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PRESS RELEASE

Address by Liam Connellan, Director General, Confederation of Irish Industry, to CII North Dublin Regional Meeting, Monday, February 12th, 1990 at International Airport Hotel, at 1.00p.m.

EMPLOYMENT IN BUSINESS SECTORS OF ECONOMY NOW AT HIGHEST LEVEL EVER

MUST CREATE CONDITIONS TO DOUBLE RATE OF BUSINESS INVESTMENT AND NEW JOB CREATION OVER NEXT FIVE YEARS

There is now strong evidence that employment in the business sectors of the economy, outside agriculture, has passed 750,000 people for the first time and that these sectors have increased employment by about 60,000 over the last four years.

Business sector employment reached its previous peak in 1980 but declined sharply in the first half of the 1980s due to a contraction in retail spending and construction activity as the massive balance of payments deficit was eliminated. Since then business sector employment increased in the year to April as follows :

1987	+ 4,000
1988	+ 19,000
1989	+ 15,000

The recent CII/FIE survey respondents employing 230,000 people expected that employment would increase by 4% in the year to April 1990. If this survey result is taken as a valid indicator of the total business sector, it means that employment in the sector could increase by more than 25,000 in the year to April 1990.

The sectors showing the greatest increase in employment are computer services, hotel/catering, electrical/electronics, mechanical engineering, chemicals/plastics, distribution, and financial services, all of which are growing faster than average.

The results of the survey are supported by recent figures from the Central Statistics Office which show that :

- Manufacturing employment in September 1989 was up almost 2% on September 1988.

- Building and construction employment in December 1989 was up 10.7% on December 1988.

- Financial sector employment in March 1989 was up 1% on March 1988.

ADVERTISED VACANCIES

Further evidence of the strong growth in employment comes from the number of advertisements for job vacancies published in the national newspapers in recent months. These have been tabulated by the Confederation since June 1989.

The number of advertisements for the last eight months were :

June	13,948
July	13,530
August	12,688
September	15,557
October	12,585
November	11,964
December	6,699
January	15,048

The number of job advertisements in January was the second highest so far recorded. Vacancies for office staff reached its highest level and there was also strong demand for hotel/catering, and marketing/sales staff.

These strong indicators of improved employment in the business sectors reflect directly the improved business performance of recent years which resulted from the process of reducing Exchequer Borrowing, lower inflation and lower interest rates, and increased investment.

Total employment in the economy grew more slowly because of a significant reduction in jobs in the public service and agriculture. The decline in these sectors is likely to slow down this year while employment in the business sector continues to grow strongly.

Business sector employment in Ireland has matched the employment performance of business since we joined the European Community in 1973. It is now on a sustainable growth path which can be accelerated by increasing investment and output. Our factories are busier than they have been for many years and investment in fixed assets in industry last year was at a record level.

Need for More Investment Despite Intense Competition

This will not be easy because there is intense international competition for mobile investment as major businesses take a global view and are continually assessing the strengths and weaknesses of locating in particular countries. There is no room for complacancy. Because of the rapid increase in the Irish labour force during the 1970s, our unemployment rate is the highest in the European Community and the challenge to create an adequate number of sustainable jobs is the greatest. Despite more intense international competition for investment we must seek to double the annual rate of industrial investment over the next five years. This will require not only the expansion of existing firms also that Ireland gains a much higher share of mobile international investment. To do this we must be prepared to provide incentives wherever these yield an economic return as a result of greater job creation. I would strong urge that the Government should reconsider its recent decision to reduce industrial incentives as this can only have a negative impact on potential decisions to invest in Ireland. Experience over the last four years demonstrates that increased output and investment by the business sectors is the only effective way to expand employment. The aim should be to create conditions which will double the annual rate of investment and the annual rate of new job creation in the business sectors over the next five years.

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