Irish Economy Benefits from £23.6 billion spend by Irish and Foreign-owned companies – Forfás Survey

Over £23.6 (€30.0) billion was spent in the Irish economy in 1998 by Irish and foreign-owned firms on wages and salaries, Irish raw materials, Irish services and profits.

This is the principal finding in a national survey of Irish Economy Expenditures (IEEs) published today (Tuesday, 22 August 2000) by Forfás.

The survey measures the impact of manufacturing and the international traded services sectors on the national economy.

Data is presented in the survey on a number of areas including:

- Expenditures on wages, salaries and related costs
- Purchases of Irish manufactured raw materials and components
- Purchases of Irish services
- Trends in companies sales
- Profits trends of Irish owned manufacturing industry over the period 1993/1998

Launching the survey, Mr. Colm Regan, Executive Director, Forfás said that there was an increase of £1.95 (€2.48) billion (9%) in IEEs in real terms in 1998 over 1997 in companies engaged in manufacturing and internationally traded services. This highlights the continuing strong growth in the output of Irish and foreign-owned companies.

The principal components of the survey data are:

- £5.5 (€7.0) billion spent on wages, salaries and related costs, an increase of 8.5% on 1997 in real terms.
- £9.9 (€12.6) billion spent on Irish raw materials, an increase of 6.7% on 1997 in real terms.
- £6.5 (€8.3) billion spent on Irish services, an increase of 10.8% on 1997 in real terms.

Mr. Regan referred to some of the other key trends which emerged from the survey:

- Manufacturing industry base surveyed (companies employing more than 19) increased sales by over £2.7 (€3.4) billion (8.6%) and Irish economy expenditures by £920 million (€1.17) billion (6.3%) in 1998 in real terms.
- Expenditure on Irish raw materials increased by over £1 (€1.3) billion (18.3%) in the period 1993 – 1998 in real terms.
- Expenditure on Irish Services increased by £1.4 (€1.76) billion (56%) in the period 1993 – 1998 in real terms.
- Expenditure on wages and salaries in manufacturing industry grew by almost £890 million (€1.13 billion) 30.5% between 1993 –1998
in real terms. This growth can be attributed to the growing numbers of people at work while increases in the productivity are largely responsible for slower rate of employment growth compared with the growth in sales (55.1%) in the 1993 – 1998 period.

**Irish-Owned Manufacturing Sector**

- The IEEs of Irish-owned manufacturing industry grew by over £800 million ($1.02 billion) (11.6%) in real terms in the period 1993 – 1998. Growth in sales in the same period was £1.38 (€1.75) billion (15.8%).
- In 1998 Irish owned companies amounted for 30% in sales but contributed almost 50% of Irish economy expenditures by all companies (Irish and foreign owned). This is due to the higher IEEs of Irish owned food, drink and tobacco firms which make up a much higher proportion of output of Irish owned industry compared with foreign owned industry.
- The profitability of Irish owned manufacturing companies increased from 4.9% of sales in 1993 to 6.0% in 1998, and from 7.0% in 1993 to 8.8% in 1998 for general manufacturing firms (excluding food, drink and tobacco). Sectors which exhibited a level of profitability (as in % and sales) above the average for the general manufacturing sector in 1998 include Printing and Publishing (13.9%), Rubber and Plastics (11.0%), Chemicals (10.1%) and Fabricated Metals (9.8%).
- 49% of the exports of Irish owned manufacturing companies went to the UK in 1998, up marginally from 48% in 1997. Exports to the UK represented 19.1% of the total sales of these companies in 1998 which is the lowest recorded level in the period 1993 –1998. The data shows that the majority of sectors reduced the relative dependence on the UK as an export market in the 1993 –1998 period. Exceptions were metals and engineering (including electronics), clothing/footwear/leather, rubber and plastics and paper and printing.

**Foreign-Owned Manufacturing Sector**

- There was an increase of almost £3 (€3.8) billion (62.9%) in the IEEs of foreign-owned manufacturing companies in the 1993 – 1998 period – an annual average of 10.2% in real terms.
- Sales increased by over £10.6 (€13.5) billion (81.5%) between 1993 – 1998 an annual average rate of 12.7% in real terms.
- In 1998 sales increased by over £2.5 (€3.2) billion (11.9%) to £23.7 (€30.0) billion.

Mr. Regan said this annual survey provides a useful range of data which underscores the deep impact which the manufacturing and internationally traded services sectors have on the economy and the contribution they make to generating growth and employment throughout the economy. (ENDS).

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