



Department of

**Enterprise, Trade
and Investment**

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The Future of Manufacturing in Northern Ireland

Policy Response

Department of Enterprise,
Trade and Investment

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Policy Response

March 2006

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Background

1

Commissioned in the context of the 2002-2005 DETI Corporate Plan the assessment of the potential role of the manufacturing sector in Northern Ireland sought to identify/forecast where opportunities and threats might exist over the next 10 years in the sector.

Within this overall aim for the research five sub-objectives were identified, viz

- survey manufacturing sector [development in NI compared to the UK](#) and other EU regions (in particular, ROI) and the US, involving examination of its contribution to the economy (in terms of employment, R&D/innovation activity, exports, output and gross value added (GVA)) and productivity levels;
- [identify global trends](#) in manufacturing and review the [demand-side](#) and [supply-side drivers](#) of those trends;

- identify the corresponding demand-side and supply-side [constraints](#) operating on the NI manufacturing sector;
- [project future trends](#) for manufacturing sector development in 10 years' time (2014), detailed at sub-sector level; and
- assess the [future implications for the NI economy](#) as a whole in terms of job quality and income levels.

The research was undertaken by PWC, and the resulting policy recommendations are considered further in the context of this policy response.

Outcomes of Research

2

In summary, the PWC research revealed the following:

COMPARISON OF MANUFACTURING DEVELOPMENT IN NI VIS A VIS OTHER REGIONS

Manufacturing employment has declined by half over the past 20 years compared to the positive growth in service sector employment. Manufacturing output has, however, performed considerably better growing by over 40% between 1996 and 2001.

NUMBER OF MANUFACTURING FIRMS

Within these overall trends the number of manufacturing firms has grown, although there is a smaller proportion of larger firms.

JOB CREATION

Outside of the declining textile and clothing sector, NI's manufacturing record is very good, with job creation in a number of sectors; at least 2000 manufacturing jobs have been created on average each year since 1998. Moreover, manufacturing has continued to provide a valuable source of

employment in areas of high unemployment, and there has been a catch-up of labour productivity.

GLOBAL TRENDS

Many of the advanced western economies are facing the same problem as Northern Ireland in managing the change from declining manufacturing industries to a new technology-based, knowledge-intensive manufacturing sector. While this does not mean that any businesses making low tech products for local markets should be written off, it is nevertheless important to recognise that manufacturing industry throughout developed economies is going through a period of rapid change which needs to be managed as effectively and efficiently as possible.

PROJECTION OF FUTURE TRENDS

The forecast is that the manufacturing sector as a whole is likely to contract in employment terms over the next 10 years, with just over 18,000 jobs (including self-employed) lost, to a total of 72,500 by 2014. Not all sectors will be impacted equally with the most cost sensitive export sectors, such

as metals and transport equipment, most acutely affected.

PWC'S POLICY OBSERVATIONS

The role of manufacturing is **changing**, and will **change further**. Key factors of this new role will include the importance of **innovation and design**; **outsourcing** of parts of the manufacturing process; development of products with **niche markets** and **high added value**; importance of **knowledge-based products** and processes; **reduced role of inward investment**, or FDI, in creating new manufacturing employment; increasing importance of **sustainable products and processes**; and **increased output** but with **less employment**.

POLICY RESPONSE

The PWC research is focused on the **future** role of manufacturing. As the report itself highlights it is also important to recognise the important historic role that manufacturing has played in the development of the local economy, beginning with the ship-building and linen industries and continuing with a number of other sectors and important companies. Nevertheless, it is equally important, as the PWC research demonstrates, that the role of manufacturing is changing, and will change further.

It is also important to recognise that manufacturing, going forward, will remain an **integral part** of, and will continue to make an important **contribution** to, the Northern Ireland economy and to our regional prosperity. Manufacturing industry is currently responsible for:

- over **£4.5 billion of exports sales** in 2004/05;
- **12.5% of total direct employment** in Northern Ireland, but generating almost **30% of the total economic activity** of Northern Ireland businesses;
- two-thirds of NI business expenditure on **R&D (BERD)**;
- being the **major driver of innovation** in the economy through the introduction of new products and processes.

