

PRESS RELEASE

£23.5 BILLION SPENT IN THE IRISH ECONOMY BY IRISH AND FOREIGN-OWNED COMPANIES – FORFÁS SURVEY.

Irish and foreign-owned companies spent over £23.5 billion (€29.84 billion) in the Irish economy in 1997 on wages and salaries, Irish raw materials, Irish services and profits.

These findings are part of a national survey of Irish Economy Expenditures (IEEs) published today 26th August 1999 by Forfás, which measures the impact of manufacturing and the international traded services sectors in the national economy.

Among the areas covered in the survey are :

- Trends in companies sales.**
- Expenditure on wages, salaries and related costs.**
- Purchases of Irish manufactured raw materials, components and services.**
- Profits over the period 1991/1997**

Launching the survey Mr. Colm Regan, Executive Director, Forfás said that expenditure in the economy in 1997 by manufacturing and internationally traded services showed an increase of almost £2.5 billion (€3.14 billion) (+ 11.8%) over the expenditure for 1996. This underlines the continuing growth in output of Irish and foreign-owned companies.

The main components of the expenditure as shown in the survey are :

- **£5.17 billion (€6.57 billion) spend on wages, salaries and related costs, an increase of 13.1% on 1996.**
- **£9.8 billion (€12.42 billion) spent on Irish raw materials, an increase of 9.1% on 1996.**
- **£7.1 billion (€9.01 billion) spent on Irish services, an increase of 12.5% on 1996.**

Mr. Regan pointed out some of the key results of the survey :

- **Manufacturing industry (survey base : companies employing over 19) increased sales by over £4.09 billion (€5.19 billion) (14.7%) and Irish economy expenditures by over £1.7 billion (€2.17 billion), (12.2%), in 1997.**
- **Expenditure on Irish Raw Materials increased by over £2.1 billion (over €2.7 billion), (45%), in the period 1991-1997.**
- **There was a substantial increase in the purchase of Irish services in the period 1991 – 1997, rising by over £1.5 billion (over €2 billion), (63.4%).**

- **Wages and salary related expenditure in manufacturing industry grew by just over £1 billion (£1.27 billion), (36%), in the period 1991 – 1997. This growth strongly reflects the increasing number of people at work while the slower rate of growth of wage and salary related expenditures compared to the growth in sales (68.3%) over the period indicates the continuing improvement in productivity.**

Irish-owned Manufacturing Sector

- **The Irish economy expenditures of Irish owned manufacturing industry increased by over £1.8 billion (over €2.31 billion) (29.8%) in real terms over the period 1991-1997. Growth in sales over the same period amounted to over £2.2 billion (over €2.8 billion) (27.9%). The rate of growth of IEEs was faster than the growth in sales which means the domestic impact of every £1 of sales increased.**
- **The profitability of Irish-owned manufacturing companies (companies employing over 19) increased from 4.9% of sales in 1991 to 6.0% in 1995, before falling back to 5.2% in 1996. Preliminary results for 1997 show profitability increasing to 6.1% of sales. Profitability in the general manufacturing sector rose to 9.3% of sales in 1997 due to improved performances in all sectors particularly chemicals, metals and engineering (includes electronics), clothing, textiles and timber and furniture. The figures demonstrate a considerable improvement in the**

profitability of Irish owned companies over the 1991-1997 period as a whole.

- **Irish owned manufacturing companies exported 49% of their total exports to the United Kingdom in 1997, up slightly on the 48% recorded in 1996. Exports to the UK represented 20.5% of the total sales of these companies in 1997 which is marginally lower than the figure of 20.8% recorded in 1997, but a significant increase on the 17.5% recorded in 1992. All sectors with the exception of textiles and non-metallic minerals increased their relative dependency on the UK as an export market over the period 1992-1997.**

Foreign-Owned Manufacturing Sector

- **The Irish economy expenditures of all foreign owned manufacturing companies increased by over £3.4 billion (over €4.3 billion) or 78.7% between 1991 and 1997 (an annual average increase of 10.2% in real terms), and by almost £1.2 billion (almost €1.5 billion) in 1997.**
- **Sales increased by almost £10.8 billion (almost €13.7 billion) (97.3%) over the period 1991 - 1997 (an annual growth of 12% in real terms).**

Mr Regan said the survey provides valuable data which demonstrates the substantial contribution made by manufacturing and internationally traded services companies to economic growth and employment creation in Ireland.

ESRI Research has shown that every 10 jobs in the manufacturing sector are associated with 9 jobs in secondary services.

ENDS.

26/8/99.

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