IRISH TOURISM INDUSTRY CONFEDERATION

Budget 2026
Tourism's submission

Supporting Ireland's largest indigenous industry and biggest regional employer in a time of geopolitical and macroeconomic uncertainty

August 13th 2025

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Tourism's 3 Key Budget Asks

The Irish Tourism Industry Confederation (ITIC), representing over 20,000 tourism and hospitality businesses throughout Ireland, is calling for the following 3 outcomes in Budget 2026 to support a key indigenous industry and our most significant rural employer.

More detail on each budget ask is contained throughout this submission.

List of ITIC members: *Aer Lingus, Association of Irish Professional Conference Organisers (AIPCO), Approved Tourist Guides of Ireland (ATGI), Association of Visitor Experiences and Attractions (AVEA), B&B Ireland, Car Rental Council of Ireland, CHQ/EPIC The Irish Emigration Museum, CIE Tours International, Coach Tourism & Transport Council (CTTC), Do Dublin-Dublin Bus, Dublin Airport Authority (daa), Emirates, Guinness Storehouse, Inbound Tourism Operators Association Ireland (ITOA), Ireland Golf Tour Operators Association (IGTOA), Ireland's Association for Adventure Tourism (IAAT), Ireland's Blue Book, Irish Boat Rental Association (IBRA), Irish Caravan & Camping Council, Irish Ferries, Irish Heritage Trust, Irish Hotel Federation (IHF), Irish Rail, Irish Self Catering Federation (ISCF), Jameson Distillery Visitor Centres, Kildare Village, Kerry Tourism Industry Federation, Licensed Vintners Association (LVA), Office of Public Works (OPW), Planet Payments Ireland, Restaurants Association of Ireland (RAI), Stena Line, The Convention Centre Dublin, The Shannon Airport Group, Trinity College Dublin, TU Dublin, Vintners' Federation of Ireland (VFI), Waterways Ireland.*

Strategic Partners: *Fáilte Ireland, Tourism Ireland, AIB, Dublin City Council, Dun Laoghaire Rathdown County Council, Limerick City & County Council, South Dublin County Council*

Economic Context

Budget 2026, expected to take place on October 7th, is of particular importance to Ireland's tourism and hospitality industry. With unprecedented macroeconomic uncertainty and geopolitical upheaval, Ireland as a small open economy is particularly exposed. A mixed demand outlook, allied to cost of business pressures and capacity constraints, means that Irish tourism is at a tipping point. Budget 2026 needs to deliver on the Programme for Government commitments and provide appropriate supports to Ireland's largest indigenous industry and biggest regional employer.

With 69% of tourism employment outside of Dublin, the sector is of fundamental importance to rural Ireland as well as the national economy. This budget submission from the Irish Tourism Industry Confederation (ITIC) looks at the opportunities and challenges for the sector and proposes how policy decisions in the upcoming Budget should be made. Crucially this submission sets out a number of strategic recommendations as to how Irish tourism's performance can be sustainably supported.

The revised National Development Plan, published on July 22nd, has set out Government's plan to build infrastructure over the next five years which will include an overall investment of €112bn. Of this €3.8 billion has been allocated to the Department of Enterprise, Tourism and Employment although how much of this is to be earmarked for tourism development is not yet known.

In parallel to the National Development Plan, Government published its Summer Economic Statement which set out a €9.4 billion tax and spending package for the upcoming Budget, This package is made up of €7.9 billion in additional spending, and tax cuts amounting to €1.5 billion. It is unknown at time of writing if the recently announced EU-US trading regime, consisting of 15% tariffs to be imposed on European exports to the US, will affect Government's budgetary arithmetic.

Ireland's tourism and hospitality industry has experienced a difficult year on a number of fronts. The CSO data for the first half of the year points to double-digit decreases in revenue and volume from overseas markets and, although industry intelligence does not suggest this level of decline, it has undoubtedly been a challenging year for enterprises.

