



Making Northern Ireland the location of choice for Wealth- Creating Industries of the Future



**Dermot Diamond
Dublin City University**



**Northern Ireland Manufacturing & Supply Chain Conference &
Exhibition**

Titanic Exhibition Centre

22nd June 2023

European
Innovation
Council

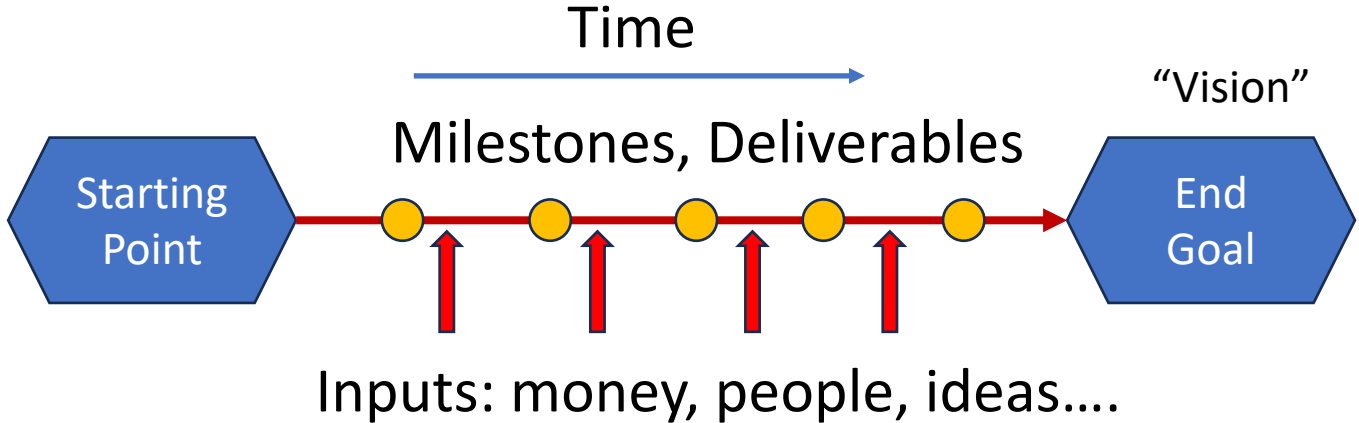




Create Wealth to reinvest in society:
Education, Health, Research and
Innovation, Industry & Manufacturing,
Agriculture Fisheries Food, Arts and
Culture, Tourism, Infrastructure ...



Strategic Plan



What is the end goal?

~~20~~-year vision for Northern Ireland?

~~5~~-year?

12-Month?

There is no strategic vision

Why is a vision important?

- It is a unifying principle that can foster broad agreement and unify endeavor around solid objectives
- Provides the basis for strategic planning
- Provides a measure for judging the behaviour of leaders and assessing policies of political parties

Northern Ireland has significant strengths but no unifying vision
-> Division, fiscal opportunism,
-> No coherent strategy around innovation and wealth creation
-> Increased RISK makes NI uncompetitive in terms of attracting international investment

I'm not listening to this drivel

That's impossible

There's no way

In 20 years, Northern Ireland
will be the No.1 wealth creating
region in Europe

Here's a vision statement

This is a waste of time, I'm off to the pub

What a crazy idea

He's lost it

What is our starting point?

More fiscal devolution for Northern Ireland?

Interim Report
December 2021

'The subvention'



Public spending in Northern Ireland is about 20% higher, on a per person basis, than spending in the UK as a whole. Meanwhile, because (median) earnings are some 10% lower, combined with lower labour market participation, tax revenues per person are 15% lower. The result is a very large notional fiscal deficit.

The fiscal gap between Northern Ireland and the UK as a whole has been widening, by 10% (in real terms) over the last 20 years.

Northern Ireland is significantly poorer than the UK as a whole – national income per head is about 25% lower than that of the UK, and even lower when compared to the Republic of Ireland (RoI)

Fiscal devolution does bring the potential for rewards, for example being able to spur economic activity, make different choices, or raise more money. Fiscal devolution could help local citizens, through their politicians, make those choices which suit them best.

