

Winter Update 2015



Welcome to the latest edition of our stakeholder update. In this edition we provide an update on our performance, take a look at innovation and how it can help your business grow, share our thoughts on the importance of export, plus an overview of 2016 Year of Food and Drink.

2015 / 2016 Mid Year Update



2015-16 sees us come to the end of the Programme for Government (PfG) reporting period (2011-2016).

Originally a four year period, the PfG was extended by one year and we were assigned new targets.

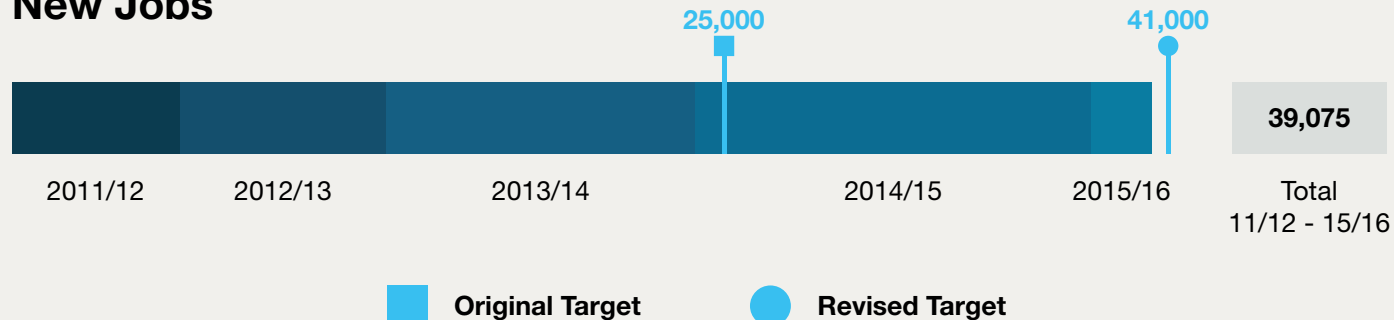
PfG Target



With just six months left we are well on track to deliver against our revised targets:

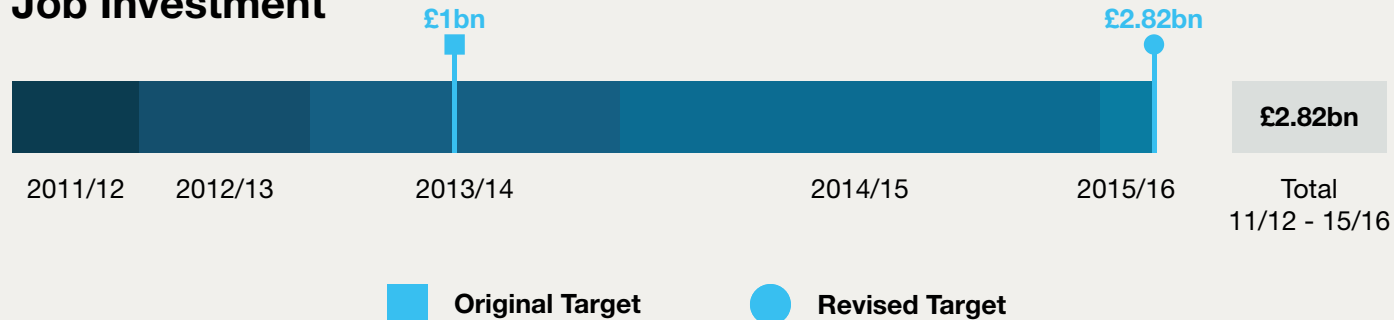
As of September 2015 we have helped promote over 39,000 new jobs across Northern Ireland since 2011.

