

TALK TO APPAREL INDUSTRIES FEDERATION, SOUTH COUNTY
HOTEL, STILLORGAN, THURSDAY, 7 SEPTEMBER 1973

LIAM CONNELLAN

The Economy Now

The Irish economy in 1973 will probably experience its greatest rate of growth at least since 1968 which itself had been the greatest boom year since the Second World War. The GNP is expected to grow by 6%; industrial output by 9%; and exports by 35% in value, and probably about 18% in volume.

This growth has been due to many factors - devaluation, diversification of trade to EEC, for the first time less than half total trade with Britain - high demand in Britain, and the old EEC, and in particular to a very buoyant home market stimulated by a 34% increase in farm incomes since 1972, and retail sales which for the first 5 months of this year grew by an average of 19% over last year.

Added to this, business confidence in early July was at its highest level since 1967 with a record balance of firms predicting higher output and investment.

The Clothing Industry

How has the clothing industry shared, and contributed to this increased prosperity?

In 1972 Output increased by 2% (compared to 5% for all manufacturing) of which 35% is exported, and 28% taken by competing imports. Employment fell by 2% (no change). Exports in the clothing industry in 1972 grew by 15% (20%).

In the first quarter of 1973 Exports grew by 19.4% (35%); Output grew by 3.4% (14.5%); Employment fell by 3.5% (+2.8%).

Exports by market were:-

Britain	73%
North America	2%
Northern Ireland	10%
Old EEC	5%
Others	10%.

The home retail sales index for May indicates that clothing sales increased by 16% in value compared to 21% for all industries. The Consumer Price Index indicates a 15.6% rise in clothing prices. Therefore the volume increase in clothing sales on the home market has been 0.4% - i.e. stable.

It therefore appears that although the output of the apparel industries grew in 1972, and that this growth accelerated in the earlier part of this year that the industry is developing at a slower rate than that achieved by manufacturing industry as a whole. The reasons for this are undoubtedly cause for concern.

Constraints to Growth

A very high proportion of clothing firms were operating at full capacity in July. The greatest bottleneck was skilled female labour; closely followed by lack of capacity, presumably equipment. Another cloud on the horizon was the slowing down of demand in the British economy where retail sales were almost stable in the first six months of this year.

The CII

The object of the Confederation is to provide an environment within which industry can grow. To do this it must influence many areas of Government, EEC, and service agency policies. The Confederation must continue to develop its authority as the representative hub of industry which can identify the constraints on growth and profitability, and develop policies to have these renewed.

Following yesterday's meeting of the National Executive, the Confederation now has thirteen Committees for development of a Confederation policy. These are:-

Industrial Policy (including services)
Product Development
Small Firms
Foreign Trade
Economic Affairs
Taxation
Transport
Competition (including Dumping and Restrictive Practices)
Manpower and Social
European Affairs
Consumer Protection
Conservation
Energy.

These 13 Committees prepare policy documents, and make recommendations to the National Executive for adoption.

It is essential that the apparel industries makes its full contribution to the appropriate Committees. For example:-

1. Industrial Policy: deals with changing the structure of industry and adaptation; and the services being provided and required from the different agencies CTT, IDA, IMI, IIRS, KDW etc.

Member : Colm Barnes, Glen Abbey.

2. Product Development: deals with product design, joint ventures, research and development, innovation.

Members : B. Blennerhasset, Dorothy Pinnock
(Miss Letohta, Glen Abbey)

3. Small Firms: deals with areas which inhibit the growth of small firms e.g. finance, specialist staff, debtor control, buying, legislation.

Members : J. Hegarty, J.P. Fashions
Mrs P. Farrell, Chixwear
Miss S. Nyhan, Director.

4. Foreign Trade: will deal with GATT, international trading agreements, commodity supplies, trade missions.

Members : C. Barnes, CTT
(T. Scott, Sunbeam).

5. Economic Policy: deals with prices, incomes, regional budgetary and monetary policy.

Member : Noel Marsh, Navan Clothing.

6. Taxation: deals with budget submission, company and personal taxation, and changes in company law, married women's allowances.

