

Answers to consultation questions:

Question 1: *Are there strategic priorities that InterTradelreland would like to see reflected in the S3? Is there a particular message InterTradelreland would like to communicate in the strategy (what are we doing well as a country, what could we do better)?*

Messaging that the Green Transition as an all-island challenge

An area we would like to see stronger and clear messaging is on the cross-cutting priority 'Green transformation for enterprise'. Specifically, that driving through a Green Transition is an all-island priority which should translate into leveraging the specialisation of each region and the opportunities presented for all-island collaboration in this area.

The opinion of the public and businesses both sides of the border support an 'all-of-island' approach. Within the 'Environment Strategy for Northern Ireland' public consultation (2020) nearly all areas for response contained themes for more all-island strategic context on this issue. An excerpt from one such theme highlights this public perception, *"A dominant sub theme was the observation that environmental issues do not respect borders. Many feel that as we share the same land, air and water, an all-island Strategy is needed which will require on-going and close cross-border co-operation at a community, local authority & departmental level."* While in 2019, the Ibec–CBI NI Joint Business Council outlined how a new and comprehensive all-island approach is required to meet climate targets and take advantage of the economic opportunities that will arise. We propose there should be a clearer framework for specialisation in order to support regions to collaborate in cross-border activities within the Green transformation theme (see below for more details).

Identify and secure critical cross-border supply chains

Recent events have emphasised the need for increased resilience within our supply chains. At a global level COVID has majorly disrupted the movement of goods. In particular, the exposure of food supply chains to disrupting early in the pandemic highlighted the downsides of 'just in time' delivery. This could be foresight of larger challenges in the future as climate change is predicted to shift agricultural growing regions and extremity in weather patterns (drought and flooding) could stress food production and supply on the island in a similar fashion.¹

In addition, at a local level, supply chain issues have been compounded as Brexit has significantly shifted the behaviour of businesses within both Ireland and Northern Ireland. InterTradelreland data from the All-Island Business Monitor has shown that in the last year 35% of firms have made changes to their import supply chains to limit disruption to their business and 15% of those have shifted to sourcing components locally. These trends towards near shore supply chains are likely to continue in response to low carbon activities. Businesses will seek cost saving measures as the overheads of international shipping remain high.

These challenges and preference shifts offer massive opportunities for the growth of businesses through cross-border trade in the immediate future. We would encourage that regions identify cross-border, strategically important supply chains for local businesses and consumers. Using this data, policy makers at a local and national level must enable policy output and technical public support to secure these supply chains and reduce cost burdens for cross-border deliveries on the island, particularly for SMEs.

¹ See United Nations report on 'The Future of Food and Agriculture' <http://www.fao.org/3/i6583e/i6583e.pdf>

Start-up culture and the growth of new businesses in regionally significant sectors

In cross-cutting areas 1, 2 and 3, there is an emphasis on the importance of indigenous start-ups. The report of the SME taskforce published by DETE in January this year highlighted this lever within its deliverable themes. Encouraging regional entrepreneurship in sectoral strengths and fostering growth and adoption of innovation from within these start-ups is a lever to drive much of the targeted outputs.

We would like to see a regional emphasis on entrepreneurship in sectoral strengths coupled with national and regional cluster policy to foster the growth of such new businesses. We see the regional benefit for transforming and sustaining regional strengths through cluster participation. The evidence supports this view as start-ups grow on average 141% more quickly when they are part of a regional cluster (ECC data). We also see cross-border opportunities for growth and collaboration. Through our Synergy programme we are seeing an increased growth in all-island cluster development or clusters collaborating across the border e.g. The Fintech Corridor. This is organic and driven by the regional clusters seeking new value streams and innovation potential for members through cross-border collaboration or expansion.

