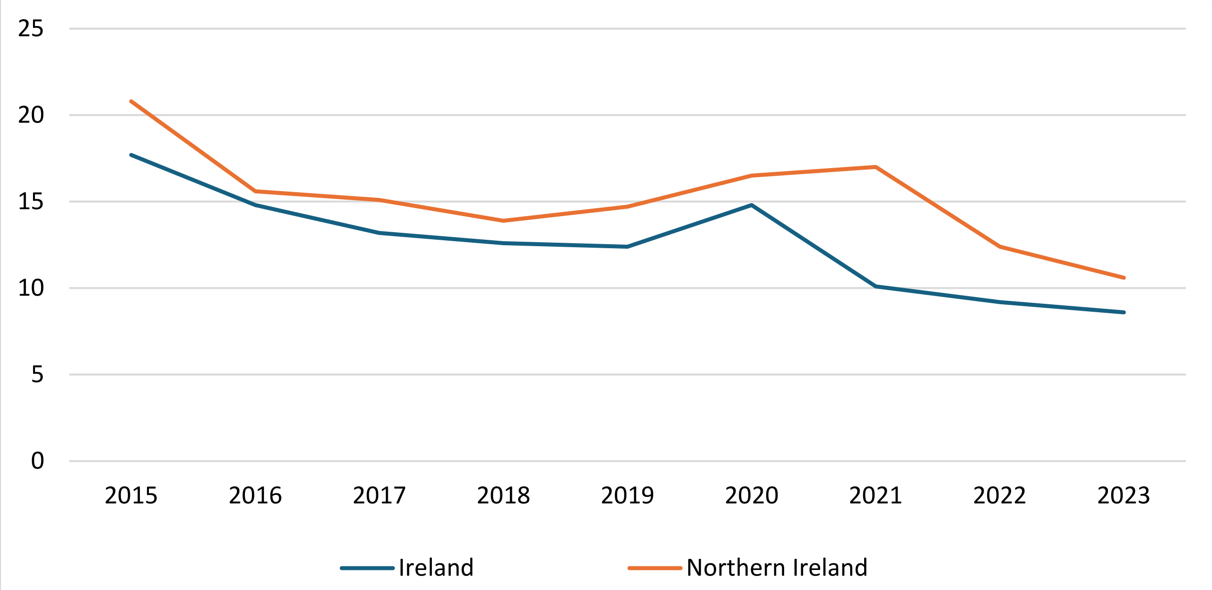
Sources: CSO, Labour Force Survey; ONS, Labour Market Statistics.
Notes: While both the CSO (Ireland) and ONS (UK) define unemployment based on the ILO framework, their age group definitions differ: the Irish rate covers individuals aged 15-74, whereas the UK and Northern Ireland rates apply to those aged 16 and over. As a result, the unemployment series for Ireland and the UK/Northern Ireland are not directly comparable, though they remain broadly aligned.

3.1.3 NEET rates

Youth engagement is another important dimension of labour market performance, particularly given its implications for future workforce development. Understanding the extent to which young people are engaged in employment, education or training is key to assessing the future strength of the labour market. NEET rates, which measure the share of 18-24 year olds not in employment, education or training, offer insight into the risks of social exclusion, underutilised potential and future labour shortages.

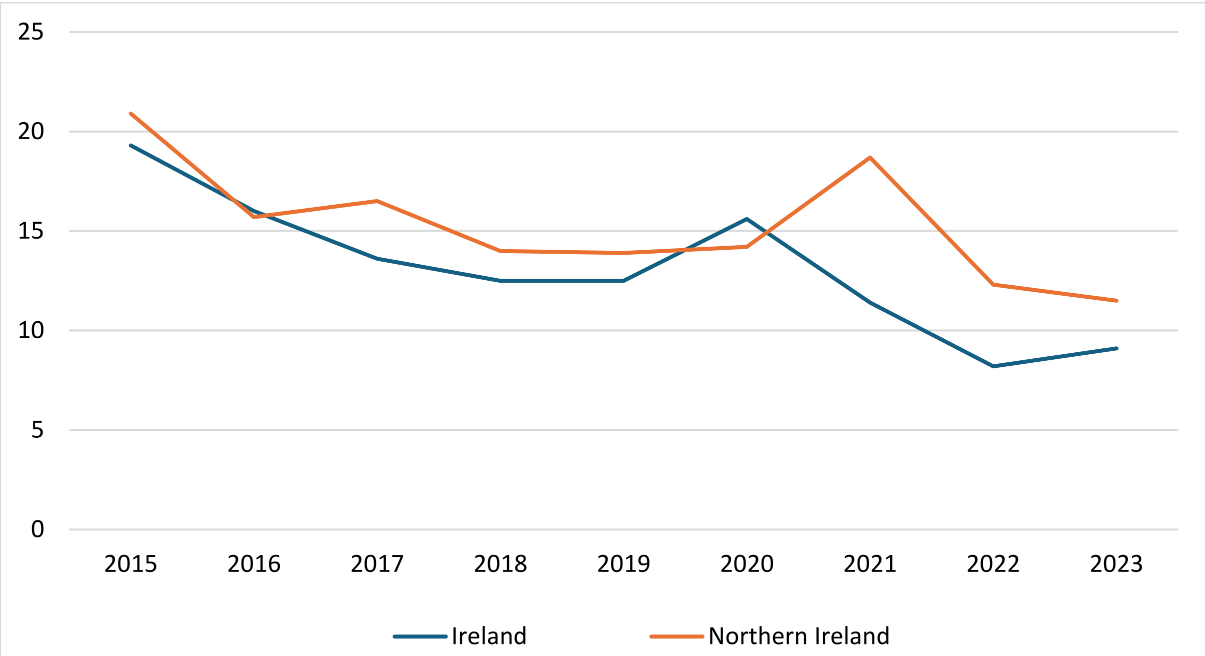
In 2023, the NEET rate was 8.6 per cent in Ireland and 10.6 per cent in Northern Ireland, continuing the trend of higher disengagement among young people in Northern Ireland. This may reflect differences in access to education and training, labour market opportunities, or broader socioeconomic factors affecting young people in Northern Ireland. Figure 3.5 shows the overall NEET rates, while Figures 3.6 and 3.7 present gender-disaggregated data. These show that male NEET rates remain higher than female rates in both jurisdictions, although the gap has narrowed in recent years.

FIGURE 3.5 NEET RATES IN IRELAND AND NORTHERN IRELAND



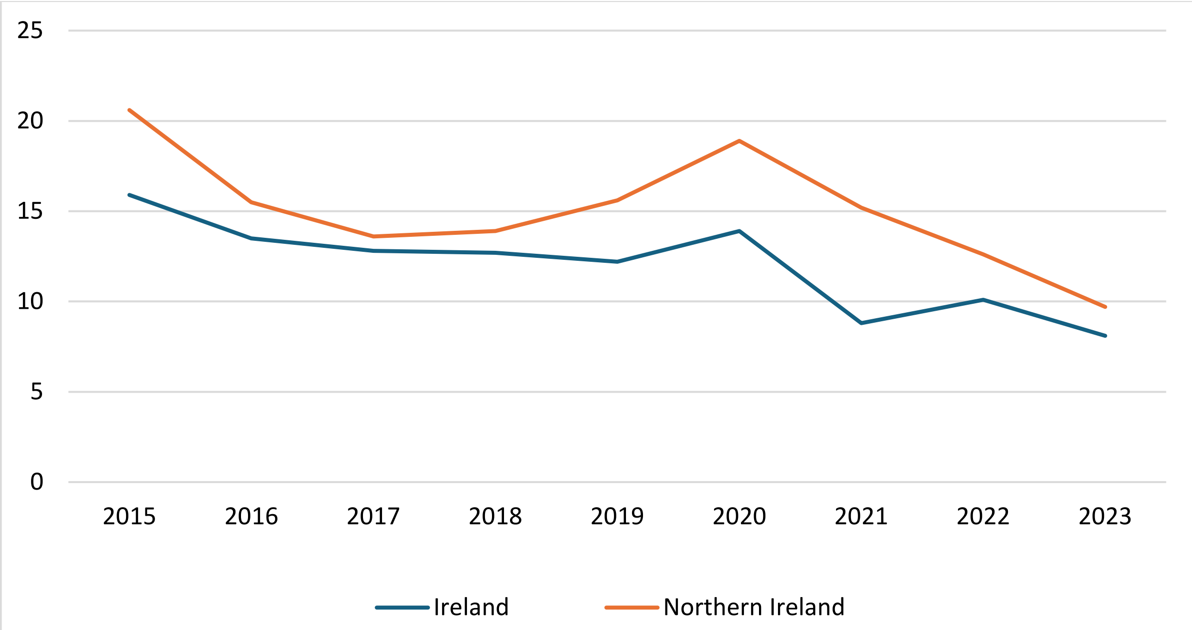
Source: Data for Northern Ireland are taken from the OECD Regional Education Database. For Ireland, data up to 2019 are sourced from the same OECD database, while data for subsequent years are drawn from various editions of the CSO publication Measuring Ireland's Progress.
Note: The NEET rate measures the proportion of young people aged 18 to 24 who are not in employment, education or training.