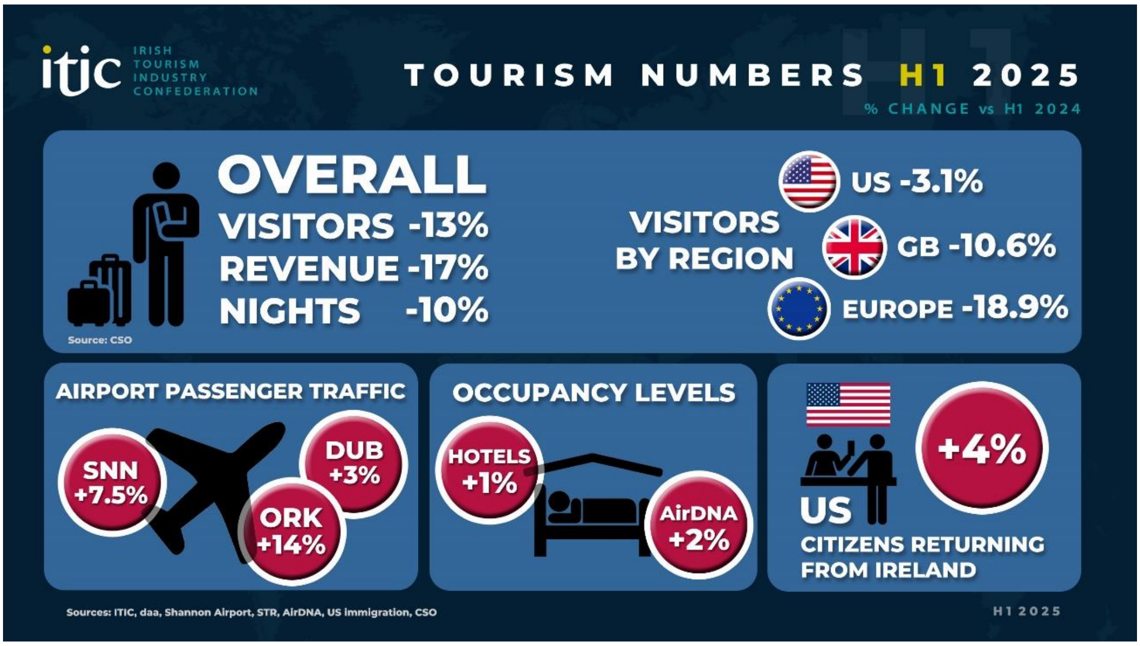
Costs of business continue to squeeze margins as Ireland's competitiveness is further eroded. The emerging new global order, including more protectionism and less open borders, poses a material risk to the Irish economic model and ITIC is of the view that Budget 2026 presents a unique opportunity to support a domestic SME sector such as tourism.

ITIC argues that Ireland not only needs strategic vision but also timely delivery in areas of infrastructure, innovation and skills while enhancing competitiveness and connectivity. Investing productively whilst maintaining fiscal stability has never been more important.

This budget submission is based on feedback from ITIC members throughout the country and reflects their priorities and policies,

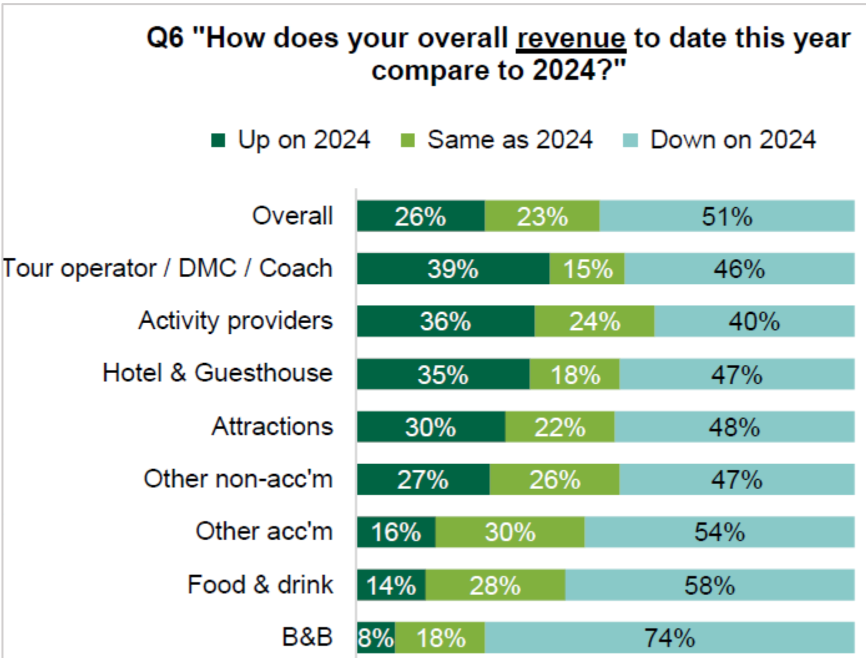
Industry Performance & Outlook

Irish tourism has faced a challenging year according to CSO statistics with January to June data published on July 30th pointing to -17% revenue and -13% volume from overseas markets. All markets with the exception of North America are proving soft and it is undeniable that the mixed demand picture, allied to continuing escalating costs of business, poses a challenging environment for Irish tourism. ITIC's Dashboard for January to June can be seen here:



The CSO also record domestic tourism activity, and their latest data is for Q1 and this shows a mixed picture with revenue up 7% but number of staycations down 8%.

