

Survey of business links on the Island of Ireland

REPORT





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EXECUTIVE SUMMARY

This report provides an overview of the extent, nature and intensity of cross-border business linkages among relevant companies in 2002. These links took many different forms. In some instances, they were formal business linkages, including sourcing of raw materials, exports, imports, etc. In others, they were of a more informal or unstructured nature, such as visits to production facilities, exchange of information, etc.

Export Links

In Table 1.1 a summary of the incidence and intensity of export activity is outlined. The table shows that approximately 60¹ per cent of companies in both jurisdictions operated only within their respective domestic market with no export activity at all. A further 13 per cent of companies in Ireland were engaged in export business but not with their counterparts in the other jurisdiction. In Northern Ireland only 3 per cent of relevant companies were engaged in export activity without having any exports going to Ireland. This means that a total of 28 per cent of companies in Ireland were engaged in some level of export activity to Northern Ireland, while 34 per cent of companies in Northern Ireland were engaged in some degree of export activity to Ireland. The figures would also seem to indicate that companies located in Northern Ireland were more highly dependent on the southern market for their sales than were their counterparts, located in Ireland, on the Northern Ireland market. It is clear that only very small percentages of companies in each jurisdiction rely on the market in the other part of the island for 50 per cent or more of their sales.

TABLE 1.1 INCIDENCE AND INTENSITY OF CROSS-BORDER EXPORT ACTIVITY

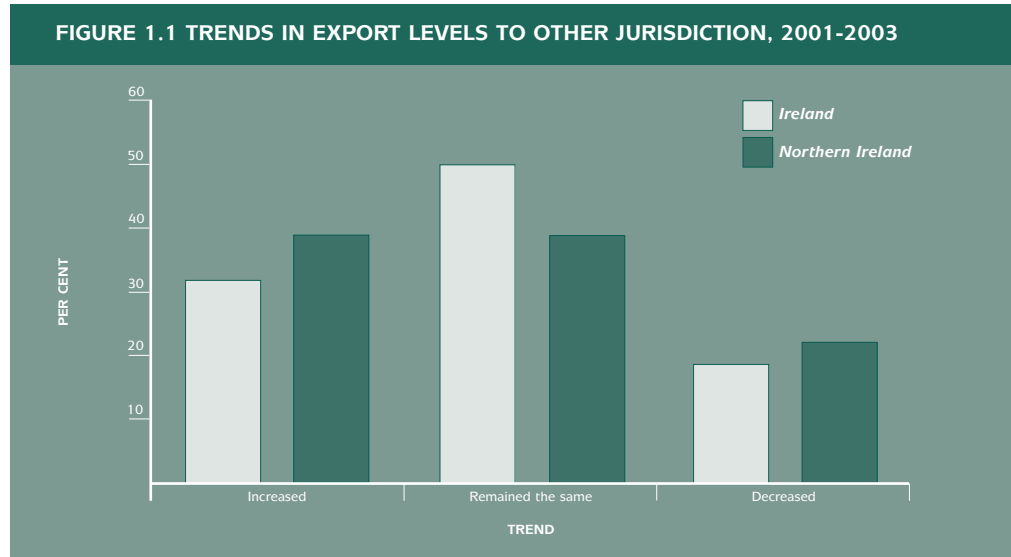
Companies located in:	Selling to domestic market only	Has exports but not to other jurisdiction	Percentage of output exported to other jurisdiction:			
			0-10	10-25	25-50	50+
Ireland	59.0	13.3	16.7	7.6	2.0	1.4
Northern Ireland	62.8	3.3	11.2	10.9	6.4	5.3

Source: InterTradeIreland/ESRI survey, 2003

Figure 1.1 presents details on trends in export activity to the other jurisdiction over recent years. The results are somewhat mixed. Up to 22 per cent of companies located in Northern Ireland recorded that their level of exports to Ireland had fallen from 2001-2003. The comparable figure for companies located in Ireland is 18 per cent. In contrast, however, a higher percentage of companies located in Northern Ireland say that their export levels had increased from 2001-2003 – 39 per cent among Northern Ireland companies compared with 32 per cent among companies in Ireland.

¹ The percentages have been rounded up and down throughout the report, e.g. 1.5 - 2; 3.2 - 3

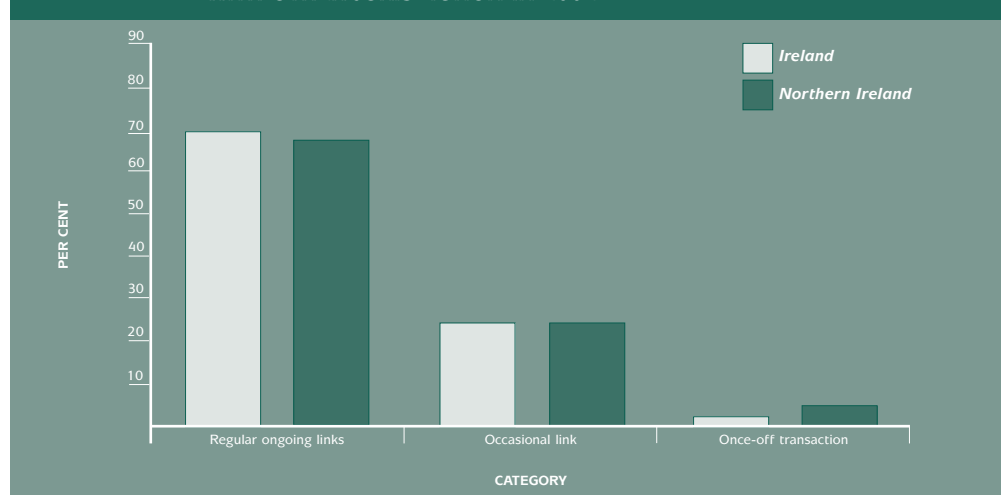
FIGURE 1.1 TRENDS IN EXPORT LEVELS TO OTHER JURISDICTION, 2001-2003



Source: InterTradeIreland/ESRI survey, 2003

In assessing the strength or intensity of an export business linkage, it must be considered whether or not the business in question is part of a regular, ongoing link; an occasional link; or a 'once-off' transaction. Clearly, the higher the percentage of companies which regard their export business to the other jurisdiction as being part of a regular, ongoing link the stronger is the business relationship between the two jurisdictions. In the course of the survey, respondents who recorded having exported to the other jurisdiction in the preceding 12 months were asked to record whether the export business in question was part of a regular, ongoing link, an occasional link or a 'once-off' transaction. Figure 1.2 shows that approximately 70 per cent of companies from both jurisdictions that exported to the other part of the island regarded the relevant export business as being part of a regular, ongoing linkage. Relatively small percentages regarded it as being a 'once-off' transaction – 4 per cent of relevant companies in the South and 6 per cent of those in the North. In interpreting the figures, it should be borne in mind that the data relates only to the subset of companies that did actually export to the other jurisdiction at some point in 2002.

FIGURE 1.2 REGULARITY OF EXPORT BUSINESS LINKS WITH OTHER JURISDICTION IN 2002



Source: InterTradeIreland/ESRI survey, 2003

Import Links

A further aspect of cross-border business linkages is the incidence of importing activity from the other jurisdiction. Table 1.2 outlines the incidence of importing activity and also the extent and intensity of cross-border imports. 47 per cent of companies located in Ireland and 63 per cent of those in Northern Ireland recorded that they did not import any goods or services from outside their domestic market. A total of 33 per cent of companies in Ireland recorded that although they imported goods or services, they did not import anything from Northern Ireland. This leaves a total of just over 20 per cent of companies in Ireland which recorded having imported from Northern Ireland. In contrast, just over 10 per cent of companies located in Northern Ireland recorded importing goods or services from outside the jurisdiction but not from Ireland.

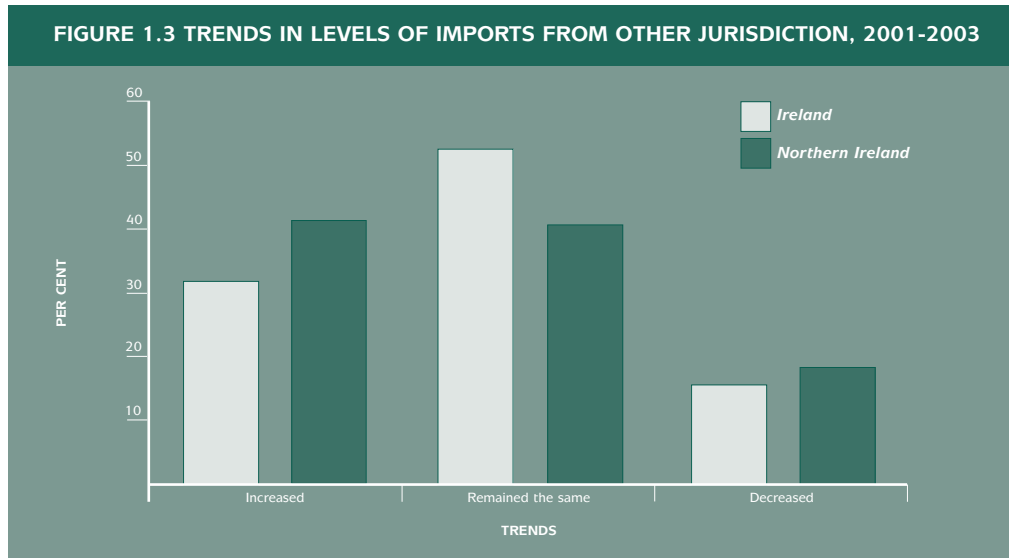
Overall, therefore, it would appear that a substantially smaller percentage of companies in Northern Ireland than in Ireland recorded having any imports from outside their domestic market. A higher proportion of companies in the North, however, recorded having imports from the other jurisdiction than do their counterparts located in the South.

TABLE 1.2 INCIDENCE OF IMPORTING AMONG COMPANIES IN BOTH JURISDICTIONS

Companies located in:	No imports	Imports but not from other jurisdiction	Imports from other jurisdiction valued at:			
			Less than 10,000	10,000-100,000	100,000-500,000	500,000+
Ireland (Euro)	46.6	33.2	5.6	7.6	3.9	3.2
Northern Ireland (Stg £)	63.4	10.1	19.5	6.1	1.0	-

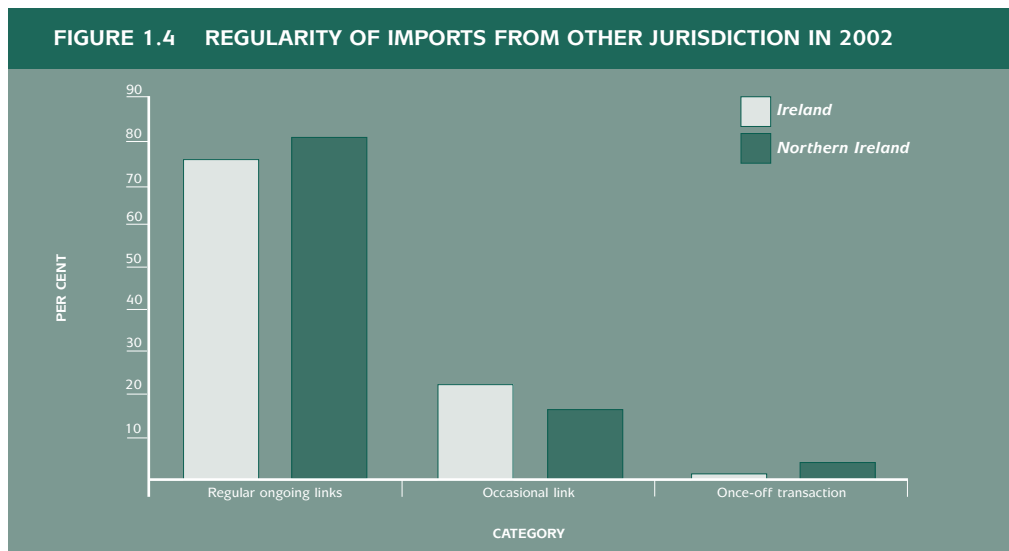
Source: InterTradeIreland/ESRI survey, 2003

Details on recent trends in import levels from the other jurisdiction are outlined in Figure 1.3 which shows that 32 per cent of companies located in Ireland recorded the level of imports from Northern Ireland to have increased from 2001-2003; 53 per cent recorded that they remained constant, and the remaining 15 per cent recorded that they had decreased. In contrast, it was found that among companies in Northern Ireland a higher percentage recorded that import levels have increased (41 per cent).



Source: InterTradeIreland/ESRI survey, 2003

As a measure of the strength of the linkage represented by import activity from the other part of the island, Figure 1.4 presents details on the percentage of companies that considered this to be part of a regular, ongoing link; an occasional link; or a 'once-off' transaction. A substantial majority of companies in both jurisdictions, which import from the other part of the island, describe the relevant business relationship as being a regular, ongoing link – 76 per cent of companies in Ireland and 81 per cent of those in Northern Ireland. Only very small percentages (of the order of 2-4 per cent) described this relationship as being of a 'once-off' nature.



Source: InterTradeIreland/ESRI survey, 2003

Other Formal Business Links

In addition to export and import links, this report illustrates other formal business links that exist between companies in Northern Ireland and Ireland, such as joint purchasing and marketing or co-operative staff training. The results are shown in Table 1.3.

A total of 15 per cent of companies in Ireland recorded having participated in some form of group purchasing activity with another enterprise, which could have been located in Ireland, Northern Ireland or elsewhere in the world. The comparable figure for companies located in Northern Ireland was 18 per cent. The table also outlines the percentage of companies which participated in these joint business activities within enterprises located in the other jurisdiction. Highlighted under purchasing of services and materials or equipment figures, is that 3 per cent of all companies in Ireland co-operated with companies in Northern Ireland in this form of business activity. The comparable figure for companies located in the North was 6 per cent. It is clear that a higher percentage of companies located in Northern Ireland participated in all 8 types of joint activities with their counterparts across the border than was the case among companies located in Ireland.

TABLE 1.3 INCIDENCE OF 8 DIFFERENT TYPES OF BUSINESS CO-OPERATION

	Companies in Ireland		Companies in Northern Ireland	
	Per cent participating	Per cent participating with companies in Northern Ireland	Per cent participating	Per cent participating with companies in Ireland
Joint purchase of raw materials/services	15.4	2.5	17.9	5.9
Joint marketing	16.9	2.0	11.5	3.5
Joint bidding or tendering	10.1	1.1	11.2	4.0
Sharing technical capabilities	11.1	2.1	12.1	2.9
Co-operative links to meet customers' design	18.5	2.4	16.5	3.6
Co-operative staff training	15.9	0.9	17.7	2.4
Joint distribution networks	6.1	0.9	8.1	2.8
Co-operative links in producing company's output	14.2	2.5	15.0	5.2

Source: InterTradeIreland/ESRI survey, 2003

Informal Links

Besides formal business links, the report outlines any informal links that may exist between companies, North and South in 2002, such as general business meetings, visits to production facilities or offices, dinners/lunches with senior executives to discuss business, etc. To get a measure of additional business contact or networking not yet covered in the survey, those companies that had recorded more formal cross-border business links were excluded from this part of the analysis. As a result, it was found that 7 per cent of companies located in Ireland recorded having participated in informal business activity in 2002. The comparable figure for Northern Ireland was 4 per cent.

Aggregate Business Links

Table 1.4 summarises the cross-border business links that exist on the island of Ireland. Cross-border export and import links referred to in the table are self-explanatory. The formal business co-operation refers to the 8 business links outlined in Table 1.3 ranging from joint purchase of raw materials, services or equipment to co-operative links in producing companies' output. The informal links refer to informal visits to plants, offices, business lunches, and so on – general networking activity outside the scope of direct formal business activity.

The figures show that less than one half of companies in both jurisdictions had no business linkage with their counterparts in the other jurisdiction. The most important linkages were clearly import or export linkages (with or without some combination of the other linkages outlined.) Informal linkages only, were more characteristic of companies located in Ireland than in Northern Ireland (7 per cent compared with 4 per cent respectively). In contrast, formal business co-operative activities with enterprises in the other jurisdiction were a much more commonly occurring phenomenon among companies in Northern Ireland than in Ireland.

TABLE 1.4 INCIDENCE OF COMBINED FORMAL AND INFORMAL CROSS-BORDER BUSINESS ACTIVITY AMONG COMPANIES IN BOTH JURISDICTIONS

Export links	Companies participating in:			Companies located in:	
	Import links	Other formal business co-operation (8 activities)	Informal business links	Ireland per cent	Northern Ireland per cent
no	no	no	no	49.3	46.5
yes	no	no	no	19.1	14.1
no	yes	no	no	11.6	9.0
yes	yes	no	no	4.5	10.7
yes	yes	yes	no	2.7	3.7
no	no	yes	no	2.5	3.4
no	no	no	yes	7.4	4.2
yes	no	yes	no	1.4	5.2
no	yes	yes	no	1.5	3.0

Source: InterTradeIreland/ESRI survey, 2003

1. BACKGROUND AND METHODOLOGY

1.1 Objectives

This report presents details on the main findings from the cross-border survey of companies carried out on behalf of InterTradelreland by the Economic and Social Research Institute (ESRI) in Dublin. The objectives of the survey were to quantify the extent and nature of cross-border business links between enterprises operating in each jurisdiction within the island of Ireland. By identifying the incidence and nature of existing business links it is hoped that cross-border business synergies will be developed and fostered, and as a result the overall level of business activity on the island will be enhanced.

The target group of enterprises under consideration consisted of non-agricultural, private sector companies employing 10 or more persons. The focus of the survey was cross-border inter-firm trading and collaboration, arising from links of a formal and informal nature. The types of formal co-operative cross-border business activity under consideration include: import and export links, collaborative business links in the form of joint marketing and production, joint purchase of goods or services, preparation of joint tenders for contracts, joint staff training programmes, etc. Less formal links included business contacts between companies in the two jurisdictions but which need not, of themselves, result in a concrete business relationship.

1.2 Previous Relevant Studies

In many respects, the cross-border survey discussed in this report breaks new ground. However, in order to put it in context, it is worthwhile to briefly outline the findings of a number of previous studies, which concern North/South trade, the extent of co-operation among businesses in general, and the extent of international or cross-border business co-operation (outside the island of Ireland).

Regarding North/South trade, InterTradelreland has published **North/South Trade: A Statistical Ground-Clearing Exercise** (Morgenroth and Anyadike-Danes, 2003), a report which examines the characteristics of 3 existing series of statistics on cross-border trade and aims to explain and reconcile differences between the different sets of statistics. The report also used the data to analyse some aspects of North/South trade such as the commodity composition of trade and growth trends over a period of time. It found, for example, that cross-border trade flows increased considerably from the early 1970s until 2000 and that the composition of this trade was moving away from traditional commodities towards more high technology commodities.

InterTradelreland also issues the All-Island Trade and Production Monitor, a quarterly report that presents recent trends in both cross-border trade and industrial production, distinguishing between 12 sectors: electrical and optical equipment; transport equipment; machinery and equipment; chemicals and chemical products; food, drink and tobacco; textiles, clothing and leather; pulp, paper and printing; rubber and plastic products; wood and wood products; non-metallic mineral products; basic metals, fabrication; and manufacturing. The monitor has shown that while the overall value of cross-border trade tended to decline from early 2001, there were varying experiences across these sectors.

In the present report a different view of cross-border trade is presented, based on a survey of companies. Rather than attempting to determine the current value of North/South trade, or how it has grown or declined over time, this study aims instead to answer more detailed questions about the nature of trade and about the number and type of companies that undertake it. For example, what proportion of companies in both jurisdictions are involved in exporting or importing across the border? What type of companies are most involved in cross-border trade – what sectors do they belong to? Are the companies large or small? Are they locally-owned or foreign-owned? Are companies located close to the border more likely than others to be engaged in North/South trade?

For the most part, previous studies have not provided this type of information. An exception is a report by O'Malley and Roper (2003)², which found that Irish-owned manufacturing companies in the border, midland and western regions of Ireland sold 17 per cent of their output to the UK in 2000, compared with a figure of just 12 per cent for Irish-owned companies located elsewhere in that jurisdiction. The authors surmised that these figures probably reflected a tendency for companies in Ireland³, which are located closest to Northern Ireland, to export more to Northern Ireland. But the data then available did not allow this conjecture to be confirmed. The present study aims to fill that gap.

Regarding co-operation among businesses, there is a very wide range of existing international studies that are of some relevance. For example, there is a good deal of literature on the related topics of industry 'clusters', 'industrial districts', regional or national 'innovation systems', and 'networking' among companies. A component part of each of these concepts is the idea that companies can and do benefit from co-operating with each other - whether formally or informally, regularly or occasionally, locally or internationally. **Regional Clusters in Europe**⁴ (2002) refers to a range of this type of literature, in a European context. Closer to home, a good deal of this type of literature was discussed in several of the papers in **Sustaining Competitive Advantage: Proceedings of NESC Seminar**, National Economic and Social Council, 1998.

To provide a context for the present survey results, probably the most relevant recent study on business co-operation is **SMEs and Co-operation**, carried out in the framework of the Observatory of European SMEs (2002)⁵. This report contains results of a very large survey of SMEs (small and medium-size enterprises; in this context, enterprises employing up to 250 people) in 19 European countries. Defining SME co-operation as "interaction between independent SMEs for a specific purpose that extends beyond one single task", the report found that 49 per cent of European SMEs engaged in some form of co-operation. (Note, incidentally, that although this figure refers specifically to SMEs, it is the case that SMEs account for 99 per cent of all European enterprises. It may therefore be concluded that the figure for all European enterprises would be almost identical.)

Among other results, the report found that 8 out of 10 co-operating European SMEs believed that co-operation strengthened their competitive position. The most common motives for co-operation were to gain access to new or larger markets, to a broader supply of products, to know-how and technology, additional production capacity, and reduced costs. There were differences among the 19 countries surveyed as regards the incidence of co-operation. For example, it was reported that Ireland has a below-average proportion of SMEs engaging in business co-operation. An important finding from the perspective of the present study is that a large majority of the European SMEs engaging in business co-operation do so only with partners in their own country.

² O'Malley, Eoin and Stephen Roper, 2003, *A North/South Analysis of Manufacturing Growth and Productivity*, InterTradeIreland, Newry

³ For the purpose of this report, the designation "Ireland" refers to the Republic of Ireland and the island of Ireland refers to Northern Ireland and Ireland together

⁴ European Commission, Observatory of European SMEs (2002). *Regional Clusters in Europe*, Report submitted to the Enterprise Directorate General by KPMG Special Services, EIM Business & Policy Research, and ENSR; Brussels

⁵ European Commission, Observatory of European SMEs (2002). *Regional Clusters in Europe*, Report submitted to the Enterprise Directorate General by KPMG Special Services, EIM Business & Policy Research, and ENSR; Brussels

The SMEs that engage in international or cross-border business co-operation amount to only one-fifth of those which engage in some form of co-operation or approximately one-tenth of all SMEs. However, smaller countries, including Ireland and Northern Ireland, tend to have a somewhat higher incidence of international co-operation, presumably because of the limited range of options in the home market.

From these findings, the expectation in the present survey of companies in Northern Ireland and Ireland would be that business co-operation, in one form or another, is widespread. On the other hand, we should probably also expect to find that, while cross-border business co-operation on the island is a good deal less common, this activity should not be regarded as a rare occurrence.

1.3 Methodology

All questionnaires were completed on a personally administered basis, which involved an interviewer visiting each respondent and completing it on site. An advance letter of introduction was issued by InterTradeIreland (through the ESRI) to all respondents in the target sample in both jurisdictions. This letter explained the background to the project and briefly described the substantive content of the survey. It also informed respondents that an interviewer would shortly be arranging a convenient time for interview. Fieldwork in Ireland was carried out by the ESRI's national panel of interviewers; fieldwork in Northern Ireland was undertaken by Research Evaluation Services, Belfast.

Completed questionnaires were returned by the interviewers to the respective fieldwork organisations in each jurisdiction. They were edited, checked and entered onto a computer system prior to analysis. At each stage the questionnaire was carefully checked to ensure completeness and, in particular, internal consistency of the data provided. Any apparent inconsistencies were resolved by phone follow-up with the respondent by staff from the relevant fieldwork organisation.

1.4 The Questionnaire

The same questionnaire was used in both jurisdictions. It was designed to record details on business links, formal and informal, between companies in both jurisdictions. In addition, details were recorded in respect of background classificatory variables, including changes in the volume and value of business over the 2 years immediately preceding the survey. The questionnaire (see Appendix 2) comprises 7 themes:

- Background details on company size, structure and basic classificatory information including subsidiary companies and branches in the other jurisdiction; in addition, information was recorded on recent trends in business activity;
- A series of questions on business problems;
- Export activity with the other jurisdiction;
- Import business with the other jurisdiction;
- Other business collaboration, including joint purchasing of goods or services; joint marketing and promotion; joint staff training, etc;
- Informal business links with the other jurisdiction; and
- Perception of barriers to co-operation.

A total of 1419 completed questionnaires were analysed: 824 from respondents Ireland and 595 from respondents in Northern Ireland.

1.5 The Unit of Data Recording and Analysis

The unit of data recording and analysis was the single business enterprise. In other words, respondents provided details regarding the business activity of the totality of their business entity on the island of Ireland. Accordingly, a company with, for example, 4 outlets provided aggregate details in respect of all 4 outlets on its questionnaire. It was essential to gather information in this way to ensure that inter-established trade within the single business enterprises was not recorded.

1.6 Reweighting the Data

In undertaking all statistical surveys, it is necessary to adjust or “re-weight” the statistical data prior to analysis, so that the completed questionnaires are representative of the totality of the population from which they have been selected. This ensures that the composition of the effective or completed sample is in line with the composition of the populations from which they have been selected, according to a number of important classificatory variables such as size, sector, etc. This re-weighting of the data is implemented to ensure that any systematic differences in levels of non-response, as between one group of companies and another, is eliminated from the effective sample for analysis, and is a standard procedure in the analysis of all survey data.

In deriving the weights for the InterTradeIreland survey, a population structure was derived based on sector (8 categories), size of company (4 categories) and region (3 categories). This gave a total of 60 cells for re-weighting purposes. A standard ratio re-weighting procedure was used to adjust the data. The population structure for enterprises based in Ireland was derived from a number of sources, including special runs prepared by the Irish Central Statistics Office from its Annual Services Enquiry, the most recently available data from the Census of Industrial Production (CIP), and also from registers of companies held by the ESRI. The population structure for Northern Ireland was provided by Research Evaluation Services which undertook interviewing in that jurisdiction.

1.7 Structure of Report

The report contains 6 subsequent chapters, including this one. In Chapter 2 a brief overview of the target population of companies in terms of their size, structure, etc is provided. Chapter 3 deals with general perceptions of operating problems in each jurisdiction. Chapter 4 addresses the incidence of exports by companies in one jurisdiction to the other, Chapter 5 examines the incidence of imports by companies in one jurisdiction from the other and Chapter 6 considers other types of formal and informal cross-border business links.

2. PROFILES OF COMPANIES ON THE ISLAND OF IRELAND

2.1 Introduction

This chapter serves mainly to set the context to the present study by providing a profile of the respondent companies in both jurisdictions. Section 2.2 provides a demographic outline of companies in both jurisdictions, according to sector, size and distance to the border. In Section 2.3 the extent to which companies in each jurisdiction have branches or outlets or are the owners or part-owners of subsidiary companies in the other jurisdiction is examined. Section 2.4 addresses recent trends in the size of the workforce, business volumes and profit levels. An appreciation of recent business trends may assist in an understanding of interfirm co-operation with counterparts located in the other part of the island. For example, a business environment characterised by rapidly expanding business volumes and profit levels would provide a totally different backdrop to cross-border business linkages than one characterised by contracting business volumes and declining profit levels. Finally, in Section 2.5 a brief summary of main findings is provided.