But as the PWC research has highlighted the structure of the NI manufacturing sector is changing in the face of intense global competition. This has impacted most greatly on sectors such as textiles and clothing, which face the most direct competition from low cost production countries in the developing world such as Eastern Europe, India and China. This experience is, however, not unique to Northern Ireland. Reductions in tariff barriers and transport costs, easier communications and increased capital flows have allowed low wage countries to compete more effectively, globally, shifting production in a number of commodities away from the advanced industrialised countries.

As indicated earlier manufacturing will **continue to play a vital role in the NI economy in the future**. But, in the face of remorselessly increasing low cost competition those firms wishing to trade in international markets will need to **move up the value-added chain** and embrace knowledge-intensive, higher skilled manufacturing to compete more on quality and less on price. NI manufacturing has strong assets to help it achieve this, such as a skilled and flexible workforce,

good infrastructure links, world class universities, and a robust suite of business support services. The task for DETI/Invest NI, in partnership with manufacturing interests, is to ensure that we make the most of these strengths to counter the inevitable challenges which the manufacturing sector will face in the future.

Our General Approach Towards the Sector

3

On the basis of our consideration of the findings of the PWC research, our general approach towards the manufacturing sector, going forward, is as follows:

- we concur with the view that there **is** a future for the manufacturing sector in Northern Ireland;
- we also concur with the view that there is likely to be further erosion of employment in the sector. Our **vision** is, however, to seek to minimise any further erosion with the aim of ensuring that the sector as a whole employs in 2014 no fewer than the 72,500 jobs forecast by PWC and that productivity continues to rise: the actions outlined below are designed to do so;
- **innovation** is key to the future success of the manufacturing sector, and we outline below a number of new initiatives to take to promote greater levels of innovation within the sector;
- while recognising that the tradeable services sector is perhaps our best inward investment or FDI target, we will continue, where appropriate, to seek out overseas investment in the manufacturing sector;
- within the overall framework of the Economic Vision (2005) and the DETI/Invest NI Corporate Plans (2005-08) we will continue, where appropriate, to make individual investments in manufacturing companies. We recognise that our ability to do so may be limited further by new State Aid guidelines on regional industrial aid to be introduced in 2007. We will conduct an assessment of the impact of these new guidelines in 2006;
- we will, in consultation with sectoral representative bodies and individual client companies, seek to promote the development of products with niche markets in high added value sectors, and in appropriate circumstances encourage outsourcing activities; and

- through the application of UK monetary and fiscal policies, government will seek to alleviate the cost burden on the manufacturing sector, through, for example, modernising and simplifying tax administration, particularly for SMEs, and in accordance with proposals outlined in the Chancellor's examples 2005 pre-Budget report progress actions to reduce the regulatory burdens on local industry.

Actions in Response to Recommendations

4

SPECIFIC ACTIONS IN RESPONSE TO THE PWC RECOMMENDATIONS

The PWC report proposes a number of manufacturing competitiveness actions, and associated recommendations, designed to strengthen the manufacturing sector, and help it make the transformation needed to compete in a global environment. DETI/Invest NI accepts much of this rationale and Annex A provides a detailed response covering each of the recommendations and Annex B our current sectoral initiatives. [However, chief amongst the actions which will be taken in response to the recommendations include:](#)

INVESTMENT AND COMPETITIVENESS

Within the overall framework of the Economic Vision (February 2005), and the DETI/Invest NI Corporate Plans (2005-08), Invest NI will continue to encourage investment in individual firms, products and processes (within the constraints of EU state aid rates) which embrace [competitiveness in global markets](#). At the same time Invest NI will seek to identify cost-effective ways of facilitating

the [process of change](#) in small, traditional, family-owned businesses through [improved mentoring and training](#). DETI/Invest NI will also continue to play their role in seeking to reduce the costs facing local manufacturing industry through appropriate representations to the UK Government and the EU Commission.