The latest Fáilte Ireland barometer capturing industry mood across nearly 800 tourism and hospitality business points to a gloomy picture with 51% reporting an expectation of business being down for the first half of the year.



Meanwhile Irish tourism and leisure businesses reported a fifth successive monthly decline in activity levels last month but continued to increase prices amid a slowdown in growth across the wider services sector according to AIB in August.

Looking forward, air access - a key determinant of tourism flows into Ireland - remains healthy for the summer with Republic of Ireland air access +7% year on year (see below). It is hoped that a strong summer period will help recoup some of the losses to date.

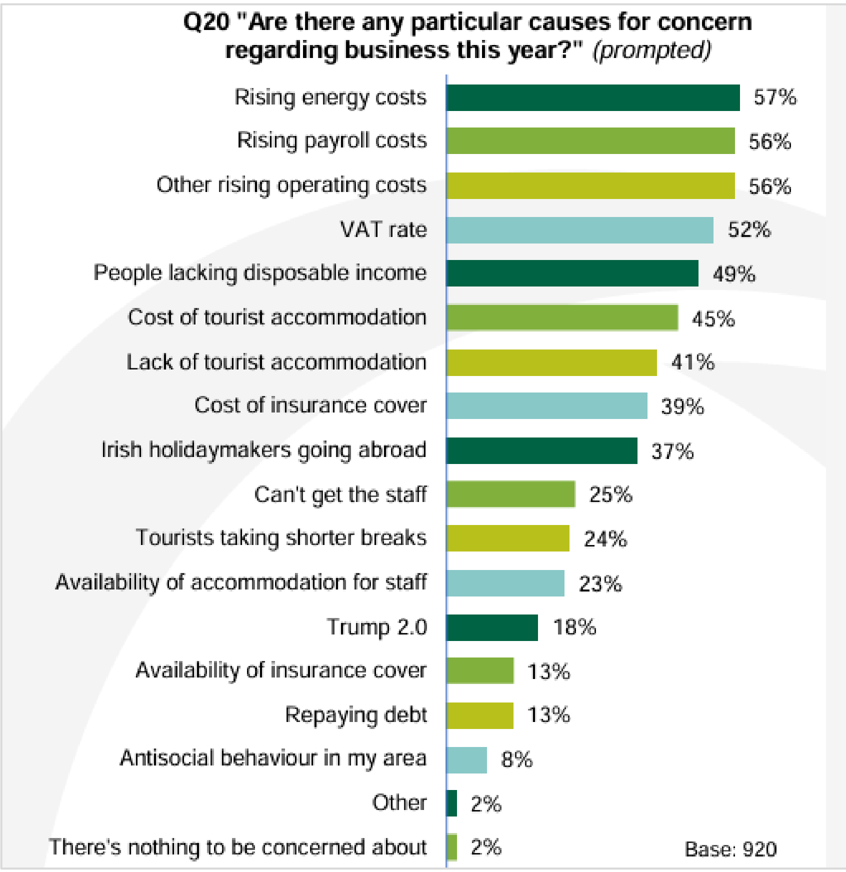
Airport Seat Capacity Forecast – Summer 2025

According to OAG, Dublin Airport has increased overseas seats scheduled for this summer season compared to last summer, with seats filed at 105%. Cork and Shannon Airports are both scheduled at 116% and 110% respectively of last summer's levels. Knock and Kerry are filed at 119% and 101% respectively and Donegal is scheduled at 128% for overseas seats.

Belfast International Airport and Belfast City Airport are filed at 93% and 90% respectively of 2024 summer season levels. City of Derry Airport is scheduled at 122%.