2.2 Profile of the Target Population

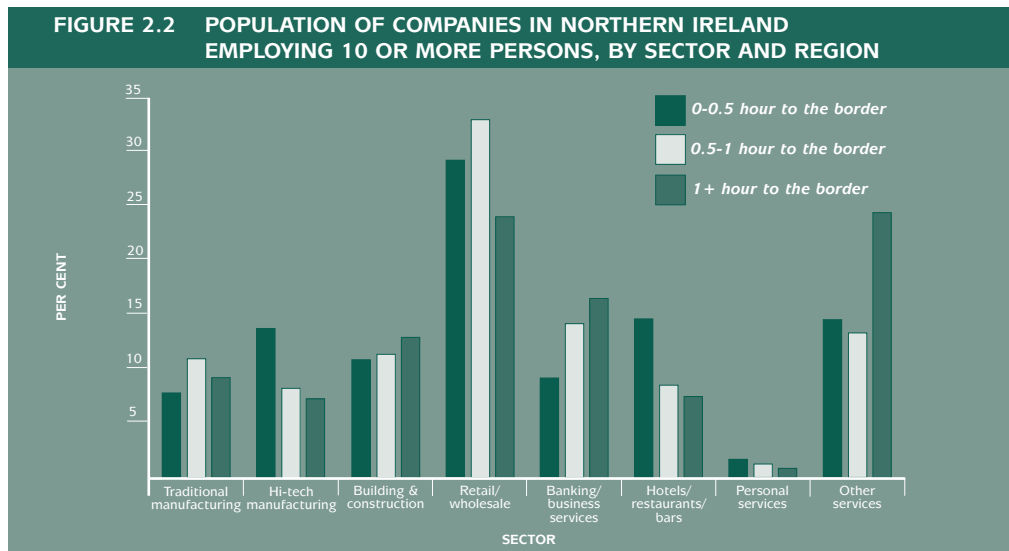
Figure 2.1 provides details on the nature of businesses in the target population in Ireland. As noted in Chapter 1, the survey is focused exclusively on businesses in which 10 or more persons are employed. It should be pointed out that service sector activity is, in general, characterised by smaller companies in which less than 10 persons are engaged. This is particularly true of personal services (such as hairdressing, dry cleaners, etc.), though it generally holds true for other services such as legal, financial intermediation, insurance, transport, travel agents, etc. In general, service sector businesses are relatively small, single outlet, privately owned companies. Only larger, multi-establishment enterprises within the service sector fell within the scope of the current survey. Accordingly, a large proportion of service sector employers are excluded from the survey on the basis of their size. In contrast, larger enterprises (employing 10 or more persons) are more common in the manufacturing sector.

Figure 2.1 presents a breakdown of businesses by economic sector in 3 designated regions: border counties, Dublin and the rest of the country. Approximately 16 per cent of relevant companies in Ireland fall within the traditional manufacturing sector. A further 15 per cent is made up of more modern, hi-tech manufacturing activity. Retail/wholesale activity accounts for the largest sector. The proportion accounted for by personal services is small. As noted above, there are very few personal service companies in Ireland whose workforce is in excess of 10 persons. Most businesses in this sector are small, single outlet, privately owned companies. If regional variations in the sectoral distribution of these larger companies in Ireland are considered, it is evident that traditional manufacturing accounts for a higher proportion in counties adjacent to the border, while Dublin, for example, has an over-concentration of banking/business services sector. In terms of size structure, the greater concentration of traditional manufacturing companies in the border region is reflected in the over-concentration (40 per cent) in that area of companies employing 20-49 persons.



Source: InterTradeIreland/ESRI survey, 2003

Figure 2.2 presents comparable details in respect of companies in Northern Ireland. In aggregate terms, traditional and high-tech manufacturing is less important in the structure of businesses employing 10 or more persons in Northern Ireland than in the rest of the island. Fewer than 18 per cent of companies in the former, compared with 30 per cent of those in Ireland, are involved in the manufacturing sector. In contrast, a higher concentration of companies in the other services sector in Northern Ireland was evident than was recorded in Ireland, 19 per cent and 6 per cent respectively.



Source: InterTradeIreland/ESRI survey, 2003

2.3 Branches and Outlets in the Counter-jurisdiction

Table 2.1 provides a breakdown of companies in Ireland according to whether or not they have branches or outlets in Northern Ireland. An aggregate average of 8 per cent of companies recorded having at least one Northern Ireland branch or outlet. The incidence is highest in the retail/wholesale sector and banking/business services sector (10 per cent and 14 per cent respectively). A clear and strong relationship between size of enterprise in Ireland and incidence of branches or outlets in Northern Ireland was evident. Only 3 per cent of companies employing 10-19 persons in Ireland have branches or outlets in Northern Ireland. This figure increases progressively with each size band to stand at 16 per cent for companies employing 100 or more persons. In respect of region, a substantially higher than average concentration of Dublin companies had Northern Ireland outlets – 14 per cent compared with the aggregate average of 8 per cent. This trend is reflected in the sections giving time and travel to the border. In addition the section on nationality clearly shows that having a branch or outlet in Northern Ireland was characteristic of foreign-owned companies than of indigenous companies (21 per cent and 6 per cent respectively).

TABLE 2.1 COMPANIES IN IRELAND CLASSIFIED ACCORDING TO WHETHER OR NOT THEY HAVE BRANCHES OR OUTLETS IN NORTHERN IRELAND

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	6.7	93.3
Hi-tech manufacturing	8.8	91.2
Building & construction	2.4	97.6
Retail/wholesale	10.0	90.0
Business/banking services	14.1	85.9
Hotels/restaurants/bars	2.6	97.4
Personal services	5.5	94.5
Other services	12.5	87.5
Size of company		
10-19 employees	3.2	96.8
20-49 employees	5.9	94.1
50-99 employees	8.5	91.5
100 + employees	16.2	83.8
Region		
Border counties	7.7	92.3
Dublin	13.9	86.1
Rest of country	4.1	95.9
Distance to border		
0-10 miles	9.9	90.1
11-30 miles	4.1	95.9
31-60 miles	9.5	90.5
61-100 miles	10.7	89.3
101-200 miles	8.2	91.8
200 + miles	2.5	97.5
Nationality		
Irish	6.2	93.8
Foreign-owned	20.9	79.1
All companies	8.3	91.7

Source: InterTradeIreland/ESRI survey, 2003

Table 2.2 provides comparable information in respect of Northern Ireland companies. Similar percentages of companies in Northern Ireland have branches or outlets in Ireland (just under 9 per cent), where the incidence is highest in the manufacturing and banking/ business services sectors. As with companies located in Ireland, the incidence of outlets in Northern Ireland increased substantially with size of enterprise. Finally, distance to the border, measured in miles does not appear to be related to the incidence of outlets or branches in Ireland. Given the relatively restricted geographical extent of Northern Ireland, this is not surprising.

TABLE 2.2 COMPANIES IN NORTHERN IRELAND CLASSIFIED ACCORDING TO WHETHER OR NOT THEY HAVE BRANCHES OR OUTLETS IN IRELAND

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	15.9	84.1
Hi-tech manufacturing	17.9	82.1
Building & construction	0.0	100.0
Retail/wholesale	5.3	94.7
Business/banking services	15.6	84.4
Hotels/restaurants/bars	1.6	98.4
Personal services	0.0	100.0
Other services	10.3	89.7
Size of company		
10-19 employees	4.5	95.5
20-49 employees	4.7	95.3
50-99 employees	15.9	84.1
100 + employees	31.5	68.5
Distance to border		
0-10 miles	10.0	90.0
11-30 miles	8.5	91.5
31-60 miles	10.6	89.4
61+ miles	2.6	97.4
All companies	8.8	91.2

Source: InterTradeIreland/ESRI survey, 2003

2.4 Trends in Business

In this section, 3 indicators of trends in business in both jurisdictions over recent years are considered. Firstly, changes in the size of the workforce are discussed, followed by a brief consideration of changing business volumes, and finally changes in profit level are addressed.

Size of Workforce

Table 2.3 provides details on companies located in Ireland classified according to changes in numbers employed from 2001-2003. It was found that 42 per cent of companies recorded that their workforce had not changed during the 2 year period. The remainder of companies is split in generally equal proportions between those who recorded that their workforce has increased (28 per cent) or decreased (31 per cent).

In overall terms, there does not appear to be a very strong or systematic relationship between changes in numbers engaged and sector or size of company. There is some evidence to suggest that companies in the border counties experienced a slightly more positive picture regarding recent trends in numbers employed: 23 per cent of companies in that region recorded a reduction in numbers employed, compared with 33 per cent recorded by companies located in Dublin and 31 per cent by companies located in the rest of the country. There is also evidence to indicate a relatively higher level of contraction in the workforce among foreign-owned than Irish-owned companies (41 per cent compared with 29 per cent) over the 2 years preceding the survey.

TABLE 2.3 COMPANIES IN IRELAND EMPLOYING 10 OR MORE PERSONS, CLASSIFIED ACCORDING TO CURRENT SIZE OF THEIR WORKFORCE, 2001-2003

	Increased Per cent	Remained the Same Per cent	Decreased Per cent
Sector			
Traditional manufacturing	19.3	40.7	40.0
Hi-tech manufacturing	29.8	37.4	32.9
Building & construction	32.0	34.1	34.0
Retail/wholesale	32.5	46.8	20.7
Business/banking services	31.1	34.2	34.7
Hotels/restaurants/bars	22.7	49.6	27.7
Personal services	50.0	30.2	19.8
Other services	21.4	50.3	28.3
Size of company			
10-19 employees	20.1	49.2	30.8
20-49 employees	30.7	38.6	30.7
50-99 employees	30.1	45.1	24.8
100 + employees	33.9	33.2	32.9
Region			
Border counties	34.7	42.5	22.9
Dublin	30.0	37.2	32.7
Rest of country	24.7	44.7	30.6
Distance to border			
0-10 miles	34.5	45.8	19.7
11-30 miles	29.0	43.3	27.7
31-60 miles	33.3	35.8	30.9
61-100 miles	29.5	37.5	33.1
101-200 miles	26.0	43.4	30.5
200 + miles	16.0	54.4	29.6
Nationality			
Irish	27.2	44.0	28.8
Foreign-owned	32.6	26.8	40.7
All companies	27.9	41.5	30.6

Source: InterTradeIreland/ESRI survey, 2003

Table 2.4 shows that 31 per cent of companies located in Northern Ireland recorded having had an expansion in their workforce from 2001-2003; 55 per cent recorded having experienced no change in the size of their workforce; and the remaining 14 per cent recorded having experienced a reduction. These trends indicate that there has generally been greater stability in terms of the workforce of companies in the North than in the South over recent years. The change in Ireland has been characterised to a greater degree by contraction than was the case among companies in Northern Ireland. These trends may reflect different stages in the business cycles in the two jurisdictions. The economy in Ireland was slowing down at the time of the survey (summer 2003), after the substantial growth of the Celtic Tiger years, 1996-2001, and this slowdown may be reflected in greater contractionary trends in employment among Irish companies.

Table 2.4 also indicates that in Northern Ireland downsizing over recent years has been more common among foreign-owned than Northern Ireland owned companies (21 per cent and 14 per cent respectively), a pattern which was also apparent among businesses located in Ireland (41 per cent and 29 per cent respectively). In Northern Ireland there would appear to be no systematic trend in changes in the size of workforce in terms of size of company or distance to the border.

TABLE 2.4 COMPANIES IN NORTHERN IRELAND EMPLOYING 10 OR MORE PERSONS CLASSIFIED ACCORDING TO CURRENT SIZE OF THEIR WORKFORCE, 2001-2003

	Increased Per cent	Remained the Same Per cent	Decreased Per cent
Sector			
Traditional manufacturing	26.0	53.7	20.3
Hi-tech manufacturing	33.6	45.6	20.8
Building & construction	23.9	62.2	13.9
Retail/wholesale	33.8	53.1	13.1
Business/banking services	40.9	46.2	12.9
Hotels/restaurants/bars	32.2	61.2	6.6
Personal services	26.0	37.0	37.0
Other services	25.4	61.3	13.3
Size of company			
10-19 employees	22.0	61.4	16.6
20-49 employees	41.7	48.1	10.1
50-99 employees	28.9	59.0	12.1
100 + employees	47.0	35.0	18.0
Distance to border			
0-10 miles	45.3	47.5	7.3
11-30 miles	37.7	47.5	14.8
31-60 miles	27.1	56.5	16.4
61+ miles	20.6	71.0	8.4
Nationality			
Irish	31.0	54.9	14.1
Foreign-owned	31.3	47.6	21.1
All companies	31.0	54.7	14.2

Source: InterTradeIreland/ESRI survey, 2003

Changes in Volume of Business

Tables 2.5 and 2.6 present details on changes in business volumes from 2001- 2003. Table 2.5 shows that three-quarters of companies located in Ireland felt that the volume of their business had either remained constant over that period (24 per cent) or had increased (50 per cent). This general pattern is largely reflected across all sectors, with retail/wholesale presenting a slightly more positive out-turn than other sectors (only 12 per cent recording a decrease in business volumes). In contrast, a higher than average percentage of businesses in the hotels/restaurants/bars sector (34 per cent) and building and construction sector (33 per cent) recorded having experienced a reduction in business volumes. There is also some evidence to suggest that a higher proportion of businesses in the border counties have experienced an increase in volume of business from 2001-2003: 60 per cent of companies in the border counties recorded an increase compared with 52 per cent in Dublin and 47 per cent in the rest of the country. Finally, a higher percentage of foreign-owned companies (33 per cent) than indigenous companies (24 per cent) recorded a reduction in business levels from 2001-2003. It should be noted, of course, that a reduction in business levels may indicate only that companies in Ireland are emerging from an extremely buoyant period of rapid expansion, which is levelling off, and buoyancy may, in recent years, have been experienced to a greater degree by foreign-owned companies.

TABLE 2.5 COMPANIES IN IRELAND EMPLOYING 10 OR MORE PERSONS, CLASSIFIED ACCORDING TO CHANGES IN VOLUME OF BUSINESS, 2001-2003

	Increased Per cent	Remained the Same Per cent	Decreased Per cent
Sector			
Traditional manufacturing	44.4	23.5	32.1
Hi-tech manufacturing	51.0	20.0	29.0
Building & construction	44.9	21.8	33.3
Retail/wholesale	62.3	25.9	11.8
Business/banking services	57.6	20.9	21.5
Hotels/restaurants/bars	35.2	31.2	33.6
Personal services	40.5	33.6	25.9
Other services	45.7	28.8	25.5
Size of company			
10-19 employees	40.8	34.7	24.5
20-49 employees	53.2	20.6	26.2
50-99 employees	54.5	21.9	23.6
100 + employees	57.4	16.6	25.9
Region			
Border counties	59.7	21.0	19.3
Dublin	52.0	25.3	22.7
Rest of country	47.0	24.4	28.5
Distance to border			
0-10 miles	63.5	19.4	17.1
11-30 miles	50.4	21.6	28.0
31-60 miles	57.3	19.7	22.9
61-100 miles	48.4	27.1	24.5
101-200 miles	47.4	28.9	23.7
200 + miles	44.0	22.5	33.5
Nationality			
Irish	50.3	25.9	23.8
Foreign-owned	51.3	15.3	33.4
All companies	50.4	24.4	25.2

Source: InterTradeIreland/ESRI survey, 2003

Table 2.6 indicates that 47 per cent of companies located in Northern Ireland recorded that their business volumes increased from 2001-2003, which is largely in line with their counterparts in Ireland. A comparison of Table 2.5 and Table 2.6 shows that a higher percentage of companies in Ireland than in Northern Ireland recorded that their business volumes had fallen in that period (25 per cent and 12 per cent respectively). As noted in the discussion of changes in size of workforce, the figures for Ireland on changing business volumes may reflect the relatively greater slowdown in the Irish economy after the boom years of the Celtic Tiger.

TABLE 2.6 COMPANIES IN NORTHERN IRELAND EMPLOYING 10 OR MORE PERSONS, CLASSIFIED ACCORDING TO CHANGES IN THEIR VOLUME OF BUSINESS, 2001-2003

	Increased Per cent	Remained the Same Per cent	Decreased Per cent
Sector			
Traditional manufacturing	46.4	40.6	13.0
Hi-tech manufacturing	46.5	38.0	15.6
Building & construction	45.7	47.4	6.9
Retail/wholesale	54.3	32.3	13.4
Business/banking services	57.0	30.5	12.5
Hotels/restaurants/bars	51.0	37.4	11.5
Personal services	47.9	26.0	26.0
Other services	28.5	63.0	8.4
Size of company			
10-19 employees	40.9	46.4	12.7
20-49 employees	52.8	35.6	11.6
50-99 employees	47.7	41.5	10.8
100 + employees	58.2	33.6	8.2
Distance to border			
0-10 miles	68.4	24.9	6.6
11-30 miles	57.8	31.6	10.5
31-60 miles	40.3	44.1	15.6
61+ miles	30.1	65.6	4.2
Nationality			
Irish	47.2	41.2	11.6
Foreign-owned	37.4	46.9	15.6
All companies	46.9	41.4	11.7

Source: InterTradeIreland/ESRI survey, 2003

Changes in Profit Levels

Tables 2.7 and 2.8 outline trends in profit levels during 2002. Table 2.7 indicates that three-quarters of businesses in Ireland recorded having made a profit, while 15 per cent recorded having broken even in the last year⁶. The banking and business services, retail/wholesale and building and construction sectors performed best over the period, each achieving a profit level of 84 per cent, 83 per cent and 75 per cent respectively. Although it is difficult to provide an explanation for the trend, there is some evidence that companies located closest to the border had the most positive profit out-turn, recording a profit level of 84 per cent. Only 7 per cent of companies in border counties recorded having experienced a loss in the year preceding the survey compared with 7 per cent among those in Dublin and 13 per cent among those in the rest of the country.

⁶ N.B. A company cannot return a loss on a sustained basis and stay in business. Accordingly in a survey like this, one would not expect very large percentages of companies to record having made a loss

TABLE 2.7 COMPANIES IN IRELAND EMPLOYING 10 OR MORE PERSONS, CLASSIFIED ACCORDING TO CHANGES IN PROFIT LEVELS, 2002

	Substantial loss Per cent	Moderate loss Per cent	Broke even Per cent	Moderate profit Per cent	Substantial profit Per cent
Sector					
Traditional manufacturing	4.6	8.4	12.4	67.2	7.5
Hi-tech manufacturing	5.3	8.1	14.6	64.8	7.2
Building & construction	0.0	6.1	18.6	69.3	6.0
Retail/wholesale	2.0	4.7	10.1	74.6	8.6
Business/banking services	3.5	4.2	8.0	69.0	15.2
Hotels/restaurants/bars	0.0	12.6	26.9	58.8	1.7
Personal services	0.0	4.3	30.4	60.0	5.2
Other services	2.8	7.1	20.8	61.4	7.8
Size of company					
10-19 employees	3.5	7.9	19.4	65.7	3.4
20-49 employees	1.3	7.0	14.1	73.2	4.3
50-99 employees	3.6	4.6	16.5	67.7	7.6
100 + employees	2.4	7.3	9.0	64.7	16.5
Region					
Border counties	2.6	3.9	9.4	72.1	12.2
Dublin	2.5	4.8	13.6	67.1	12.1
Rest of country	3.0	9.6	16.9	66.7	3.8
Distance to border					
0-10 miles	2.6	3.7	11.2	72.2	10.3
11-30 miles	1.7	3.5	17.3	65.7	11.8
31-60 miles	1.6	5.0	13.5	69.9	10.0
61-100 miles	2.1	8.6	15.1	64.3	9.8
101-200 miles	2.2	6.7	20.3	65.0	5.8
200 + miles	6.6	9.4	9.7	73.5	0.8
Nationality					
Irish	2.2	7.0	15.5	68.7	6.6
Foreign-owned	5.4	7.3	10.6	60.5	16.2
All companies	2.7	7.0	14.8	67.5	8.0

Source: InterTradeIreland/ESRI survey, 2003

Table 2.8 indicates that trends in profits in 2002 were, in aggregate, very similar among companies in Northern Ireland to those Ireland. Companies in both jurisdictions (76 per cent) recorded having made a profit, and recording a profit was more strongly characteristic of larger than smaller companies. A smaller percentage of companies in Northern Ireland (7 per cent) experienced a loss in this period, compared with 10 per cent of companies in Ireland. Generally, there was relatively little sectoral variation among companies in Northern Ireland in terms of profit returns, although the personal services sector recorded the best profit performance (100 per cent).

TABLE 2.8 COMPANIES IN NORTHERN IRELAND EMPLOYING 10 OR MORE PERSONS, CLASSIFIED ACCORDING TO CHANGES IN PROFIT LEVELS, 2002

	Substantial loss Per cent	Moderate loss Per cent	Broke even Per cent	Moderate profit Per cent	Substantial profit Per cent
Sector					
Traditional manufacturing	1.4	10.1	24.7	53.6	10.1
Hi-tech manufacturing	7.7	5.7	9.6	73.9	3.1
Building & construction	0.0	4.7	14.1	70.5	10.7
Retail/wholesale	1.3	4.1	15.7	71.7	7.3
Business/banking services	2.1	5.8	16.4	66.2	9.5
Hotels/restaurants/bars	0.0	5.2	18.1	68.5	8.2
Personal services	0.0	0.0	0.0	100.0	0.0
Other services	2.1	4.6	22.7	62.5	8.1
Size of company					
10-19 employees	1.7	5.6	21.6	63.3	7.8
20-49 employees	1.6	4.7	16.9	69.6	7.1
50-99 employees	1.2	3.4	11.1	73.7	10.7
100 + employees	4.0	7.7	6.1	73.4	8.7
Distance to border					
0-10 miles	4.4	2.2	27.7	65.8	0.0
11-30 miles	1.3	5.5	16.7	70.2	6.3
31-60 miles	2.0	6.4	17.3	67.9	6.4
61+ miles	1.5	2.0	13.7	60.7	22.1
Nationality					
Irish	1.9	5.0	17.4	67.7	8.0
Foreign-owned	0.0	15.0	10.2	62.6	12.2
All companies	1.8	5.2	17.3	67.6	8.1

Source: InterTradeIreland/ESRI survey, 2003

2.5 Summary

This survey focuses exclusively on companies employing 10 or more persons. In Ireland, retail/wholesale is the largest sector followed by manufacturing. Very few companies in Ireland in the personal services sector have 10 or more employees. The services sector is even more important in Northern Ireland among the medium to large enterprises, which fall within scope of the survey. The incidence of having at least one branch or outlet in the other jurisdiction is 8 per cent overall - there being little variation in incidence levels between the two jurisdictions. Similarly, a total of 5 per cent of companies in Ireland have a subsidiary or partly-owned company in Northern Ireland while the corresponding figure for Northern Ireland is 2 per cent.

Focusing on recent changes in business volumes, employment and profit levels it would appear that companies in Ireland are somewhat less bullish about recent business out-turns than are their counterparts in Northern Ireland. This may reflect differences in stages in the business cycle for companies in the two jurisdictions.

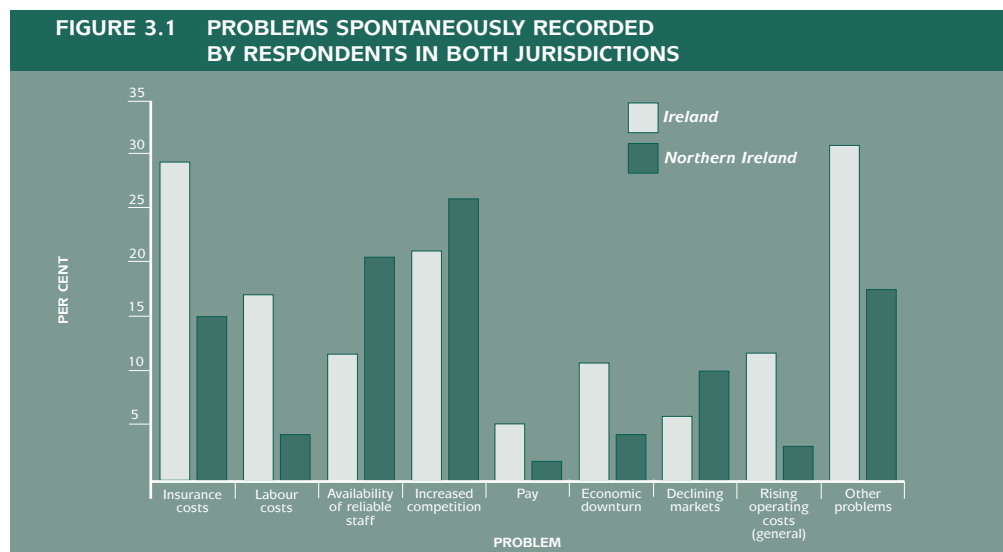
3. OPERATING PROBLEMS IN BUSINESS ENVIRONMENTS

3.1 Introduction

This chapter briefly compares and contrasts the types of problems facing businesses in Northern Ireland and Ireland. Section 3.2 presents the problems recorded on a spontaneous or verbatim basis by respondents when they were asked to outline the biggest difficulty facing their companies today. Responses were also compared with a pre-coded list of 15 possible difficulties, ranked in terms of perceived importance to the respondent.

3.2 Problems Facing Companies in both Jurisdictions

Figure 3.1 presents the main problems recorded by respondents on a verbatim basis in the course of the survey, who were asked to describe, as fully as possible, the greatest difficulties facing a company of their size in their line of business. For respondents in Ireland, the most important issue was insurance costs, which was cited by 29 per cent of companies, compared with 15 per cent of companies in Northern Ireland. The second most important issue was increased competition, cited by 27 per cent of companies in the North and by 21 per cent of companies in the South. In Ireland companies regarded labour costs (17 per cent) and rising operational costs (11 per cent) as problematic, in contrast to Northern Ireland companies, which viewed these issues as less of a difficulty (4 per cent and 3 per cent respectively). Declining markets was cited as problematic by 7 per cent of respondents in the South and by 10 per cent of respondents in the North. Issues in relation to staff shortages or the lack of adequately skilled labour was cited more frequently by companies located in Northern Ireland (20 per cent) than by companies located in Ireland (12 per cent). It is noteworthy that “economic downturn” was cited by 11 per cent of companies in Ireland and by only 4 per cent of their counterparts in Northern Ireland, which would seem to indicate the different stages in the business cycle reached by companies in the two jurisdictions as mentioned in the previous chapter. “Other problems” included a wide range of issues, none of which was recorded by more than 4 per cent of respondents. The most important issues cited in this category were ‘red tape’ (3 per cent); roads infrastructure (3 per cent); regulations governing business activity (4 per cent); transport costs (2 per cent); and insufficient government funding for industry (2 per cent).



Source: InterTradeIreland/ESRI survey, 2003

Respondents were presented with a set of 15 pre-coded problems or difficulties that could face a business in both jurisdictions today, which they were asked to rank from 1 to 7 in terms of the order of importance, where 1 indicated the most important problem, 2 the second most important problem, and so on. The results for companies in Ireland are shown in Table 3.1 Cumulative percentage figures show the percentage ranking each problem as first, second, third, and so on, reading from left to right. Consider the top row of the table on poor industrial relations. Reading from the left, a total of 3.4 per cent of companies assigned a rank of 1 to this item, thereby allocating it as their main problem. A total of 10.6 per cent assigned to it either a rank of 1 or 2; a total of 17.4 per cent assigned to it a rank of 1, 2 or 3 and so on.

TABLE 3.1 PERCENTAGE OF COMPANIES IN IRELAND RANKING A SERIES OF PRE-CODED PROBLEMS

Categories	Companies in Ireland						
	1	2	3	4	5	6	7
	Cumulative per cent						
Poor industrial relations	3.4	10.6	17.4	25.1	38.7	64.1	100.0
Infrastructure	12.6	20.0	30.6	48.3	64.7	80.5	100.0
Difficulties in recruiting staff	20.4	33.6	50.6	65.6	79.6	89.7	100.0
Lack of advice	5.7	14.1	27.4	44.2	57.1	76.4	100.0
Employer's PRSI	4.0	16.7	39.3	56.5	74.6	88.1	100.0
Basic labour costs	28.3	56.9	71.0	81.1	91.3	97.2	100.0
Unfair competition within Ireland	14.9	33.9	48.6	61.9	72.9	89.3	100.0
Unfair competition outside Ireland	12.5	29.8	43.3	56.4	71.2	83.6	100.0
Exchange rate of Euro	11.8	22.9	32.6	47.7	63.7	80.6	100.0
Transport costs	5.4	20.3	37.6	59.8	77.0	87.4	100.0
Energy costs	0.6	9.2	25.3	46.5	66.9	85.0	100.0
Corporate taxes-taxes on profit	3.3	11.8	26.8	40.8	59.3	80.3	100.0
Access to finance	9.6	24.4	36.6	47.1	61.3	76.8	100.0
Insurance costs	41.1	64.3	80.6	90.7	94.9	98.3	100.0
Accessing general business information	5.2	13.2	17.3	31.0	45.1	60.2	100.0

Source: InterTradeIreland/ESRI survey, 2003

Insurance costs were assigned a rank of 1 by 41 per cent of companies, while 64 per cent assigned a rank of 1 or 2. Basic labour costs were also identified as a major problem, with 28 per cent ranking it the most important problem, 57 per cent citing it as the first or second most important problem, and 71 per cent placing it within the top 3 problems currently facing a company in Ireland. The third problematic area highlighted was the difficulty in recruiting staff – over 50 per cent record this issue as being within their top 3 problems. Supply of labour in Ireland was a serious ongoing problem between 1997 until late 2000/early 2001, when the labour market began to cool. Despite a relative easing of these labour supply constraints over the last 18 months, the results shown in Table 3.1 regarding an adequate supply of trained labour are also in line with other work carried out in this area over recent years.

