



Ibec
For Irish Business

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Sustaining the Mutual Benefits of All-island Business

A Policy Brief



Contents

Executive Summary 1

Section One: A Shared Context 2

Introduction 3

Policy overview 4

Section Two: Doing All-island Business 5

Overview 6

Findings 7

Recommendations 9

Appendix One

Profiles of Case Study Companies 11

Executive summary

Feedback from CBI NI and Ibec members summarised in this joint Policy Briefing explain the tangible benefits that operating North/South (N/S) is delivering for them.

The situation they describe is one where the advantages of doing all-island business are consistent across sectors and benefitting a wide spectrum of companies.

As a result, their day-to-day business experience supports research evidence that economies of scale and proximity are possible from operating in the all-island economy including to:

- **Secure access to a broader range of skills, knowledge and experience:** that enables more robust solutions to operational challenges that are essentially the same on both sides of the border (and this benefit is being strengthened by a shift to more remote working)
- **Make a stronger investment case:** when a company wishes to expand their local operations with internal or external support, because of the additional attractions offered by the scale of serving an all-island market, spatial advantages of operating cross border and operational efficiencies from integrating operations on both sides of the border
- **Enhance competitiveness and resilience at firm level:** as a result of simultaneously responding to market developments in both jurisdictions on a joined-up basis for customers (e.g. managing new supply chain complexities and taking climate action).

This feedback included suggestions for how governments should sustain these mutual benefits:

- **Proactively support joined up N/S investment of scale by firms:** with renewed in-depth cooperation on policies and plans to deliver optimum growth and employment and deliver essential infrastructure, such as for climate action, energy security and agri-food
- **Launch a dynamic new all island skills/re-skilling initiative:** to urgently provide access to education and training courses that provide cross border upskilling and mutually recognised qualifications that meet the aligned needs of business in both jurisdictions
- **Have a joined up ambitious and collaborative all-island response to current economic challenges:** that helps protect the all-island N/S operations of large firms, SMEs and the self-employed across the range of economic policy actions currently being pursued.

All of the case study participants expressed concern at the absence of ambitious policy cooperation on a joined-up N/S basis.

In summary, the continuing growth of mutually beneficial all-island business will be helped by N/S policies that support firms responding to the ongoing exceptional economic challenges.

Consequently, business wishes to see the N/S institutional processes and its learned experience be actively used to jointly consider, adopt and implement these recommendations as an urgent priority.

Section One

A shared context



Introduction

The Ibec/CBI Joint Business Council (JBC) works jointly on strategic North/South (N/S) business issues. This cooperation began in 1973 and today is focussed on the resilience, competitiveness and sustainability of a shared island economy.

This JBC Report presents Case Studies of five all-island businesses for whom operating N/S has made an important contribution to their commercial success. Their stories demonstrate how the all-island economy is delivering mutually positive benefits across a wide range of sectors.

Previous JBC Reports promoting a more joined up N/S policy environment for doing business across the island include 'Business on a Connected Island'¹ (2018) that presented evidence of how Ireland and Northern Ireland have benefited economically from the improvements brought about by peace, stability and an invisible border for goods, services, labour and finance; and 'Connected' (2015) that described the infrastructure investment needed for a prosperous island with a population over 8 million by mid-century.

CBI and Ibec are grateful to the members whose businesses are featured in this Report. What they describe is consistent with what our members universally tell us: the opportunity to take advantage of a shared island economy is a significant commercial benefit in both jurisdictions.



1. <https://www.ibec.ie/influencing-for-business/ibec-campaigns/brexit-and-the-future-of-europe/ibec-cbi---a-connected-island>

Policy overview

This Policy Brief explains how doing N/S business on a connected island can add measurable value to a company's development, growth and on-going resilience.

Concrete evidence of this added value is provided by Ireland's Central Statistics Office (CSO) data showing the value of goods moving from Northern Ireland into Ireland rose by 65% (£1.3bn) in 2021 and by a further 34% in the first quarter of 2022.