New Jobs



These new jobs have been in a range of sectors including food, manufacturing, legal, business and financial services, and across every council area. Of the jobs we have helped promote, **60% have been with local companies**. Our support for jobs has helped generate nearly **£3bn of investment** in the local economy through salaries

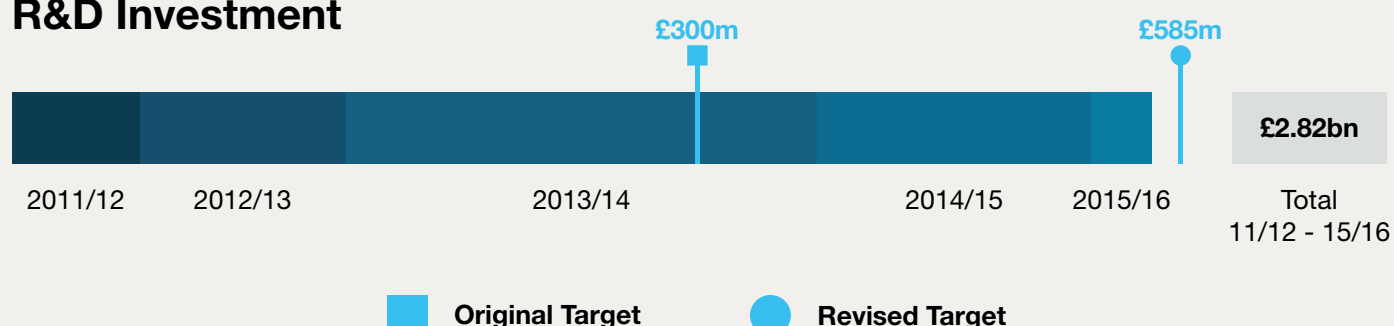
Job Investment



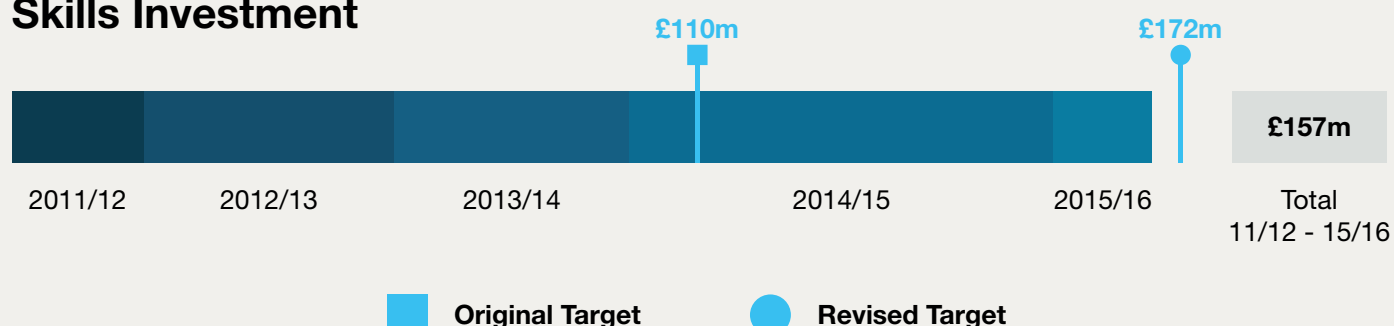
In total, since 2011, we have made over **20,800 offers** of support to businesses, **93% of which were to locally owned companies**. These offers have translated into over **£650m of assistance**.

As well as providing support to create new jobs, we also help companies undertake **R&D** and invest in **skills** training to improve the efficiency of their business. This support has resulted in significant investment by companies.

R&D Investment



Skills Investment



Our fifth PfG target relates to the **growth of manufacturing exports** from Northern Ireland. Despite our best endeavours and some great export successes by Northern Ireland businesses, global economic factors such as the Euro crisis and economic downturn across the world has meant that export growth has been much slower than hoped. For 2015/16 we are aiming for **3% growth** on last year's export outturn of £6.02bn.

Since the start of this PfG period there have been a number of changes including:

- Responsibility for supporting entrepreneurship **transferring to local councils**.
- EU restrictions on how we can support large company expansions.
- Conclusion of the Jobs Fund scheme.