FIGURE 3.6 NEET RATES: MALES



Source: Data for Northern Ireland are taken from the OECD Regional Education Database. For Ireland, data up to 2019 are sourced from the same OECD database, while data for subsequent years are drawn from various editions of the CSO publication Measuring Ireland's Progress.
Note: The NEET rate measures the proportion of young people aged 18 to 24 who are not in employment, education or training.

FIGURE 3.7 NEET RATES: FEMALES



Source: Data for Northern Ireland are taken from the OECD Regional Education Database. For Ireland, data up to 2019 are sourced from the same OECD database, while data for subsequent years are drawn from various editions of the CSO publication Measuring Ireland's Progress.

Note: The NEET rate measures the proportion of young people aged 18 to 24 who are not in employment, education or training.

3.2 DATA GAPS AND STRATEGIC DATA PRIORITIES

Demographic and labour market data for Ireland and Northern Ireland are among the most robust and harmonised across the thematic areas covered in this report. Both jurisdictions benefit from regular labour force surveys and adherence to international statistical standards (such as the ILO framework). These sources enable meaningful comparisons of participation, employment, unemployment and youth engagement, and provide a strong foundation for north-south analysis of labour market performance and policy.

However, data for Northern Ireland are generally available with more of a lag than for Ireland, particularly in relation to demographic indicators. This can limit the timeliness of comparative analysis and delay the identification of emerging trends. More frequent and synchronised data releases would improve the responsiveness of cross-border research and policymaking. Minor definitional differences, such as age coverage in unemployment statistics, can affect direct comparisons, though they do not alter the overall patterns observed. For example, Ireland's unemployment rate covers individuals aged 15-74, while the overall UK and Northern Ireland rates apply to those aged 16 and over.

Developing comparable data on an all-island basis could support more effective labour market planning, particularly in addressing skills mismatches and regional labour shortages. For example, understanding how students and workers move between Ireland and Northern Ireland could help identify opportunities to better align training provision with demand, facilitate targeted investment in education and employment supports, and promote more coordinated workforce development strategies.

In the context of an ageing population and tightening labour supply in both jurisdictions, such data would be increasingly valuable for ensuring that policy responses are responsive and future-focused.

3.3 CONCLUSIONS

Ireland and Northern Ireland differ in demographic and labour market profiles. Ireland's population is growing faster (14.8 per cent since 2015 vs 3.9 per cent in Northern Ireland) and remains younger, while Northern Ireland faces a more advanced ageing trend, with a higher old-age dependency ratio (28.6 vs 23.6). Both jurisdictions need to plan to sustain public services as ageing accelerates.

Labour market engagement is stronger in Ireland, with higher participation (78.5 per cent vs 75.7 per cent) and employment rates (75.1 per cent vs 74.3 per cent), supported by rising female participation. Although Northern Ireland's unemployment rate was lower in 2024 (1.8 per cent vs 4.4 per cent in Ireland), this reflects broader differences in labour market engagement. Ireland's unemployment tends to be more cyclical, linked to its globally integrated economy, while Northern Ireland's higher inactivity rate (24.3 per cent) points to persistent structural challenges. The NEET rate gap persists, with Northern Ireland at 10.6 per cent and Ireland at 8.6 per cent, though it has narrowed over time.

Demographic and labour market data are among the most harmonised across themes, supported by regular labour force surveys and international standards, enabling meaningful north-south comparisons. However, Northern Ireland's data often lag behind Ireland's, and minor definitional differences remain. A key priority is developing comparable all-island data, especially on cross-border education, training, and labour mobility. Such improvements would support better labour market planning, address skills mismatches and labour shortages, and enable coordinated strategies in the context of ageing and tightening labour supply. Strengthening this evidence base through more timely, harmonised, and integrated data will also be essential for identifying opportunities for mutual learning.

CHAPTER 4

Living standards and income

This chapter presents a comparative analysis of living standards and income between Ireland and Northern Ireland, drawing on a range of economic and social indicators. The analysis focuses on four key dimensions: economic output per capita, relative wages, income inequality, and life expectancy.

4.1 CURRENT EVIDENCE AND COMPARATIVE INSIGHTS

Table 4.1 presents headline economic indicators of living standards, adjusted for purchasing power parity (PPP) and expressed in constant 2020 euro prices. GNI* per capita in Ireland stood at €63,500 in 2023, compared to €34,500 in Northern Ireland, representing an 84 per cent gap. Between 2019 and 2023, GNI* per capita in Ireland grew by 20.5 per cent, compared to 5.1 per cent growth in GDP per capita in Northern Ireland. This suggests a widening divergence in economic output per person in recent years. (GDP per capita was even higher in Ireland at €86,100, more than double the Northern Ireland figure, though this measure is known to be inflated by multinational activity in Ireland.)[9]

4.1.1 Standard of living – economic indicators

TABLE 4.1 STANDARD OF LIVING ECONOMIC INDICATORS, 2023 (PPP ADJUSTED, CONSTANT (2020) PRICES, € ('000))

	IRE ('000)	NI ('000)	% difference (IRE–NI)	% change 2019-2023 IRE	% change 2019-2023 NI
GNI* per capita	63.5	34.5	84%	20.5%	5.1%
GDP per capita	86.1	34.5	149%	20.0%	5.1%

Source: OECD regional economy database for GDP per capita and PPP adjustments; data on GNI* are from CSO's Measuring Ireland's Progress.
Note: Data for both jurisdictions are expressed in €, PPP Adjusted, Constant (2020) prices, ('000). The data for Northern Ireland refer to GDP per capita.

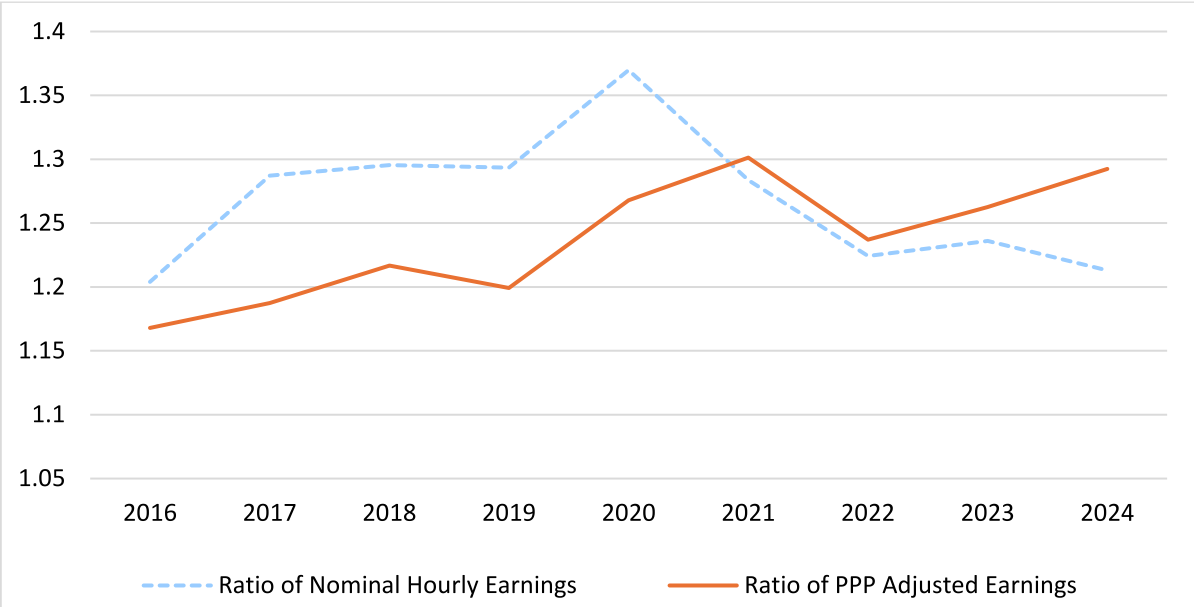
4.1.2 Relative wages and household income

Figure 4.1 illustrates the ratio of hourly earnings between Ireland and Northern Ireland from 2016 to 2024. In nominal terms, workers in Ireland consistently earned more per hour than their Northern Ireland counterparts, with the ratio peaking in 2020 at 1.37 before moderating slightly to 1.21 in 2024. When adjusted for PPP, the earnings gap remains significant and has widened in recent years,

9 The distortionary impact of the multinational sector on the Irish National Accounts has been well documented (see, for example, FitzGerald, 2015 and 2018 for more details) and, as a consequence, the use of aggregate measures such as GDP per capita to benchmark Ireland's performance against other countries has been heavily criticised in the past.

reaching 1.29 in 2024. This suggests that even after accounting for price differences, workers in Ireland earn nearly 30 per cent more per hour than those in Northern Ireland. These data are in gross terms and so do not reflect differences in the tax systems.

