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FROM: JOANNE MAXWELL
ANGLO-IRISH SECRETARIAT
27 November 1997

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- cc PS/Mr Murphy (B&L)
- PS/Mr Ingram (B&L)
- PS/PUS (B&L)
- PS/Mr Semple
- Mr Thomas
- Mr Steele
- Mr Bell
- Mr Daniell
- Mr Leach
- Mr Stephens
- Mr Shannon
- Mr Watkins
- Mr Beeton
- Mr Brooker
- Mrs Brown
- Mrs Collins
- Mr Hill
- Mr Perry
- Mr Maccabe
- Mr Smyth
- Mr Whysall
- HMA, Dublin
- Mr Fergusson, RID

John McAuley
28/11

PS/Secretary of State (B&L)

SPEECH BY AN TAOISEACH, MR BERTIE AHERN, TD AT THE AMERICAN CHAMBER OF COMMERCE IRELAND BUSINESS LUNCHEON ON 24 NOVEMBER 1997

Please find attached, for your information, a copy of the speech made by an Taoiseach, Mr Bertie Ahern, TD at the American Chamber of Commerce Ireland Business Luncheon on 24 November 1997.

Signed

JOANNE MAXWELL

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SPEECH BY AN TAOISEACH, MR BERTIE AHERN, T.D., AT THE AMERICAN CHAMBER OF COMMERCE IRELAND BUSINESS LUNCHEON ON MONDAY, 24 NOVEMBER, 1997 AT 12.30 PM

Ambassador Kennedy Smith, President of the Chamber, Distinguished Guests, Ladies and Gentlemen,

I am delighted to have an opportunity to speak to you today, here in the Conrad Hotel.

Ireland is enjoying a period of great optimism at the moment. This feeling is a result of many factors, including confidence about our role in a more integrated European Union, the popularity of contemporary Irish culture, and the fact that the current generation of young Irish people can chose to stay and work at home rather than emigrate.

However two factors, above all, lie behind this positive mood: the peace process in Northern Ireland, and the performance of the economy. The effective management of these two issues will have the greatest impact on the daily lives of men and women on this island.

Another common thread binds between these two issues: they have both benefited substantially from the involvement and support of the United States. Through the contribution of private individuals and companies, and through the close support of the US Government, Irish people have reason to greatly appreciate the friendship and support of the United States.

Irish Economy

I would like to speak briefly about the performance of the economy. In 1997 the Irish economy is expected to grow faster than any other in the OECD. Ireland's unemployment rate is now below the EU average, and inflation has remained under 2%.

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Many factors lie behind these positive statistics; sound macroeconomic policies; social partnership between the Government, trade unions and employers; and investment over many years in the education system.

One other vital factor is the level of foreign direct investment - particularly from the United States. A few facts illustrate how important this investment is:

- the United States is Ireland's largest source of inward investment - nearly 500 US firms now employ more than 65,000 people here
- US inward investment accounts for 27% of total manufacturing employment, and 40% of total Irish exports
- since 1980, nearly 40% of all new inward investment in European electronics by the US has come to Ireland

This investment has helped to transform the structure and profile of Irish industry:

- nine of the world's top ten pharmaceutical companies now have significant operations in Ireland
- almost a third of the PCs sold in Europe come from companies based in Ireland
- Ireland is the capital of Europe for software localisation and production
- Dublin's International Financial Services Centre has developed into a significant world financial centre.

This success story is the result of a partnership between Ireland and the United States. It is a partnership which has benefited both parties. Ireland has been the most profitable location for US investment - with return on investment being almost four times the EU and world averages over the past ten years.

Irish Governments have worked very hard to maintain our competitive position as a location for US investment in Europe. We provide a skilled and productive labour force, attractive taxation and other financial incentives, and a stable and competitive economic environment. We will continue to offer an effective base for US enterprises.

Education Technology Investment Fund

Earlier this month the Minister for Finance announced a significant increase in capital expenditure for 1998. This reflects our determination to invest in the economic and social infrastructure which will underpin Ireland's continued development.

In particular, we are investing in the education and training needs of the economy. An Educational Technology Investment Fund of £250 million will be established by legislation and managed by the National Treasury Management Agency. This funding will not replace or reduce existing investment. The Fund will address two challenges;

- ensuring that our education system meets emerging skill-needs, and
- growing our knowledge-base, through supporting research, development and innovation.

Corporation Tax

I know that the 10% rate of corporation tax is of major importance to US investors in Ireland. I want to state clearly that the Government is committed to maintaining Ireland's pro-enterprise taxation environment.

We have decided to introduce a single low rate of corporation tax to apply across the economy. This will be phased-in over the coming years to eventually replace the current regime. The structuring and time-tabling of the changes are being actively pursued at present, in consultation with the European Commission.

 EMU

One of the key influences on the Irish economy over the coming years will be European Economic and Monetary Union. The introduction of the single currency on 1st January 1999 remains fully on track. Ireland fully meets the convergence criteria and is committed to participating from the start.

EMU will underpin the Single Market. It will reduce transaction costs and exchange rate risks across the single currency zone. Ireland will be the only English-speaking country in the first wave of EMU. This will leave us particularly well-placed to meet the needs of US companies seeking a European base.