Question 2: *With regard to the five cross-cutting strategic aspects of S3 (1. Digitalisation and digital transformation 2. Green transformation for enterprise 3. Innovation diffusion 4. International collaboration on RD&I 5. Actions to improve the national or regional enterprise research and innovation system) are there any messages or actions that InterTradelreland would like to include under these headings?*

Digitalisation and digital transformation

InterTradelreland have taken part in a number of the Regional Enterprise Plan Consultation events. These have corroborated our experience through interactions with clusters in Ireland and Northern Ireland, that while both regions fair well on digital economy and digital industry specialism, this expertise and adoption is far from universal across the island. Many organisations lack individuals with the digital skills necessary to lead SMEs across the island in adoption of technologies or the ability to act as digital change leads with the experience to justify the business value proposition to stakeholders within companies. This leads to a digital disconnection which leads to gaps between companies, sectors and regions.

There is the opportunity for regional public bodies to help their local SME base understand the ‘Why’ and vision of a digital transformation in the regional specialism. A key element to this should be bespoke and specialist advice based on the regional/sectoral maturity and relevance. Both development bodies on the island, Enterprise Ireland² and Invest NI,³ have or are developing digital innovation support programmes for individual SMEs. Leveraging this specialisation strategy and the development bodies experience running these programmes could prove a fruitful area for collaboration for sectorally specific and shared island challenges in digital transformation. Aspects such as digital skills, and data literacy within the labour market are no doubt all-island challenges, and opportunities for an all island response where appropriate should be considered.

Green transformation for enterprise

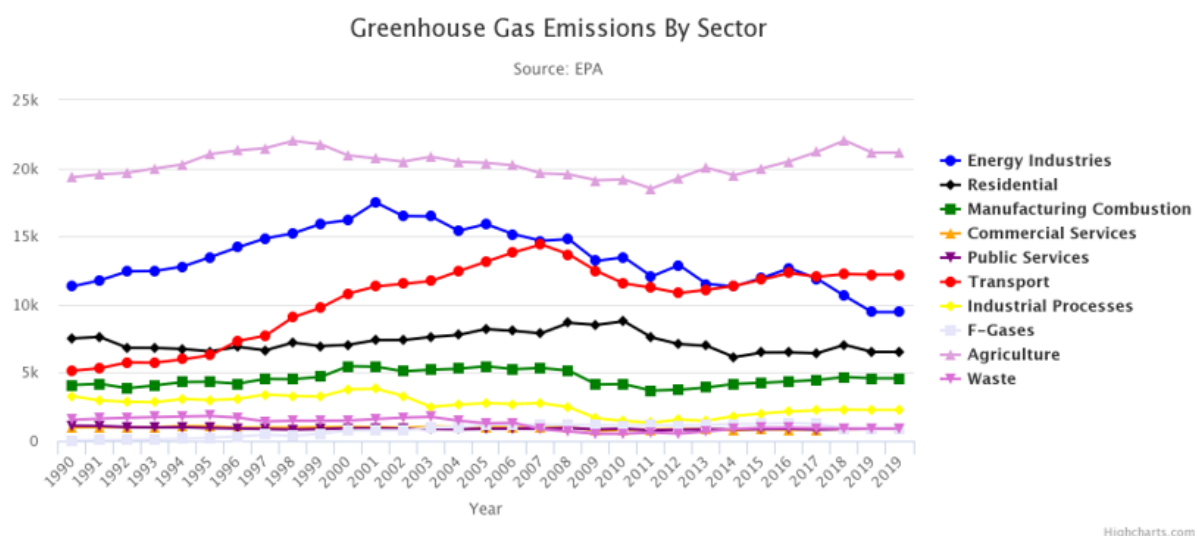
² <https://www.enterprise-ireland.com/en/Productivity/Digital-Innovation/>

³ <https://www.investni.com/media-centre/news/new-digital-transformation-programme-support-over-1000-businesses-across-ni>

The opportunity for all-island sustainable energy infrastructure is evident. Post Brexit Northern Ireland is still part of the European Emissions Trading Scheme and thus has obligations on greenhouse gas emissions. Nonetheless, the green energy revolutions happening both sides of the border in order to meet international commitments around emissions should include regulatory frameworks that are cooperative and co-developed on the island of Ireland including national policies towards energy which has a specific cross-border vision aligned to the SEM. Critically, this should then translate into smart specialization and investment in physical infrastructure which works to the strengths of each region (e.g. all-island biofuel, hydrogen production plants, off shore energy farms) leveraging expertise and capabilities at a regional level to support the energy demands at an all-island level.

