



The Old Gasworks Business Park  
Kilmorey Street  
Newry  
Co. Down  
BT34 2DE

Tel: (028) 30834100

Ms. Jacqui Rose  
Department of Enterprise, Trade and Investment  
Strategic Planning, Economics and Statistics  
Division  
Netherleigh  
Massey Avenue  
Belfast  
BT4 2JP

16 November 2009

Dear Jacqui

InterTradeIreland welcomes the publication of the Independent Review of Economic Policy which was commissioned by the Minister of Enterprise, Trade and Investment Arlene Foster MLA, in December 2008. The report is a very comprehensive piece of work that sets out a routemap for future delivery of regional economic policy.

The key aim of the review was to determine whether the existing Department of Enterprise, Trade and Investment (DETI) and Invest NI policies, programmes and resources are contributing optimally to the delivery of the productivity goal contained in the Programme for Government (PfG).

In terms of process and delivery we welcome the recommendation in the report that Invest NI should be allowed more freedom to operate and that measurement should be based on a portfolio and aggregate impact basis rather than on individual project success.

While recognising that the focus of the Review Panel was on the effective relationship between DETI and Invest NI, InterTradeIreland, nevertheless, submitted a response to the call for evidence issued by the Panel. In that response, we outlined, specifically, the positive economic impact of our programmes in the priority areas of trade and innovation and, generally, how a collaborative approach to the use, attraction, development and retention of economic resources could assist both Northern Ireland and Ireland avoid wasteful policy duplication, leverage better investment outcomes and reduce costs.

The conclusion of the Panel, that industrial assistance should be focussed on the promotion of exports and innovation means that our priority areas are perfectly aligned with the directions recommended by the Panel and that InterTradeIreland is contributing directly to the broad economic objectives contained within the PfG.

The focus on innovation that highlights the importance of encouraging innovation via initiatives adaptations and improvements to existing products and processes, as well as the more traditional forms of R&D resonates well with our own aim of creating an open model of innovation involving close cooperation between Ireland and Northern Ireland that will brand the 'Innovation Island' as a centre of innovative excellence.

The development of a vibrant venture capital industry on the island is a fundamental building block in attaining a business culture that is innovative and export led. It is our view that there are problems in both the demand and supply sides of this market, which require public sector facilitation and support.

On the demand side a lack of 'investor readiness' is a key failure that InterTradeIreland is actively addressing through its Equity Network Programme which has a number of initiatives that are helping innovative companies' access equity finance. We, therefore, welcome the recognition of the importance in continuing to support seed stage projects.

On the supply side the use of public funds to leverage private finance has a critical role to play in ensuring that there is an adequate supply of finance. InterTradeIreland is, therefore, concerned that the recommendation that 'Invest NI should disengage its direct involvement with venture capital funds' will lead to a reduction in V.C. activity and could be counter productive to the achievement of core objectives of the IREP in the area of innovation. It is also contrary to government policy in the South which is continuing to support public/private V.C. funds. Nevertheless, we acknowledge concerns about the restrictions that the public sector places on the V.C. funds in which they are involved and agree that these restrictions should be addressed.

Finally, InterTradeIreland welcomes the recognition of the regional economic importance of cities and city regions which we would agree enhances the need for a more strategic approach to cooperation between Northern Ireland and Ireland on spatial planning issues that should include a framework for collaborative action.

I hope these comments are useful. InterTradeIreland will continue to work closely with both Invest NI and DETI to ensure that the benefits of N/S cooperation are optimised in a manner that contributes to the broad economic objectives of the PfG.

Yours sincerely



**LIAM NELLIS**  
**Chief Executive**