# PRESENTATION BY LIAM CONNELLAN,

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## MAJOR SCOPE FOR INCREASING

## TRADE AND INVESTMENT BETWEEN IRELAND AND FINLAND

## (PRESENTED AT FINNPAP CONFERENCE 28.11.1989)

Although Ireland is one of the smaller member states of the European Community it is high up in world rankings for a number of business indicators. According to the World Competitiveness Report 1989, published by the World Economic Forum in Geneva, Ireland is ranked 9th in business confidence and 16th in industrial competitiveness among the OECD countries. These indicators represent a mix of qualitative assessments by the business people in each of the countries surveyed and objective quantitative criteria. Ireland is ranked 16th in income per employee. As a result of our high dependency ratio, reflecting an historically high birth rate, our GDP per capita is ranked somewhat lower at 24th among more than 150 countries surveyed by the World Bank.

The distribution of the workforce between the three major sectors of economic activity is broadly similar in Ireland and Finland. There is an almost identical proportion engaged in services but Ireland has a somewhat higher proportion engaged in agriculture than Finland, and a lower proportion engaged in industry. The strong emphasis on agriculture reflects the fact that Ireland less three times more agricultural land per capita than the European average.

Our economic performance since joining the European Community has been satisfactory. Ireland is one of the countries on the periphery of the Community which, with Spain, Italy and Britain, has experienced the highest rate of economic growth.

This growth has been spread over a larger population. Since 1973, Ireland's population has increased by 15% compared with 8% for the European Community as a whole.

This differential population growth has had an impact on unemployment. Since 1970 employment in Ireland has increased by 5%, the same rate as for the European Community as a whole. However, the rate of unemployment has increased at a faster rate due to the more rapid increase in the work force. Ireland will clearly have an adequate supply of labour for the foreseeable future.

Industrial output in Ireland has expanded faster than in any other member state of the European Community since 1973. This trend has continued in recent years and output has increased more than five times faster than the European average since 1980.

The expansion of industrial output in Ireland owes much to the strong flow of inward investment. There are approximately 900 overseas manufacturing industries in Ireland accounting for approximately half of total manufacturing output. Almost half of these firms come from other EC member states and seven from Finland . These overseas industries are primarily in modern technology sectors such as electronics, pharmaceuticals and healthcare. Investment is no longer one-way, and several leading Irish companies such as Cement Roadstone and Jefferson Smurfit have acquired companies in mainland Europe.

Ireland is a very open economy. The value of Irish exports is equivalent to almost 70% of GDP compared with 24% in Finland. This exceptional emphasis on foreign trade ensures that Irish industry is a consistent advocate of free trade and is firmly committed to the creation of the Single European Market in 1992.

Total trade between Ireland and Finland in 1988 was 216 million ECU. The total volume of trade increased by about 18% last year. Finland is Ireland's 11th largest European trading partner. However, there is considerable room for improvement. Ireland sells more than twenty times as much to the Federal Republic of Germany as it does to Finland and we import nearly nine times as much from Germany as from Finland. This gap in performance makes us confident that trade between our two countries can grow very substantially.

Ireland has advantages as a location for Finnish investment. Our fiscal incentives compare favourably with those available in other locations; we speak one of the main international languages of commerce; and we have an ample supply of well-qualified young graduates. In 1988 37% of Irish graduates taking up employment went overseas. It is, however, worth noting that in a recent survey more than two-thirds of those stated that they would return if there were suitable opportunities in Ireland.

Hourly earnings in Irish industry are 92% of the European average while Finnish earnings are approximately equal to the European average. This labour cost level, in combination with the skills of our work force, indicates the special attraction of Ireland in a European Community which is facing “a demographic time bomb”.

Finally, Ireland is as close to the central markets of the European Community as Finland. There are 130 million people living within two hour's journey by air or two day's delivery period by truck from the Irish coast. The removal of physical barriers to trade foreseen in the Programme for Completion of the Internal Market should make it possible to bring most central areas of the EC within a two-day delivery period by surface transport.

In conclusion, I believe that there are very great prospects for the development of trade and investment between Finland and Ireland, and I wish to pledge the full commitment of the Confederation of Irish Industry towards achieving these objectives.

END

## % DISTRIBUTION OF WORK FORCE

| | IRELAND | FINLAND |
|---|---|---|
| Agriculture | 15 | 11 |
| Industry | 28 | 31 |
| Services | 57 | 58 |
| | 100 | 100 |

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## EXPORTS/GDP

| | % |
|---|---|
| Ireland | 67 |
| Finland | 24 |

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## TRADE

## IRELAND/FINLAND

| | 1988 ECU | % Increase 1988/1987 |
|---|---|---|
| Exports | 88 | + 15 |
| Imports | 128 | + 20 |

# FINNISH MANUFACTURING COMPANIES

# IN IRELAND

| | Irish Co. | Parent |
|---|---|---|
| 1. | Ensto | Ensto |
| 2. | Jobman Workwear | Granitwear |
| 3. | Leaf | Huhtamaki |
| 4. | MacPherson Paints | Kemira |
| 5. | Nokia | Nokia |
| 6. | Rapire | Rapala |
| 7. | Uponor | Uponor |