



# I. CONTEXT

Kildare has experienced tremendous change over the last 15 years. While the county has been a winner out of the integration process in the EU and particularly the EU Single Market project, which was a catalyst for foreign direct investment (FDI) into the county and Ireland as a whole, international competition is increasing. The EU eastern enlargement and globalisation will impact not only on FDI of foreign owned firms but will also encourage investment abroad by Irish firms.

The key locational determinants for investment are cost competitiveness, such as wage costs, taxes etc., the availability of skilled workers and various types of infrastructure. Many of these factors are converging across countries. For example among OECD Countries the difference between the highest and lowest rates of corporation tax has halved between 1981 and 2003

The convergence of national factors as key determinants presents both a threat and an opportunity to Kildare. The threat is simply the fact that instead of being able to rely solely on national policy to determine development, increasingly development will be driven by the actions of authorities at the local level. This means that Kildare will have to compete on the basis of a wide range of locational factors to retain and attract both investment and the skilled labour force, which are necessary for today's high value added sectors. Once this is taken on board it becomes an opportunity in that decision makers at the local level can have a more significant role.

Developed economies are experiencing a strong shift away from pure manufacturing towards services and in particular traded services activities. Through the 1990's Ireland was an exception to this trend in that manufacturing employment grew strongly. Recent trends with a reduction in the number of individuals employed in industry suggest that this broad sector is coming under competitive pressure and is now following the international trend of decline.

However, rather than being replaced by traded services as the driving sector in the economy, the most significant growth in employment and output has come from the building and construction sector and the public sector. The construction sector now accounts for almost one quarter of the output of the economy, which represents approximately double the share of that sector in other developed countries. As the key national infrastructures and the large number of dwellings demanded due to population increase are completed the construction sector will eventually make up a more modest share of the total economy.

Kildare has been fortunate to attract some of the best-known high-tech manufacturing firms. While these are likely to provide a continued manufacturing base going forward, there are signs that basic manufacturing, even in these high-tech areas has a limited future. Rather, the county will need to develop and attract more strategic activities in the manufacturing sectors and re-orientate towards high value added traded services. Only these activities will sustain a significant employment base at internationally high wages. The shift towards traded services, and within manufacturing the move towards more high value added activities, will only be achieved through the development of skills, which of course can be achieved through training and education as well as immigration of skilled individuals. This re orientation needs to be facilitated by the Local Authority.



The rapid economic growth of the Irish economy has also been accompanied by many changes in the life of individuals. While wages have grown strongly and the country is operating at essentially full employment, individuals are increasingly complaining that their quality of life is not improving. The quality of life is not merely determined by employment status and income but also depends on factors such as commuting times, availability of childcare, recreation opportunities and on the quality of the built and natural environment. The County Council can influence many of these factors.

A symptom of the success of the Irish economy, which is particularly noticeable in the Greater Dublin Area is increased congestion. Given that commuting distances have also increased greatly, which is partly related to the tight housing market, workers are spending a significantly longer time travelling to and from work. Of course congestion also impacts on other travel.

