

ALL-ISLAND TRADEABLE SERVICES

A COMPREHENSIVE STUDY OF CROSS-BORDER SERVICES
TRADE ON THE ISLAND OF IRELAND

PREPARED FOR INTERTRADEIRELAND BY OXFORD ECONOMICS, IN COLLABORATION WITH
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1. Executive Summary

£5.3bn

total bilateral NI-IE
services trade, 2024
(NIETS-adjusted)¹

4.6×

growth in services
trade since 2011
(NIETS)²

25%

services share of total
cross-border trade,
2024
(NIETS)²

£2bn

NI-IE services trade
surplus, 2024
(NIETS-adjusted)¹

¹ NIETS-adjusted figures

² NIETS

► Cross-border services trade between Northern Ireland (NI) and the Republic of Ireland (IE) has undergone a profound transformation over the past decade

According to NISRA's Northern Ireland Economic Trade Statistics (NIETS), total bilateral services trade has expanded from a modest base of around **£0.8bn in 2011 to £3.6bn in 2024**, more than **quadrupling in value** and outpacing goods trade in percentage growth terms over the period. Based on the latest figures published by NISRA, **services now account for 25% of total bilateral cross-border trade**, up from just 14% in 2011. Notably, services trade has continued to grow strongly, even as post-Brexit regulatory changes have introduced new complexity.

► Yet the NIETS headline growth figures tell only part of the story

Official statistics, while valuable, significantly **understate the true scale of cross-border services activity**. NISRA's Northern Ireland Economic Trade Statistics (NIETS), the only official source of bilateral NI-IE services trade data, **excludes financial services and tourism by design and is published with a lag of more than a year**. Once adjustments are made for these gaps using additional official sources, total bilateral services trade increases to **£5.3bn** with NI's services exports to IE rising by around 35% to approximately **£3.6bn**, while its services imports from IE increase by around 84% to **£1.7bn**. The adjusted bilateral relationship is therefore larger and more diverse than the published figures suggest. These findings carry important implications for both interpretation of the evidence base and the design of future data collection.

► The data also reveals that the cross-border services relationship is structurally asymmetric

IE is already NI's largest non-GB export market, accounting for around **44% of NI's services exports** to destinations outside the UK, a share that has risen consistently over the decade. From NI's perspective, the all-island services relationship is central to its external economic performance. From IE's perspective, NI remains a small trading partner, accounting for **less than 1% of total services exports**, a reflection less of the relationship's depth than of the exceptional scale of IE's globally-oriented, multinational-dominated services economy. In 2024, computer services alone accounted for approximately 58% of IE's total services exports, with much of that activity comprising intra-group flows and intellectual property transactions and it is worth remembering that such flows are not market-based services that NI firms could realistically contest. This asymmetry is reflected in the services trade balance: **NI runs a substantial and persistent services trade surplus** with IE of around **£2bn in 2024**, equivalent to approximately **3% of NI's GDP**.

► **Services have penetrated NI's exports to IE more than they have IE's exports to NI**

The services share of NI's total exports to IE has risen **from 17% in 2011 to 26% in 2024**, though that growth is heavily concentrated: **construction alone accounted for 55% of NI's services exports to IE in 2024**, growing at an average of 21% per year since 2011 and reflecting sustained demand from IE's residential and infrastructure pipeline.

Meanwhile, the services share of exports from IE to NI has **oscillated between 8% and 15%** for much of the period from 2011 to 2023, barely moving despite strong overall trade growth. The 2024 outturn, however, represents a potential inflection point. Services imports from IE surged by 88% in 2024 to £914m on the latest published NIETS figures, with manufacturing-related services, construction, and professional services all recording sharp increases. Whether this marks a durable structural shift or a one-year spike is a key question for the next NIETS release to answer.

► **Once the adjusted estimates are applied, the sectoral composition of cross-border services trade changes meaningfully**

Financial and insurance services emerge as the **second-largest category in NI's exports to IE** at £621m, entirely absent from published NIETS, while tourism flows add material volume on both sides of the bilateral relationship. The adjusted import profile from IE to NI is therefore considerably more diverse than the published data implies, with tourism accounting for the single largest uplift. Taken together, the adjusted estimates point to a **bilateral services relationship that is already substantive by international standards**: NI's services exports to IE represent around 19.5% of its total services exports, placing it above most comparable contiguous-border pairs in Europe. On the other hand, IE's share of NI's total services imports, around 11%, sits towards the lower half of the European benchmark range, consistent with the more limited penetration of IE services into NI identified through the data.

Barriers to trade: practical, not prohibitive

Post-Brexit, services trade on the island of Ireland **operates under a dual regulatory environment**: services activity in IE is governed by EU rules, while NI operates under UK legislation. The UK-EU Trade and Cooperation Agreement provides only limited liberalisation provisions for services, typical of most free trade agreements, leaving the relationship closer to WTO-level commitments in many respects. Active regulatory divergence has already materialised in sectors such as financial services and digital services, and the risk of passive divergence, where differences accumulate gradually as one jurisdiction introduces rules the other does not adopt, is ongoing.

Despite this, the central finding from stakeholder consultations across NI and IE was that, **for most firms and sectors, cross-border services trade is regarded as relatively low friction compared with other international markets**. Twelve of the sixteen firms consulted described IE-NI trade as manageable and broadly straightforward, particularly where services are delivered remotely. The main barriers identified are not primarily regulatory. They are **practical, informational, and commercial**:

- **Compliance uncertainty**: VAT, payroll and regulatory requirements differ across jurisdictions and the information needed to navigate them can be fragmented and hard to find.

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- ▶ **Limited market visibility:** Cross-border opportunities, particularly in public procurement, are not systematically signposted, leaving many firms unaware of demand that exists.
 - ▶ **Gaps in networks and market knowledge:** Building the relationships and market understanding required to win business in the other jurisdiction takes time and resource that many SMEs lack.
 - ▶ **In-person delivery costs:** For firms reliant on face-to-face service delivery outside of the Belfast-Dublin corridor, travel time and cost remain a genuine friction.

These frictions are felt most acutely by SMEs, which face the same fixed entry costs as larger firms but with fewer resources to absorb them.

Where the opportunity lies

Firm-level cluster analysis using data from The Data City provides a granular picture of where cross-border services potential is most concentrated. The Dublin-Belfast Economic Corridor (DBEC) is the dominant geography across almost all sectors, typically accounting for 50-80% of SME firms and employment. The sectors showing the strongest cross-border growth signals and clearest bilateral potential are:

- ▶ **Construction services:** the largest bilateral sector by volume, driven by IE's infrastructure and residential pipeline and NI's established comparative advantage.
- ▶ **Financial services and fintech:** highly concentrated in the DBEC, with Dublin and Belfast offering complementary regulatory and talent strengths.
- ▶ **IT services, software development, and cybersecurity:** strong growth on both sides, with Belfast recording distinct strengths in AI and cybersecurity.
- ▶ **Life sciences:** deep research and clinical linkages across the island, with cross-border supply chain and professional services potential.
- ▶ **Net Zero and ESG services:** an emerging area coming from a relatively small base but showing strong growth and policy tailwinds in both jurisdictions.

Secondary clusters in Cork, Galway, Limerick, and Derry are present across many sectors but are typically smaller, a reminder that any support framework must be designed to extend opportunity beyond the main corridor. The opportunity itself does not require a wholesale reorientation of either economy. It lies in **directing a somewhat greater share of existing services activity across the border in both directions, building on commercial relationships and sectoral complementarities that are already well established**. Deeper all-island trade in services need not come at the expense of NI's existing and growing services relationship with Great Britain; it would be additional, drawing IE's services economy to engage more actively with its nearest neighbour.

Recommendations

The research points to an ambitious but actionable agenda, organised across four themes. The **fifteen recommendations** developed through this project are practical and largely within InterTradelreland's remit or sphere of influence. They do not require fundamental regulatory change, though advocacy in certain areas can reinforce direct support interventions.

Recommendation	Priority
Theme 1: Mitigating practical and regulatory barriers	
1. AI-assisted compliance navigator and support marketplace An AI-assisted compliance navigator giving firms tailored guidance by sector, delivery mode, and market, while preparing them for adviser consultations, alongside a marketplace linking them to vetted support providers.	High
2. Advocate for mutual recognition of professional qualifications Advocate for an all-island accreditation framework or sector-by-sector regulator-to-regulator recognition agreements, with interim centralised guidance on existing pathways.	Medium
3. Strengthen intermediary support and accessibility A structured accreditation and engagement programme for cross-border advisers (accountants, lawyers, consultants, etc.) with a certified directory and sector working groups feeding into InterTradelreland advocacy.	High
4. Build SME skills for remote service delivery Targeted training in virtual pitching, remote engagement and digital delivery, with case studies of firms already trading cross-border without a physical presence.	Medium
Theme 2: Incentivise trade through visibility, market access, and networks	
5. Improve visibility of cross-border opportunities An integrated public procurement portal spanning both jurisdictions alongside a firm directory, proactively matching SMEs with relevant contracts and cross-border partners.	High
6. Promote cross-border partnerships to scale local presence Targeted match-making through sector-specific events and an online partner database, with practical support for joint bids where firms lack the scale for independent market entry.	Medium

Theme 3: Supporting cluster development and sectoral growth	
7. Promote cross-border clusters in high-potential sectors Support cross-border cluster development in construction, FinTech, ICT, life sciences, and Net Zero along key economic corridors, leveraging PEACEPLUS and other existing funding mechanisms.	Medium
8. Commission sector-specific deep-dive studies Analytical studies covering the five largest bilateral services sectors (construction, financial services, professional services, manufacturing, and transport) to provide the granular intelligence aggregate analysis cannot deliver.	High

Theme 4: Strengthening the evidence base	
9. Commission an all-island services monitor A services-focused pulse survey, delivered as an All-Island Business Monitor module or short standalone survey, capturing directional activity indicators and focused feedback on challenges to trade across NI and IE.	High
10. Engage with CSO to demonstrate the relevance and value of publishing bilateral NI-IE EBOPS data Engage with CSO at senior level and advocate for the processing and publication of NI-specific bilateral services trade data, introducing an internationally comparable series.	High
11. Engage with CSO to demonstrate the relevance and value of publishing bilateral NI-IE data on an ISIC basis Engage with CSO on whether NI-IE bilateral data could also be made available on a NACE/ISIC basis alongside any EBOPS release, enabling a more direct comparison with NISRA's SIC-based statistics where feasible.	Medium
12. Engage with NISRA to demonstrate the relevance and value of enhancing NIETS services trade data Engage with NISRA on whether supplementary estimates or methodological enhancements could improve coverage of financial services and tourism and strengthen sectoral or regional disaggregation where feasible.	Medium
13. Engage with NISRA to explore options to improve the timeliness of NIETS Engage with NISRA to demonstrate the relevance and value of reducing the publication lag, and to explore options, including whether provisional figures could be published ahead of final data where feasible.	Medium
14. Develop enhanced modelling for timely trade insights Build on the proxy indicator framework developed in this project towards a nowcasting model providing timelier estimates between official releases.	Medium
15. Convene CSO, NISRA, and other stakeholders through an annual evidence roundtable Convene an annual forum bringing together CSO, NISRA, InterTradeIreland, and other stakeholders to review the evidence base, discuss data development priorities, and support the regular review of adjusted estimates so findings remain relevant and actionable.	High

*The central insight from this research is straightforward: **when firms identify relevant commercial opportunities to trade cross-border, there is usually a way to make it happen.** The barriers are real, but they are generally navigable. In many cases, firms already rely on well-established sector-specific workarounds and coping strategies to manage them in practice. These often require time, expertise, and internal resource that SMEs may not always have, but they show that the barriers are typically surmountable rather than prohibitive.*

InterTradelreland's role, and the purpose of this research, is to ensure that the information, tools, and relationships needed to trade across the border are accessible to firms of all sizes, in all sectors, and across all parts of the island. For SMEs on both sides of the border, a stronger, better-supported, and more visible all-island services market represents one of the most accessible near-term growth opportunities available.

2. Setting the Context

2.1 Why services trade matters

Services play an increasingly important role in modern economies, accounting for most of the output and employment, and a growing share of international trade. Unlike goods, services are intangible, cannot be stored, and often require the interaction between producer and consumer. This interaction can happen remotely through digital channels, in person through the movement of people, or through a commercial presence in another market. These characteristics make **services trade more complex to measure and understand, and more sensitive to the regulatory and institutional environments in which it takes place**. Therefore, despite this growing significance, services trade has traditionally received less analytical and policy attention than goods trade, where statistics are more developed and policy frameworks are better established.

For the island of Ireland, services trade carries particular strategic significance. Both NI and IE have strong services sectors at the core of their economic growth models. IE has developed one of the most services-intensive economies in the world, with total services trade comprising more than 160% of GDP in 2024, driven by major multinational investment in technology, financial services, life sciences and professional business services. NI's services sector, while smaller in scale, is a major source of employment and export activity, with particular strengths in professional services, construction, information technology, and financial and business services.

Cross-border services trade between NI and IE reflects a longstanding and increasingly closer economic relationship. A shared culture and language, freedom of movement under the Common Travel Area, the absence of physical border infrastructure, and decades of cross-border commercial interaction have created conditions that are particularly favourable for services trade. That said, the legacy of the Troubles has meant economic integration has developed **more slowly than the geographic and institutional context would otherwise suggest**, and the depth of the bilateral relationship today is best understood as a relationship still maturing. **IE is NI's single largest international export destination**, accounting for around 44% of NI services exports outside of the UK in 2024. However, when Great Britain is included as the largest destination for NI services exports overall, IE accounts for around 7% of NI services exports across all destinations despite its close geographic proximity, **with NI selling more than three times as much in services to GB as it does to IE**. This points to a potential scope for further deepening of the cross-border services relationship despite its already substantial scale.

The growing importance of services in all-island trade has important policy implications. Many of the priority sectors identified by government on both sides of the border, such as financial services, digitalisation, and life sciences, are high-value services activities. **Understanding the drivers, patterns, and constraints of cross-border services trade is therefore essential for identifying growth opportunities and designing effective support interventions.**

2.2 Policy context on the island of Ireland

NI's economic strategy places export-led growth at the centre of its development model.

NI's economic strategy is now oriented around the Department for the Economy's Economic Vision, a framework organised around four priorities: increasing the number of Good Jobs, raising productivity, driving regional balance, and decarbonising the economy (Department for the Economy NI, 2024). Central to the productivity pillar is an ambition to help businesses innovate, adopt new technologies, and compete in global markets, with explicit emphasis on high-potential sectors including cybersecurity, FinTech, artificial intelligence, life and health sciences, and financial and professional services (Department for the Economy NI, 2026). These are precisely the knowledge-intensive, services-led activities in which cross-border trade with Ireland represents a significant and growing opportunity. As services trade between NI and IE has more than tripled over the past decade — rising from approximately £0.8bn in 2011 to £2.6bn by 2023 — deepening cross-border services integration is increasingly relevant to achieving the productivity gains the Economic Vision sets out to deliver. In this context, understanding the barriers and opportunities facing firms engaged in cross-border services trade is not only analytically important, but directly aligned with NI's overarching economic policy objectives.

