



UNIT 6

Categories of industry

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Learning objectives

In this chapter you will learn about:

- 1 The different categories of industry in Ireland

Four factors of production

In producing any product, a business requires four different elements or factors to be brought together to allow production to take place: **land, labour, capital and enterprise**.

Categories of industry

- **Primary sector:** Extractive industries
- **Secondary sector:** Construction and manufacturing industries
- **Tertiary sector:** Service industries

Primary sector: extractive industries

The main industries in this sector in Ireland are **agriculture, fishing, forestry and mining and quarrying**. These industries are built on the natural resources of the country.

Agriculture

- High-quality products earning large income from exports
- Dairy products, beef, lamb, bacon, poultry, grains and vegetables

- Production supported by the EU Common Agricultural Policy (CAP)
- Fall in numbers employed in farming due to mechanisation

Fishing

- Growth of industry restricted by EU Common Fisheries Policy
- Many foreign boats competing in Irish waters

Forestry

- Ireland has ideal growing conditions for trees
- State company Coillte is the biggest producer
- Incentives available to encourage new planting of trees

Mining and quarrying

- Quarrying locally supplies the volatile construction industry with raw materials
- Mining of lead and zinc continues, with few new mining projects
- Strict environmental and planning controls on development of mining operations, e.g. pipelines and fracking

Top Tip!

You should be able to describe the main primary industries and to evaluate the importance of these industries to the economy.

Secondary sector: construction and manufacturing

The construction industry is important because it uses a high percentage of home-produced raw materials and provides high levels of employment because it is labour intensive. Most construction companies are indigenous, which means profits remain in the country.



Manufacturing

Manufacturing industries take raw materials and convert them into finished goods. The manufacturing sector in Ireland produces food and drink products, pharmaceuticals, chemicals, electronic and computer products.

We devote particular attention to three groupings of manufacturing firms:

- **Agribusiness:** Firms that either manufacture products for supply to farmers or manufacture finished products based on the output farmers produce.
- **Transnational corporations (TNCs):** TNCs, also known as multinationals, are companies that have a head office in one country but operate in a number of different countries. For over 40 years, the Industrial Development Authority (IDA) has successfully attracted TNCs to operate in Ireland. There are now over 1,100 foreign-owned companies in Ireland, employing 120,000 people.

- **Indigenous firms:** Businesses that are Irish owned and are involved in production in Ireland. Government policy is to encourage an increase in the number and size of indigenous firms through the state agency, Enterprise Ireland.

Trends in manufacturing

- **World-class manufacturing** has grown, particularly due to the presence of large TNCs operating in Ireland. This greatly increases export sales due to high quality standards.
- The level of investment in R&D by manufacturing companies has grown.
- A number of the new TNCs setting up in Ireland have established **regional bases** with manufacturing, marketing, R&D and customer service all operating from Ireland.
- A growing number of indigenous firms are setting up in the **high-technology sector**, developing products for world markets in communications and computers.

Tertiary sector: service industries

Ireland has important service industries, such as banking and finance, travel and tourism, design, advertising, transport and distribution, professional services, recreation and leisure, catering and maintenance and repair.

The services area is the fastest-growing sector in Ireland, providing a high percentage of new jobs. More than 60% of the Irish labour force is working in services.

Trends in service industries

- There has been an increase in **leisure and entertainment services**.
- **ICT services** continue to be developed, such as the use of mobile phones, email, text messaging and broadband services.
- There has been growth in the number of firms operating **telecentres**.
- Irish firms are now **selling services abroad**, e.g. education, design, consultancy and financial services.
- There has been rapid growth in **child-care services** in recent years.

Top Tip!

Make sure you can give an outline of the industries involved in the secondary sector and explain their importance to the economy. You should also be able to discuss the role of indigenous firms and TNCs in the economy.