FIGURE 4.1 RATIO OF HOURLY EARNINGS BETWEEN IRELAND AND NORTHERN IRELAND



Source: CSO – Earnings and Labour Costs; NISRA – Annual Survey of Hours and Earnings.
Note: The Northern Ireland nominal data are converted to euro. The PPP adjusted series is in real terms. Data cover all NACE economic sectors. Consumer Price Index (CPI) rates base year set at 2023=100. The CPI rates used for Northern Ireland are UK estimates.

Household disposable income is a key measure of living standards, capturing the average income available to households after taxes and social transfers. It reflects both market earnings and the redistributive effects of policy, and is adjusted for household size using equivalisation to ensure comparability across jurisdictions.

Table 4.2 shows that in 2022, disposable income per equivalised household (PPP adjusted) was €36,900 in Ireland and €33,400 in Northern Ireland, a gap of 10.4 per cent in favour of Ireland.[10] This finding aligns with earlier research (Bergin et al., 2025), which reported a wider gap of 18.3 per cent in 2018. The narrowing of the gap since 2018 appears to be driven by stronger growth in Northern Ireland's disposable income over this period.

The narrowing of the income gap between 2018 and 2022 may reflect a combination of factors, including data revisions, changes in wage structures, and the impact of policies. However, the absence of consistent and comparable data

[10] Equivalised income is a measure of household income that takes account of the differences in a household's size and composition, and thus is made equivalent for all household sizes and compositions.

between 2018 and 2022 presents a significant limitation. This data gap restricts the ability to fully understand the trajectory of income convergence or divergence during a period marked by major economic disruptions, including Brexit and the COVID-19 pandemic.

TABLE 4.2 HOUSEHOLD DISPOSABLE INCOME (PPP ADJUSTED, PER EQUIVILISED HOUSEHOLD, €)

	2022	% Gap (IRE – NI)
Ireland	36.9	10.4%
Northern Ireland	33.4	

Source: OECD Regional Database.

4.1.3 Income inequality

Table 4.3 shows relative poverty rates in both jurisdictions. The poverty rates are based on a relative income threshold, defined as the share of individuals living in households with an income below 50 per cent of the national median disposable income. While both regions had similar poverty rates in 2017 (9.5 per cent), trends diverged somewhat thereafter. The rate in Ireland experienced more volatility, with a low of 6.9 per cent in 2018 and a rise to 9.7 per cent in 2021. Northern Ireland's rates remained more stable, fluctuating between 8.7 per cent and 9.5 per cent. These figures suggest that while Ireland has higher average incomes, ensuring more equitable income distribution remains an area for continued progress, particularly in navigating periods of economic volatility.

TABLE 4.3 RELATIVE POVERTY RATE

	2017	2018	2019	2020	2021
Ireland	9.5	6.9	8.1	7.8	9.7
Northern Ireland	9.5	8.7	8.9	8.9	9.5

Sources: OECD Regional Database.
Notes: Relative poverty rate is the share of people – as a percentage of the total population – living in households with a disposable income below the relative poverty line (50 per cent of the national median disposable income).

Recent research (Doorley et al., 2024) using harmonised microsimulation models (SWITCH for Ireland and UKMOD for Northern Ireland) confirms that income inequality, as measured by the Gini coefficient, is slightly higher in Ireland (0.28) than in Northern Ireland (0.26), although the difference is not statistically significant. However, the underlying drivers of inequality differ. Ireland's younger and more highly educated population tends to reduce inequality by increasing labour market participation and reducing the number of households with no earnings. In contrast, Ireland's wage structure is more unequal, with higher average wages but greater dispersion, which increases market income inequality. The tax-benefit systems also play a key role: Ireland's tax system is more progressive and reduces inequality more effectively than Northern Ireland's. However, the coverage and adequacy of means-tested benefits are greater in

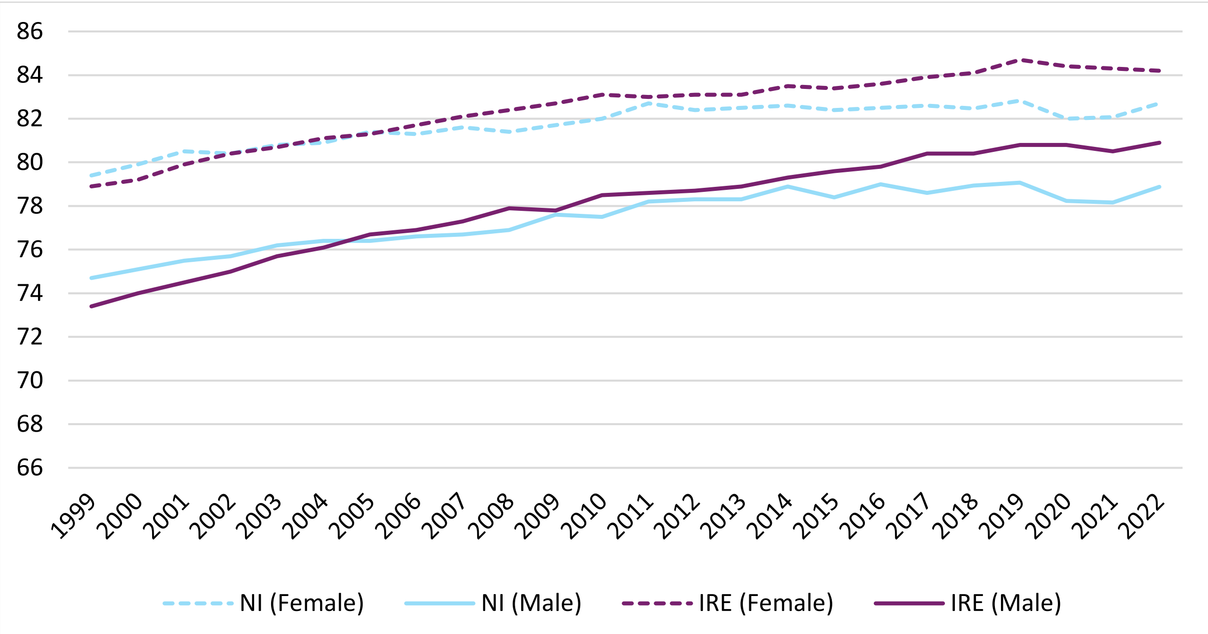
Northern Ireland, which helps mitigate inequality at the lower end of the income distribution. These opposing effects result in similar overall levels of redistribution in both jurisdictions, but through different mechanisms.

4.1.4 Life expectancy

Figures 4.2 and 4.3 present life expectancy by gender, and the gap in life expectancy between Ireland and Northern Ireland. Life expectancy has improved in both jurisdictions over the past two decades, but Ireland has consistently outpaced Northern Ireland since the mid-2000s. In 2022, life expectancy at birth was 84.2 years in Ireland for women and 82.7 years for women in Northern Ireland, while for men it was 80.9 years in Ireland and 78.9 years in Northern Ireland. The gap in life expectancy has widened over time, particularly for men, where it reached 2.0 years in 2022, compared to a 1.5-year gap for women.

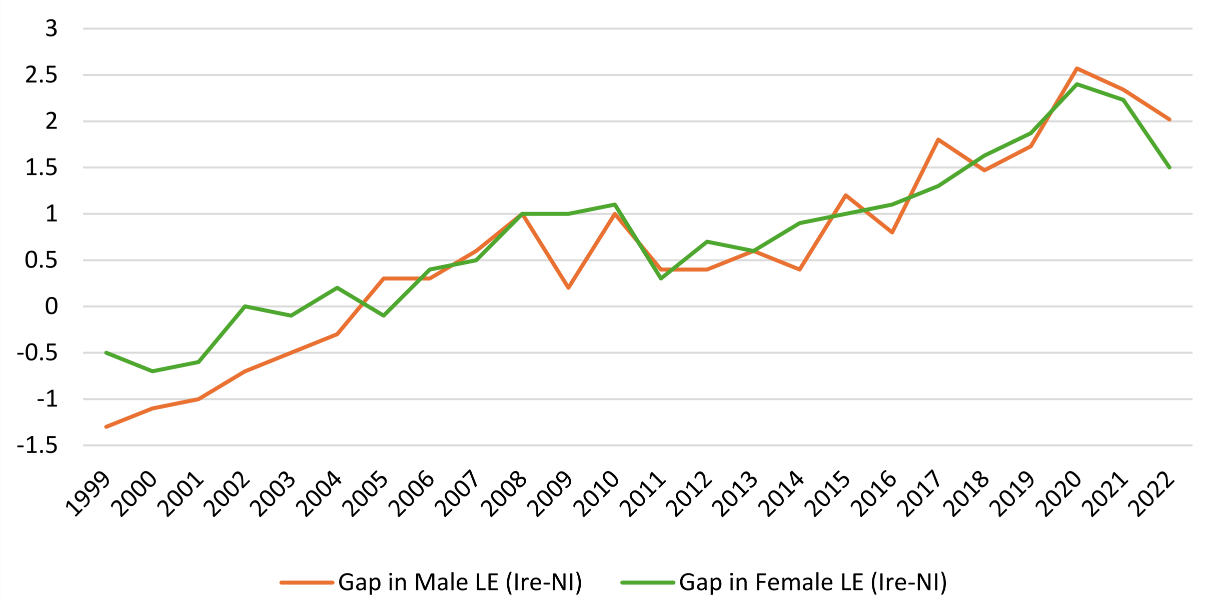
Life expectancy is a particularly valuable indicator because it reflects the cumulative impact of a wide range of social, economic, and environmental factors over the lifecourse. It captures not only the effectiveness of healthcare systems but also broader welfare dimensions such as income, education, employment, and housing. As highlighted in recent comparative research (McGuinness and Bergin, 2020), life expectancy also serves as a proxy for the overall performance of public services and the socio-economic environment in which people live. Its relative stability over time makes it a robust and long-term measure of societal well-being, less prone to short-term fluctuations and more reflective of structural conditions and policy effectiveness.

