
Written Ministerial Statement

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Enterprise, Trade and Investment

NI Economic Strategy: Consultation on Priorities for Sustainable Growth and Prosperity

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The Minister of Enterprise, Trade and Investment (Mrs Foster): I wish to advise Assembly members, on behalf of the Executive sub-committee on the economy, of the launch of the **first phase** of a consultation exercise on developing an Economic Strategy for Northern Ireland.

The Executive sub-committee was established last year and one of its key tasks is to oversee the production of a co-ordinated economic strategy to grow the economy in Northern Ireland.

In the consultation document launched today, the Executive sub-committee focuses on the medium to longer priorities associated with export led growth, and also on short-term employment based priorities in order to rebuild the economy as we emerge from recession.

The intention is that the responses to this initial public consultation will inform the development of the full NI Economic Strategy later in 2011. The full strategy will include the specific actions that NI departments will take to grow the economy and reduce the reliance on the public sector.

The need for this two stage approach is due to the UK Government's intention to produce its own consultation paper on rebalancing the Northern Ireland economy, including possible mechanisms to change the corporation tax rate. Any such changes could fundamentally change our entire approach to the Economic Strategy.

Economic Context

It has been well documented that the Northern Ireland economy has lagged other UK regions in terms of relative economic prosperity. This reflects some significant and longstanding structural weaknesses such as low levels of innovation, entrepreneurship and workforce skills, as well as a reliance on declining industries which have resulted in low levels of productivity and employment.

Aside from these longer term challenges, the economy is also faced with some very significant near-term pressures. In particular, the Northern Ireland labour market has been severely affected by the economic downturn, with unemployment increasing by 147.9% over the past three years. This represents the largest increase in unemployment of all UK regions during the recession.

The impact of the 2010 Spending Review and the reductions in State Aid limits means that there is less scope for the Executive to provide financial support to businesses. While all of these factors are serious in their own right, when taken together they highlight the need for the Executive and the Assembly to work together to agree on a set of priorities to grow the economy in Northern Ireland.

The consultation document outlines some of the significant steps we've already taken to grow the private sector in Northern Ireland. For example:

- Since April 2008, Invest NI promoted 3,935 new jobs with salaries above the Northern Ireland Private sector median;
- Over the last decade, there are now over 90,000 additional people in the labour market with Higher Professional and Technical and degree level qualifications and a greater proportion of pupils leaving school with 5 or more GCSEs at grades A*-C;

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- Through ISNI, there has been £1.358bn planned investment in the productive / transport pillars during 2008-11 period.

Framework

The consultation paper outlines five strategic priorities that have been identified as a means of helping deliver the longer term priority of rebalancing the economy towards more sustained private sector growth. These include:

- stimulating innovation, R&D and creativity;
- improving employability and the level, relevance and use of skills;
- competing in the global economy;
- encouraging business growth; and
- developing our economic infrastructure

These priorities have been informed by a major research programme undertaken by my Department. Encouragingly, these priorities are not materially different from those identified in the current Programme for Government.

However, the recession has had a significant and ongoing impact on the Northern Ireland economy and the labour market in particular. In response, the Executive Sub-committee on the economy proposes that the strategy should also include two short term employment themes to tackle the impact of the recession on the local labour market and build on the initiatives that the Executive has already taken. The two short term themes are:

- improving employment opportunities and employability; and
- promoting employment.

The Executive Sub-Committee on the economy recognises that the current focus of economic development policy is on supporting indigenous firms to be more competitive through improvements in innovation and workforce skills, as well as the attraction of high value added FDI projects. This continues to be the major and correct focus.

It is also clear that effective implementation of any economic strategy requires us to identify and co-ordinate the contributions from all Northern Ireland Departments and their agencies; local councils; the UK Government; community & voluntary sector organisations;

the private sector (including social economy businesses) and the trade unions.

Timelines

Given the challenges we face, it is an imperative that all key stakeholders are given the opportunity to input as the strategy develops. That is why we are launching this first phase – to gauge the views of stakeholders on the proposed framework for the Economic Strategy.

The consultation asks the public and key stakeholders for their views on whether the priority themes outlined in the strategy are correct. It asks which of these themes should have the highest priority and seeks suggestions from consultees for actions which could be included in the strategy under each of the identified priorities.

This initial consultation will run for a period of six weeks and will close on **February 24 2011**. During this time officials from those Departments represented on the Executive sub-committee on the economy will engage directly with key stakeholders including the business community, local government and the trade unions.

As outlined earlier, the intention is that the responses to this initial public consultation will inform the development of the full NI Economic Strategy which will include specific actions that NI departments will take to grow the private sector economy and reduce the reliance on the public sector.

The draft economic strategy will be subject to a full period of public consultation and will also be subject to the appropriate range of exercises, including screening for equality impact, rural proofing and environmental / sustainable development impacts.

The consultation document is available on the internet on both the nidirect and DETI websites at the following links:

<http://www.nidirect.gov.uk/index/information-and-services/government-citizens-and-rights/government-1/public-consultations/featured-consultations.htm> ; and

<http://www.detini.gov.uk>.