SECTORAL STRATEGIES/CONSULTATION WITH SECTORAL REPRESENTATIVE BODIES

Invest NI will continue to strengthen and develop existing initiatives (Annex B) designed to support NI's main manufacturing sub-sectors and encourage the growth of [emerging sectors](#). It will also continue to consult with those bodies representing particular sub-sectors about the future of their sectors, and how in particular competitiveness of individual companies can be enhanced in global and local markets.

SCIENCE AND INNOVATION

DETI/Invest NI will build on the strengths of Northern Ireland's knowledge-based economy

through a number of new initiatives designed to promote innovation, including:

- the establishment of a [new Regional Science Industry Council \(RSIC\) or equivalent](#). This will be an expert panel whose aim will be to develop a more effective and productive relationship between industry and the NI R&D and science/technology base;
- the use of the new [Skills and Science Fund](#) to fund the establishment of RSIC, and to exploit a number of niche technologies in which NI has the skills, people and institutions to be internationally competitive (ICTs, Life Sciences, aerospace, nanotechnologies, and agrifood);
- development of a [new framework for innovation](#) to replace the existing Regional Innovation Strategy and Action Plan which will have been completed by September 2006. The new framework will maintain the momentum of achievements and address the challenges for the future. Within this context [evaluations](#) of Invest NI's major schemes to promote R&D – [Start](#), [Centres of Excellence](#) and [Proof of Concept Funds](#) will also be undertaken;
- detailed examination of other issues such as [innovation](#) in the [tradeable services sector](#), [clustering](#) to facilitate increased levels of innovation, and the development of [new measurement systems](#) on levels of innovation activity.

SKILLS

Working in conjunction with DEL, DETI/Invest NI will continue to examine issues surrounding the [skilling](#) of those in the manufacturing sector, learning from the experience and expertise of FDI companies located in Northern Ireland. Of particular importance in this context will be the [Sector Skills Agreement](#) being drawn up in consultation with the Science, Engineering, Manufacturing and Technology Association (SEMTA) which will be used to help the DEL Skills Task Force determine what are the priority skills for Northern Ireland manufacturing, and how Government and the sector can play their respective parts in meeting these.

A more detailed response to the PWC recommendations, and a more comprehensive list of actions in response to the report, are contained at Annex A. In taking forward these actions DETI/Invest NI will take account of strategic initiatives being taken at European (eg Manufuture) and UK (eg UK Manufacturing Strategy) levels.

Conclusion

5

DETI/Invest NI strongly believe that there **is** an important future for the manufacturing industry in Northern Ireland, albeit different from before. Manufacturing will remain a crucial contributor to our overall economic prosperity, and despite some erosion of employment which is likely to continue, the overall prognosis for the sector is very positive. Notwithstanding this positive prognosis, there will be a need for many companies to move **up the value chain** in order to head off competition from lower cost economies such as China and India.

The actions and initiatives outlined in this policy response are designed to help the sector face the major challenges ahead. An outline of the work relating to the manufacturing sector is summarised at Annex C. A mid-term review of this outline of work will be undertaken by DETI before the end of 2006/07.

RESPONSE TO SPECIFIC RECOMMENDATIONS

PWC POLICY RECOMMENDATIONS

INVESTMENT

Invest NI, in collaboration with sectoral representative bodies, should continue to pursue their various sectoral strategies, and within these should focus on encouraging investment in firms, products, processes and initiatives which enhance competitiveness in global markets.

Invest NI should continue to meet with relevant industry bodies to discuss cost-effective ways of facilitating the process of change in small traditional, family-owned manufacturing businesses through mentoring, training and encouragement of acquisition.

There should be a full economic impact assessment of the effects of changes in selective financial assistance in the light of the outcome of post 2006 negotiations on state aids.

Local manufacturing firms should consult with their sectoral body or Invest NI and develop a clear business strategy for investing in products and processes which enhance competitiveness in global markets.

