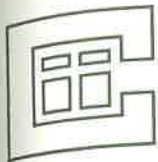


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The Confederation of Irish Industry

PRESS RELEASE

INDUSTRIAL DEVELOPEMNT IN THE WEST : Talk to :

IMI Regional Conference, Galway : 27 March 1974

By : Liam Connellan, Director General, CII

Industry in the West has grown more rapidly than the national average in recent years. The number of manufacturing firms in the West having more than 200 employees has doubled since 1968. Most of this growth was obtained from firms encouraged to come to Ireland from abroad. Nevertheless, only 16% of the population was engaged in industry in 1971 compared to 31% for the Republic as a whole.

There is much greater need for rapid industrial development in the West because of the combined effect of unemployment and the abnormally high proportion of the population still engaged in agriculture. This excess labour supply is a major asset in attracting new industry. There is ample evidence that industrial output per capita is similar to that in the rest of the country.

Growth in industrial employment can only be achieved by helping existing firms to develop and by attracting more new firms to the area.

Approximately half the output of Irish industry came from exports during the last twelve months. The relationship between exports and imports has improved consistently over the last four years, an improvement which was maintained through February 1974, despite higher oil and raw

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material prices. Nevertheless, the home market also takes half of industrial output. It is, therefore, essential that the growth of home demand is maintained by expansionary action in the forthcoming budget.

A high rate of investment by existing industry must be encouraged. The great majority of the industries in the country are family owned. These must be exempted from the proposed Wealth Tax. The psychological and financial impact of an average 70% effective tax rate would provide a disincentive to investment and reduce both the capital employed and employment in these firms. Capital Gains Taxation must be set at a level which will still make investment in Ireland attractive.

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