In addition, we believe there are opportunities for greater cross-border collaboration on the all-island challenge of the green transition. These include but are not limited to;

- There are clear green technology gaps which are in common across the border e.g. hydrogen, biofuel production, waste valorization/recycling. We see the opportunity for cross-border investment in local specialism. With the correct policy frameworks in place the benefits could then be leveraged across the island.
- Sustainable food production. As identified above, food supply chains are important at an all-island level. The graph in the consultation which visualises Greenhouse gas emissions by sector clearly highlights the need to decarbonise the Agrifood industry and create sustainable food production. Again this is an opportunity for cross-border investment in local specialism or regional innovation in the sector.



Source: [epa Environmental Indicators :: Environmental Protection Agency, Ireland \(epa.ie\)](https://epa.ie)

- There is also the common strategic energy problem of heating homes and businesses using sustainable fuel sources. Across the island there is a dependence on oil based central heating particularly in rural areas.⁴ This creates regional imperatives to the just transition (rural fuel poverty) and business competitiveness is at risk. We propose an emphasis within the strategy on identifying cross-border/all-island solutions to home energy sustainability, reflecting the similarities in housing stocks and the common challenges of electrification of energy in high density urban areas.

⁴ <https://energysavingtrust.org.uk/northern-ireland-reducing-dependency-oil-fired-heating/>
<http://www.askaboutireland.ie/enfo/irelands-environment/the-built-environment/insulation-and-resource-u/current-home-energy-consu/>

Innovation diffusion and International collaboration on RD&I

InterTradeIreland has experience of working with clusters and have seen first-hand the power of clustering on collaboration and innovation particularly at the all-island level. Especially within diffusion of innovation, clusters are powerful vehicles for the movement of technologies, experience and even innovation culture. This is backed up by cluster research literature.⁵

Within this strategy we suggest a key to the innovation diffusion pillar should be more clearly set out around clustering and thereby we would hope to see regional specialism move more towards the recommendations around clustering from the Report of the SME taskforce. It is also in line with ECC cluster best practice recommendations which state that national and regional smart specialisation should be used to focus cluster funding.⁶ Specifically, in this consultation we would like to see what local innovators and cluster players would like to see in regional and national strategy to develop cluster based economies.

Actions to improve the national or regional enterprise research and innovation system

There are additional opportunities to sign post to cross-border R&DI funding on shared island problems. Funding streams including;

- The €40 million in Shared Island research funds recently announced by the Taoiseach and Minister for Further and Higher Education
- InterTradeIreland's cross-border innovation support programmes e.g. Innovation Boost, Impact, Synergy
- The Co-Innovate programme supported by Interreg
- SEUPB Peace Plus programme

Feedback on cross-border collaboration opportunities could open opportunities to target funding on all-island problems e.g. Climate change technology gaps. Many funding streams which are currently open to such challenges (e.g. DTIF) are limited to financial support for organisations or institutions located on one side of the border. We would hope to see on critical all-island topics expansion or caveats placed on funding streams to include cross-border partnerships on strategically important topics. Feedback from the specialisation consultation could open up avenues to explore such cross-border supports and which regions, sectors and problems would benefit most.

Question 3: *In the opinion of InterTradeIreland, what are Ireland's current sectoral strengths? Are these strengths specific to any one region? Where are the sectoral opportunities for Ireland? What actions could we consider to strengthen current and develop new sectors?*

InterTradeIreland recognise the historic and continued sectoral strengths on the island of Ireland in digital technologies, life sciences and manufacturing. However, there are still opportunities for sectoral growth in these industries. Namely through adoption of Industry 4.0 technologies and Artificial Intelligence/machine learning. Key to this challenge will be scaling these technologies beyond larger organisations and into SMEs across the island.