These, combined with challenging budget environments, will mean that our targets and outturns will not reach the heights of the previous couple of years. This can be seen in the one year targets set for us as part of the extension to the PfG.

2015/16 Target and Mid-Year Outturn



Over the last six months we have announced six new inward investors for Northern Ireland including a customer service centre in Craigavon by **Eishtech**, that will create up to **320 jobs** over the next three years, and an HR Outsourcing Centre in Londonderry by **Texan based OneSource Virtual** which will create **289 new jobs** by 2017.

We have also supported **local companies** to expand such as **McAuley** in Ballymoney. As part of a £5m investment **McAuley Precision and McAuley Fabrication** are undertaking expansions that will cumulatively create 87 new skilled advanced manufacturing jobs in Ballymoney by 2019.

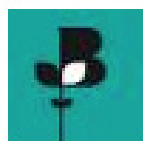
We continue to offer a range of **advice and guidance** to a wide range of businesses. Businesses access **over half a million pages of guidance** every month on our information website, **nibusinessinfo.co.uk**. This free advice channel has helped generate an estimated **£2m of saving to local businesses every year**.

Corporation Tax

2018
2018
%

As part of the Northern Ireland Executive A Fresh Start. The Stormont House Agreement and Implementation Plan a rate and date has been confirmed for reducing Northern Ireland's Corporation Tax to 12.5% from April 2018.

Along with the Department of Enterprise Trade & Investment we have been preparing for this to ensure we maximise the opportunity that a lower Corporation Tax rate brings. This reduced rate has the potential to secure new Foreign Direct Investment for Northern Ireland and to make it easier for existing businesses to grow.



NIC Chamber of Commerce @NICChamber

Follow

With a rate and date now set businesses can put growth plans in place & Invest NI can start selling the proposition to inward investors

4:44 PM - 17 Nov 2015

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Attracting new investment

We are confident that a lower rate of Corporation Tax will help Northern Ireland to compete for and win a wide range of tax sensitive investments, creating many thousands of additional jobs across a range of sectors.

We are already conducting research into the new FDI markets, the types and sectors of those investments and the parts of the world that we should be targeting for those investments.

Our teams locally and overseas will be trained and equipped with the skills and specialist resources to maximise this opportunity.

All Ministers and Invest NI will now be going into international markets with a much stronger message about what Northern Ireland has to offer as a place to do business. Our message will be clear and consistent – **Northern Ireland is the most attractive location in Western Europe for new FDI, based on a combination of tax, talent and value.**

We are already working on an extensive sustained marketing campaign to deliver this message to our international audience. Through a combination of overseas visit programmes, new advertising promotions, events and meetings we will be putting our full weight behind ensuring we make the most of this opportunity.

“Northern Ireland is already the most successful region in the UK for Inward Investment, on a per capita basis, based on our ability to attract cost centre, service based projects.”

Helping local businesses to grow

There are also significant benefits for our local businesses too. With reduced taxes local, profitable businesses will have additional finance to invest in their future growth, in turn creating more jobs and further investment in our economy.

Ultimately, Corporation Tax has the potential to create more than **30,000 additional jobs** in **Northern Ireland** over the next 15 years or so. By hitting the ground running, we can start to see some of these benefits coming on stream in 2018 alongside the commencement of the Northern Ireland rate.

fsb

FSB Northern Ireland @FSB_NI

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.@FSB_NI welcomes political agreement in particular confirmation of date and rate of corporation tax & A5 progress #isupportsmallbusiness

9:10 PM - 17 Nov 2015

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A core part of Invest NI's role is to support first time and indeed more experienced exporters.

Export Start Guide

Many businesses often perceive barriers to exporting which prevent them from having the confidence to explore what can be lucrative new markets. The recent publication of the **Export Start Guide**, provides a wealth of information to help companies assess their readiness for exporting and information on how to devise an export strategy.