POLICY RESPONSE

Within the overall framework of the Economic Vision and the DETI/Invest NI Corporate Plans (2005-08) our focus will be on the need to grow Northern Ireland's presence in global markets and to improve productivity levels. Invest NI will seek to develop initiatives that assist in the [strengthening of individual sectors](#) and [encourage the growth of emerging sectors](#). Discussions will continue with sectoral representative bodies for the purpose of identifying ways in which companies in these sectors can improve their global competitiveness through appropriate investments in individual firms, and improvements in products and processes.

DETI/Invest NI also recognise that they have a role to play in ensuring a [supportive business environment for locally-focused businesses](#). This will be achieved through continuing representations to the European Commission and to the UK Government, including HM Treasury, for measures, fiscal and monetary, which may improve the competitiveness of local manufacturing businesses here. Competition facing such firms is likely to increase in the years immediately ahead, and the services of Invest NI, and perhaps more appropriately, those of the Local Enterprise Agency network, will be used to encourage local firms to improve their efficiency, effectiveness and innovation. This does not mean saving companies

just for the sake of it, but rather encouraging the more “traditional”, as well as high tech, companies to accelerate the pace of product development, acceptable customer service and customisation, buy standard goods cheaply abroad, where sensible, and ensure that not just the 15-20% labour costs are optimised, but also the 80-85% that comprises their customers’ supply chain.

Work to shape and manage the implications of the European Commission’s decisions of Regional Aid 2006 has been in train for some time. An [economic impact assessment of the effects of changes in state aid guidelines](#) on selective financial assistance, and other NI economic development schemes, has been included as part of the DETI [research programme for 2006](#).

Where circumstances are appropriate, Invest NI will encourage local manufacturing firms to consult with it, or with their respective sectoral body, to develop [business improvements](#) which enhance their competitiveness in global markets (see best practice below).

SCIENCE & INNOVATION

The existing Regional Innovation Strategy should include a renewed focus on innovation at all stages of the business process to highlight the requirement of moving from low value added activities to high value added innovative activities and products.

POLICY RESPONSE

The Economic Vision (February 2005) highlighted [innovation](#) as one of four main drivers of economic competitiveness. However, DETI/Invest NI also recognise that the innovation agenda comprises more than just R&D. It is also recognised that the NI private sector needs to be more innovative in the way it sells its products and services. The existing [Regional Innovation Strategy](#) therefore stresses the importance of innovation at all business stages to facilitate growth and this will continue to be a key feature of the innovation policy and future action plans.

Innovation and R&D in the high technology and manufacturing sector are also supported and promoted by the work of several of Invest NI's Research and Technological Development (RTD) [Centres of Excellence](#), such as the Centre for Integrated Aircraft Technologies, the Polymer Processing Centre, and Nanotec NI which focuses on the commercial application of R&D in the fields of nanosciences. Other R&D focused Invest NI support programmes include the delivery of the [UK-wide Technology Programme](#), and the assistance offered to businesses through the [Technology Advisory Unit](#). More general support for the

wider manufacturing sector can be found across the suite of Invest NI's innovation support and advisory programmes, such as [Knowledge Transfer Partnerships \(KTP\)](#), the [Design Development Programme \(DDP\)](#), and assistance available to smaller companies through [Invest NI's Innovation Services](#).

The development of the [NI Science Park](#) has reached a point where it is now impacting on the NI innovation arena. We will ensure that its influence grows and it continues to be a hub for innovation development in Northern Ireland.

A number of Funds, eg the [Proof of Concept Fund](#), the [Higher Education Innovation Fund \(HEIF\)](#) and the [Nitech Growth Fund](#) have also been developed to support the commercialisation of ideas flowing from University research or from the development of technology within new start or existing companies. These will continue to be promoted and will be evaluated and reshaped as appropriate in the future as part of normal evaluation requirements.

