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Competitive edge eroding, Ibec warns

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Ireland is losing its competitiveness at a faster rate than during the Celtic Tiger years, the head of the biggest business lobby group has claimed.

Danny McCoy, the chief executive of Ibec, said disposable income was rising quickly and noted that consumer price inflation was largely flat.

"Purchasing power has never been greater in the history of the state," he said at the Ibec business leaders conference in Dublin. "But while lots of good things are happening, the economy is very quickly experiencing significant competitiveness erosion. We are burning our way through our competitiveness in a way that is more severe than during the Celtic Tiger era," he said. "It

is happening in the form of wage demand pressures and rents."

Mr McCoy said that as technology and financial services became increasingly important on a global scale, Ireland "has found a resource that is more valuable than oil". He said that this was the "intellectual capital" among Irish companies, which was "eminently renewable and positions Ireland at the frontier of this type of globalisation".

The country needed to make sure that this was sustainable by investing in areas he identified as under-resourced, including education, housing and infrastructure.

Mr McCoy's comments largely echo those made by the National Competitiveness Council, the state body that monitors business costs. Last June it warned about the cost of housing and higher wages. In December it said that the government, companies and trade unions "have a role in ensuring that Irish wage levels do not move in a manner that outstrips growth in productivity in competitor economies".

"We must avoid past mistakes where rising costs outstripped productivity gains and pushed up prices and eroded competitiveness," it said.