Things to Consider

- It pays to be very aware of cultural differences, language and etiquette.
- Building relationships is key.
- Do the necessary due diligence when appointing agents or distributors.
- In some countries it may take several years to make an initial sale.

Export opportunities

There are many new rapidly growing markets which offer significant opportunities to Northern Ireland businesses:

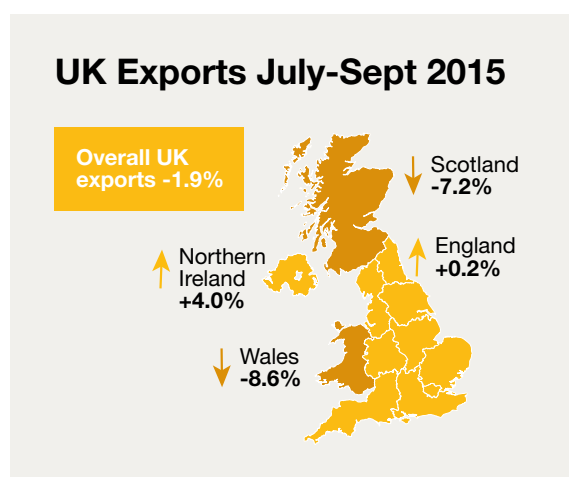
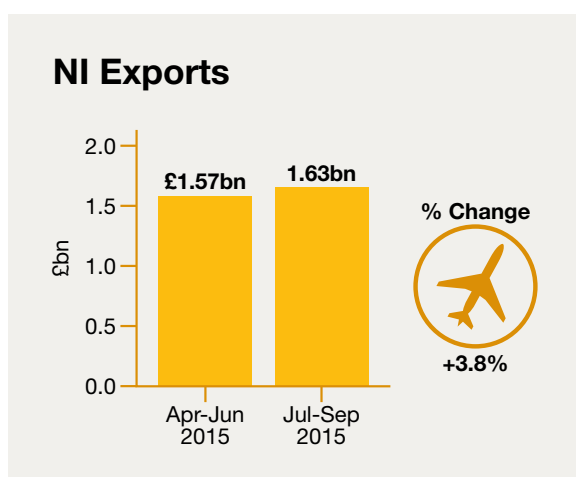
- Manufacturing exports to China have increased year on year and have the potential to exceed £100m this year.
- Over the last three years, manufacturing exports to New Zealand have trebled.
- The US also continues to be an important market with opportunities also opening up in Mexico and Canada.

Our Food Sector

We have several competitive advantages in Northern Ireland including a burgeoning food sector. Almost £1.3bn worth of food and drink from local companies was exported last year from baby food to the Middle East to specialist teas to Japan and Rwanda.

Food and drinks processing is Northern Ireland's most important manufacturing sector, and one that has continued to grow during the recession. In Northern Ireland we have the highest possible traceability standards, which is a fundamental requirement in this sector when it comes to boosting export prospects.

Northern Ireland's Exports

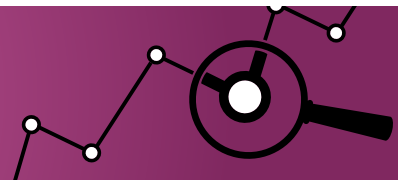


Many NI companies see exports as crucial to increasing sales and profits and have embarked on ambitious export drives to develop products for distribution in overseas markets. One such company is **Kitchenmaster** who, through Invest NI support, now employs five staff in Dubai and recently surpassed a notable milestone achieving £1million worth of sales to the United Arab Emirates. Last year, Mallusk based **BI Electrical Services signed an agreement in China** that is estimated to be worth around £20 million.

I would encourage established and new companies alike to look to new markets and become exporters in order to increase their sales. The Republic of Ireland and Great Britain are often good starting points for your export strategy but many NI companies are successfully exporting to Australia, Japan and Scandinavia so for the right product distance should not be a barrier.

Find out more by reading the full 'Fulfilling Your Export Potential' feature.