The Delivering the Economic Vision Year 2 report, released in January 2026 by the DfE outlined the progress NI's economy has made since the introduction of the Economic Vision strategy. Headline figures covering the four priorities include five new career/skills orientated action plans developed and published (the Good Jobs priority), the Action to Grow programme (Invest NI business support programme funded through DfE) has supported 250 small-medium enterprises (SMEs) with 800 new planned jobs (the raise productivity priority), 11 local economic partnerships (LEP) established across NI and future Derry-Heathrow connectively secured (the regional balance priority); and a series of decarbonisation action plans and price guarantees finalised and or published (the decarbonisation priority).

The report also highlights the increasing strategic importance of NI's advanced services ecosystem. Significant investments have been secured in sectors such as FinTech, AI, cybersecurity and digital technologies, such as Napier AI's creation of 106 new jobs, the Artificial Intelligence Collaboration Centre, a £16million partnership between government and academia and industry to support post-graduate training and SME AI adoption. These developments are significant as digitally delivered services are among the most internationally tradeable components of the modern economy. As NI strengthens its capabilities in software, cyber, data analytics and digital technologies, IE becomes the natural first export market through which domestic firms can achieve scale, develop their export capability to expand their export chains internationally.

For InterTradeIreland, these developments reinforce the strategic importance of understanding the factors shaping cross-border services trade. The Economic Vision's productivity agenda increasingly depends upon services whose growth models are based on knowledge flows, talent mobility, innovation networks and digitally delivered services rather than physical goods production and trade. Consequently, barriers to cross-border services trade, whether regulatory, technological or organisational, risk constraining the effectiveness of wider economic growth objectives. Measures that facilitate deeper services integration can

simultaneously contribute to productivity growth, export expansion, innovation and cross border regional economic development.

These ambitions are reinforced by the NI Executive's Programme for Government 2024-2027, which prioritises building a globally competitive economy and supporting high-productivity industries (NI Executive, 2025). Across these frameworks, priority sectors include **cyber security and software, life sciences, and financial and professional services**, all services-intensive activities in which cross-border trade with IE represents a significant and growing opportunity.

IE's trade and enterprise policies **similarly emphasise export-led growth alongside an explicit commitment to all-island economic integration**. The Trade and Investment Strategy 2022-2026 commits to growing the all-island economy, recognising cross-border collaboration as a key growth dynamic for indigenous SMEs through supply-chain, clustering and talent-pool opportunities (Department for Enterprise, Trade and Employment, 2022). The IE government's Statement of Strategy 2024-2025 goes further, specifically committing to removing barriers to trade in services and strengthening North-South collaboration (Department for Enterprise, Trade and Employment, 2024).

Services-intensive sectors and cross-border collaboration are thus **central to trade growth and wider economic development on both sides of the border**. Against this policy backdrop, a clearer understanding of cross-border services trade between NI and IE is both timely and necessary. This research provides that understanding through analysing the scale, structure and growth of the bilateral services relationship, identifying the practical barriers that prevent firms, particularly SMEs, from realising the cross-border opportunity, and developing targeted recommendations that InterTradeIreland and its partners can act on to deepen all-island integration in services.

2.3 The dual regulatory environment post-Brexit

The regulatory context for services trade on the island of Ireland changed significantly following the UK's departure from the EU. While the Northern Ireland Protocol and the subsequent Windsor Framework introduced specific arrangements to facilitate the movement of goods between NI and the EU Single Market, these provisions apply primarily to goods and, for the most part, do not extend to services. **Services trade between NI and IE therefore continues to be governed largely by the broader UK-EU Trade and Cooperation Agreement (TCA).**

The TCA provides only limited provisions for services liberalisation, as is common in most free trade agreements, largely preserving baseline market access rather than deepening integration. In practice, this leaves services operating under a framework closer to WTO-level commitments. This has **reinforced a dual regulatory environment across the island: services activity in IE is governed by EU rules and regulatory frameworks, while services in NI operate under UK legislation.** Regulatory alignment, or divergence, is therefore a central determinant of firms' ability to supply services cross-border, particularly in regulated sectors such as financial and insurance services and professional services.

The risk of passive regulatory divergence, where one side introduces new rules that the other does not adopt, is ongoing and accumulating. The UK's approach to financial services reform

and AI regulation provides examples of this. **This reinforces the importance of monitoring the regulatory environment and providing practical support to help firms navigate it.**

2.4 InterTradelreland's role and the motivation behind this research

InterTradelreland's core mandate is to promote and support cross-border trade and business development, with a particular focus on SMEs. All-island trade has expanded strongly over the past decade, with both goods and services growing substantially. While goods have accounted for the larger share of growth in absolute terms, **services have grown faster proportionally**, more than quadrupling in value since 2011, and increasing their share of total bilateral trade from 14% to 25%. Despite this, **services have received less analytical and policy attention than goods**, particularly post-Brexit, where goods trade has dominated the policy agenda.

Against this backdrop, InterTradelreland commissioned this research to develop a clearer understanding of cross-border services trade between NI and IE. This reflects a need not only to strengthen the evidence base, but also to improve how services trade is measured and interpreted, given existing data limitations and the complexity of services transactions.

The project is therefore designed to support both analysis and action: improving **interpretation of services trade statistics**, identifying the **key barriers and frictions** affecting firms, and providing **targeted, evidence-based recommendations** to help deepen cross-border services integration and better support SME engagement in services trade.

2.5 The research consortium

To deliver this research, InterTradelreland appointed a consortium led by **Oxford Economics**, bringing together complementary expertise across four organisations:

- ▶ **Oxford Economics** led the project, applying macroeconomic expertise, knowledge of services trade statistics and analysis, and policy evaluation across all research areas. Oxford Economics was responsible for methodological rigour, quantitative research, and synthesis of evidence into actionable insights tailored to InterTradelreland's objectives.
- ▶ **Perceptive Insight (PIMR)** conducted targeted qualitative research with SMEs, trade associations and stakeholders across NI and IE, capturing first-hand perspectives on the practical experience of cross-border services trade and the barriers firms face.
- ▶ **The Data City** provided a unique, granular firm-level dataset mapping businesses to sub-sectors across NI and IE. This enabled the analysis to identify geographic clusters and highlight the sub-sectors showing the strongest growth signals and cross-border potential based on firm activity.
- ▶ **Professor Sarah Hall** of the University of Cambridge contributed specialist academic insight on services trade, drawing on extensive research and policy engagement on cross-border trade. Her commentary enriched the analysis with academic rigour and policy-relevant perspective.

3. Defining Tradeable Services

KEY TAKEAWAYS

- Services are **intangible**, are often **produced and consumed simultaneously**, and cannot be shipped across a border. Barriers to services trade are therefore non-tariff and regulatory in nature, embedded within domestic policy frameworks rather than applied at the border.
- How a service is delivered matters as much as what is delivered. The **four GATS Modes of Supply** help determine which regulatory requirements apply to a transaction and which barriers a firm is likely to face.
- Two classification systems are used to measure services trade: **industry-based (SIC/ISIC)** and **product-based (EBOPS)**. They capture fundamentally different concepts and cannot be straightforwardly converted into each other.
- In an ideal setting, analysis of cross-border trade would use EBOPS-classified bilateral NI-IE data, allowing direct application of the modes of supply framework.

3.1 What are services and how do they differ from goods?

Services are often defined by their intangible nature. Unlike goods, such as a manufactured product, a food item, or a physical component, services cannot be touched, stored, or transported. A legal consultation, a software project, an architectural drawing or a construction crew working on a building site: **these are produced and consumed at the same time**, through some form of interaction between the provider and the recipient, rather than made in one place, stored, and shipped somewhere else later.

What this means for cross-border trade has changed significantly over time. Historically, that interaction requirement was a meaningful constraint on services tradability, as most services needed physical proximity between the buyer and seller. Advances in digital communications, remote working technologies and cloud-based delivery have substantially reduced that constraint, enabling a growing range of services to be supplied across borders without the provider and consumer ever meeting in person, with **digitally delivered global services having grown almost four-fold in value since 2005 (IMF et al., 2023)**. Therefore, in many sectors, geographic distance is no longer a binding constraint on supplying services cross-border.

This does not, however, mean that the delivery of services is normally frictionless. Because a service cannot be inspected or taxed at a border in the way a physical good can, the conditions under which it can be supplied internationally are governed by regulatory frameworks in the receiving country. In contrast to goods trade, where tariffs and quotas have historically been the dominant barriers, **restrictions on services trade typically arise from non-tariff and regulatory measures embedded within domestic policy frameworks**, often reflecting legitimate objectives such as consumer protection, financial stability, or professional

standards, rather than deliberate protectionism (Mattoo et al., 2008). This can make barriers to services trade harder to identify, negotiate away, and measure than with tariffs on goods, and it means that the degree to which cross-border services trade is possible often depends as much on regulatory compatibility between jurisdictions as on commercial or geographic factors.

These characteristics have important implications for understanding services trade.

1. **Services trade is inherently more difficult to measure than goods trade.** Trade in goods is recorded at the border through customs declarations; services leave no such physical trail and must instead be estimated through firm-level surveys, administrative data, and statistical estimation.
2. **Barriers to services trade tend to be non-tariff and regulatory in nature**, embedded within domestic regulation. Firms may need to navigate different licensing rules, professional recognition requirements, tax obligations, employment rules, and sector-specific standards when supplying services cross-border, regardless of whether the service is delivered remotely or in-person. In many cases the additional challenge is not just the regulation itself, but the uncertainty and administrative effort involved in understanding and meeting requirements that can vary by sector, jurisdiction and delivery channel.
3. **Services are delivered in a variety of ways.** This includes remotely across a border, through the consumer travelling to the provider, through a commercial presence in the destination market, or through the temporary movement of staff. In the context of this research, **understanding how a service is delivered is as important as understanding what is delivered because the delivery channel of a transaction will often determine what regulatory requirements apply**, which barriers a firm is likely to encounter, and what form of policy intervention could address them. For instance, a construction worker temporarily crossing the border faces entirely different regulatory and practical frictions to a financial services firm supplying advice remotely. The different channels through which a service can be delivered are typically defined through four **Modes of Supply**, which are outlined in more detail below.

3.2 Measuring services trade: Industry-based vs. product-based classifications

The measurement of services trade is typically organised around one of two principal classification systems, reflecting fundamentally different analytical approaches.

1. **Industry-based classifications:** organise services trade according to the primary activity of the exporting firm. The most widely used frameworks are the International Standard Industrial Classification (ISIC) and the UK Standard Industrial Classification (SIC), which group firms into sectors based on what they produce. Industry-based data is well suited to understanding the sectoral structure of an economy and identifying which industries are engaged in cross-border activity. However, because a single industry can trade different types of services through different channels, industry-based classifications can provide only limited insight into the specific nature of the services being traded.

Subnational trade statistics are typically reported on an industry (SIC/ISIC) basis because they are derived from firm-level data, where businesses are classified by industry rather than by the specific goods or services that they trade. In the UK, both NISRA's Northern Ireland Economic Trade Statistics (NIETS) and the ONS's interregional and subnational trade estimates are therefore reported on a SIC basis, reflecting the structure of the Inter-Departmental Business Register (IDBR) that underpins them.

- 2. Product-based classifications:** organise services trade according to the nature of the service product itself, irrespective of the industry of the firm. The international standard is the **Extended Balance of Payments Services Classification (EBOPS)**, which groups services into categories such as financial services, telecommunications, travel, intellectual property, and other business services. EBOPS is embedded within the Balance of Payments methodology set out in the **IMF's BPM6** and elaborated in the **United Nations Manual on Statistics of International Trade in Services (MSITS)**. This framework is used by national statistics offices worldwide to compile internationally comparable services trade statistics.

EBOPS-based data is compiled within national balance of payments frameworks and is therefore typically available only at the national level. CSO, for instance, publishes IE's services trade on an EBOPS basis, as does the ONS for the UK aggregate. Balance of payments statistics measure transactions between national residents and non-residents, and therefore by design cannot be easily disaggregated to subnational geographies.

The two approaches serve different analytical purposes. EBOPS-based data is the international standard for balance of payments compilation and supports international comparability, modes of supply analysis, and assessment of regulatory barriers to trade as the product-based classification makes it possible to link specific service types to the delivery channels and regulatory environments that govern them. On the other hand, industry-based data is better suited to understanding the sectoral structure of exporting firms and linking trade activity to regional output data which can be particularly relevant for devolved or subnational governments developing industrial strategies and targeted sectoral support.

Critically, neither approach can be straightforwardly converted into the other because the two systems classify fundamentally different concepts. Concordance mappings between the two frameworks do exist, but these offer only an approximate conversion and are more robust at the two-digit ISIC level, where greater sectoral granularity reduces the heterogeneity within each industry group and therefore the ambiguity in mapping to EBOPS categories.

Nonetheless, some one-digit ISIC sectors do map relatively closely to specific EBOPS categories in practice, provided the underlying values in the industry-based dataset represent purely services activity. For instance, ISIC section F (Construction) can map directly to EBOPS "Construction services", while section K (Financial & Insurance Activities) can be mapped to EBOPS "Financial services" and "Insurance services". Where this holds, some analytical use of modes of supply framing remains possible even with ISIC-based data. In general, however, many one-digit ISIC sectors produce multiple EBOPS service products, which complicates the production of a robust conversion.

Table 1: Example mapping of one-digit SIC sectors to EBOPS categories

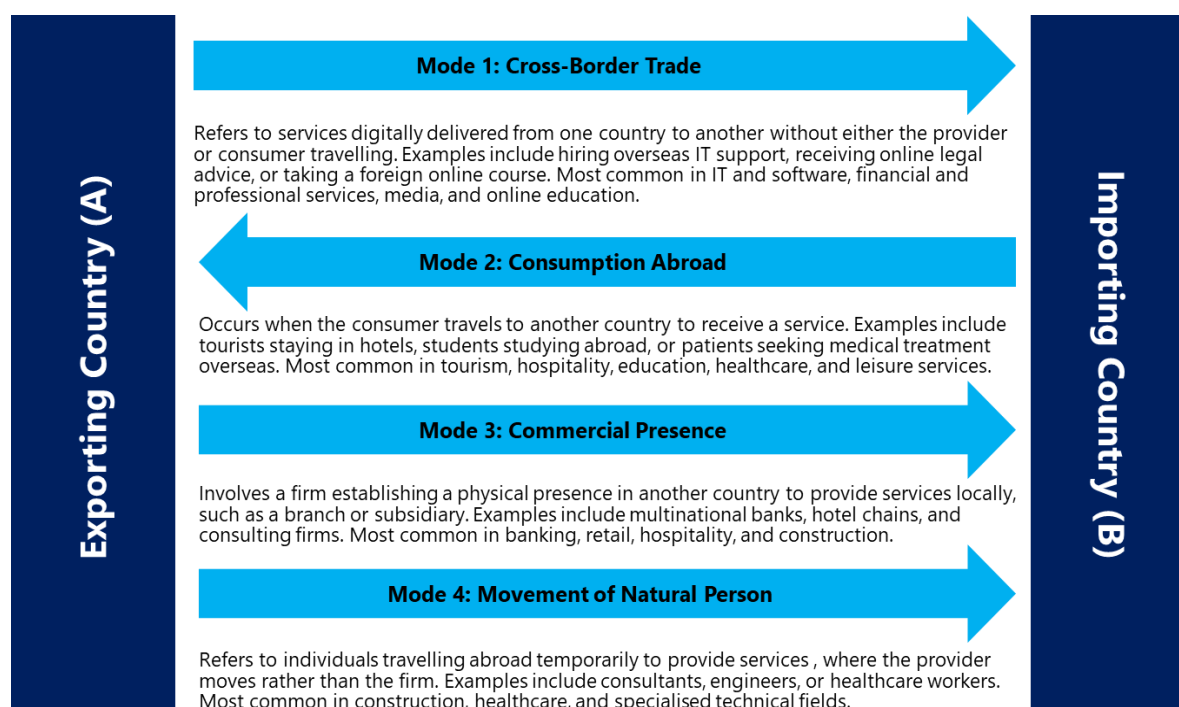
SIC sector	Activities captured	Related EBOPS categories
(J) Information and Communication	Software development, telecommunications carriers, broadcasters, publishers	Computer services, Telecommunications services, Postal and courier services, Information services, Audiovisual and related services
(M) Professional, Scientific & Technical	Law firms, accountants, management consultants, architects, engineers, R&D	Some sub-components of other business services
(K) Financial & Insurance Activities	Banks and other financial intermediaries, investment firms, insurers	Financial services, Insurance services
(F) Construction	Building, civil engineering, specialist contractors	Construction services
(H) Transportation & Storage	Passenger transport, haulage, logistics, postal services	Transport services, Postal and courier services, Merchanting and other trade-related services, some components of other business services

3.3 Modes of supply: how services cross-borders

Understanding how services are delivered across borders is essential for identifying where barriers can arise. The WTO's General Agreement on Trade in Services (GATS) defines four modes of supply:

- ▶ **Mode 1: Cross-border supply:** The service crosses the border remotely, while provider and consumer remain in their respective countries. Examples include remote IT services, financial advisory delivered digitally, and tele-medical advice.
- ▶ **Mode 2: Consumption abroad:** The consumer travels to the country of the provider to receive the service. Tourism and cross-border education are the most common examples.
- ▶ **Mode 3: Commercial presence:** A firm establishes an operation in another country to supply services there. This mode is primarily captured in foreign affiliate statistics and investment data rather than cross-border services trade flows.
- ▶ **Mode 4: Movement of natural persons:** An individual temporarily moves to deliver a service, for example, construction workers or consultants travelling cross-border.

