



Introduction for the Oireachtas Joint Committee on the implementation of the Good Friday Agreement, 14 December 2023

Manufacturing NI works to support the 4,500 manufacturing businesses located across every constituency represented in the NI Assembly.

The sector represents around 15% of the North's GDP equivalent and approximately 11% of total direct employment amounting to some 90,000 direct jobs.

Despite the perception (and some notable losses in the past 10 years), manufacturing jobs are increasing, with a rise of 21% since 2010.

With around 70% of manufacturing taking place outside of Belfast, it's impact on local economies is more pronounced with, for instance, more than 1 in 4 jobs in Mid-Ulster and more than 1 in 5 jobs in Mid and East Antrim and Armagh Banbridge and Craigavon Council areas being a direct manufacturing job. However, when supported job in indirect and induced markets are included, that half of all jobs in Mid-Ulster and 4 in 10 jobs in Mid and East Antrim and Armagh Banbridge and Craigavon Council areas wholly dependent on the sector.

Overall, 1 in 4 families in urban and rural communities in the North are dependent on the sector as their source of income this Christmas.

The manufacturing sector's impact goes well beyond its immediate or core economic impact. Wide-ranging benefits are created for the Northern Ireland economy as its activities boost economic activity elsewhere in the economy. For example:

- Exports are an important source of income for a small open economy, and manufacturing accounts for almost two-thirds of all Northern Ireland's export sales. The latest analysis shows (year to June 2023) that goods exports alone stood at £9.9 billion.
- In that year, exports to the EU are up 19% and exports to the rest of the world up 20%.
- Ireland continues to be the largest export market for manufactured goods.
- In addition, there were £6.7 billion in external manufacturing sales, to the rest of the UK, in 2021 with new statistics for 2022 due this week.
- This is a total of £17.6 billion of external income into Northern Ireland from manufactured goods alone.

- The manufacturing sector accounts for over 60 percent of total business investment in the province. This helps to support the development of quality products and processes to keep the sector competitive.
- Manufacturers contribute around 50% of all R&D spend which is around 2/3rds of all business spend when government and academia is excluded.

The manufacturing economy is more than 5% larger than pre-pandemic with forecast shows that over the next 10 years manufacturing will grow faster in Northern Ireland than in any other region in the UK but it also faces a substantial challenge from competition from abroad and rising costs. Sustaining these levels of growth will be achieved through increased investment into new technologies and processes that will boost productivity and will be a function of the extent to which the cost base of the sector remains stable relative to its competitors. Any further pressure on costs risks exacerbating the challenges the sector already faces, potentially leading to slower growth in the sector, and with a knock-on impact for economic output and jobs across the Northern Ireland economy.

Areas which might be of interest to the Committee:

- The experience of Brexit since January 2021 and engagement and structures in place to manage issues.
- The practical experience of the Windsor Framework and its structures for the North's production sector.
- Examples of deliberate and passive divergence between the UK and the EU and the impact this has in Northern Ireland.
- Performance of the all-island economy since 2021 and the emerging thinking about how the North can capitalise on its 'dual market' advantage.
- New or returning barriers within the all-island economy.
- The costs of doing business, particularly the costs of energy from the all-island electricity market.
- The availability of labour and the barriers to the free movement of labour across the island.