Airports	Summer 2024 seats	Summer 2025 seats	2025 % share of 2024
Belfast Intl.	2,737,071	2,532,645	93%
Belfast City	924,319	833,256	90%
City of Derry	69,657	84,638	122%
Dublin	13,014,536	13,684,487	105%
Cork	1,168,406	1,361,035	116%
Shannon	807,065	889,627	110%
Knock	324,159	386,935	119%
Kerry	133,301	134,688	101%
Donegal	3,144	4,032	128%
Total	**19,181,658**	**19,911,343**	**104%**

On the supply side the industry is pushing hard against capacity and competitiveness challenges. Costs in particularly are eroding margins at an alarming rate. Once again, the latest sentiment barometer from Fáilte Ireland lays bare the cost pressures facing enterprises:



Rising energy and payroll costs are the most quoted burdens that businesses are facing. The applicable VAT rate (which is added to all other costs) is also cited as a major cause of concern.

Even if demand was consistent, and cost pressures sustainable, the industry is still facing significant capacity constraints. Dublin Airport's passenger cap is stymying the arrival of new airlines and routes, the shortage of hotel accommodation in parts of the country is restricting the regional spread of tourism, while impending short term tourism rental legislation risks denuding regional and coastal Ireland of holiday homes and self-catering properties.

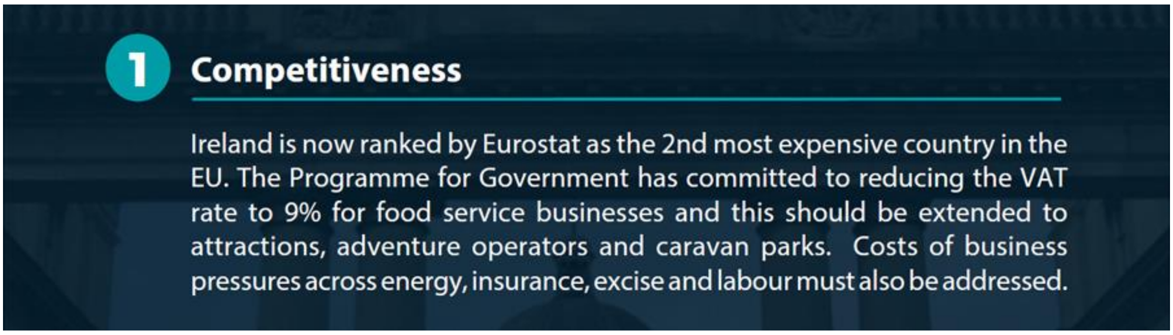
Overall, 2025 is proving a very mixed year for Irish tourism. The unprecedented macroeconomic and geopolitical uncertainty poses a real risk for an export industry such as tourism. Budget 2026 comes at a key time.

Competitiveness, Connectivity & Investment

- ***Competitiveness***

Competitiveness is critical to the sustainable performance of Ireland's tourism industry. It is evident across a number of metrics that due to high costs and capacity constraints, Irish competitiveness has been sharply eroded.

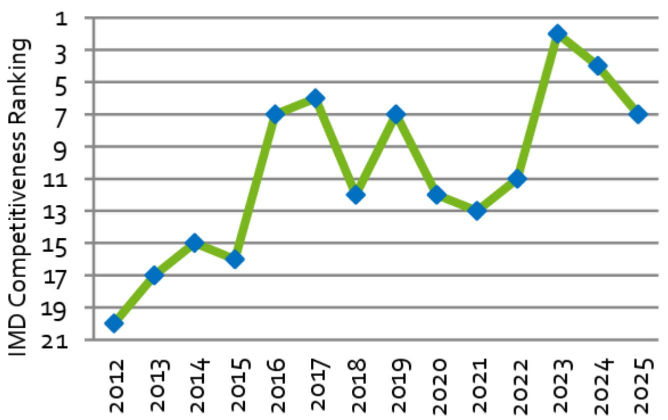
Key Budget 2026 recommendation:



In terms of competitiveness all evidence points to a worrying erosion in our standings compared to international peers. Eurostat figures from June ranked Ireland as the second most expensive country in the EU, with prices 38% higher than the average. The high-cost economy feeds its way through to the bills tourists pay for accommodation, restaurants and bars. Thankfully latest available data from Fáilte Ireland, who carry out annual surveys with tourists as they are holidaying here. show that despite high costs 63% of all holidaymakers still find Ireland 'very good' or 'good' value with a further 32% rating us as 'fair' value and only 5% rating us as 'poor' value. These scores have eroded over time though and will continue to do so as costs are heaped on businesses.

