Interview with Joe Costello, Minister of State, Department of Foreign Affairs – Ireland

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To what extent do you believe Ireland has been successful in building the knowledge economy it set out to create during the 1980's?

I think we have been hugely successful—and we have also been quite fortunate, in that a number of elements fell into place.
In 1986, we introduced free secondary-level education; in 1996, we introduced free third-level education. We also realized that many people who had finished school were not interested in pursuing a typical university degree, but were more interested in attending technology institutes. Therefore, the State created a network of regional colleges throughout the country during the 1970's.

Around the same time, we joined the European Union. The E.U. helped Ireland to fund and develop our regional colleges, which have now evolved into institutes of technology. We managed to develop a highly skilled and educated workforce in areas like IT at just the right time—our economy began growing during the early 1990's.

From your position at the Department of Foreign Affairs and Trade, what do you believe are the key challenges facing the Irish economy today?

We have experienced almost 5 years of consistent fiscal discipline, and we feel now that the European economy is ready again for growth and job creation. As a nation, we would like to help refocus the rest of Europe in that direction. This is going to be a difficult task, but it is one that we

will tackle head on during our EU Presidency.

Secondly, the domestic economic environment needs to be re-energized. We have a strong export-based economy, but we won't get sustained employment until we improve spending at home. Our consumer sector has been weakened for some time, and it is important to convince our citizens that there is a positive future beyond the current economic difficulties.

We have heard from a number of people that Ireland "refuses to waste a good crisis"—do you share that sentiment?

Many people want to believe during boom times that the level of growth is sustainable. However, the unfortunate reality is that a boom is almost inevitably followed by a bust.

For Ireland, the end result of the bust is a requirement to cut public spending. State practices have changed dramatically, and we are now seeing a lot more focus on research and development. The reduction in domestic consumption has created a good incentive for our companies to expand into new markets. Hence, there are indeed a number of benefits to be reaped from the economic crisis we've experienced.

Do you have a final message for our readers in the pharmaceutical industry, both domestically and abroad?

We welcome all multinational companies to come to Ireland and put down roots. We welcome them to avail of the same favorable operating environment we have provided for many of their peers—organizations that have now become strategically embedded in the Irish economy. Ireland is already home to nine of the top ten global pharmaceutical companies, with seven out of ten pharmaceutical blockbuster drugs produced here.

To our indigenous companies, I would like to say that we are very proud of them for capitalizing upon the technologies and training the state has offered, as well as for finding new niche markets and solutions as they expand into other countries. My Department and our Embassy Network stands ready to continue to assist them to expand their businesses into both new and existing markets.

We would like to continue to attract foreign investment into Ireland, while developing core competencies in our domestic workforce. The government's vision has always been for indigenous companies to develop from the expertise brought in by FDI—and we are seeing that happening now.

We are experiencing a remarkable degree of innovation today—more so than we did during the Celtic tiger era. There are many important pharmaceutical companies that are part of the Enterprise Ireland 'stable', that provide excellent examples of the types of cutting-edge solutions

and skills we can offer other economies.

A difference between Ireland and some other troubled economies in Europe is our particular ability to look outward, with the strong support of our export-based economy, while developing the innovation necessary to reinvigorate our domestic market. This domestic market will stir again—and when it does, I think we can take on a very positive outlook for the future.

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