Member : Paul McSweeney, Sunbeam.

7. Competition Policy: restrictive practice, non tariff barriers, dumping, mergers.

Member : (C. Vard, Doreen Limited).

8. Manpower & Social: education, training and retraining, forecasting manpower requirements, EEC Social Fund. In view of the skilled female labour constraint this is clearly a very important committee for the clothing industry.

Members : Miss S. Nyhan
(Mr F. Temple, Magee).

9. European Affairs: link with EEC Commission, Parliament, Economic and Social Committee, Irish Mission; Sector Organisations.

Member : N. Marsh, Navan Clothing.

10. Consumer Protection: information, education and legislation, merchandise marks.

Members : (F. Thompson, Glen Abbey).

National Prices Commission - CII nominee, L. Connellan. Member of Commission.

The industry therefore has 15 places (11 individuals) on 10 Policy Committees of the Confederation. It has also got 5 places in the 54 man Council, and 1 on the National Executive. These places must be used, the contribution of your industry is essential. The Chairman and Director of your Federation will also be held fully informed of the documents relating to each Policy Committee and the National Executive. Similarly it is important that the Director of Business Policy, and myself are fully informed of the major items under consideration by the Apparel Industries Federation.

Europe

The approach of industry is no longer primarily affected by local issues. Every directive and regulation passed in Brussels has and will have a direct influence here. We must be in there influencing the development of EEC legislation and policies right from the beginning - so that we know the probable outcome a couple of years before it comes into effect.

The development of EEC legislation and policy follows three main steps:-

1. Preparation of a draft proposal by the Commission following consultation with European Trade Associations, and Government Missions.

This is the crucial stage for involvement, and as soon as the first document appears it is essential that the Irish industrial sector is both involved in European Trade Association consultations, and briefs the Department of Industry and Commerce.

Paddy Jordan, the Irish Business Envoy in Brussels can also be of considerable help in finding out what is happening.

2. The second stage is consultative when the draft proposal is sent to both the European Economic and Social Committee and the European Parliament for their opinion. As a result the proposal may be held up, or considerably modified. Irish industry has 3 representatives on the 154 man Economic and Social Committee all of whom are

members of the Confederation's European Affairs Committee. Ireland also has 10 out of 208 members of the European Parliament.

Both of these groups must be briefed on the attitudes of the appropriate industrial sector. A list of the topics for discussion by both of these groups will be published in our fortnightly Euroletter and subdivided by sector.

3. The final stage is that the tidied up version of the proposal is sent to the Council of Ministers for decision. It is still possible to influence the decision at this stage e.g. COPA in agriculture. This can be done through the Minister for Industry and Commerce, and the Irish Mission in Brussels which briefs him.

Examples of directives passed, or in process this year are as follows:

1. Directives on Company Law e.g. Letterheads, Issued Capital etc.
2. Social Fund Regulations.
3. Directive concerning Textile Descriptions.
4. Garment Labelling.
5. Long-term cotton agreement - quotas from developing countries.

The link in all of this is membership of the equivalent European Trade Associations, such as

- a) Mailleurop (Knitting)
- b) European Clothing Federation,

and frequent visits to meet the relevant people at the Commission - thereafter continuing contact with Paddy Jordan, and attendance at crucial meetings.

Finally, the Confederation will only be as good as the effort which we all members and staff put into it. This requires resources, time and money. At this time when trade is going well it is opportune to invest in the future, to ensure we have both the information and the policies to achieve both high growth and profitability.

QUESTIONS

1. Skilled labour is a problem.

Has the industry a manpower forecast, and statement of training requirements for 1974?

2. Technological change is rapid.

Have you a plan for accelerating the rate of technological development in the industry?

3. Over 80% of the industry's exports go to the UK.

Has the industry any plan for market diversification?

4. Slow Growth.

The rate of growth of the clothing industry is slower than that for industry as a whole.

Should this be so, and how can it be changed?

5. Economic Size.

Has the industry a view on the size structure of the industry, and on what IDA grant policy in relation to the industry should be?

6. Product Specialisation.

Has the industry a plan for high quality product specialisation?