Work is also underway to identify the specific [niche areas within five overarching generic technologies](#)

in which NI has the skills, people and institutions to be internationally competitive, and from which the greatest future economic benefit is likely to be had. The five generic technologies are: ICTs; Life Sciences; Aerospace Technologies; Nanotechnologies; and Agrifood Technologies. In each of these areas an ongoing future-focused/horizon-scanning process will be established in close collaboration with a newly established Northern Ireland Science Industry Partnership (NISIP).

DETI/Invest NI will focus more closely on the EU's proposals for a new [Competitiveness & Innovation Framework Programme \(CIP\)](#) to run from 2007-13. Announced in April 2005, CIP will bring together a number of existing EU activities to provide a coherent framework to boost Europe's innovation capabilities. CIP has a budget of over 4 billion Euros.

DETI continues to represent the NI position during the development of the UK [ICT & Productivity White Paper](#). DTI has been informed of the NI view that ICT must be promoted as a key enabler across all business sectors, and firms across the UK must be encouraged to exploit as many relevant applications as possible. Further consultation will take place as the White Paper is developed.

During the period of their Corporate Plans 2005-08 DETI/Invest NI will build on Northern Ireland's knowledge-based economy through a number of new and existing initiatives. These have been outlined in chapter 4 of the main policy response and include the establishment of a new [Regional Science & Industry Council](#), or equivalent, the use of the new skills and science fund and the development of a new framework for innovation to replace the existing Regional Innovation Strategy Action Plan.

BEST PRACTICE

Consideration should be given to establishing an initiative to allow local manufacturing businesses not only to explore best practice technology and innovation in their sector, but also across other sectors, between suppliers and customers and between the business and science/innovation base.

Consideration should be given by the manufacturing sectoral bodies to raising the awareness of the opportunities that outsourcing provides to improve the competitiveness of local industry.

Manufacturing sectoral bodies should be encouraged to develop proposals for enhancing and strengthening “outward and forward looking” networking activities between firms within and outside NI, including the concept of combined manufacturing/service sector networks.

All firms should seek to benchmark their business against best practice in all aspects of the business process.

POLICY RESPONSE

Invest NI helps Northern Ireland businesses improve their competitiveness by delivering a broad portfolio of programmes aimed at supporting their [capability development](#), including opportunities to [explore best practice technology and innovation](#).

Through its support for the development of the [UK Micro and Nanotechnology Network](#) Invest NI is providing a forum for exchange of knowledge and best practice for Northern Ireland companies.

Invest NI's [Innovation Relay Centre](#) continues to promote collaboration between local and European organisations and to advise on innovative

technologies and intellectual property matters. During 2004/05 six collaboration agreements were signed with European companies, involving technologies ranging from bio-fuel to insurance software.

Through its funding support of the [Carbon Trust](#), Invest NI is increasing companies' awareness of [energy-related](#) issues, and the adoption of energy-friendly design, technology and processes.

Invest NI's [Technical Advisory Unit \(TAU\)](#) helps local manufacturing companies address their technical requirements and offers technical and best practice solutions in a number of key areas.

Invest NI's [Process Excellence Programme](#)

encourages and supports businesses to improve competitiveness by enhancing their business processes and adopting world class techniques.

DETI/Invest NI agree that manufacturing sectoral bodies should be encouraged to enhance and strengthen their activities to make local business, particularly those at SME and micro level, more “[outward-looking](#)”. DETI/Invest NI will, through its own activities continue to encourage companies to embrace an external and international focus, including opportunities to [trade externally](#), form strategic alliances and exploit opportunities arising from an [expanded European Union](#).

Finally DETI/Invest NI agree with the PWC recommendation that consideration should be given by the manufacturing sectoral bodies to raising the awareness of the opportunities that [outsourcing](#) provides to improve the competitiveness of local industry, and that all firms should seek to [benchmark](#) their business against best practice in all aspects of the business process. Invest NI will continue to highlight this issue in the course of its regular contacts with manufacturing sectoral bodies.