Figure 1: WTO GATS Modes of Supply



The four modes of supply provide a framework for identifying trade frictions, as the delivery channel itself determines which regulatory or operational environment governs a transaction. For example, a software development firm in NI serving a client in IE may deliver services remotely (Mode 1), where frictions relate to VAT obligations, data flows, and rules on digital delivery. If instead staff travel to the client's premises to implement the system (Mode 4), barriers may arise around payroll, social insurance, and the logistical aspects of temporary cross-border working. Here, the underlying service is unchanged, but the mode of delivery determines the regulatory context and associated barriers.

Importantly, many firms do not rely on a single mode of supply; a firm may deliver the majority of its work remotely while occasionally sending staff on-site or maintain a commercial presence in IE while also supplying services directly from NI. In practice, this means **firms often face multiple and overlapping regulatory contexts simultaneously**, compounding the compliance burden particularly for SMEs without dedicated legal or administrative resource.

Therefore, in an ideal setting, analysis of the barriers to cross-border services trade would be conducted using EBOPS-classified bilateral NI-IE services trade data, allowing direct application of the modes of supply framework and full international comparability. Chapter 4 examines the existing data landscape and the extent to which official services trade statistics allow for this analysis.

4. The Current Data Landscape for Cross-Border Services Trade

KEY TAKEAWAYS

- **NISRA's NIETS is currently the only available official source of bilateral NI-IE services trade data.** It is derived from the Northern Ireland Annual Business Inquiry (NIABI), a firm-level survey, and classified on a SIC industry basis rather than by service product.
- CSO produces internationally comparable EBOPS-aligned services trade data but publishes bilateral flows only at the IE-UK aggregate level, with **NI not separately identified.**
- Critically, however, CSO already collects NI-specific bilateral data through its BOP40A survey; **a key barrier to a bilateral NI-IE EBOPS series is publication, not data collection.**
- NIETS is therefore the primary source of data for analysis in this report when evaluating cross-border services trade flows.
- As part of this project, Oxford Economics **consulted directly with both NISRA and CSO** to better understand the scope, methodology and limitations of their respective datasets. Drawing on those discussions, the recommendations in this chapter identify practical areas where InterTradeIreland can engage with statistical institutes and advocate for improvements to help strengthen the bilateral evidence base.

4.1 Official sources: CSO and NISRA

Understanding cross-border services trade on the island of Ireland is fundamentally shaped by the scope, structure, and limitations of the official data currently available. No single dataset provides a complete, NI-IE bilateral, and internationally aligned measure of cross-border services trade. At present, the two principal official sources are the **Central Statistics Office (CSO)** of IE and the **Northern Ireland Statistics and Research Agency (NISRA)**. Their key features are summarised in the table below.

Table 2: Overview of services trade data sources on the island of Ireland

Feature	CSO	NISRA
Statistical framework	Balance of Payments (BPM6)	Business surveys (NIABI)
Classification	EBOPS (service product-based)	SIC 2007 (industry-based)
Concept measured	Cross-border transactions between residents and non-residents	Services trade by industry of exporting firm
Geographic coverage	National (IE-UK aggregate)	NI-IE bilateral flows
Timeliness	Annual ITS: ~1-year lag Quarterly IE-UK current account: available within ~1 quarter	~15-month lag based on the most recent release (2024 data published March 2026)
Latest available data	Annual services data: 2024 Quarterly IE-UK current account data: Q3 2025	2024 (published March 2026)
Analytical strengths	International comparability; modes of supply; barrier analysis	Geographic specificity; sectoral engagement

The CSO publishes services trade statistics as part of IE's Balance of Payments, compiled in line with BPM6 and classified using EBOPS, providing an internationally standardised measure of cross-border services transactions **broken down by both service category and bilateral trading partner**. However, the UK is treated as a single aggregate partner, with **no official breakdown isolating NI**, meaning that while CSO data provides international comparability, it does not currently permit direct observation of NI-IE cross-border services flows.

Consultations with CSO revealed that CSO already collects NI-specific bilateral services trade data through its BOP40A survey, conducted as part of its Balance of Payments compilation process, but that it does not process this data for official publication. This could mean that, subject to user demand and CSO resourcing, the creation of an official NI-IE EBOPS-aligned bilateral dataset is a realistic near-term objective.

NISRA, by contrast, publishes services trade statistics derived from the Northern Ireland Annual Business Inquiry (NIABI), a firm-level survey that provides bilateral detail on NI-IE trade flows. NIABI captures the value of sales and purchases that NI-based firms report to and from IE, organised by their primary SIC industry classification. This makes NISRA's dataset, published as the Northern Ireland Economic Trade Statistics (NIETS), **the only official**

source of bilateral NI-IE services trade data, and it is therefore the primary empirical foundation throughout this report.

4.2 Coverage and limitations of NISRA's services trade data

NISRA's dataset is valuable but carries three significant limitations that constrain the usefulness of its data for analysing cross-border services trade:

- 1. Timeliness.** NIETS is published with a **lag of more than one year after the reference period**, with the 2024 data used in this report representing the most recent available release. By comparison, CSO publishes its annual International Trade in Services release with a lag of approximately 12 months, while its quarterly International Accounts release, which includes IE-UK current account data, is available within approximately one quarter of the reference period. Given the pace at which cross-border services trade is growing and its increasing policy relevance, this **monitoring gap materially limits the ability to track emerging trends or respond to shifts** in sectoral performance in a timely way. This constraint motivated the development of the proxy indicator framework outlined in Chapter 6.
- 2. Classification.** NISRA's industry-based SIC classifications **capture services trade according to the primary activity of the producing firm, rather than the nature of the service being traded**. This means that NISRA's data does not map directly onto internationally recognised EBOPS service categories, limiting its usefulness for international comparison and for understanding specific service types and their delivery modes. This is an inherent feature of the methodology behind NISRA's NIETS and addressing it would likely require a redesigned or supplementary data collection instrument.
- 3. Coverage gaps.** Because NIETS is derived from the NIABI firm-level business survey, its coverage reflects the design and scope of that survey. The NIABI is structured around **business-to-business activity and does not capture consumer expenditure flows**. As a result, tourism-related services are excluded by design. Financial and Insurance activities are also not published as part of NIETS as the NIABI focuses solely on the non-financial business economy. As seen in the table below, other sectors, such as Real Estate and Education, have meaningful gaps in data availability across the time series. Because of these gaps, some of the most policy-relevant components of services trade cannot be tracked consistently using NIETS and the published figures for total services trade materially understate the true scale of cross-border activity.

Table 3: Bilateral services trade data availability by sector

SIC Sector	NI Exports to IE (years with data, 2011-2024)	IE Exports to NI (years with data, 2011-2024)
Agriculture, Forestry & Fishing	21% (3 years)	36% (5 years)
Mining & Quarrying	93% (13 years)	79% (11 years)
Manufacturing	100% (14 years)	100% (14 years)
Construction	100% (14 years)	100% (14 years)
Wholesale & Retail Trade	100% (14 years)	100% (14 years)
Transportation & Storage	100% (14 years)	100% (14 years)
Accommodation & Food Service	7% (1 year)	100% (14 years)
Information & Communication	100% (14 years)	100% (14 years)
Real Estate Activities	29% (4 years)	36% (5 years)
Professional, Scientific & Technical	100% (14 years)	100% (14 years)
Administrative & Support Services	93% (13 years)	93% (13 years)
Education	14% (2 years)	7% (1 year)
Human Health & Social Work	29% (4 years)	29% (4 years)
Arts, Entertainment & Recreation	36% (5 years)	93% (13 years)
Other Service Activities	50% (7 years)	36% (5 years)
Financial & Insurance Activities	Not published	Not published

4.3 Implications for this project's approach

The existing data landscape presents a clear trade-off: **CSO data is internationally comparable but lacks geographic granularity for NI-IE analysis, while NISRA data provides bilateral detail but with uneven coverage and industry-based rather than product-based classifications.** Neither source, on its own, delivers a solution that is simultaneously bilateral, internationally comparable, and aligned with services trade frameworks typically used in policy analysis.

The primary analytical dataset used in this report is NISRA's industry-based NIETS, as the only source of bilateral trade flows between NI and IE. As outlined in Chapter 5, Oxford Economics has developed adjusted estimates to account for key sectors that are excluded or under-reported in the official NISRA data, including financial services and tourism. Unless the

adjusted estimates are explicitly referenced, the analysis relies on the unadjusted NIETS dataset.

4.4 Recommendations to strengthen the evidence base

The limitations of the current data landscape point to a clear set of priority actions:

Recommendation: Engage with CSO to demonstrate the relevance and value of publishing bilateral NI-IE EBOPS data

Issue addressed: CSO already collects some NI-specific bilateral services trade data through its BOP40A survey. However, it does not currently clean, process or publish these data at a bilateral NI-IE level, meaning there is no official EBOPS-aligned bilateral dataset to set against NISRA's figures. Moreover, additional data would need to be collected to provide a complete picture of services trade.

Proposal: InterTradelreland should engage with CSO at senior level to **prioritise the collection, processing, and publication of NI-IE bilateral data on both NACE and EBOPS bases**. CSO already publishes timely quarterly current account estimates for IE-UK services trade, providing a basis from which NI-specific estimates could be derived.

Expected impact: This would **introduce a second official estimate of NI-IE services trade**, enabling cross-validation of NISRA figures. An EBOPS-based estimate would provide an **internationally comparable services trade series** that enables deeper analysis concerning **modes of supply and barriers** to cross-border trade, thereby broadening the evidence base for policy and research. If NI-specific estimates were incorporated into CSO's existing quarterly IE-UK current account release, the monitoring gap for NI-IE bilateral services trade could be **reduced from over a year to approximately one quarter**.

Recommendation: Engage with CSO to demonstrate the relevance and value of publishing bilateral NI-IE data also on an ISIC basis

Issue addressed: The current evidence base relies primarily on a **single bilateral SIC-based dataset**, limiting the ability to cross-check results or develop a consistent and robust view of cross-border services trade patterns.

Proposal: InterTradelreland should **engage with CSO on whether NI-IE bilateral data could also be made available on a NACE/ISIC basis alongside any EBOPS release**, enabling a more direct comparison with NISRA's SIC-based statistics where feasible.

Expected impact: Creates a **comparable dataset** that enables reconciliation between CSO and NISRA estimates, strengthens confidence, and supports sectoral analysis.

Recommendation: Engage with NISRA to demonstrate the relevance and value of enhancing NIETS services trade data

Issue addressed: NIETS is derived from the NIABI firm-level survey which excludes financial services and tourism by design, thereby **materially understating total services trade**.

Proposal: NISRA should review whether a supplementary or redesigned approach could expand coverage to include sectors currently absent from, or underrepresented in, the NIETS. For example, Input-Output tables and visitor expenditure data from Tourism NI and Fáilte Ireland can be used to produce credible **imputations for financial services and tourism** respectively. This engagement could explore whether supplementary estimates might be consolidated alongside the published NIETS release to **provide a more complete picture of bilateral services trade where feasible**.

It could also **explore whether granularity within published statistics could be improved**, including broader sectoral breakdowns of larger sectors, such as Construction, or regional disaggregation of bilateral trade flows where feasible.

Expected impact: A bilateral dataset with improved sectoral coverage and granularity would provide a **more accurate and complete picture** of cross-border services activity, strengthening the evidence base for identifying high-potential industries, geographic trade dynamics, and targeted support.

Recommendation: Commission an all-island services monitor

Issue addressed: Official statistics **fail to give a timely and complete view** of NI-IE services trade. This limits the ability to track changes in cross-border services activity between official releases and makes it harder to identify emerging challenges and shifts in demand.

Proposal: InterTradeIreland could build on the strengths of the **All-Island Business Monitor (AIBM)** by introducing a services-focused pulse survey, either as a recurring module within the existing questionnaire or as a short standalone survey of services firms. The purpose would be to generate timely directional indicators of all-island services activity, rather than to produce a detailed statistical replacement for official trade data.

Pulse-style surveys are often used across countries to generate timely and forward-looking insights into services activity. While typically national in focus, KPMG, for instance, previously ran a Nordic Shared Services and Outsourcing Pulse Survey, drawing on input from firms in five Nordic countries to track sentiment on demand levels and emerging trends across the closely integrated Nordic services market.

A well-designed **all-island services monitor** could capture both qualitative and quantitative insights. On the quantitative side, firms could be asked to report **directional**

indicators of activity, for example whether cross-border services revenues are increasing, stable or declining. If appropriately **weighted by sector and firm size**, these indicators **could be aggregated to produce indicative growth rate estimates**. This would complement the proxy indicator framework outlined later in this report: where proxies provide macroeconomic signals from publicly available data, a services monitor would provide firm-level corroboration and forward-looking context that proxies cannot supply. Over time, as the monitor matures and coverage improves, it could reduce reliance on proxies as the primary interim monitoring tool.

The survey could also **include a small number of targeted qualitative questions to capture the main challenges firms are facing when trading services cross-border**. These should be kept focused and repeatable, covering issues such as regulatory uncertainty, travel and delivery costs, recruitment constraints, and access to networks. This would allow InterTradeIreland to track whether barriers are intensifying or easing over time, without turning the monitor into a full qualitative research exercise.