The shared strategic N/S policy implications of this data include:

- N/S economic interaction and an all-island economy has evidently reached a high level of sustainability;
- Doing all-island business continues to add value for individual firms because it offers significant opportunities to dynamic business in both jurisdictions;
- Companies operating N/S are successfully adapting to the UK being outside the EU but are facing unprecedented post Brexit challenges of inflation, high interest rates and an energy emergency; and
- These negative external impacts should not be added to by avoidable N/S policy divergences complexity or gaps that add even more to the cost of doing business.

The research was undertaken against the backdrop of intense on-going political controversy around the Ireland/Northern Ireland Protocol. Despite that background, the firms who participated were planning for their all-island operations to continue contributing to their firm's overall success.

Therefore, the Ibec/CBI NI JBC is presenting this Brief to alert policy makers to the importance of also taking actions that support all-island businesses evidently driving the N/S dimension of the 'best of both worlds' ambition made possible by the Protocol.



Section Two

Doing All-island Business



Overview

Doing all-island business continues to benefit firms across a wide range of sectors North and South.

The factors underpinning why companies continue doing all island business include:

- Operating on a cross border N/S basis has been a positive benefit and experience;
- The concrete benefits of leveraging N/S all-island economies of scale and proximity;
- Subsequent experience proving it was the correct decision to invest in doing all-island business;
- Having combined operations in both jurisdictions enhancing competitiveness on and off island;
- Integrated N/S production capacity being supported and maintained by cross border services;
- Accessing a shared all-island labour market helping to secure necessary capacity and skills; and
- Joined up market intelligence informing and guiding improved responses to customer needs.

In summary, these conversations confirmed the business benefits of having N/S operations are significant, cross sectoral and encompass from the very large firms to SMEs and the self-employed.



Findings

Management, production, supply and capacity along with access to work and skills benefit from having a cross-border dimension.

The operational added value of doing all-island business in five different sectors - banking, human resources, manufacturing, digital services, and waste management- is that it helps to:²

- **Improve performance:** through deployment of management and staff on both sides of the border to enhance and sustain the efficiency and competitiveness of their integrated N/S production, supply chains and service provision;
- **Attract staff:** from an all-island labour market that has both contracted following the pandemic and expanded because of increases in remote working during Covid lockdowns;
- **Respond to rapid market growth:** when this happens in just one sector or region of the island by having all-island scale, capacity and reach (e.g. to support the recent dramatic growth and/or expansion of data centres in the Dublin region);
- **Make acquisitions:** that add both local capacity in one region and/or jurisdiction and, when integrated with existing operations, expands capacity to meet the island's combined needs;
- **Exploit new opportunities:** by taking advantage of emerging market trends with either proven all-island solutions or innovations that subsequently deliver benefits in both jurisdictions;
- **Identify niche business opportunities:** that are more attractive because the return on investment is calculated based on being an all-island business operation and/or activity;
- **Assist future/further growth:** by structuring an all-island business to quickly add scale, then further expanding to service markets and/or partners in Great Britain, the rest of the EU and beyond;
- **Gain valuable insights:** into market consumer and/or business trends from operating across a border and in different jurisdictions (this advantage is of added importance due to Brexit);
- **Demonstrate resilience:** such as when responding to Covid's unprecedented challenges, uncertainty and impact that included different public health responses and restrictions North and South (e.g. additional all-island demand for health capacity, products and services);
- **Combine customer client and/or consumer responses:** on both sides of the border to Covid, inflation, staff shortages etc, and then identify how best to reposition/respond;
- **Develop on-line activity:** in response to unprecedented demand boosted during lockdown and that also prompted local firms and providers to reevaluate what 'local' is (i.e. the island);
- **Expand production and/or service provision** to provide the additional scale of serving an all-island market, the spatial advantages of being on the same island, and operational efficiencies from integrating operations on both sides of the border;

2. The findings detailed in this Section are drawn from a series of individual conversations conducted by the JBC with Senior Management in each of the companies participating in this Case Study exercise. Profiles of these companies are included as Appendices.

