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American Chamber: West Region must leverage its unique position to market itself as location for foreign direct investment

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With adversity comes opportunity and the West Region should grasp the challenges facing the broader economy and leverage its unique offering to market itself as a competitive location for foreign direct investment. That is the view of the Chairman of the American Chamber West Region, Mr. Gerard P. Kilcommins. Mr. Kilcommins is Medtronic's Vice President of Global Vascular Operations and General Manager of its Galway Site. Medtronic is one of the largest employers in the West of Ireland.

"The West Region is a fantastic location for multinational companies - there is a strong third level sector providing a highly skilled and educated workforce, a growing research community and a great quality of life. These factors are very important for companies making investment decisions and if the region can demonstrate that it is a good place to do business and is competitive with other locations, both within Ireland and across the globe, then it is well positioned to win new investment", said Mr. Kilcommins.

Mr. Kilcommins pointed out that over 400 new jobs were created by existing multinational companies in the area over the past two years, clearly showing the importance of these companies to economic prosperity in the region. "Companies such as IBM, HP, Thermo King, Boston Scientific, Merit Medical, Bioniche Pharma and Medtronic all reinvested in their operations here demonstrating the ability of the region to secure new investment from the existing base of multinationals", he said.

"It also demonstrates the absolute necessity of supporting and protecting core manufacturing in this country. The IDA Ireland client base in the West employs over 13,000 people directly and accounts for approximately 7% of total employment. While it is absolutely true that Ireland must seek to become a Smart economy and support knowledge based businesses, it must be acknowledged that core manufacturing is the foundation stone on which many additional investments are built", said Mr. Kilcommins. "Everything we do as individual businesses, and as a region, must be focused on maintaining a level of competitiveness which allows us to hold the investment we have and to continue to build from that base".

One of the perceived disadvantages for multinational companies locating in the West Region is access to both other large urban areas within Ireland and to overseas markets. Mr. Kilcommins praised the completion of the M6 Dublin - Galway motorway and acknowledged the recent announcement that the Gort - Crusheen leg of the Atlantic Corridor will be completed ahead of schedule at the end of this year. He lauded the excellent progress being made on many fronts on bringing the infrastructure in the West up to a par with other regions. He also highlighted the outstanding piece to the jigsaw that needs to be addressed.

"Our member companies in North Connaught remain concerned about the situation around the N5 Dublin to Castlebar and Westport road. Industries in Mayo export in the region of 3 billion euro annually, with over 90% of these goods transported along the N5. Accelerating the completion of the N5 upgrade would greatly complement the infrastructural improvements made between Limerick/Shannon to Galway and Dublin to Galway", he said.

He also called for a speedy resolution to the difficulties surrounding the Galway City by-pass. "The new Dublin motorway is terminating in an area of the city without sufficient road links to manage traffic leaving the motorway. Bottle-necks and traffic jams are making it difficult for people to travel to their places of work in the city and we need the issues associated with the bypass resolved and the project executed as quickly as possible".

He said that despite recent improvements, Ireland is still playing ‘catch-up’ in terms of its competitiveness. “The economic difficulties of the past 18 months have led to some cost adjustments, particularly in salary and labour costs, which are to be welcomed. However, we still have a distance to go. Over the last decade, Ireland has experienced a loss of 30% in our national price competitiveness. We need to ensure that all of those costs that are within our control are managed competitively. Insofar as it is possible, for example, we need to align our salary and wage structures to the EU norms.

Mr. Kilcommins said it was critical that once the economy returns to growth that we do not see our costs return to unsustainable levels. “The danger is that the current realignment in costs is recession driven. We need to ensure that these cost improvements are structural and will be maintained when the economy returns to growth. We cannot allow a situation to develop again where our costs are out of line with our international competitors”.

Mr. Kilcommins said that in terms of our competitiveness the retention of Ireland’s 12.5% Corporation Tax rate is vitally important. “Being a competitive tax jurisdiction has helped to mitigate the fact that Ireland has been uncompetitive from a cost perspective. However, we cannot use our lower corporate tax as a ‘silver bullet’ in relation to higher costs and we must address our overall cost competitiveness”.

He said that the availability of a skilled and flexible labour force will be a key strength as the economy returns to growth. “In this respect, the West region is well served by NUIG, GMIT (both in Galway City and Castlebar), AIT and the Marine Institute in the quality of graduates emerging. However there is no doubt that our education system requires fundamental change. The post- primary curriculum in particular no longer reflects the needs of our modern economy”, he said.

“We need the curriculum to provide our young people with the skill-sets to deliver creativity and innovation as well as forming an excellent foundation in Science, Mathematics and Information Technologies. The curriculum must encourage and reward creative thinking rather than rewarding rote learning as it does at present. As a parent of young children myself I am passionate about the need to strategically overhaul our education system at every level.

Our future economic and social success will be determined by the ability of our talent pool to be creative, innovative and able to logically solve problems as they arise”.

Mr Kilcommins commented on the turbulence of the past eighteen months and our experiences and challenges faced, as a country and as a region, over that time period. Ireland’s international reputation has been repaired somewhat by the Government’s willingness to make tough decisions. It would be very serious if this reputation was to be further damaged by the current unrest in the Public Sector.

“While we recognize people’s right to protest, the American Chamber believes that what our country needs now is collaboration, not confrontation. We would be particularly concerned that any action by Public Sector workers would impact on our ability to maintain the flow of goods and services to customers across the globe. Such disruption would be very detrimental to our international reputation for having a flexible and pro-business environment and could lead to question marks around the wisdom of putting new or incremental investments into Ireland by multinational companies”, he warned.

American Chamber member companies in the West Region include Accellent, Allergan Pharmaceuticals Ireland, American Power Conversion (Mayo), Ashford Castle, Attachmate, Avaya (Ireland) Ltd, Ballina Beverages, Baxter Healthcare - Ireland Manufacturing, Baxter Healthcare S.A., Beckman Coulter Ireland Inc, Bioniche Pharma Group, Boston Scientific Ireland (Galway), Cisco Internetworking (Ireland) Ltd (Galway), Covidien Healthcare (Athlone), DeCare International, Electronic Concepts Europe Ltd, Fidelity Investments (Galway), Georgia Tech Research Institute, Glenlo Abbey Hotel, Hewlett-Packard Galway Ltd, IBM (Galway), Innocoll Technologies Ltd, Lionbridge

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