Paper by Liam Connellan, Director General, Confederation of Irish Industry, for Boardroom Magazine, Northern Ireland

"BUT IT COMES FROM NORTHERN IRELAND, DOESN'T IT"

There is an enormous unexploited scope for the development of trade between Northern Ireland and the Republic. At present, Northern Ireland manufacturing firms supply about 4% of total imports into the Republic. On the other hand about 6% of exports from the Republic are sold to Northern Ireland.

Manufacturing firms in the Republic sell about 25% of their output on the home market, or about £3,500 million annually. However, Northern Ireland industry sells only a little over £300 million per annum to the Republic. Since Northern Ireland industry is about half the size of industry in the Republic it should not be impossible to contemplate target sales of at least £1,000m. to the Republic.

These sales do not have to be at the expense of Irish manufacturers since the Republic currently imports products, components and raw materials valued at £9,000 million, of which only £300 million come from Northern Ireland.

The advantages of increasing the market share held in Northern Ireland products on the Southern market could be very significant in employment terms. Thus, if it were possible to increase the Northern share of Southern imports from £300 million to £1,000 million (i.e. from 4% to 11%) I estimate that this would result in at least 25,000 additional jobs in the Northern economy.

The nature of North/South trade reflects the advantages of low transport costs, and similar consumer taste. For example, Northern Ireland is a major market for beverages taking 13% of the Republic's exports; for non-metallic mineral manufactures taking 14%; for sugar and sugar preparations taking 35%; for live animals taking 58%; and for clothing taking 11%.

A similar pattern is indicated when the proportion of the Republic's total imports supplied by Northern Ireland is examined. Although accounting for only 4% of the Republic's total imports, Northern Ireland accounts for 18% of live animals imports, 6% of textiles, yarns and fabrics; 4% of clothing imports; 80% of meat and meat preparation imports; 8% of imports of non-metallic mineral manufactures; 39% of dairy products and eggs imports.

But there are other attractions for a Southern purchaser in buying products from Northern Ireland such as quick delivery, and the availability of local service. No customer is more than three or four hours drive from the supplying factory. There are many consumer and industrial products which set a high premium on the delivery and efficient local service because of short shelf life; the need for a close interaction between the buyer and vendor; or the requirement for the buyer to respond rapidly to changing demand in the marketplace.

The main consumer products readily identified with Northern Ireland are linen, Belleek china and a brand of ice cream. However, I was interested to hear a Northern packaging firm which employs about 300 people state recently that 50% of its output was sold in the Republic.

Looked at from the point of view of industrial development, the availability of local supplies, and local customers, increases the stability of every manufacturing unit. As an island on the periphery of Europe we have to overcome many disadvantages. The greater part of European demand for industrial products is generated in the "Golden Triangle" with its apices at London, Hamburg, Munich. Most industrial exports from Ireland, North and South, will increasingly be sold in this area as firms specialise their production facilities to take advantage of the emerging large single European market. Regions of the Community such as Ireland must develop their own sub-supply and service networks to improve the economic viability of their manufacturing sectors.

I hope that increasingly industry and consumers in the South will be able to point with pride to products and say "<u>and</u> these come from Northern Ireland".