I also want to emphasise the importance of preparation for EMU. A National Changeover Plan was published earlier this year. This sets out the arrangements which will be made by Government Departments and agencies, as well as by banks and building societies and the Irish Stock Exchange, to facilitate a smooth and orderly changeover across the economy. However, I think that a lot of work lies ahead of us all in the coming years in order to ensure that we enjoy the full benefits from the introduction of the Euro.

Northern Ireland

Besides the welcome and growing business and corporate links between our two great nations, American help in the peace process is invaluable.

The assistance which President Clinton, his administration and his Ambassador have given - and continue to give - is invaluable - and, let me assure you that it is very much appreciated. US involvement in the process helps to focus minds. It also contributes to an increased level of confidence. In these ways, it helps to encourage political movement and change.

Nowhere is this more obvious than in the contribution of Senator George Mitchell. His tireless patient efforts are a fine example to all involved. His skill as a negotiator, coupled with his independence and impartiality, are key ingredients to the process.

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We now have - in the context of the ceasefire - a unique opportunity to bring about an enduring settlement and a lasting peace. This is an opportunity which the Irish and British Governments are determined to avail of.

We are doing this by pressing ahead with unique and substantive political negotiations. These negotiations are focused on achieving a comprehensive political settlement of the conflict.

For the first time in history, the representatives of most of the main political parties - representing both sides of the spectrum - and all shades of opinion - are gathered together - in a peaceful atmosphere, to discuss future political arrangements.

The aim of the talks is to consolidate the peace. These talks present the best chance ever to do precisely that.

The outcome of these talks, if successful, should encompass new arrangements on the island of Ireland. Those arrangements should entail genuine parity of esteem, equality of treatment and the recognition of the legitimacy of the identity of both traditions. The proposals to emerge from the talks, will, we hope, be ready to put to the people of Ireland for their approval, in referenda, North and South, next summer.

The talks threaten no one. Their outcome will be influenced and shaped by all of the participants. No party can realistically expect to get everything they want. At the same time, everyone will gain. The settlement which will emerge will, of necessity, be a compromise - it has to be. Under the agreed rules, a settlement, to be accepted, must command the support of parties representing a majority, in both communities in the North.

No one is under any illusion that the negotiations are going to be easy. So far, the negotiations have been open and frank. They have not moved as quickly as some would like. Conscious of this, my Government, together with the British Government, have initiated a number of steps to add impetus.

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Last Thursday I met with UUP leader Mr David Trimble. We had a good meeting. We now have a better understanding of one another's position. I hope - and have every reason to expect - that this meeting will be the basis for further constructive contacts.

Last Friday, British Prime Minister, Tony Blair, and I had a meeting in Luxembourg. We reviewed progress in the talks and discussed related issues - including prisoners, security levels, and other confidence building issues. We are both conscious of the need to generate momentum.

Next Friday will be a further step in the process. I will be meeting the leaders of a number of the other parties involved - including the SDLP, the Alliance Party and Sinn Fein - and later - but soon - I hope to meet the Northern Ireland Women's Coalition.

On Friday, 5 December, we are re-convening the Forum for Peace and Reconciliation.

Looking slightly further ahead, I will be meeting PM Blair again on 12-13 December and of course I'll meet President Clinton on December 15th in Washington. So, as you can see no effort is being spared to accelerate the process.

I want to pay tribute to all of the political representatives - on both sides - who have taken the - often difficult - step of involving themselves in these talks. They see the prize and recognise the rewards. I will continue to do all that I can to help them achieve the goal of an end to the conflict.

During the troubles, Northern Ireland was starved of investment. The effects could also be seen in low visitor numbers. They were evident too in the derelict sites.

The underdevelopment of three decades - not just in the six counties of Northern Ireland - but in the border counties of the Republic can, and, in the context of peace, WILL now be overcome. Already, the International Fund for Ireland and the Social European Union package of assistance for peace and reconciliation, have been helping promote the

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reinvigoration of the areas affected by the troubles. But a permanent settlement built on peace would greatly boost the effectiveness of such efforts.

I have every reason to expect that much of the increased investment will come from the US corporate sector - eager to take the opportunities which peace presents. I welcome and pay tribute to the investment conferences and missions which have been organised by President Clinton's special economic advisers on Northern Ireland, and by the US Department of Commerce which have sought to promote and make known those opportunities. Such investment, together with the end of violence - in all its forms - means a better life for the people - and that is what matters.

Conclusion

Of course, the links between the US and Ireland extend far and wide - through families, culture, sport, history and many other areas of life. Millions of Americans take pride in their Irish ancestry. In recent years, we in Ireland have ourselves become more aware of the extended Irish family. Since my election as Taoiseach I have met a large number of visiting American politicians, business people and journalists. I enjoy making these contacts - and demonstrating the close relationship between our two countries. These links are of a great importance, and I hope they will never weaken.

I would like to conclude by commending the work of the American Chamber of Commerce Ireland. The Chamber makes an important contribution to trade and business links between our two countries. It provides a voice to its members on issues of serious concern. Above all, the Chamber helps to build an even stronger relationship between Irish and US industry. I would like to thank all the members, directors and staff of the Chamber, and to wish you all every success with your endeavours in the future.

ENDS.

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