Confederation of Irish Industry
Confederation House, Kildare Street, Dublin 2. Tel: (01) 779801
Telex: 93502. Telegrams: Confindus Dublin. Facsimile No. 779399
Member of UNICE - the voice of European Industry

PRESS RELEASE

Talk by Liam Connellan, Director General, Confederation of Irish Industry, at Ireland-Spain Economic Association Lunch, Burlington Hotel, Monday, 23rd September 1991 at 1.00p.m.

RAPID INCREASE IN EXPORTS TO SPAIN CAN BE REPEATED IN CENTRAL AND EASTERN EUROPEAN MARKETS

Ireland has a favourable trade balance with both Spain as it has with the rest of mainland Europe. The sharp growth of trade in both directions shows how unfounded were the fears expressed by many at the time of Spain's entry to the Community in 1986 that their entry would be to the disadvantage of this country. The increased market share achieved by Irish firms on the Spanish market as a result of the freeing of trade has resulted in £150 million more exports by Irish firms and the creation of at least 3,000 additional jobs in the Irish economy.

This experience provides a valuable pointer to the opportunities arising from the opening up of the Central and Eastern European markets. It is likely that Ireland will achieve a substantial increase in exports to these countries which will at least offset the impact of increased imports. Irish industry is a specialist producer of goods for the whole European market and exports 80% of its output. Our industry has far more to gain from the opportunities offered by a larger open market than it has to fear from increased competition. For example, last year Ireland exported £150 million in value to the countries of Central and Eastern Europe which are now in the process of converting to market economies, an increase of 40% on the previous year. This was similar to the value of Irish exports to Spain in 1986. We should focus on the gains which can be made from higher exports than on the fear of increased competition. As specialised producers within the Single European Market, it is likely that Irish exports to Central and Eastern Europe will, at least, double over the next four years and that this will result in a gain of a further 3,000 jobs in the Irish economy.

The annual growth in the volume of Irish exports has increased more rapidly since Ireland joined the European Community than in previous decades and exports have grown much faster than imports. The deficit in the balance of payments has been converted into a surplus. The Irish economy has expanded at a faster rate than most other European countries. Business sector employment in Ireland is now at its highest level in the history of the State and Irish income per employee is now more than 90% of the Community average. There has been a marked diversification of Irish trade and this diversification has ensured that Irish industry has contined to expand over the last year despite the recessions in Britain and the United States.

Irish trade with Spain has more than doubled since Spain joined the European Community in 1986. Irish industry has doubled its share of Spanish imports but nevertheless penetration of Irish goods on the Spanish market is still well below the 1.3% market share which Irish goods have achieved in neighbouring France. I believe that Irish exports to Spain can be doubled again over the next five years. It is worth noting that the distance by ship to Bilbao is no greater than to Rotterdam and that Irish goods can be delivered within two days to Northern Spain.

The rapid increase in exports to Spain demonstrates clearly the advantages to Ireland of creating a market without tariff barriers throughout the European Community. Our exports to Spain have increased twice as fast as those to the rest of the Community since 1986.

Spain and Ireland share a common interest in promoting a more active regional policy within the European Community. Ireland has a GDP per capita of 70% of the EC average and Spain a GDP per capita of 75%. Both countries have succeeded in closing the gap with the EC average by about 1% per annum over the last five years. Regional disparities in the still fragmented European Community markets are twice as high as in the United States. The process of further integration of both economies into the Single European Market will enable both countries to close the gap with average EC output, productivity and living standards more rapidly over the next decade.

END 23.9.1991