In July Ireland's National Competitiveness and Productivity Council (NCPC) published the IMD World Competitiveness Rankings and Ireland has slipped 3 places. Critically Ireland's ranking within the Business Efficiency pillar had deteriorated sharply dragging down Ireland's overall ranking.

Figure 2: Ireland's IMD competitiveness ranking, 2012-2025



Source: IMD

Out of line

Ireland's costs are well out of line with EU norms. Energy is 17% above the EU average and ITIC has made a number of recommendations to Government's Cost of Business Advisory Forum which should be implemented. One of the chief recommendations is to review all non-market-based energy charges with a view to consolidation, transparency, and reduction. Further pass-through charges should be paused until an independent cost-benefit analysis is completed.

In terms of other obvious cost pressures Ireland has the 2nd highest minimum wage rate, the 2nd highest excise rate and a significantly higher VAT rate on food services than European peers. It is welcome that that the pace of roll-out of new labour measures has moderated to allow vulnerable sectors such as tourism manage the transition. However more needs to be done across a number of fronts. On excise there is a compelling case for a reduction in light of recent research by Professor Anthony Foley for DIGI which pointed to the closure of 2,100 pubs since 2005.

Survey findings

A survey of ITIC members found that a reduction in VAT for food-led businesses and a reduction in employers PRSI rates were the most cited competitiveness measures that needed to be introduced. Furthermore, there is a strong argument that the 9% VAT rate should be extended to ticket prices to the attraction and adventure tourism sector as well as caravan parks. The cost of this would be negligible and these sectors are viable yet vulnerable with a strong regional bias. ITIC is currently carrying out an economic study of extending the 9% VAT rate to these tourism sectors and will share copy of same with officials in early September well in advance of Budget Day.

Other insights from ITIC members within the survey point to the need for the reinstatement of the VAT equalisation measure to increase the fleet of available cars for hire. A car rental fleet EV purchase subsidy should also be considered in order to help transition the sector. Also, and it would seem quite self-evident, carbon tax should not be applied to biofuels and HVO which should also not be charged at a higher VAT rate.

Insurance

The escalating cost of insurance continues to have a negative impact on tourism and hospitality businesses. This is despite many positive reforms of the insurance sector in recent years. It is a source of ongoing concern that premiums continue to rise and that savings generated by recent reforms are not being passed on by insurers. Insurance reforms are needed that will quickly reduce liability premiums to affordable levels and keep them there and provide assistance for organisations with limited or no access to affordable cover. This would include ensuring that insurers pass on the savings generated by the recent insurance reforms; addressing areas of market failure for sectors that cannot get cover (or affordable cover); ensuring adequate competition and a fair market in respect of underwriters and brokers; increasing the volume of cases resolved at the Injuries Resolution Board and tackling unnecessary and excessive legal costs.

ITIC urge Government to do everything in its power to increase underwriting capacity in the liability market, encourage competition and improve availability of cover. Equally, we ask that Government do nothing from a fiscal policy perspective that would discourage new entrants into the Irish market or diminish risk appetite. Adequate financial provision should also be made to ensure the next Department of Finance Action Plan for Insurance Reform can be delivered effectively and efficiently. There remains a worrying underutilisation of the Injuries Resolution Board and there is too much recourse to legal channels.

Reduction of red tape

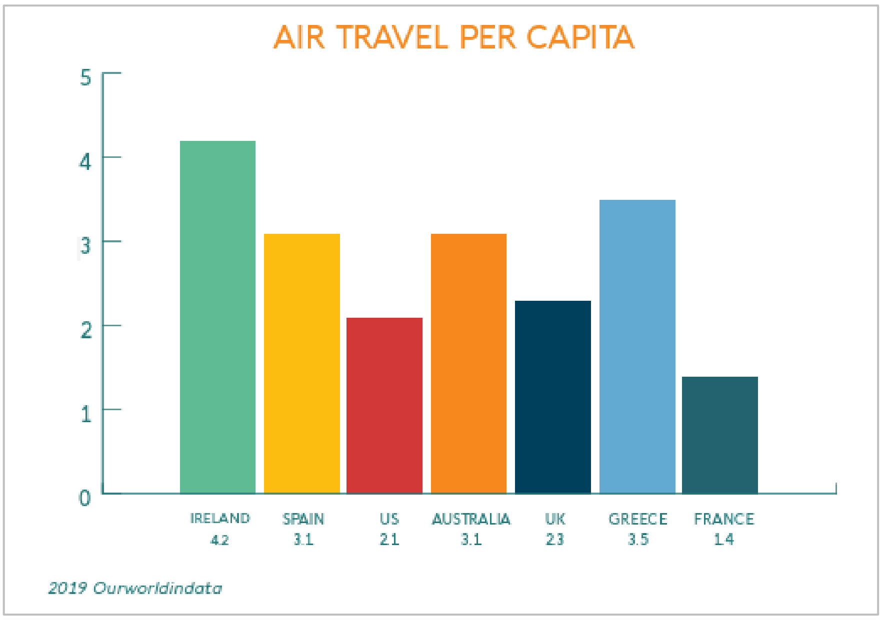
General streamlining of regulations to reduce the administrative burden on hotels and other tourism-related operators should be prioritised, in order to make doing business easier.