Table 3.2 presents comparable details on the ranking of problems by companies located in Northern Ireland. The figures indicate a fairly widely held view among businesses in Northern Ireland that difficulties in recruiting staff are among the major problems facing companies in that jurisdiction. Neither insurance costs nor basic labour costs, although ranked as among the top 3 problems by a substantial majority of businesses in Northern Ireland were viewed as problematic by companies located in Northern Ireland as they were by their counterparts across the border. In general, therefore, Tables 3.1 and 3.2 indicate that the main issues in terms of problems identified by companies in Ireland were insurance costs, basic labour costs and difficulties in recruiting staff. In Northern Ireland the largest difficulty facing businesses appear to be supply-side constraints, unfair competition or shortages of appropriately trained staff – with high insurance costs also being mentioned as being of concern by a substantial proportion of companies.

TABLE 3.2 PERCENTAGE OF COMPANIES IN NORTHERN IRELAND RANKING A SERIES OF PRE-CODED PROBLEMS

Categories	Companies in Ireland						
	1	2	3	4	5	6	7
	Cumulative per cent						
Poor industrial relations	8.8	14.2	25.4	33.8	52.8	71.4	100.0
Infrastructure	11.6	26.7	37.6	50.3	64.7	83.1	100.0
Difficulties in recruiting staff	40.5	53.1	64.5	76.1	85.6	91.4	100.0
Lack of advice	8.2	25.5	36.8	47.1	66.7	81.6	100.0
Employer's PRSI	4.9	18.0	32.1	50.8	71.4	88.6	100.0
Basic labour costs	12.0	30.9	48.2	65.5	79.8	91.4	100.0
Unfair competition within Ireland	22.5	36.1	54.9	74.3	84.5	93.7	100.0
Unfair competition outside Ireland	19.8	35.6	48.9	62.4	74.7	86.3	100.0
Exchange rate of Euro	15.7	30.2	50.6	63.9	81.5	92.2	100.0
Transport costs	8.0	25.8	42.5	63.8	75.6	90.1	100.0
Energy costs	6.6	27.4	48.8	68.5	82.6	89.8	100.0
Corporate taxes-taxes on profit	11.9	32.1	50.5	61.5	74.8	86.3	100.0
Access to finance	12.2	21.1	31.5	46.5	60.7	80.5	100.0
Insurance costs	26.7	48.4	68.3	80.6	89.4	96.1	100.0
Accessing general business information	2.0	11.9	19.0	31.3	48.7	66.7	100.0

Source: InterTradeIreland/ESRI survey, 2003

The final aspect of assessing the extent of difficulties encountered in their operating environment was to ask respondents to assess a further set of 4 pre-coded problems:

- Commercial/industrial rates;
- Technological change;
- Forms and red tape associated with company taxation; and
- Availability of equity/capital.

Respondents were asked to record whether each issue was a "major problem"; a "slight problem", or "no problem at all". The detailed percentages of companies responding in each of the 3 categories are presented in Tables 3.3 and 3.4 (Ireland and Northern Ireland respectively).

Table 3.3 shows that commercial/industrial rates are perceived as the most problematic by the largest percentage of companies in Ireland – 34 per cent of companies recorded this as being a major problem. Forms and red tape associated with company taxation was recorded as a major problem by 24 per cent of companies. Technological changes and availability of equity or capital were both perceived to be major problems by 17 per cent and 13 per cent of companies respectively.

Some sectoral variations in the perceived level of problems are visible. For example, commercial rates are seen as being more problematic for larger percentages of service sector companies, especially hotels/restaurants/bars (56 per cent citing them to be a major barrier). In contrast, technological changes and red tape associated with company taxation was less problematic for this sector, as well as the personal services sector.

The variations in perceived problems seem not to be systematically linked to size or region to any appreciable extent. However, it would appear that foreign-owned companies perceive fewer problems to be associated with commercial/industrial rates, red tape or bureaucracy and availability of equity capital than do their indigenous counterparts. This difference between foreign-owned and Irish-owned companies, at least to some degree, reflects the more highly developed corporate structure of foreign-owned companies and, generally, their relatively greater access to equity from the parent company. Little difference was recorded in the views of foreign-owned and domestic companies in terms of major difficulties caused by technological changes (15 per cent and 17 per cent respectively).

TABLE 3.3 ASSESSMENT BY COMPANIES IN IRELAND OF THE SERIOUSNESS OF 4 PRE-CODED PROBLEMS IN RUNNING THEIR ORGANISATIONS

	Commercial/ Industrial Rates Per cent			Technological Changes Per cent			Forms and red tape/company Per cent			Availability of Equity/Capital Per cent		
	MAJOR	SLIGHT	NO	MAJOR	SLIGHT	NO	MAJOR	SLIGHT	NO	MAJOR	SLIGHT	NO
	PROBLEMS			PROBLEMS			PROBLEMS			PROBLEMS		
Sector												
Traditional manufacturing	30.6	54.4	15.0	21.8	36.7	41.6	26.6	43.1	30.3	23.2	32.5	44.3
Hi-tech manufacturing	31.6	43.3	25.1	13.7	43.7	42.7	23.5	46.3	30.2	15.1	35.6	49.3
Building & construction	21.4	50.8	27.8	9.2	37.4	53.5	30.9	45.5	23.6	14.5	45.5	39.9
Retail/wholesale	38.9	44.6	16.5	20.6	35.5	43.9	23.7	45.2	31.1	7.3	29.8	62.9
Business/banking services	22.2	48.9	28.9	15.2	41.2	43.6	24.8	38.3	36.9	6.8	38.5	54.7
Hotels/restaurants/bars	56.2	36.3	7.4	9.1	35.5	55.4	13.9	65.3	20.8	15.1	44.6	40.3
Personal services	38.8	52.6	8.6	0.0	47.0	53.0	13.8	50.0	36.2	0.0	42.2	57.8
Other services	36.5	38.7	24.8	28.7	25.0	46.3	29.5	37.5	33.0	17.6	28.5	54.0
Size of company												
10-19 employees	31.2	46.2	22.6	19.2	29.9	50.8	30.1	39.3	30.6	17.5	36.3	46.3
20-49 employees	35.0	46.6	18.4	13.9	41.4	44.6	27.4	45.2	27.4	15.8	36.2	48.0
50-99 employees	38.1	43.7	18.2	20.2	39.4	40.3	23.3	49.1	27.5	12.9	33.4	53.8
100+ employees	35.1	46.1	18.8	13.6	42.1	44.3	14.8	53.2	32.1	6.6	37.3	56.1
Nationality												
Irish	35.0	45.3	19.7	16.8	37.5	45.7	25.7	47.3	27.0	14.8	36.6	48.6
Foreign-owned	29.0	49.4	21.6	14.6	37.1	48.4	14.7	38.8	46.5	4.1	33.4	62.6
All companies	34.2	45.9	19.9	16.5	37.5	46.1	24.1	46.1	29.9	13.2	36.2	50.6

Source: InterTradeIreland/ESRI survey, 2003

TABLE 3.4 ASSESSMENT BY COMPANIES IN NORTHERN IRELAND OF THE SERIOUSNESS OF 4 PRE-CODED PROBLEMS IN RUNNING THEIR ORGANISATIONS

	Commercial/ Industrial Rates Per cent			Technological Changes Per cent			Forms and red tape/company Per cent			Availability of Equity/Capital Per cent		
	MAJOR PROBLEMS	SLIGHT PROBLEMS	NO PROBLEMS	MAJOR PROBLEMS	SLIGHT PROBLEMS	NO PROBLEMS	MAJOR PROBLEMS	SLIGHT PROBLEMS	NO PROBLEMS	MAJOR PROBLEMS	SLIGHT PROBLEMS	NO PROBLEMS
Sector												
Traditional manufacturing	33.8	29.4	36.7	11.6	30.5	57.9	43.4	33.3	23.2	16.1	20.6	63.3
Hi-tech manufacturing	34.4	30.7	34.8	20.5	41.9	37.6	33.3	45.1	21.7	15.6	29.6	54.8
Building & construction	33.7	39.6	26.7	15.9	36.3	47.9	54.4	30.6	15.1	19.0	35.7	45.2
Retail/wholesale	61.1	25.1	13.8	20.3	34.5	45.2	52.0	30.8	17.2	12.6	33.4	54.0
Business/banking services	38.1	31.4	30.5	18.0	36.7	45.3	41.3	34.4	24.3	22.8	25.4	51.9
Hotels/restaurants/bars	72.7	19.4	7.9	16.0	38.2	45.9	56.7	32.1	11.2	22.2	38.1	39.7
Personal services	33.8	51.4	14.9	0.0	37.0	63.0	26.0	47.9	26.0	22.2	11.1	66.7
Other services	31.7	26.9	41.4	18.5	31.5	50.0	39.4	34.3	26.4	25.7	28.5	45.8
Size of company												
10-19 employees	50.3	25.5	24.2	18.2	31.4	50.4	47.2	32.2	20.6	21.5	32.7	45.8
20-49 employees	42.4	28.7	28.9	16.6	41.5	41.9	47.4	35.6	17.0	20.2	30.8	48.9
50-99 employees	35.4	38.8	25.8	12.3	40.9	46.8	40.2	36.9	22.9	9.2	25.1	65.7
100+ employees	40.3	30.0	29.7	26.2	25.8	48.0	44.3	31.1	24.6	15.2	23.4	61.4
Nationality												
Irish	44.6	29.0	26.4	17.7	34.7	47.6	46.7	33.4	19.9	18.8	30.3	50.9
Foreign-owned	64.0	16.2	19.9	15.7	52.0	32.3	14.3	49.2	36.5	23.6	27.6	48.8
All companies	45.0	28.7	26.3	17.7	35.1	47.2	46.0	33.7	20.3	18.9	30.2	50.9

Source: InterTradeIreland/ESRI survey, 2003

Table 3.4 presents comparable information in respect of companies located in Northern Ireland. A comparison of the figures shows that commercial/ industrial rates were found to be a greater problem for businesses in Northern Ireland than for those operating in Ireland. There are 45 per cent of companies in Northern Ireland that cited this issue as a major problem compared with 34 per cent in Ireland. Forms and red tape were seen in Northern Ireland to represent a considerably greater problem than in Ireland (46 per cent and 24 per cent respectively). Roughly comparable percentages of companies in both parts of the island cited similar levels of difficulty posed by technological changes and availability of equity/capital.

3.3 Summary

The data collected from respondents in both jurisdictions indicate that companies operating in Ireland perceive issues such as insurance and labour costs as being particularly problematic. In Northern Ireland, however, issues such as shortages of appropriately trained labour assume greater significance for businesses. This finding, as noted previously, may reflect differences in stages in the business cycles in both jurisdictions or, at least, differences in exposure to the international economic downturn.

4. INCIDENCE OF EXPORTS WITHIN THE ISLAND ECONOMY

4.1 Introduction

In this chapter the incidence and extent of export links within the island economy, that is exports from Ireland to Northern Ireland and exports from Northern Ireland to Ireland are considered. Section 4.2 deals with the overall extent of exporting between the two jurisdictions, as well as the intensity of exporting by individual companies. In Section 4.3 some of the characteristics of exporting behaviour, such as when it began, recent changes in export levels, and whether it is regular or irregular business are discussed.

4.2 Incidence and Intensity of Exporting within the Island Economy

To start with the findings from Ireland, Table 4.1 provides a profile of all companies in Ireland according to their pattern of domestic and export sales. The table shows that 59 per cent of all relevant companies (i.e. all those employing 10 or more persons) sold only to the domestic market in 2002; the remaining 41 per cent of companies in the target population had exports outside the jurisdiction. A total of 13 per cent of all companies said that they did export but had no exports going to Northern Ireland, which leaves a total of 28 per cent of companies which did export to Northern Ireland in 2002. Table 4.1 also provides figures on the percentage of companies in Ireland which exported varying proportions of their total output to Northern Ireland. For example, 17 per cent of companies in Ireland exported less than 10 per cent of their output to Northern Ireland; a further 8 per cent exported 10-25 per cent of output to Northern Ireland; 2 per cent exported 25-50 per cent of their output to Northern Ireland and the remaining 1 per cent of companies exported more than 50 per cent of their output to Northern Ireland. This means that in terms of dependency on Northern Ireland as a market area, only 3 per cent of relevant companies rely on it for more than 25 per cent of their sales.

**TABLE 4.1 PROFILE OF COMPANIES IN IRELAND
ACCORDING TO THEIR DOMESTIC AND EXPORT SALES IN 2002**

	Domestic market only	No exports to NI	0-10% exports to NI	10-25% exports to NI	25-50% exports to NI	50+% exports to NI
Sector						
Traditional manufacturing	27.8	26.3	27.4	13.5	4.4	0.6
Hi-tech manufacturing	25.4	30.5	28.3	9.1	4.3	2.5
Building & construction	91.8	2.9	2.8	2.0	0.5	0.0
Retail/wholesale	60.9	5.0	20.6	8.8	1.7	3.1
Business/banking services	61.7	12.0	13.9	10.4	0.4	1.6
Hotels/restaurants/bars	91.7	2.5	4.1	0.0	1.6	0.0
Personal services	88.8	0.0	11.2	0.0	0.0	0.0
Other services	72.9	16.7	6.4	4.0	0.0	0.0
Size of company						
10-19 employees	56.9	13.2	13.3	11.6	2.6	2.4
20-49 employees	61.9	9.2	17.6	7.8	2.9	0.6
50-99 employees	65.1	8.8	19.4	3.8	1.5	1.3
100+ employees	56.4	18.7	18.6	4.5	0.9	1.0
Region						
Border counties	37.8	7.9	24.9	18.3	7.5	3.7
Dublin	59.9	9.8	18.4	9.2	0.7	2.0
Rest of country	63.2	17.3	13.4	3.9	1.8	0.4
Distance to border						
0-10 miles	31.9	5.4	24.9	23.8	9.1	5.0
11-30 miles	49.6	18.1	16.3	8.3	4.0	3.7
31-60 miles	53.5	7.9	24.8	9.2	1.9	2.7
61-100 miles	63.6	12.9	15.0	6.0	1.7	0.9
101-200 miles	63.0	19.5	13.0	4.4	0.0	0.0
200+ miles	66.1	15.7	10.9	5.8	1.5	0.0
Nationality						
Irish	61.7	10.1	16.3	8.4	2.3	1.2
Foreign-owned	43.6	32.2	18.9	2.5	0.4	2.5
All companies	59.0	13.3	16.7	7.6	2.0	1.4

Source: InterTradeIreland/ESRI survey, 2003

The table shows that there is quite a substantial degree of variation among industrial sectors in terms of the intensity of export activity in general and also to Northern Ireland in particular. For example, relatively low proportions of the two manufacturing sectors sold only to the domestic market, while the building and construction and the services sectors generally were much more oriented towards domestic sales. Size of company does not seem to be a major factor in determining export propensities in general or, in particular, a propensity to export to Northern Ireland. However, the table indicates that export orientation towards Northern Ireland was much higher in border counties than elsewhere in the country. A total of 54 per cent of companies located in the border counties had some level of export business with Northern Ireland. This compares with 30 per cent of companies located in Dublin and 20 per cent of those located elsewhere in the country. The fact that border county companies were much

more likely than other companies to be exporting to Northern Ireland also means that they were more likely than other companies to be engaged in some level of exporting. As many as 62 per cent of companies in the border counties exported some of their output (to all destinations), compared to 40 per cent or less of companies located elsewhere. The influence of geographical proximity is also displayed in the sections regarding distance to the border, measured in miles. For example, almost 63 per cent of companies located less than 10 miles from the border exported to Northern Ireland. For companies located 31-60 miles from the border this figure falls quite dramatically to 39 per cent. It is noteworthy that, in general, export propensities among foreign-owned companies are higher than among Irish-owned companies. A total of 38 per cent of Irish-owned companies had some level of exports. The comparable figure among foreign-owned companies is 57 per cent. In contrast, however, notwithstanding the higher overall level of export propensity among foreign-owned companies, a smaller percentage of them exported to Northern Ireland (24 per cent compared with 28 per cent of Irish-owned companies). There is clearly a higher chance that a foreign-owned company will export, but a lower chance that it will export to Northern Ireland.

Turning to the findings from Northern Ireland, Table 4.2 provides comparable results from the survey of companies in the North. It shows that, in 2002, 63 per cent of northern companies sold only in their domestic market, and 37 per cent had some exports. Just 3 per cent of northern companies said that they exported but had no exports going to Ireland, which leaves 34 per cent of companies in Northern Ireland that did export to Ireland (see also Figure 4.1). This figure is higher than the 28 per cent of companies in Ireland that exported to the North. There are also indications that companies in Northern Ireland were engaged in exporting more intensively to Ireland, with 5 per cent of northern companies exporting over 50 per cent of their output to Ireland, while 12 per cent exported over 25 per cent of their output to Ireland. The corresponding figures for companies in Ireland exporting to Northern Ireland are 1 per cent and 3 per cent respectively.

**TABLE 4.2 PROFILE OF COMPANIES IN NORTHERN IRELAND
ACCORDING TO THEIR DOMESTIC AND EXPORT SALES IN 2002**

	Domestic market only	No exports to Ireland	0-10% exports to Ireland	10-25% exports to Ireland	25-50% exports to Ireland	50+% exports to Ireland
Sector						
Traditional manufacturing	24.8	14.5	14.5	26.0	10.1	10.1
Hi-tech manufacturing	16.9	7.3	22.0	21.2	23.5	9.2
Building & construction	68.8	0.0	6.5	7.5	4.0	13.3
Retail/wholesale	65.9	1.5	13.5	10.6	5.6	2.9
Business/banking services	56.7	7.2	17.8	10.3	6.3	1.8
Hotels/restaurants/bars	93.6	0.0	4.8	1.6	0.0	0.0
Personal services	84.9	0.0	0.0	15.1	0.0	0.0
Other services	81.9	0.0	3.2	6.2	3.2	5.6
Size of company						
10-19 employees	67.9	2.5	11.5	8.9	3.7	5.6
20-49 employees	67.6	3.4	10.6	8.8	4.5	5.1
50-99 employees	46.5	4.3	8.3	18.1	16.3	6.5
100+ employees	47.2	6.1	15.4	17.0	11.2	3.1
Distance to border						
0-10 miles	55.0	2.0	9.0	21.0	2.0	11.0
11-30 miles	58.1	3.1	12.6	11.6	7.8	6.8
31-60 miles	61.7	3.7	13.7	9.4	6.8	4.6
61+ miles	82.7	3.2	0.0	9.2	3.6	1.4
Nationality						
Irish	63.4	3.0	11.3	10.7	6.4	5.1
Foreign-owned	39.5	15.6	5.4	19.0	6.8	13.6
All companies	62.8	3.3	11.2	10.9	6.4	5.3

Source: InterTradeIreland/ESRI survey, 2003

Table 4.2 also shows that in Northern Ireland, as in Ireland, the building and construction and the services sectors were mainly focused on domestic sales, whereas the manufacturing sector was more engaged in exporting. Size of company does appear to be a factor in determining export propensity in Northern Ireland, unlike Ireland. In the North, companies employing over 50 people were much more likely than smaller companies both to export generally and to export to the South.

It is also clear from Table 4.2 that distance from the border does influence the likelihood of northern companies exporting to Ireland. Only 35 per cent of those located 31-60 miles from the border exported to the South, compared to 43 per cent of those that are less than 10 miles from the border. Similarly, only 28 per cent of companies in Northern Ireland that are more than one hour from the border exported to the South, compared to 40 per cent of those that are less than half an hour from the border.

It was noted above that 34 per cent of northern companies exported to Ireland, which is higher than the 28 per cent of companies in Ireland that exported to the North. It seems that this finding may be largely explained by the fact that, in both jurisdictions, companies that are closer to the border were more likely than others to export across the border. Given that northern companies on average tend to be closer to the border than southern companies (because Northern Ireland is a good deal

smaller than Ireland), this pattern naturally makes northern companies more likely than southern ones to be cross-border exporters. But if like with like is compared, in the sense of comparing companies located at similar distances from the border, the findings suggest that there is no clear tendency for a higher proportion of northern companies to be engaged in exporting across the border. Thus, among companies located less than 10 miles from the border, 63 per cent of southern companies exported across the border, which is higher than the figure of 43 per cent of northern companies. At a distance of 11-30 miles, 32 per cent of Irish companies exported across the border, which in this case is lower than the figure of 39 per cent for Northern Ireland companies. But at a distance of 31-60 miles, 39 per cent of Irish companies exported across the border, which again is higher than the figure of 35 per cent for Northern Ireland companies.

Table 4.2 shows, too, that foreign-owned companies in Northern Ireland were more export-oriented than domestic companies, since 60 per cent of foreign-owned companies exported compared with 37 per cent of domestic companies. Foreign-owned companies were also more likely to export to Ireland, with 45 per cent exporting to Ireland, compared with a figure of 34 per cent for indigenous companies.

4.3 Characteristics of Exporting Activity

The 28 per cent of companies in Ireland which exported to Northern Ireland were asked to record when that exporting activity began. The results are shown in the Appendix (Table A.4.1). A total of 14 per cent of companies exporting to Northern Ireland started to do so before 1980, 28 per cent started in the 1980s, 46 per cent started in the 1990s, and 12 per cent began in very recent years – since the turn of the millennium. There appears to be very little evidence of a systematic relationship between the longevity of the trading activity in question and any of the classificatory variables outlined in the Table.

Table A4.2 in the Appendix shows comparable data on the 34 per cent of companies in Northern Ireland which exported to Ireland, indicating what percentage of them began to do so in different periods. The data in this table are quite similar in significant respects to the data on Irish exporters to Northern Ireland in Table A.4.1. Thus, the percentage of these exporters that began the relevant exporting activity since 2000 is 12 per cent in both cases; the percentage that began in 1996-1999 is 17 per cent in both cases; and the percentages that began in other periods are fairly similar, North and South. As in the case of the Irish exporters, it is difficult to discern in Table A.4.2 much evidence of systematic relationships between the longevity of the trading activity and any of the classificatory variables outlined.

Table 4.3 outlines some information on recent trends in exports from companies in Ireland to Northern Ireland. The table shows that 32 per cent of the companies in Ireland exporting to the North recorded that these exports had increased from 2001-2003, while 50 per cent of relevant exporters said they had remained constant and only 18 per cent recorded that levels of cross-border exports had fallen over the period.

There was some variation in these trends according to sector. For example, there were above-average surpluses of companies reporting increases in the traditional manufacturing, building and construction and other services sectors, compared with those in other sectors which reported decreases. The figures would also suggest that there is little regional variation in terms of recent trends in cross-border export levels, and no clear systematic relationship emerged between these trends and distance from the border.

TABLE 4.3 RECENT TRENDS IN LEVELS OF EXPORTS FROM COMPANIES IN IRELAND TO NORTHERN IRELAND, 2001-2003

	Increased Per cent	Remained the Same Per cent	Decreased Per cent
Sector			
Traditional manufacturing	32.6	57.6	9.8
Hi-tech manufacturing	35.9	41.0	23.1
Building & construction	53.1	25.0	21.9
Retail/wholesale	30.2	51.1	18.7
Business/banking services	31.1	47.6	21.4
Hotels/restaurants/bars	0.0	71.6	28.4
Personal services	0.0	100.0	0.0
Other services	52.6	31.6	15.8
Size of company			
10-19 employees	26.1	55.6	18.3
20-49 employees	37.1	41.2	21.7
50-99 employees	27.2	44.3	28.5
100 + employees	38.3	52.5	9.2
Region			
Border counties	33.1	48.9	18.0
Dublin	34.0	48.4	17.5
Rest of country	29.5	52.0	18.5
Distance to border			
0-10 miles	33.3	50.9	15.8
11-30 miles	29.5	49.8	20.7
31-60 miles	26.8	59.1	14.1
61+ miles	38.3	44.3	17.4
101-200 miles	20.2	50.0	29.8
200+ miles	42.8	38.7	18.5
Nationality			
Irish	33.5	47.0	19.5
Foreign-owned	23.4	68.5	8.1
All companies	32.2	49.8	18.0

Source: InterTradeIreland/ESRI survey, 2003

Table 4.4 shows corresponding information on recent trends in levels of exports from Northern Ireland companies to Ireland. A total of 39 per cent of the companies in the North exporting to the South recorded that these exports had increased from 2001-2003, while another 39 per cent of relevant exporters said they had remained constant, and just 22 per cent recorded that levels of exports to the South had fallen over the period.

There were variations in these trends across the different sectors. Considering the difference between the percentage of companies reporting increases and the percentage of companies reporting decreases, there were above-average surpluses of companies reporting increases in the traditional manufacturing, building and construction, and retail/wholesale sectors. The data also indicate that recent trends in North-to-South export levels do not show much systematic variation by size of company or by distance from the border.

It can be seen in Tables 4.3 and 4.4 that, in both jurisdictions, the number of cross-border exporters who reported that their exports across the border had increased from 2001-2003 was greater than the number reporting decreases. At first sight this might seem inconsistent with the fact that InterTradeIreland's quarterly, *All-Island Trade and Production Monitor*, has shown that the value of cross-border trade in both directions had generally declined over much the same period. However, these two findings are not necessarily inconsistent. For one thing, the Monitor refers only to manufacturing. Furthermore, it could be that a relatively small number of the largest cross-border exporters had a declining value of exports, leading to decline in the total value of exports, while greater numbers of smaller cross-border exporters were actually increasing their exports.

TABLE 4.4 RECENT TRENDS IN LEVELS OF EXPORTS FROM NORTHERN IRELAND COMPANIES TO IRELAND, 2001-2003

	Increased Per cent	Remained the Same Per cent	Decreased Per cent
Sector			
Traditional manufacturing	53.8	29.2	17.0
Hi-tech manufacturing	35.8	37.3	26.9
Building & construction	31.9	60.1	8.0
Retail/wholesale	44.9	35.0	20.1
Business/banking services	32.1	37.4	30.5
Hotels/restaurants/bars	0.0	100.0	0.0
Personal services	0.0	0.0	100.0
Other services	36.0	40.8	23.2
Size of company			
10-19 employees	34.3	43.8	21.9
20-49 employees	43.9	39.5	16.6
50-99 employees	40.1	35.3	24.6
100+ employees	46.1	28.8	25.1
Distance to border			
0-10 miles	45.5	30.5	24.0
11-30 miles	39.8	34.9	25.3
31-60 miles	37.8	43.1	19.2
61+ miles	41.2	48.2	10.5
Nationality			
Irish	40.2	38.4	21.4
Foreign-owned	15.2	57.6	27.3
All companies	39.4	39.1	21.6

Source: InterTradeIreland/ESRI survey, 2003

In an effort to get a picture of the regularity or otherwise of cross-border export business, companies were asked to record whether or not this business in 2002 would be best described as:

- A regular, ongoing business link;
- An occasional business link;
- A 'once-off' transaction.

The results for companies in Ireland exporting to Northern Ireland are shown in the Appendix (Table A.4.3). A total of 71 per cent of these exporters to the North recorded their export activity as a regular, ongoing link with Northern Ireland. This refers to a long-standing and apparently well-matured relationship. A total of 25 per cent of companies described their export activity to Northern Ireland as an occasional link, while only 4 per cent recorded their 2002 exports to Northern Ireland as a 'once-off' transaction. In general, therefore, the data indicate a relatively high level of ongoing constancy in the nature of this export activity, as opposed to *ad hoc* or 'once-off' business.

In nearly all the sectors and categories of companies that are distinguished in Table A.4.3 in the Appendix, much less than 10 per cent of respondents described their exports to Northern Ireland as only 'once-off' transactions. The main exception is that 13 per cent of those in the building and construction sector engaged in 'once-off' transactions, while 9 per cent of the smallest size-class of companies (with 10-19 employees) also did so.

Table A.4.4 in the Appendix shows comparable results for companies in Northern Ireland that export to Ireland. A total of 68 per cent of northern exporters reported their export activity as a regular, ongoing link with Ireland. A total of 25 per cent of the companies concerned reported their export activity as an occasional link, while just 6 per cent recorded their exports to the South in 2002 as a 'once-off' transaction. These figures are much the same as the corresponding figures for Irish exporters to Northern Ireland.

In the North there were relatively high incidences of 'once-off' exporting to Ireland in the retail/wholesale sector (12 per cent) and in the banking/business services (14 per cent) sector. Also, the smallest companies (10-19 employees) were again more likely than most to engage in 'once-off' exporting.

In Table 4.5 a breakdown of companies in Ireland that export to Northern Ireland classified according to their number of export customers in that jurisdiction in 2002 is provided. The table shows a substantial degree of sectoral variation in terms of the number of export customers in Northern Ireland. All exporters in the hotels/restaurants/bars sector exported to 15 or more customers. This is followed by the building and construction sector, where 56 per cent of companies which exported have in excess of 15 export customers. All of those in the personal services sector which exported to Northern Ireland have 6-14 customers. The traditional manufacturing sector has the highest percentage of companies which have only 1 export customer (27 per cent).

