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Confederation of Irish Industry

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Speech by Liam Connellan, Director General, Confederation of Irish Industry at Institute of Public Administration, Thursday, 5th February 1987 at 6.00p.m.

NO LACK OF ENTERPRISE, BUT COSTS UNCOMPETITIVE

NO LACK OF ENTERPRISE

The notion that there is an inherent lack of enterprise in the Irish business sector implied in last night's "To-Day To-Night" Programme must be strongly challenged.

There is ample evidence that we Irish are an enterprising people. This is demonstrated by the success of Irish businessmen in the United States, and by the remarkable development over the last decade of Irish-owned companies in expanding their operations abroad. For the first time in our history there are five Irish companies ranked in the top 500 in Europe. Many other Irish companies, if publicly quoted, would also be eligible for inclusion in this list. The growing strength and importance of Irish industry is evident in that an Irish company is the largest packaging organisation in the world; an Irish company is the largest crystal glass and

~~LOSS~~ ✓
ENTERPRISE

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Registered in Dublin: No. 8706

china company in the world; an Irish company is one of the world leaders in aircraft leasing, and is expected to own a fleet as large as the present British Airways fleet within three years; and an Irish company is one of the largest meat operators in Europe. To borrow a phrase from William Butler Yeats "We are no petty people".

These achievements demonstrate that there is every reason to be proud of the capability and achievements of Irish business. In addition, the Irish economy is one of the most open in the world. 70% of industrial output is exported and this proportion is likely to increase to 80% within the next few years as industry in Ireland takes a greater share of the European market and continues the process of specialising its production facilities.

IRISH ACHIEVEMENTS

There are some obvious reasons why Irish firms which can be so successful abroad show little, or no growth at home.

BUT COSTS UNCOMPETITIVE

There has been very little growth in the output of indigenous industry over the last decade. Most European countries allocate 3% of GNP to provide industrial incentives which complement an already competitive cost environment. However, the incentives provided to indigenous industry in Ireland, in the form of grants and

UNCOMPETITIVE
COSTS
~~INDUSTRIAL~~
INCENTIVES

tax-based financing, are completely offset by excess costs in Ireland compared with our main competitors. Our wage and salary rates are higher than in many major regions of the United Kingdom. There has been a marked slide in competitiveness over the last year due to the weakening of sterling. Many industrial input costs are much higher than in other countries. It is difficult to justify borrowing money at 17% when the average return on industrial investment by established industries is only 5%. The cost of diesel fuel for transport is more than 40% above the European average because of high taxation. The cost of industrial insurance is three or four times higher than in competing countries. International telecommunications charges are also out of line with our competitors; the cost of postage is more than 30% above the EEC average; and despite significant progress over the last year, industrial electricity charges still remain higher than those of our main trading partners. Our national primary road system falls well below the standard required for a modern industrial economy, and our natural gas reserves remain underutilised. These excess costs go a long way to explain why many Irish industries can perform better, and earn more profits abroad than at home.

CONCLUSION

There is no inherent lack of enterprise in Ireland, but many of our costs are much higher than those which

EQUAL
COMPETITOR
COMPETITION

have to be borne by our competitors. The incoming
Government must give the highest priority to ensuring that
Irish industry can compete on a "level playing field" with
industry in other countries. The Irish business sector
can flourish and grow, and create additional employment if
its input costs are brought into line with its main
competitors.

END

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