FIGURE 4.2 LIFE EXPECTANCY BY GENDER, UNDER ONE YEAR OLD



Source: OECD Regional Database.

FIGURE 4.3 GAP (IRE – NI) IN LIFE EXPECTANCY



Source: OECD Regional Database.

4.2 DATA GAPS AND STRATEGIC DATA PRIORITIES

A recurring challenge in north-south comparisons of living standards is the availability and consistency of data. While headline indicators such as GDP and GNI* are regularly updated, more granular and socially meaningful metrics, such as household disposable income, poverty rates etc. are often outdated or missing for key years.

For example, household disposable income data on a comparable basis are not available for the years between 2018 and 2022, despite this being a period of significant economic change. The absence of data during this time limits the ability to assess the impact of Brexit, the COVID-19 pandemic, higher levels of inflation and evolving policies on household welfare. Similarly, comparable data on housing affordability are either unavailable or not harmonised across jurisdictions.

Strategic priorities for future data development include the regular and harmonised reporting of household income, poverty and inequality metrics, alongside the development of shared methodologies and definitions between statistical agencies in Ireland and Northern Ireland. Addressing these gaps is essential to building a robust evidence base that can inform policy, support cross-border policy cooperation and Shared Island initiatives, and inform public debate on the long-term social and economic direction of the island.

4.3 CONCLUSIONS

Ireland continues to outperform Northern Ireland across key living standard indicators. In 2023, GNI per capita in Ireland was €63,500 compared to €34,500 GDP per capita in Northern Ireland (an 84 per cent gap). Hourly earnings (PPP adjusted) were nearly 30 per cent higher in Ireland in 2024. Household disposable income per equivalised household was €36,900 in Ireland and €33,400 in Northern Ireland in 2022, a gap of 10.4 per cent, down from 18.3 per cent in 2018, reflecting stronger growth in Northern Ireland's disposable income. Life expectancy also favours Ireland, with gaps widening over time.

However, analysis is constrained by significant data limitations. The lack of consistent and timely data, particularly on household income and poverty, hampers understanding of change across the island. Missing data for 2019–2021 restricts assessment of Brexit and COVID-19 impacts. Closing these gaps is a strategic priority: regular, harmonised reporting of household income, poverty, and inequality, alongside shared methodologies and definitions between statistical agencies and improved cross-border collaboration, is essential for informed policy and meaningful debate.

CHAPTER 5

Public finances and economic policy

Reports on national economies always include discussions of the public finances and in this chapter we explore the scope for covering the topic in this and future reports. Across national governments, comparisons are facilitated by broadly harmonised measures and classifications of taxation, spending, the fiscal balance and national debt. However, in the case of a devolved administration such as Northern Ireland, comparisons become complicated for a number of reasons. The Northern Ireland Executive has very limited revenue-raising powers, so the entire policy formation context is different. In addition, reporting on some key aggregates such as taxation receipts and the fiscal balance is done with a lag, whereby timely comparisons of those aggregates are not possible.

Given our purpose in this report, and in our planned future editions of this report, of comparing economic trends in Ireland and Northern Ireland, it will be useful to report on developments in economic policy in both countries. In Section 5.3 we provide a brief overview of recent policy statements. While this will be a valuable section within our reports, it is important to recognise that the scope for economic policy formation is more limited in Northern Ireland as a devolved administration. For example, with the exception of local rates, the Northern Ireland Executive does not have tax-raising powers and so cannot alter the aggregate level of taxation, or the structure. In spite of this different setting, it is still of interest to compare policy actions.

5.1 CURRENT EVIDENCE AND COMPARATIVE INSIGHTS ON PUBLIC FINANCES

We present data from Northern Ireland's 2025/26 Budget and from Ireland's 2025 Budget below, but it is important to stress at the outset that even the term 'Budget' has a different meaning in the two countries. For Ireland, the budgetary process includes the standard national tasks of determining levels of taxation and spending, along with the associated borrowing or running down of national debt. For Northern Ireland, the Budget refers primarily to the allocation of spending across departments where the funding envelope is determined by a flow of funds from the UK Government. The allocations are for spending in the areas of policy which are devolved to Northern Ireland. It should be noted that one of the largest areas of public spending – social security – is generally paid directly by the UK Government, with some exceptions where the Northern Ireland Executive has more generous payments compared to the UK. This means that total public spending in Northern Ireland exceeds that spent by the Executive.

In Table 5.1, we show the sources of funding for the Northern Ireland Executive as presented by the Northern Ireland Fiscal Council (NIFC, 2025). Focussing on current spending, it can be seen how the funds provided to the Executive (the Block Grant) amounted to just over UK£16 billion in fiscal year (FY) 2025/26. Almost 90 per cent of this came through the Barnett formula – this is the formula used by the UK Government whereby changes in spending by the UK Government for services that are devolved are converted into allocations to the devolved administrations.

The House of Lords Library (2023) described the Barnett formula in the following way:

> *The Barnett formula takes the annual change in a UK government department's budget and multiplies it by two figures.*
>
> *Comparability percentage: This measures the extent to which a UK government department's services are devolved. It captures the extent to which spending by a UK government department corresponds to services provided by devolved administrations. Comparability percentages range from 0% to 100%: a department's comparability percentage is 0% if none of its services have been devolved and 100% if all of its services have been. For example, all the Department for Education's spending is in England, therefore education has a comparability factor of 100%.*
>
> *Population proportion: This calculates the relative population proportions so that each administration receives the same pounds-per-person change in funding. The population proportions depend on the coverage of the UK government concerned. In most cases this is England only, so the proportion of the English population is used. The latest mid-year population estimates from the Office for National Statistics are used.*
>
> *The calculation is carried out for each UK department and the amount reached is added to the devolved administration's block grant. https://lordslibrary.parliament.uk/the-barnett-formula-how-it-operates-and-proposals-for-change/#heading-3*

The Executive also receives non-Barnett funding, currently making up close to 10 per cent of funding for current spending. This represents a number of agreements and arrangements, often related to the breakdown and restoration of the institutions in Northern Ireland.

While the level of funding available to the Executive for any given year is clearly important, comparative studies are often interested in changes over time. For example, to the extent that government spending increases (or tax cuts) can drive increases in GDP, tracking changes across countries and over time is commonplace.

TABLE 5.1 FUNDING AVAILABLE TO NORTHERN IRELAND EXECUTIVE FOR 2025/26, £ MILLION

Current			Capital	
Barnett-based funding	14,971		Block Grant	2,141
Non-Barnett funding	1,075		Irish Government Funding	87
			RRI Borrowing	226
Block Grant	16,046			
Regional Rates (post debt repayment)	732			
Total financing	16,778		Total	2,454

Source: NIFC (2025).

In Table 5.2, we present data on recent changes in Northern Ireland's Block Grant. As can be seen, the Block Grant increased substantially between Budget 2024/25 and Budget 2025/26 (10.3 per cent) with both Barnett and non-Barnett sources rising at comparable rates. In the table we follow the presentation that NIFC uses, and show Budget 2025/26 relative to both Budget 2024/25 and the 'final plan' for 2024/25. As the budget for 2024/25 was impacted by a set of announcements by the UK Government in October 2024 which added considerably to the Block Grant via the Barnett formula, the final budget for 2024/25 differed from that originally proposed. We should also note that the Block Grants for both 2024/25 and 2025/26 were impacted positively by a new 'needs-based' top-up which was agreed with the UK Treasury (UK£431 million in total across the two fiscal years). This was to reflect different levels of need across Northern Ireland and England which impact on public service delivery, estimated by the NIFC to be 24 per cent (this was taken by Treasury for the purposes of the top-up but will be reviewed).

The non-Barnett funding is seen to be somewhat volatile and this reflects its nature, often being introduced for specific purposes and for limited time periods. In the recent past, some of the non-Barnett funding was provided in order to offset spending overruns which had occurred prior to the Executive's return in early 2024. According to NIFC (2025), 'there is a funding "cliff edge" in the package in 2026/27 when the short-term support runs out'. The NIFC goes on to note that 'the Treasury said it would be willing to review the cliff edge in the upcoming UK Spending Review'. So although the 'cliff edge' might be smoothed, there remains some uncertainty.

