

**NOT FOR PUBLICATION, BROADCAST OR FOR USE ON CLUB
TAPES UNTIL 0830 HOURS, WEDNESDAY 14 DECEMBER 1994**

CHECK AGAINST DELIVERY

SPEECH BY THE PRIME MINISTER

THE RT HON JOHN MAJOR MP

TO THE INTERNATIONAL INVESTMENT FORUM

EUROPA HOTEL

BELFAST

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Introduction

Let me first welcome you all to this Investment Forum this morning; with perhaps, a special welcome to the many people present who have travelled from far away to be here in Belfast for this occasion.

Let me also thank you for making such an early start to the day. The hour may seem a little unkind - especially for those who have travelled so far - but we are determined to make the best use of your time while you are in Northern Ireland.

I set an ambitious timetable to hold this Conference for one reason above all. Northern Ireland has a new beginning. I want to keep up the momentum. I want people to see, with the minimum delay, the benefits peace is bringing - to commerce, to industry, to everyday life.

Those of you present today have made a fine response to my invitation. So have Baroness Denton, the Department of Economic Development, and the Industrial Development Board who have made Herculean efforts to organise the event which is without precedent in Northern Ireland.

Sometimes, as you go round the world looking at investment opportunities, I am sure that you are shown a wish and a prayer. Sometimes, you are doubtless invited to take a gamble. That is not what we are asking of you here. The facts and factors which matter to you are already known. The evidence of opportunity is all around and becoming more evident by the day.

I said last night that you would, rightly, be hard-headed over your investment decisions. We would expect no less.

So let me tackle the hard question head-on: why should you invest here?

Northern Ireland's track record

You will want to look at Northern Ireland's track record. And you will find - as I have found on my many visits - that this is a place steeped in industry and enterprise.

Less than a mile from this hotel, John Boyd Dunlop invented the pneumatic tyre. Another Ulsterman, Harry Ferguson, developed the farmer's tractor. At Short Brothers of Belfast, now under the wing of Bombardier of Canada, flying boats and vertical take-off aircraft were pioneered. Generations of ocean-going ships have been launched from the nearby slipways of Harland and Wolff.

Nor is Northern Ireland's industrial pedigree just a matter of history. The ideas are still coming. Recently they have included defibrillators for the treatment of heart disease; and a new one-centimeter square silicon chip which can perform more than 300 million computations per second.

And if you have seen the film "Jurassic Park", you have heard the digital sound compression techniques which were developed here.

The argument for Northern Ireland

It is only 15 weeks since the IRA ceasefire in Northern Ireland and nearly 9 weeks since the loyalist paramilitaries followed suit.

But even before then, people were coming in growing numbers to do business in Northern Ireland.

Why is it that they have found Northern Ireland such a competitive location? Several reasons.

First, it has high quality people. Sound managers and a well educated, adaptable workforce. Northern Ireland has a lower incidence of labour disputes than anywhere else in the UK, which in turn has the best current record of any major European country. Strife in all has been kept out of the workplace throughout the past 25 years. People have stood together and got on with their jobs. And there is a premium on training and skills, which the Government encourages with expert help and financial assistance.

Second, business costs are very competitive here and very much lower than in most parts of the European Union. Coupled with a quality workforce, this gives a potent combination of low costs and potentially high productivity.

Third, Northern Ireland offers one of the most attractive incentive packages in Europe. It is comprehensive and flexible. It includes depreciation allowance; revenue grants to assist start-up costs; training; interest relief; product and marketing development; and capital grants up to 50 per cent of the cost of buildings, machinery and equipment. This is not the main reason for investing here. But it is a package which gives new investment a solid launching platform.

Fourth, for investors from Asia and North America Northern Ireland can be a bridgehead to the single European Market. It provides access to some 320 million consumers combined with the competitive advantages I have mentioned and an excellent quality of life.

Fifth, the modern investor looks for technological excellence. You will find it here. Northern Ireland has a vibrant network of industrial and academic collaboration; a worldwide telecommunications infrastructure; and a regional optical fibre network. It has set up industrially-focused Centres of Capability in key technologies, staffed by high quality graduates. The Province's research and development capability will be enhanced by the Science and Technology Agreement with the United States signed yesterday by Sir Patrick Mayhew and Secretary Brown.

Support from the Government and the European Union

The British Government has long recognised the special needs of Northern Ireland. The investment package is but one example. We and the European Union are following policies designed to help Northern Ireland take full advantage of the new opportunities.

A new support package, worth around £200 million to Northern Ireland over the next three years, was agreed by the European Union at its Summit in Essen last week. Carlo Trojan from the European Commission will, I am sure, wish to give further details to this Conference. The package has been worked out with the British Government and on the advice of groups and interests throughout Northern Ireland. It will provide new money, additional to the Government's existing expenditure plans, and is designed to underpin reconciliation and social and economic recovery.

I warmly welcome the European Union's strong support. It is a vote of confidence in a peaceful future.

And I would like to build on that this morning with another new initiative, by the British Government - the Community Work Programme.

Long-term unemployment is a severe problem in many parts of Europe, but one which has - for obvious reasons - been acute in Northern Ireland.

The Community Work Programme is a pilot scheme to tackle it here. It aims to offer the long-term unemployed stimulating and meaningful work for up to three years. This work will both benefit the community and help the individuals concerned to move back into the labour market. It will break the vicious circle of declining skills and motivation which long periods of unemployment can so easily create.