Key findings / continued

- **Support joined up N/S public service provision** such as in energy, waste management and health services
- **Enhance SME competitiveness:** especially when expanding into the adjacent jurisdiction means travelling only a relatively short geographical distance (e.g. ‘just up, or down, the road!’);
- **Improve management skills:** because of having to be more knowledgeable, effective and efficient even for an adjacent local market because it is in another jurisdiction;
- **Response to Brexit:** includes companies previously reliant on the GB market successfully establishing new ones elsewhere in anticipation of a fall in demand, and where this didn’t happen the result was an unanticipated increase in their business that in turn fully stretched production capacity;
- **Being prepared for Brexit:** rewarded many firms on this island by being able to meet additional demand in both their existing GB market along with new ones recently acquired, usually in the EU, and doing so ahead of ‘off island’ competitors;
- **Operate under the Protocol:** because a strong and established N/S all-island business base is helping to sustain and support these firms’ continuing growth and resilience³;
- **Protect their customers:** by maintaining the all-island infrastructure of production supply chains and service provision that they need and demand (e.g. technology, products and essential services that deliver joined up N/S solutions as and when these are needed);
- **Learn new knowledge:** by experiencing the combined day-to-day operational impacts of Brexit, the Protocol and TCA simultaneously and on a joined-up basis in both jurisdictions (e.g. the valuable information and insights generated by responding to customers’ new needs such as managing additional overheads generated by new N/S and E/W supply chain complexity);
- **Evolve staff expertise:** because operating cross border demands a broader range of skills, knowledge and experience from staff and this additional expertise strengthens a firm (e.g. by enabling it to provide more robust solutions for operational and customer needs that are essentially the same on both sides of the border);
- **Optimise deployment of human resources:** when exceptional economic growth occurs, such as the Republic experienced in recent years and is currently occurring for N/S trade and business (e.g. by redeploying underutilised capacity in another region on the island);
- **Strengthen contingency:** a notable customer response to what is now an on-going period of exceptional uncertainty and supply chain stress in both jurisdictions is the higher importance they put on having essential products and services accessible on this island, either alongside or as back up support to off island sources (e.g. a ‘mission critical’ part or product);
- **Provide certainty of supply:** all-island operators are positioned to simultaneously meet demand in both jurisdictions for the provision of complex, essential infrastructure services that it is preferable to undertake locally (e.g. the handling and processing hazardous waste);
- **Jointly tackle the energy crises** and protect supply through the Single Electricity Market along with the Irish Sea connections essential to ‘keeping the lights on’ in both jurisdictions
- **Avoid unnecessary additional costs, complexity, and barriers:** that risk undermining an all island economy of sectors and services with coherent joined up N/S knowledge, expertise and capacity

3. The Protocol core value for all-island business is that it goes a long way to maintaining the pre-Brexit conditions for doing N/S cross border business. As a result, the conditions that enabled the development of proven and successful trade are relatively unaltered and so all-island business models remain largely unchanged. At the same time all of the participants recognise and understand the Protocol has had the opposite effect for GB/NI trade and the existing arrangements need to be amended by the UK and EU.

Recommendations

Protecting and sustaining all-island business needs new joined-up N/S strategic initiatives.

Having described their all-island business benefits, participants were given an opportunity to identify the on-going support from both governments' policies that requires joined-up N/S strategic initiatives to help sustain their businesses:

- **Proactively support joined up N/S investment of scale by firms:** with renewed in-depth cooperation on policies and plans to deliver optimum all-island growth and employment and deliver essential infrastructure, such as for climate action, energy security and agri-food;
- **Launch a dynamic new all-island skills initiative:** to urgently provide access to education and training courses that provide cross border all-island teaching and mutually recognised qualifications that meet the aligned needs of business in both jurisdictions;
- **Have a joined up ambitious and collaborative all-island response to current economic challenges:** that helps protect the all-island N/S operations of large firms, SMEs and the self-employed across the range of economic policy actions currently being pursued;
- **Strengthen practical N/S collaboration** to sustain and optimise public service provision including when undertaken by the private sectors (e.g. treating hazardous waste; meeting environmental standards; having a Single Energy Market and developing a circular economy);
- **Prioritise N/S alignment:** where urgent action is being taken such as for energy security and sustainable agri-food production that utilises and supports indigenous resources of people, renewables and land (i.e. to the evident benefit of both jurisdictions);
- **Avoid different policy approaches:** between the two jurisdictions in key areas where all-island businesses are delivering mutual benefits by rapidly responding, evolving, and adapting to a much altered and more challenging economic and market environment;
- **Jointly identify N/S policy gaps on climate action:** that will undermine effectiveness and so risk damaging business and the economy in both jurisdictions if firms are mandated to invest in and operate different standards and reach different targets (e.g. for production sites with supply lines from both jurisdictions);
- **Deliver necessary physical infrastructure:** of support for business in both jurisdictions that has been planned for a considerable time such as the A5 motorway and has become necessary to meet new challenges for cross border business such as carbon neutral public transport, EV charging points and the realisation of the National Developments Plan's all-island projects;
- **Have joined up financial supports for SMEs and the self-employed:** they can access on an all-island basis (e.g. a competitive all-island banking infrastructure that provides a suite of retail and corporate products supported by a joined up full-service 'day to day' banking support)⁴;

4. Independent research shows this is a notably dynamic cohort of companies. See Chapter 6 'Cross border Exporting and Firm Performance' in 'Cross Border Trade in Services': Martina Lawless, Esri Research Series No 129 December 2021: <https://www.esri.ie/system/files/publications/RS129.pdf>

- **Jointly support international companies:** with established N/S all-island operations to compete for additional investment from their parent companies to expand, upgrade and sustain operations here and so maximise their competitive gains from operating on an all island basis;
- **Share the task of attracting necessary talent:** from off-island to strengthen the all-island labour market and help alleviate the capacity constraints evident in both jurisdictions;
- **Coordinate agency programmes in both jurisdictions:** that are designed to help alleviate the impact on business of recent economic and market developments so that all-island businesses have joined up support from both governments;
- **Urgently mobilise institutional architecture:** to jointly implement these recommendations through the B/GFA's formal relationships, proven capacity and institutional processes (N/S, E/W, UK/EU and island of Ireland/EU/UK) and/or via bi-lateral interaction between Departments and their agencies, or cross with border bodies, or in N/S Public/Private partnerships ,or with the support of funding from Peace Plus or the Shared Island Unit, or through one of the many other possible routes now in place;
- **Implement International Agreements:** including those developed by the OECD such as in the areas of energy and waste management where they provide possible certainty post Brexit to underpin integrated all island operations and will assist NI to do more business with Great Britain (i.e. for most corporates and many SMEs doing N/S business is just one element of an operation that encompasses these islands and beyond);
- **Ensure reform of planning regulation is coordinated:** so that delivery of N/S projects to provide essential infrastructure serving both jurisdictions can be progressed through both systems on a coherent and coordinated basis with appropriate inter-agency cooperation;
- **Provide a stable political environment:** that will help firms take advantage of unprecedented interest in both Ireland and Northern Ireland to pursue a range of evident investment opportunities on both sides of the border (e.g. to meet ambitious climate action targets set by governments); and
- **Sustain the Belfast/Good Friday Agreement and Ireland/Northern Ireland Protocol:** because the embedding of peace on this island was identified as vital to sustaining this stability that is essential for businesses to recover and continue to grow and develop.

These recommendations were suggested by all-island businesses in the hope they will provide the necessary evidence for both Administrations to work together as partners to take joined up N/S actions that help to deliver and sustain optimum growth in both jurisdictions.

Appendix One

Profiles of Case Study Companies

PRODUCTION

SAICA Pack Ireland

John Smart, Regional Director

Saica Pack Ireland is part of the Spanish family-owned company Saica Group, one of the largest European players in the development and production of recycled paper for corrugated board, with a production of 3.2 million tons of paper from plants across Spain, France, Italy, Portugal, UK, Ireland, the Netherlands and most recently the US with over 10,000 employees.