TABLE 5.2 CHANGES IN THE NORTHERN IRELAND BLOCK GRANT (CURRENT), 2024/25 TO 2025/26, £ MILLION

	2024/25 Budget	2024/25 Final Plan	2025/26 Budget	2025/26 compared to Budget 2024/25	2025/26 compared to Final plan 2024/25
Barnett-based funding	13,575	14,387	14,971	10.3%	4.1%
Non-Barnett funding	973	1,270	1,075	10.5%	-15.4%
Block Grant	14,548	15,657	16,046	10.3%	2.5%

Source: NIFC (2025).

In Table 5.3, we turn to the Government of Ireland and look at changes in spending in the most recent period. We focus on spending in order to maintain the strongest degree of comparability with Northern Ireland. As is the situation in Northern Ireland, simple comparisons of levels of expenditure across budgets can be misleading due to changes over the course of a fiscal year. The Government's earlier projections suggested that current expenditure would rise by 0.9 per cent in 2025 and by 0.3 per cent in the case of capital. However, spending to date in 2025 is running at 6 per cent and 19.1 per cent over the 2024 figures for current and capital respectively.

TABLE 5.3 CHANGES IN IRELAND'S PUBLIC SPENDING, 2024 TO 2025, € MILLION

	2024	2025	Projected change	Actual change year to end-August
Gross current expenditure	89,492	90,310	0.9%	6.0%
Gross capital expenditure	14,800	14,841	0.3%	19.1%

Source: Revised Estimates 2025 and Fiscal Monitor September 2025.

The increase in the Block Grant in Northern Ireland of over 10 per cent and the consequent spending represent a sizeable jump compared to recent history in Northern Ireland and also compared to the increase in current spending in Ireland in 2025 to date of 6 per cent. All else equal, these figures would suggest a greater fiscal stimulus in Northern Ireland, but without figures on taxation it is not possible to be conclusive on this point. We will return to the issue of data on tax receipts below. However, it is important to point out that while the spending measures announced by the UK Government in October 2024 were positive for Northern Ireland in terms of Barnett additions, the UK Government also announced an increase in employers' National Insurance contributions. This would have the effect of increasing taxes paid in Northern Ireland, thereby lessening the fiscal impulse.

Having considered and compared the data on the funding envelope for Northern Ireland and total spending for Ireland in the current fiscal year, we next look within the total to see the allocations across government departments. As with the earlier material, some degree of comparability is possible, but not complete comparability.

In Table 5.4 we show the allocation across departments for Northern Ireland. The most striking point is that half of all current spending goes to the Department of Health. NIFC (2022) showed that this proportion has risen modestly from 48 per cent in 2016/17, so while the fears about health consuming an ever-increasing proportion of the budget have not quite materialised, neither has the proportion shrunk. Hence, there is an ongoing squeeze on other aspects of the budget with limited scope to increase the funding envelope.

TABLE 5.4 NI DEPARTMENT ALLOCATIONS (CURRENT), 2025/26, £ MILLION

Departmental Spending:		
Health	8,402	50.60%
Education	3,219	19.40%
Justice	1,406	8.50%
Communities	930	5.60%
Economy	799	4.80%
Agriculture etc	596	3.60%
Infrastructure	633	3.80%
Finance	239	1.40%
The Executive Office	239	1.40%
Minor departments	129	0.80%
Total departmental allocations	16,592	

Source: NIFC (2025).

In Table 5.5 we look at the cross-departmental allocations of current expenditure in Ireland for 2025. A simple comparison of the proportions shown in Table 5.4 for Northern Ireland and in Table 5.5 for Ireland would be misleading due mainly to the payment of social security payments in Northern Ireland by the UK Government. Adjusting for this, and also excluding Defence and Foreign Affairs, the final column of Table 5.5 provides a somewhat more meaningful comparison of the allocations across the two jurisdictions, but care is still required. According to the tables, 'health' spending accounts for 50.6 per cent of spending in Northern Ireland and 39.7 per cent in Ireland. These proportions are based on allocations to the respective Departments of Health as opposed to a formal and harmonised definition of what constitutes health-related spending. As an example of this complication, under the Department of Children, Equality, Disability, Integration and Youth the Government of Ireland allocated over €3.2 billion to specialist disability services – if this was included in the health allocation, it would bring the proportion to 43 per cent and so closer to that in Northern Ireland.

TABLE 5.5 DEPARTMENTAL ALLOCATIONS (CURRENT), 2025

	Allocation € million	% allocation	% allocation excluding Social Protection, Foreign Affairs and Defence
Taoiseach	292	0.30%	0.50%
Finance	660	0.70%	1.10%
Public Expenditure and Reform	1,567	1.70%	
Justice	3,606	4.00%	5.90%
Education	10,537	11.70%	17.20%
Foreign Affairs	1,156	1.30%	
Environment, Climate and Communications	244	0.30%	0.40%
Agriculture, Food and the Marine	1,800	2.00%	2.90%
Transport	1,037	1.70%	
Enterprise, Trade and Employment	425	0.50%	0.70%
Tourism, Culture, Arts, Gaeltacht, Sport and Media	1,007	1.10%	1.60%
Housing, Local Government and Heritage	3,429	3.80%	5.60%
Defence	1,135	1.30%	
Social Protection	26,878	29.80%	
Health	24,293	26.90%	39.70%
Children, Equality, Disability, Integration and Youth	8,127	9.00%	13.30%
Rural and Community Development	239	0.30%	0.40%
Further and Higher Education	3,877	4.30%	6.30%
	90,310		

Source: Revised Estimates 2025.

The data in the tables above allow us to compare the split between planned current and capital spending across the two jurisdictions. For Ireland, based on Table 5.3, 14.1 per cent of total spending was allocated to capital – for Northern Ireland, based on Table 5.1, the corresponding figure was 12.8 per cent. We noted in Table 5.3 that capital spending in Ireland was running well ahead of planned spending up to August and also ahead of the overrun in current spending. This would suggest that the proportion in Ireland for 2025 will be higher than 14.1 per cent. This captures in part the acceleration of the National Development Plan in Ireland.

5.2 DATA GAPS AND STRATEGIC DATA PRIORITIES

As noted at the outset of the chapter it was noted how international comparisons of public finances typically cover the following issues; spending and taxation receipt (total and by category for both), the fiscal balance and the national debt. In the section above we have drawn on current data, and this has provided some insights on the rate of change in government spending and on allocations across departments, although with many caveats.

As discussed in Bergin et al. (2025), more detailed data on spending and taxation receipts in Northern Ireland, and on the fiscal balance, are available from the UK's Office of National Statistics (ONS) but with a time lag. Bergin et al. report on data from the fiscal year 2022/23 and show the breakdown of tax receipts by category and the breakdown of spending (again by category). The classifications for both tax and spending are such that Bergin et al. are able to provide meaningful comparisons. Presenting data on a per capita basis and adjusting for purchasing power parity, important insights are generated. Income tax paid per head was calculated to be €2,980 in Northern Ireland and €6,725 in Ireland. Social protection payments per head was calculated to be €8,266 in Northern Ireland and €6,211 in Ireland.

The ONS has not updated the data presented by Bergin et al. (2025), so we are limited at this point in terms of the additional information that can be provided. In Table 5.6 we present data on Northern Ireland's fiscal balance, again from fiscal year 2022/23.

TABLE 5.6 FISCAL BALANCE FOR NORTHERN IRELAND, 2022/23

	£ million
Total current expenditure	32,859
Total current receipts	21,493
Capital expenditure	3,134
Net Fiscal Balance	Minus 14,500

Source: ONS.

The ONS estimates that GDP in Northern Ireland was UK£63.3 billion, so a negative fiscal balance of UK£14.5 billion is 23 per cent of GDP. Ireland ran a surplus of €8.6 billion in 2023 which was 1.7 per cent of GDP. While this comparison is possible in a mathematical sense, the Northern Ireland figure needs to be understood as a resource transfer from a wealthier to a less wealthy region within a fiscal union. This is different to a fiscal balance at a national level. Having said that, the estimated scale of the fiscal transfer to Northern Ireland is an interesting and important quantity in itself, regardless of comparisons with Ireland, because it points to a key determinant of living standards in Northern Ireland.

5.3 RECENT ECONOMIC POLICY DEVELOPMENTS

While being cognisant of these constraints on policymaking, it is still useful to reflect on economic policy in both jurisdictions in terms of identified concerns, proposed remedies and actions. In early 2025, both the new Irish Government and the (restored) Northern Ireland Executive published Programmes for Government so we will draw on these to gain some insight into differences and commonalities.