TABLE 4.5 EXPORTERS FROM IRELAND TO NORTHERN IRELAND, CLASSIFIED ACCORDING TO THE ESTIMATED NUMBER OF EXPORT CUSTOMERS IN THAT JURISDICTION IN 2002

Sector	No. of export customers in Northern Ireland			
	1	2-5	6-14	15+
Traditional manufacturing	26.5	19.0	18.2	36.3
Hi-tech manufacturing	10.6	40.3	14.8	34.2
Building & construction	0.0	18.5	25.9	55.6
Retail/wholesale	13.7	31.1	19.3	35.9
Business/banking services	2.4	34.8	30.5	32.4
Hotels/restaurants/bars	0.0	0.0	0.0	100.0
Personal services	0.0	0.0	100.0	0.0
Other services	22.2	50.0	0.0	27.8
Size of company				
10-19 employees	7.5	35.7	16.3	40.6
20-49 employees	13.3	29.3	30.5	26.8
50-99 employees	19.3	27.5	17.1	36.1
100+ employees	20.8	25.2	14.7	39.4
Region				
Border counties	8.9	25.0	21.1	44.9
Dublin	16.3	25.2	15.3	43.2
Rest of country	13.9	39.5	24.0	22.6
Distance to border				
0-10 miles	9.1	18.5	20.1	52.3
11-30 miles	4.9	27.9	18.1	49.1
31-60 miles	14.8	32.7	18.5	34.0
61-100 miles	15.1	25.8	19.8	39.3
101-200 miles	5.5	56.0	11.0	27.5
200+ miles	30.0	26.2	33.8	10.0
Nationality				
Irish	12.2	29.9	20.0	37.9
Foreign-owned	27.2	33.8	18.1	20.9
All companies	13.8	30.4	19.8	36.0

Source: InterTradeIreland/ESRI survey, 2003

With regard to region, it was more likely for companies based in the border counties or Dublin to have in excess of 15 Northern Ireland export customers, whereas those in the rest of the country were more likely to have between 2 and 5. It is also evident that companies located closest to the border, in terms of time or distance, were more likely to have 15 or more northern customers.

TABLE 4.6 EXPORTERS FROM NORTHERN IRELAND TO IRELAND, CLASSIFIED ACCORDING TO THE ESTIMATED NUMBER OF EXPORT CUSTOMERS IN THAT JURISDICTION IN 2002

Sector	No. of export customers in Northern Ireland			
	1	2-5	6-14	15+
Traditional manufacturing	18.9	21.6	18.9	40.5
Hi-tech manufacturing	21.2	27.3	17.7	33.7
Building & construction	16.9	59.0	24.0	0.0
Retail/wholesale	1.7	30.3	26.8	41.1
Business/banking services	8.3	12.6	42.3	36.8
Hotels/restaurants/bars	47.1	52.9	0.0	0.0
Personal services	0.0	0.0	0.0	100.0
Other services	29.9	15.2	8.5	46.3
Size of company				
10-19 employees	9.6	34.5	33.9	22.0
20-49 employees	11.9	24.7	10.1	53.3
50-99 employees	5.3	23.5	30.2	41.1
100+ employees	45.4	14.3	4.2	36.1
Distance to border				
0-10 miles	6.9	12.5	17.4	63.2
11-30 miles	12.8	28.3	17.1	41.8
31-60 miles	14.5	30.3	31.5	23.7
61+ miles	38.4	15.1	13.7	32.9
Nationality				
Irish	13.4	28.0	24.1	34.5
Foreign-owned	43.5	0.0	0.0	56.5
All companies	14.2	27.3	23.5	35.0

Source: InterTradeIreland/ESRI survey, 2003

Table 4.6 provides a comparable breakdown of companies in Northern Ireland that export to Ireland, classified according to the number of export customers in Ireland in 2003. The table shows considerable sectoral variation in terms of the number of export customers. For example, all exporters in the personal services sector exported to 15 or more customers, compared to less than half of the exporters in all other sectors. These sectoral patterns are quite different in some respects from the sectoral patterns for Ireland's cross-border exporters seen in Table 4.5. However, a noticeable similarity to Ireland is the fact that the northern cross-border exporters closest to the border – in terms of distance – were the most likely to have 15 or more customers in the other jurisdiction.

4.4 Summary

In this chapter some of the main trends in the incidence and characteristics of exporting, from the South to the North and from the North to the South were examined. Table 4.7 outlines a summary of the incidence and intensity of export activity among companies in both jurisdictions. A total of 59 per cent of companies in Ireland and 63 per cent of those in Northern Ireland sold only within their respective domestic market, with no export activity at all. A further 13 per cent of companies in Ireland were engaged in export business but do not export to the North. In Northern Ireland only 3 per cent of companies were engaged in export activity without having any exports to Ireland. This means that a total of 28 per cent of companies in Ireland were engaged in some level of export activity to the North, while 34 per cent of companies in Northern Ireland were engaged in some degree of export activity to the South. The figures also seem to indicate that companies located in Northern Ireland depend more on the Irish market than their counterparts in Ireland depend on the Northern Ireland market. For example, Table 4.7 shows that 12 per cent of companies in Northern Ireland sold 25 per cent or more of their output in the Irish market. In contrast, just 3 per cent of companies located in Ireland sold 25 per cent or more of their output in Northern Ireland.

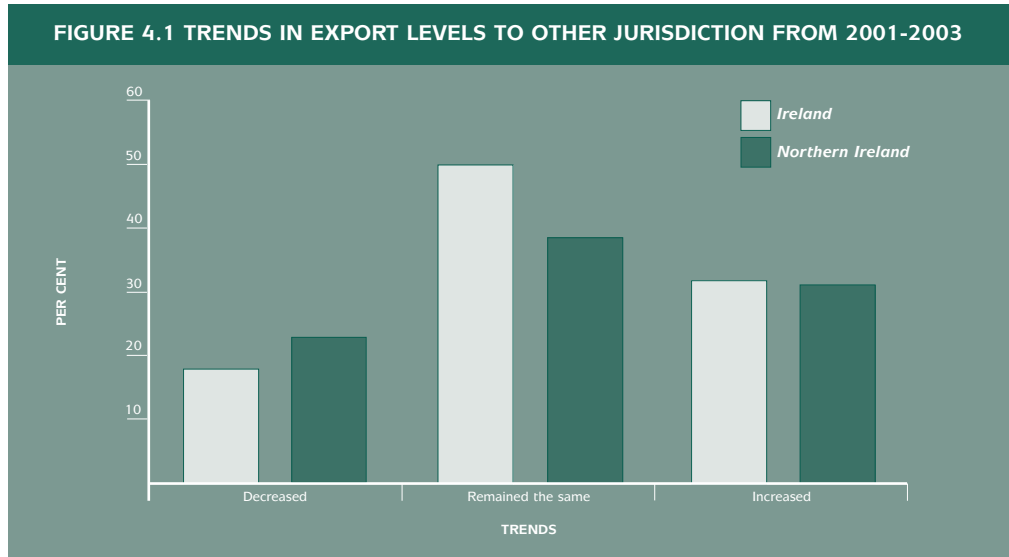
TABLE 4.7 INCIDENCE AND INTENSITY OF CROSS-BORDER EXPORT ACTIVITY

Firms located in:	Selling to domestic market only	Has exports but not to other jurisdiction	Percentage of output exported to other jurisdiction:			
			0-10	10-25	25-50	50+
Ireland	59.0	13.3	16.7	7.6	2.0	1.4
Northern Ireland	62.8	3.3	11.2	10.9	6.4	5.3

Source: InterTradeIreland/ESRI survey, 2003

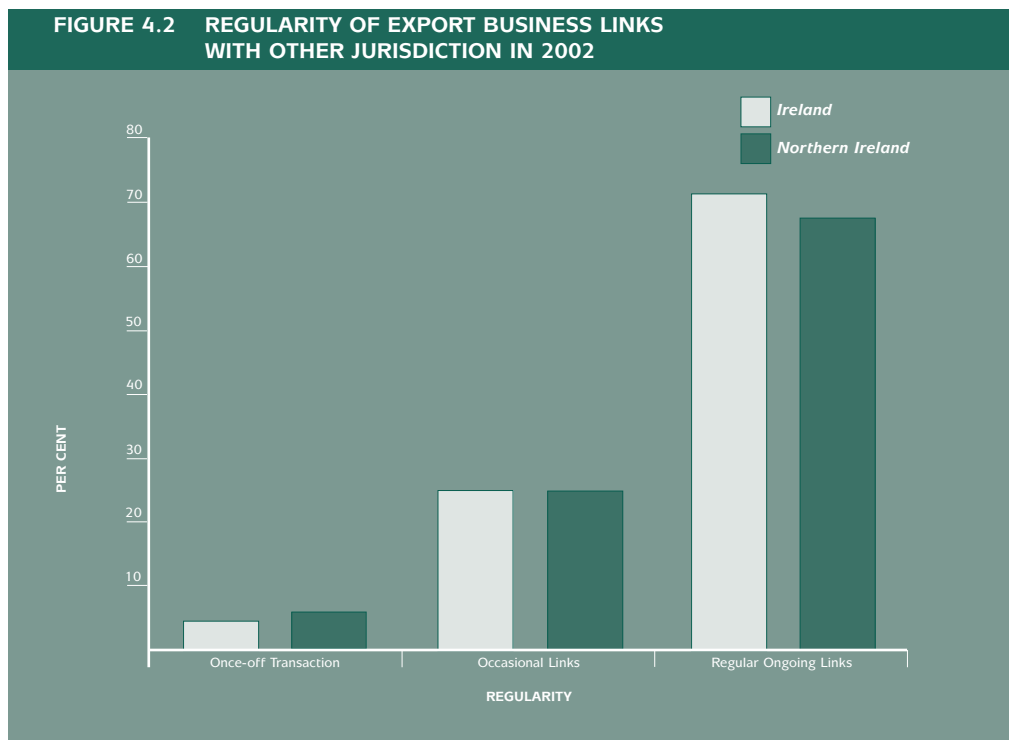
The survey found that in both jurisdictions manufacturing companies were more likely than building or services companies to be engaged in exporting generally or in exporting to the other jurisdiction. It was also found that in both jurisdictions, companies located closest to the border were the most likely to be engaged in cross-border exporting.

Figure 4.1 presents a summary of recent trends in export activity to the other jurisdiction. The table shows, among companies that do export to the other jurisdiction, the percentages reporting that such exports increased, decreased or remained the same from 2001-2003. It is clear that in both jurisdictions the numbers reporting increases in cross-border exports were greater than those reporting decreases.



Source: InterTradeIreland/ESRI survey, 2003

Those respondents who reported having exported across the border in the preceding 12 months (i.e.2002) were asked to record whether the export business in question was part of a regular, ongoing link, an occasional link, or a 'once-off' transaction. The main results are summarised in Figure 4.2. 70 per cent of companies from both jurisdictions which exported to the other part of the island regarded the relevant export business as being part of a regular, ongoing linkage. Only small percentages regarded it as being a 'once-off' transaction.



Source: InterTradeIreland/ESRI survey, 2003

The survey also found that, in both Ireland and Northern Ireland, cross-border exporters located closest to the border were the most likely to have relatively large numbers of customers in the other jurisdiction.

5. INCIDENCE OF IMPORTS WITHIN THE ISLAND ECONOMY

5.1 Introduction

In this chapter various aspects of the incidence, levels and characteristics of imports within the island economy, that is imports into Ireland from Northern Ireland and imports into Northern Ireland from Ireland are considered. Section 5.2 examines the incidence of cross-border importing and the level of dependence on such imports, as well as the value of such imports. Also considered are characteristics such as the year in which the importing began; recent trends in the level of imports; the extent to which the importing behaviour is reported as being part of an ongoing business link, an occasional link, or a 'once-off' transaction; and the reason for importing from across the border rather than from any other EU country. In Section 5.3 a brief summary of the main findings is provided.

5.2 Incidence and Characteristics of Importing

Incidence and Value of Importing

Table 5.1 presents details on the incidence of companies in Ireland employing 10 or more persons directly importing any goods or services - whether for resale or distribution or for input to the goods and services which the importing company produces. A total of 54 per cent of all companies in the target population in Ireland recorded having imported some goods or services in 2002. The incidence is highest in the manufacturing and retail/wholesale sectors. It is also higher among foreign-owned companies and companies located in the border counties – for example, 63 per cent in the border counties compared with 58 per cent for rest of the country excluding Dublin.

TABLE 5.1 INCIDENCE OF IMPORTATION OF ANY GOODS OR SERVICES INTO IRELAND IN 2002

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	73.6	26.4
Hi-tech manufacturing	75.1	24.9
Building & construction	44.5	55.5
Retail/wholesale	72.7	27.3
Business/banking services	30.8	69.2
Hotels/restaurants/bars	21.0	79.0
Personal services	27.6	72.4
Other services	33.9	66.1
Size of company		
10-19 employees	55.5	44.5
20-49 employees	47.9	52.1
50-99 employees	57.5	42.5
100 + employees	54.7	45.3
Region		
Border counties	63.3	36.7
Dublin	45.1	54.9
Rest of country	58.4	41.6
Distance to border		
0-10 miles	65.4	34.6
11-30 miles	60.7	39.3
31-60 miles	53.2	46.8
61-100 miles	51.5	48.5
101-200 miles	63.5	36.5
200+ miles	42.0	58.0
Nationality		
Irish	51.3	48.7
Foreign-owned	68.8	31.2
All companies	53.8	46.2

Source: InterTradeIreland/ESRI survey, 2003

Table 5.2 shows comparable data on the incidence of companies in Northern Ireland directly importing any good or service. Just 37 per cent of companies in Northern Ireland imported some goods or services in 2002, a significantly smaller proportion than in Ireland. As in Ireland, however, the highest incidence was in the manufacturing and retail/wholesale sectors. It was also higher among larger companies, foreign-owned companies and companies located closest to the border.

TABLE 5.2 INCIDENCE OF IMPORTATION OF ANY GOODS OR SERVICES INTO NORTHERN IRELAND IN 2002

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	62.3	37.7
Hi-tech manufacturing	62.4	37.6
Building & construction	26.2	73.8
Retail/wholesale	50.5	49.5
Business/banking services	24.9	75.1
Hotels/restaurants/bars	9.3	90.7
Personal services	15.1	84.9
Other services	22.3	77.7
Size of company		
10-19 employees	31.9	68.1
20-49 employees	38.1	61.9
50-99 employees	41.6	58.4
100 + employees	48.8	51.2
Distance to border		
0-10 miles	49.2	50.8
11-30 miles	41.3	58.7
31-60 miles	30.7	69.3
61+ miles	38.0	62.0
Nationality		
Irish	36.3	63.7
Foreign-owned	51.7	48.3
All companies	36.6	63.4

Source: InterTradeIreland/ESRI survey, 2003

Table 5.3 provides a further breakdown of the extent of importing among companies in Ireland. The focus in this table is on the incidence and level of imports from Northern Ireland. Almost 47 per cent of companies recorded having no imports in 2002 from outside the jurisdiction. A further 33 per cent did not import from Northern Ireland – though they recorded having done so from other countries. This leaves a total of just over 20 per cent of all companies which did import from Northern Ireland. A total of 6 per cent of all relevant companies had imports from the North worth less than €10,000; 8 per cent had imports worth between €10,000 and €100,000, and so on.

TABLE 5.3 COMPANIES IN IRELAND CLASSIFIED ACCORDING TO VALUE OF IMPORTS FROM NORTHERN IRELAND IN 2002

	Less than €10,000 imports	€10,000- €100,000 imports	€100,000- €500,000 imports	€500,000+	Domestic market only	No import from NI
Sector						
Traditional manufacturing	5.1	11.0	5.5	4.4	26.4	47.7
Hi-tech manufacturing	5.0	4.5	5.6	1.8	24.4	58.6
Building & construction	7.3	10.3	3.4	2.3	56.3	20.4
Retail/wholesale	9.3	13.4	6.7	6.8	27.8	36.0
Business/banking services	2.0	1.3	0.0	1.0	69.8	25.9
Hotels/restaurants/bars	2.5	6.6	2.5	0.0	79.3	9.1
Personal services	5.2	0.0	0.0	0.0	72.4	22.4
Other services	7.9	0.6	0.7	4.2	66.1	20.4
Size of company						
10-19 employees	7.4	8.3	3.7	2.3	45.0	33.3
20-49 employees	4.9	10.3	3.4	2.2	52.1	27.2
50-99 employees	4.9	3.9	4.7	2.1	43.3	41.1
100+ employees	4.3	6.5	4.2	5.4	45.6	33.9
Region						
Border counties	8.0	16.7	9.2	5.3	36.7	24.0
Dublin	3.1	3.0	1.8	3.3	55.0	33.9
Rest of country	7.0	9.1	4.3	2.6	42.3	34.7
Distance to border						
0-10 miles	7.9	20.9	6.7	3.9	34.2	26.3
11-30 miles	6.9	14.9	9.0	4.7	39.2	25.3
31-60 miles	2.1	8.2	5.8	3.5	46.7	33.6
61-100 miles	4.4	4.8	2.8	2.9	48.6	36.4
101-200 miles	13.4	6.6	3.2	3.8	39.2	33.7
200+ miles	2.9	5.8	1.4	1.4	58.1	30.4
Nationality						
Irish	6.2	8.2	3.8	3.0	49.0	30.0
Foreign-owned	2.3	4.0	4.7	4.4	32.7	51.9
All companies	5.6	7.6	3.9	3.2	46.6	33.2

Source: InterTradeIreland/ESRI survey, 2003

While 20 per cent of all companies in Ireland had some imports from Northern Ireland, the incidence was much higher in the retail/wholesale sector where 36 per cent of companies imported from the North. It is also evident from Table 5.3 that companies in the border counties were more likely than others to be cross-border importers; 39 per cent had some imports from the North compared with the overall average of 20 per cent. Similarly, companies located closest to the border in terms of distance were the most likely to be importers from Northern Ireland. Thus, 39 per cent of companies located 0-10 miles from the border and 36 per cent of those located 11-30 miles from the border had some imports from the North, while 36 per cent of those located up to 1 hour from the border also had imports from Northern Ireland.

Table 5.4 presents corresponding data on companies in Northern Ireland and the extent of their imports from Ireland. In the North, 63 per cent of companies had no imports, while a further 10 per cent had no imports from Ireland, although they did import from elsewhere. This leaves 27 per cent of companies that did import from Ireland. It is clear that northern companies closest to the border were more likely than others to be engaged in importing from Ireland. For example, 42 per cent of those located less than 10 miles from the border had some imports from the South, compared with 20 per cent of those located 31-60 miles from the border. Similarly, 33 per cent of those located less than half an hour from the border imported from the South, compared with 21 per cent of those who located more than an hour from the border.

TABLE 5.4 COMPANIES IN NORTHERN IRELAND CLASSIFIED ACCORDING TO VALUE OF IMPORTS FROM IRELAND IN 2002

	Less than £10,000 imports	£10,000 to £100,000 imports	£100,000+ imports	Domestic market only	No imports from Ireland
Sector					
Traditional manufacturing	30.5	8.7	4.3	37.7	18.8
Hi-tech manufacturing	26.0	15.2	2.0	37.6	19.3
Building & construction	20.3	2.9	0.0	73.9	2.9
Retail/wholesale	29.5	9.1	1.5	49.5	10.5
Business/banking services	11.4	2.5	0.0	75.1	11.0
Hotels/restaurants/bars	7.9	0.0	0.0	90.7	1.5
Personal services	15.1	0.0	0.0	84.9	0.0
Other services	8.3	4.2	0.0	77.7	9.7
Size of company					
10-19 employees	19.6	2.5	0.0	68.1	9.8
20-49 employees	22.7	6.0	0.9	62.0	8.4
50-99 employees	15.8	12.3	2.9	58.4	10.5
100 + employees	14.5	15.0	3.1	51.2	16.1
Distance to border					
0-10 miles	27.4	10.5	4.1	50.8	7.2
11-30 miles	23.6	9.7	1.1	58.7	6.9
31-60 miles	15.8	3.4	0.7	69.4	10.8
61+ miles	17.1	3.2	0.0	62.0	17.6
Nationality					
Irish	19.6	5.9	1.0	63.8	9.7
Foreign-owned	13.0	13.7	0.0	48.6	24.7
All companies	19.5	6.1	1.0	63.4	10.1

Source: InterTradeIreland/ESRI survey, 2003

Year Importing Began

The 20 per cent of companies in Ireland that imported from Northern Ireland were asked to record when that importing activity began. The results in Table A.5.1 in the Appendix show that 16 per cent of companies importing from Northern Ireland started to do so before 1980, 27 per cent started in the 1980s; 47 per cent started in the 1990s, and 11 per cent began in 2000. The table indicates that companies located in the border counties were more likely than others to have begun importing from Northern Ireland in the 1980s or earlier.

Table A.5.2 in the Appendix shows comparable data on the companies in Northern Ireland that import from Ireland, indicating what percentage began to do so in different periods. The data on these northern importers from Ireland are quite similar to the data on Irish importers from the North, in the sense that the percentage of all cross-border importers that began importing in each period is much the same in both jurisdictions. There are also indications that northern cross-border importers located closest to the border were more likely than others to have begun importing in the 1980s or earlier.

Trends in Levels of Imports in Last 2 Years

Table 5.5 shows that when companies in Ireland which imported from Northern Ireland were asked whether their imports from the North had increased, remained the same or decreased from 2001-2003; a total of 32 per cent of companies recorded that they had increased, 53 per cent said that they had remained the same, and just 15 per cent said they had decreased. A certain amount of variation by sector is evident; apart from that, the percentage of companies reporting an increase in cross-border imports was substantially higher in the border counties (43 per cent) and in Dublin (42 per cent) than in the rest of the country (24 per cent). The percentage reporting a decrease was much the same in each of these regions. In addition, regarding the percentage of companies reporting increases in cross-border imports as compared to the percentage reporting decreases, there were above-average surpluses of companies reporting increases among those located closest to the border in terms of distance or time.

TABLE 5.5 TRENDS IN LEVELS OF IMPORTS FROM NORTHERN IRELAND BY COMPANIES IN IRELAND FROM 2001-2003

	Increased Per cent	Remained the Same Per cent	Decreased Per cent
Sector			
Traditional manufacturing	47.2	42.7	10.1
Hi-tech manufacturing	17.4	60.7	21.9
Building & construction	20.1	62.0	17.9
Retail/wholesale	36.0	45.3	18.6
Business/banking services	31.6	68.4	0.0
Hotels/restaurants/bars	14.2	85.8	0.0
Personal services	0.0	100.0	0.0
Other services	25.3	54.7	20.0
Size of company			
10-19 employees	26.5	52.7	20.8
20-49 employees	39.4	50.2	10.4
50-99 employees	33.5	56.9	9.7
100 + employees	31.8	54.1	14.1
Region			
Border counties	43.2	43.0	13.8
Dublin	42.4	41.0	16.6
Rest of country	23.5	61.4	15.1
Distance to border			
0-10 miles	43.5	41.3	15.1
11-30 miles	30.7	61.0	8.3
31-60 miles	22.2	67.4	10.3
61+ miles	35.6	45.6	18.8
101-200 miles	32.7	51.6	15.7
200+ miles	25.3	52.5	22.2
Nationality			
Irish	32.8	52.6	14.7
Foreign-owned	24.2	56.6	19.3
All companies	31.8	53.0	15.1

Source: InterTradeIreland/ESRI survey, 2003

Table 5.6 shows that when companies in Northern Ireland which import from Ireland were asked whether their imports from Ireland had increased, remained the same or decreased from 2001-2003, a total of 41 per cent recorded that they had increased, 41 per cent said that they had remained the same, and just 18 per cent reported a decrease. There are considerable variations in these figures by sector. In addition, regarding the difference between the percentage of companies reporting an increase and the percentage reporting a decrease, there tended to be above-average surpluses of companies reporting increases among those located relatively close to the border.

**TABLE 5.6 TRENDS IN LEVELS OF IMPORTS FROM IRELAND
BY NORTHERN IRELAND COMPANIES FROM 2001-2003**

	Increased Per cent	Remained the Same Per cent	Decreased Per cent
Sector			
Traditional manufacturing	46.7	33.3	20.0
Hi-tech manufacturing	38.8	51.1	10.0
Building & construction	25.8	61.6	12.6
Retail/wholesale	48.8	34.9	16.3
Business/banking services	36.1	17.6	46.2
Hotels/restaurants/bars	20.9	79.1	0.0
Personal services	0.0	0.0	100.0
Other services	26.1	56.7	17.2
Size of company			
10-19 employees	39.4	48.7	11.9
20-49 employees	42.5	31.3	26.2
50-99 employees	29.0	43.5	27.4
100 + employees	56.7	38.9	4.4
Distance to border			
0-10 miles	47.6	29.3	23.2
11-30 miles	47.1	37.2	15.7
31-60 miles	33.6	45.2	21.2
61+ miles	27.8	59.0	13.2
Nationality			
Irish	41.8	40.1	18.0
Foreign-owned	0.0	80.0	20.0
All companies	40.8	41.1	18.1

Source: InterTradeIreland/ESRI survey, 2003

Nature of Import Trade

In the course of the survey, respondents in Ireland who imported from Northern Ireland were asked whether the import activity was part of a regular, ongoing business link, an occasional business link, or a 'once-off' transaction in 2002. The strength and intensity of the business relationship can be assumed to be related to the extent to which it is part of a regular, ongoing business arrangement. Table A.5.3 in the Appendix shows that, of the companies that imported from Northern Ireland into Ireland, 76 per cent described the business as regular and ongoing. A further 22 per cent described their import activity as occasional, and only 2 per cent described it as a 'once-off' transaction. There are sectoral variations, but in all the sectors and categories of companies distinguished in this table substantially less than 10 per cent of companies described their imports from Northern Ireland as 'once-off' transactions.

Table A.5.4 in the Appendix shows comparable data for imports into Northern Ireland from Ireland. Almost 81 per cent of the companies that imported into Northern Ireland from Ireland reported that the business was regular and ongoing. A further 15 per cent described it as occasional, and only 4 per cent described it as a once-off transaction. This again indicates that, at an aggregate level, the business relationship associated with the importing activity is generally characterised as part of a regular established relationship. In terms of sectoral variations, it can be seen that in the personal services sector, and in the building & construction sector to a lesser extent, the relationship was less regular than in most sectors.

Alternative Sources of Imports

Clearly many of the imports that Irish companies purchase from Northern Ireland companies could be sourced from suppliers in other countries – not least from other European Union (EU) countries. The importing of goods and services should be relatively easy from other EU states, given the internal market and the common currency of the EU. When asked whether or not the goods or services imported from Northern Ireland could have been purchased elsewhere in the EU, a total of 77 per cent of Irish importing companies said they could have been – see Table A.5.5 in the Appendix. The table shows that there is very little systematic variation in this view by any of the classificatory variables outlined.

Of the 77 per cent of companies based in Ireland, which imported from Northern Ireland and which could have done so from other EU countries, each was asked to state their main reasons for choosing to import from the other jurisdiction rather than from elsewhere. Figure 5.1 indicates that simple geographical proximity is a particularly important factor, which was cited by almost 48 per cent of relevant companies.



Source: InterTradeIreland/ESRI survey, 2003

Personal contact was cited by 15 per cent and historical inertia (“we’ve always sourced our supplies in Northern Ireland”) was reported by 2 per cent of the respondents. These three factors would appear not to be related to business issues per se. These reasons for importing from Northern Ireland would seem to be more related to business issues. It appears reasonable then to infer that some major determinants of this type of business link with Northern Ireland are such that they could not be readily influenced by changing the business environment through policy measures, since a significant proportion of relevant companies felt that the business relationship is largely driven by factors such as geographical proximity and personal contact, over which policy-makers would have little control. On the other hand, 31 per cent of companies cited that Northern Ireland is more cost competitive than elsewhere while 29 per cent referred to the available quality or range of the goods or services in question.

Turning now to the imports that Northern Ireland companies purchase from Ireland, clearly many of these could also be sourced from suppliers in other countries, such as other EU countries. When these Northern Ireland importers were asked whether the goods or services imported from Ireland could have been purchased elsewhere in the EU, 77 per cent said they could have been – see Table A.5.6 in the Appendix. This figure tends to be a little higher among companies located closest to the border, indicating that Northern Ireland importers located closest to the border were more likely than others to import from Ireland, even when alternative sources of supply were available elsewhere.

The 77 per cent of Northern Ireland companies which imported from Ireland and which could have imported from other EU countries were asked to state their main reasons for choosing to import from the South rather than from elsewhere. Figure 5.2 indicates that simple geographical proximity is an even more important factor than is the case of southern importers from the North, being cited by 56 per cent of relevant companies compared with 48 per cent.



Source: InterTradeIreland/ESRI survey, 2003

“More competitive cost” was also a more important factor for Northern Ireland importers, than for Irish importers, being cited by 42 per cent of the companies concerned, compared with 31 per cent. On the other hand, factors that were noticeably less important for the Northern Ireland importers than for Irish importers from the North were the quality or range of products or services, 19 per cent compared with 29 per cent respectively.