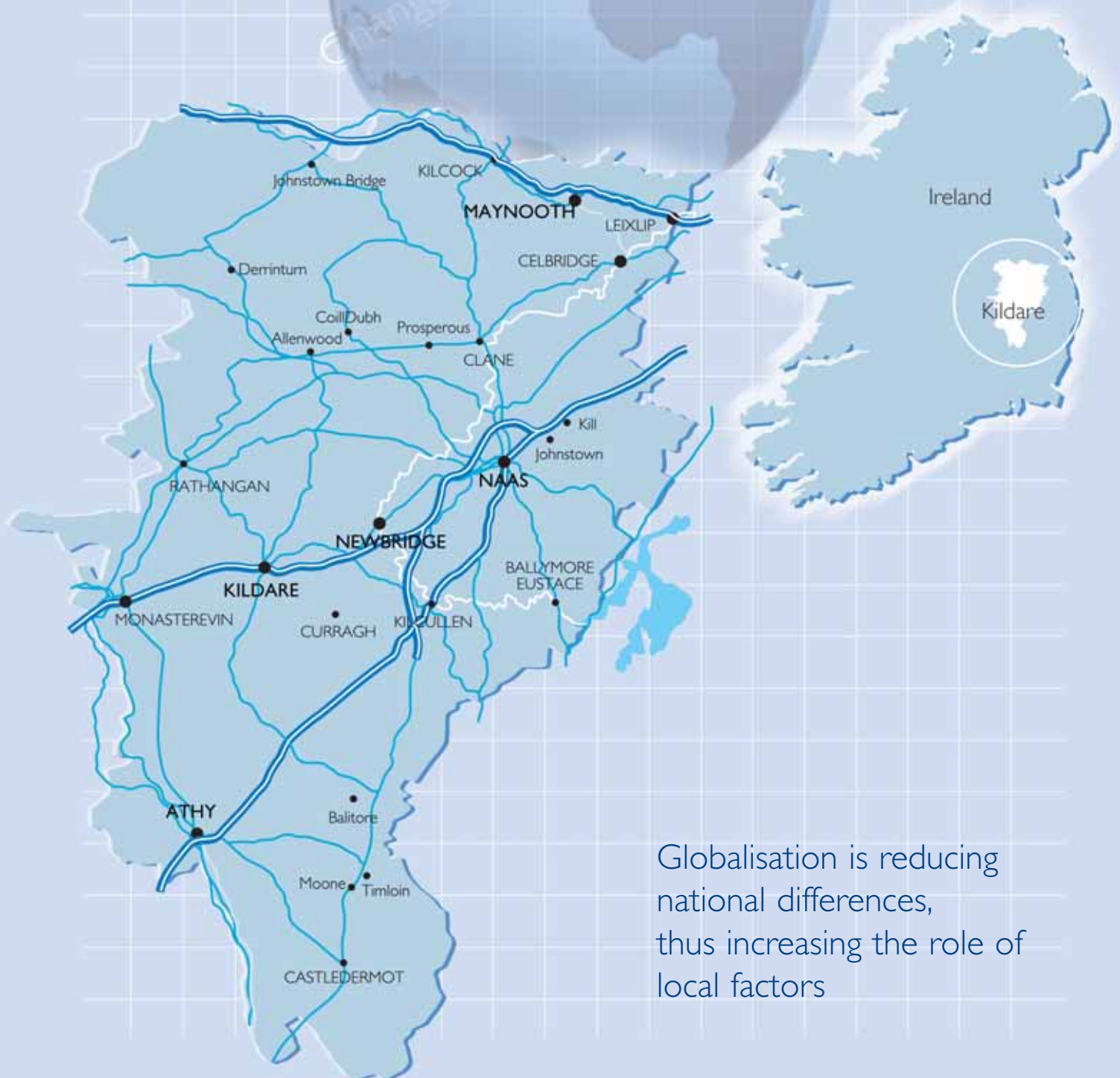
Given social changes and the cost of housing, which now often means that two incomes are needed to service a mortgage, the female labour force participation rate has risen. While fertility has declined since the 1970's it is still high by European standards, and consequently childcare has become an important issue. Apart from the overall cost of childcare, which reduces the disposable income of families, given the long commutes many parents feel that they do not spend sufficient time with their children, which again reduces the overall quality of life.