The Executive's Programme for Government (NIPfG)[11] was published in March 2025 and has nine areas for planned policy actions. One of these areas is clearly focussed on the economy – to 'grow a globally competitive and sustainable economy'. Other areas can be viewed as having an economic dimension. For example, while the immediate focus of 'affordable, accessible, high-quality early learning and childcare' is on children and family budgets, enhanced childcare is often seen as facilitating labour force participation by parents and, crucially, helping parents to avoid career interruptions. But for the purposes of this report, we will focus on actions under the heading of a 'globally competitive and sustainable economy'.

The following quote from the Executive's Programme for Government captures the specific economic themes which the Executive is hoping to address:

> *Productivity has been below the UK average for decades and is amongst the lowest across these islands. We need to provide better support to businesses and help grow a globally competitive and sustainable economy. We also need to help improve the quality of available jobs so more people can be involved in and proud of what we design, make, and build here. We also need the right infrastructure which will create the foundations for a more productive and prosperous economy; for better rural and urban communities; and for healthier and greener lives. To create an economy that works for everyone, we will address four key challenges:* ***productivity, good jobs, decarbonisation, and regional balance****.*

The NIPfG goes on to look at specific proposals for those four key challenges. For example, under productivity the Executive aims to:

> *support greater investment in Research and Development by enhancing engagement between universities and business, and through additional investment in the Higher Education Innovation Fund and similar programmes.*

The document refers to a new skills fund which will be used to provide training in new technologies. Reference is also made to prioritising 'the development of high-productivity sectors through specific programmes to support cluster development'.

The Government of Ireland published its Programme for Government (IPfG) in early 2025 following the general election in November 2024 and the formation of

11 https://www.northernireland.gov.uk/articles/programme-government-2024-2027-our-plan-doing-what-matters-most.

a new coalition.[12] Proposed actions are categorised under a number of headings with one clearly focussed on the economy, titled ‘Growing our Economy’. As with the NIPfG, other sections can be viewed as having economic impacts – such as ‘Accelerating Housing Supply’ – but here we will focus on the narrower economic section.

Some commonalities with the fundamental aims expressed in the NIPfG can be seen through the following quote from the IPfG:

> *To protect the future security of our economy, we will set out a plan to increase productivity and the competitiveness of our domestic and international businesses. We will take actions to fully realise the economic potential of the digital and AI revolution, and the development of new clean technologies which will be key drivers of growth and the decarbonisation of our economy.*

Words such as ‘productivity’, ‘competitiveness’ and ‘decarbonisation’ appear in both quotes from the PfGs. More generally, the two documents reflect an eagerness to invest in R&D, to support SMEs, to enhance the skills-base of the workforce and to achieve these goals in a sustainable and equitable manner. As might be expected, the level of policy detail provided in the IPfG is substantially greater, reflecting in part the wider range of policy tools available to a national government.

The themes covered under ‘Growing our Economy’ in the IPfG include ‘extra jobs’, ‘supporting small business, hospitality and retail’ and ‘supporting Ireland’s entrepreneurs and start-ups’ and ‘helping Irish companies scale globally and attracting more inward investment’. ‘Competitiveness and productivity’ is also covered and we will provide some detail here by way of comparison with the NIPfG section on productivity.

Although we mentioned EU membership as being a constraint on policy, Ireland has the opportunity to influence EU policy, and this is reflected in the productivity-related points in the IPfG (and elsewhere). Some of the actions under competitiveness and productivity are based on working with EU partners:

> *work with other EU countries to protect the principles of EU economic policy centred on competitiveness, innovation, and a level playing field; work to deepen the EU Single Market and create a genuine digital single market;*

12 https://www.gov.ie/en/department-of-the-taoiseach/publications/programme-for-government-2025-securing-irelands-future/.

work with EU partners to eliminate unnecessary bureaucracy in EU Directives and Regulations to facilitate business operations.

Other areas of policy action are more domestic in orientation such as ‘publish Enterprise 2035 as a long-term ambition for enterprise growth and job creation over the coming decade’ and ‘engage with Irish SMEs, startups and exporters to review the supports available from our enterprise agencies’.

Still under productivity policies, the IPfG contains a commitment, now undertaken, to:

publish an Action Plan for Competitiveness and Productivity within 12 months, which will target making Ireland the most supportive environment for indigenous businesses and the most attractive location for start-ups and foreign investment.

There are similar themes in the NIPfG:

Through a series of multi-million-pound committed investments, we will make this a more vibrant and inclusive place to live, work, invest and visit. Central to every part of our plan for a globally competitive and sustainable economy will be employers and workers. Supporting them to build the skills needed both now, and in the future, will be vital if we are to harness our economic potential.

However, the list of policy areas which the IPfG includes as contributing to the Action Plan for Competitiveness and Productivity[13] is as follows: ‘tax and wage policy, access to finance, education and training, energy and utility policy, infrastructure and digitisation’. As discussed above, the Northern Ireland Executive does not have much power over tax policy. In addition, the list of policy areas points to the need for cross-departmental cooperation to achieve certain outcomes, but it is often suggested that departments in Northern Ireland operate in a siloed manner, more so than elsewhere (Pivotal, 2025).

5.4 CONCLUSIONS

In very broad terms, public spending represents about a third of GNI* in Ireland and about a half of GDP in Northern Ireland. Given this and the associated level and structures of taxation in both jurisdictions, it is important that any series

13 https://enterprise.gov.ie/en/publications/action-plan-on-competitiveness-and-productivity.html.

tracking developments across these economies would include information on the public finances.

Current data on public spending are available for Ireland and Northern Ireland, and these can provide some information on the rate of increase in spending (both current and capital) and changing allocations across departments. But care should be exercised in making comparisons due mainly to the department-based classification in the current data as opposed to harmonised classifications of spending by purpose.

The current data on spending in Ireland and Northern Ireland are made available by the respective Departments of Finance, with additional timely analysis provided by the respective fiscal councils. The placement of these data in a broader National Accounts framework is undertaken by the CSO and the ONS. These data provide the best basis for comparisons, but the trade-off is the time lag involved. As discussed above, the most recent ONS data on the public finances of Northern Ireland date back to end-March 2023, almost two and a half years ago.

Given this, it would be ideal if the CSO and NISRA could work together in expediting the production of comparable public finance data for the two jurisdictions. This could be staged with the first task being the presentation of expenditure by policy-area/purpose on a harmonised basis.

With regard to policy developments, while PfGs provide insights into the concerns, plans and ambitions of governments, implementation is more important in terms of determining economic outcomes. In future reports, we hope to move beyond the PfGs and to look at policy announcements and subsequent implementation. This will open up the possibility of mutual learning at the policy design and implementation stages as opposed to reflecting on policy success or failure based on observed outcomes.

CHAPTER 6

Economic sectors

This chapter examines the structure and performance of the Irish and Northern Irish economies at a sectoral level, focusing on output, employment, and the role of foreign-owned enterprises. The analysis draws on the latest available data, adjusted for purchasing power parity (PPP), to ensure comparability.

6.1 CURRENT EVIDENCE AND COMPARATIVE INSIGHTS

Table 6.1 presents a breakdown of GDP by expenditure component for 2021. Given the well-documented distortions in Ireland's National Accounts due to the activities of foreign multinationals, modified gross national income (GNI*) is a more appropriate measure of domestic economic activity. In 2021, Ireland's GNI* per capita stood at €45,400, significantly higher than Northern Ireland's GDP per capita of €30,900. This reflects stronger underlying economic performance in Ireland, even after adjusting for multinational-related distortions.

The composition of GDP also differs markedly between the two jurisdictions. Ireland's economy is heavily shaped by export activity and investment, which significantly influence headline figures. In contrast, household consumption plays a relatively larger role in Northern Ireland's economic structure, although in absolute terms, per capita household consumption remains higher in Ireland. Government consumption is slightly higher in Northern Ireland, reflecting the relatively larger role of the public sector in its economy. Combined household and government consumption per capita is higher in Ireland (€31,300) than in Northern Ireland (€27,100). These differences highlight the contrasting economic structures of the two jurisdictions, with Ireland's growth more closely tied to internationally traded sectors and Northern Ireland's economy more reliant on domestic demand and public services.

6.1.1 Economic structure

TABLE 6.1 GDP (EXPENDITURE APPROACH), 2021, PER CAPITA, PPP ADJUSTED, € ('000)

	Northern Ireland	Ireland
Household consumption	17.7	22.5
Government final consumption	9.4	8.8
Gross capital formation	4.7	19.5
Exports	15.9	120.5
Imports	16.8	83.6
GDP	30.9	87.7
Modified GNI*		45.4

Sources: NISRA – Structure and Performance of the NI Economy 2021, NISRA – Mid-Year Population Estimates, OECD – PPP Adjustment Factors, CSO – National Accounts, CSO – Population and Migration Estimates.

6.1.2 Sectoral output, employment and productivity

Table 6.2 shows the sectoral composition of output and employment, revealing important structural differences between Ireland and Northern Ireland. It should be noted that GVA levels in some sectors, such as manufacturing, are heavily influenced by the foreign multinational sector in Ireland, and as such, the level and contribution to output may be overstated. For this reason, employment shares provide a more reliable basis for comparing the sectoral structure of the two economies and understanding their underlying dynamics.