Expected impact: A services-focused pulse survey would provide InterTradeIreland with a more timely view of cross-border services activity, demand conditions, and emerging barriers. By combining directional quantitative indicators with focused qualitative feedback on challenges to trade, it would create a more practical evidence base for business support interventions, policy advocacy, and monitoring changes in the all-island services market between official data releases.

5. The Current State of Play for Cross-Border Services Trade

KEY TAKEAWAYS

- Cross-border services trade between NI and IE has **more than quadrupled since 2011**, reaching **£3.6bn** in 2024 and accounting for **25%** of total NI-IE bilateral trade, or around **6% of NI GDP**.
- IE is NI's **second-largest services trading partner**, larger than the rest of the EU combined, but well behind trade with Great Britain.
- According to the unadjusted NIETS data, **NI runs a substantial and persistent services trade surplus with IE**, reaching £1.8bn in 2024, reflecting a combination of cost competitiveness among NI-based providers and IE's more globally-oriented services sector.
- **Construction dominates** bilateral services trade captured by NIETS, but **higher value-added sectors** are growing in importance, pointing to a gradual diversification of the cross-border relationship.
- Once **imputations are made** for sectors excluded from NIETS, notably financial services and tourism, **total bilateral trade rises materially**, with NI exports to IE up ~35% to £3.6bn and imports into NI from IE up ~84% to £1.7bn.
- Based on the adjusted estimates of services trade, NI directs approximately **19.5% of its total services exports to IE**, above most comparable contiguous-border pairs in Europe.
- **The relationship is structurally asymmetric**: from IE's perspective, NI accounts for **around 1% of total services imports**, indicating that NI remains a relatively marginal partner in IE's services economy. However, multinational distortions in IE's headline trade figures will naturally depress NI's share.

Drawing on NISRA's Northern Ireland Economic Trade Statistics (NIETS), this chapter sets out what can be inferred about the scale, structure and evolution of cross-border services trade between NI and IE. Section 5.1 analyses trends and growth using the published NIETS dataset; section 5.2 describes the adjusted estimates developed to address known coverage gaps in NIETS; and section 5.3 draws on those adjusted estimates to examine sectoral composition and situate NI-IE services integration within a wider international context.

5.1 Insights from NISRA's NIETS

Services are becoming an increasingly important component of total cross-border trade.

Total cross-border trade between NI and IE has expanded substantially over the last decade, increasing by approximately 167% from just around £5.5bn in 2011 to around £14.5bn as of 2024, equivalent to around **25% of NI GDP** and **3% of combined all-island GDP**, though the latter figure is heavily compressed by the scale of IE's headline GDP, which is significantly inflated by multinational-related flows. While goods continue to account for the majority of bilateral trade, services have become an increasingly important component, rising from around **14% of total cross-border trade in 2011 to 25% in 2024**.

This reflects a divergence in growth dynamics between goods and services. Cross-border goods trade has increased by around 134% since 2011, rising from £4.7bn to just under £11bn in 2024, and in absolute terms the increase in goods trade (around £6.2bn) has been larger than that in services (approximately £2.8bn). This expansion, however, has been marked with periods of stagnation and **services trade has generally followed a steeper trajectory in proportional terms**, more than **quadrupling in value** from £0.8bn in 2011 to £3.6bn in 2024. Both goods and services trade experienced contractions around 2020; for services, the NIETS data would imply that the impact of the Covid-19 pandemic was less pronounced than for goods, though had tourism flows been captured in NIETS the 2020 contraction in services trade likely would have been greater, underscoring the **limitations that NISRA's current measurement methodology can have** for accurately tracking developments in cross-border services trade.

This dynamic has continued since Brexit, despite services now operating within a dual regulatory regime which has added administrative complexity in many sectors. Between 2018 and 2024, bilateral services trade between NI and IE grew at an **average annual rate of around 16%**, compared with around **12% per year for bilateral goods trade**. Services therefore continue to account for a rising share of total cross-border trade, increasing by **5 percentage points since 2022**, a sizable shift over just a two-year period. This strong performance in recent years, even in the presence of ongoing regulatory frictions and uncertainty, suggests that the observed growth in services trade may understate the full underlying potential for deeper cross-border integration in services.

A deeper look at directional flows reveals the **growing importance of services within NI's total exports to IE**, with the share of services in NI's total exports to IE increasing from **17% in 2011 to around 26% in 2024**. NI's services exports to Great Britain have also grown substantially over the period, from **£2.2bn to £9.3bn**, suggesting that growth in cross-border services exports to IE **reflects an overall expansion of NI's services export base** rather than a reorientation away from any single market.

The picture on the imports side tells a more nuanced story. In absolute terms, services imports from IE into NI grew from around £220m in 2011 to £485m by 2023, a meaningful increase in value. However, as a share of total imports from IE, services showed no clear upward trend over this period, oscillating between 8% and 15% and ending 2023 at 13%, only slightly above the 10% recorded in 2011. This contrasts with the steady compositional shift observed on the export side and **suggests that services penetration in trade flows from IE into NI remains underdeveloped relative to flows in the opposite direction**. This is

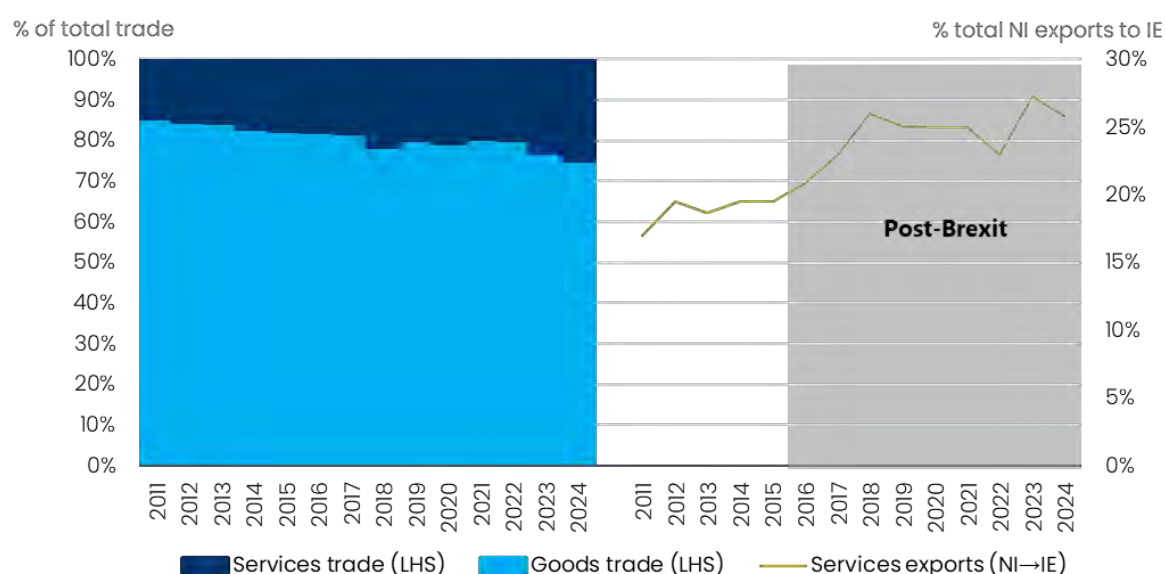
especially notable given the scale and openness of IE's services economy, which is well placed to supply a diverse range of services to firms based in NI.

That being said, **the comparatively limited penetration of IE services into NI may also reflect structural factors beyond trade policy**: IE's services economy is characterised by a higher cost base relative to NI, which may **make IE service providers less price-competitive** for cost-sensitive NI purchasers in sectors where **domestic or GB alternatives exist**. There is also a question of product alignment, with IE's services economy being heavily concentrated in sectors such as financial services, ICT and professional services driven by large multinationals, which **may not correspond directly to the import requirements of NI's predominantly SME business base**. Finally, as noted throughout this chapter, a substantial share of IE's services economy is **driven by large multinationals** operating in ICT, financial services and pharma whose **output is primarily oriented towards global markets** rather than neighbouring markets like NI, which may further limit the natural demand for IE-sourced services among NI's predominantly SME business base.

The share of services in total exports from IE into NI jumped sharply to 22% in 2024, driven by an **88% year-on-year increase in services imports from IE**. The largest single contributor was **manufacturing-related services**, which **more than quadrupled** from £79m to £329m, though this sector has demonstrated considerable volatility since 2011. **Construction services also more than quadrupled** to £218m and **professional, scientific and technical services more than doubled** to £154m. Given the erratic trend of services in total exports from IE into NI since 2011, as discussed above, it is too early to conclude that 2024 marks a structural shift in the composition of imports from IE. The 2024 outturn may prove durable, but the data nonetheless points to significant scope for services to account for a greater share of what NI sources from IE.

The scale of this structural gap is further highlighted by the fact that, despite sharing a land border, a Common Travel Area, and deep institutional links, **NI sources around four times as much in services from Great Britain as it does from IE** (£3.4bn from GB compared with £914m from IE in 2024). The relatively lower penetration of IE services in NI's imports, compared with GB, **suggests further potential in the bilateral services relationship**, particularly given IE's large and open services economy.

Figure 2: Services are an increasingly important component of cross-border trade



Source: Oxford Economics/Northern Ireland Statistics and Research Agency

NISRA's services trade data indicates that NI runs a substantial and persistent services trade surplus with IE

NI's services exports to IE consistently exceed its imports of services from IE since 2011. That surplus grew from around £350m in 2011, equivalent to less than 2% of NI GDP, to approximately £1.9bn in 2023, before narrowing slightly to £1.8bn in 2024 (3% of NI GDP) on the back of the largest annual increase in services imports from IE since records began.

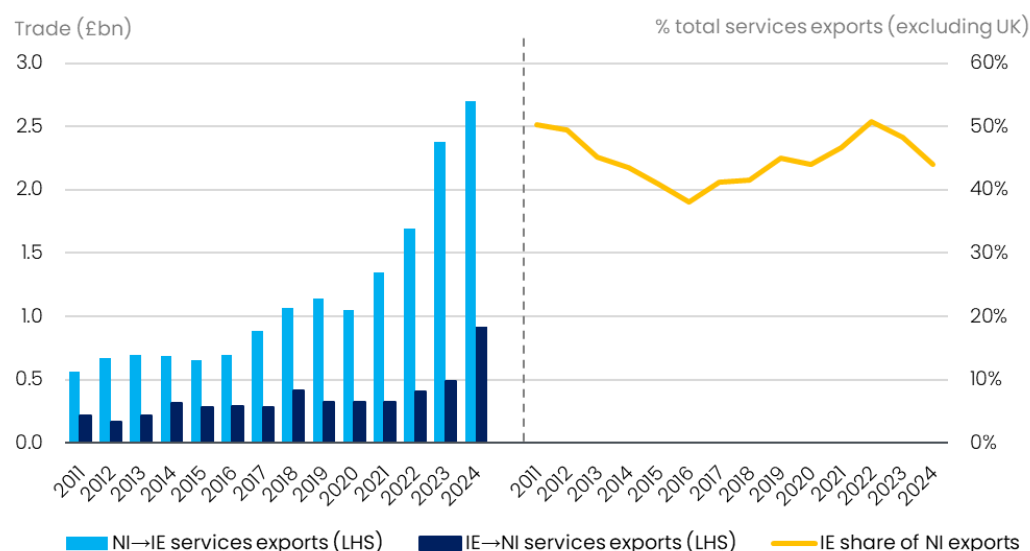
This **asymmetry in the cross-border services relationship** reinforces the view outlined above and in Chapter 8 that there may be considerable scope **for IE's services economy to play a more active role as a supplier to NI**, and that further deepening of cross-border services integration is likely to be driven in part by growth in this direction. In line with this, IE has grown in importance as a destination within NI's broader services export base, with its **share of NI's total services exports**, including those to Great Britain, nearly doubling from around **3.5% in 2011 to almost 7% in 2024**.

A services trade surplus of this scale is not unexpected and should not be interpreted as an imbalance requiring correction. NI's lower cost base, particularly in construction and professional services, gives NI-based providers a competitive advantage in the IE market, while IE's higher cost economy can make some categories of imports from IE less attractive relative to domestic or GB alternatives. A degree of surplus is therefore consistent with the structural differences between the two economies and reflects complementarity that is advantageous to both sides.

On the other hand, **NI is comparatively less critical to IE's total services trade**, accounting for **less than 1% of IE's total services exports** over the last decade. This in large part reflects the structure of IE's services economy, which is overwhelmingly oriented towards global markets. Even the UK, IE's closest neighbour, accounted for just 11% of IE's total services exports in 2024. IE's services exports are also dominated by categories driven by multinational activity. Computer services alone represent approximately 58% of IE's total services exports,

with other business services contributing a further 20%. A substantial share of activity in these categories reflect intellectual property transactions and intra-group flows routed through IE subsidiaries that are not market-based services that NI firms could be expected to capture.

Figure 3: NI runs a consistently large services trade surplus with IE



Source: Oxford Economics/Northern Ireland Statistics and Research Agency

Cross-border trade is both larger and structurally different than a decade ago

NIETS data also allows for an assessment of how the sectoral composition of bilateral services trade has evolved since 2011. However, as **NIETS excludes key sectors by design**, notably financial and insurance services and tourism-related activity, the resulting shares reflect only a partial view of bilateral trade. These should therefore be interpreted with caution; Section 5.2 explores how the picture changes when a more complete estimate is used.

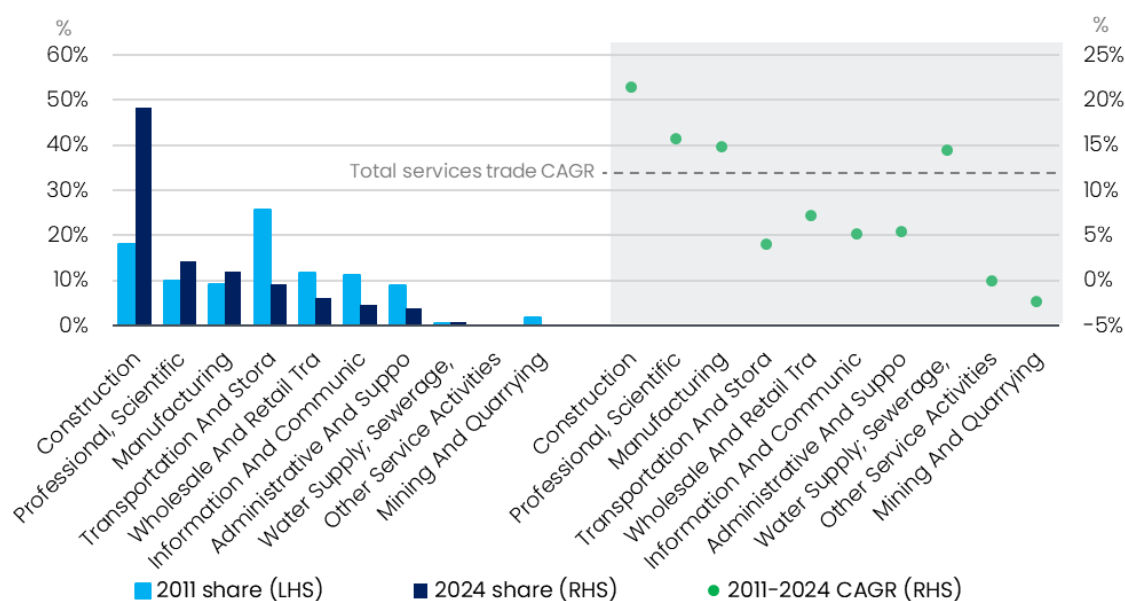
With that in mind, NIETS nonetheless provides useful information on growth dynamics in cross-border services trade at the sectoral level. **Construction** has recorded **average annual growth of around 21%** in total cross-border services trade since 2011, making it by far the fastest-growing sector in the NIETS data and the dominant driver of bilateral services trade growth over the period. **Professional, scientific and technical services** have grown at around **16% per year**, and **manufacturing-related services** at around **15%**, while **transportation and storage (4%)**, **information and communication (5%)** and **administrative and support services (5%)** have grown below the aggregate average.

