

# Press Release

## FORFAS 1999 REVIEW AND 2000 OUTLOOK STATEMENT

### HIGHLIGHTS:

**Job gains in the client firms of Enterprise Ireland and IDA Ireland, both permanent and part-time, amounted to over 30,000 jobs in 1999 – the highest ever increase.**

**At the same time job losses in IDA Ireland and Enterprise Ireland client companies increased by 21% in 1999 to 19,000, the highest level recorded over the past ten years. These losses reflect the continued reorientation of industry towards the higher value-added sectors and are an indication of the restructuring that continues to take place in the indigenous and foreign-owned industrial base to meet more intense competition on the domestic and on the export markets.**

**Irish exports of goods and services in 1999 are estimated to have exceeded £50 billion for the first time.**

**Total corporation tax paid in 1999 was a record £2.7 billion. \*This was more than 5 times higher in real terms than was paid ten years previously in 1989. Tax paid by business has accelerated in the second half of the 1990's.**

### OTHER HIGHLIGHTS

- Irish-owned companies accounted for just over 12,600 of the total jobs gained, the highest level recorded over the past decade. Internationally traded and financial services showed the biggest percentage gain, increasing by 22% to a total of 46,300 jobs in 1999, following an increase of 30% in 1998.
- Manufacturing and internationally traded service companies spent over £23.5 billion in the Irish economy in 1998, up £2 billion (9.1%) on 1997 in real terms, according to the latest Forfás Irish Economy Expenditure survey.

---

\* - End of December 1999 Exchequer Returns – Department of Finance

- This spending is contributing significantly to the high levels of growth in the economy. Both Irish-owned (£11.7 billion) and foreign-owned (£11.9 billion) firms in the manufacturing and internationally traded services sector have increased their spending on wages and salaries, Irish raw materials and Irish services in 1998.
- The expenditure profile of the Development Agencies shows a continued swing from fixed asset related support to other forms of supports such as R&D, equity investment, employment grants and support aimed at up grading the business capability of firms. In 1988, fixed assets supports accounted for 46.5% of total direct expenditure. By 1998, the percentage had fallen to 35.3%.
- The average cost of each job sustained over a seven-year period in agency supported (IDA, Enterprise Ireland) companies was maintained at last year's level of approximately £10,100 per job.
- In aggregate terms, R&D activity in industry has continued to grow significantly in recent years. Total business expenditure in R&D in 1997 was £535 million or 1.1% of GNP. This places Ireland in 11th place out of 26 OECD countries and puts the country on a par with the European average. Aside from some of the larger EU members (Germany, UK and France), Ireland still lags behind Sweden, Finland and Denmark on this measure. Only sixty companies in Ireland spend over £1m per annum on R&D and only one in five foreign owned companies can be described as a 'research performer'.

In launching the statement Forfás Chief Executive, John Travers, drew attention to three critical issues – skills, research and infrastructure – and said:

**“The most effective way to increase our standard of living in the coming years is to become a high technology, high income economy by moving up the ‘value chain’ to produce products and services that are increasingly knowledge intensive. This will require policies to offset trends towards a declining labour force through, for example, increasing the participation of females and older persons in the workforce and through immigration. In particular, however, it will require policies that ensure an increasing number of high technology graduates and a significant increase in the skill level of those already at work”.**

**“The absence of a world class research capability is a serious threat in moving towards a high technology economy. A science and technology infrastructure that will develop and attract world class researchers is needed. It is, therefore, essential that the commitments in the National Development Plan to the establishment of a £560m research fund, arising from recommendations by the Irish Council for Science, Technology and Innovation, and by Forfás, should be implemented without delay”.**

**“Unforeseen growth rates have given rise to major problems such as inadequate roads, poor public transport, congestion and high houses prices that will curtail the development of the enterprise sector. The National Development Plan has allocated the funds to resolve these problems but**

**effective implementation is critical if growth is not to be choked off or environmental quality is not to be damaged. This will require an upgrading in the delivery system right across the public sector including the urgent implementation of the draft Planning and Development Bill, 1999. The success of the £40 billion investment in the National Development Plan depends, to a significant extent, on improvements in the planning process”.**

ENDS.

For further information, please contact:

Tom O'Dwyer, Manager, Forfás Press & Communications  
01-607 3085 (Office) or 01-298 3054 (Home)

19 January 2000