Employment patterns show clear contrasts. Manufacturing accounts for 11.7 per cent of jobs in Ireland compared to 9.2 per cent in Northern Ireland, while ICT and financial services employ 6.4 per cent and 5.0 per cent of workers in Ireland vs 2.8 per cent and 2.2 per cent in Northern Ireland. These figures point to Ireland's greater concentration of jobs in high-value sectors. By contrast, Northern Ireland's labour market is more heavily weighted toward public services, which employ one-third of its workforce (33.3 per cent) compared to just over one-quarter in Ireland (27.6 per cent). Wholesale and retail trade is a major employer in both jurisdictions, representing roughly a quarter of jobs (23.2 per cent in Ireland and 24.9 per cent in Northern Ireland).

Overall, the 2021 data confirm the contrasting economic structures of the two jurisdictions: Ireland's employment profile reflects stronger links to globally traded, high-productivity sectors, while Northern Ireland depends more on public services and domestic activities. The data are broadly consistent with the narrative presented in the previous report, reaffirming the structural differences between the Irish and Northern Irish economies.

TABLE 6.2 SECTORAL DISTRIBUTION OF OUTPUT (GVA) AND EMPLOYMENT, 2021

	Ireland		Northern Ireland	
	Share of GVA	Share of employment	Share of GVA	Share of employment
Agriculture, forestry and fishing	0.9%	4.6%	1.6%	2.2%
Manufacturing	39.1%	11.7%	11.7%	9.2%
Construction	2.3%	5.9%	7.5%	6.8%
Wholesale and retail trade	9.0%	23.2%	21.3%	24.9%
Information and communication	18.2%	6.4%	3.2%	2.8%
Financial and insurance activities	5.0%	5.0%	5.0%	2.2%
Real estate activities	5.0%	0.5%	11.4%	1.3%
Professional, scientific and technical activities; administrative and support service activities	10.4%	10.8%	7.4%	11.7%
Public administration, defence, education, human health and social work activities	9.1%	27.6%	28.4%	33.3%
Arts, entertainment and recreation; other service activities; activities of household and extra-territorial organisations and bodies	1.0%	4.3%	2.4%	5.5%
Total	100.0%	100.0%	100.0%	100.0%

Source: OECD Regional Data.

6.1.3 Foreign-owned businesses

Foreign direct investment (FDI) plays a more prominent role in Ireland's economy. In 2022, foreign-owned businesses accounted for 3.2 per cent of all firms in Ireland and employed 27.2 per cent of the workforce. In Northern Ireland, externally owned firms made up 2.5 per cent of businesses and employed 22.8 per cent of workers. However, when firms based in Great Britain are excluded, the share of foreign-owned businesses in Northern Ireland is 1.6 per cent, employing just 13.1 per cent of the workforce. These figures, presented in Table 6.3, highlight the greater reliance of Northern Ireland on intra-UK investment, in contrast to Ireland's more globally diversified FDI base.

TABLE 6.3 FOREIGN OWNED BUSINESSES, 2022

	Northern Ireland	*NI Businesses Outside of GB*	Ireland
% Businesses	2.5%	1.6%	3.2%
% Employees	22.8%	13.1%	27.2%

Sources: NISRA – Inter Departmental Business Register, CSO – Business in Ireland 2022.

6.2 DATA GAPS AND STRATEGIC DATA PRIORITIES

While the data presented in this chapter provide valuable insights into the structure of the Irish and Northern Irish economies, several limitations constrain the scope and comparability of the analysis.

First, the availability of timely and harmonised data remains a challenge. Table 6.1, which presents GDP by expenditure component, is constrained by the availability of Northern Ireland data, limiting the ability to assess recent trends in economic structure. Similarly, Table 6.3, which examines the role of foreign-owned businesses, is restricted by the availability of detailed Irish data. In Table 6.2, which outlines the sectoral distribution of output and employment, the OECD Regional Database only has Northern Ireland data up to 2021, preventing a fully up-to-date comparison.

These data lags and inconsistencies highlight the need for improved coordination between statistical agencies in both jurisdictions. Strategic priorities should include the regular and synchronised publication of sectoral data, including output, employment and productivity; enhanced granularity in sectoral breakdowns; and the development of shared classifications for key indicators such as foreign ownership of firms and FDI.

6.3 CONCLUSIONS

Ireland and Northern Ireland maintain distinct economic structures. Ireland's employment profile is more concentrated in high-value sectors such as ICT and financial services, while Northern Ireland relies more on public services and retail, which together account for nearly 60 per cent of its jobs. Manufacturing employment is slightly higher in Ireland (11.7 per cent) than in Northern Ireland (9.2 per cent), but the gap is much wider in ICT (6.4 per cent vs 2.8 per cent).

Foreign direct investment remains a key differentiator. Ireland attracts a globally diversified investor base, with foreign/externally-owned firms employing 27.2 per cent of the workforce, compared to 22.8 per cent in Northern Ireland and just 13.1 per cent when Great Britain firms are excluded. This highlights Ireland's broader international investor base and the more limited global reach of Northern Ireland's FDI profile. These patterns reinforce Ireland's stronger integration into global markets and Northern Ireland's dependence on domestic demand and public spending.

CHAPTER 7

Trade

Ireland provides a good example of how international trade can contribute to transforming an economy in terms of productivity and living standards. In simple terms, and acknowledging that trade can create winners and losers, increased competition and specialisation tend to prompt higher levels of efficiency among local firms while consumers benefit from lower prices and greater choice. Given the importance of international trade in explaining growth patterns, there is value in comparing trends in Ireland and Northern Ireland over time.

7.1 CURRENT EVIDENCE AND COMPARATIVE INSIGHTS

In Table 7.1 we update data presented in Bergin et al. (2025) and show the levels and geographic distribution of trade for both Ireland and Northern Ireland. We should note that the use of the terms ‘exports’ and ‘imports’ in the case of NI/GB flows of goods and services is not entirely correct as these flows are within the UK. NISRA use the terms sales and purchases, but for the purposes of comparison we refer to exports and imports in Table 7.1.

A number of points can be taken from the table. At UK£33 billion in 2023, Northern Ireland exports amounted to 52 per cent of Northern Ireland GDP in 2023. The corresponding figure for Ireland (using GNI*) was 205 per cent, thereby illustrating a key difference in the structure of the two economies. Just over half of Northern Ireland exports go to GB with a further quarter going to Ireland. For Ireland, exports are more dispersed. In the case of services exports, the top four destinations account for 36 per cent of the total – in the case of goods, the top four destinations account for 58 per cent.

Another issue of interest is the degree of movement in the export and import shares by destination over time. Bergin et al. (2025) report how 59.3 per cent of exports from Northern Ireland went to GB in 2015 and that this fell to 54.3 per cent in 2022. In Table 7.1, we can see that the proportion had fallen again to 51.4 per cent in 2023. Bergin et al. (2025) also report that 14.4 per cent of Northern Ireland exports went to Ireland in 2015, with this proportion rising to 21.9 per cent in 2022. The value for 2023 was 26 per cent, indicating a continuing rise in the proportion of Northern Ireland exports going to Ireland.

TABLE 7.1 TRADE STATISTICS FOR IRELAND AND NORTHERN IRELAND, 2023

	2023 NI, UK£ million				2023 IRL, € million		
	GB	IRL	RoW	Total	UK	RoW	Total
Exports (goods and services)	17,122	8,660	7,510	33,292	69,114	525,900	595,014
Imports (goods and services)	16,204	3,752	6,709	26,665	56,284	471,012	527,296
Exports (goods)	11,599	6,532	5,168	23,299	22,406	173,594	196,000
Imports (goods)	13,443	3,299	6,097	22,839	26,330	113,670	140,000
Exports (services)	5,523	2,128	2,342	9,993	46,708	352306	399,014
Imports (services)	2,761	453	613	3,827	29,954	357342	387,296
Exports (goods and services) %	51.40%	26.00%	22.60%		11.60%	88.40%	
Imports (goods and services) %	60.80%	14.10%	25.20%		10.70%	89.30%	
Exports (goods) %	49.80%	28.00%	22.20%		11.40%	88.60%	
Imports (goods) %	58.90%	14.40%	26.70%		18.80%	81.20%	
Exports (services) %	55.30%	21.30%	23.40%		11.70%	88.30%	

Source: NISRA – Northern Ireland Economic Trade Statistics and CSO External Trade, International Trade in Services.

7.2 DATA GAPS AND STRATEGIC DATA PRIORITIES

The data shown in Table 7.1 are for the year 2023. At the time of writing, we are in late 2025 so the time-lag is clear. We should note that the CSO has published data on goods trade between Ireland and Northern Ireland for 2024 – €5.2 billion in exports and €5.4 billion in imports.[14] However, in order to have a complete picture of goods and services trade for both Northern Ireland and Ireland, we must rely on the 2023 data.