Number of Suppliers from across the Border

Table 5.7 provides a breakdown of companies in Ireland which import from Northern Ireland, according to the number of their suppliers in the North. A total of 26 per cent of companies had 6 or more northern suppliers, while 50 per cent had 2-5 suppliers. The remaining quarter of companies which import from Northern Ireland had only 1 supplier. This relatively high percentage of companies which recorded having quite a substantial number of suppliers would seem to indicate a fairly well-developed business relationship with Northern Ireland.

It is clear from the table that companies located in the border counties generally have more northern suppliers than their counterparts elsewhere in Ireland. On the other hand, the percentage of companies having more than 6 suppliers in Northern Ireland falls off rapidly with distance to the border.

TABLE 5.7 COMPANIES IN IRELAND WHICH IMPORT FROM NORTHERN IRELAND CLASSIFIED ACCORDING TO NUMBER OF SUPPLIERS

	No. of suppliers in Northern Ireland			
	1	2-5	6-14	15+
Sector				
Traditional manufacturing	25.9	47.8	24.0	2.4
Hi-tech manufacturing	18.3	54.5	16.5	10.8
Building & construction	34.6	39.1	10.5	15.8
Retail/wholesale	19.8	51.0	14.7	14.5
Business/banking services	10.0	67.5	22.5	0.0
Hotels/restaurants/bars	43.2	42.6	0.0	14.2
Personal services	100.0	0.0	0.0	0.0
Other services	0.0	73.7	9.5	16.8
Size of company				
10-19 employees	28.6	50.1	12.6	8.7
20-49 employees	12.6	61.2	19.9	6.4
50-99 employees	16.9	49.8	26.9	6.4
100+ employees	28.2	41.8	10.3	19.8
Region				
Border counties	9.6	46.7	28.6	15.1
Dublin	49.1	39.0	3.4	8.5
Rest of country	18.9	55.9	14.5	10.8
Distance to border				
0-10 miles	11.1	48.7	26.9	13.3
11-30 miles	4.8	57.5	24.2	13.6
31-60 miles	24.3	40.5	25.8	9.4
61-100 miles	35.0	51.5	5.5	8.1
101-200 miles	25.8	50.0	8.7	15.6
200+ miles	22.8	62.3	8.0	6.8
Nationality				
Irish	22.8	49.8	16.1	11.2
Foreign-owned	28.3	52.8	7.9	11.0
All companies	23.4	50.2	15.2	11.2

Source: InterTradeIreland/ESRI survey, 2003

Table 5.8 provides a comparable breakdown of companies in Northern Ireland which import from Ireland, according to the number of their suppliers in the South. A total of 34 per cent had 6 or more suppliers, while 47 per cent had 2-5 suppliers. The remaining 19 per cent of companies which import from Ireland have only 1 supplier. The percentage of these northern importers that recorded having quite a substantial number of suppliers in Ireland is higher than is the case for Irish importers from Northern Ireland, and it indicates a quite well-developed business relationship with Irish suppliers. Also, it is reasonably clear that the Northern Ireland cross-border importers located closest to the border generally had more suppliers in Ireland than those located elsewhere (26 per cent).

TABLE 5.8 COMPANIES IN NORTHERN IRELAND WHICH IMPORT FROM IRELAND, CLASSIFIED ACCORDING TO NUMBER OF SUPPLIERS

Sector	No. of suppliers in Ireland			
	1	2-5	6-14	15+
Traditional manufacturing	17.9	46.4	21.4	14.3
Hi-tech manufacturing	22.4	30.6	33.3	13.7
Building & construction	43.2	43.2	6.8	6.8
Retail/wholesale	14.5	48.1	25.1	12.3
Business/banking services	0.0	60.2	29.6	10.2
Hotels/restaurants/bars	0.0	81.4	18.6	0.0
Personal services	0.0	100.0	0.0	0.0
Other services	30.1	50.4	9.8	9.8
Size of company				
10-19 employees	18.9	55.3	18.9	6.8
20-49 employees	18.7	45.2	20.0	16.2
50-99 employees	11.5	43.4	29.8	15.3
100+ employees	26.8	29.6	33.5	10.1
Distance to border				
0-10 miles	17.1	40.8	15.8	26.3
11-30 miles	10.2	49.7	27.6	12.6
31-60 miles	29.6	45.2	19.7	5.5
61+ miles	22.8	49.7	16.6	11.0
Nationality				
Irish	17.7	47.3	23.3	11.8
Foreign-owned	51.3	48.7	0.0	0.0
All companies	18.6	47.3	22.7	11.5

Source: InterTradeIreland/ESRI survey, 2003

Customisation of Imported Products/Services

Customisation of imported products or services refers to the degree to which the import has been substantially designed, or at least modified, according to the specification of the customer. A higher degree of customisation of imported products from any source market – as opposed to importation of only standardised products - would indicate a closer, more intense relationship between the importers and that source market.

The survey aimed to identify whether or not there was any difference between the level of customisation of goods or services imported into Ireland from Northern Ireland, compared with other sources of imports. For this purpose, respondents were asked to provide an estimate of the percentage of their imported goods or services that were standard or unmodified. The results are shown in Table 5.9 in respect of 3 broad categories of supplier areas outside Ireland.

The first 2 columns of the table simply give the percentage of all relevant companies in Ireland which recorded having imported products/services from each of the three supplier regions in 2002. The remaining columns show the breakdown of imported goods or services according to the percentage that was standard product, as opposed to customised or modified product. The figures show that the breakdown of the imported products or services, in terms of level of customisation, does not vary between one

main source area and another. In other words, the product imported into Ireland from Northern Ireland had largely the same degree of customisation as that imported from Great Britain or the rest of the world. This seems to imply that the strength of the business link associated with customisation or otherwise of the imported product/service is relatively constant regardless of where the product is sourced.

TABLE 5.9 PERCENTAGE OF CUSTOMISATION OF GOODS AND SERVICES IMPORTED BY COMPANIES IN IRELAND FROM 3 MAIN SUPPLIER AREAS IN 2002

Supplier area	Not applicable	Applicable	100 per cent standard	75-99 per cent standard	50-74 per cent standard	25-49 per cent standard	1-24 per cent standard	All to the specification
Northern Ireland	29.9	70.1	63.6	9.8	3.5	2.1	5.4	15.7
England/Scotland/Wales	16.8	83.2	60.8	9.0	5.4	4.0	4.3	16.5
Rest of World	20.7	79.3	63.1	10.8	2.6	2.3	3.2	18.0

Source: InterTradeIreland/ESRI survey, 2003

Companies that considered Importing Products/Services into Ireland from Northern Ireland

Companies in Ireland that did not import goods or services from Northern Ireland in 2002 were asked whether they had ever seriously considered approaching Northern Ireland suppliers with a view to doing so. It was found that 15 per cent of relevant companies had considered doing so – see Table A.5.7 in the Appendix. In terms of classificatory variables, the percentage of companies that had considered making this approach was noticeably higher than average among companies located in the border counties and close to the border in general.

Most of the Irish companies, which reported that they had seriously considered sourcing from Northern Ireland, had taken some practical steps to investigate this option. For example, price comparisons with Northern Ireland were made by 29 per cent of them, 28 per cent held meetings with suppliers, 12 per cent requested information from suppliers in Northern Ireland, and 19 per cent made some other form of contact with suppliers in Northern Ireland.

5.3 Summary

Table 5.10 summarises the incidence of importing activity and the intensity of cross-border imports. A total of 47 per cent of companies located in Ireland recorded that they did not import any goods or services from outside the home market. A further 33 per cent of companies in Ireland said that although they did import goods or services, they did not import anything from Northern Ireland. This leaves a total of just over 20 per cent of companies in Ireland which did import from Northern Ireland.

In Northern Ireland, 63 per cent of companies did not import anything from outside their domestic market. A further 10 per cent of companies located in Northern Ireland recorded importing goods or services, but not from Ireland. Consequently, a total of 27 per cent of the companies in Northern Ireland did import from Ireland.

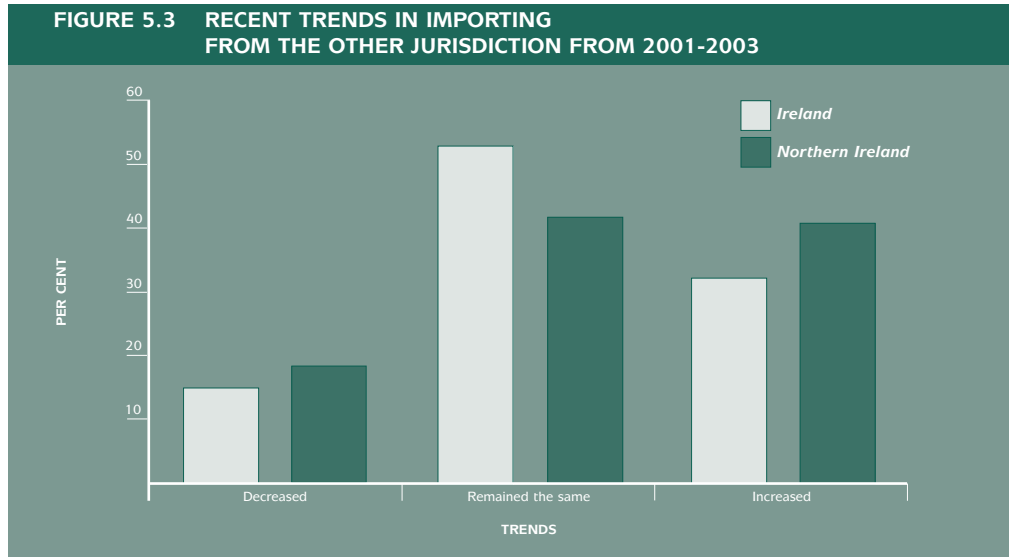
It was also found that, in both Northern Ireland and Ireland, companies that are located relatively close to the border were more likely than others to be cross-border importers.

TABLE 5.10 INCIDENCE OF IMPORTING AMONG COMPANIES IN BOTH JURISDICTIONS

Supplier area	Domestic market only	No imports	Imports from other jurisdiction valued at:			
			Less than 10,000	10,000-100,000	100,000-500,000	500,000+
Ireland (euro)	46.6	33.2	5.6	7.6	3.9	3.2
Northern Ireland (stg)	63.4	10.1	19.5	6.1	1.0	-

Source: InterTradeIreland/ESRI survey, 2003

The findings on recent trends in cross-border importing are summarised in Figure 5.3 which shows that 32 per cent of the companies in Ireland that did import from Northern Ireland reported that imports from Northern Ireland increased from 2001-2003; 53 per cent recorded that imports from the North remained constant, and the remaining 15 per cent said they had decreased. Among companies in Northern Ireland which imported from Ireland, a higher percentage recorded that cross-border import levels had increased (41 per cent). In both Northern Ireland and Ireland, the pattern of positive increases in cross-border imports was stronger among companies located relatively close to the border.



Source: InterTradeIreland/ESRI survey, 2003

As a measure of the strength of the linkage represented by import activity from the other part of the island, Figure 5.4 summarises findings on the percentage of cross-border importers that considered their imports to have been part of a regular, ongoing link, an occasional link, or a ‘once-off’ transaction. A substantial majority of the companies in both jurisdictions, which import from the other part of the island, described the relevant business relationship as being a regular, ongoing link – 76 per cent of those in Ireland and 81 per cent of those in Northern Ireland. Only very small percentages of these companies (of the order of 2-4 per cent) described this relationship as being of a ‘once-off’ nature.



Source: InterTradeIreland/ESRI survey, 2003

6. OTHER BUSINESS LINKS BETWEEN NORTHERN IRELAND AND IRELAND

6.1 Introduction

In this chapter the incidence and nature of other types of business links or networks established between companies in Ireland and Northern Ireland are addressed. Here the extent of both formal and informal business co-operation is examined. By formal business co-operation it is meant companies, which agree to collaborate in specific activities (for example, jointly purchasing materials, jointly undertaking training, or co-operation in marketing activities). Reference to informal co-operation implies no formal or contractual arrangement and would encompass such things as meetings, study visits or any informal networking arrangement. The chapter also considers the perceptions and views of companies regarding the potential for expansion of trade between the 2 jurisdictions. Finally, some insight is provided into the perceived barriers to trade development between North and South.

6.2 Formal Business Links between the Jurisdictions

Respondents were asked to indicate whether or not they had co-operated with other companies a number of specified business activities during 2002.

The 8 types of business co-operation in question were:

1. The purchase of raw materials, services or equipment as part of a larger group;
2. Participation in any joint marketing effort or sharing of the cost of trade shows, etc., with other companies;
3. Bidding on contracts or preparing joint tenders with other companies;
4. Sharing of technical capabilities with other companies;
5. Co-operating with other companies in meeting the design or quality requirements of customers;
6. Co-operating with other companies in staff training programmes;
7. Participation in joint distribution networks with other companies; and
8. Co-operation with other companies in the production of goods or services.

If the respondents answered in the affirmative, they were asked to indicate whether or not this co-operative activity took place with companies located in:

- Ireland
- Northern Ireland
- England/Scotland/Wales
- Rest of European Union
- North America
- Rest of world

Respondents were then asked to rate the effect of this co-operative activity on their business, from “strong positive” effect to “strong negative” effect. The results for respondents in Ireland are presented in Tables 6.1 and 6.2 and the results for respondents in Northern Ireland are presented in Tables 6.3 and 6.4.

Purchase of Raw Materials, Services or Equipment as Part of a Larger Group

Table 6.1 shows that 15 per cent of companies in Ireland recorded having undertaken this type of co-operation in 2002. The table indicates that the highest incidence of this type of activity was in the hotels/restaurants/bars sector, in which 26 per cent of companies employing 10 or more persons recorded having participated in some form of group purchase of materials or services. There is also evidence that the incidence of co-operation increases with size of company. A total of 10-12 per cent of companies employing less than 50 persons recorded that they were involved in this type of co-operation; this figure rises to 23 per cent for companies employing 100 or more persons. The table also shows that companies involved in this type of activity in Ireland were relatively concentrated away from the border region. Indeed, the lowest incidence (12 per cent) was among companies in the border counties. However, on further analysis it was found that the effect being identified here is not distance from the border or border location *per se*, but rather size of company. The higher incidence of this type of business co-operation among companies located at a distance from the border region appears to be driven by size of company rather than by geographical location.

TABLE 6.1 INCIDENCE OF BUSINESS CO-OPERATION IN 8 SPECIFIED BUSINESS ACTIVITIES OF COMPANIES IN IRELAND, 2002

Sector	Affirmative Response Percentage							
	Group purchase	Joint marketing	Joint tenders	Shared tech capabilities	Customer quality	Staff training	Joint distribution	Joint production
Traditional manufacturing	16.9	16.6	10.2	11.8	24.8	7.4	11.2	22.1
Hi-tech manufacturing	15.3	12.8	10.1	18.9	24.1	22.8	4.6	17.2
Building & construction	2.7	3.0	16.1	10.0	14.3	11.6	0.0	19.4
Retail/wholesale	15.5	24.1	3.8	6.7	13.1	15.7	8.5	8.9
Business/banking services	17.5	15.5	23.4	19.1	23.4	17.1	3.9	19.6
Hotels/restaurants/bars	26.1	25.8	0.0	0.0	13.8	18.1	1.7	4.3
Personal services	0.0	0.0	0.0	0.0	0.0	0.0	5.5	4.6
Other services	7.1	13.2	9.4	12.0	16.0	23.4	13.9	5.1
Size of company								
10-19 employees	11.7	14.5	8.9	10.2	15.4	15.3	6.2	15.4
20-49 employees	10.2	15.9	11.1	9.0	14.5	13.8	6.0	9.3
50-99 employees	18.5	16.1	9.3	11.5	22.4	10.7	6.4	15.0
100+ employees	22.5	20.8	11.0	13.5	23.6	20.5	6.1	16.3
Region								
Border counties	12.1	13.1	4.5	7.1	13.7	16.1	7.2	12.7
Dublin	16.0	17.5	13.3	11.9	19.9	15.8	4.3	15.0
Rest of country	15.8	17.4	8.9	11.4	18.6	15.8	7.3	13.9
Distance to border								
0-10 miles	12.8	16.2	6.1	7.2	14.9	20.0	6.7	16.2
11-30 miles	15.3	21.2	3.5	11.2	18.4	21.3	11.7	11.9
31-60 miles	7.7	15.8	9.3	12.0	17.4	21.0	5.8	15.8
61-100 miles	18.0	16.7	12.9	11.3	21.0	13.2	3.9	15.2
101-200 miles	15.5	14.5	11.4	14.7	18.7	15.3	5.6	14.8
200+ miles	20.9	19.8	7.9	6.9	15.5	11.6	9.7	9.4
Nationality								
Irish	13.1	16.9	9.2	10.2	17.5	15.3	6.1	13.0
Foreign-owned	29.4	16.9	15.6	16.6	24.9	19.1	6.4	21.4
All companies	15.4	16.9	10.1	11.1	18.5	15.9	6.1	14.2

Source: InterTradeIreland/ESRI survey, 2003

In addition, Table 6.1 shows that the incidence of group purchasing in Ireland is substantially higher among foreign-owned companies than among Irish-owned companies (29 per cent and 13 per cent respectively). This may reflect the more outward-looking focus of larger, foreign-owned businesses relative to generally smaller indigenous companies. However, it may also reflect the fact that foreign-owned respondents to the survey are branches of larger enterprises, whereas Irish-owned respondents are whole enterprises. As a result foreign-owned respondents may be more readily engaged in co-operation with other parts of their own enterprise.

Table 6.2 provides details on the location of the companies which act as collaborators for companies in Ireland involved in this type of business co-operation. Location is grouped into 7 categories:

1. Domestic only;
2. Domestic plus Northern Ireland;
3. Domestic plus Northern Ireland plus rest of world;
4. Domestic plus rest of world;
5. Northern Ireland only;
6. Northern Ireland plus rest of world; and
7. Rest of world only.

'Domestic only' refers to a situation where a company in Ireland would be involved in co-operation only with other companies located in Ireland. 'Domestic plus Northern Ireland' refers to those companies that co-operate with a mix of companies – located in both Ireland and in Northern Ireland, and so on.

TABLE 6.2 COMPANIES IN IRELAND WHICH CO-OPERATED WITH OTHER COMPANIES IN 8 SPECIFIED ACTIVITIES, CLASSIFIED BY LOCATION OF COLLABORATOR AND THE EFFECT OF THIS COLLABORATION ON THEIR BUSINESS IN 2002

Location of collaborator	Affirmative Response Percentage							
	Group purchase	Joint marketing	Joint tenders	Shared tech capabilities	Customer quality	Staff training	Joint distribution	Joint production
Domestic only	39.5	58.3	41.1	43.8	47.8	73.8	59.0	46.0
Domestic + NI	2.1	0.7	2.7	6.7	4.0	3.5	11.0	6.4
Domestic, NI + Rest of World	10.5	5.9	2.7	4.2	6.4	0.5	0.8	5.5
Domestic + Rest of World	11.2	6.6	13.7	6.7	13.6	5.9	11.5	11.1
NI only	0.2	4.0	5.2	4.6	1.7	1.0	3.7	5.7
NI + Rest of world	3.4	1.0	0.0	3.9	0.7	0.6	0.0	0.3
Rest of world only	33.0	23.5	34.5	30.1	25.8	14.7	14.0	25.0
Satisfaction								
Strong positive	46.6	46.1	28.9	40.1	49.1	59.7	46.9	55.6
Some positive	38.1	46.3	57.3	53.0	49.7	38.8	48.9	44.4
None	15.3	4.9	6.9	6.9	1.2	1.5	4.3	0.0
Negative	0.0	2.7	6.9	0.0	0.0	0.0	0.0	0.0

Source: InterTradeIreland/ESRI survey, 2003

Table 6.2 shows that among those companies in Ireland involved in group purchasing⁷ 40 per cent collaborated only with companies in their home market. A low proportion of relevant companies (2 per cent) co-operated on this basis with companies in both the domestic market and Northern Ireland. Overall, a total of 16 per cent of this subgroup of companies were involved in this type of co-operation with businesses located in Northern Ireland⁸. This means that a total of 3 per cent⁹ of all businesses in Ireland employing 10 or more persons participated in co-operation with companies located in Northern Ireland involving joint purchasing of materials or services.

⁷ A total of 15 percent of companies in Ireland reported that they participated in this type of co-operation (see Table 6.1)

⁸ i.e. Domestic plus NI, 2.1 per cent; NI only, 0.2 per cent; NI plus rest of world, 3.4 per cent; domestic plus NI plus rest of World, 10.5 per cent

⁹ i.e. 16.2 per cent of the 15.4 per cent of companies participating in this type of co-operation

Table 6.3 and Figure 6.1 present the findings on companies in Northern Ireland. The results on group purchasing show that 18 per cent of all companies in Northern Ireland employing 10 or more persons undertook this type of activity in 2002, a little higher than the figure for Ireland (15 per cent). The highest incidence of this type of activity occurred in the traditional manufacturing sector, in which 28 per cent of companies participated in group purchasing of materials or services. As in Ireland, the incidence of this type of activity increased noticeably with size of company. Between 15 and 17 per cent of companies employing less than 50 persons were involved in this type of co-operation. The figure rises to 31 per cent for companies which employ 100 or more persons. There appears to be no clear relationship between the incidence of this type of activity in Northern Ireland and distance from the border.

TABLE 6.3 INCIDENCE OF BUSINESS CO-OPERATION IN 8 SPECIFIED BUSINESS ACTIVITIES OF COMPANIES IN NORTHERN IRELAND, 2002

Sector	Affirmative Response Percentage							
	Group purchase	Joint marketing	Joint tenders	Shared tech capabilities	Customer quality	Staff training	Joint distribution	Joint production
Traditional manufacturing	27.6	11.6	7.2	11.6	23.1	13.0	15.9	17.3
Hi-tech manufacturing	20.9	4.4	11.8	11.0	24.7	18.9	6.0	22.3
Building & construction	20.2	11.9	24.2	15.4	30.6	21.4	7.9	23.8
Retail/wholesale	18.2	12.9	8.8	8.8	10.2	13.5	9.7	9.7
Business/banking services	9.0	23.6	25.2	24.0	23.6	26.8	5.3	22.6
Hotels/restaurants/bars	23.9	10.8	0.0	10.8	7.9	24.9	4.8	2.9
Personal services	15.1	0.0	0.0	11.0	22.2	22.2	0.0	0.0
Other services	14.1	4.3	4.0	7.6	8.7	12.8	7.6	14.2
Size of company								
10-19 employees	15.2	8.5	9.2	9.2	17.0	12.5	5.6	14.3
20-49 employees	16.8	13.5	10.6	14.7	14.0	25.0	7.8	13.5
50-99 employees	20.5	14.3	15.0	11.5	12.0	15.2	11.9	15.2
100+ employees	31.1	16.2	17.6	20.2	27.9	25.1	16.6	22.7
Distance to border								
0-10 miles	20.5	10.1	10.4	8.0	10.6	25.3	7.2	13.0
11-30 miles	12.3	8.2	9.4	9.8	10.1	14.4	6.7	10.5
31-60 miles	14.5	17.1	12.6	17.3	24.2	24.3	9.0	18.8
61-100 miles	42.8	2.0	11.7	3.1	10.5	1.0	9.7	15.2
Nationality								
Irish	17.3	11.2	11.0	11.9	16.2	17.6	8.1	14.8
Foreign-owned	42.2	22.3	18.2	23.6	26.5	23.0	10.9	24.5
All companies	17.9	11.5	11.2	12.1	16.5	17.7	8.1	15.0

Source: InterTradeIreland/ESRI survey, 2003

Table 6.4 provides details on the location of the companies which act as collaborators for companies in Northern Ireland. 'Domestic only', refers to a situation where a company in Northern Ireland was involved in co-operation only with other companies in Northern Ireland. 'Domestic plus Ireland' refers to those Northern Ireland companies that co-operated with companies located in both Northern Ireland and Ireland. For example, 34 per cent of the Northern Ireland companies were involved in co-operation

on group purchasing¹⁰ collaborated only with other companies in Northern Ireland, while 5 per cent collaborated with companies, North and the South. Overall a total of 33 per cent of those involved in this type of co-operation collaborate with businesses located in Ireland¹¹. This means that a total of 6 per cent¹² of all businesses in Northern Ireland employing 10 or more persons co-operated with companies located in Ireland in group purchasing of materials or services.

TABLE 6.4 COMPANIES IN NORTHERN IRELAND WHICH CO-OPERATED WITH OTHER COMPANIES IN 8 SPECIFIED ACTIVITIES, CLASSIFIED BY LOCATION OF COLLABORATOR AND THE EFFECT OF THIS COLLABORATION ON THEIR BUSINESS IN 2002

Location of collaborator	Affirmative Response Percentage							
	Group purchase	Joint marketing	Joint tenders	Shared tech capabilities	Customer quality	Staff training	Joint distribution	Joint production
Domestic only	34.0	26.4	39.2	46.1	46.3	58.8	35.6	38.0
Domestic + NI	4.8	10.9	8.2	6.8	8.2	7.0	11.2	8.8
Domestic, NI + Rest of World	11.0	9.1	8.1	11.0	7.3	1.7	4.0	15.2
Domestic + Rest of World	8.0	14.5	2.8	5.1	5.8	7.9	7.7	11.9
NI only	8.2	8.7	12.1	6.3	3.6	2.6	13.8	5.7
NI + Rest of world	8.9	1.5	7.8	24.7	2.7	2.6	4.9	4.9
Rest of world only	25.1	28.9	21.9	100.0	26.2	19.4	22.8	15.6
Satisfaction								
Strong positive	72.4	39.0	53.3	43.5	54.6	65.4	58.4	54.1
Some positive	19.0	53.7	33.6	50.6	43.9	34.0	33.9	41.3
None	8.6	7.3	10.8	5.2	0.8	0.6	7.6	4.6
Negative	0.0	0.0	2.3	0.7	0.6	0.0	0.0	0.0

Source: InterTradeIreland/ESRI survey, 2003

Participating in Joint Marketing Effort or Sharing the Cost of Trade Shows

Table 6.1 indicates that 17 per cent of companies in Ireland employing 10 or more people participated in joint marketing activities with other businesses in the course of 2002. The incidence of this activity was highest in the hotels/restaurants/bars sector (26 per cent) and also in the retail/wholesale sector (24 per cent). The incidence level was found to be highest among companies employing 100 or more persons (21 per cent). There is little evidence in Ireland to suggest a systematic relationship between location or distance from the border and participation in joint marketing ventures, and the incidence does not vary as between foreign-owned and Irish-owned companies.

Table 6.2 indicates that just over 58 per cent of companies in Ireland that participate in this type of business co-operation do so only with other companies in Ireland. A total of 12 per cent of relevant companies participate in joint marketing with companies located in Northern Ireland¹³. This means that 2 per cent¹⁴ of all businesses in Ireland with a workforce of 10 or more persons participate in joint marketing activities with companies located in Northern Ireland.

¹⁰ A total of 17.9 per cent of companies in Northern Ireland reported that they participated in this type of co-operation (see Table 6.3)

¹¹ i.e. Domestic plus Ireland, 4.8 per cent; Ireland only, 8.2 per cent; Ireland plus rest of world, 8.9 per cent; domestic plus Ireland plus rest of world, 11.0 per cent

¹² i.e. 32.9 per cent of 17.9 per cent of companies participating in this type of co-operation

¹³ i.e. domestic plus NI, 0.7 per cent; NI only, 4 per cent; NI plus rest of world, 1 per cent; domestic plus NI plus rest of world, 5.9 per cent

¹⁴ i.e. 11.6 per cent of the 16.9 per cent of companies participating in this type of co-operation

Turning to the findings on joint marketing among Northern Ireland companies as presented in Table 6.3, it can be seen that 12 per cent of the respondent companies in Northern Ireland participated in joint marketing activities with other businesses in 2002. The incidence of this activity was highest in the banking and business services sector, where 24 per cent of all companies recorded having participated in this type of co-operation. The incidence levels in Northern Ireland are somewhat higher among the larger companies as compared with the smaller ones. As in Ireland, there is little evidence in Northern Ireland to suggest a systematic relationship between distance from the border and participation in joint marketing activity.

Finally, Table 6.4 shows that just over 26 per cent of the Northern Ireland companies participated in joint marketing did so only with other Northern Ireland companies. A total of 30 per cent of Northern Ireland companies involved in joint marketing did so in co-operation with companies located in Ireland¹⁵. This means that 4 per cent¹⁶ of all businesses in Northern Ireland with a workforce of 10 or more persons participated in joint marketing activities with companies located in Ireland.

Bidding on Contracts or Preparing Joint Tenders with Other Companies

Table 6.1 presents details on the incidence of companies in Ireland, preparing joint tenders or bidding for contracts with other companies. A total of 10 per cent of companies participated in this type of activity. Highest incidence levels were in the banking/business services sector (23 per cent), followed by the building and construction (16 per cent). It is clear that this type of co-operation is not systematically related to size of company. From a regional perspective, a significantly higher than average incidence occurs among companies located in Dublin (13 per cent). In terms of ownership, the incidence among foreign-owned companies (16 per cent) is higher than among indigenous companies (9 per cent).