SKILLS AND EDUCATION

DETI should provide ongoing input to the outworking of the DEL Skills Strategy in relation to the implications of the changes in the role of manufacturing for the skills and education of the workforce. It should also highlight the need to strengthen skills in complementing services sectors such as sales, marketing, business, finance and management skills.

POLICY RESPONSE

DETI will continue to work with DEL, Invest NI, DHSSPS and the Skills Task Force in order to achieve DEL's [skills development targets](#), as a means to improve business performance. Northern Ireland is fully committed to UK-wide Skills for Business Network which comprises the Sector Skills Development Agency (SSDA) and 25 Sector Skills Councils (SSCs). The SSCs, which are strategic employer led skills bodies created by Government, cover some 85% of the UK workforce and are required to:

- develop robust [labour market intelligence](#) for each sector of the economy;
- produce [Sector Skills Agreements \(SSAs\)](#) which map out exactly what skills employers need their workforce to have and how these skills will be supplied – both now and in the future and by whom; and
- develop [Sector Qualifications Strategies](#), [National Occupational Standards](#) and [Modern Apprenticeship frameworks](#).

The manufacturing sector is largely covered by one SSC – Science, Engineering, Manufacturing and Technology Association (SEMTEA) and their [Sector Skills Agreement](#) (stages 1-3) was considered by the Sector Skills Development Agency NI Project Board in [February 2006](#). This critical piece of work will be used by DEL to help the Skills Task Force (to be reconstituted as the Skills Expert Group) determine what are the priority skills for Northern Ireland, and how DEL, in consultation with other appropriate NI Departments, can play its part in meeting the future skills needs of the sector.

MODERN TRANSPORT INFRASTRUCTURE

The needs of manufacturing industry should be clearly reflected in the latest transport investment plans, and DETI should take an active role in collaboration with the Strategic Investment Board in promoting investment in airports and ports and in roads provision.

POLICY RESPONSE

Implementation of the DRD Regional Transportation Strategy is already resulting in considerable investment in the roads network across Northern Ireland. This expenditure is principally focussed on the improvement of our busiest roads. To achieve the aspiration of the Economic Vision regarding infrastructure, the Government will need to be even more forward-looking and ensure that NI's key infrastructures are in place so we can meet the needs of incoming and local industry.

The recently published Investment Strategy for Northern Ireland (ISNI) envisages plans for additional investment in roads in the later years which will result in improved access for commercial and private traffic to our major cities. This will include commencement of the upgrading of the routes between Belfast and Londonderry, and Belfast and Larne, as well as routes to Enniskillen and from the principal NI cities close to the border with the Irish Republic. This could be the start of what could become £1 billion of investment in these main arterial routes

OVERARCHING (COMMUNICATIONS STRATEGY)

Government should develop a programme of action for a communication plan to promote the key message that manufacturing has a future. As an initial step the Joint Industry Chair of the UK Manufacturing Forum should be invited to visit NI to make presentations to the key representative bodies on the future role of manufacturing in the UK.

DETI and Invest NI should meet with interest groups to discuss the findings of this report and ways to progress the recommendations.

POLICY RESPONSE

DETI/Invest NI agrees that there is a need to increase the [awareness](#) and [understanding](#) of issues relevant to the future of manufacturing in NI, and to develop and share a more positive attitude towards the sector throughout the business

and education sectors. DETI/Invest NI will meet with sectoral representative bodies and other key stakeholders such as the Economic Development Forum to consider how this recommendation might be best taken forward.

ANNEX B

SECTORAL INITIATIVES

This section highlights some examples of current sectoral initiatives already in place to support manufacturing in Northern Ireland.

AEROSPACE

Invest NI has committed considerable management resources to work alongside Northern Ireland's largest manufacturing company – [Bombardier Aerospace](#) - to develop the company's proposals for its new C-series commercial aircraft. Other companies in the sector continuing to invest significantly include [Thales Air Defence](#), [Moyola Precision Engineering](#), [Dontaur Engineering](#) and [Langford Lodge Engineering](#) which collectively initiated projects with a total investment of £22 million.