The cross-border services relationship is therefore **not only significantly larger than it was a decade ago, but structurally different**. The data points to a shift in the composition of trade away from logistics and distribution and towards construction and, increasingly, **knowledge-intensive services**. The sharp increase in construction's relative weight is driven by sustained demand from IE's residential, commercial and infrastructure pipeline alongside capacity constraints within IE's domestic construction sector.

The growth trajectory of professional services is worth highlighting given that it **cuts across a number of strategically important areas for both the NI and IE governments** including, for example, scientific research within life sciences and technical consultancy supporting wider

digitisation. Information and communication, while growing below the aggregate average in the NIETS data, is similarly of strategic significance given its alignment with digital and cybersecurity priorities on both sides of the border, however its limited measured growth may partly reflect the data coverage issues noted in Chapter 4 rather than the underlying trajectory of cross-border activity. Moreover, because NIETS excludes key sectors, the observed shift in composition reflects measurement methodology as well as underlying changes in the bilateral services relationship. This caveat is addressed directly in section 5.3.

Figure 4: Sectoral composition and growth of total cross-border services trade in the unadjusted NIETS data



5.2 Towards a more complete estimate of cross-border services trade

While NISRA's NIETS dataset provides the most comprehensive available view of NI-IE services trade, it does not capture the full extent of cross-border activity. The data is derived from the Northern Ireland Annual Business Inquiry (NIABI), a firm-level survey which, by design, **does not capture consumer expenditure flows related to tourism and excludes financial and insurance services entirely**. Financial services are one of the most significant components of services trade globally and cross-border tourism flows are particularly important for services sectors on both sides of the border. Other sectors, such as education and real estate, are similarly absent or sparsely observed over the dataset's history. These limitations in the NIETS's coverage therefore leave a **material gap in any assessment of the true scale of cross-border services activity**. Comparisons of sectoral NIETS data against NISRA's Supply-Use tables, extrapolated to 2024, confirm that these methodological gaps result in an understatement of both total NI services trade and bilateral flows with IE specifically.

To address this, Oxford Economics developed an adjusted estimate of **NI-IE services trade for 2024**, expanding coverage through targeted imputations across three main data sources.

The aim was not to replace official statistics, but to construct a more complete picture of cross-border services activity:

- ▶ **Tourism-related services:** Estimated using visitor expenditure data from Tourism Northern Ireland and Fáilte Ireland. Bilateral tourist spending flows were allocated across relevant sectors such as accommodation and food, transport, retail, arts and recreation using shares derived from NI's Tourism Satellite Account.
- ▶ **Financial services, insurance, real estate and public administration:** Estimated using NISRA's Input-Output tables, which record cross-border financial services flows between NI and IE. Because the Input-Output tables are not available on an annual basis, estimates were extrapolated forward to 2024 from 2021 using sectoral GVA growth. The precise methodology underlying NISRA's own cross-border financial services estimates within the Input-Output framework was not fully available at the time of writing; further engagement with NISRA would be beneficial to validate and potentially refine these imputations in future iterations of this analysis.
- ▶ **Education services:** Estimated using student enrolment data and assumptions about tuition fee expenditure, reflecting significant cross-border student flows that exist between NI and IE.

At the bilateral level, the adjustments raise NI's services exports to IE from around £2.7bn to £3.6bn, an uplift of around 35%, with financial services being the single largest addition at £621m in 2024. The next largest adjustments arise from tourism-related spending by IE visitors to NI, which contribute to a further £117m in accommodation and food services and £113m in wholesale and retail trade.

The impact of the adjustment on NI's services imports from IE, however, is relatively larger, with an uplift of approximately 84% from £914m to £1,678m. This is driven primarily by tourism-related spending, which for instance adds £236m in accommodation and food services alone.

The unadjusted NISRA data implies that NI exports nearly three times as much in services to IE as it imports, which appears relatively high given the scale and openness of IE's services economy. The adjusted estimates therefore bring the bilateral relationship closer to what we would expect **with NI continuing to run a services trade surplus with IE, but with imports representing a more credible share of the overall relationship.**

Table 4: Adjusted NI exports of services to IE (2024)

NI exports of services to IE (2024, £mn)		
Sector	NISRA NIETS	Adjusted
All industries	2,696	3,647
Wholesale & Retail Trade	170	283
Transportation & Storage	260	284
Accommodation & Food	0	117
Real Estate Activities	3	16
Administrative & Support Services	123	124
Education	0	49
Human Health & Social Work	0	1
Arts, Entertainment And Recreation	0	13
Other Service Activities	12	12
Construction	1,477	1,477
Manufacturing	90	90
Information & Communication	101	101
Professional, Scientific & Technical	351	351
Financial & Insurance	0	621
Public Admin & Defence	0	0

Table 5: Adjusted IE exports of services to NI (2024)

IE exports of services to NI (2024, £mn)		
Sector	NISRA NIETS	Adjusted
All industries	914	1,678
Wholesale & Retail Trade	48	91
Transportation & Storage	62	104
Accommodation & Food	5	241
Real Estate Activities	0	90
Administrative & Support Services	10	112
Education	0	21
Human Health & Social Work	0	0
Arts, Entertainment And Recreation	3	38
Other Service Activities	0	2
Construction	218	218
Manufacturing	329	329
Information & Communication	61	88
Professional, Scientific & Technical	154	154
Financial & Insurance	0	163
Public Admin & Defence	0	2

At the total services trade level (including inter-UK flows), the adjusted estimates raise NI's services exports by 22% to £18bn, while services imports increase by 174% to £15bn, relative to the unadjusted NIETS figures. The larger uplift on the imports side primarily reflects the addition of tourism-related services, particularly outbound tourism, alongside financial services, which are not fully captured in NIETS.

Table 6: Adjusted total NI services exports (2024)

Total NI exports of services, including UK (2024, £mn)		
Sector	NISRA NIETS	Adjusted
All industries	15,375	18,718
Wholesale & Retail Trade	503	910
Transportation & Storage	1,795	1,880
Accommodation & Food	0	421
Real Estate Activities	4	107
Administrative & Support Services	1,344	1,350
Education	0	346
Human Health & Social Work	0	49
Arts, Entertainment And Recreation	0	46
Other Service Activities	0	31
Construction	6,417	6,417
Manufacturing	692	692
Information & Communication	1,333	1,333
Professional, Scientific & Technical	2,433	2,433
Financial & Insurance	0	1,850
Public Admin & Defence	0	0

Table 7: Adjusted total NI services imports (2024)

Total NI imports of services, including UK (2024, £mn)		
Sector	NISRA NIETS	Adjusted
All industries	5,648	15,477
Wholesale & Retail Trade	536	870
Transportation & Storage	681	1,004
Accommodation & Food	56	1,863
Real Estate Activities	0	190
Administrative & Support Services	689	1,492
Education	0	307
Human Health & Social Work	40	40
Arts, Entertainment And Recreation	0	388
Other Service Activities	0	4
Construction	1,603	1,603
Manufacturing	835	835
Information & Communication	270	2,761
Professional, Scientific & Technical	663	2,678
Financial & Insurance	0	1,163
Public Admin & Defence	0	6

Table 8: Adjusted NI-IE services trade balance (2024)

NI trade balances (2024, £mn)		
Sector	NISRA NIETS	Adjusted
Total (all trading partners)	9,727	3,241
Of which:		
NI-IE balance	1,782	1,970
Other trading partners	7,944	1,271
NI trade balances (2024, % NI GDP)		
Sector	NISRA NIETS	Adjusted
Total (all trading partners)	35%	58%
Of which:		
NI-IE balance	6%	9%
Other trading partners	29%	49%

5.3 Insights from the adjusted NIETS dataset

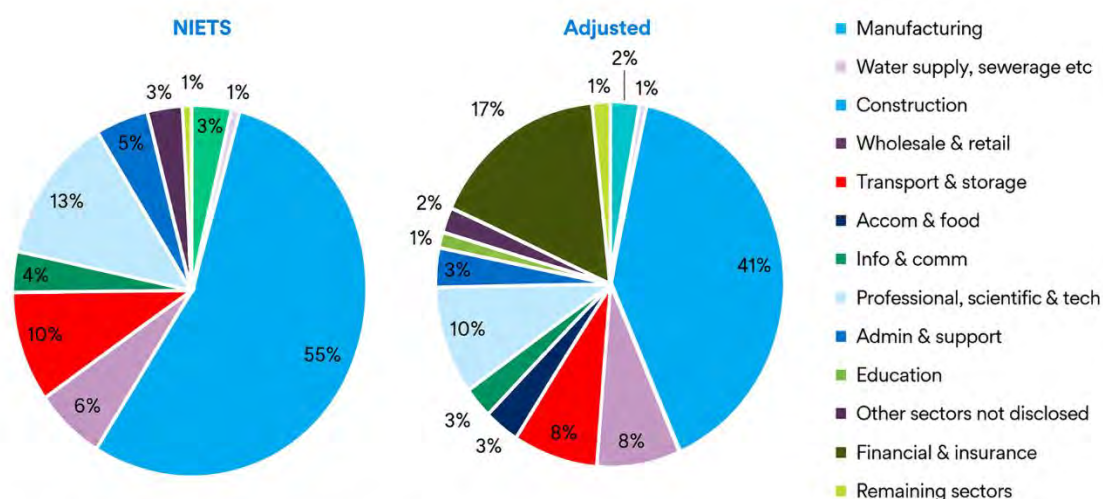
A deeper analysis of the adjusted NIETS dataset reveals several key findings that complement and extend the picture set out in Section 5.1:

- ▶ The sectoral composition of bilateral services trade on the island is **more diverse than official data implies**, with financial services and tourism playing a material role on both sides of the relationship.
- ▶ The **bilateral relationship is structurally asymmetric**: IE is a significant trading partner for NI, accounting for around a fifth of its total services exports, while NI accounts for less than 1% of IE's total services trade.
- ▶ When benchmarked against comparable bilateral pairs, the **depth of cross-border services integration appears substantive by international standards**. At the same time, the asymmetric nature of the relationship, with IE representing a far larger share of NI's total trade than NI does of IE's, **points to the scope for further deepening** that is explored in Chapter 9.

► Sectoral composition of cross-border services trade

The adjusted dataset provides a more complete basis for examining the sectoral composition of bilateral services trade. Figures 5 and 6 show the breakdown of services exports from NI to IE and from IE to NI, respectively, under the adjusted figures for 2024.

Figure 5: Sectoral composition of services exports from NI to IE

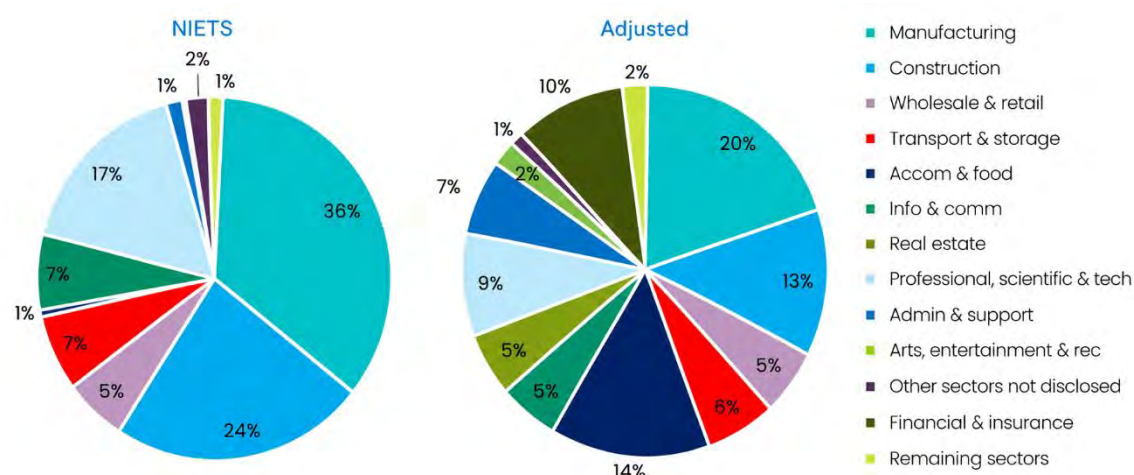


Sources: Oxford Economics, Northern Ireland Statistics and Research Agency

Construction remains the largest single sector in NI's exports to IE at approximately 41% of the adjusted total, though its relative weight is lower than the ~55% implied by NIETS data, as other sectors now register at material scale. This reflects a combination of sustained demand from IE's residential, commercial and infrastructure pipeline, capacity constraints within IE's domestic construction sector, and NI's relative cost advantage, all of which have made NI-based construction firms increasingly competitive suppliers of services across the border.

Importantly, **financial and insurance services emerge as the second largest category** at £621m, around 17% of total adjusted exports from NI to IE, having been entirely absent from the published data. Professional, scientific and technical services accounts for around 10%, with wholesale and retail trade, transportation and accommodation each contributing more meaningfully once tourism flows are incorporated.

Figure 6: Sectoral composition of services exports from IE to NI



Sources: Oxford Economics, Northern Ireland Statistics and Research Agency

For IE's services exports to NI, **manufacturing-related services remains the largest single category** at £329m (approximately 20% of the adjusted total), followed by accommodation and food (£241m, 14%), construction (£218m, 13%) and financial and insurance services (£163m, 10%). Professional and administrative services contribute 9% and 7% respectively. The **adjusted import profile is considerably more diversified than NIETS implies**, with tourism and financial services together accounting for approximately a quarter of total IE services exports to NI.

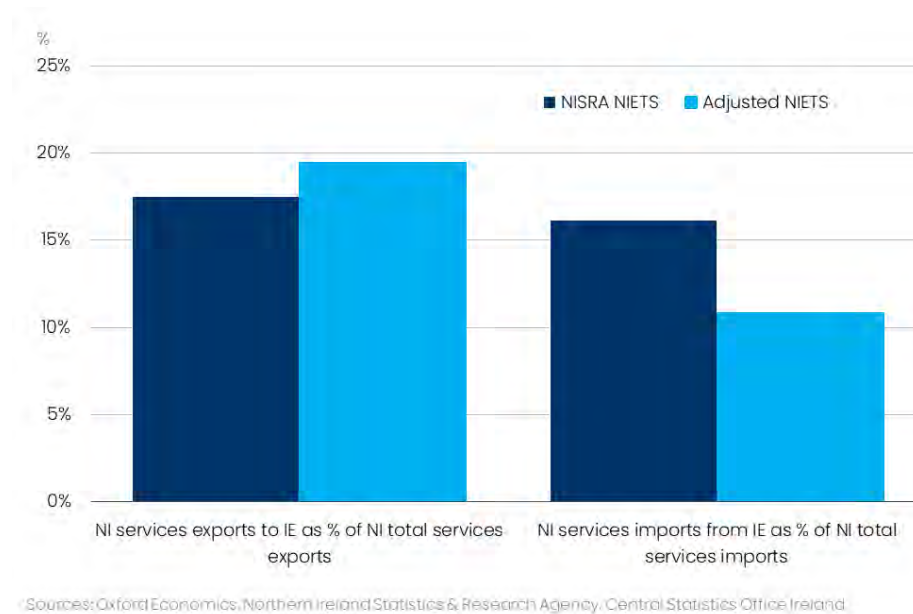
The key findings from the analysis of the unadjusted NIETS in section 5.1 remain largely intact. Construction still dominates NI's services exports to IE, professional services is a standout growth sector, manufacturing remains the largest single category in IE's exports to NI, and the deep supply chain linkages in transportation and distribution are equally visible in the adjusted figures. What the imputations add is the scale of what NIETS does not capture: **a significant bilateral financial services relationship**, material **tourism flows** on both sides of the border, and an **NI import profile that is considerably more diverse** than the published data suggests.