Purchasing Managers Index



The Purchasing Managers Index (PMI) is a recognised means of monitoring sentiment amongst businesses to provide an indication of what is happening in the economy.

Using a panel survey of Invest NI supported businesses the **Invest NI PMI** tracks changes in **business conditions and activity. It tracks business output, new orders, employment and prices.**

The positive outlook continues in 2015

Invest NI supported businesses recorded their **sixth consecutive quarter of rising output and employment** since the PMI survey began 18 months ago. The rate of expansion remained rapid, although not quite as strong as in the previous quarter. On both output and employment, the rate of growth amongst NI supported businesses was much stronger than the Northern Ireland private sector as a whole.

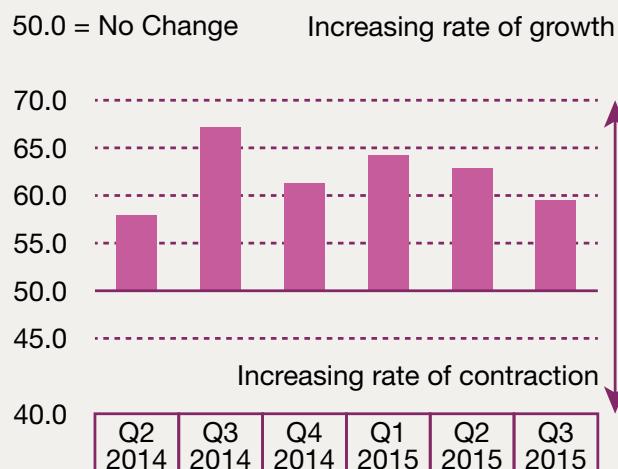
Looking ahead, more than three quarters of businesses expect activity to expand in the next 12 months, compared to only 5% who anticipate a decline. A number of firms reported strong work pipelines which boosted levels of optimism.

Commenting on the survey results, David Roberts, Invest NI's Economist said: "When the previous PMI results were presented in the Summer Update, I wondered whether the positive sentiment and rate of growth across the main business indicators would continue. These results highlight that the performance and prospects of Invest NI supported businesses generally remains positive. Whilst there been a slight loss of momentum, the overall results are encouraging.

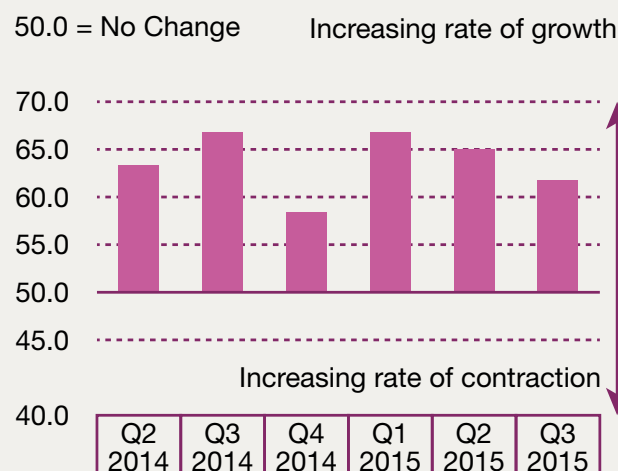
"Looking behind the headline figures, it is evident that businesses face significant competitive pressures. Firms lowered their prices in order to continue to win work, at the same as the overall cost of inputs (primarily staff costs) increased. Increased staff costs partly reflect the need to offer higher wages in order to retain existing employees and recruit new ones. This reinforces the importance of expanding the supply of skills to meet employer demand, albeit higher salaries provide a welcome boost in the short term to individual spending power in the local economy as inflation remains subdued."

"The other important feature is the challenge in securing new export orders, with the rate of expansion the slowest since the survey started in Q2 of 2014. Export orders grew more slowly than new business in total. The relative weakness of the euro against sterling was highlighted as a key constraint. Firms will need to continue to be proactive in seeking new market opportunities and exploring ways to make their products and services internationally competitive."