⁵ 'Geographical Clusters and Innovation Diffusion' R. Baptista, Technological Forecasting and Social Change, 2001, 66, 31-46; 'Research on the Innovation Radiation of Shanghai Science and Technology Innovation Center to the Yangtze River Delta' X. Sun, Journal of Physics: Conference Series, Volume 1802, The 7th International Conference on Computer-Aided Design, Manufacturing, Modeling and Simulation (CDMMS 2020), November 2020; 'Factors influencing innovation in maritime clusters: An empirical study from Australia' A. Djoumessia, S. Chena, S. Cahoon, Marine Policy, 2019, 108, 103558

⁶ See European Commission policy 'The Smart Guide to Cluster Policy'
https://ec.europa.eu/growth/content/smart-guide-cluster-policy-published-0_en

We agree with the consultations position on green industries as growth sectors in the immediate future. Transitioning to bio and low carbon economies will be a huge challenge for existing businesses. However, in this challenge, there are the opportunities for evolution of current sectors and the emergence of new industries on the island. One such industry evolution critically important across the border will be in the blue economy evolving from current marine infrastructure into new revenue streams in the energy and bioeconomy sectors. There is cross-border support on this vision as committed to in the National Planning Framework in Ireland and the Marine Plan for Northern Ireland. Regional strengths in coastal regions such as the north west of Ireland and proximity to research and industry hubs in Derry/Londonderry in Northern Ireland make this a sector for growth that lends itself naturally to cross-border cooperation and collaboration. During the recent North West Regional Enterprise Plan event, attended by InterTradelreland, numerous participants shared examples of SMEs which operate cross-border already or those who see proximity to the border as a regional strength.

Question 4: *Given InterTradelreland's unique understanding of the border region, we'd be very interested in their insights on how we could best help enterprise innovation in that region. What are the unique challenges of the region and how can we help to address them? How can we use EU funds to help?*

The unique challenges:

- SME productivity gap needs to be addressed to increase the competitiveness of the region. Levers to help with this should through digitalisation and automation.
- Clustering is important for rural businesses. Early cluster activities, such as pooling expertise and resources, will allow rural organisations to leverage combined assets towards competitiveness (often driving down cost burdens by shared purchasing) and shared innovation. Local or regional support for cross-border support in cluster growth and development will then facilitate a larger area of market influence.
- The North West region's area of opportunity should be the border and this was raised in the REP consultation. The distance to Derry/Londonderry and the corridor connection to Belfast was seen as a strength that is currently underplayed by many but is being leveraged to great success by some businesses and clusters in the area.
- Leverage the green transition. Given the mainly rural nature of these regions there are opportunities in bioeconomy. These regions must become attractive for start-ups around green tech but also become 'sticky' and retain these organisations locally, resisting an urban pull as organisations grow. As the bioeconomy grows there will be a challenge to keep the border porous to supply chains (e.g. waste valorisation should allow movement of materials for recycling to cross the border freely) and cross-border collaboration within this sector.
- Given the lower level of transport and energy infrastructure the region could benefit from EU Just Transition funds to support rural businesses adjust to the Green Transition. As a cross-border issue Theme 5 of PEACE Plus (Supporting a sustainable and better connected future) could be attractive projects for businesses and communities in the border region.

Question 5: *Are there any InterTradelreland actions in other national strategies which could be translated into this strategy? Are there actions that were under consideration but not included in other strategies, that may now be suitable for S3?*

As discussed above the Report of the SME Taskforce: National SME and Entrepreneurship is of relevance.

Ongoing development of the Cluster Policy for Ireland via the National Clusters Steering Group. InterTradelreland are represented on this group and will be encouraging the resultant strategy to consider all-island opportunities for cluster growth.

Question 6: *Do you have supporting case studies or profiles for any of the input you are providing? Are there companies that are pioneers in enterprise innovation or are part of InterTradelreland initiatives for which you could provide a case study for the strategy?*

Regarding cluster growth and development, the FinTech Corridor (formally M1 payments corridor) would make an attractive case study for regional strength growing into cross-border which has created new business value and collaboration opportunities. Full details can be found at <https://thefintechcorridor.com/>