Table 6.2 shows that 41 per cent of the companies in Ireland that participated in this type of co-operation did so only with other companies located in the same jurisdiction. In total, 11 per cent¹⁷ of the companies in Ireland involved in joint tendering or bidding for contracts did so in collaboration with companies located in Northern Ireland. This means that 1 per cent¹⁸ of all businesses in Ireland with a workforce of 10 or more persons collaborated in tendering or bidding for contracts with companies in Northern Ireland.

Regarding the findings from Northern Ireland presented in Table 6.3, 11 per cent of Northern Ireland companies participated in preparation of joint tenders or bidding for contracts with other companies. As in Ireland, the highest incidence levels were in the banking/business services sector (25 per cent), followed by the building and construction (24 per cent). Co-operation in contract-tendering does appear to be related to size of company in Northern Ireland, unlike Ireland.

Table 6.4 shows that 39 per cent of the Northern Ireland companies that participated in this type of co-operation did so only with companies in the same jurisdiction. In total, 36 per cent¹⁹ of companies that engaged in such co-operation did so in collaboration with companies based in Ireland. This means that 4 per cent²⁰ of all businesses in Northern Ireland with a workforce of 10 or more persons collaborated on bidding for contracts or preparing joint tenders with companies in Ireland.

15 i.e. domestic plus Ireland, 10.9 per cent; Ireland only, 8.7 per cent; Ireland plus rest of world, 1.5 per cent; domestic plus Ireland plus rest of world, 9.1 per cent

16 i.e. 30.2 per cent of 11.5 per cent of companies

17 2.7 per cent domestic plus NI; 2.7 per cent domestic plus NI plus rest of world; 5.2 per cent NI only.

18 i.e. 10.6 per cent of the 10.1 per cent participating in this type of joint activity

19 8.2 per cent domestic plus Ireland; 8.1 per cent domestic plus Ireland plus rest of world; 12.1 per cent Ireland only; 7.8 per cent Ireland plus rest of world

20 i.e. 36.2 per cent of the 11.2 per cent participating in this type of joint activity

Sharing Technical Capabilities with Other Companies

A total of 11 per cent of all companies in Ireland recorded having shared technical capabilities with other companies (see Table 6.1). The incidence of this activity was highest in the banking/business services sector and high-tech manufacturing sector (both 19 per cent). There was also a higher than average incidence among foreign-owned companies (17 per cent compared with 10 per cent for Irish-owned companies). A total of 19 per cent of the companies in Ireland, which recorded having undertaken this sharing of technical knowledge and capabilities, did so with companies in Northern Ireland (see Table 6.2). This represents 2 per cent of all companies in Ireland that employ 10 or more persons.

In Northern Ireland, 12 per cent of companies reported that they shared technical capabilities with other companies (see Table 6.3). The incidence of this activity was highest in the banking/business services sector at 24 per cent. A total of 49 per cent of Northern Ireland companies, which reported having shared technical knowledge and capabilities did so with companies in Ireland (see Table 6.4). This represents 6 per cent of all companies in Northern Ireland that employ 10 or more persons.

Co-operating with Other Companies in Meeting the Design or Quality Requirements of Customers

A total of 19 per cent of companies in Ireland recorded having co-operated with other companies in meeting the design or quality requirements of customers (see Table 6.1). This incidence was higher in the manufacturing and banking/business services sectors. The incidence of this type of business co-operation appears to be related to size of company. Thus, given the higher incidence of smaller companies in border counties, the propensity for this type of co-operation is below average in the border region.

Table 6.2 shows that 13 per cent of Irish companies that participated in this type of activity did so with companies located in Northern Ireland. This implies that a total of 2 per cent of all companies in Ireland with a workforce of 10 or more participated in co-operative business links with Northern Ireland companies aimed at meeting customers' design or quality requirements.

Table 6.3 shows that in Northern Ireland 17 per cent of companies co-operated with other companies in meeting the design or quality requirements of customers. The incidence varied considerably among the different sectors. This type of business co-operation was most prevalent among the largest companies in Northern Ireland, and it was not particularly common among those closest to the border.

Table 6.4 indicates that 22 per cent of the Northern Ireland companies that participated in this type of co-operation did so with companies located in Ireland. This implies that a total of 4 per cent of all companies in Northern Ireland with a workforce of 10 or more participated in co-operative business links with companies in the South aimed at meeting customers' design or quality requirements.

Co-operating with Other Companies in Staff Training Programmes

Table 6.1 shows that, in Ireland, a total of 16 per cent of companies employing 10 or more persons co-operated in staff training programmes with other companies. There appears to be little systematic variation in the incidence of this type of business co-operation with either size of company or location relative to the border.

Table 6.2 indicates that 74 per cent of this type of collaborative business activity occurred only with other companies in Ireland. Only 6 per cent of companies that participated in this type of co-operation did so with companies in Northern Ireland. This implies that just 1 per cent of all companies in Ireland employing 10 or more persons co-operated in staff training programmes with companies in Northern Ireland.

In Northern Ireland, as shown in Table 6.3, a total of 18 per cent of companies employing 10 or more persons co-operated in staff training programmes with other companies. There appears to be little systematic variation in the incidence of this type of business co-operation with either size of company or location relative to the border.

Table 6.4 indicates that 59 per cent of this type of collaborative business activity occurred only with companies in Northern Ireland. Only 14 per cent of northern companies that participated in this type of co-operation did so with companies in Ireland, representing just 3 per cent of all companies in Northern Ireland employing 10 or more persons.

Participating in Joint Distribution Networks

Table 6.1 shows that 6 per cent of companies in Ireland participated in a joint distribution network. The incidence of this activity was highest in the traditional manufacturing sector and the other services sector. There appears to be no systematic link between the incidence of this co-operative business activity and any of the classificatory variables outlined in the table.

A total of 16 per cent of the 6 per cent of companies involved in joint distribution included as part of the network a company based in Northern Ireland (see Table 6.2). This means that just 1 per cent of companies employing 10 or more people in Ireland co-operated in this way with northern companies.

Regarding companies in Northern Ireland, Table 6.3 shows that 8 per cent of them recorded that they were engaged in joint distribution. At 16 per cent, the incidence of this activity is noticeably highest in the traditional manufacturing sector. In Northern Ireland, unlike Ireland, there does appear to be a systematic relationship between the incidence of joint distribution and size of company.

A total of 34 per cent of the 8 per cent of northern companies involved in joint distribution included as part of the network a company based in Ireland. This means that 3 per cent of companies employing 10 or more people in Northern Ireland participated in this type of co-operative activity with companies in Ireland.

Co-operation with Other Companies in the Production of Goods or Services

Table 6.1 indicates that just over 14 per cent of companies in Ireland co-operated with other companies in the production of goods or services. Foreign-owned companies (21 per cent) had a higher than average propensity to participate in this type of activity.

Table 6.2 indicates that 18 per cent of the companies in Ireland that participated in joint production did so with companies located in Northern Ireland. This represents 3 per cent of all companies in Ireland employing 10 or more persons.

Table 6.3 presents the comparable data on companies in Northern Ireland and it indicates that 15 per cent of companies in Northern Ireland participated in joint production. As in Ireland, it is clear foreign-owned companies (25 per cent) had a higher than average propensity to participate in this type of activity.

Table 6.4 also indicates that 35 per cent of the Northern Ireland companies that participated in joint production did so with companies located in Ireland. This represents 5 per cent of all companies in Northern Ireland employing 10 or more persons.

Summary of Formal Business Co-operation

Table 6.5 presents summary data on the incidence of formal business co-operation among companies in Ireland in 2002, along with summary data on the percentage of companies in Ireland that co-operate with companies in Northern Ireland. Table 6.6 presents comparable data on the incidence of co-operative formal business links among companies in Northern Ireland.

Table 6.5 shows that approximately 6-19 per cent of companies in Ireland participated in most of the 8 types of formal business co-operation previously outlined. The incidence level is lowest in joint distribution activity (6 per cent), while co-operation aimed at meeting customers' design and quality standards had the highest incidence level (19 per cent). The table also shows that about 1-3 per cent of companies in Ireland participated in these types of business co-operation with companies located in Northern Ireland.

TABLE 6.5 INCIDENCE RATES OF FORMAL BUSINESS CO-OPERATION IN IRELAND, 2002

Activity	Percentage participating	Percentage participating with companies in Northern Ireland
Joint purchase of raw materials/services	15.4	2.5
Joint marketing	16.9	2.0
Joint bidding or tendering	10.1	1.1
Sharing technical capabilities	11.1	2.1
Co-operative links to meet customers' design standards	18.5	2.4
Co-operative staff training	15.9	0.9
Joint distribution networks	6.1	0.9
Co-operative links in producing company's output	14.2	2.5

Source: InterTradeIreland/ESRI survey, 2003

In Northern Ireland, as shown in Table 6.6, the percentage of companies participating in most of these types of co-operation is broadly similar to Ireland, at about 8-18 per cent. The incidence level is again lowest in joint distribution (8 per cent). However, the percentages of Northern Ireland companies engaged in co-operation with companies in Ireland were considerably higher than the corresponding percentages of Irish companies engaged in co-operation with companies in Northern Ireland. Table 6.4 indicates that about 3-6 per cent of companies in Northern Ireland participated in these types of business co-operation with companies located in Ireland.

TABLE 6.6 INCIDENCE RATES OF FORMAL BUSINESS CO-OPERATION IN NORTHERN IRELAND, 2002

Activity	Percentage participating	Percentage participating with companies in Ireland
Joint purchase of raw materials/services	17.9	5.9
Joint marketing	11.5	3.5
Joint bidding or tendering	11.2	4.0
Sharing technical capabilities	12.1	2.9
Co-operative links to meet customers' design standards	16.5	3.6
Co-operative staff training	17.7	2.4
Joint distribution networks	8.1	2.8
Co-operative links in producing company's output	15.0	5.2

Source: InterTradeIreland/ESRI survey, 2003

It was noted in Chapter 4 that the percentage of Northern Ireland companies that exported to Ireland was higher than the percentage of Irish companies that exported to Northern Ireland. It was pointed out that this situation may be largely explained by the fact that companies closer to the border are more likely than others to export across the border, and northern companies on average tend to be closer to the border than southern companies because Northern Ireland is a smaller jurisdiction than Ireland. It seems likely that similar considerations apply to some extent in explaining why there are higher incidences of cross-border business co-operation among Northern Ireland companies than among those based in Ireland.

A final point worth noting here is that Tables 6.2 and 6.4 indicated that, in both jurisdictions, there were generally high levels of agreement among the companies engaged in business co-operation that such co-operation has a positive effect on their business.

6.3 Perceived Barriers To Cross-Border Business Links

Respondents were asked whether or not they felt that any barriers existed to hinder the development of cross-border business links in the areas of imports, exports or business co-operation. Where respondents indicated that barriers existed, they were asked to specify what barriers they encountered in these areas. Table 6.7 shows that 25 per cent of all companies in Ireland employing 10 or more persons, felt that barriers of some sort exist, which hinder the development of business links between the two jurisdictions. The perception of barriers appears highest in the traditional manufacturing sector and lowest in the personal services and other services sectors.

It is evident that distance from the border or geographical location are not major drivers of variation in perceptions of the existence of barriers to business with Northern Ireland. There is also little evidence of a relationship between size of company and perceptions of barriers. However, foreign-owned companies were less likely than Irish-owned companies to perceive barriers to business links with Northern Ireland.

TABLE 6.7 COMPANIES IN IRELAND CLASSIFIED ACCORDING TO WHETHER OR NOT THEY FEEL THERE ARE BARRIERS TO THE DEVELOPMENT OF THEIR BUSINESS ACTIVITY OR LINKS WITH NORTHERN IRELAND

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	35.4	64.6
Hi-tech manufacturing	19.5	80.5
Building & construction	29.5	70.5
Retail/wholesale	29.3	70.7
Business/banking services	25.1	74.9
Hotels/restaurants/bars	20.4	79.6
Personal services	5.5	94.5
Other services	8.4	91.6
Size of company		
10-19 employees	28.4	71.6
20-49 employees	25.2	74.8
50-99 employees	21.1	78.9
100 + employees	24.2	75.8
Region		
Border counties	26.7	73.3
Dublin	23.0	77.0
Rest of country	27.0	73.0
Distance to border		
0-10 miles	27.0	73.0
11-30 miles	31.3	68.7
31-60 miles	25.9	74.1
61-100 miles	24.2	75.8
101-200 miles	26.9	73.1
200+ miles	22.9	77.1
Nationality		
Irish	27.1	72.9
Foreign-owned	15.4	84.6
All companies	25.4	74.6

Source: ESRI, survey 2003

Table 6.8 shows the corresponding data for the respondents in Northern Ireland. A total of 23 per cent of all companies in the North employing 10 or more persons felt that barriers of some sort impede business links between the two jurisdictions. This figure is similar to the one for Ireland. In Northern Ireland, the perception of barriers appears highest in the traditional manufacturing sector and in the banking/business services sector. However, it is quite low in the other services sectors.

Similarly to the case of Irish companies, it is evident that distance from the border does not appear to be a major driver of variation in perceptions of the existence of barriers to cross-border business. Nor is there evidence to suggest that size of company or nationality of ownership have a significant bearing on perceptions in Northern Ireland.

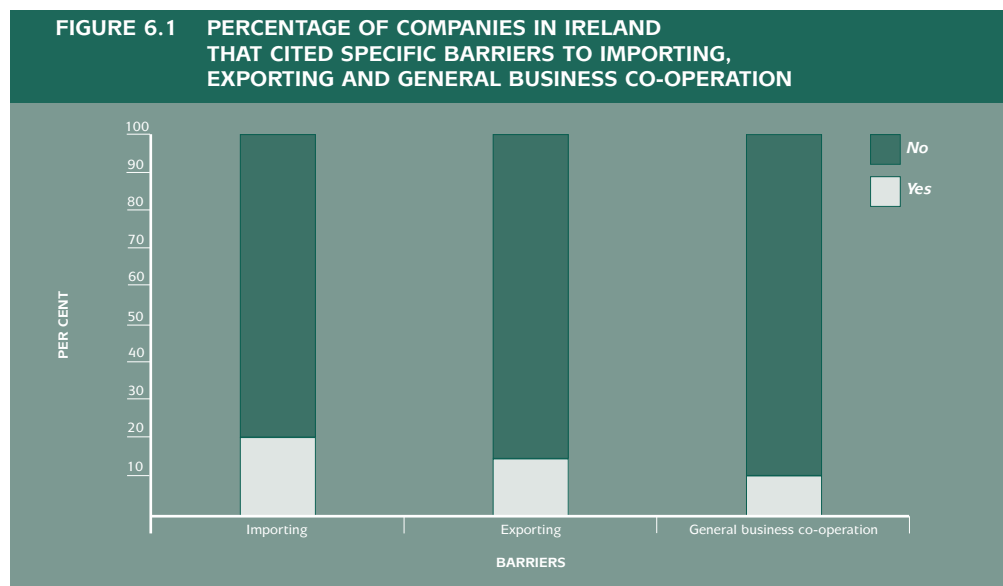
TABLE 6.8 COMPANIES IN NORTHERN IRELAND CLASSIFIED ACCORDING TO WHETHER OR NOT THEY FEEL THERE ARE BARRIERS TO THE DEVELOPMENT OF THEIR BUSINESS ACTIVITY OR LINKS WITH IRELAND

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	33.4	66.6
Hi-tech manufacturing	27.6	72.4
Building & construction	21.4	78.6
Retail/wholesale	27.8	72.2
Business/banking services	34.1	65.9
Hotels/restaurants/bars	10.6	89.4
Personal services	15.1	84.9
Other services	10.0	90.0
Size of company		
10-19 employees	21.0	79.0
20-49 employees	26.0	74.0
50-99 employees	24.9	75.1
100 + employees	24.1	75.9
Distance to border		
0-10 miles	17.2	82.8
11-30 miles	22.8	77.2
31-60 miles	30.1	69.9
61+ miles	5.0	95.0
Nationality		
Irish	23.3	76.7
Foreign-owned	23.6	76.4
All companies	23.3	76.7

Source: InterTradeIreland/ESRI survey, 2003

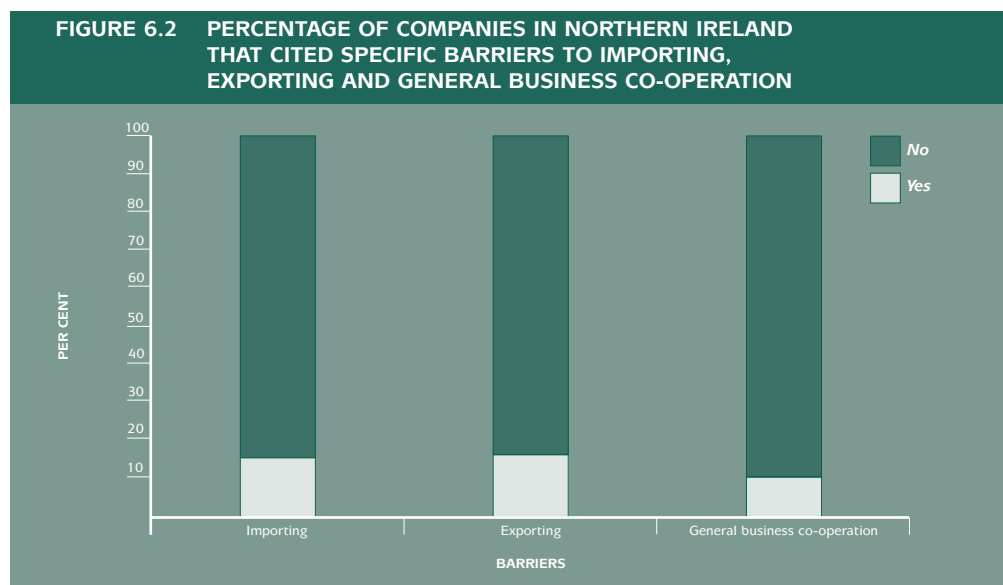
On the basis of their responses, companies can be further categorised according to whether or not they specified that there are barriers to import activity, export activity or general business co-operation.

Figure 6.1 indicates that 20 per cent of companies in Ireland cited specific barriers to imports, 14 per cent cited barriers to exports and 10 per cent cited barriers to general business co-operation.



Source: InterTradeIreland/ESRI survey, 2003

Figure 6.2 shows the corresponding data for companies in Northern Ireland. These results are quite similar to those for Ireland, and they suggest that more companies perceived barriers to cross-border trade than to business co-operation.



Source: InterTradeIreland/ESRI survey, 2003

The next issue for consideration is the nature of the barriers to cross-border business links. Table 6.9 presents a breakdown of the barriers cited by respondents in Ireland in each of the three areas of business activity. In interpreting the figures it should be noted that only relatively small percentages of companies cited barriers in each of the 3 areas in question, and the figures in Table 6.9 relate to these relatively small subsets of respondents.

In regard to perceived barriers to exports from Ireland to Northern Ireland, Table 6.9 shows that by far the most frequently cited issue was currency - that is fluctuations in exchange rates, difficulties of dealing with a different currency, and so on. This issue was raised by 46 per cent of the 14 per cent of companies which perceived that there is a barrier to developing exports to Northern Ireland. In considering perceived import barriers it is again clear that by far the most important issues raised were related to currency. A total of 67 per cent of all companies in Ireland that cited a barrier to importing from Northern Ireland mentioned aspects of currency. Only 10 per cent of all companies in Ireland said that there were barriers to some aspect of general business co-operation (see Figure 6.1). It is clear from Table 6.9 that currency issues are again the most important factor. Problems concerning currency issues were raised by 42 per cent of the companies concerned.

TABLE 6.9 NATURE OF BARRIERS CITED BY COMPANIES IN IRELAND IN AREAS OF EXPORTS, IMPORTS AND GENERAL BUSINESS CO-OPERATION

Export barriers		Import barriers		General business co-operation barriers	
Per cent		Per cent		Per cent	
Currency	45.6	Currency	66.5	Currency	42.3
Lack of co-operation	2.1	Lack of supplies	3.8	Lack of co-operation	22.5
Unable to compete	7.4	Distance	4.9	Cultural difficulties/generally difficult to conduct business	8.7
Cultural difficulties/generally difficult to conduct business	10.6	Costs/labour costs	4.4	Distance	8.0
Distance	11.0	Regulation/legislation	4.6	Access to information	7.5
Regulations/legislation	2.4	Access to information	2.7	Regulation/legislation	14.2
Labour costs more favourable in NI	3.6	Supplier established	2.6	Transport Costs	4.2
Access to information	1.5	Difficult to conduct business	5.7	Other	7.2
Limited market in NI	4.5	Transport costs	5.2		
Transport costs	7.2	Other	6.9		
Markets established	8.4				
Other	5.0				
Total	109.3	Total	107.3	Total	114.6

Source: InterTradeIreland/ESRI survey, 2003

Note: Because companies were able to give more than 1 response, totals sum to more than 100 per cent.

Table 6.10 presents comparable data on the nature of the barriers perceived by companies in Northern Ireland. Again it should be noted that only relatively small percentages of companies cited barriers in each of the 3 areas in question, and the figures in Table 6.10 relate to these relatively small subsets of respondents.

In regard to perceived barriers to exports from North to South, again by far the most frequently cited issue is currency – mentioned by 57 per cent of the 16 per cent of northern companies, which perceived that there was some barrier to exporting to Ireland. Other issues raised included cultural difficulties/general difficulties in doing business with Ireland (11 per cent) and legislative or regulatory difficulties (23 per cent).

As regards perceived barriers to importing North to South, it is evident that by far the most important issues raised are related to currency. A total of 62 per cent of the 16 per cent of all companies in Northern Ireland that cited a barrier to importing from Ireland mentioned aspects of currency.

Just 10 per cent of companies in Northern Ireland said that there were barriers to some aspect of general business co-operation with companies in Ireland (see Figure 6.2). Table 6.10 shows that currency issues are again the most important single factor here, being mentioned by 32 per cent of the companies concerned.

TABLE 6.10 NATURE OF BARRIERS CITED BY COMPANIES IN NORTHERN IRELAND IN AREAS OF EXPORTS, IMPORTS AND GENERAL BUSINESS CO-OPERATION

Export barriers		Import barriers		General business co-operation barriers	
Per cent		Per cent		Per cent	
Currency	56.7	Currency	62.0	Currency	31.6
Lack of co-operation	0.8	Lack of supplies	2.0	Lack of co-operation	6.1
Unable to compete	4.6	Distance	2.0	Cultural difficulties/generally difficult to conduct business	12.6
Cultural difficulties/generally difficult to do business	11.2	Costs/labour costs	9.8	Distance	1.3
Regulations/legislation	23.1	Regulation/legislation	8.9	Access to information	13.0
Labour costs	1.1	Access to information	2.9	Regulation/legislation	20.2
Access to information	1.9	Supplier established	3.8	Transport Costs	8.6
Markets established	1.0	Difficult to conduct business	8.2	Other	5.9
Transport costs	4.9	Transport costs	3.8		
Other	1.7	Other	2.4		
Total	107.0	Total	105.8	Total	99.3

Source: InterTradeIreland/ESRI survey, 2003

Note: Because companies were able to give more than 1 response, totals sum to more than 100 per cent.

6.4 Informal/Networking Links Between Businesses

Respondents were asked whether or not, in 2002, their company had “any formal or informal links with businesses in the other jurisdiction. These links included general business meetings, visits to production facilities or offices, dinners and lunches with senior executives to discuss business, and so on”. The purpose of this question was to attempt to identify the extent of informal cross-border networking or related business contact. In preparing the information in this section for analysis, companies that recorded any of the following have been excluded:

- Imported goods or services from the other jurisdiction on the island of Ireland in 2002;
- Exported goods or services to the other jurisdiction on the island of Ireland in 2002; and
- Participation in any of the types of business co-operation discussed in Section 6.2. Eight types of co-operation were explicitly referred to on the questionnaire:
 - joint purchasing;
 - joint marketing;
 - joint tendering;
 - sharing of technical capabilities;
 - co-operative staff training;
 - joint distribution;
 - joint production; and
 - co-operative links to meet customers’ design standards.

If any of the types of cross-border business co-operation outlined above took place, it seems reasonable to assume that business meetings took place. Accordingly, to avoid double counting and to attempt to get a measure of additional business contact or networking not yet covered in the survey, the extent of business meetings and related contact that took place in companies which had not previously reported any cross-border export, import or co-operative links with business has been identified. The results for companies in Ireland are presented in Table 6.11, which shows that 7 per cent of companies in Ireland were involved in this type of informal contact in 2002. Incidence levels were highest in the banking and business services sector (15 per cent). Little systematic variation was found in the incidence of this type of activity according to size of company, region, distance from the border or nationality of ownership.

TABLE 6.11 BREAKDOWN OF COMPANIES IN IRELAND, ACCORDING TO MARGINAL OR ADDITIONAL CONTACTS²¹ WITH NORTHERN IRELAND, IN 2002

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	4.8	95.2
Hi-tech manufacturing	7.8	92.2
Building & construction	6.8	93.2
Retail/wholesale	2.9	97.1
Business/banking services	15.0	85.0
Hotels/restaurants/bars	8.2	91.8
Personal services	0.0	100.0
Other services	9.3	90.7
Size of company		
10-19 employees	7.1	92.9
20-49 employees	8.7	91.3
50-99 employees	3.3	96.7
100 + employees	8.6	91.4
Region		
Border counties	7.9	92.1
Dublin	7.1	92.9
Rest of country	7.5	92.5
Distance to border		
0-10 miles	7.9	92.1
11-30 miles	9.9	90.1
31-60 miles	6.5	93.5
61-100 miles	5.0	95.0
101-200 miles	9.4	90.6
200+ miles	10.8	89.2
Nationality		
Irish	7.5	92.5
Foreign-owned	6.7	93.3
All companies	7.4	92.6

Source: InterTradeIreland/ESRI survey, 2003

21 i.e. general business meetings, visits to production facilities or offices, dinners/lunches with senior executives to discuss business, etc.

Table 6.12 shows comparable data for the respondents in Northern Ireland. Just 4 per cent of companies in Northern Ireland were involved in such informal contact in 2002. Incidence levels were again highest in the banking/business services sector (14 per cent). Little systematic variation was again found in the incidence of this type of activity according to size of company and distance from the border.

TABLE 6.12 BREAKDOWN OF COMPANIES IN NORTHERN IRELAND ACCORDING TO MARGINAL OR ADDITIONAL CONTACT²² WITH IRELAND, IN 2002

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	4.3	95.7
Hi-tech manufacturing	1.2	98.8
Building & construction	6.9	93.1
Retail/wholesale	0.5	99.5
Business/banking services	13.8	86.2
Hotels/restaurants/bars	1.5	98.5
Personal services	0.0	100.0
Other services	3.6	96.4
Size of company		
10-19 employees	4.7	95.3
20-49 employees	3.7	96.3
50-99 employees	1.2	98.8
100 + employees	7.2	92.8
Distance to border		
0-10 miles	0.0	100.0
11-30 miles	3.6	96.4
31-60 miles	5.2	94.8
61-100 miles	4.3	95.7
Nationality		
Irish	4.1	95.9
Foreign-owned	8.8	91.2
All companies	4.2	95.8

Source: InterTradeIreland/ESRI survey, 2003

Respondents who recorded having participated in informal cross-border contacts were asked to record whether they had participated on a 'stand-alone' basis with a separate company in the other jurisdiction, or whether they had done so as part of a larger group or network²³. Just over one-fifth (22 per cent) of the 7 per cent of companies in Ireland that participated in this type of informal contact did so as part of a larger group. The remaining 78 per cent dealt on a bilateral basis with a company from Northern Ireland.

22 For examples, see Note 21

23 Because the numbers involved in this type of informal cross-border contact are quite small (7 per cent in the South, 4 per cent in the North), we can report only the overall figures in the remainder of this section and are not in a position to relate them to any of the classificatory variables

6.5 Summary Measure of Formal and Informal Cross-Border Links

While Chapters 4 and 5 considered cross-border export and import activity, this chapter discusses other cross-border business links such as various types of business co-operation and also informal contact. In this section these various aspects of business links are combined to provide an overview of the relative importance of each in the overall picture of contact between companies in Ireland and Northern Ireland.

Table 6.13 presents a summary of the activities in question for companies in Ireland. Four types of cross-border business links are shown: exports; imports; formal business co-operation, such as joint tendering, joint marketing, and so on; and informal contact only.

TABLE 6.13 SUMMARY OF CONTACTS OF COMPANIES IN IRELAND WITH NORTHERN IRELAND

Exports	Imports	Formal business co-operation	Informal contact only	Per cent of companies
yes	no	no	no	19.1
yes	yes	no	no	4.5
no	yes	no	no	11.6
yes	yes	yes	no	2.7
yes	no	yes	no	1.4
no	yes	yes	no	1.5
no	no	yes	no	2.5
no	no	no	yes	7.4
no	no	no	no	49.3

Source: InterTradeIreland/ESRI survey, 2003

The table shows that 49 per cent of companies employing 10 or more persons in Ireland had no business contacts with Northern Ireland. A further 19 per cent had a trading relationship that involved only exports to Northern Ireland, while 12 per cent only imported goods from Northern Ireland, and 5 per cent both imported and exported goods. A total of 8 per cent were involved in at least one of the types of formal business co-operation discussed in Section 6.2, while 7 per cent had informal contacts only.