Output



Employment



"The performance and prospects of Invest NI supported businesses generally remains positive."

"Firms will need to continue to be proactive in seeking new market opportunities."

Innovation at Heart



Invest NI's Director of Innovation and Technology Solutions, highlights the vital role innovation plays in business success.

Increasingly companies of all shapes and sizes are asking themselves what they need to do to gain an advantage in the marketplace in order to compete and win new business. In the majority of cases, the answer is to innovate.

But what is innovation?

There is a frequent misconception that innovation equals R&D but innovation is much more than that.

Innovation can include changes to products and processes, the introduction of new business models, organisational changes or the entrance to new markets.

Innovation is absolutely essential to wider economic growth and has never been higher up the agenda of governments. The [Department of Enterprise Trade & Investment's Innovation Strategy 2014-2025](#) sets out the key long term actions necessary to ensure innovation plays its full part in realising our economic growth.

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- Newly established business Premium Cosmetic Choices Ltd from Cookstown is successfully selling its [Bellamianta](#) tanning product to chemists, salons, spas and retailers across Ireland as a result of the specialist knowledge from Invest NI. Business founders, Lisa McDermott and Linda Stinson, benefited from a range of advice and support to develop their brand and secure a Community trademark. Premium Cosmetic Choices also received advice about the formula for its products and complying with EU Cosmetics Directive Regulations. Invest NI supported the testing of the tanning lotion which included stability assessment, viscosity testing, and microbiological challenge testing and safety assessment. This was a vital step required to secure sales.

Over 1100 businesses have benefited from the scheme since it was introduced and we are continuing to attract companies who are keen to work with us on an innovation project to grow their business by diversification or exploring new opportunities.

Innovative businesses are more productive, growing sales and employment twice as fast as their non-innovating competitors.

For Northern Ireland to create a strong economy it needs to increase its productivity. Productivity growth is driven by dynamic businesses delivering differentiated product and service offerings, process development, resource efficiency, effective market strategies and customer experience.

Undoubtedly, there is a direct link between innovation and increased competitiveness yet Northern Ireland firms report among the lowest levels of innovation activity amongst the UK regions.

Invest NI has a range of advice and support designed to help local businesses embrace innovation in all its forms. For many, the free advice and support available in areas such as [intellectual property](#), [process efficiency](#), [resource efficiency](#), [exploring new markets](#) and [researching businesses premises](#) is invaluable.

We want more local businesses across all sectors to, recognise the many facets of innovation, engage in innovation and take advantage of the full range of Invest NI support on offer. Don't talk about it – do it.

"Innovation is the application of ideas that add value to your business and help you stand out from the rest."

"Firms investing in skills, leadership, design, branding, process improvement, resource efficiency, training or marketing are investing in innovation."

- [Blessingbourne Estate](#) in Fivemiletown has benefited from Invest NI's Design Service to help improve its competitiveness. The company received our support to tap into the expertise and talents of Bag Of Bee's design agency. The agency focused on enhancing the business' profile online by rejuvenating the Blessingbourne brand and upgrading its website. The marketing difference is clear to see.

The Northern Ireland Innovation Strategy aims to stimulate a step change in innovation and in doing so deliver a vision that: Northern Ireland, by 2025, will be recognised as an innovation hub and will be one of the UK's leading high-growth, knowledge-based regions which embraces creativity and innovation at all levels of society.

Businesses can tap into the specialist knowledge of dedicated advisors or seek guidance through [nibusinessinfo.co.uk](#), the official online business advice channel in Northern Ireland. Both can provide the direction and know how that businesses need to grow, particularly via new market entry.

Our [Innovation Voucher Programme](#) is one vehicle that many small and medium sized companies across Northern Ireland are using to become more competitive. Businesses benefit by developing new or improving products, processes and services or tapping into research and scientific expertise to gain a competitive edge. The voucher is worth up to £5,000 and businesses use it to access expertise from one of 39 universities, colleges and other publicly funded research organisations throughout Northern Ireland and the Republic of Ireland.