AUTOMOTIVE

Invest NI is also working with the automotive sector to promote world-class skills development, including the establishment of a local spoke of the DTI-sponsored [Automotive Academy](#). Invest NI's continuing sectoral support has enabled key players such as [Wrightbus](#), [Schrader Electronics](#), [JMF](#) and [Crossland Tankers](#) to make significant investments aimed at further improving their operational capabilities and strengthening their international competitiveness.

LIFE & HEALTH SCIENCES

The initiatives undertaken in this sector are in the context of Invest NI's strategic development plan for this sector (February 2005) the vision of which is to create wealth in Northern Ireland through the

growth and development of a vibrant sector that will lead to the establishment of a self generating cluster. Invest NI is leading the development of this through engagement with all of the stakeholders.

Invest NI has established an international advisory panel of distinguished individuals from the world of life and health sciences whose work is already challenging conventional thinking in this key area. The sector already includes some innovative companies such as [ArraDx](#), formed as a spin-out from QUB and Belfast City Hospital Oncology Department, and which develop novel platform technology to assist cancer diagnosis and prognosis. [Almac Sciences](#) offers a range of customised synthesis services to pharmaceutical companies worldwide; Invest NI support is helping the company to deliver over 100 new jobs, the vast majority at graduate level or above.

FOOD

Within the food processing sector, support from Invest NI was instrumental in securing [Coca-Cola's](#) commitment to locate its £53m all-island, state-of-the-art bottling facility in Northern Ireland. [Moy Park](#), the largest employer within the food sector, has recently undertaken a number of projects representing total investment of over £55 million; this substantial further investment is intended to ensure that Moy Park remains at the forefront of the European poultry sector. In partnership with DARD, Invest NI has begun implementation of the [Fit for Market food strategy](#), a very significant project for the development of the food sector. In

total, Invest NI has supported over 30 expansion projects and secured three new major mobile projects in the sector.

ENGINEERING AND PLASTICS

In the pursuit of company development Invest NI succeeded in leveraging major reinvestments by multi-nationals such as [Copeland Corporation](#) (Emerson Electric), [Schlumberger](#) and [Radius Plastics](#). Local companies such as [Creative Composites](#), [Fleming Agricultural](#), [NC Engineering](#) and [Clarehill Plastics](#) also expanded significantly. Invest NI has also developed strategies for a number of industrial sub-sectors including environmental, establishing the role to be played by Invest NI in strategy implementation. As a direct outcome of this work, the [Electronics Forum](#) was established, which has proved beneficial in bringing together key players in the sector to address common issues and themes.

TEXTILES AND CLOTHING

Despite the difficulties associated with restructuring the textiles and clothing sector, successful business development initiatives have emerged based on Invest NI's sectoral strategy for sustainability. This strategy focuses on five key drivers of competitiveness, branding developing, desirable products, formation of strategic alliances, use of new economy and balanced sourcing. These were identified in a major review of the industry involving industrialists and sector bodies. Companies such as [O'Neill's Sportswear](#) and [Cooneen Textiles](#) have shown they can adapt and diversify in the face of intense competition.

CONSTRUCTION

Invest NI has developed a strategy for the [construction sector](#) aimed at helping companies mainly involved in manufacturing value-added building products and components or providing services to the wider construction industry to develop opportunities in the UK and Republic of Ireland markets.

FORESTS

Invest NI's focus in this sector is on the development of new markets, supporting innovation and the enhancement of e-commerce capabilities. An example is the support for [Balcas Ltd's £8 million project](#) for a bio-fuel solution using sawmill residue as raw material to manufacture a new product with export potential and environmental benefits. Invest NI has also worked with the UK Forestry Products NI Association and the Department of Agriculture and Rural Development (DARD) to complete a [market research report](#) into the [supply chain for value-added forest products](#).

