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PRESS RELEASE

Address by Liam Connellan, Director General, Confederation of Irish Industry, to CII South East Regional Meeting, Granville Hotel, Waterford, on Thursday, 10th October 1991

IMPROVED INTERNATIONAL TRADING CONDITIONS WILL LEAD TO A FASTER RATE OF JOB CREATION

UNEMPLOYMENT CAN BE REDUCED

The combination of improved competitiveness and favourable international trading conditions enabled the market sectors of the Irish economy to increase employment by more than 20,000 net jobs per annum in the period from 1987 to 1990. The figures are not yet available for the year to April 1991 but it is likely that there was a further increase in net market sector employment during this period also. There are now more people employed in the market sectors of the Irish economy, than ever before. <u>There are reasons for confidence that, with the resumption of favourable international trading conditions, employment in these sectors can grow at a rate which would at least stop a rise in unemployment, even if there were no emigration.</u>

However, it is essential that solutions are found which will enable the very high rate of unemployment to be reduced. <u>The main approach must be to achieve continued improvements in competitiveness which, as international trading conditions improve, will enable Irish industry to obtain more orders, increase output at a faster rate, and as a result create significantly more than the 20,000 net additional jobs created annually than in recent years.</u>

In addition, the Confederation has made the following recommendations to the Task Force on Employment which it believes would significantly reduce the unemployment level :-

1. Increase the participation rate in education and training for qualifications for 16 to 19 year olds to 100% as quickly as possible. The provision of up to 100,000 places over the next five years, at a cost not exceeding that of unemployment benefit would result in an increase of at least 40,000 job vacancies for people on the unemployment register.

2. The introduction of a one-year certified training contract scheme within business and industry. This scheme would involve structured on-the-job training to be certified by FAS with costs shared between the firm undertaking the training and the Exchequer. This scheme has been proposed jointly by CII and FIE and would have an initial target of 3,000 additional trainees in 1992.

3. Measures to reduce seasonality in agri-business which would guarantee continuity of supply to commercial customers, increase added value in the Irish economy by £200 million and create 10,000 more jobs in Ireland than would otherwise have been the case.

4. Create conditions to encourage a trebling of trade between the Republic and Northern Ireland through the creation of a single market on the island for goods and services which it is estimated would result in the creation of up to 75,000 additional jobs in Northern Ireland and the Republic over the next five years.

5. Intensive promotion of a "Start Your Own Business" programme to double the number of new business start-ups in Ireland bringing the rate into line with other European

countries. It is estimated that achievement of this target would result in 10,000 additional new jobs annually.

6. Intensive promotion of Ireland as an International Centre for the Education of Foreign Students. Britain currently earns £2,000 million annually from this source. Ireland should be capable of achieving revenue of £200 million which would result in the creation of about 7,000 additional jobs.

Adoption of these and other measures would make a very significant contribution to bringing about a substantial reduction in the level of unemployment, without relying on emigration to solve the problem.

The recent sharp rise in unemployment has been due primarily to net immigration from Britain as economic conditions deteriorated there. For many decades there has been a common labour market between Ireland and Britain. The buoyant economic conditions in Britain over the last decade exerted a strong pull and the reverse has happened as the British economy went into decline. Furthermore the traditional gap between unemployment rates in Britain and Ireland has widened considerably in recent years due to relative changes in unemployment benefits in both countries.

Published data on employment so far this year relates to the first quarter. This shows that despite the significant slow-down in output, industrial employment in the first quarter of the year was higher than in the first quarter of 1990. The limited survey of the financial sector indicates that employment in the first quarter was up about 5% on the previous year and even the building and construction sector recorded a slight first quarter growth on 1990.

Despite a likely fall in the second quarter, it seems that employment so far this year has held steady with the same period last year. This view is supported by the fact that revenue from the employment levy in the first nine months of the year was higher than the estimated increase in wages.

CONCLUSION

After a period of economic slow-down, which halted the steady rise in employment that had taken place since 1987, there are now indications that a recovery has commenced. Manufacturing output, retail sales, order books, exports, air passenger movements, and advertised job vacancies have all begun to recover. Restoration of favourable international trading conditions, similar to those experienced prior to the Gulf crisis and the international recession, should enable employment to increase by more than 20,000 per annum. Continued efforts to improve the competitiveness of the economy would enable this figure to be exceeded. In addition, the introduction of measures such as those proposed by the Confederation to the Task Force can bring about a substantial reduction in the level of unemployment over the coming years. I believe that with combined efforts by all sections of the community considerable progress can be made over the next twelve months.

END 10.10.1991