

EUROPEAN INDUSTRIAL INVESTMENT IN IRELAND: A GEOGRAPHICAL PERSPECTIVE

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INTRODUCTION

This paper outlines some of the key dimensions of European industrial investment in Ireland over the last thirty years or so, with particular reference to: the distribution of incoming firms between source countries; the sectoral and size characteristics of European firms operating in Ireland; and the internal spatial distribution of these firms. For comparative purposes, the corresponding data for firms emanating from the USA (the largest source of foreign investment in Ireland) are presented throughout.

Comprehensive data on European and other manufacturing plants located in Ireland were first compiled in 1973, when the Industrial Development Authority (IDA) carried out the first of an annual series of censuses of Irish manufacturing plants. Arising from this, the IDA also began to publish periodic lists of foreign firms in Ireland, the first of which appeared in 1974; these lists form the basis of much of the content of this paper. The lists include grant-aided firms involved in export services which have grown enormously in numerical importance in recent years, associated mainly with the development of the International Financial Services Centre (IFSC) in Dublin. Thus, over 20% of the firms in the 1992 list were service firms, compared with just 8% in the 1982 list.

This paper traces the evolution of European investment in Ireland by taking a cross-section of the situation at three points in time: 1974 (when the first list of foreign firms was published), 1982 and 1992. For each of the three years, the stock of European firms is analysed by nationality of origin and sectoral and regional distribution. Data from other sources are also employed, where appropriate, to facilitate additional analysis. The paper begins with an outline of the early evolution of foreign investment in Ireland.

EARLY EVOLUTION OF EUROPEAN INVESTMENT IN IRELAND

The Irish government first began to actively promote foreign investment in 1958 with the easing of the controls on such investment which dated from the early 1930s. Nevertheless, by that time there was already a considerable external - mainly British

- presence in the Irish economy (Sweeney, 1973; O'Malley, 1989). Some of this dated from the pre-independence period, while a number of industrial firms with British involvement had been allowed to set up during the protectionist period under special arrangements. These consisted mainly of firms which had previously been supplying the Irish market and which set up Irish operations to continue to supply this market. Most foreign firms located in Ireland before 1958, therefore, were largely oriented to the domestic market, unlike the firms which were introduced subsequently, and which were primarily export-oriented.

The policy to promote foreign investment was initially slow to get off the ground, but received a considerable boost with the implementation of the Anglo-Irish Free Trade Area Agreement (AIFTA) in 1966, which gave Irish-based firms duty-free access to the British market. Ireland's accession to the European Community (EC) in 1973, combined with the array of financial inducements which had been put in place by the Irish government, made Ireland a very attractive base from which to supply the much larger EC market, and heralded a major spurt in foreign investment in the years after 1973. By the early 1980s, however, the influx of new firms had greatly decelerated and has performed fitfully ever since.

The first major survey of foreign investment in Ireland under the industrial grants scheme was carried out by a Government-appointed Survey Team in 1966 (Survey Team, 1967). This survey found that two-thirds of the firms which had availed of industrial grants were foreign, and of these, German firms comprised the largest single group, accounting for one quarter of the total. British firms represented one fifth and American firms one seventh. However, in employment terms German firms were, on average, smaller than their British and, especially, American counterparts.

This early surge of small German firms may be attributed to labour shortages which had begun to become acute in Germany in the early 1960s as a result of vigorous postwar economic growth allied to the demographic effects of the war itself. The Survey Team found that, unlike British and American firms, for German firms - mainly engaged in clothing and light engineering - labour availability was a locational factor of prime importance in coming to Ireland. Further, the Survey Team noted a tendency among German firms to locate in small population centres; this was attributed to a desire to avoid competition for labour.

A disproportionate number of British firms were found in the food industry, with access to raw materials being an important locational factor for these. By contrast, access to the British market was of particular importance to American firms, whose locational pattern was quite random.