The initiative will be led by the Training and Employment Agency. It will target those between the ages of 26 and 60 who have been unemployed for over

a year. Younger people from 18 to 24, who have already completed training programmes, will also be eligible. We shall begin with a pilot programme of 1,000 places for the next two years in areas of particularly high unemployment. Assuming the pilot is successful, we shall then expand the scheme substantially.

Let me mention one other aspect of employment in Northern Ireland which is of concern overseas, as it is to the British Government - fair employment.

Unfair employment practice, sectarian discrimination in allocating jobs, was one of the elements which in the past undermined community relations here. We are determined to correct this legacy. Everyone in Northern Ireland must have equal access to jobs and indeed to all the new opportunities of peace.

Northern Ireland has legislation which requires absolute fairness in the recruitment and development of all employees. It ensures close monitoring of employment practices.

Closing the gap in employment is a slow process. It depends on much more than legislation: training, for example, is another vital factor. But the most important factor of all is to create more jobs and more opportunities. Ensuring the fairest possible employment conditions is an essential objective for the British Government, and one which I know you will support.

Investment from Outside

Let me turn now to the role of outside investment.

One figure will demonstrate why we attach so much importance to this - and why you should feel that the climate here is already investor-friendly. In the manufacturing sector, almost half of the workforce in Northern Ireland is employed by some 175 overseas companies.

Investment from Britain and overseas lies behind many local success stories.

Northern Ireland exports a billion pounds worth of food each year, all over the world. For example, one small firm in Coleraine, Dairy Product Packers, has sold enough cheese slices to McDonalds to stretch five times around the world.

Service industries have taken off. The high quality telecommunications infrastructure and low telecom rates make Northern Ireland an ideal location for off-shore processing or network service operations. British Airways, Prudential Assurance, British Telecom and Royal Mail are just a few of the companies to have invested in this growing sector of the economy: so too have British Telecom, of whom more in a moment.

decisions. They have kindly allowed me to pass on their news.

Du Pont is today announcing a £13.5 million investment to develop prototype technologies at its Lycra facility at Maydown in Londonderry. This brings Du Pont's investment in R&D at Maydown to £38 million in the last three years.

Ford, which has had a sizeable presence in Belfast for 30 years, has decided to invest £15 million for the production of new engine components.

NACCO Materials Handling will be investing £11 million at Craigavon, consolidating the plant's position as NACCO's world source for its new 2-3 tonne range of Hyster and Yale forklift trucks. Over 100 extra jobs will be created by 1996.

British Telecom has decided to invest £30 million in a state-of-the-art office block at Laganside, and a further £1.5 million to expand its Customer Services Centre at Enniskillen. That means another 113 jobs.

And finally, Fujitsu - a global giant which already has a successful operation in Antrim - will be putting over £3.5 million into a new factory. This will create 100 jobs at Springvale Business Park in West Belfast.

It is particularly encouraging that Fujitsu should choose West Belfast where levels of unemployment are high. It will give hope to the area.

The Broader Picture

Let me fit this into the broad economic picture for Northern Ireland and the United Kingdom as a whole.

Northern Ireland has shared in the recovery of the past two years. Unemployment here is falling month after month. In the last quarter, manufacturing output was up by 4.4 per cent on the corresponding period for a year ago. The ceasefire has unleashed business confidence which was already on a rising curve. Belfast retailers have experienced an extraordinary upsurge since the ceasefire - registering increased turnover of up to 90 per cent in some cases.

Peace will add a dividend in Northern Ireland to the sustained low-inflationary growth we are achieving in the UK. Growth helped by sound public finance; low tax and regulatory burdens on business; and open, competitive markets.

Our main rates of corporation tax are - at 33 per cent - the lowest in the

European Union or the Group of Seven. Our inflation, now at 2 per cent, is at its lowest level for 25 years, and also among the lowest rates in Europe.

The future for the United Kingdom's economy has not been so bright in years; and Northern Ireland is part of that future.

Peroration

While the change in Northern Ireland over the past three months has been dramatic, the seeds of change were planted long ago.

As you visit different parts of the Province later today, you will see for yourselves some of the resultant growth.

Those who go to Londonderry, for example, will see an extraordinary turn-around. A few years ago, the city's economic and social problems provoked bleak despair. But Derry now has new infrastructure, new factories, a new commercial seaport, and a new airport. Long before the ceasefire, a great deal had been done to reduce tensions within the city.

You can see similar changes in Belfast and in many small towns. In Dungannon, near the border, I saw on my last visit new hospital facilities of which any town would be proud. In Lisburn, I visited a fascinating small museum which was equally enviable.

There are hundreds of other examples I could quote - but I would rather you saw them with your own eyes. These are things which have come about despite the divisions in society, despite the fear of violence. What terror knocked down the brave people of Northern Ireland have re-built - in some cases, again and again.

They testify to the determination and enterprise of Northern Ireland's people - to human qualities which cannot simply be taught or manufactured.

I think you will find those human qualities the most compelling reason of all for taking a stake in Northern Ireland.

The scars of violence will of course take time to heal fully. There are still large problems in politics and society to be overcome. The ceasefire has to be turned into a lasting peace.

But I think you will leave here filled with hope, and I hope that many of you will decide that an investment in Northern Ireland's future is a good investment for you.

If you do, you will reinforce the virtuous circle now taking shape.

Peace is giving rise to prosperity.

Prosperity in turn will consolidate peace.

I believe that Northern Ireland now has everything it takes to succeed and to grow.

I hope that this conference will help you to find opportunities to suit your companies and your particular interests. Above all, I hope that it will lead you to return often to Northern Ireland. I know you will find - as I have always found - that it is a genuine pleasure to do business here.



10 DOWNING STREET

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