- Derrylin-based business [Crust and Crumb](#) has grown its workforce by five and turnover by £500,000 following product development undertaken with help from Invest Northern Ireland's Innovation Vouchers. Crust and Crumb manufactures fresh pizzas for the retail sector and part baked frozen pizza bases for the food service industry. Using an Innovation Voucher the company accessed the expertise of technologists at The Food Technology Centre, St Angela's College in Sligo to develop a range of award winning stuffing. The business now produces stuffing for chicken products supplied to customers such as Tesco, Dunnes and Lidl. The company's continued focus on innovation has also resulted in the development of a range of gluten free pizzas that are high in protein and low in fat. It has successfully taken this product range to market and now supplies pizzas to online business MuscleFood for its UK customer base.

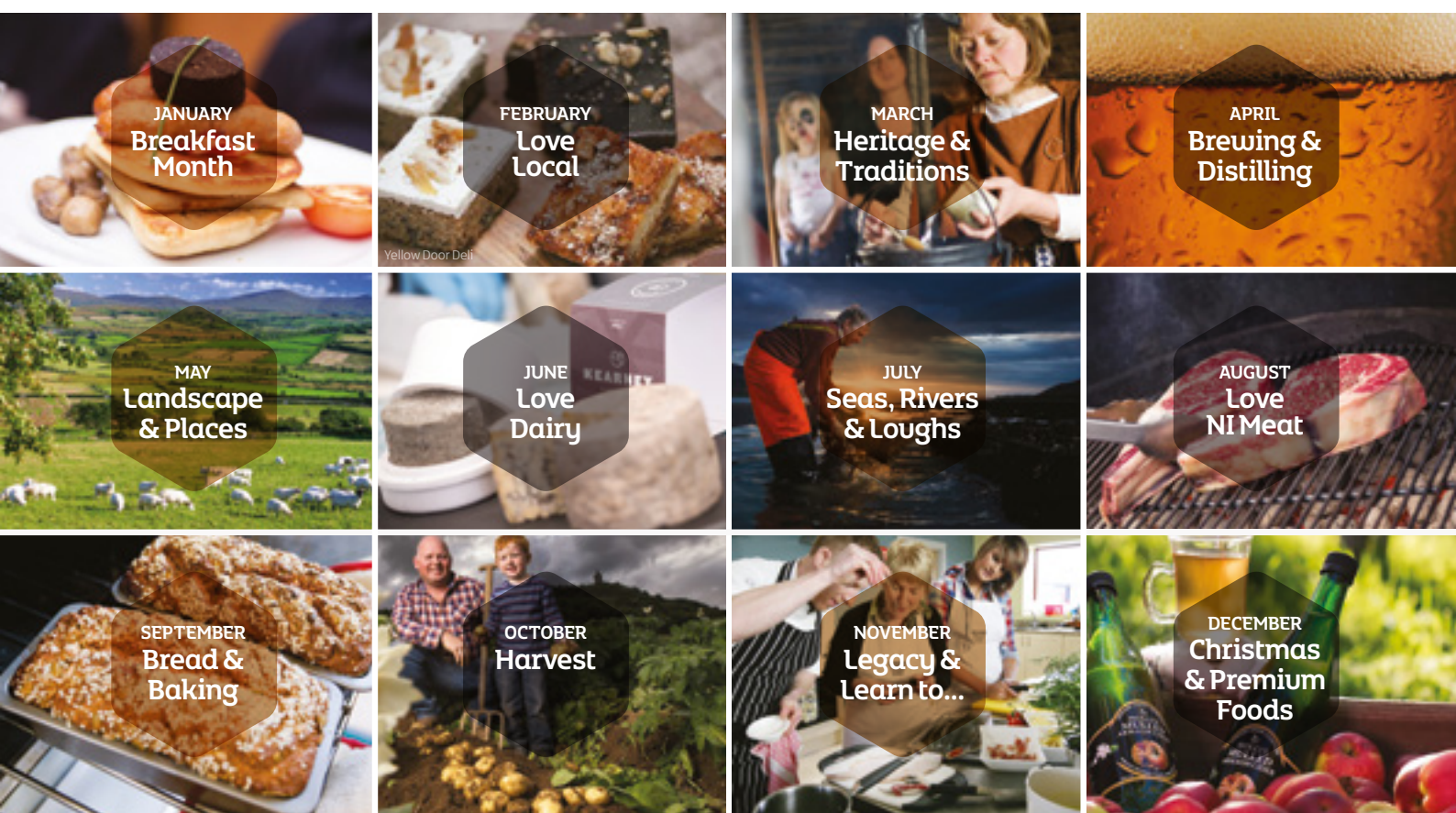
Year of Food and Drink 2016

Northern Ireland's Year of Food and Drink 2016 is a celebration of everything delicious about our food and drink.

With 366 days of foodie experiences, there will be no better time for visitors to enjoy a true taste of Northern Ireland. It is also hoped that the campaign will support a wider agri-food objective to grow export food sales.

NI Tourism and NI Food & Drink

Food and drink experiences have become increasingly important to tourism as they offer destinations an opportunity to differentiate and celebrate indigenous foods. In 2014 overnight visitors to Northern Ireland spent an estimated £751 million, of which approximately 1/3 was spent on 'food and drink'.



Business & NI Agri-Food

Agri-food exports generate over £4 billion in sales per annum for Northern Ireland. Northern Ireland's Year of Food and Drink 2016 is a significant opportunity to positively influence the perception of Northern Ireland's food offering in our key export markets.

Belfast MET students at the celebration of Northern Ireland food event, November 2015.

