

Staff statement following the eleventh post-programme surveillance mission to Ireland

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Staff from the European Commission, in liaison with staff from the European Central Bank, visited Dublin from 21 to 24 May for the eleventh post-programme surveillance (PPS) mission to Ireland.^[1] Staff from the European Stability Mechanism (ESM) also participated in the mission in the context of its Early Warning System.

The mission held discussions on the key challenges facing the Irish economy in a context characterised by a need to build resilience against external risks and uncertainty as regards the sustainability of certain tax revenue. This included discussions on the fiscal situation and outlook following the publication of Ireland's Stability Programme. Furthermore, the mission focused on the economic implications of the tight labour and housing markets, including the role of institutional investors in the rental market.

The mission also discussed the overall performance of the financial sector, with a focus on bank profitability and provisioning, as well as the evolution of non-performing loans (NPLs). In this context, the mission took note of recent legislative proposals aimed at addressing the broader social impact of NPL workouts, some of which, if enacted, could impede portfolio sales by the banks, the main channel through which NPL reduction is taking place in Ireland.

The surveillance report reflecting the detailed findings of this mission is due to be published in September 2019.

The mission would like to thank the Irish authorities for their constructive and open discussions. The next PPS mission will take place in the autumn of 2019.

[1] European Central Bank (ECB) staff participated in the mission in accordance with the ECB's competences and thus provided expertise on financial sector policies and macro-critical issues, such as headline fiscal targets and sustainability and financing needs.

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