A further comprehensive survey of grant-aided firms, carried out in 1973 by O'Farrell (1975), also found that two-thirds of these firms were foreign. However, German firms had by then slipped to third place, accounting for just one fifth of all foreign firms, while Britain now accounted for one third of the total, with the US slightly behind. The absolute number of German firms had hardly increased at all since 1966, while the number of both British and American firms had more than doubled. The surge in British investment in this period may be attributed directly to the coming into effect in 1966 of the AIFTA. O'Farrell found that, in terms of average floorspace, American firms tended to be much larger than either German and British, with the former, in turn, now somewhat larger than the latter, contrary to the situation in 1966.

EUROPEAN FIRMS IN IRELAND: 1974

The first list of foreign firms in Ireland, published by the IDA in 1974, gives a total of 457. The number of foreign-owned plants was slightly less than this, as some firms were involved in joint ventures. Two-thirds of all foreign firms were of European origin, the vast majority being from the EC12. British firms headed the list, accounting for one third of all foreign firms, just ahead of the USA (Table 1)¹. German firms were in third place, while the Netherlands was the only other country with more than 20 firms in Ireland.

Employment in British and American firms was roughly proportionate to their shares of firm numbers (Table 2). However, Germany had a much lower share of

Table 1
Frequency distribution of foreign firms

	1974		1982		1992	
	No.	%	No.	%	No.	%
USA	127	27.8	297	36.6	359	34.6
UK	149	32.6	168	20.7	155	14.9
FRG	80	17.5	126	15.5	186	17.9
Netherlands	22	4.8	50	6.2	50	4.8
Other EC12	33	7.2	64	7.9	93	9.0
Other Europe	26	5.7	60	7.4	106	10.2
Other	20	4.4	46	5.7	89	8.6
Total	457		811		1038	

Table 2
Employment in foreign firms

	1973		1981		1990	
	'000	%	'000	%	'000	%
USA	13.6	27.5	34.5	42.0	43.8	48.3
UK	19.1	38.6	21.1	25.7	16.9	18.6
FRG	4.8	9.6	9.6	11.6	11.5	12.7
Netherlands	6.4	12.9	4.6	5.6	2.4	2.6
Other	5.6	11.4	12.4	15.1	16.1	17.8
Total	49.5		82.2		90.7	
As % of all manufacturing		21.7		34.9		40.0

Sources: Telesis Consultancy Group (1982); Gillmor (1982); Department of Industry and Commerce (1990)

employment than of firms and, indeed, employment in Dutch firms was greater, although there were over three times as many German as Dutch firms. This corroborates McAleese's (1977) finding, from a further survey of grant-aided firms carried out in 1974, that Dutch firms (with an average employment of 395) were much larger than German (average employment 86).

In sectoral terms², while engineering was of principal importance for all source areas (Table 3), it was of much less importance among British compared to German and American firms. The broader sectoral spread of British firms reflects, in part, the degree to which these firms had been serving the domestic Irish market during the protectionist period. The prominence of Other European firms in the labour-intensive clothing sector is also noteworthy, and is largely attributable to investments from countries with high labour costs, such as Sweden and Switzerland.

The regional distribution of foreign firms in 1974 is shown in Table 4. The regional system employed is that used in IDA publications (Fig. 1), with the exception that Donegal has been merged with Sligo/Leitrim to form a single North West region. The outstanding feature of Table 4 is the very strong aversion shown by German firms to the East region, which accounted for just 6% of all German firms compared with 21% of all foreign firms. German firms instead showed a strong preference for the South-West, a tendency also noted by Blackburn (1972).

American firms, by contrast, had a particular predilection for the Mid-West, and especially the Shannon Industrial Estate (established in 1958 as the world's first free trade zone with the aim of counteracting the expected impact on Shannon Airport of the development of long-distance jet-powered air transport). The role of Shannon

Table 3
Sectoral distribution of foreign firms, 1974 (%)

	Food	Engineering	Chemicals	Clothing	Miscellaneous	No.
USA	7.1	48.0	13.4	11.0	20.5	127
UK	15.4	30.8	20.1	21.5	12.1	149
FRG	2.5	47.6	13.4	15.0	16.2	80
Other Europe	4.9	34.5	23.5	25.9	11.1	81
All foreign	8.3	39.5	18.6	19.1	14.5	457