Saica Group has four business areas: production of recycled paper for corrugated board (Saica Paper), waste management and environmental services, production of corrugated packaging and flexible packaging. The Group turnover was close to €3.832 m in 2019.

Having commenced operations here in 2008, Saica Pack Ireland now employs more than 250 staff its four sites in Ashbourne, Dublin, Warrenpoint and Lurgan and has become one of the largest producers of corrugated packaging on the island with clients in both jurisdictions including in Agriculture, Food & Beverage, Healthcare and General Manufacturing.



BANKING

Bank of Ireland

Michael Lauhoff, Head of Corporate Banking Ireland & Northern Ireland

Bank of Ireland is the oldest bank in continuous operation on the island of Ireland. Founded in 1781 when the pre-Act of Union Parliament of Ireland passed the 'Bank of Ireland Act' by 1808 its prime location was College Green where it continues to provide its services from, and that Parliament sat.

Over the centuries since Bank of Ireland has successfully navigated political, financial and constitutional crises including the Irish Parliament's abolition, the creation of Northern Ireland and the Irish Free State and two global recessions. Today it continues to service customers across the island as one of Ireland's "pillar banks" and a major force in retail banking in Northern Ireland.

With such a history it is not surprising that the Bank's response to Brexit, Covid and a new N/S dynamic is supporting customers across the island continuing to do cross border business.



FDI

Schneider Electric

Chris Collins, Country President Ireland

Schneider Electric is a European company and global leader in the digital transformation and sustainability of energy management and industrial automation technology. The company employs over 137,000 people and reported revenues in 2018 of €27.7bn [CHECK]

Their products and services drive digital transformation by integrating world-leading process and energy technologies to realise the full efficiency and sustainability opportunities for business. They provide endpoint to cloud integration, connecting products, controls, software and services and enable lifecycle solutions from design and build to operating.

Schneider Electric's operations commenced on the island of Ireland in 1984 and currently employs approximately 400 people across facilities in Dublin, Galway, and Belfast. Today their products, services and solutions are ubiquitous in homes, buildings, data centres, infrastructure and industries.



WASTE MANAGEMENT

Indaver

Jackie Keaney, Commercial Director, Ireland and UK, Indaver

Indaver is also a European company operating internationally to assist companies and public authorities retain and further improve their sustainable waste management performance by providing high-quality facilities and services in a complex regulatory and operational environment in locations including Britain, Belgium, Germany, Ireland, Italy, the Netherlands, Portugal and Spain.

Their smart waste management systems and solutions for complex processing facilities break down different forms of municipal and hazardous waste to its original components and then recover them. They are also developing an electrolyser to produce hydrogen during times of curtailment off the grid which will contribute to climate action/decarbonisation, security of supply and development of a new all-island market.

As N/S Cooperation to manage waste is specifically included as an area of N/S Cooperation in Strand Two of the Belfast Good Friday Agreement, Indaver have been leaders in the creation, operation and on-going enhancement of an all island municipal and hazardous waste management infrastructure.



HUMAN RESOURCES

Cpl Resources PLC

Anne Heraty, Founder

Cpl has over 30 years of recruitment and talent solutions experience locally and internationally and today operates over 45 offices worldwide. Its services and solutions are at the leading edge of the future of work enabling their clients, candidates, and consultants to be future ready.

Cpl Resources PLC was recently acquired by OUTSOURCING Inc a Tokyo headquartered publicly listed organisation. The result is a much broader delivery capability by giving access to a global sourcing and delivery network of 250+ sister companies, across 39 countries, spanning six continents.

From its earliest days Cpl has operated as an all-island business including by opening offices initially in Newry and then later in Belfast. Over the last decade it has seen its all-island business significantly grow and expand in response to comparable demands on both sides of the border.



Notes

Notes



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