ANNEX C

MANUFACTURING SECTOR ACTION PLAN

ACTION	TIMESCALE	LEAD ORGANISATION
Investment		
Invest NI will continue to seek to develop initiatives that assist in the strengthening of individual sectors and encourage the growth of emerging sectors.	Ongoing	Invest NI
Discussions continue with sectoral representative bodies to identify ways in which companies in these sectors can improve their global competitiveness through appropriate investments in individual firms and improvements in products and processes.	Ongoing	Invest NI
DETI/Invest NI will continue to make representations to the European Commission and to the UK Government for measures which may improve the competitiveness of local manufacturing businesses.	Ongoing	DETI/Invest NI
An economic impact assessment of the effects of changes in state aid guidelines on selective financial assistance, and other NI economic development schemes, has been included in the DETI research programme for 2006.	June 2006	DETI
Science and Innovation		
DETI will establish a Science and Industry Advisory Partnership (NI Science Industry Panel NISIP).	June 2006	DETI
Skills & Science Fund will be used to fund the establishment of NISIP, and to exploit a number of niche technologies in which NI has a major competitive advantage.	2006/07	DETI
Major overhaul of DETI/Invest NI's strategy for promoting innovation in – think/create/innovate – and evaluations of Invest NI's major scheme to promote R&D – Start, Centre of Excellence and Proof of Concept Fund.	2006/07	DETI

ACTION	TIMESCALE	LEAD ORGANISATION
Science and Innovation continued		
Consideration of other uses such as innovation in the tradeable services sector, clustering and the development of new measurement systems.	2006/07	DETI/Invest NI
Best Practice		
Invest NI will continue to encourage manufacturing sectoral bodies to enhance and strengthen activities to make local businesses, particularly those at SME and micro level, to be more “outward-looking” including opportunities to trade externally.	Ongoing	Invest NI
Invest NI will continue to help local manufacturing businesses improve their competitiveness through its portfolio of programmes aimed at capability development.	Ongoing	Invest NI
Invest NI will provide a forum for exchange of knowledge and best practice for local manufacturing companies through its support of the UK Micro and Nanotechnology Network.	Ongoing	Invest NI
Invest NI’s Innovation Relay Centre will continue to promote collaboration between local and European organisations, and to advise on innovative technologies and ID matters.	Ongoing	Invest NI
Through its funding support of the Carbon Trust, Invest NI will increase companies awareness of energy-related matters.	Ongoing	Invest NI
Invest NI’s Technical Advisory Unit (TAU) will continue to help local manufacturing companies address their technical requirements.	Ongoing	Invest NI

ACTION	TIMESCALE	LEAD ORGANISATION
Best Practice continued		
Invest NI's Process Excellence Programme will encourage manufacturing businesses to improve their competitiveness by enhancing their business processes and adopting world class techniques.	Ongoing	Invest NI
Invest NI will continue to highlight with manufacturing sectoral bodies the opportunities that outsourcing and benchmarking provides to improve the competitiveness of local industry.	Ongoing	Invest NI
Skills & Education		
DETI will continue to work with DEL, DHSSPS and the Skills Task Force to achieve DEL's skills development targets .	Ongoing	DEL/DETI
DEL will develop robust labour market intelligence for each sector of the economy.	2006/07	DEL
A Manufacturing Sector Skills Agreement (stages 1-3) was presented by SEMTA to the Sector Skills Development Agency NI Project Board in February 2006 for consideration; further refinement is required.	Ongoing	SSDA/SEMTA
Modern Transport Infrastructure		
DRD will continue to implement its Regional Transportation Strategy .	Ongoing	DRD
Recently published ISNI envisages plans for additional major investment in NI road infrastructure, including the commencement of the upgrading of the routes between Belfast and Londonderry and Belfast and Larne.	Next 10 years	DRD
Communications Strategy		
DETI/Invest NI will consider with sectoral representative bodies and other stakeholders, eg the Economic Development Forum, how to develop and share a more positive attitude towards the manufacturing sector throughout the business and education sectors.	2006/07	DETI/Invest NI



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