Table 4
Regional distribution of foreign firms, 1974 (%)

	East	North East	South East	South West	Mid-West	West	North West	Mid-lands	No.
USA	24.4	3.9	4.7	13.4	34.7	14.2	2.4	2.4	127
UK	24.8	11.4	14.1	14.1	16.1	7.4	6.0	6.0	149
FRG	6.3	7.5	16.3	26.3	15.0	13.8	7.5	7.5	80
Other Europe	23.5	7.4	11.1	16.1	18.5	6.2	6.2	11.1	81
All foreign	20.8	7.7	11.4	16.4	21.9	9.8	5.9	6.1	457

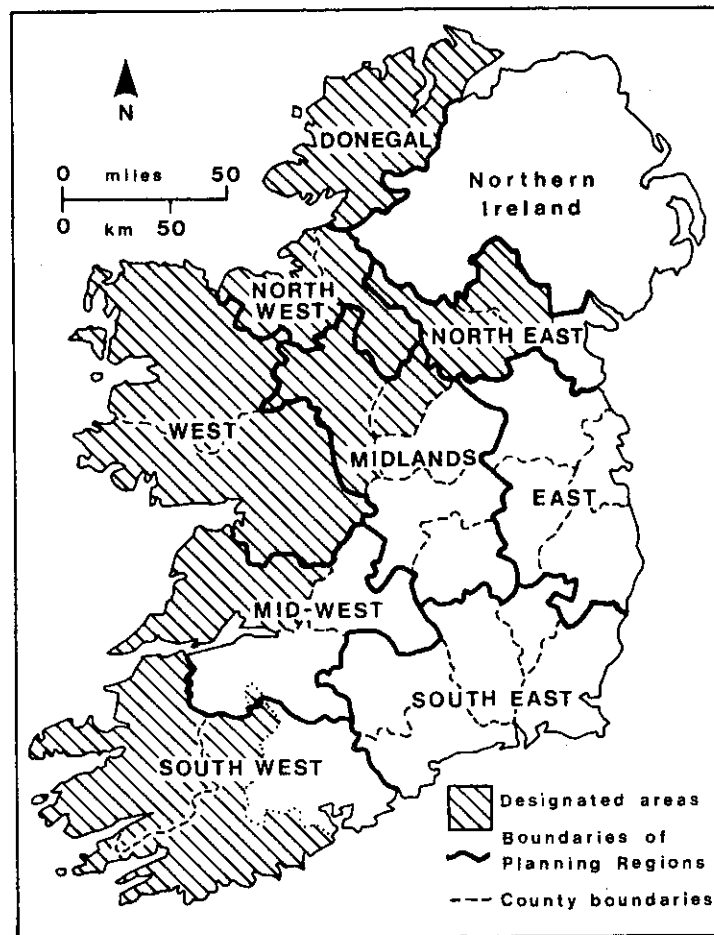


Fig. 1 Planning Regions and Designated Areas

as a magnet for American investment may be gauged from the fact that no less than 44% of all US firms in 1974 were located in County Clare (including Shannon) and the immediately contiguous counties of Galway and Limerick.

British and Other European firms were more evenly distributed than their German and American counterparts. British firms showed an above-average preference for the East, North East and South East, reflecting a combination of proximity to the home base, a strong focus on the domestic Irish market, and an orientation towards agricultural raw materials on the part of many British firms. Other European firms were distributed very much along the lines of foreign firms in aggregate, with the exception of a significant bias towards the Midlands region.

EUROPEAN FIRMS IN IRELAND: 1982

By 1982 the total number of foreign firms in Ireland had increased by a massive 77% to 811 (Table 1). The rate of growth of employment in foreign firms was slightly less, at 66% (1973-81). Foreign firms now accounted for over one third of all manufacturing employment, compared with 22% in 1973 (Table 2). The major source

of growth was the USA, which generated an increase of 134% in the number of firms and 153% in the level of employment. This reflected the importance to American firms of using Ireland as a low-cost base for penetrating the sheltered EC market. US firms now comprised 42% of all employment in foreign firms, compared with 28% in 1974.

