

PRESS RELEASE

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## Focus on enterprise is critical to the success of the entire economy - Forfás

“Increasing business investment and competitiveness is not just a necessity for enterprise recovery, but critical for the success of the entire economy. The traded sectors of the economy are proving resilient, exports are recovering and Ireland is still a good place to do business and to invest. To give ourselves the best chance of success in international markets, we must urgently address outstanding challenges in the domestic economy in terms of costs, access to credit, productivity and innovation levels. The range of policy actions, at this point in time, that require accelerated implementation and effective delivery are known. To achieve a sustainable, competitive enterprise base, the full suite of complementary actions to improve competitiveness and innovation must be implemented,” commented Martin Shanahan, Chief Executive, Forfás at the launch of the policy advisory board’s Annual Report.

Outlining the key issues facing enterprise that require policy focus Shanahan said, “The issues facing business are not new and while progress is being made, and concerted action is being taken, more now needs to be done.”

According to Forfás, driving growth and jobs will be reliant on four critical success factors:

- **Relentlessly pursuing cost competitiveness**

Recent gains in cost competitiveness due to weaker demand and the recession are not yet sufficient to regain international market share. We need to ensure we take decisions that deliver enduring competitiveness gains through effective structural change in key areas including energy and utilities, property and business services and the labour market.

- **Growing productivity**

At this time of constrained resources any expenditure must support competitiveness gains through enhancing productivity. At the national level, we need to focus on increasing efficiency and productivity through targeted investments in education and skills to meet future enterprise needs, accelerated investment in next generation broadband, ICTs and removing blockages in physical infrastructures that are constraining enterprise development and competitiveness, such as roads and water services.

- **Innovation is central to everything we do**

Innovation is how we differentiate products and services, how we develop new ways to reach customers and markets and improve processes and structures. We need to sustain recent improvements in business R&D and innovation and ensure effective transfer of ideas, knowledge and skills from our public research to enterprise to underpin success in markets.

- **Developing a sustainable enterprise mix of competitive sectors and markets**

Ireland has a range of enterprise strengths as demonstrated by their resilience and adaptability during the recession. For the future, we need to support the development

of a diverse enterprise profile, building on our strengths in manufacturing and internationally-trading services business, in modern and more mature sectors from agri-food to medical devices and funds management, to new and high growth areas such as video games, cleantech and education services. Building success will require strong international partnerships to ensure we are not overly reliant on limited avenues for future growth and employment.

In conclusion Shanahan added, “Exports have the greatest potential to fuel the economy. It is through export trade that we can pay our way in the world. Policies must take consideration of all enterprises as domestically trading enterprises are critical to the success of our exporters. Recovery in both will be required to address the unemployment challenge.”

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