Table 6.14 presents the comparable results for companies in Northern Ireland. A total of 47 per cent of companies employing 10 or more persons in Northern Ireland had no business contacts with the other jurisdiction. A further 14 per cent had a trading relationship which involved only exporting to Ireland, while 9 per cent only imported goods, and 11 per cent both imported and exported. A total of 15 per cent were involved in at least one of the types of formal business co-operation discussed in Section 6.2, while a further 4 per cent had informal contacts only.

TABLE 6.14 SUMMARY OF CONTACTS OF COMPANIES IN NORTHERN IRELAND WITH IRELAND

Exports	Imports	Formal business co-operation	Informal contact only	Per cent of companies
yes	no	no	no	14.1
yes	yes	no	no	10.7
no	yes	no	no	9.0
yes	yes	yes	no	3.7
yes	no	yes	no	5.2
no	yes	yes	no	3.0
no	no	yes	no	3.4
no	no	no	yes	4.2
no	no	no	no	46.7

Source: InterTradeIreland/ESRI survey, 2003

6.6 Intentions to Develop Cross-Border Business Activity in the Future

Respondents were asked whether or not they felt that they would seriously try to develop their cross-border business activity or links from 2003-2006. The results for companies in Ireland are shown in Table 6.15. It must be acknowledged that we do not know the extent to which companies' stated intentions in this matter will, in fact, be translated into actual activity on the part of the respondents. A question of this nature does, however, give a general view of companies' perceptions and intentions and, in particular, an indication of any negative perceptions regarding problems in expanding their business links with Northern Ireland.

Table 6.15 shows that a total of 39 per cent of businesses employing 10 or more persons in Ireland said that they will seriously try to develop their business activity or links with Northern Ireland over the coming 3 years. This view was expressed by quite a large percentage of companies in all sectors except for personal services. This positive outlook for expansion of business links with Northern Ireland was more widely expressed by companies located in the border counties and, in general, by companies located closest to Northern Ireland.

TABLE 6.15 COMPANIES IN IRELAND CLASSIFIED ACCORDING TO WHETHER OR NOT THEY FELT THEY WOULD SERIOUSLY TRY TO DEVELOP THEIR BUSINESS LINKS WITH NORTHERN IRELAND FROM 2003-2006

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	46.8	53.2
Hi-tech manufacturing	43.1	56.9
Building & construction	28.6	71.4
Retail/wholesale	40.0	60.0
Business/banking services	39.1	60.9
Hotels/restaurants/bars	38.9	61.1
Personal services	0.0	100.0
Other services	28.0	72.0
Size of company		
10-19 employees	40.4	59.6
20-49 employees	37.0	63.0
50-99 employees	35.4	64.6
100 + employees	40.3	59.7
Region		
Border counties	50.2	49.8
Dublin	39.9	60.1
Rest of country	35.5	64.5
Distance to border		
0-10 miles	53.2	46.8
11-30 miles	37.9	62.1
31-60 miles	43.6	56.4
61-100 miles	37.6	62.4
101-200 miles	32.9	67.1
200+ miles	10.8	63.2
Nationality		
Irish	39.8	60.2
Foreign-owned	33.5	66.5
All companies	38.9	61.1

Source: InterTradeIreland/ESRI survey, 2003

Table 6.16 presents comparable results for companies in Northern Ireland. A total of 41 per cent of companies employing 10 or more persons in Northern Ireland reported that they will seriously try to develop their business activity or links with Ireland between 2003 and 2006. This percentage is very similar to the corresponding figure for the South and the view was again expressed by quite a large percentage of all sectors except for personal services. This positive outlook for expansion of business links with Ireland was more widely expressed by larger companies and by companies located closest to the border.

TABLE 6.16 COMPANIES IN NORTHERN IRELAND CLASSIFIED ACCORDING TO WHETHER OR NOT THEY FELT THEY WOULD SERIOUSLY TRY TO DEVELOP THEIR BUSINESS LINKS WITH IRELAND FROM 2003-2006

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	56.9	43.1
Hi-tech manufacturing	55.3	44.7
Building & construction	46.6	53.4
Retail/wholesale	41.8	58.2
Business/banking services	54.6	45.4
Hotels/restaurants/bars	24.2	75.8
Personal services	11.0	89.0
Other services	23.9	76.1
Size of company		
10-19 employees	39.1	60.9
20-49 employees	37.4	62.6
50-99 employees	47.7	52.3
100 + employees	53.1	46.9
Distance to border		
0-10 miles	55.2	44.8
11-30 miles	47.8	52.2
31-60 miles	40.2	59.8
61-100 miles	18.8	81.2
Nationality		
Irish	40.5	59.5
Foreign-owned	64.2	35.8
All companies	41.1	58.9

Source: InterTradeIreland/ESRI survey, 2003

All respondents were asked to explain why they felt that they would or would not develop their cross-border business links. The results for those in Ireland who said they would develop their cross-border business links are shown in the Appendix (Table A.6.1). The responses given were very general. For example, 22 per cent reported that they wanted to expand their customer base in Northern Ireland, while a further 22 per cent said they will develop commercial links and 17 per cent mention increased marketing, advertising or promotional campaigns.

Table A.6.2 in the Appendix outlines the reasons given by companies in Ireland when asked why they would not consider developing their business activity or links with Northern Ireland between 2003 and 2006. A total of 34 per cent of the relevant companies felt that it was not necessary for them to develop their business links with Northern Ireland, while 14 per cent reported that they were not interested in doing so, and 10 per cent cited the local nature of their business as the reason for not planning to expand it into Northern Ireland.

Companies in Northern Ireland were also asked to explain why they felt that they would or would not develop their cross-border business links. The results for those northern companies, which reported that they would develop their cross-border business links, are shown in Table A.6.3 in the Appendix. The reasons given most commonly

tended to be very general rather than specific. Thus, 23 per cent said they want generally to develop their customer base, while 20 per cent said they will develop increased business co-operation and contacts.

Table A.6.4 in the Appendix outlines the reasons given by companies in Northern Ireland when asked why they would not consider developing their business activity or links with Ireland from 2003-2006. A total of 38 per cent of relevant companies simply said that they were not interested in doing so; 27 per cent said that it was not necessary to do so; and 14 per cent cited the local nature of their business as the reason for not planning to develop business links with Ireland.

Finally, respondents were asked whether their companies' attitude towards doing business with the other jurisdiction on the island had changed from 2000-2003. The results for companies in Ireland are shown in Table 6.17. A total of 18 per cent felt that their attitude had changed. It is clear that there is no obvious systematic relationship between changing attitude to doing business with Northern Ireland and any of the classificatory variables.

TABLE 6.17 COMPANIES IN IRELAND CLASSIFIED ACCORDING TO WHETHER OR NOT THEIR ATTITUDE TO DOING BUSINESS WITH NORTHERN IRELAND HAD CHANGED FROM 2000-2003

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	12.7	87.3
Hi-tech manufacturing	16.3	83.7
Building & construction	16.2	83.8
Retail/wholesale	22.3	77.7
Business/banking services	23.9	76.1
Hotels/restaurants/bars	12.9	87.1
Personal services	4.3	95.7
Other services	15.4	84.6
Size of company		
10-19 employees	17.2	82.8
20-49 employees	18.1	81.9
50-99 employees	18.3	81.7
100 + employees	17.6	82.4
Region		
Border counties	19.6	80.4
Dublin	16.7	83.3
Rest of country	18.0	82.0
Distance to border		
0-10 miles	17.2	82.8
11-30 miles	26.7	73.3
31-60 miles	14.8	85.2
61-100 miles	17.7	82.3
101-200 miles	20.4	79.6
200+ miles	14.3	85.7
Nationality		
Irish	18.2	81.8
Foreign-owned	14.7	85.3
All companies	17.7	82.3

Source: InterTradeIreland/ESRI survey, 2003

Table 6.18 presents details on the nature of the change in attitude among those companies in the Ireland which reported that their attitude had changed from 2000-2003. The importance of the increased political stability in Northern Ireland over recent years is clear – 47 per cent of companies cited this reason to explain their change in attitude. Other responses were much less common. Most of these were of a positive nature, including easier access (4 per cent), developing contact in Northern Ireland (6 per cent), increased business opportunities (6 per cent), and the fact that Ireland has developed as an all-island market (5 per cent).

TABLE 6.18 NATURE OF THE CHANGE IN ATTITUDE BY COMPANIES IN IRELAND TOWARDS DOING BUSINESS WITH NORTHERN IRELAND FROM 2000-2003

	Per cent
Positive responses	
Increased political stability in Northern Ireland	46.9
Easier access	3.9
Developed contact in recent years	5.8
Northern Ireland market now a business opportunity	6.3
Ireland now all-island market	5.0
Potential to develop business in Northern Ireland	8.8
Negative responses	
Did not meet business expectations	3.8
Currency difficulties	4.4
Not keen to visit Northern Ireland for business	1.5
Company's business links to Northern Ireland have ceased	1.6
Other	13.4
Total	101.4

Source: InterTradeIreland/ESRI survey, 2003

Note: Because respondents were able to give more than 1 response, the total sums to more than 100 per cent.

However, it is evident that not all sentiment has moved in a positive direction. 4 per cent of respondents mentioned that business contact with Northern Ireland did not meet their expectations, and a further 4 per cent recorded difficulties with the currency. Very small percentages also recorded that they were not enthusiastic to visit Northern Ireland for business purposes or that their business links with Northern Ireland had ceased over recent years. Notwithstanding the relatively small percentages of negative opinion, the overwhelming majority of companies which reported that their attitude had changed seem to hold an increasingly positive view on conducting business with Northern Ireland from 2000-2003.

Respondents in Northern Ireland were also asked whether or not their companies' attitude towards doing business with Ireland had changed from 2000-2003. The results for the northern companies are shown in Table 6.19. Like the figure for Ireland, 18 per cent of companies felt that their attitude had changed. The larger northern companies were more likely than others to have changed their attitude. No obvious relationship was found between a change of attitude and distance or time from the border.

TABLE 6.19 COMPANIES IN NORTHERN IRELAND CLASSIFIED ACCORDING TO WHETHER OR NOT THEIR ATTITUDES TO DOING BUSINESS WITH IRELAND HAD CHANGED FROM 2000-2003

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	17.3	82.7
Hi-tech manufacturing	18.7	81.3
Building & construction	26.2	73.8
Retail/wholesale	15.3	84.7
Business/banking services	23.8	76.2
Hotels/restaurants/bars	15.6	84.4
Personal services	26.0	74.0
Other services	11.2	88.8
Size of company		
10-19 employees	14.8	85.2
20-49 employees	17.2	82.8
50-99 employees	24.1	75.9
100+ employees	23.2	76.8
Distance to border		
0-10 miles	14.1	85.9
11-30 miles	17.0	83.0
31-60 miles	22.3	77.7
61-100 miles	5.2	94.8
Nationality		
Irish	17.3	82.7
Foreign-owned	27.9	72.1
All companies	17.6	82.4

Source: InterTradeIreland/ESRI survey, 2003

Table 6.20 presents details on the nature of the change in attitude among those companies in Northern Ireland which reported that their attitude had changed from 2000-2003. The table indicates that, for the most part, a more positive attitude had developed towards doing business with Ireland. Thus, 25 per cent said that they regarded Ireland now as a business opportunity; 22 per cent said that there is potential to develop business there; and 13 per cent have a more positive attitude due to greater political stability.

TABLE 6.20 NATURE OF THE CHANGE IN ATTITUDE BY NORTHERN IRELAND COMPANIES TOWARDS DOING BUSINESS WITH IRELAND FROM 2000-2003

	Per cent
Positive responses	
Increased political stability in Northern Ireland	13.3
Easier access	4.6
Developed contact in recent years	4.5
Ireland market now a business opportunity	25.3
Ireland now all-island market	4.2
Potential to develop business in Ireland	21.8
Negative responses	
Did not meet business expectations	10.5
Currency difficulties	12.2
Company's business links to Ireland have ceased	1.0
Other	4.6
Total	101.9

Source: InterTradeIreland/ESRI survey, 2003

Note: Because respondents were able to give more than 1 response, the total sums to more than 100 per cent.

However, the table also shows that among a noticeable minority of Northern Ireland companies sentiment has moved in a more negative direction. Approximately 11 per cent of respondents mentioned that business contact with Ireland did not meet their expectations, and 12 per cent recorded difficulties with the currency. Another 1 per cent said that their business links with Ireland had ceased over recent years.

6.7 Summary

Respondents to the survey were asked to indicate whether or not they had participated in any of 8 types of business co-operation with other companies. If they had done so, they were further asked about the location of the companies with which they co-operated.

The results are summarised in Table 6.21. A total of 15 per cent of companies in Ireland co-operated with other companies in joint purchasing of materials or services. About 10-18 per cent of companies in Ireland participated in most of these individual types of business co-operation, although the incidence level is lower in joint distribution (6 per cent). Regarding business co-operation by companies in Ireland with companies in Northern Ireland, 3 per cent of companies in Ireland co-operated with companies across the border in joint purchasing of materials or services. In general, about 1-3 per cent of companies in Ireland participated in most of these individual types of business co-operation with companies located in Northern Ireland.

In Northern Ireland, the percentage of companies participating in most of these types of co-operation is broadly similar to Ireland, at about 11-18 per cent. The incidence level is again lowest in joint distribution (8 per cent). However, the percentages of Northern Ireland companies that were engaged in co-operation with companies in Ireland tend to be considerably higher than the corresponding percentages of southern companies that were engaged in co-operation with companies in Northern Ireland. About 2-6 per cent of companies in Northern Ireland participated in most of these individual types of business co-operation with companies located in Ireland.

TABLE 6.21 INCIDENCE OF 8 DIFFERENT TYPES OF BUSINESS CO-OPERATION

	Companies in Ireland		Companies in Northern Ireland	
	Per cent participating	Per cent participating with companies in Northern Ireland	Per cent participating	Per cent participating with companies in Ireland
Joint purchase of raw materials/services	15.4	2.5	17.9	5.9
Joint marketing	16.9	2.0	11.5	3.5
Joint bidding or tendering	10.1	1.1	11.2	4.0
Sharing technical capabilities	11.1	2.1	12.1	2.9
Co-operative links to meet customers' design	18.5	2.4	16.5	3.6
Co-operative staff training	15.9	0.9	17.7	2.4
Joint distribution	6.1	0.9	8.1	2.8
Co-operative links in producing companies' output	14.2	2.5	15.0	5.2

Source: InterTradeIreland/ ESRI survey, 2003

In fact, it is clear from the figures that a higher percentage of companies located in Northern Ireland participated in every one of the 8 types of business co-operation with their counterparts across the border than was the case among companies located in Ireland. In addition, a total of 15 per cent of northern companies were involved in at least one of these types of business co-operation across the border, compared to 8 per cent of companies based in Ireland. In both jurisdictions, there are generally high levels of agreement, among the companies who are engaged in business co-operation, that such co-operation has a positive effect on their business.

Informal Contacts

Respondents were asked whether or not in 2002 their company had any informal links with businesses across the border, such as general business meetings, visits to a company's production facilities or offices, dinners/lunches with senior executives to discuss business, etc. The purpose of this question was to attempt to identify the extent of informal networking or related business contact. Excluding those companies that also had more formal cross-border business co-operation or trade links, a total of 7 per cent of companies located in Ireland was found to have participated only in this type of informal cross-border business activity in that period. The comparable figure for Northern Ireland companies was lower at 4 per cent.

Aggregate Business Links

Table 6.22 combines and summarises the various aspects of cross-border business links for companies in both jurisdictions. The cross-border export and import links are self-explanatory. The formal business co-operation refers to the 8 types of business co-operation discussed in Section 6.2 ranging from joint purchasing of materials or services to co-operation in producing companies' output. The informal links refer to informal visits to plants or offices, business lunches, etc.

TABLE 6.22 INCIDENCE OF COMBINED FORMAL AND INFORMAL CROSS-BORDER BUSINESS COMPANIES¹⁸ AMONG COMPANIES IN BOTH JURISDICTIONS

Export Links	Companies participating in:			Companies located in:	
	Import Links	Other formal business co-operation (8 activities)	Informal business links	Ireland per cent	Northern Ireland per cent
no	no	no	no	49.3	46.5
yes	no	no	no	19.1	14.1
no	yes	no	no	11.6	9.0
yes	yes	no	no	4.5	10.7
yes	yes	yes	no	2.7	3.7
no	no	yes	no	2.5	3.4
no	no	no	yes	7.4	4.2
yes	no	yes	no	1.4	5.2
no	yes	yes	no	1.5	3.0

Source: InterTradeIreland/ESRI survey, 2003

The figures show that just under half of the companies in both jurisdictions had no business links with companies in the other jurisdiction. The most important links were clearly import or export links (with or without some combination of the other links). Informal linkages only were more characteristic of companies located in Ireland than in Northern Ireland (7 per cent compared with 4 per cent respectively). In contrast, formal business co-operation with enterprises in the other jurisdiction was a much more commonly occurring phenomenon among companies in Northern Ireland than in Ireland.

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APPENDIX 1: ADDITIONAL TABLES

TABLE A.4.1 COMPANIES IN IRELAND WHICH EXPORT TO NORTHERN IRELAND CLASSIFIED ACCORDING TO WHEN EXPORTING TO NORTHERN IRELAND BEGAN

	Pre-1980	1980-1989	1990-1995	1996-1999	2000-2002
Sector					
Traditional manufacturing	20.9	32.6	30.1	7.4	9.0
Hi-tech manufacturing	13.9	31.2	36.8	13.8	4.3
Building & construction	0.0	14.0	43.9	17.5	24.6
Retail/wholesale	10.5	21.3	32.8	21.9	13.5
Business/banking services	8.1	29.9	6.3	30.9	24.8
Hotels/restaurants/bars	28.4	28.4	43.2	0.0	0.0
Personal services	0.0	0.0	100.0	0.0	0.0
Other services	17.0	45.3	37.7	0.0	0.0
Size of company					
10-19 employees	15.1	33.2	26.1	18.4	7.3
20-49 employees	8.6	24.5	24.0	20.9	22.1
50-99 employees	17.5	25.5	35.5	9.8	11.7
100 + employees	15.9	26.1	37.0	13.2	7.8
Region					
Border counties	18.6	32.6	24.7	17.9	6.2
Dublin	14.4	22.0	27.6	18.2	17.7
Rest of country	10.5	33.1	35.0	13.8	7.6
Distance to border					
0-10 miles	19.1	36.9	22.3	17.1	4.7
11-30 miles	16.7	21.5	27.0	18.9	15.9
31-60 miles	12.8	23.2	27.5	11.9	24.6
61-100 miles	15.8	23.1	33.4	21.1	6.6
101-200 miles	4.3	30.0	33.6	26.6	5.5
200 + miles	13.0	51.4	31.0	0.0	4.6
Nationality					
Irish	13.1	29.5	29.3	17.4	10.8
Foreign-owned	20.0	20.0	31.9	10.9	17.1
All companies	13.9	28.3	29.6	16.6	11.6

Source: InterTradeIreland/ESRI survey, 2003

TABLE A.4.2 COMPANIES IN NORTHERN IRELAND WHICH EXPORT TO IRELAND CLASSIFIED ACCORDING TO WHEN EXPORTING TO IRELAND BEGAN

	Pre-1980	1980-1989	1990-1995	1996-1999	2000-2002
Sector					
Traditional manufacturing	20.5	28.2	20.5	15.4	15.4
Hi-tech manufacturing	22.6	28.0	36.6	11.1	1.7
Building & construction	5.2	22.9	19.3	33.3	19.3
Retail/wholesale	20.3	21.3	28.6	18.7	11.0
Business/banking services	18.6	19.6	27.7	19.9	14.2
Hotels/restaurants/bars	0.0	23.5	26.5	26.5	23.5
Personal services	0.0	0.0	100.0	0.0	0.0
Other services	36.5	25.9	11.7	7.1	18.8
Size of company					
10-19 employees	12.7	26.0	22.0	23.5	15.7
20-49 employees	36.7	16.2	20.1	15.6	11.4
50-99 employees	19.2	32.0	34.3	9.9	4.7
100 + employees	13.1	21.9	40.8	10.8	13.5
Distance to border					
0-10 miles	32.4	28.9	0.0	21.8	16.9
11-30 miles	20.7	30.2	22.8	12.3	14.1
31-60 miles	18.5	19.5	30.4	20.6	11.0
61+ miles	10.3	0.0	65.4	24.4	0.0
Nationality					
Irish	19.3	23.8	26.7	17.4	12.8
Foreign-owned	43.1	27.7	15.4	13.8	0.0
All companies	20.2	23.9	26.3	17.3	12.3

Source: InterTradeIreland/ESRI survey, 2003

TABLE A.4.3 REGULARITY OF EXPORT BUSINESS FROM IRELAND TO NORTHERN IRELAND IN 2002

	Regular ongoing link	Occasional link	Once-off transaction
Sector			
Traditional manufacturing	70.2	21.1	8.7
Hi-tech manufacturing	76.1	23.2	0.7
Building & construction	77.8	9.5	12.7
Retail/wholesale	65.9	30.1	3.9
Business/banking services	78.3	21.0	0.7
Hotels/restaurants/bars	39.7	60.3	0.0
Personal services	100.0	0.0	0.0
Other services	50.0	50.0	0.0
Size of company			
10-19 employees	60.2	31.1	8.7
20-49 employees	65.5	33.0	1.5
50-99 employees	80.7	17.3	2.0
100 + employees	88.3	11.7	0.0
Region			
Border counties	71.1	24.5	4.4
Dublin	71.5	23.6	5.0
Rest of country	70.4	27.2	2.4
Distance to border			
0-10 miles	69.6	24.8	5.6
11-30 miles	66.3	30.5	3.3
31-60 miles	68.7	27.4	3.9
61-100 miles	71.8	22.5	5.6
101-200 miles	70.6	28.4	1.0
200+ miles	80.8	19.2	0.0
Nationality			
Irish	69.8	25.9	4.3
Foreign-owned	80.4	18.7	0.9
All companies	71.0	25.1	3.9

Source: InterTradeIreland/ESRI survey, 2003

TABLE A.4.4 REGULARITY OF EXPORT BUSINESS FROM NORTHERN IRELAND TO IRELAND IN 2002

	Regular ongoing link	Occasional link	Once-off transaction
Sector			
Traditional manufacturing	92.9	7.1	0.0
Hi-tech manufacturing	69.9	26.9	3.1
Building & construction	47.6	47.6	4.7
Retail/wholesale	58.6	29.1	12.3
Business/banking services	56.5	29.4	14.1
Hotels/restaurants/bars	100.0	0.0	0.0
Personal services	100.0	0.0	0.0
Other services	82.4	17.6	0.0
Size of company			
10-19 employees	52.0	36.7	11.4
20-49 employees	80.4	16.0	3.6
50-99 employees	81.3	16.8	1.9
100+ employees	78.4	18.7	3.0
Distance to border			
0-10 miles	70.1	29.9	0.0
11-30 miles	72.7	21.5	5.8
31-60 miles	61.4	30.8	7.8
61+ miles	90.4	0.0	9.6
Nationality			
Irish	67.3	26.1	6.7
Foreign-owned	100.0	0.0	0.0
All companies	68.4	25.2	6.4

Source: InterTradeIreland/ESRI survey, 2003

**TABLE A.5.1 COMPANIES IN IRELAND WHICH IMPORT FROM NORTHERN IRELAND
CLASSIFIED ACCORDING TO WHEN IMPORTS FROM NORTHERN IRELAND BEGAN**

	Pre-1980	1980-1989	1990-1995	1996-1999	2000-2002
Sector					
Traditional manufacturing	8.6	37.6	25.3	21.0	7.5
Hi-tech manufacturing	12.1	38.9	27.6	6.7	14.6
Building & construction	15.3	16.7	20.7	10.2	37.1
Retail/wholesale	21.2	21.7	34.2	16.3	6.6
Business/banking services	42.5	0.0	47.5	0.0	10.0
Hotels/restaurants/bars	0.0	25.0	25.0	50.0	0.0
Personal services	0.0	0.0	100.0	0.0	0.0
Other services	4.2	36.8	0.0	58.9	0.0
Size of company					
10-19 employees	9.3	33.0	31.2	14.2	12.3
20-49 employees	21.3	24.1	23.9	19.6	11.1
50-99 employees	12.0	22.8	35.7	22.4	7.1
100 + employees	21.4	20.5	25.8	21.2	11.2
Region					
Border counties	22.6	36.2	21.3	14.3	5.6
Dublin	10.7	15.5	32.8	14.5	26.5
Rest of country	14.5	26.1	30.0	20.9	8.5
Distance to border					
0-10 miles	13.8	44.2	17.3	15.4	9.2
11-30 miles	32.9	34.5	15.9	15.5	1.2
31-60 miles	9.7	25.2	44.1	9.4	11.5
61-100 miles	16.7	21.8	29.7	20.0	11.9
101-200 miles	12.2	21.7	24.5	23.4	18.1
200 + miles	12.1	19.7	35.9	25.3	7.1
Nationality					
Irish	15.7	26.7	29.0	17.6	11.0
Foreign-owned	15.5	24.7	24.2	23.7	11.9
All companies	15.7	26.5	28.5	18.2	11.1

Source: InterTradeIreland/ESRI survey, 2003

TABLE A.5.2 COMPANIES IN NORTHERN IRELAND WHICH IMPORT FROM IRELAND, CLASSIFIED ACCORDING TO WHEN IMPORTING FROM IRELAND BEGAN

	Pre-1980	1980-1989	1990-1995	1996-1999	2000-2002
Sector					
Traditional manufacturing	17.2	20.7	24.1	24.1	13.8
Hi-tech manufacturing	16.8	39.5	25.0	5.5	13.2
Building & construction	0.0	28.0	43.9	15.2	12.9
Retail/wholesale	23.5	15.6	30.2	19.7	11.0
Business/banking services	40.4	10.1	0.0	39.4	10.1
Hotels/restaurants/bars	0.0	19.0	40.5	19.0	21.4
Personal services	0.0	0.0	100.0	0.0	0.0
Other services	9.9	19.0	19.0	9.9	42.1
Size of company					
10-19 employees	14.9	13.2	28.1	18.8	25.0
20-49 employees	26.4	12.2	27.6	21.1	12.6
50-99 employees	15.4	45.7	25.9	13.0	0.0
100+ employees	14.4	34.4	26.7	17.8	6.7
Distance to border					
0-10 miles	22.7	17.5	21.4	24.0	14.3
11-30 miles	19.8	29.5	20.4	14.4	15.9
31-60 miles	19.0	10.1	33.9	25.5	11.5
61+ miles	6.5	17.9	50.4	6.5	18.7
Nationality					
Irish	18.0	21.5	26.7	18.9	14.9
Foreign-owned	45.0	0.0	55.0	0.0	0.0
All companies	18.7	20.9	27.4	18.4	14.5

Source: InterTradeIreland/ESRI survey, 2003

TABLE A.5.3 REGULARITY OF IMPORT BUSINESS FROM NORTHERN IRELAND TO IRELAND IN 2002

	Regular ongoing link	Occasional link	Once-off transaction
Sector			
Traditional manufacturing	84.5	14.4	1.1
Hi-tech manufacturing	83.8	16.2	0.0
Building & construction	68.9	23.6	7.5
Retail/wholesale	78.2	19.4	2.4
Business/banking services	31.6	68.4	0.0
Hotels/restaurants/bars	78.4	21.6	0.0
Personal services	0.0	100.0	0.0
Other services	50.5	49.5	0.0
Size of company			
10-19 employees	76.0	20.7	3.2
20-49 employees	73.4	26.6	0.0
50-99 employees	68.4	31.6	0.0
100+ employees	80.7	16.1	3.1
Region			
Border counties	86.4	12.6	1.0
Dublin	77.4	18.2	4.3
Rest of country	71.4	26.9	1.7
Distance to border			
0-10 miles	75.5	22.1	2.4
11-30 miles	79.6	20.4	0.0
31-60 miles	91.9	6.3	1.8
61-100 miles	70.4	29.6	0.0
101-200 miles	74.0	26.0	0.0
200+ miles	81.9	14.7	3.4
Nationality			
Irish	67.5	28.2	4.3
Foreign-owned	69.0	31.0	0.0
All companies	76.0	21.9	2.1