The chronic economic difficulties which were making themselves felt in the UK in the 1970s were reflected in a growth rate of a mere 13% in the number of firms and 11% in employment. As a result, Britain dropped to one quarter of total employment in foreign firms, as against almost two-fifths in 1974.

The number of German firms grew by 58%, but employment in them doubled. On the other hand, while the number of Dutch firms more than doubled, employment dropped by almost one fifth, due mainly to the closure of two particularly large operations, the Ferenka engineering plant in Limerick and the Ross Company fabrication yard at New Ross. As a result, there was a sharp reduction in the Dutch proportion of total foreign employment, from 13 to 6%. The number of firms from other EC12 countries exactly doubled (detailed employment data are unavailable), while non-EC Europe experienced a trebling in numbers - again, a reflection of a desire to use Ireland as a base for gaining access to the EC market. Sweden was particularly prominent in this respect (up from 9 firms in 1974 to 28 in 1982), while Finland and Austria (along with Liechtenstein) entered the picture for the first time. In aggregate, the proportion of all firms emanating from European countries slipped to less than

Table 5
Sectoral distribution of foreign manufacturing firms, 1982 (%)

	Food	Elect- ronics	Elec. Eng.	Other Eng.	Chem- icals	Cloth- ing	Misc. Mfg.	Serv- ices	No.
USA	5.7	12.5	7.4	21.3	25.3	7.8	9.8	10.1	296
UK	13.1	0.0	6.0	22.6	16.1	19.0	15.5	7.7	168
FRG	1.6	8.7	8.7	34.1	15.9	11.9	15.1	4.0	126
Other EC12	7.9	4.4	8.8	23.7	16.7	23.7	9.6	5.3	114
Other Europe	1.6	3.3	11.5	18.0	19.7	27.9	8.2	9.8	61
All foreign	6.5	7.3	8.1	23.3	19.7	14.8	12.1	8.1	811

Table 6
Regional distribution of foreign manufacturing firms, 1982 (%)

	East	North East	South East	South West	Mid- West	West	North West	Mid- lands	No.
USA	27.8	6.8	8.3	15.0	22.6	10.2	2.3	7.1	266
UK	35.5	11.0	8.4	14.8	9.0	2.6	6.5	12.3	155
FRG	9.1	1.7	13.2	32.2	13.2	8.3	16.5	5.8	121
Other EC12	16.2	6.7	13.3	24.8	12.5	10.5	4.8	8.6	105
Other Europe	21.8	9.1	5.5	25.5	14.6	5.5	5.5	12.7	55
All foreign	24.3	6.6	10.1	20.0	16.1	8.0	6.2	8.8	741

60% compared with two-thirds in 1974, while non-EC countries increased their proportion of the European total from 7 to 13%.

In sectoral terms³, a key feature of change in the 1974-82 period was the strong American growth in electronics and chemicals (Table 5). It is undoubtedly a reflection on the technological weakness of the British economy that it had no representation whatever in electronics in 1982. There remained a strong orientation towards clothing among Other EC and Other Europe sources, especially among countries with high labour costs.

Before examining the spatial pattern of foreign firm location in 1982 it was necessary to eliminate services firms, which accounted for 8% of the total, and which were overwhelmingly concentrated in Dublin and Shannon. The overall regional distribution of manufacturing firms (Table 6) saw significant strengthening of the relative positions of the East, South West and Midlands (compared with 1974), and a corresponding decline in the Mid-West, as the early hold of Shannon on American firms in particular was loosened. There was a significant shift in the locus of British investment away from the South East, Mid-West and West to the East (especially) and Midlands. The German preference for the South West was even more pronounced, while there was also a substantial influx of German firms into the North West in this period. Other European firms were largely in line with overall tendencies.