- ***Connectivity***

As an island nation it is self-evident that there are no bridges, tunnels or roads connecting Ireland to other markets. Aviation access is absolutely fundamental and as a small open trading nation having an arbitrary cap at our main gateway is an act of economic self-sabotage. Connectivity is not just a tourism concern but has far-reaching consequences for the wider economy from exports through to FDI. A key Programme for Government commitment was the promise to lift the Dublin Airport passenger cap, yet 8 months later there is no progress or movement on this critical issue. This can and should happen in tandem with supporting the regional state airports of Cork and Shannon.

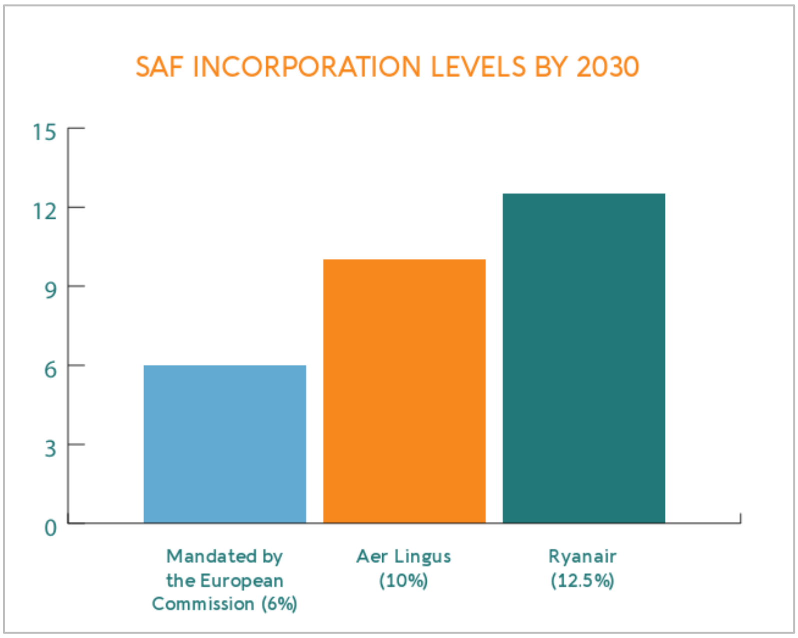
Key recommendation:

Ireland is a very significant user of air travel as per the graph below (Source: A Pathfinder for Irish Aviation: May 2025) and in a new global order of fractured trading relationships connectivity is absolutely critical to nurture and strengthen.



As well as the obvious importance of Dublin Airport to the Irish tourism economy, Ireland's other state airports - Shannon Airport and Cork Airport – must be supported. Both airports are vital in terms of the regional spread of tourism and are uniquely positioned to support development along the Wild Atlantic Way, Ireland's Hidden Heartlands and Ireland's Ancient East. These airports play a central role in enabling sustainable tourism, expanding regional reach, and fostering inclusive economic growth within local communities. Aligning with commitments in the Programme for Government to develop a new Regional Airports Programme (RAP) for 2026–2030 and to strengthen the National Aviation Policy, Budget 2026 should allow for direct capital funding for State-owned regional airports. Including Shannon and Cork Airports in the RAP (supporting airports with up to 5 million passengers per annum as allowed by EU regulation) would empower them to upgrade essential infrastructure, implement green initiatives, and improve passenger services—all of which are essential to attracting tourists, extending their stay, and ensuring repeat visits.

It is accepted that aviation accounts for 2%-3% of global greenhouse gas emissions, it is worth noting that Irish aviation is taking its sustainability obligations very seriously. On the ground Dublin, Cork and Shannon Airports are making dramatic decarbonisation steps while Irish airlines lead the way in their purchase of - and commitment to - Sustainable Aviation Fuels (SAF). There is a real opportunity to develop Ireland as an R&D hub for SAF should there be a political will.



