

NOTE OF A MEETING HELD ON 2 MARCH 1992 AT STORMONT CASTLE TO DISCUSS
ECONOMIC DEVELOPMENT

Those present:

Secretary of State
Minister of State
Mr Chilcot
Mr Fell

Mr Loughran
Mr Thomas
Mr Hewitt
Mr D J R Hill
Mr Maccabe
Mr Fittall

Mr Molyneaux
Dr Alderdice
Mr Hume
Dr Paisley

Welcoming the party leaders to the meeting, the Secretary of State said that it had been arranged as a follow-up to the meeting of 27 January when it had been agreed that they "would meet to consider matters of common concern, including the economic field, in the interests of all the people of Northern Ireland". The need to strengthen the economy and create more employment for the people in Northern Ireland was a major area of common concern. Mr Loughran and Mr Hewitt would given an initial presentation and there would then be an opportunity for questions and discussion.

2. Mr Loughran said that his aim was to present some of the issues, problems and opportunities facing the economic development agencies. The Department of Economic Development was organised in a way which was designed to maximise the contribution which it could make to the promotion and support of economic activity within the Province. Changes were made from time to time. In particular a new research and technology unit was being established as an agency devoted to innovation. The hope was that it would obtain the same status as the Training and Employment Agency and the Local Enterprise Development Unit.

3. Continuing, Mr Loughran said that there were four parts of the agenda for employment creation, namely, inward investment, home industry, local enterprise and the development of workforce skills. Inward investment continued to be important and many of DED's efforts were devoted to that cause. It was, nevertheless, important to remember both that there was heavy competition from other areas

for inward investment and that the other three areas all had a significant part to play. It was particularly important to improve the competitiveness and performance of home industry in a way that lead to growth and job creation. The policy of "backing winners" was designed to facilitate this.

4. Mr Loughran and Mr Hewitt referred to the central role of the Training and Employment Agency, which was the largest part of DED, consuming £160m of its budget. The figures suggested that Northern Ireland still had a long way to go in getting the productivity of its employees up to the level of the West Germans. Some of this was a matter of improving the management effectiveness of firms, as was evidenced by the fact that productivity tended to be higher in foreign owned companies operating in Northern Ireland. But much of the improvement turned on enhancing the skills and qualifications of the workforce.

5. In discussion Mr Hume said that in selling Northern Ireland to potential foreign investors it was important to quote the higher productivity figures which some companies in the Province under foreign ownership were already achieving. It was also important for all of the parties to work positively with the IDB. Some of the recent criticisms had been unhelpful and unjustified. He was well aware of the image problems of the Province which it was incumbent on all of the parties to try to overcome. It was interesting, for example, that of the forty million inhabitants of the USA who claimed Irish descent, 52% were from the Protestant tradition. It was sensible, therefore, for each of the parties to be involved in helping the IDB market the Province overseas: in some areas he would have a role to play, in others it would make more sense for the other party leaders to be involved.

6. Mr Hume said that it was also crucial that local Northern Irish companies were well briefed about the likely affect of the Single European Market. Dr Paisley said he very much agreed with this. He remained concerned that many of the small companies were still not properly briefed about 1992. Too many took the view that because they were small and did not intend to invest in the rest of Europe

the new developments were of little consequence to them. The fact was that they were going to face real competition for the first time. The guidance material which had been prepared by the DTI was inadequate and there was a strong case for the DED to produce something of its own.

7. In response Mr Hewitt said that there were difficulties in producing material which was relevant to a wide range of industries. LEDU had their own arranged industry and company specific seminars. Companies were also being drawn into trade mission programmes.

8. Dr Paisley said that these were indeed helpful approaches but were not a substitute for providing user friendly literature. After discussion it was agreed that officials would consider further what might be produced.

9. Mr Hume said that the party leaders could play a particularly useful role in helping companies to spot opportunities for international cooperation which they might not spot themselves. He quoted a recent example of where he had been able to bring together some potential French investors with people in his constituency over the possible development of a new shellfish venture. There was also a good deal of scope in the food production and processing area. Northern Irish farming had not diversified sufficiently. It was, for example, unsatisfactory that so much Danish bacon and cheese was still on sale in supermarkets when Northern Ireland was perfectly capable of producing the equivalent goods itself.

10. In discussion there was agreement that greater diversification and a concentration on more value added products by farmers and food processors was needed.

11. Dr Alderdice said that there was an important role for party spokesmen to play. It was also necessary for workers and employers to come together so that a clear and united voice could be given to those interested in investing in the Province.

12. Mr Molyneaux said that it was certainly the case that firms from abroad liked to talk to political parties as well as the Government. Persuading companies to invest in the Province required a coordinated effort on the part of Government, the political parties and companies.

13. Endorsing this, Mr Hume said that it was important to seek not only inward investment but also export opportunities for Northern Irish goods. Most countries had importers associations and these were particularly important groups to target. The President of the American Food and Wine Association had, for example, been invited over to see the range of good quality produce which Northern Ireland could supply. If the Northern Irish farming and food industry could be persuaded to diversify even more could be done.

14. The Secretary of State asked whether the party leaders thought that the parties themselves were doing enough to help and whether they had their own experts who could maintain a dialogue with companies interested in doing business with Northern Ireland. It was clearly important that party spokesmen were willing to speak in the wider interests of the Province rather than in pursuit of any particular sectional interest.

15. Mr Hume said that he was sure that the other party leaders would share his view that each would play his part. But it was the responsibility of the Government to draw up an overall plan and then to invite individual parties to make their own particular contributions. He saw value in a further meeting once the DED had drawn up the sort of plan which he had advised. This should build on the very successful work which the IDB had already done in attracting work which no longer needed to be done in high rent and labour cost areas such as capital cities. In many instances efforts to attract new work would be directed at the service rather than the manufacturing sector. This did not, however, diminish from the value of the additional jobs and economic activity which could be created.

16. Dr Paisley and Mr Hume said that another respect in which Government could help would be to re-examine current planning

requirements. Both knew of examples where farmers had started to diversify to new activity but had then encountered difficulties with the planning authorities. Dr Paisley quoted a particular example of a planning appeal which he had supported where eight or nine jobs had been threatened by the insistence of the planners that the farmer switched to new premises in a distant, lock-up factory with high rents.

17. Summing up the discussion after an hour the Secretary of State said that a number of important areas had been identified. There was clearly a substantial agenda for a further discussion with Mr Needham who unfortunately had been unable to attend the meeting because of a prior commitment. He would arrange for a record of the discussion to be quickly made available to Mr Needham so that he could be in touch with the leaders to arrange a further meeting. It would be desirable for this to take place before the election if possible.