The spatial distribution of foreign plants does not, of course, necessarily reflect the distribution of employment in these plants, as there are significant variations by nationality in terms of average employment per plant. Table 7 shows the average employment size of manufacturing firms of different nationalities, from the 1988

Table 7
Size characteristics of foreign manufacturing firms
employing 3+ workers, 1988

	No.	Total employment	Average employment
USA	306	40,493	132.3
UK	191	15,324	80.2
FRG	123	10,093	82.1
Netherlands	41	1,975	48.2
France	22	1,391	63.2
Belgium	11	1,041	94.6
Denmark	11	669	60.8
Italy	11	582	52.9
Other EC12	5	336	67.2
Sweden	17	1,362	80.1
Switzerland	15	990	66.0
All foreign	824	81,825	99.3
Non US foreign	518	41,332	79.8
Irish	3,882	103,215	26.5

Source: *Census of Industrial Production, 1988*

Table 8
Regional distribution of foreign manufacturing firms, 1981-2 (%)

	PLANTS (1982)								
	East	North East	South East	South West	Mid-West	West	North West	Mid-lands	No.
USA	27.8	6.8	8.3	15.0	22.6	10.2	2.3	7.1	266
UK	35.5	11.0	8.4	14.8	9.0	2.6	6.5	12.3	155
FRG	9.1	1.7	13.2	32.2	13.2	8.3	16.5	5.8	121
All foreign	24.3	6.6	10.1	20.0	16.1	8.0	6.2	8.8	741
	EMPLOYMENT (1981)								
	East	North East	South East	South West	Mid-West	West	North West	Mid-lands	
USA	23.3	10.3	7.6	15.0	16.5	16.0	3.4	7.9	
UK	63.6	9.2	2.2	13.7	3.0	1.3	4.1	3.1	
FRG	5.7	1.4	26.2	25.3	25.4	5.3	6.8	4.0	
All foreign	34.0	8.1	8.9	16.9	12.9	8.9	4.1	6.3	
Irish	41.4	7.3	13.7	15.2	6.3	5.0	5.3	5.9	

Source: partly after Gillmor (1982)

Census of Industrial Production (the latest available). While foreign firms in general are much larger than indigenous Irish firms, American firms, on average, are much larger than any other nationality, with British and German firms very similar in size.

Table 8 compares the regional distribution of American, British, German and all foreign firms with the regional distribution of employment in the same categories, as reported in Gillmor (1982). This shows that almost two-thirds of employment in British firms was located in the East region, compared with just over one third of the total number of such firms, indicating a concentration of larger British firms in the Dublin area. By contrast, employment in German firms was disproportionately concentrated in the South East. This reflects the fact that a number of very large German plants are located in this region, including Braun and Lapple in Carlow, ABS Pumps in Wexford and Kromberg and Schubert in Waterford. Similarly, the West region contains a number of large American plants. Overall, Table 8 confirms the fact that foreign firms make a greater contribution to employment in the western regions than Irish firms.

EUROPEAN FIRMS IN IRELAND: 1992

By 1992 the aggregate number of foreign firms had grown by a further 28% to 1,038, while employment grew by just 10% (1981-90). This represented a significant reduction in the rate of growth compared to the 1970s; see Tables 1 and 2. Neverthe-

less, the proportion of total manufacturing employment accounted for by foreign firms still rose from 35 to 40%. Most of the growth in firm numbers arose in the services sector, and can be linked particularly to the creation of the IFSC in Dublin. The number of manufacturing firms grew by a mere 10%. While the USA's share of the number of firms declined slightly, its share of employment grew significantly, to almost 50%. This is due, to a large extent, to the USA's small share in IFSC firms (one sixth of all the firms involved) and the small size of these firms (average employment in June 1992 in the 138 approved firms was 8.2)⁴.

There was an absolute decline in the number of British firms in the 1980s, while their share of total employment fell from over a quarter to less than a fifth. While there were now more German than British firms, the German share of employment remained substantially less. The number of Dutch firms remained stable, but employment in these contracted considerably once again. All other European sources experienced strong growth, with non-EC12 European countries raising their share of the European total from 13 to 18%. With non-European sources also performing strongly, Europe's share of the total number of foreign firms remained unchanged at 58%.

In sectoral terms, the key change between 1982 and 1992 was the growth of services firms from all source regions, but particularly from Britain and Germany (Table 9). Over two-thirds of these services firms were in the financial sector, compared with 29% of American services firms (the remainder deriving mainly from software and data processing). Excluding services, there was continued growth in the share of electronics and chemicals, while clothing and other engineering declined in relative terms. Britain made a belated appearance in the electronics sector, but its presence in this sector was still extremely weak.