With the ongoing evolution of the trading relationship between Ireland and Northern Ireland, more up-to-date data would be very useful. In theory, as Ireland's exports to Northern Ireland should equal Northern Ireland's imports from Ireland, progress could be made on one side of the border but applying to both sides. The same logic applies to Ireland's imports from Northern Ireland. However, some degree of reconciling of statistics might be required and so this is yet another example of potential useful collaboration between the CSO and NISRA. In addition to the broad classifications of goods and services, it would also be very valuable to understand which goods and services are being traded.

Customs arrangements arising from the Northern Ireland Protocol/Windsor Framework facilitate the collection of data in the case of goods. As services lie outside that arrangement, the collection of data on services imports and exports is more difficult. Lawless (2021) discussed the limited nature of data on cross-border

14 https://www.cso.ie/en/releasesandpublications/ep/p-gei/goodsexportsandimportsdecember2024/#:~:text=Commenting%20on%20the%20release%2C%20Jane,15.7%20billion%20compared%20with%202023.

trade in services and this remains a weakness. Hence, additional efforts in the case of services will be required.

One of the issues which we will hope to track in the future is the impact of US tariff differentials between Ireland and Northern Ireland, resulting from the US trade deals with the UK and the EU. As the UK is subject to marginally lower tariffs, the possibility arises of an advantage to the UK, including Northern Ireland. This is an area of ongoing uncertainty, but it is something to which we will return.

CHAPTER 8

Education and skills

This chapter examines education participation and skills development across Ireland and Northern Ireland, drawing on recent data and previous research.

8.1 CURRENT EVIDENCE AND COMPARATIVE INSIGHTS

8.1.1 Education participation

Table 8.1 presents comparative enrolment rates across age groups, alongside early school leaving and NEET (Not in Employment, Education or Training) rates. The data show that Ireland consistently outperforms Northern Ireland in terms of educational participation, particularly in early years and post-compulsory education.

In 2023, enrolment among 3-5 year olds reached 95.1 per cent in Ireland, compared to 83.5 per cent in Northern Ireland. While both jurisdictions maintain near-universal enrolment for 6-14 year olds, a significant divergence emerges in the 15-19 age group. Between 2022 and 2023, Ireland's enrolment rate remained stable at 93.9 per cent, whereas Northern Ireland's rate declined to 69.2 per cent. This gap is even more pronounced in the 20-29 age group, where Ireland's enrolment rate was 28.6 per cent, compared to 17.7 per cent in Northern Ireland.

Lifelong learning also appears more embedded in Ireland, with higher enrolment rates among those aged 30 and over. For example, in 2023, 4.6 per cent of 30-39 year olds and 1.1 per cent of 40-64 year olds were enrolled in education in Northern Ireland, compared to 5.4 per cent and 2.9 per cent respectively in Ireland.

Early school leaving remains a key area of concern. In 2023, the rate of early school leavers (defined as those aged 18-24 not in education or training) was 4.0 per cent in Ireland and 10.0 per cent in Northern Ireland. Similarly, NEET rates were higher in Northern Ireland (10.6 per cent) than in Ireland (8.6 per cent), although both jurisdictions saw modest improvements since 2022.

These patterns are consistent with findings from Smyth et al. (2022), which identified the success of Ireland's Delivering Equality of Opportunity in Schools

(DEIS) programme in supporting retention in Ireland, and the negative impact of academic selection in Northern Ireland, particularly for disadvantaged students.

TABLE 8.1 EDUCATION PARTICIPATION IN IRELAND AND NORTHERN IRELAND

	Ireland		Northern Ireland	
Education enrolment rates by age range:	**2022**	**2023**	**2022**	**2023**
3–5 year olds	93.9	95.1	83.8	83.5
6–14 year olds	98.8	98.7	100	100
15–19 year olds	93.9	93.9	70.6	69.2
20–29 year olds	29.5	28.6	16.9	17.7
30–39 year olds	5.5	5.4	4.1	4.6
40–64 year olds	2.9	2.9	0.8	1.1
Rate of early leavers of education and training (in % of the total population aged 18–24)	3.7	4.0	10	10
Share of 18–24 year olds who are NEET	9.2	8.6	12.4	10.6

Sources: OECD Regional Education Database. NEET data for Ireland are from various editions of the CSO publication Measuring Ireland's Progress.
Notes: The enrolment rate for individuals aged 15–19 in Ireland has not yet been updated for 2023. Therefore, the figure presented in the table reflects data from 2022.

8.2 DATA GAPS AND STRATEGIC DATA PRIORITIES

While data on education and skills are available for both Ireland and Northern Ireland, gaps remain in timeliness, consistency and detail. Some indicators are not updated regularly or use different reference years, making comparisons difficult. In addition, limited disaggregation by gender, socio-economic background, or region restricts analysis of equity in access and outcomes.

Finally, data on adult and community education are limited for both jurisdictions, but particularly for Northern Ireland. This constrains the ability to assess the effectiveness of upskilling and reskilling initiatives, which are increasingly important in the context of labour market change.

In addition, there are limited data on current and emerging skills needs across sectors and regions. While some labour market intelligence exists, it is not always aligned across jurisdictions or updated frequently enough to inform timely policy responses. A more systematic approach to identifying and tracking skills demand, particularly in areas such as digital, green and care economy skills, would support more responsive education and training provision.

8.3 CONCLUSIONS

Ireland shows consistently higher enrolment across most age groups and lower rates of early school leaving and NEET, supported by policies like the DEIS programme and a broader post-school education infrastructure.

Northern Ireland, by contrast, faces challenges in retaining young people beyond age 16, with academic selection and lower participation in further and higher education contributing to a more fragmented system. While NEET rates have improved slightly, more inclusive policies and clearer post-school pathways are needed.

Data limitations also constrain effective cross-border analysis. Gaps in timeliness, consistency and detail, particularly around adult learning and emerging skills needs, make it difficult to track progress or respond to labour market changes. These issues are particularly acute in Northern Ireland. A more coordinated approach to data collection, including aligned definitions, regular updates and improved labour market intelligence, is essential to support responsive education and training strategies.

CHAPTER 9
Conclusions

As explained in the Introduction, the overall aim of this report has been to initiate an annual series on the economies of Ireland and Northern Ireland. As part of this, we have revisited some of the topics covered by Bergin et al. (2025) in their comparative report and topics covered in other reports written under the Shared Island research programme. We have also looked at the possibility of adding further topics and data, including economic forecasts and policy development. The exercise has prompted thought on how data facilitating comparisons between Ireland and Northern Ireland might be strengthened and this is likely to remain a task as the series continues in the coming years.

Our review of the data has led us to return to some familiar themes. Income levels are higher in Ireland, and the Irish economy is characterised by a stronger presence of foreign-owned and high-productive enterprises (even allowing for distortions caused by transfer pricing). Based on data from 2024, Ireland has higher labour force participation (78.5 per cent) and employment rates (75.1 per cent) than Northern Ireland (75.7 per cent and 74.3 per cent respectively). Northern Ireland's unemployment rate was lower (1.8 per cent vs 4.4 per cent), although this must be viewed in the context of the lower participation rate in Northern Ireland. Ireland has higher enrolment rates in education across most age groups, particularly in post-compulsory and adult education. In 2023, early school leaving and NEET rates were lower in Ireland (4.0 per cent and 8.6 per cent) than in Northern Ireland (10.0 per cent and 10.6 per cent).

The most recent data show that the economies of both jurisdictions have been growing up to the second quarter of 2025. The Northern Ireland Composite Economic Index (NICEI), which is broadly equivalent to GDP, grew by 2.8 per cent on an annualised basis to Q2 2025. For Ireland, modified domestic demand grew by 3.2 per cent. While the rate of growth in Northern Ireland lags that of Ireland, the rate for Northern Ireland is more than double that of the UK in the same period. Northern Ireland is also showing an annual rate of growth in employment which is comparable to that of Ireland (2.3 per cent in Ireland in Q2 2025; 2.5 per cent in Northen Ireland).

The context for economic policymaking differs significantly between Ireland and Northern Ireland and this is discussed above. However, it is still of interest to compare the economic policy priorities of the Irish Government and the Northern

Ireland Executive. Such a comparison provides insights into each administration's perception of the economic challenges which are faced and also their respective plans for addressing those challenges. Our plan would be to include a presentation of policy discussions and development in future issues within this annual series. In this report, we include some discussion of the respective Programmes for Government (PfG) of the two administrations, and some interesting commonalities are found. Productivity, competitiveness and decarbonisation are prominent in both PfGs and references to R&D, SMEs and skills are also shared.

The structure of this report can serve as a template for further issues in the annual series and we expect that the annual tracking of the two economies (and the inter-linkages) will facilitate ongoing learning and discussion. We expect that through this learning and discussion, policy in both jurisdictions can be informed, especially in areas where collaboration and cooperation can yield benefits to people throughout the island. We also expect that the ongoing tracking will prompt research into specific issues and that papers on these issues can be published as part of the annual series.

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