## Quality of life is a key to success

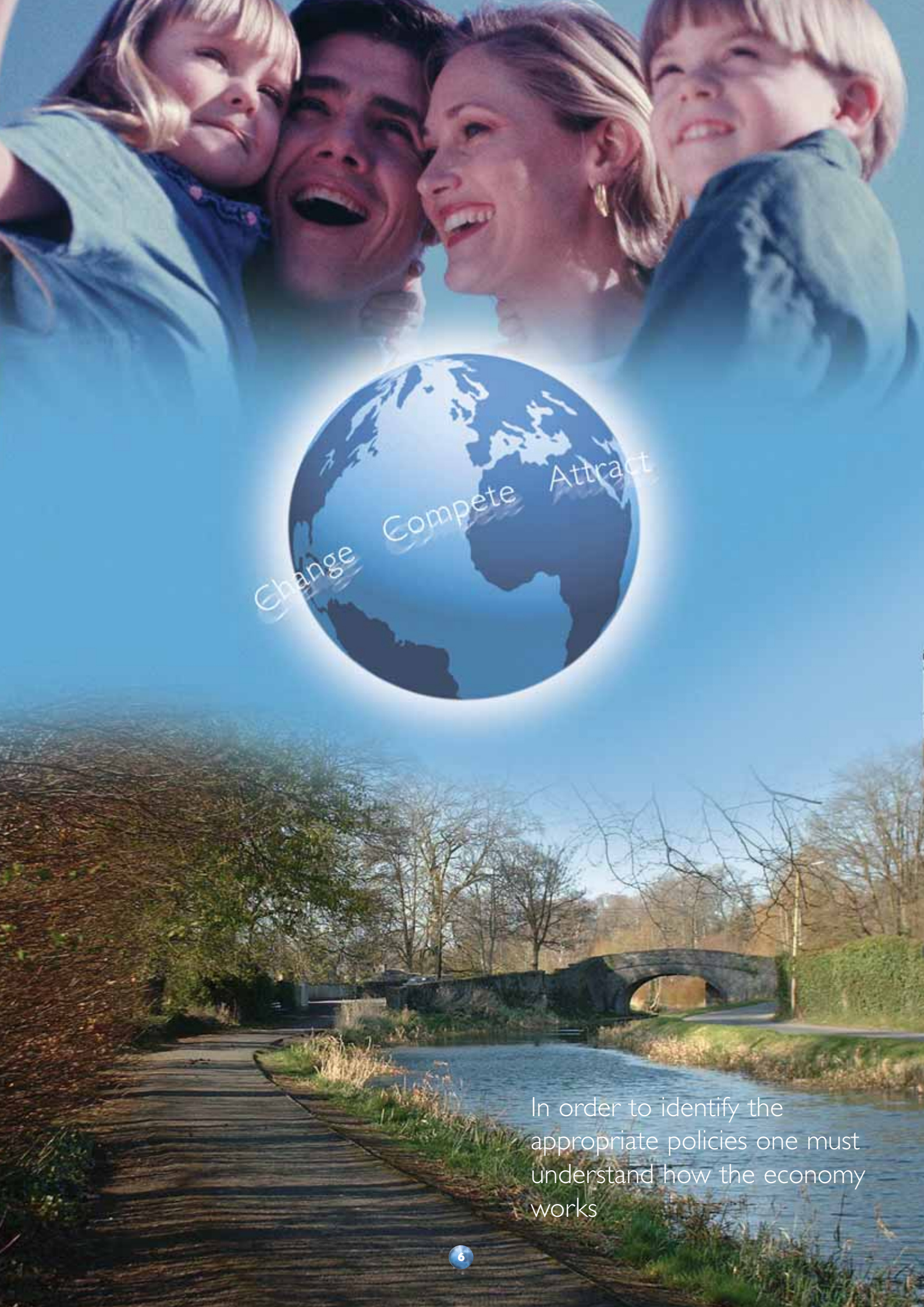
While the county has performed well overall, the development and prosperity are not evenly spread around the county. On the basis of a range of development indicators, three distinct areas can be identified within Kildare. Firstly, the metropolitan part, which is contiguous with Dublin and has been subject to substantial development pressures. The second can be termed the central urban areas including Naas and Newbridge, which given their size and relative proximity to Dublin have also been subject to substantial development. Finally the more rural Western and Southern parts of the county, which have benefited to a much lesser degree from the recent boom.

While some areas have become dormitories, development of local employment opportunities has been lagging. Thus, achieving more balanced development within the county will have significant benefits throughout the county by relieving pressure in some areas, which could be absorbed elsewhere, leading to a more efficient use of resources. To be effective and implementable, this strategy must be realistic. Thus, the focus must be on policy areas where the County Council either has direct remit, such as land use planning, or where the Council can use its influence to bring about the required actions.

In general it is important to keep in mind that the success of the strategy is not only dependent on the actions of the County Council, but it also will require co-operation from a wide range of individuals, organisations and bodies, to achieve its goals.







Change Compete Attract

In order to identify the appropriate policies one must understand how the economy works