

FOR IMMEDIATE RELEASE

McLaughlin Tells Carlow Conference: Recovery in Ireland Dependent on Global Economy

- *Consumer spending in Ireland likely to remain low until 2010, says Bank of Ireland chief economist*
- *Lalor O'Shea calls for further tax measures to support new enterprises*

May 15th 2009: Any recovery in the Irish economy will be dependent on global events, as domestic spending in Ireland is likely to remain weak for the remainder of this year, according to one of the country's top economists, Bank of Ireland chief economist Dr. Dan McLaughlin.

Speaking at a breakfast seminar this morning in Carlow, jointly organised by Carlow-headquartered taxation and finance advisors Lalor O'Shea and Bank of Ireland Carlow as part of Bank of Ireland's National Enterprise Week, on 'The Economic Outlook & Current Tax Developments', Dr. McLaughlin said that there were signs of stability emerging in the global economy, with the U.S. expected to return to growth in the third quarter in 2009.

"However, the reality is that domestic spending is likely to remain low for the rest of this year and, almost certainly into next year. We expect that, at best, the economy in Ireland will have a completely flat rate of growth in 2010, supported by a recovery in the U.S.," said Dr. McLaughlin.

Padraic Lalor, joint managing partner, Lalor O'Shea, said further reform of public expenditure and the tax regime would be necessary to support economic recovery, especially in terms of supporting new enterprises.

"The April 2009 tax changes were essential to begin the process of stabilising our public finances. Undoubtedly, the additional tax burden will itself add further stress to our fragile economy. But, on balance, the changes were necessary to avoid the economic chaos that would have otherwise ensued," said Mr. Lalor.

"The very limited reform of current public expenditure is a concern and must be dealt with as part of the process of re-balancing our economy. We await with interest the findings of the Special Review Group on Government Expenditure and the response by the Government to this report," he said.

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“Also, the minister’s continued commitment to retention of the 12.5% corporation tax rate is critical to our much needed attraction of inward investment and creation of employment,” Mr. Lalor added.

Speaking at the breakfast seminar, Dr. McLaughlin said: “Historically, the collapse of Lehman Brothers last September can be seen as a watershed, as it helped precipitate a global downturn in the credit markets. In Ireland, however, we have our own unique difficulties caused by the fact that perceptions of investing in Ireland have fallen dramatically in recent months”.

Last month, in Bank of Ireland’s Quarterly Economic Outlook, Dr. McLaughlin said: “The passage of time, low interest rates and falling inflation are conditions that normally precipitate an end to a recession”.

“These factors are now present internationally and in Ireland's case prices look likely to fall which will offer some support to real incomes. However, the impaired nature of the global banking system adds an additional layer of uncertainty, regarding the timing and strength of a recovery,” he said.

About Lalor O’Shea:

Lalor O’Shea is a privately owned, Carlow-based accounting firm. The firm, which employs approximately 30 staff at its offices in Carlow, was established following the merger of three local accountancy practices in 2003. Lalor O’Shea offers a broad range of services encompassing audit, accounting, tax advisory and online accounting. The firm also offers specialist services like strategic business planning, personal financial planning and family business consulting. For information on Lalor O’Shea: www.laloroshea.ie. For information on Teamwork.ie: www.teamwork.ie.

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