Tourism and aviation are intrinsically linked and mutually inter-dependent: tourism relies on aviation to bring in visitors and airlines rely on tourism to fill seats.

As well as air connectivity, sea access must be supported. This facilitates 'slow tourism' with visitors tending to stay longer and explore the country. Connectivity throughout Ireland is also of fundamental importance to ITIC who have long advocated for a liberalisation of the taxi market and an intensive rollout of EV infrastructure. As per ITIC's submission to the National Development Plan the Metro North line to Dublin airport needs to be finally delivered and the proposed Cork Light Rail to Cork Airport must be addressed as well as securing a mainline rail link to Shannon Airport. Enhancing public transport to State Airports will by its nature reduce dependency on cars and provide faster, greener, more efficient connectivity for visitors & locals alike.

- ***Investment***

With an over-dependence on the US market and a need to de-risk and diversify business sources there is a very strong case for a step-change in tourism investment in the coming budget. As well as an increase in overseas marketing funds and cooperative market access funds, additional investment is needed to secure the regional spread of visitation, sustainability initiatives, industry supports, business tourism, a food tourism strategy, and key event funding particularly that of St Patrick's Festival.

The case for investment in tourism services in Budget 2026 is indisputable. Research by Indecon Economic Consultants for Fáilte Ireland outlines that 29c of every €1 spent by a visitor is returned to the exchequer in tourism-related taxes. That means the tourism industry contributed a massive €2.9 billion to the exchequer last year.

And yet annual investment by the state in tourism services stands at only €251 million across current and capital expenditure as per last year's budget.

			2024 Estimate*			2025 Estimate		Change 2025 over 2024
		Current	Capital	Total	Current	Capital	Total	
PROGRAMME EXPENDITURE		€000	€000	€000	€000	€000	€000	%
A -	TOURISM SERVICES	173,327	50,017	**223,344**	176,126	75,361	**251,487**	13%
B -	ARTS & CULTURE	288,968	79,018	**367,986**	301,085	79,908	**380,993**	4%
C -	GAELTACHT	77,479	20,271	**97,750**	82,280	25,050	**107,330**	10%
D -	SPORTS & RECREATION SERVICES	117,696	81,406	**199,102**	124,316	106,365	**230,681**	16%
E -	BROADCASTING	310,884	7,673	**318,557**	322,821	5,515	**328,336**	3%
	Gross Total :-	968,354	238,385	**1,206,739**	1,006,628	292,199	**1,298,827**	8%
Deduct :-								
F -	APPROPRIATIONS IN AID	214,940	1,500	**216,440**	217,280	1,000	**218,280**	1%
	Net Total :-	753,414	236,885	**990,299**	789,348	291,199	**1,080,547**	9%

ITIC is of the view that an additional €90 million (+35%) should be allocated to tourism services to fund tourism agencies and properly support a sector that is facing into a challenging period. This budget increase is also to be expected in light of tourism being moved to an economic portfolio and now in the Department of Enterprise, Tourism and Employment.

In parallel to tourism funding, Government has built up a surplus of nearly €2 billion in the National Training Fund (NTF), which is funded by annual contributions by employers worth 1% of payroll. This has the potential to deliver a step change in industry-led skills development and incentivise industry to scale investment and engagement with the education sector. There was a modest release of this announced in last year's budget and ITIC advocate that the same is done this year and should be earmarked for labour-intensive sectors such as the tourism and hospitality.

Concluding Comments

The continued recovery of Irish tourism is of immense importance to the Irish economy. This has been a challenging year on a number of fronts for businesses in the sector and Budget 2026 comes at a key time. Rarely has the world been so impacted by geopolitical and macroeconomic uncertainty. It would be naïve to think Ireland will escape the buffers of global affairs. With the FDI sector most impacted, now is the time for Ministers to deliver on their commitment to support home-grown, indigenous industries.

Government have committed to a new national tourism policy this autumn. Hopefully it will match the ambitions of industry leaders. But sustainable growth can only be enabled by pro-tourism and pro-enterprise policies. In terms of competitiveness, connectivity and investment Budget 2026 can set a clear roadmap for tourism's sustainable growth in the coming years. This would be a positive development for the visitor, the tourism industry, local communities and the national exchequer.

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