The NI Executive also has significant headroom for further borrowing, circa £1.5 billion. **This has the potential to be a significant economic lever if used effectively**

Stakeholders made it clear to us that tax devolution should be seen as a potential tool to strengthen the economy

Around 90% of NI Executive-led public service spending in Northern Ireland is currently financed by the block grant – the ca.£14.8 billion a year which is paid directly to the NI Executive by the UK Government. There have in addition been irregular and significant “one off” top ups to this block grant, sometimes resulting from UK Government need for political support (e.g. the 2017 Confidence and Supply Agreement with the DUP)

Impact of the Subvention

- The economy doesn't matter that much – Westminster will cover the deficit
- We don't need a vibrant regional strategy to create and build innovative companies
- Everyone's a backbencher with limited responsibility; Sure Chris can run the place while we're away....
- Poor local employment opportunities for graduates in science, engineering, digital technologies, business, etc. Most leave and don't return
- Very low FDI activity
- Northern Ireland has no local equivalent of SFI/IRC to promote and fund research

The Journal



ALAMY STOCK PHOTO Chris Heaton-Harris outlined the funding plan for Northern Ireland next year today.

CHRIS HEATON HARRIS

Republicans and unionists criticise UK's 'cruel' and 'grim' budget for Northern Ireland

Northern Ireland Secretary Chris Heaton-Harris said that NI's overdraft will be paid back over two years

14.6k 13 Updated Apr 27th 2023, 6:27 PM



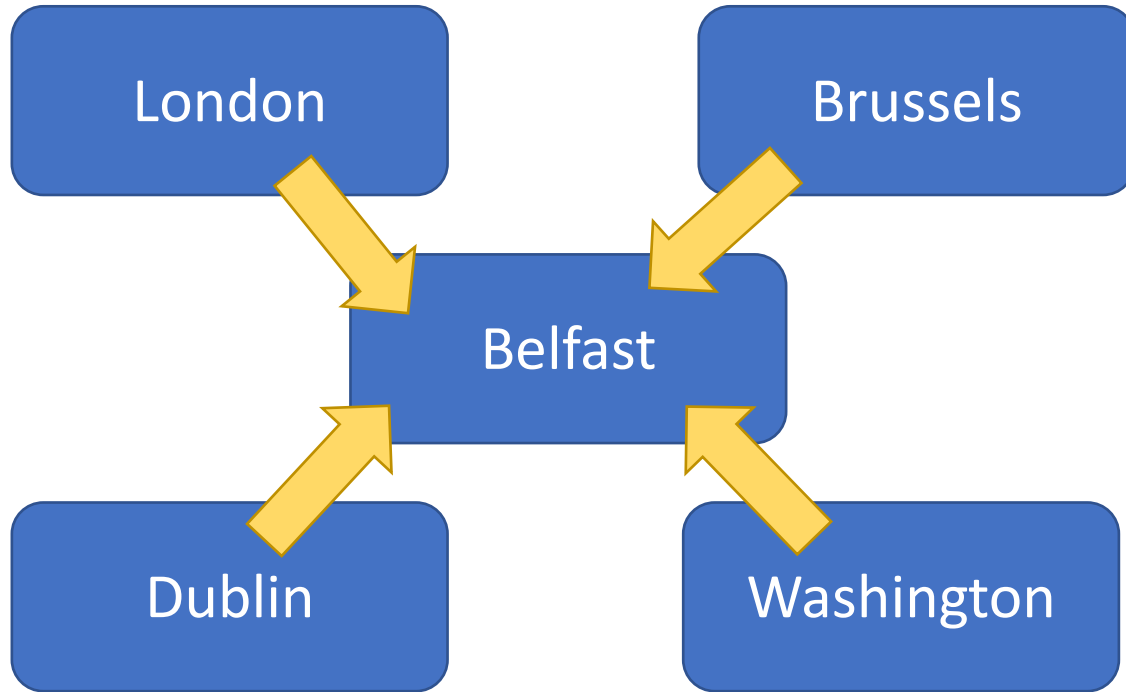
LAST UPDATE | Apr 27th 2023, 6:27 PM

POLITICIANS FROM BOTH the Republican and Unionist sides of Stormont have criticised a budget for Northern Ireland set out by the UK government in Westminster.