Source: InterTradeIreland/ESRI survey, 2003

TABLE A.5.4 REGULARITY OF IMPORT BUSINESS FROM IRELAND TO NORTHERN IRELAND IN 2002

	Regular ongoing link	Occasional link	Once-off transaction
Sector			
Traditional manufacturing	86.7	10.0	3.3
Hi-tech manufacturing	87.2	10.0	2.7
Building & construction	59.7	40.3	0.0
Retail/wholesale	80.9	14.6	4.5
Business/banking services	82.2	17.8	0.0
Hotels/restaurants/bars	79.1	0.0	20.9
Personal services	0.0	0.0	100.0
Other services	91.1	8.9	0.0
Size of company			
10-19 employees	78.7	15.5	5.8
20-49 employees	78.3	18.6	3.1
50-99 employees	85.1	10.5	4.4
100+ employees	89.4	10.6	0.0
Distance to border			
0-10 miles	73.9	14.5	11.5
11-30 miles	83.9	13.4	2.7
31-60 miles	77.9	17.4	4.7
61+ miles	83.4	16.6	0.0
Nationality			
Irish	80.3	15.6	4.1
Foreign-owned	100.0	0.0	0.0
All companies	80.8	15.2	4.0

Source: InterTradeIreland/ESRI survey, 2003

TABLE A.5.5 COMPANIES LOCATED IN IRELAND WHICH IMPORT FROM NORTHERN IRELAND, CLASSIFIED ACCORDING TO WHETHER OR NOT THEY FEEL THE IMPORTS COULD BE PURCHASED ELSEWHERE IN THE EU

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	86.5	13.5
Hi-tech manufacturing	77.9	22.1
Building & construction	75.5	24.5
Retail/wholesale	74.0	26.0
Business/banking services	100.0	0.0
Hotels/restaurants/bars	71.6	28.4
Personal services	0.0	100.0
Other services	68.4	31.6
Size of company		
10-19 employees	76.2	23.8
20-49 employees	79.5	20.5
50-99 employees	73.4	26.6
100+ employees	78.8	21.2
Region		
Border counties	80.7	19.3
Dublin	78.3	21.7
Rest of country	75.9	24.1
Distance to border		
0-10 miles	75.8	24.2
11-30 miles	82.9	17.1
31-60 miles	67.6	32.4
61-100 miles	77.8	22.2
101-200 miles	81.3	18.7
200+ miles	81.8	18.2
Nationality		
Irish	77.1	22.9
Foreign-owned	80.5	19.5
All companies	77.4	22.6

Source: InterTradeIreland/ESRI survey, 2003

TABLE A.5.6 COMPANIES LOCATED IN NORTHERN IRELAND WHICH IMPORT FROM IRELAND, CLASSIFIED ACCORDING TO WHETHER THEY FEEL THE IMPORTS COULD BE PURCHASED ELSEWHERE IN THE EU

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	69.2	30.8
Hi-tech manufacturing	92.7	7.3
Building & construction	70.5	29.5
Retail/wholesale	79.2	20.8
Business/banking services	77.1	22.9
Hotels/restaurants/bars	100.0	0.0
Personal services	100.0	0.0
Other services	50.7	49.3
Size of companies		
10-19 employees	75.9	24.1
20-49 employees	76.9	23.1
50-99 employees	87.6	12.4
100+ employees	64.8	35.2
Distance to border		
0-10 miles	84.6	15.4
11-30 miles	81.7	18.3
31-60 miles	70.3	29.7
61+ miles	69.7	30.3
Distance to border		
0-10 miles	77.0	23.0
11-30 miles	70.0	30.0
All companies	76.8	23.2

Source: InterTradeIreland/ESRI survey, 2003

TABLE A.5.7 COMPANIES IN IRELAND WHICH DID NOT IMPORT GOODS OR SERVICES FROM NORTHERN IRELAND IN 2002, CLASSIFIED ACCORDING TO WHETHER OR NOT THEY HAD EVER SERIOUSLY CONSIDERED DOING SO

	Yes Per cent	No Per cent
Sector		
Traditional manufacturing	13.4	86.6
Hi-tech manufacturing	17.5	82.5
Building & construction	27.7	72.3
Retail/wholesale	7.4	92.6
Business/banking services	13.5	86.5
Hotels/restaurants/bars	11.2	88.8
Personal services	13.8	86.2
Other services	27.3	72.7
Size of company		
10-19 employees	12.5	87.5
20-49 employees	13.8	86.2
50-99 employees	11.6	88.4
100+ employees	20.7	79.3
Region		
Border counties	24.6	75.4
Dublin	14.2	85.8
Rest of country	13.9	86.1
Distance to border		
0-10 miles	34.1	65.9
11-30 miles	17.5	82.5
31-60 miles	15.1	84.9
61-100 miles	13.0	87.0
101-200 miles	17.0	83.0
200+ miles	12.3	87.7
Nationality		
Irish	14.1	85.9
Foreign-owned	21.1	78.9
All companies	15.1	84.9

Source: InterTradeIreland/ESRI survey, 2003

TABLE A.6.1 REASONS GIVEN BY COMPANIES IN IRELAND WHICH RECORDED THAT THEY WOULD EXPAND THEIR BUSINESS LINKS WITH NORTHERN IRELAND FROM 2003-2006

Reasons	Per cent
Develop export links	4.7
Develop commercial links	21.7
Develop supplier links	10.6
General development of customer base	22.0
Seeking new Northern Ireland contracts	10.6
Increased marketing/advertising/promotion	17.1
Increased business co-operation/contact	4.1
Develop distribution network	1.8
Develop import links	0.3
Develop as opportunity arises	0.7
Other	9.6
Total	103.2

Source: InterTradeIreland/ESRI survey, 2003

Note: Because companies were able to give more than 1 response, totals sum to more than 100 per cent.

TABLE A.6.2 REASONS GIVEN BY COMPANIES IN IRELAND WHICH RECORDED THAT THEY WOULD NOT BE EXPANDING THEIR BUSINESS LINKS WITH NORTHERN IRELAND FROM 2003-2006

Reasons	Per cent
Cost	3.3
Local nature of business	10.0
Not necessary to do so	33.9
Produce/service not suitable	5.4
Too complicated/not feasible	16.3
Currency difficulties	5.5
Not interested in doing so	13.7
Too far	3.4
Too much competition in Northern Ireland	3.3
Not opportunity	4.2
Other	9.5
Total	108.5

Source: InterTradeIreland/ESRI survey, 2003

Note: Because companies were able to give more than 1 response, totals sum to more than 100 per cent.

TABLE A.6.3 REASONS GIVEN BY COMPANIES IN NORTHERN IRELAND WHICH RECORDED THAT THEY WOULD EXPAND THEIR BUSINESS LINKS WITH IRELAND FROM 2003-2006

Reasons	Per cent
Develop export links	2.8
Develop commercial links	11.0
Develop supplier links	9.6
General development of customer base	22.9
Seeking new Northern Ireland contracts	9.3
Increased marketing/advertising/promotion	12.9
Increased business co-operation/contact	20.0
Develop distribution network	1.5
Develop import links	1.8
Develop as opportunity arises	1.8
Training and development	1.2
Other	6.1
Total	100.9

Source: InterTradeIreland/ESRI survey, 2003

Note: Because companies were able to give more than 1 response, totals sum to more than 100 per cent.

TABLE A.6.4 REASONS GIVEN BY COMPANIES IN NORTHERN IRELAND WHICH RECORDED THAT THEY WOULD NOT BE EXPANDING THEIR BUSINESS LINKS WITH IRELAND FROM 2003-2006

Reasons	Per cent
Cost	7.5
Local nature of business	13.8
Not necessary to do so	27.3
Produce/service not suitable	1.6
Too complicated/not feasible	2.0
Currency difficulties	3.3
Not interested in doing so	38.0
Too far	0.7
Too much competition in Northern Ireland	2.6
Not opportunity	3.8
Other	2.4
Total	103.0

Source: InterTradeIreland/ESRI survey, 2003

Note: Because companies were able to give more than 1 response, totals sum to more than 100 per cent.

APPENDIX 2: THE QUESTIONNAIRE²⁴

Survey of Business Activity in Ireland Spring 2003

STRICTLY CONFIDENTIAL

ID

Int. Name _____

Int No.

Date / /

Time Interview began : (24 hr clock)

The Economic and Social Research Institute (ESRI) has been commissioned by InterTradeIreland to carry out a survey into the level and structure of business activity throughout Ireland - on an all-island basis. The purpose of the survey is to assess the nature of business in Ireland today and to measure the extent and potential of cross-border business activity.

The Questionnaire will take about 30 minutes to complete. The information collected will be treated in the strictest confidence. The report which we will prepare will contain only aggregate details, percentages, etc. It will not be possible to identify individual companies or their responses from this report.

The results will be used to assist in the development of trade in Ireland. It is the experience of **your** company and **your** views which we want to measure.

²⁴ The questionnaire reproduced here was completed by respondents in Ireland; the questionnaire completed by their counterparts in Northern Ireland was similar.

Q1. Name of company

Q2. Name of person completing the questionnaire

Q3. What is your own position within the company?

Q4. Please describe as fully as possible the nature of your business

Q5. Which of the following best describes your company? [Tick one box only]

- | | | | |
|---|--------------------------|---|--------------------------|
| Irish-owned private company | <input type="checkbox"/> | Irish-owned co-operative | <input type="checkbox"/> |
| Irish-owned public company | <input type="checkbox"/> | Semi-state company | <input type="checkbox"/> |
| Subsidiary of foreign-owned company (incl. NI)
(If yes, go to Q.6) | <input type="checkbox"/> | International franchise in Ireland
(If yes, go to Q.7) | <input type="checkbox"/> |
| Other type of company (specify) | | | |

Q6. What is the nationality of your parent company?

[If UK please check if this is from Northern Ireland and record accordingly]

Q7. What is the nationality of the franchiser (from whom you have the franchise)?

[If UK please check if this is from Northern Ireland and record accordingly]

Q8. How many branches or outlets does your company have throughout Ireland?

branches/outlets in Ireland

Q9. Do you have any branches or outlets in Northern Ireland?

Yes Go to Q10. No Go to Q13.

Q10. How many?

Q11. What is the total employment in these branches in Northern Ireland?

Q12. Approximately what percentage of your company's total turnover is through these Northern Ireland branches?

per cent

Q13. Do you have any subsidiary or partly-owned companies in Northern Ireland?

Yes Go to Q14. No Go to Q17.

Q14. How many such companies?

Q15. What is the total employment in these companies in Northern Ireland?

Q16. Approximately what percentage of your company's turnover is from these subsidiary companies in Northern Ireland?

Q17. What is the total number of persons currently engaged in your company, on a full-time and part-time basis, in all the company's branches throughout Ireland? By part-time we mean usually working less than 30 hours per week. Please include proprietors, owners and managers.

full time part time

Q18. Compared with this time 2 years ago would you say your workforce today is:

Larger Go to Q.19 The same Smaller Go to Q.19

Q19. Approximately how many employees in total (full-time and part-time) would your company have employed in all its branches or outlets throughout Ireland 2 years ago?

Total employment 2 years ago

Q20. What would you say are the main reasons for the change in the size of your workforce over the last 2 years. Please describe as fully as possible.

Q21. Has the volume of your business increased, remained the same or decreased in the last 2 years?

Increased Remain the same Decreased

Q22. Would you anticipate that over the next 2 years, the volume of your business will?

Increase Remain the same Decrease

Q23. Why do you say that?

Q24. Thinking back over the last 2 years, in terms of the overall profits of your company would you say your business has shown:

A substantial loss A moderate loss Broke even
A moderate profit A substantial profit

Q25. What would you say are the biggest difficulties facing a company of your size in your line of business here in Ireland today?

Please describe what you see as the main difficulties which you face in business today.

Q.26 Listed on this card are 15 possible difficulties which could face a company in business today. I would like you to rank the 7 most important of these from 1 to 7 in order of importance as they face your company. Assign a '1' to the difficulty you think is most important to your company, '2' to the second most important difficulty and so on. [Int. show card A]

Rank in terms of importance

Poor industrial relations	<input type="checkbox"/>
Infrastructure such as roads and telecommunications	<input type="checkbox"/>
Difficulties in recruiting staff	<input type="checkbox"/>
Lack of advice or support from Government agencies	<input type="checkbox"/>
Employer's PRSI	<input type="checkbox"/>
Basic labour costs/wages (other than PRSI element)	<input type="checkbox"/>
Unfair competition from other companies WITHIN Ireland	<input type="checkbox"/>
Unfair competition from other companies OUTSIDE Ireland	<input type="checkbox"/>
Rate of the Euro against other currencies/uncertainty re. exchange rates	<input type="checkbox"/>
Transport costs	<input type="checkbox"/>
Energy costs	<input type="checkbox"/>
Corporate taxes/taxes on profits	<input type="checkbox"/>
Access to finance	<input type="checkbox"/>
Insurance costs	<input type="checkbox"/>
Accessing general business information	<input type="checkbox"/>

Q.27 How big a problem would you say the following issues are for your company?

	Very Major Problem	Major Problem	A slight Problem	No Problem At All
Commercial/industrial rates	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Keeping apace with technological advances/ info. on new technology	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Forms and 'red tape' associated with company taxation	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Availability of equity/capital	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4

Q.28 Has your company ever received any support or assistance from Government Agencies?

Yes Go to Q29. No Go to Q32.

Q.29 When did you receive such support? If over any extended period give a range of dates.

Q.30 Which agencies provided this support? Please specify as fully as possible.

Q.31 What was the nature of this support?

Q.32 Have you ever applied for support from Government Agencies but were turned down?

Yes Go to Q.33 No Go to Q.35

Q.33 What sort of support did you apply for? Please describe as fully as possible.

Q.34 Why were you turned down?

Q.35 What sort of initiatives do you think should be put in place by Government Agencies to alleviate the type of problems faced by your business? Please describe as full as possible.

Q.36 Does your company export any goods or services or do you do any business outside Ireland including Northern Ireland?

Yes, company has exports Go to Q.37

No, company has no exports Go to Q.47

Q.37 Approximately what percentage of your output or services was exported in 2002 – including to Northern Ireland?

per cent

Q.38 Approximately what percentage of your total output or services in 2002 was accounted for by the following markets (including the domestic market). [Int. Show Card B]

Market Area

Domestic Market per cent

Northern Ireland If company exports to NI go to Q.39 If not go to Q.47

England/Scotland/Wales per cent

Rest of European Union per cent

North America per cent

Rest of World per cent

Total per cent

[Int. Check that total is 100% amend if necessary]

Q.39 When did you begin exporting to Northern Ireland?

year

Q.40 Would you say your exports to Northern Ireland have increased, remained the same or decreased over the last 2 years?

Increased Go to Q.41 Remained the same Decreased Go to Q.41

Q.41 By approximately what percentage?

Had no exports to NI 2 years ago

Q.42 Would you describe your exports to Northern Ireland as part of a regular ongoing business link with your customer(s) there, an occasional business link with your customer(s) or a once-off transaction?

Regular ongoing link Occasional link Once-off transaction

Q.43 Approximately how many export customers in Northern Ireland did you have in:

2000 2001 2002 [Int. if none, write NONE. Do not leave blank]

Q.44 Briefly describe the nature of the goods or services which you exported to Northern Ireland in 2002

Q.45 Any others?

Q.46 Why did you choose Northern Ireland as an export market?

Q.47 Do you have any domestic competitors in your business, any other companies in Ireland who would be a competitor?

Yes Go to Q.48 No, no domestic competitors

Q.48 Approximately how many domestic competitors would you have? [Int. Show Card C]

1-2 3-5 6-10 11-20 21-50 51+

Q.49 Do you have any competitors on the domestic market in your business, who are LOCATED OUTSIDE IRELAND INCLUDING NORTHERN IRELAND (not foreign owned companies located in Ireland)

Yes Go to Q.50 No, no foreign competitors on domestic market Go to Q.52

Q.50 Approximately how many such competitors would you have? (Int. Show Card C)

1-2 3-5 6-10 11-20 21-50 51+

Q.51 Where is your main external competitor based? First, (a) your main foreign competitor located outside Ireland, and then (b) any other external competitors. [Int. Show Card D]

A. MAIN foreign competitor B. Other foreign competitor

Northern Ireland	<input type="checkbox"/> 1	<input type="checkbox"/> 1
England/Scotland/Wales	<input type="checkbox"/> 2	<input type="checkbox"/> 2
Rest of European Union	<input type="checkbox"/> 3	<input type="checkbox"/> 3
North America	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Rest of World	<input type="checkbox"/> 5	<input type="checkbox"/> 5
	[Int. tick ONE only]	[Int. tick all that apply]

Q.52 In 2002, did your company itself directly import any goods or services for resale or distribution or materials as input to the goods or services which you produce, including from Northern Ireland?

Yes Go to Q.53 No Go to Q.70

Q.53 What was the approximate value of these imports in 2002?

€ Don't know Go to Q.54

Q.54 Could you tell me into which of the following categories the value of these imports fell in 2002? [Int. Show Card E]

Less than €20,000	<input type="checkbox"/>
€20,000 to less than €50,000	<input type="checkbox"/>
€50,000 to less than €100,000	<input type="checkbox"/>
€100,000 to less than €500,000	<input type="checkbox"/>
€500,000 to less than €750,000	<input type="checkbox"/>
€750,000 to less than €1 million	<input type="checkbox"/>
€1 million to less than €5 million	<input type="checkbox"/>
€5 million to less than €10 million	<input type="checkbox"/>
€10 million or more	<input type="checkbox"/>

Q.55 Approximately what percentage of these imports of goods, materials or services were from each of the following areas? (Int. Show card F)

Area		
Northern Ireland	<input type="text"/>	If company imports from NI go to Q.56 If not go to Q.66
England/Scotland/Wales	<input type="text"/> per cent	
Rest of European Union	<input type="text"/> per cent	
North America	<input type="text"/> per cent	
Rest of World	<input type="text"/> per cent	
Total	<input type="text"/> per cent	

Q.56 When did you begin importing from Northern Ireland?

Year

Q.57 Would you say your imports from Northern Ireland have increased, remained the same or decreased over the last 2 years?

Increased Go to Q.58 Remained the same Decreased Go to Q.58

Q.58 By approximately what percentage?

Had no imports from NI 2 years ago

Q.59 Would you describe these imports from Northern Ireland as part of a regular, ongoing business link with your main supplier(s), an occasional business link or a once-off business link or transaction?

Regular ongoing business link Occasional business link Once-off transaction

Q.60 Could you have purchased these imports elsewhere in the EU?

Yes Go to Q.61 No

Q.61 What were your main reasons for choosing NI rather than other EU countries?
Please describe as fully as possible.

Q.62 Approximately how many suppliers did you do business with in Northern Ireland in:

2000 2001 2002

[Int. if none, write NONE. Do not leave blank]

Q.63 Briefly describe the nature of the goods or services which you imported from suppliers in Northern Ireland?

Q.64 Any others?

Q.65 Why did you choose Northern Ireland as the source of these goods or services?
Please describe as full as possible.

Q.66 We would like to get some idea of whether or not these goods or services which your company has imported are standard goods or services which could be supplied to any company or are produced for your company to your specification or your modification of a standard good or service. So for each of the areas on this card [Int. Show Card G] please indicate the percentage of goods or services supplied which would be completely standard and could be supplied to any company in your line of business.

Market Area	Not Applicable Standard	100% Standard	75-99% Standard	50-74% Standard	25-49% Standard	1-24% Standard	All to your specification or modification
Domestic market	<input type="checkbox"/> ¹	<input type="checkbox"/> ²	<input type="checkbox"/> ³	<input type="checkbox"/> ⁴	<input type="checkbox"/> ⁵	<input type="checkbox"/> ⁶	<input type="checkbox"/> ⁷
Northern Ireland	<input type="checkbox"/> ¹	<input type="checkbox"/> ²	<input type="checkbox"/> ³	<input type="checkbox"/> ⁴	<input type="checkbox"/> ⁵	<input type="checkbox"/> ⁶	<input type="checkbox"/> ⁷
Eng/Scotland/Wales	<input type="checkbox"/> ¹	<input type="checkbox"/> ²	<input type="checkbox"/> ³	<input type="checkbox"/> ⁴	<input type="checkbox"/> ⁵	<input type="checkbox"/> ⁶	<input type="checkbox"/> ⁷
Rest of World	<input type="checkbox"/> ¹	<input type="checkbox"/> ²	<input type="checkbox"/> ³	<input type="checkbox"/> ⁴	<input type="checkbox"/> ⁵	<input type="checkbox"/> ⁶	<input type="checkbox"/> ⁷

Q.67 How do you think your level of import from Northern Ireland will change over the next 3 years?

Increased Go to Q.68 Remained the same Go to Q.74 Decreased Go to Q.58

Q.68 By about what percentage?

Less than 5% 5 to 10% 11 to 25% 26% or more

Q.69 Why do you think it will change like that? Please explain as fully as possible.

[Int. Ask Q.70-73 only if respondent does NOT currently import from Northern Ireland.]

Q.70 Has your company ever seriously considered approaching suppliers in Northern Ireland?

Yes Go to Q.71 No Go to Q.73

Q.71 What steps did you take to investigate this option?

Q.72 Why did you not pursue this option and import from NI?

Go to Q.74

Q.73 Why not? Please explain as fully as possible.

Go to Q.74

Q.74 Does your company carry out any in-house Research & Development or development of standards?

Yes Go to Q.75 No Go to Q.82

Q.75 How much did your company spend on in-house Research & Development or development of standards in 2002? [Int. Tick one box. Show Card H]

Less than €25,000	€25,000 to €49,999	€50,000 to €74,999	€75,000 to €99,999	€100,000 to €249,999	€250,000 or more
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Specify €

Q.76 Did you collaborate with any other companies in this Research & Development or development of standards?

Yes Go to Q.77 No Go to Q.79

Q.77 In which countries, including Ireland and also Northern Ireland, were those companies which you collaborated with located? Please tick all that apply. [Int. Show Card I]

Ireland	<input type="checkbox"/>	¹	Rest of European Union	<input type="checkbox"/>	⁴
Northern Ireland	<input type="checkbox"/>	²	North America	<input type="checkbox"/>	⁵
England/Scotland/Wales	<input type="checkbox"/>	³	Rest of World	<input type="checkbox"/>	⁶

Q.78 What effect do you feel this collaborative Research & Development with other companies had on your business?

Strong positive Some positive No effect Some negative Strong negative

Q.79 Did you collaborate with any universities, Institutes of Technology or other research institutes in this Research & Development or development of standards?

Yes Go to Q.80 No Go to Q.82

Q.80 In which countries, including Ireland and Northern Ireland, were those institutions, universities etc. which you collaborated with located? Please tick all that apply. [Int. Show Card I]

Ireland	<input type="checkbox"/>	¹	Rest of European Union	<input type="checkbox"/>	⁴
Northern Ireland	<input type="checkbox"/>	²	North America	<input type="checkbox"/>	⁵
England/Scotland/Wales	<input type="checkbox"/>	³	Rest of World	<input type="checkbox"/>	⁶

Q.81 What effect do you feel this collaborative Research & Development with universities, Institutes of Technologies or other research institutes had on your business?

Strong positive Some positive No effect Some negative Strong negative

Q.82 See next page.

Q.83 In very broad and general terms, would you say that there are any barriers to developing your business activities or links with Northern Ireland if you wanted to in the areas of imports, exports or general business co-operation?

Yes, barriers in some areas Go to Q.84 No, no barriers in any area Go to Q.85

Q.84 What are the barriers to developing business links in the area of:

(a) Imports:

(b) Exports:

(c) General business co-operation:

Q.85 In 2002 has your company had any formal or informal links with business in Northern Ireland. The sort of thing we mean would include general business meetings; a visit to their production facilities or offices; dinner/lunches with senior executives to discuss business, etc.?

Yes Go to Q.86 No Go to Q.91

Q.82 I would like you to think back over 2002. (a) Excluding business with a subsidiary or partially owned company, did your company carry out any of the following activities with other companies throughout 2002 and, if so, (b) in which countries, including Ireland and Northern Ireland, were the other companies located; (c) in general what effect do you think that this joint co-operative activity had on your business? (Int. Show Card J and tick all that apply, as relevant)

	(a) Throughout 2002 did your company:			(b) IF YES, was it with companies in:						(c) What effect did co-operative activity have on your business?				
	Yes	No	N/A did not do type of activity	RoI	NI	Eng/Scot Wales	Rest of EU	North America	Rest of World	Strong Positive	Some Positive	No Effect	Some Negative	Strong Negative
Purchase of raw materials, services or equipment as part of a larger group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Participate in any joint marketing effort or share the cost of trade shows with other companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bid on contracts or prepare joint tenders with other companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Share any technical capabilities with other companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Co-operate with other companies in meeting the design or quality requirements of customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Co-operate with other companies in staff training programmes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Participate in joint distribution network with other companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Co-operate with other companies in the production of your goods or services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q.86 With approximately how many separate, different companies in Northern Ireland did this type of networking or business linkage take place in 2002?

Q.87 Did this link or networking involve just your company and a single, separate company in Northern Ireland or was there a number of companies involved in the network?

Respondent's company and separate NI company

Part of larger network Go to Q.88

Q.88 How many companies were involved in this network (a) from Ireland and (b) from Northern Ireland

(a) from Ireland (b) from Northern Ireland

Q.89 Please indicate whether or not this link or networking was facilitated by the following groups or organisations [Int. Tick Yes or No in respect of each. Show Card K]

	Yes	No
Confederation of British Industry (C.B.I.)	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
Irish Business Employers Confederation (IBEC)	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
Chambers of Commerce	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
Institute of Directors, Northern Ireland	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
Small Companies Association	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
ISME	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
Federation of Small Businesses	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
Industry groups or representative bodies	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
Government Agencies (specify which ones)	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
Others	<input type="checkbox"/> ¹	<input type="checkbox"/> ²

(Specify)

Q.90 In general, what effect would you say this type of networking or business link with companies in Northern Ireland had on your business?

Strong positive Some positive No effect Some negative Strong negative

Go to Q.93

(Int. Ask only if No link was made at Q85.)

Q.91 Did you ever seriously consider making such a business link or participating in a business network in Northern Ireland throughout 2002?

Yes Go to Q.93 No Go to Q.92

Q.92 Why not? Please explain as fully as possible.

Q.93 Do you think you will seriously try to develop your business activity or links with Northern Ireland over the next three years?

Yes Go to Q.94 No Go to Q.95

Q.94 What sort of links have you in mind?

Q.95 Why not?

Q.96 Before we began this interview, had you ever heard of InterTradelreland?

Yes No Go to Q.101

Q.97 Do you know what it does?

Yes Go to Q.98 No Go to Q.101

Q.98 Please describe as fully as possible.

Q.99 Have you ever heard of the following programmes which are run by InterTradelreland? (Show Card L)

	Yes	No
InterTradelreland Equity Network – Venture Capital Information Service	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
InterTradelreland Focus Graduate Placement programme	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
InterTradelreland Fusion Graduate Placement programme	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
All-Island Market Information & Sector Reports	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
InterTradelreland Supply Chain Service	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
InterTradelreland Competitiveness Reports – eBusiness, ICT & Skills	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
InterTradelreland Small Business Development Schemes	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
InterTradelreland Technology Transfer Schemes	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
InterTradelreland Awards Scheme	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
InterTradelreland Events	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
InterTradelreland Regional Business Forums on Finance & Legal Issues	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
InterTradelreland Benchmarking Seminars	<input type="checkbox"/> ¹	<input type="checkbox"/> ²
InterTradelreland Network Facilitation	<input type="checkbox"/> ¹	<input type="checkbox"/> ²

Q.100 Do you think InterTradeIreland does a good job?

Yes

No

Don't know

Q.101 Do you feel that your company's attitude towards doing business with Northern Ireland has changed in the last 3 years?

Yes Go to Q.102

No Go to Q.103

Q.102 How has it changed? Please describe as fully as possible.

Q.103 What was your appropriate total pre-tax turnover in 2002?

€

Don't know Go to Q.104

Q.104 Perhaps you could indicate your pre-tax turnover from these ranges or categories? [Int. Show Card M] Please tick one box only.

- | | | |
|--------------------------------------|--------------------------|----|
| Less than €50,000 | <input type="checkbox"/> | 1 |
| €50,000 to less than €100,000 | <input type="checkbox"/> | 2 |
| €100,000 to less than €250,000 | <input type="checkbox"/> | 3 |
| €250,000 to less than €500,000 | <input type="checkbox"/> | 4 |
| €500,000 to less than €1 million | <input type="checkbox"/> | 5 |
| €1 million to less than €2.5 million | <input type="checkbox"/> | 6 |
| €2.5 million to less than €5 million | <input type="checkbox"/> | 7 |
| €5 million to €10 million | <input type="checkbox"/> | 8 |
| €10 million to €25 million | <input type="checkbox"/> | 9 |
| €25 million or more | <input type="checkbox"/> | 10 |

Q.105 How far (in miles) would you say it was to travel by car to the nearest point on the border with Northern Ireland and how long (in hours and minutes) would the journey take you?

miles

Time: hours minutes

Int. Time Interview ended: : (24 hr clock)

Thank you very much for having taken the time to complete this Survey