► The cross-border relationship in services is structurally asymmetric

The cross-border trading relationship on the island of Ireland is structurally asymmetric. From NI's perspective, IE is already a major trading partner. From IE's perspective, however, NI remains a relatively minor partner in services trade.

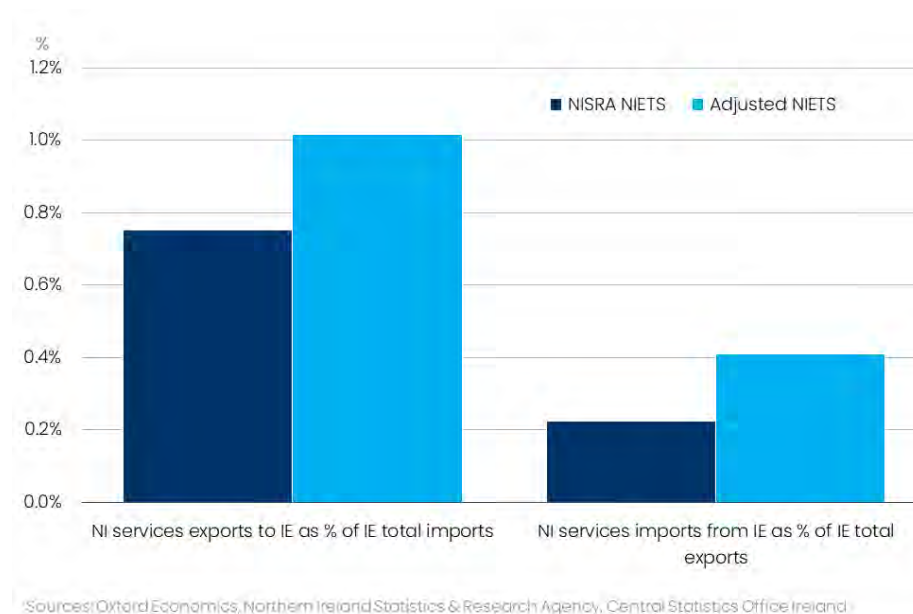
On the adjusted basis, NI's services exports to IE account for approximately **20% of NI's total services exports**, while services imports into NI from IE represent around **11% of NI's total services imports**. Figure 7 illustrates the significance of the IE market to NI's overall services trade position.

Figure 7: Contribution of cross-border services trade to total NI services trade



From IE's perspective, however, the relationship looks considerably smaller. On the adjusted basis, NI's services exports to IE amount to around **1% of IE's total services imports**, while IE's services exports to NI account for **less than 0.5% of IE's total services exports**. Figure 8 shows the contrast between the two perspectives clearly.

Figure 8: Contribution of cross-border services trade to total IE services trade



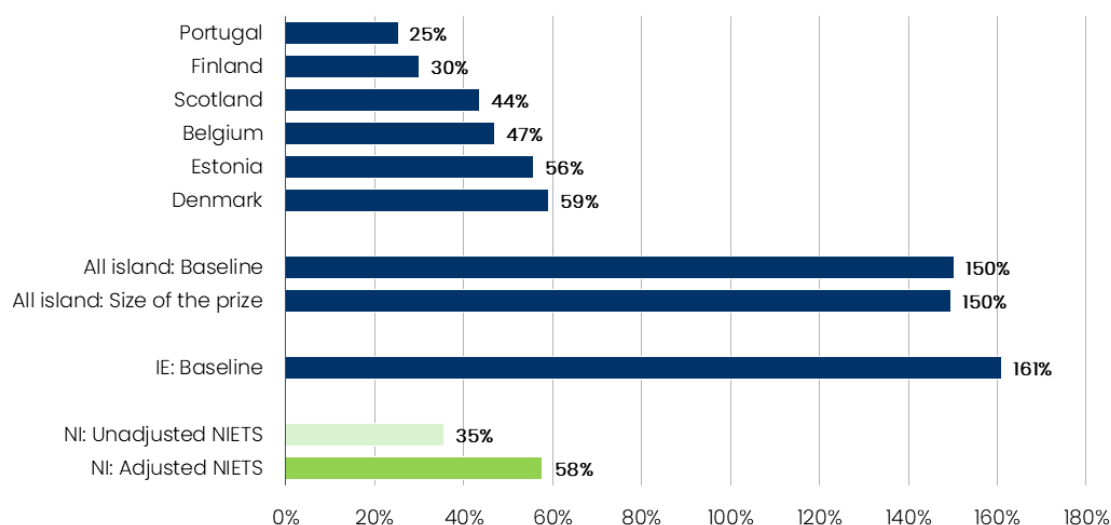
It is important to note that **IE's headline services trade totals are heavily distorted by multinational-related activity**, particularly in computer services and intellectual property flows. In 2024, IE reported approximately \$170bn in services imports related to royalty and licence payments, equivalent to around 58% of IE's Gross National Income. On the export side, multinational firms record substantial European revenues through IE subsidiaries. These

flows are **not reflective of underlying market-based services trade** in the conventional sense; they are primarily global corporate transactions routed through IE for structural and tax reasons. As a result, a substantial share of IE's headline services trade figures relates to activity that NI-based firms could not realistically be expected to contest. This naturally limits the extent to which NI's share of IE's total services trade will appear large in aggregate terms. The underlying asymmetry nonetheless remains genuine and informative.

► NI's services trade openness in an international context

NI's total services trade (exports plus imports across all markets) amounts to approximately **58% of NI GDP** on the adjusted basis, up from 35% in the unadjusted NIETS. This adjusted figure is broadly in line with open European economies such as Estonia (56%) and Denmark (59%), which would be considered highly open by international standards. NI's ratio might be expected to naturally exceed many national comparators given its status as a small regional economy; small, open economies typically exhibit higher trade-to-GDP ratios than larger national economies. Nonetheless, even accounting for this, the adjusted estimate indicates that **NI's services economy is substantively engaged in cross-border trade**, a finding that is to an extent obscured by the NISRA baseline.

Figure 9: Total services trade as a share of GDP



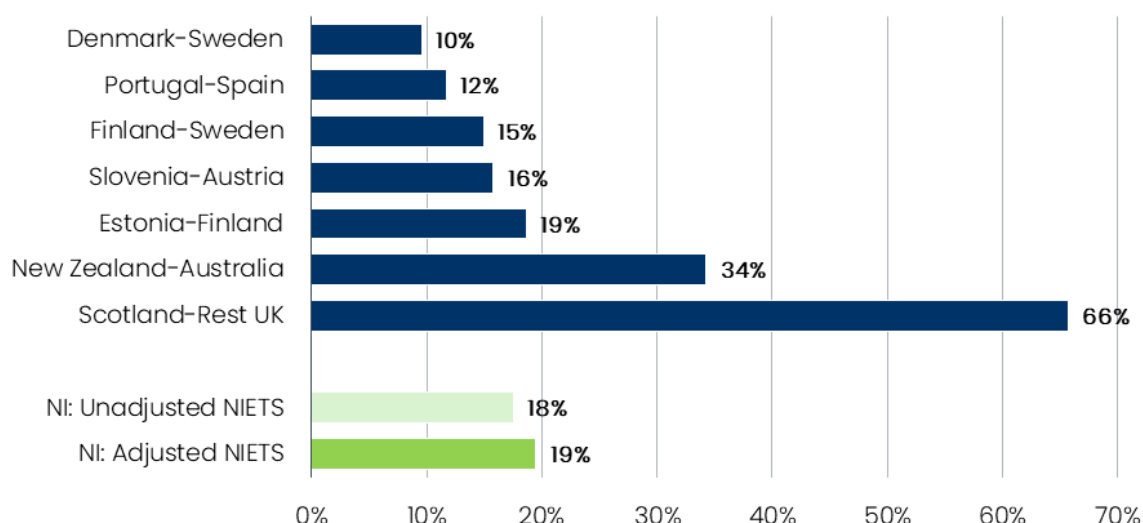
Sources: Oxford Economics, Central Statistics Office Ireland, Northern Ireland Statistics and Research Agency, OECD

Benchmarking confirms an asymmetric but substantive integration story

Benchmarking the adjusted estimates against comparable bilateral pairs across multiple metrics reinforces the asymmetry identified above, while also confirming that NI's engagement with IE as a bilateral services trading partner is substantive by international standards.

Figures 10 and 11 show, respectively, NI's services exports to IE as a share of NI's total services exports, and NI's services imports from IE as a share of NI's total services imports, benchmarked against comparable contiguous-border pairs.

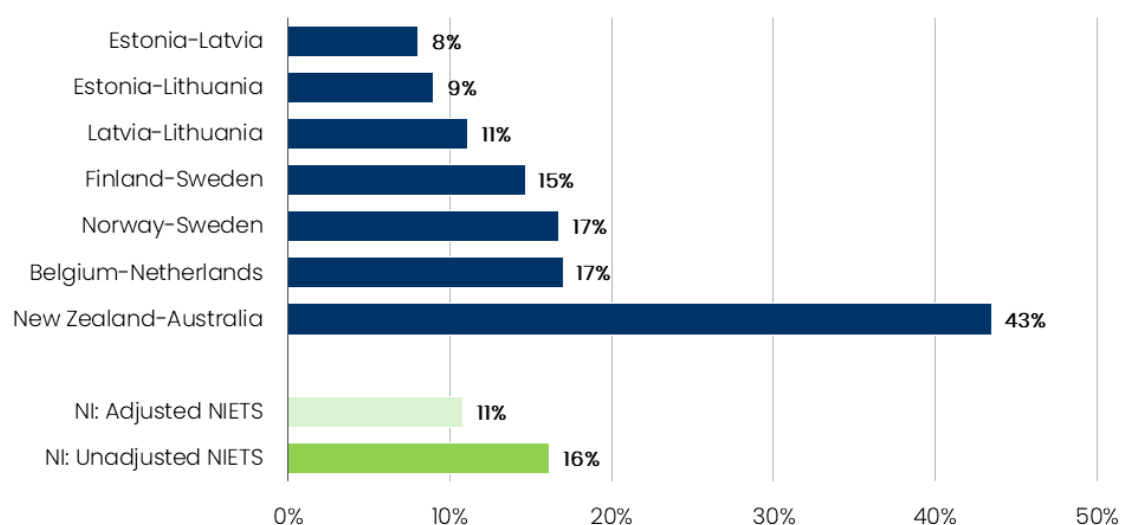
Figure 10: Service exports from smaller economy to larger neighbour as a share of smaller economy's total services exports



Sources: Oxford Economics, Central Statistics Office Ireland, Northern Ireland Statistics and Research

At 19.5% of NI's total services exports on the adjusted basis, **NI's services exports to IE sit above the majority of European bilateral pairs** in the comparator set, and broadly in line with Estonia-Finland, one of the more deeply integrated pairs in Europe. NI also begins from a relatively high base even in the unadjusted NISRA figures, which itself indicates a substantive export relationship. A regional economy such as NI might be expected to trade more intensively with its nearest large neighbour than most national economies do, not least because IE is an exceptionally open, services-oriented economy with total services trade exceeding 150% of GDP. But even accounting for this, NI's position within the European comparator range is notable.

Figure 11: Service imports into smaller economy from larger neighbour as a share of smaller economy's total service imports

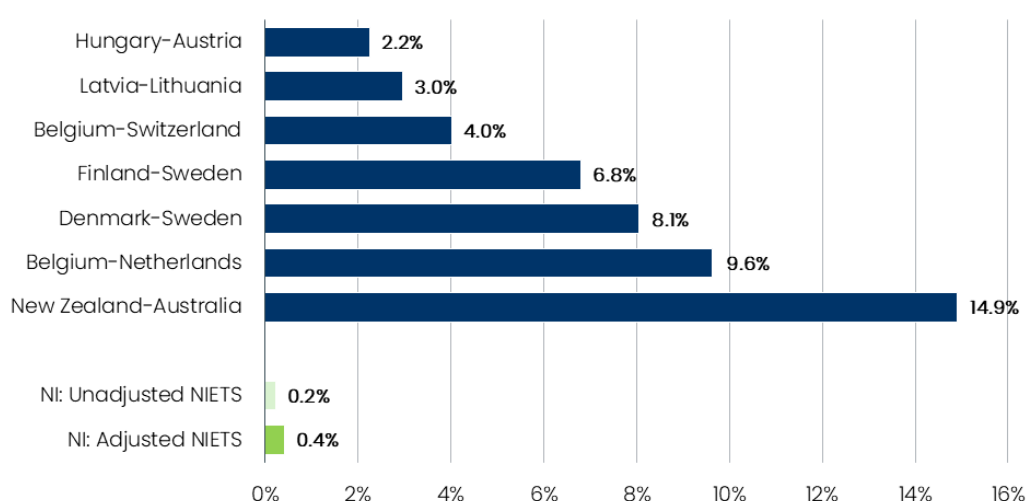


Sources: Oxford Economics, Central Statistics Office Ireland, Northern Ireland Statistics and Research Agency, OECD

NI's adjusted import share of 10.8% **sits towards the lower half of the European benchmark** range, which runs from around 7.7% (Denmark-Sweden) to 23.0% (Portugal-Spain). This is lower than the unadjusted NISRA figure of 16.2%, reflecting the larger total import denominator once tourism and financial services flows are incorporated. The positioning on the import side is consistent with the structural underdevelopment of the import relationship identified in Chapter 5; **services flows from IE into NI have not grown as consistently or as strongly as flows in the opposite direction.**

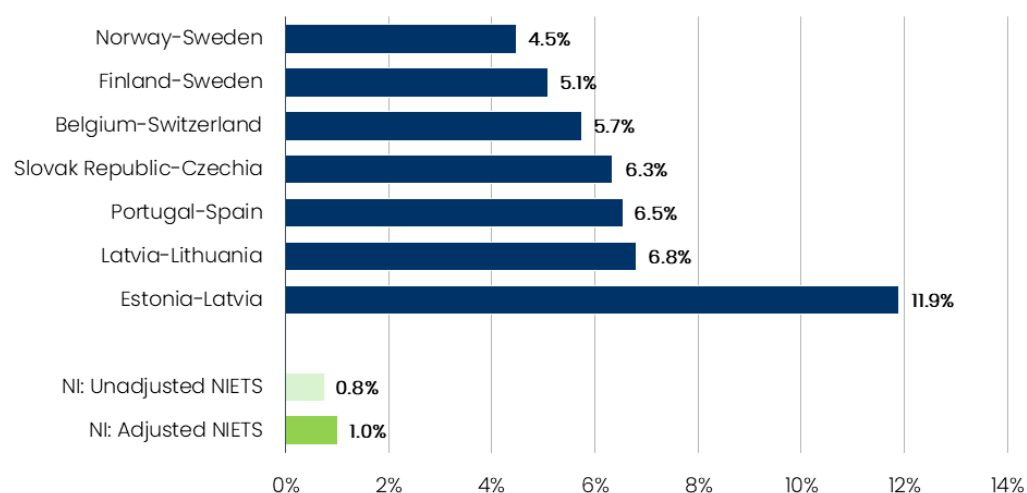
Figures 12 and 13 present the same metrics from IE's perspective; that is, NI's exports to IE as a share of IE's total services imports, and IE's exports to NI as a share of IE's total services exports.