Over the coming weeks we will be bringing over 40 buyers to Northern Ireland, including delegations from Spain, the UK and Republic of Ireland, as well as visiting food media journalists. We will also be hosting a special event to celebrate Northern Ireland's tremendous achievements in this year's [Great Taste](#), [Blas Eireann](#), and [Irish Quality Food](#) awards. This event will be the first major Invest NI event leading us into the Year of Food and Drink 2016, during which we will enhance our global marketing activities in key international markets to help profile further the quality of Northern Ireland Food and Drink, at home and abroad.

As well as bringing buyers here to meet our companies, Invest NI operates a trade development programme for local food and drink companies that's probably among the UK's most comprehensive. It offers companies support through pre-visit workshops, expert guidance on developing an export strategy for individual companies, mentoring from experienced exporters, and market support from Invest NI staff and advisors abroad.

Northern Ireland group stand at Anuga 2015.

Our enhanced programme of international shows offer the perfect platform to profile the skill, products and services of our local companies and ensure that Northern Ireland's reputation for producing food of pure, natural quality is not only maintained, but gains further recognition.

Exhibitions confirmed to date: [Gulf Food](#); [Food & Drink Expo](#); [Sial](#).

Invest NI will continue to play its part in helping local businesses to maximise the commercial opportunities available through sales to GB and exporting to markets including Republic of Ireland, US and the Middle East. We would encourage food and drink companies to use the Year of Food 2016 as a platform to showcase their products and win new business.

You can find our more at [Tourism NI](#).

Food Facts

[Shortcross Gin](#) from County Down, gained the silver medal at the San Francisco World Spirits Competition earlier this year.

[Glenarm Shorthorn Fillet](#) from [Hannan Meats](#), Moira acclaimed as the 'best steak in the world' by [David J Constable](#) in [huffingtonpost.co.uk](#).

In terms of weekend covers [The Harbour Bar & Restaurants](#) in Portrush is Europe's third busiest bistro bar.

NI produces 20% of UK's Beef and 15% of dairy.

[Lough Neagh](#), the biggest lake in the British Isles, is Europe's only commercially viable eel fishery and has EU Protected Geographic Identity status.

[Bushmill's Distillery](#) is the oldest licensed distillery in the world.