In spatial terms, the main change since 1982 was the increasing concentration of firms from all source regions except the USA in the East region (Table 10). However, calculations from data for the period 1981-89 in Gillmor (1982) and Drudy (1991) indicate that the East's share of employment in foreign firms declined significantly (from 34 to 28.5%) in this period. Thus, new foreign firms locating in this region have been smaller than average in employment terms. The South West was the region most affected by the relative shift of European firms to the East. Notwithstanding the overall shift of firms to the East, data on the regional distribution of all manufacturing firms from the most recent (1988) *Census of Industrial Production* show that foreign

Table 9
Sectoral distribution of foreign firms, 1992 (%)

	Food	Electronics	Elec. Eng.	Other Eng.	Chemicals	Clothing	Misc. Mfg.	Serv-ices	No.
USA	3.9	12.8	8.1	16.7	22.0	6.1	10.3	20.1	359
UK	13.5	1.3	3.2	13.5	20.0	12.3	14.2	21.9	155
FRG	4.3	10.2	5.4	22.6	22.6	5.4	10.2	19.4	186
Other EC12	11.2	2.8	7.7	12.6	18.9	18.2	11.2	17.5	143
Other Europe	10.4	4.7	12.3	12.3	13.2	18.9	8.5	19.8	106
All foreign	6.9	8.8	6.9	15.2	19.9	10.3	10.4	21.5	1038

firms are still more inclined to locate away from eastern areas than indigenous Irish firms (Table 10).

The 1992 list of foreign firms has also been examined in terms of tendencies to locate in the relatively underdeveloped Designated Areas (DAs), where higher levels of grants are available for manufacturing firms (Fig. 1). Table 11 shows that foreign firms in general have been more inclined than indigenous firms to locate in DAs, but there are significant differences by nationality in this respect. British and Swiss firms

Table 10
Regional distribution of foreign manufacturing firms, 1992 (%)

	East	North East	South East	South West	Mid-West	West	North West	Mid-lands	No.
USA	27.5	5.6	8.4	19.2	19.2	8.4	4.9	7.0	287
UK	47.9	9.1	9.1	11.6	4.1	5.0	5.0	8.3	121
FRG	14.7	4.0	10.7	27.3	15.3	10.7	9.3	8.0	150
Other EC12	26.1	5.9	13.5	21.0	9.2	7.6	6.7	10.1	119
Other Europe	25.9	4.7	10.6	21.2	10.6	8.2	11.8	7.1	85
All foreign	28.7	5.5	9.8	19.5	13.3	8.6	6.9	7.7	815
All manufacturing (1988)	37.0	7.7	10.7	7.0	8.8	7.0	5.6	6.5	4914

Table 11
Proportion of manufacturing firms in Designated Areas, 1992

	%	No.
USA	30.0	287
FRG	46.7	150
UK	19.8	121
Netherlands	20.5	44
France	30.0	30
Sweden	32.1	28
Switzerland	12.5	24
Denmark	43.8	16
Finland	56.3	16
Norway	64.3	14
All foreign	32.9	814
All manufacturing (1988)*	23.4	4914

Note: * West Cork excluded

have been particularly averse to locating in DAs, while the Nordic countries (apart from Sweden) have been quite keen on DA locations. This, in part, reflects a raw material orientation (especially fish and fur farming) on the part of Norwegian and Finnish firms in particular. Swedish investment, by contrast, has tended to be more "high tech" in nature. Of the three main foreign investment sources, Germany has been by far the most enthusiastic regarding DA locations.

CONCLUSION

O'Farrell (1980) has pointed out how important it is not to take broad locational trends at face value, in that other underlying factors, such as sectoral distribution, market orientation and town size, may be of significance in influencing spatial patterns. It has not been possible in this short paper to address further considerations such as these. Rather, the main concern has been with broad overall trends and international comparisons.