Figure 12: Service imports into smaller economy as a share of larger economy total service exports



Sources: Oxford Economics, Central Statistics Office Ireland, Northern Ireland Statistics and Research Agency, OECD

Figure 13: Service imports into larger economy as a share of larger economy total service imports



Sources: Oxford Economics, Central Statistics Office Ireland, Northern Ireland Statistics and Research Agency, OECD

Measured from IE's perspective, **NI accounts for only a small fraction of IE's total services trade**, well below all benchmark bilateral pairs on both metrics. Even after adjustments, NI's exports to IE amount to approximately 1% of IE's total services imports, compared with figures ranging from around 2% to 12% for the European comparator pairs. This reflects both the scale of IE's services economy and the distortions from multinational activity discussed above.

These findings reveal a bilateral services trade relationship that is **more diverse in its sectoral composition** than NIETS alone suggests, **already well-integrated by international standards**, but one where **NI remains a relatively marginal trading partner from IE's standpoint**. It is this asymmetry that points to scope for further deepening as explored in Chapter 9.

6. Proxy Indicators for Cross-Border Services Trade

KEY TAKEAWAYS

- NISRA's services trade data is published with a lag of more than one year, creating a **significant monitoring gap**. This chapter outlines the proxy indicator framework that was developed with the intention of filling that gap.
- For total NI services exports to IE, **IE's Average Hourly Labour Cost** is the selected proxy (correlation +0.7). For NI imports from IE, **NI Annual Gross Pay** is selected (correlation +0.5).
- The analysis therefore points **to labour market conditions as a key signal of cross-border services trade** in both directions. However, the correlations identified reflect statistical associations rather than proven structural relationships, and further analytical work would be needed to validate the underlying mechanisms.
- Proxies are constructed as **directional signals rather than precise estimates of trade flows**. They are most reliable at the aggregate level; sector-level proxies should be treated with greater caution given the inherent volatility of bilateral sectoral data.
- Looking ahead to 2025, **both proxy indicators point to continued support for cross-border services trade in each direction** with labour costs in IE and gross pay in NI both accelerating further in 2025.
- However, **the 2025 signals should be interpreted with caution**: NI pay growth continues to be influenced by public sector catch-up settlements rather than broad-based demand strengthening, and the exceptionally large 2024 import outturn is likely to introduce a base effect that may temper reported growth rates in the next NIETS release.

6.1 The monitoring gap and the case for proxies

As established in Chapter 4, NISRA's services trade dataset is typically published with a lag of more than a year after the reference period. This creates a **significant monitoring gap**: cross-border services trade is growing rapidly and becoming a larger component of total cross-border trade, yet official statistics do not allow for timely assessment of emerging trends, sectoral shifts, or short-term pressures.

To address this, Oxford Economics developed a **structured proxy framework** designed to provide **timely signals of directional change**. Proxy indicators do not replace official statistics and are not intended to be definitive measures of the level or precise growth rates of trade flows. Rather, they offer theory-based and statistically tested indicators of underlying

trends, providing a transparent and repeatable monitoring tool that complements rather than replaces official data.

It is important to understand what a proxy framework can and cannot do. Proxy indicators **identify statistical associations** between observable economic variables and services trade flows, **rather than establishing causality**. Services trade data is inherently volatile, particularly at the sectoral level, and no proxy can fully account for this volatility; indicators are intended to track directional trends rather than to explain or predict precise year-to-year movements. In some cases, the most theoretically ideal indicator either does not exist at the required timeliness or lacks sufficient historical data for robust testing, meaning that the selected proxies represent the best available option within real-world data constraints.

6.2 Approach to selecting proxy indicators

The selection of proxy indicators was guided by a four-stage framework combining economic theory and empirical testing:

1. A **broad candidate pool of indicators** was developed, drawing on the gravity model of trade as the theoretical starting point. This directed attention to three categories: productive capacity of exporting sectors (via GVA, employment and output indices); demand conditions in importing markets (via activity levels, income and expenditure indicators); and relative cost and competitiveness dynamics (via wage growth differentials and exchange rates). Data was sourced from CSO, NISRA, ONS and Oxford Economics' own estimates.
2. Each candidate was **assessed for conceptual relevance** against each trade flow direction separately. Only indicators with a clear theoretical link to a specific flow, for instance through supply capacity, demand conditions or relative costs, progressed to empirical testing.
3. Indicators passing conceptual screening were **empirically filtered**. A minimum of eight paired annual observations was required before any correlation analysis was conducted. Indicators were then assessed against a minimum Pearson correlation coefficient of 0.3 with the relevant NISRA trade series, calculated on year-on-year growth rates. Given the inherent volatility of bilateral services trade data, very high correlations are unlikely; this threshold reflects a balance between statistical discipline and data reality.
4. Indicators meeting both the conceptual and empirical criteria were **assessed holistically to determine the final selection**. Where two indicators showed similar statistical performance, preference was given to the measure with greater conceptual clarity and more stable directional behaviour over time. The resulting proxy set reflects a deliberate balance between statistical robustness and economic credibility.

6.3 Proxy indicators for total services trade

The proxies selected for both directions of total services trade share a common underlying logic; each captures **wage or income conditions in the importing economy**, reflecting the dynamic through which tighter labour markets and stronger earnings growth tend to support demand for services sourced from across the border.

NI services exports to IE

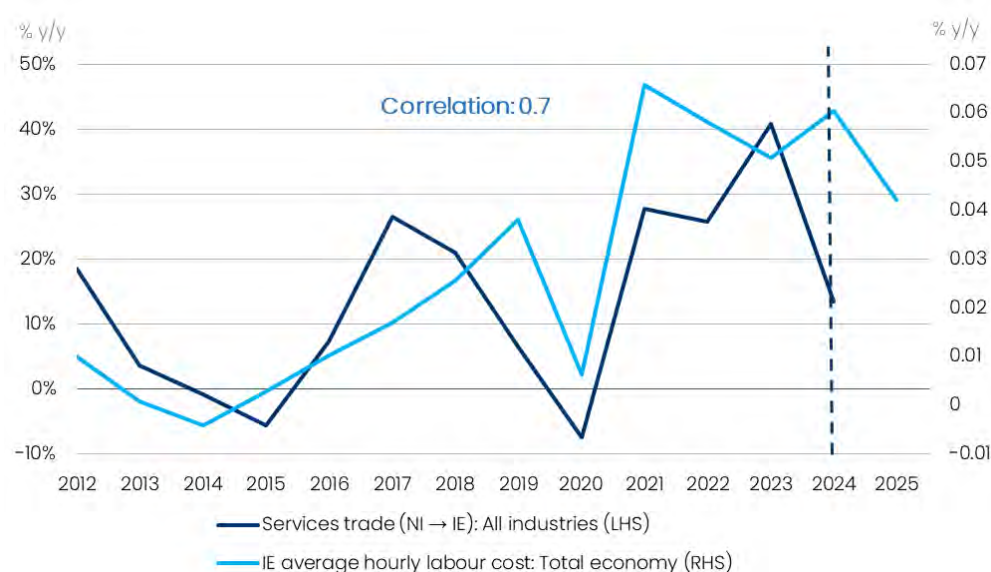
For **total NI services exports to IE**, **Average Hourly Labour Cost in IE (Total Economy)** was selected as the most suitable proxy. Broad-based wage growth in IE signals **tighter labour market conditions and elevated** demand across all sectors, increasing the likelihood that IE firms supplement domestic provision by sourcing services externally. In such cases, **NI service providers are well positioned to benefit from this** given their geographic proximity, cost competitiveness relative to the rest of the UK, and existing cross-border linkages.

The positive correlation (0.7) observed between the chosen proxy and NI services exports to IE indicates that stronger wage growth in IE has historically coincided with firmer NI services export growth. However, it should be noted that both series have generally trended upward over the observation period, and the correlation does not necessarily confirm causality, underpinning the interpretation of the proxy as a directional signal consistent with the underlying economic logic, rather than evidence of a structural relationship.

In 2024, IE labour costs increased 6% year-on-year, signalling continued capacity pressures in IE. Prior to the release of the latest NIETS dataset, we interpreted this as being consistent with continued growth in NI services exports to IE, while noting that the precise magnitude would depend on broader demand conditions. The latest NIETS dataset indicates that total services exports from NI to IE indeed increased again in 2024 at 13% year-on-year. This outturn left the correlation coefficient for the proxy indicator unchanged at 0.7, validating its usefulness as an indicator to track in future as a forward-looking indication of the capacity conditions in IE that can influence demand for NI exports.

In 2025, **IE labour costs increased 4.2% year-on-year**, a moderation from 2024 growth but nonetheless remaining elevated by historical standards. This would suggest that capacity pressures persisted in IE in 2025, which would be **consistent with continued, albeit perhaps more moderate, growth in NI services exports to IE in 2025**.

Figure 14: Proxy indicator for total NI services exports to IE



[Source: Oxford Economics/Haver Analytics/Northern Ireland Statistics & Research Agency]

NI services imports from IE

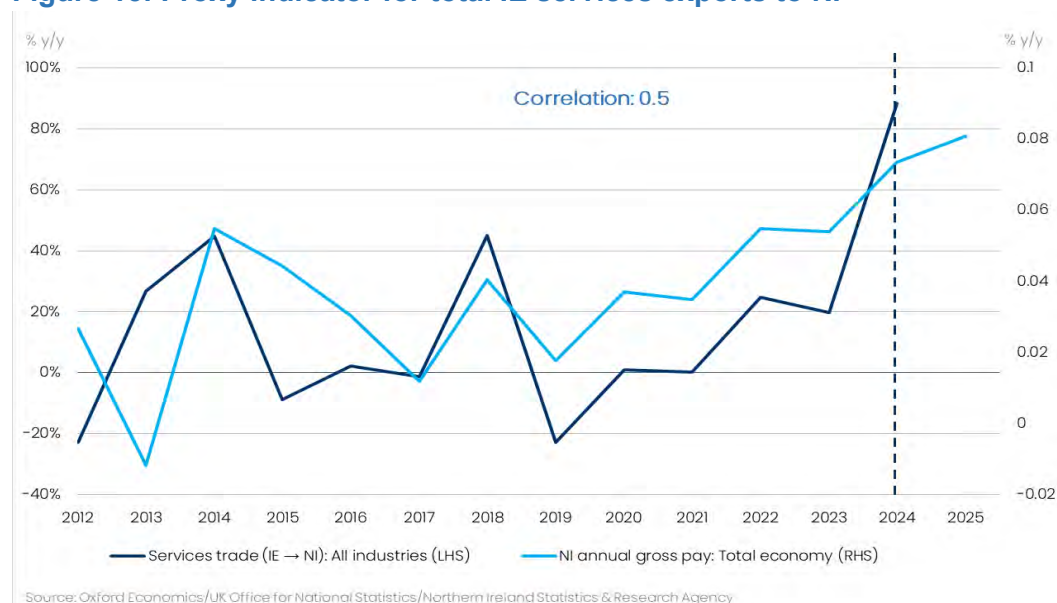
For **total services imports into NI from IE**, we selected **NI Annual Gross Pay (Total Economy)** as the proxy indicator. Stronger pay growth in NI indicates **firmer domestic demand conditions**, leading to higher household incomes and expanding business activity that can **raise the demand for services across all sectors**. Again, geographic proximity and cross-border linkages mean that IE firms are well placed to avail of this. The correlation between the proxy and NI's services imports from IE was positive (0.3) but more modest than for the export direction.

However, NI Annual Gross Pay is a nominal measure, which can be influenced by inflation or one-off factors such as public sector catch-up settlements. Such one-off factors may not translate into the same demand stimulus for imported services as genuine real wage growth, where the effects of inflation are stripped out.

In 2024, annual gross pay growth in NI accelerated to 7%, pointing to strengthening underlying demand conditions and a supportive backdrop for services imports from IE. The strong growth in gross pay reflected a combination of a tight labour market, with NI unemployment at record lows, and multi-year public sector catch-up settlements. As noted previously, the public sector settlement component warrants interpretive caution, as it reflects backdated pay rather than organic demand growth.

The latest NIETS release confirmed a sharp increase in imports, with total services imports from IE rising by 88% year-on-year. While the magnitude of this increase was significantly larger than implied by the proxy alone, the direction of change was consistent. The resulting increase in the correlation coefficient to 0.5 provides further evidence that, despite being influenced by a wider range of factors, the proxy remains a useful indicator for informing forward-looking assessments of the dynamics that can influence trade flows.

Figure 15: Proxy indicator for total IE services exports to NI



In 2025, annual gross pay growth in NI accelerated further to 8.1%, in part reflecting the continuation of multi-year public sector pay settlements. As with 2024, this limits how much of the headline pay growth can be attributed to strengthening underlying demand conditions. We would nonetheless expect some continued support for services imports from IE, though the exceptionally large increase recorded in 2024 is likely to introduce a base effect that may temper the annual growth rate in the 2025 outturn.

A summary of the selected sectoral proxy indicators, including their correlations with observed NIETS data, is provided in Annex 2.

Recommendation: Engage with NISRA to explore options to improve the timeliness of NIETS

Issue addressed: NISRA's **publication lag limits the usefulness** of its services trade data for monitoring trends and responding to emerging changes in cross-border trade in a timely manner. It is worth noting that the same lag affects goods trade data, which is derived from the same underlying survey, meaning the timeliness challenge is not unique to services but applies across NIETS more broadly.

Proposal: InterTradelreland should **engage with NISRA to demonstrate the relevance and value of reducing the publication lag**, and to explore options, including whether provisional figures could be published ahead of final data where feasible. One model worth considering is the **"flash estimate"** approach used for GDP where an early, clearly caveated estimate is released promptly after the reference period, with a more complete and refined figure to follow later.

This approach explicitly accepts a quality-timeliness trade-off, **prioritising the availability of timely directional signals over the precision of final figures**. Any such approach would need to be informed by an assessment of the structural reasons for the current lag, as some constraints may relate to survey design and data collection timelines that cannot easily be addressed. Increasing publication frequency to quarterly is likely to be a more challenging ask than reducing the annual lag, and improving timeliness of the annual release is probably the more feasible near-term objective.

Expected impact: More timely data, even in preliminary form, would enable policymakers, InterTradelreland and businesses to **respond more effectively to emerging changes** in cross-border trade activity, and would reduce the reliance on proxy indicators as a substitute for official data between releases.

Recommendation: Enhanced modelling to provide timely insights on services trade

Issue addressed: Official services trade data is published with a significant lag and covers only a partial picture of cross-border activity, while the proxy indicator framework developed in this project, while useful, provides directional signals from single indicators rather than a **comprehensive and integrated view of the drivers of trade flows**.

