

Comments by Liam Connellan, Director General, Confederation of Irish Industry at the first meeting of Anglo Irish Encounter, London, Wednesday, April 4, 1984

Britain is the Republic's main trading partner and its second largest foreign investor after the United States. On the other hand, the Republic is Britain's fifth largest trading partner, and fifteenth most significant foreign investor. I would like to comment briefly on aspects of the Republic's trade and investment, and to make a specific recommendation in relation to strengthening the economic relationships between the Republic and Britain.

Trade

The size and proximity of the British market will ensure that Britain will always remain our main trading partner. Only 15 years ago Britain accounted for six times more Irish exports than did Continental EEC countries. Since then Irish exports have expanded in volume by an average of 8% per annum and our exports to Continental EEC countries are now equal in volume to exports to Britain.

Exports account for 60% of the Republic's total manufacturing output, and, per capita, exports are about 1.5 times greater than those of Britain. The pace of export growth is accelerating. Last year the volume of merchandise exports increased by 12%, and this year may grow by 15%.

The Republic imports more than twice as much from Britain as from all other EEC countries, but this pattern is likely to change.

Investment

Britain is the second largest external investor in the Republic. In 1981, British investment in the Republic was £730 million and its value had expanded by four times over ten years. 177 British manufacturers have plants in the Republic, compared with 350 American, and 112 German firms.

Over the last decade, Irish manufacturers have increased their investment in the U.K. by twenty times to £76 million in 1981, when the Republic was ranked as about the fifteenth largest external industrial investor in the U.K.

Industry

The Republic is a modern industrial economy, and industry now accounts for a similar proportion of national output as in the EEC as a whole. It has the fastest growing industrial sector in Europe. Output has expanded by an average of 3% per annum over the last decade, or twice the EEC average. Last year, manufacturing output expanded by 7%, and a better performance is expected in 1984.

Our industrial structure has changed dramatically over the last decade. New technology industries (e.g. electrical, electronics, chemicals and pharmaceuticals) now account for over one third of manufacturing output; food processing and drink industries account for another third; and traditional sectors the remaining third. (The corresponding U.K. figures are new technology one fifth; food processing and drink one sixth, and the remainder, two thirds.) Most of the Republic's new technology firms are externally owned, and produce for the whole European market. Major efforts are now under way to improve the degree of linkage between these firms and indigenous suppliers, and also to improve the support infrastructure, so as to encourage the sustained growth of the expanding sectors.

Conclusion

I believe that there is considerable potential for increasing the total trade and investment flows between the U.K. and the Republic. I would suggest a target volume increase of 10% per annum in line with the growth of total Irish trade.

We may have taken developments to-date too much for granted. In relation to other important markets there are specialised chambers of industry and commerce e.g. American, German, French, Japanese etc.

I believe that the time has come to consider the setting up of an Irish Chamber of Industry and Commerce in Britain, and a counterpart organisation in Ireland. These organisations should have the objective of promoting trade, commerce and investment between our two countries. They would also provide a forum where business people could get to know one another, and obtain informed briefing on matters of mutual interest.

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