The main overall trends which have been identified in this paper are threefold. First, there has been the long-term growth in the importance of American firms within the overall foreign investment picture and the corresponding decline of the UK. Second, a more gradual growth was noted in the significance of continental European investment, led by Germany but with most other countries also displaying long-term expansion. Third, the analysis drew attention to the more dispersed locational pattern of foreign firms compared to indigenous firms, with German firms again being particularly important in this respect. British firms, however, have increasingly been moving contrary to this trend.

There has been much speculation concerning the implications of the increasing integration of the European economy and the prospective extension of the EC into Eastern Europe. While the slowdown of foreign direct investment in Ireland in recent years has mainly been attributed to ongoing international recession, the evidence indicates that Ireland has been losing market share (especially to Spain) even within the more limited current flows of foreign direct investment within Europe (O'Malley, 1989; Jacobson and Andreosso, 1990). The IDA has been attempting to upgrade the kinds of investment coming to Ireland, with greater emphasis on service activities such as financial services and high-tech activities requiring technically-qualified workers (Flinter, 1991).

It remains to be seen whether growing shortages of skilled personnel elsewhere in Europe will evince growing migration of Irish workers to Europe or growing migration of European operations to Ireland. One must also note the growing demand for Irish industrial policy to reduce its traditional emphasis on attracting foreign investment and to devote more attention to the promotion of indigenous industry. All of which means that the future prospects regarding flows of European investment to Ireland are far from clear.

NOTES

1. Unless otherwise stated, all tables are based on the IDA lists of foreign firms for 1974, 1982 and 1992.

2. The allocation of firms to sectors is based on the descriptions of activities included in the IDA lists. In the small number of cases where this description is not clear-cut, subjective allocations were made. The chemicals sector includes pharmaceuticals, plastics, rubber and healthcare products. Clothing includes textiles, footwear and leather.

3. Because of the much larger number of firms involved, it was possible to further subdivide the engineering sector in the 1982 list, distinguishing between electronics (mainly data-processing machinery and components), electrical engineering (mainly consumer goods, telecommunications equipment and electrical apparatus) and other engineering (mainly metal working and precision engineering). Electronics, of course, was very much a "new" industry of the 1980s. Firms in service activities (which were almost totally absent in 1974) have also been distinguished for 1982.

4. Calculated from IDA list of IFSC companies as of 11 June 1992 and from the *Irish Times*, 6 and 19 June 1992.

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IRELAND'S TRANSPORT LINKS WITH EUROPE

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INTRODUCTION

This paper discusses Ireland's transport links with Europe within the context of European Community (EC) transport policy and the Single Market. First, some comments are made concerning Ireland's position within the European transport market. Then, the thrust of EC transport policy as it has evolved since the creation of the Community is summarised. After this, the major trends affecting Ireland's transport links with Europe are discussed with particular attention being paid to the impact of EC policies. Finally, some comments regarding the future are offered.

IRELAND'S POSITION WITHIN THE EUROPEAN TRANSPORT MARKET

When viewed from a European perspective, Ireland would not appear to be a particularly favourable location within which or to which to operate some form of transport service. There are a number of reasons for this.

First, the island location means that journeys to the United Kingdom or to the European mainland must be partly by sea or air which is likely to increase transport costs. With the opening of the Channel Tunnel, the Republic of Ireland will be the only EC country without a fixed land link to the rest of the Community.

Second, Ireland is located towards the periphery of the EC. The distances which passengers and goods must travel in order to reach the main centres of population and markets of the Community tend to be larger than in the case of many of the other Community countries and thus transport costs tend to be higher.

A third point to bear in mind is that the size of the Irish transport market is small by international standards. In the case of railway passenger traffic for example, the number of passengers being carried annually by Iarnród Éireann is less than that being handled by all of the other EC railway administrations except Luxembourg and Northern Ireland (Semmens, 1992). The size of the passenger market from Ireland to mainland Europe is such that most of the major European airlines operate no more than one or two flights per day into Ireland. One implication of the relatively small size of the Irish transport market is that the various operators which have grown up to serve that market, for example Aer Lingus, Bus Éireann, Ulsterbus, Northern Ireland