

Exports and innovation key to Ireland's future - Forfás Launch of Annual Report 2008

"International trade is the only way Ireland can achieve a return to sustained growth. This is not an easy task as recovery can only come from increasing our share of international markets until there is a return to growth in the economies of our trading partners," said Martin Cronin, Chief Executive, Forfás on the publication of the agency's Annual Report 2008.

"We must address and overcome the challenges facing our economy in the context of a severe global economic slowdown. 2008 was a difficult year with declining GDP, a sharp increase in the numbers of people out of work and decreasing world trade.

However our export performance has been comparatively resilient. We should not forget that Ireland has achieved the best twenty years of growth in its economic history. We have invested in areas of competitive importance such as higher education capacity and research, transport and other physical infrastructure, which is yielding results; prices are falling; we have achieved good industrial relations; and we have the capacity to respond flexibly and rapidly to the changing global economy," he continued.

"There are opportunities for growth in high value innovative activities where Ireland can compete on the global stage such as life sciences including food science, ICT, digital media, and electronic commerce among others. We must now focus on the actions required to address both the short term and longer term issues that affect enterprise and that will give us the ingredients for success - enabling companies to compete effectively from Ireland. We have the foundations and capacity to build future success if we collectively address critical short term issues and continue to invest strategically for the future," said Cronin.

Actions to enhance Ireland's business environment

The Annual Report suggests that Ireland needs to adopt a dual approach to the development of Ireland's business environment. Critical short term challenges must be addressed immediately while in tandem making strategic investments to underpin the enterprises of the future.

Short Term Challenges

Costs are critical to Ireland's ability to sell goods and services into international markets and we need to bring the cost of doing business here to a level competitive with our trading partners and consistent with the value added by our enterprises. We must work to achieve this particularly in domestically traded sectors including the energy, telecoms, waste management, professional services, retailing and wholesaling. We must also bring the State

finances into balance and continue to preserve a stable banking system to ensure that the cost and availability of credit does not put enterprises in Ireland at a competitive disadvantage.

Investing for Recovery

Even though it is difficult when addressing the magnitude of our immediate challenges, we must not lose sight of the need to continue to make strategic investments in the highest priority infrastructures to ensure Ireland competes successfully on the global stage including:

- **Skills & Training**

Boosting our skills in maths, science and engineering subjects is critical to realising employment opportunities. We should also develop our strengths in innovation; the application of computing and communication technologies; international sales and marketing; and intellectual property management to underpin future growth.

We should open up third level opportunities to those who opted to enter the workforce on leaving school, and we should prioritise labour market activation programmes to help maintain employment and introduce flexible mechanisms for the re-training of those who lose their jobs.

- **Infrastructure**

Advances in communications technologies have a pervasive impact on all sectors, whether based on high value manufacturing or growing services activities. Competitively priced, high quality electronic infrastructures that network companies and people domestically and internationally are a fundamental necessity. Steps need to be taken to implement Next Generation Networks at competitive prices throughout the country and to stimulate sophisticated usage through education, training and management development.

- **Pay & Flexibility**

We must adjust pay levels to recognise price trends and maintain flexibility in work practices to enable business to adjust to changing market conditions

- **Commercialisation of Research**

Ireland made significant investment in research, now we must ensure that we provide the supports to convert this research and skills into innovative products and services in global demand.

“The enterprise agencies have a specific role to play if we are to achieve the goal of returning to export led economic growth. They are focused as a matter of priority on sustaining existing employment to the extent possible. The enterprise agencies are working intensively with existing companies that have viable business strategies to help them negotiate these difficult times, while also providing advice and financial supports to enable companies to reposition themselves for future opportunities in the medium term.”
concluded Cronin.

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