Reverse the situation – enhance Northern Ireland's Attractiveness for Investment

- NI can export goods and services tariff free within the UK and Europe (fantastic USP!)
- Goods from Britain remaining in NI are tariff free with absolutely minimal administration
- NI will retain full member privileges within the EU e.g.; ability to participate in all research and innovation programmes as full partners
- Significantly increase local supports for research and innovation
- Increase investment in education, health, industry, infrastructure....
- Create an open society, receptive to change, embracing innovation

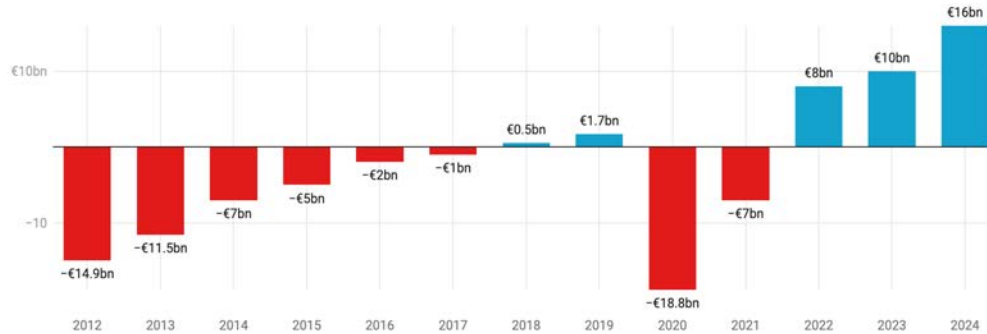
But where will the money and influence come from to make all this happen?



- At present, a window of opportunity exists to build an innovative economy in Northern Ireland
- Things change – it will not be there for long; other priorities will emerge

Ireland's Budget Surplus.....

Irish Government deficit/surplus



2023 & 2024 are projected figures

Chart: IRISH TIMES GRAPHICS - Source: Eurostat/ Dept of Finance - Get the data - Created with Datawrapper

“On the basis that spending increases are limited to 5 per cent, as per the Government’s spending rule, and there being no major shock to the public finances, it will rise to over €16 billion in 2024; to €18 billion in 2025; and to nearly €21 billion in 2026.”

Total predicted surplus 2022 to 2026 = €73 billion!!

<https://www.irishtimes.com/business/economy/2023/04/19/rocketing-budget-surplus-exerts-pressure-on-government-to-share-the-wealth/>

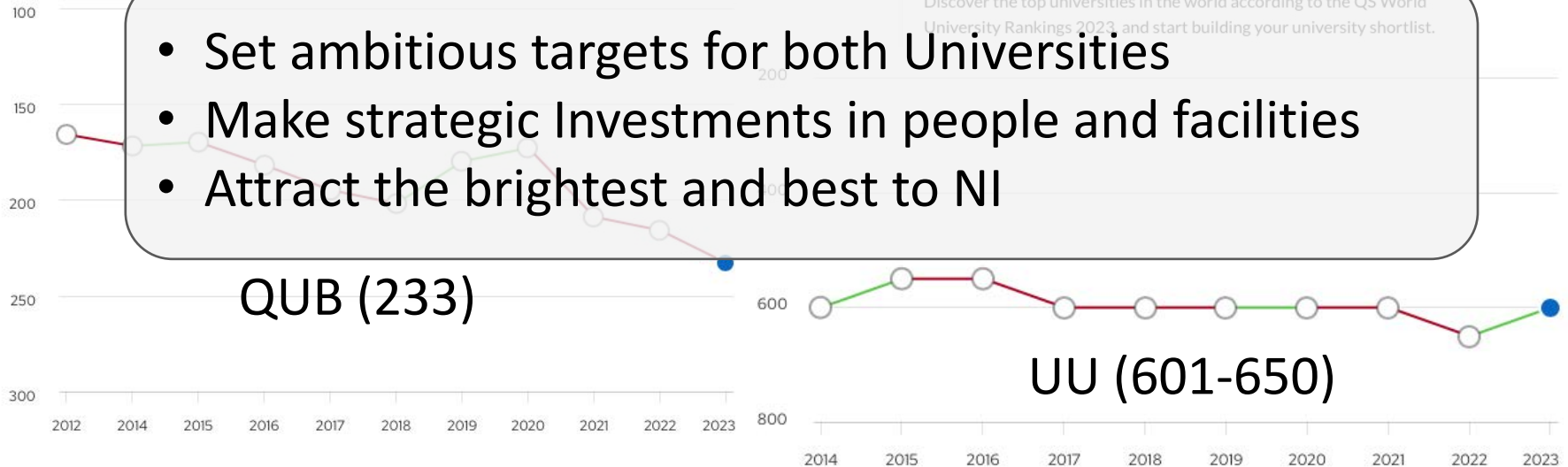
Education – critical factor for attracting investment
Universities – engines of innovation



Top universities in the world 2023

Discover the top universities in the world according to the QS World University Rankings 2023 and start building your university shortlist.

- Set ambitious targets for both Universities
- Make strategic Investments in people and facilities
- Attract the brightest and best to NI



Final Thoughts

