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Bruxelles, le 28 février 1983

EXTRACTS FROM ADDRESS BY MR. GASTON E. THORN, PRESIDENT OF
THE COMMISSION OF THE EUROPEAN COMMUNITIES, AT UNIVERSITY COLLEGE
CORK, SUNDAY 27 FEBRUARY 1983

THE ROLE OF THE COMMUNITY IN THE IRISH ECONOMY

The future growth prospects for Ireland, as a small open economy, will obviously be greatly influenced by the degree of economic recovery which is seen in Ireland's main trading partners.

role of the Community in contributing to Ireland's annual average growth of 3,5 % for the years 1973-81 - as compared to a Community average of 2,4 % is clearly of considerable importance. There has been considerable aid, the bulk of this coming through the operation of the CAP, with 2,300 million Pounds while the Social and Regional Funds each provided over 230 million Pounds. Loans through the European Investment Bank, also proved of considerable importance, totalling 875 million Pounds and going to support industrial, energy and infrastructural development in virtually all parts of the country.

As to the likely benefits for Ireland in the future, much depends on the structure of the Community budget and the policies which it finances. All I can say is that as one of the less prosperous countries in the Community, Ireland should continue to reap considerable advantages from common Community policies not only in the agricultural but also in the industrial and social field.

THE FUTURE FINANCING OF THE COMMUNITY

The Commission has proposed a Green Paper, a discussion document, on the future financing of the Community. This document will be debated by the European Parliament, and after receiving Parliament's views, the Commission will make formal proposals to the European Council in June.

The part of the Green Paper which has attracted most attention in Ireland relates to the proposal that some extra revenue should be raised, drawn from the whole economy, but based on agricultural parameters, such as the share of the Member States in the overall agricultural production in the Community. The Green Paper also points out however that 'account would have to be taken of certain Member States and their regions whose general level of prosperity is low but whose economies are particularly dependent on agriculture'.

The other point about this proposal which I think has not been sufficiently noted in Ireland is that this new resource is conceived as a transitional rather than a permanent measure in the budget. It should last until a better balance in financial terms between the agricultural and policies which I have already mentioned, such as Regional and Social, as well as the policies which will be required for the enlargement of Spain and Portugal, has been achieved.

UNEMPLOYMENT AND COMMUNITY ACTION

I referred earlier to unemployment as the major target for action by the Community. I understand that it is for you, with by far the youngest population in Europe, of the most particular concern. When one sees that Foras Forbartha expects the workforce to increase by a minimum by 340.000 between 1979 and the year 2000 and that a total of between a half and three quarters of a million new jobs may be required, one understands the magnitude of the challenge.

Hopefully, it is not a challenge beyond your capabilities. The people coming into the workforce are well educated and adaptable. But at least in the short term, there is a problem of competitiveness for the Irish economy, and in the short term as well as the long term, competitiveness means jobs. There is no way of avoiding this fact.

The competitiveness has been lost through Ireland having a much higher inflation rate in recent years than the average of the countries also participating in the E.M.S., while at the same time maintaining quite closely the exchange rate against the Ecu at which Ireland joined in 1979. The loss in competitiveness has been largely masked by the high value of sterling, but with the sharp depreciation of the pound in recent months, the effects in Ireland may be felt increasingly in coming months.

CHALLENGES FACING EUROPE

There are enormous challenges facing Europe. I have proposed that the best way of responding to many of them is by action at the European level. The action should be carried out by a European Community which is more cohesive than at present, which is provided with the resources to achieve its European policies and whose institutions operate more effectively than at present.

For Ireland too, the challenges are also great. The gains in terms of large increases in farm prices which were the order of the day in the early years are not likely to be available during the 1980s, for a variety of reasons. That is not to say that the CAP will not still offer to Ireland an essential base of stability which it needs in order to consolidate the economic gains which have been made. But consolidation cannot take place unless a greater measure of discipline in economic management, consistent with membership of the EMS, and with this a fall in inflation and an improvement in competitiveness is achieved.

If this happens, then Ireland will be in a position to benefit from any world economic recovery. The real potential for Ireland in the 1980s lies in exploiting the European market and further diversifying its exports. It can do so on the basis of the improved productive infrastructure which has been built up during the first 10 years of membership. The Community must retain a willingness to help your development, and to provide the necessary framework for it.