Proposal: The proxy framework developed here provides a strong methodological foundation that could be extended into a more sophisticated analytical approach that provides timelier and more predictive estimates of services trade flows, with two avenues worth exploring:

1. A **nowcasting model** that combines multiple driver variables simultaneously, drawing on the range of demand, capacity and cost indicators assessed in this project, to produce timelier estimates of bilateral services trade between official

releases, analogous to the GDP nowcasting approaches used by central banks and statistical agencies.

2. A more **structural econometric model** of NI-IE services trade that could be used to decompose the drivers of trade growth, test the sensitivity of bilateral flows to changes in key economic conditions, and provide a firmer analytical basis for scenario analysis. Either approach would require a dedicated modelling exercise building on the data infrastructure and indicator work developed here.
3. An **experimental data programme** could be developed. This would focus on alternative higher-frequency and geographically granular indicators beyond the official statistics. It could draw on real-time or administrative data sources, such as digital transactions, platform activity, or other business intelligence, to provide earlier insight into emerging cross-border trade opportunities. Geographically tagged data would help broaden the evidence base beyond the Dublin-Belfast corridor and provide a fuller picture of cross-border activity across the island.

Expected impact: A more integrated modelling and data approach would provide richer and more reliable insight into cross-border services trade than proxy indicators alone. It would help monitor activity between official releases, identify emerging trends and opportunities earlier, capture more geographically granular patterns across the island, and support more targeted and responsive interventions.

Recommendation: Convene CSO, NISRA, and other stakeholders through an annual evidence roundtable

Issue addressed: The adjusted estimates, proxy indicators, and data landscape assessment developed in this project represent a significant investment in the bilateral evidence base. Without a mechanism to maintain, update, and build on this work, there is a risk that it becomes a one-off exercise rather than a living resource. Official data releases from NISRA and CSO **do not currently provide a shared forum** in which both agencies, InterTradelreland, and other stakeholders can **review the state of the evidence base together, discuss methodological changes, or coordinate on priorities.**

Proposal: InterTradelreland should convene an annual evidence roundtable, bringing together CSO, NISRA, InterTradelreland, and other relevant stakeholders, including academic researchers and policy users of the data, to **review the state of the NI-IE services trade evidence base.** The roundtable would serve three connected purposes:

1. To **review the latest NIETS release** and other relevant data publications, discussing what the new data reveals and what questions it leaves open
2. To **assess and update the adjusted estimates developed in this project**, incorporating new official data as it becomes available and refining methodological assumptions where appropriate
3. To **coordinate on data development priorities**, providing a shared forum in which NISRA and CSO can hear directly from policy users about what evidence gaps are most binding, and plan practical steps to address them. The roundtable

need not be large or resource-intensive; a well-structured annual meeting with clear terms of reference and a published output, even a brief summary note, would be sufficient to maintain momentum and ensure accountability.

Expected impact: An annual roundtable would ensure that the evidence base developed through this project **remains live and actionable**. It would provide a forum for methodological continuity, enable the adjusted estimates to be updated in line with official data releases, and strengthen the working relationship between CSO and NISRA at a time when coordination between the two agencies, particularly on the publication of NI-specific bilateral data, is most needed. Over time, it could serve as the institutional anchor for a **progressively improving all-island services trade evidence base**.

7. The Structural Conditions and Barriers of Cross-Border Services Trade

KEY TAKEAWAYS

- The island of Ireland possesses a **strong set of structural conditions for cross-border services trade**: geographic proximity, a shared language and culture, the Common Travel Area, and deep institutional linkages. Standard economic theory would thus predict strong underlying trade propensity between NI and IE.
- There are **complementary sectoral strengths**, with IE's large globally-oriented services economy and NI's cost-competitiveness in construction and professional and business services, along with ties to the broader UK research ecosystem. This creates natural opportunities for cross-border exchange. InterTradeIreland finds that two-way traders account for 18% of firms but over 60% of exports and 70% of imports.
- **The Dublin-Belfast Economic Corridor is the island's most relevant functional economic geography** for cross-border services trade. New Economic Geography theory points to both the opportunity this creates and the risk of an agglomeration shadow for firms and regions beyond the main corridor.
- The literature identifies **several regulatory barriers** of relevance to NI-IE services trade: post-Brexit regulatory divergence, market access requirements, professional qualification recognition, and social value clauses in public procurement.
- On the **non-regulatory side**, the literature points to three principal barriers: financial and resource constraints, information and knowledge gaps, and network and relationship barriers.

Understanding the landscape for cross-border services trade between NI and IE requires both theoretical framing and empirical evidence. This chapter draws on the academic and policy literature to provide that foundation. It begins by setting out the structural characteristics that underpin the island's underlying trade potential, before examining the regulatory and non-regulatory barriers that constrain it in practice.

7.1 What the literature tells us for all-island services trade

The island of Ireland possesses a set of **structural characteristics that are especially conducive to deep integration in cross-border services trade**. These characteristics can be understood through several established trade frameworks, including gravity, comparative advantage, internationalisation theory, and agglomeration economics. Understanding these foundations is essential context for assessing the scope for growth, and for explaining why

even modest improvements in market access, information, and networks could translate into meaningful gains in trade volumes.

Geographic proximity and the gravity framework

The gravity model of trade posits that trade flows increase with economic size and decrease with distance (Tinbergen, 1962; Head and Mayer, 2014). Geographic proximity, the absence of physical border infrastructure, strong transport links, and deep social and cultural ties all create a **high underlying propensity to trade between NI and IE**. The Common Travel Area, cross-border institutions such as InterTradelreland itself, and a long history of economic and commercial linkages reinforce this further. These factors help explain why IE is consistently NI's largest international export market, accounting for 53% of combined goods and services exports from NI (Department for the Economy NI, 2026).

Complementary sectoral strengths

The theory of comparative advantage (Ricardo, 1817), reinforced by New Trade Theory (Krugman, 1979), points to sectoral complementarities between NI and IE as a key driver of cross-border trade. IE has a large globally oriented export base concentrated in capital-intensive, high-value sectors, including **life sciences, IT, financial services, and multinational corporate activities**. NI's services economy has distinct strengths in **construction, professional and business services, and increasingly in technology and creative industries**. In some more labour-intensive activities, NI may also offer a **cost advantage**, reinforcing its role in cross-border supply chains and creating scope for further complementarity with IE. These complementarities create natural opportunities for cross-border exchange, with evidence on two-way traders suggesting that cross-border trade on the island is often **embedded in integrated supply chains rather than simple one-directional exchange**. InterTradelreland finds that two-way traders account for around 18% of firms but over 60% of exports and 70% of imports (InterTradelreland, 2018).

IE as a natural first market and stepping stone

The Uppsala model of internationalisation explains why firms tend to enter foreign markets with lower 'psychic distance', that is, where cultural, institutional, and business practices are most familiar (Johanson and Vahlne, 1977). For many NI firms, IE already functions as this natural first step into external markets. This should be understood in the context of Great Britain remaining larger in overall trade terms, but not being classified as an external market. Against that background, InterTradelreland finds that **90% of NI firms use IE as their first export market** (InterTradelreland, 2022). Cross-border trading experience has also been shown to act as a **platform for broader internationalisation** with a 2025 survey finding that 77% of firms trading both cross-border and into other international markets reported they would recommend cross-border trading as a stepping stone to exporting further afield (InterTradelreland, 2025).

The Dublin-Belfast Economic Corridor and agglomeration dynamics

New Economic Geography (NEG) theory explains how economic activity can concentrate in larger urban centres where firms benefit from **scale, labour market depth, supplier networks, and knowledge spillovers** (Krugman, 1991). Applied to the island of Ireland, this highlights the relevance of the **Dublin-Belfast Economic Corridor (DBEC)** as an emerging

functional economic space linking the island's two largest urban centres (DBEC Partnership, 2024).

Dublin's scale, international connectivity and concentration of investment create **strong agglomeration advantages** but also centrifugal pressures as congestion, high costs and capacity constraints weigh on growth at the core. This creates scope for activity to **spread into well-connected surrounding areas**, including Belfast given its access, institutional base, and sectoral strengths. The NEG theory also flags the risk of an agglomeration shadow, where dominant centres attract firms and talent at the expense of surrounding regions rather than generating broad spillovers (Fujita, Krugman and Venables, 1999), with policy therefore needing to support firms and communities beyond the main corridor.

7.2 What the literature tells us about regulatory barriers

Services trade barriers are largely **non-tariff and regulatory in nature**, embedded within domestic policy frameworks rather than imposed at the border. Many measures are not designed specifically to restrict trade but reflect legitimate domestic objectives such as consumer protection, financial stability, and professional standards. Nonetheless, such measures can have significant trade-impeding effects, **particularly for SMEs who often lack the resources to navigate complex compliance environments**. Three regulatory barriers are particularly relevant in the NI-IE context:

Regulatory divergence between UK and EU frameworks

Services trade between NI and IE operates within a more fragmented regulatory landscape than before Brexit. Under the post-Brexit settlement, services regulation in NI follows UK legislative frameworks, while IE is governed by EU rules, meaning that the island operated under a **dual regulatory environment** in which firms operating cross-border must **understand and comply with two distinct sets of requirements** depending on which market they are serving (Ross et al., 2026).

Active divergence, where one jurisdiction deliberately pursues different rules, has already materialised in several sectors, most notably in financial services; the UK has delayed implementation of Basel 3.1 banking reforms in line with the US, while the EU has proceeded on its original timetable, creating divergence in prudential requirements (Reland, 2026). Digital services regulation is another emerging area of divergence: the EU's comprehensive AI Act contrasts with the UK's lighter, principles-based approach, with implications for IT services, software providers and digital platforms operating across the NI-IE border (Reland, 2026). **Passive divergence**, where one jurisdiction introduces new rules the other does not adopt, compounds this, with **differences accumulating gradually over time and increasing the compliance burden on cross-border service providers**. The consultation evidence in Chapter 8 suggests that, as a workaround, some financial services firms from NI have responded by establishing separate legal entities in IE rather than supplying services directly across the border.

Regulatory divergence will affect firms operating under any mode of supply, as all firms must comply with the rules and regulation of the market that they are serving. Having said that, in the context of IE-NI services trade, it is **likely to create more friction for Mode 1** (remote delivery, where a service is delivered digitally or electronically without the provider or consumer physically crossing the border), being particularly relevant in sectors such as

financial and digital services, where areas of active UK-EU divergence, including data protection frameworks, financial services regulation and AI governance, shape how services are provided and monitored. SMEs are especially vulnerable to regulatory divergence, as they often lack what the NI Federation of Small Businesses describe as **'the resources to effectively interpret and adapt to change in real time'** (NI Affairs Committee, 2023).

Market access: licensing, authorisation and qualification recognition

Another key barrier concerns the **legal requirements that service providers must meet in order to compliantly operate in another jurisdiction**. These requirements are especially prevalent in the **financial, transport and professional services sectors**. For instance, financial services firms must obtain separate authorisation in each jurisdiction in which they operate, while solicitors and engineers must demonstrate that their qualifications meet the standards of the relevant regulatory body in the destination market. In practice this means that firms must navigate additional procedures and rules in the destination market that are often **administratively burdensome, difficult to understand and can increase the time and costs** associated with entering a foreign market (OECD, 2023).

The loss of passporting rights is the clearest illustration. Under the EU Single Market, financial services firms authorised in one Member State could operate across all other Member States without requiring separate licences. **That automatic access no longer exists between NI and IE, meaning that firms must now seek host-jurisdiction authorisation** or, as some cross-border firms have chosen, **establish a separately incorporated entity** in the other jurisdiction. In such cases, this workaround may mean that particular activity is no longer captured as cross-border trade in NISRA's NIETS statistics, potentially understating the real level of services integration in financial services. Such market access requirements **primarily hamper Mode 1 and Mode 4 delivery** while effectively **pushing firms towards Mode 3** (commercial presence) as a workaround, since a locally established entity removes the need to navigate host-jurisdiction authorisation.

Qualification recognition presents an additional layer of complexity for professional services. The automatic EU-wide recognition system was revoked upon the UK's exit, replaced by a fragmented model based on individual regulatory autonomy (Batog, 2025; McStravick, 2021; UK in a Changing Europe, 2024). The TCA provides a mechanism for establishing sector-specific mutual recognition agreements, but very few have been implemented to date (UK in a Changing Europe, 2024), leaving what McStravick (2021) describes as a **"patchwork" of recognition pathways**. For example, UK-qualified professionals wishing to practice in IE must now apply for recognition through each relevant regulatory body individually, a process that can be lengthy, complex to understand and which remains in place even when services are delivered remotely through Mode 1.

Social value clauses in procurement

Interviews conducted by Brooks et al. (2020) identified public procurement rules as potential barriers in the construction sector, noting that **social impact clauses in public tenders**, designed to measure **the extent of ‘pay back’ to the local community** through job creation or the use of local suppliers, can disadvantage firms without an established presence in the market.

In NI, this has become more significant since 2022, when the NI Executive introduced mandatory social value scoring in public procurement. Service contracts above £123,000 must now allocate a minimum of 10% of total award criteria to social value outcomes linked to NI Executive priorities, including employment and community wellbeing (NI Department of Finance, 2021). For IE-based firms who may have the capability to deliver the contract but **lack the local employment footprint, supply chain relationships or community connections to evidence these outcomes**, this creates a structural disadvantage relative to NI-domiciled competitors.

7.3 What the literature tells us about non-regulatory barriers

Alongside formal regulatory barriers, non-regulatory barriers can impede cross-border services trade, often more significantly than the regulatory environment itself for SMEs:

Financial and resource constraints

Financial and resource constraints act as a fundamental barrier to SME cross-border trade participation, operating through several reinforcing channels (OECD, 2021). The **upfront costs of entering a new market** (e.g., finding clients, adapting service offerings, travelling to build relationships) represent a fixed cost **incurred regardless of the volume of trade generated**, creating a structural disadvantage for smaller firms. **Working capital constraints compound this**, as cross-border transactions often involve longer payment cycles and greater uncertainty around receipts from unfamiliar clients. In the post-Brexit context, these pressures have intensified as compliance, VAT registration, cross-border payroll and sector-specific authorisation requirements have added further complexity to engaging in cross-border trade.

Empirical evidence from the NI-IE context directly supports this picture. Lawless (2021) finds that **NI services exporters are significantly larger and more productive than non-exporters**, with employment 45% higher and turnover 92% higher than firms without external sales, a pattern consistent with **fixed entry costs acting as a self-selecting barrier that can deter smaller firms from engaging in cross-border trade**.

Information and knowledge barriers

Even where formal regulatory barriers are low, **firms may lack the knowledge and information needed to act on cross-border opportunities**. Survey evidence shows that **legal requirements, tax obligations, competitor knowledge and market intelligence** are among the most significant export knowledge gaps faced by businesses (Department for International Trade, 2022). In the NI-IE context, the **dual regulatory environment amplifies this**: firms must navigate **not just an unfamiliar market but a distinct regulatory regime**, with specific differences in areas such as VAT registration, cross-border payroll and tax

clearance that the European Commission (2017) identifies as sources of practical friction for SMEs.

In Q3 of 2025, 43% of businesses surveyed by the All Island Business Monitor reported having no knowledge of the Windsor Framework which, although governing goods trade, may **underscore broader information gaps among firms regarding post-Brexit regulatory arrangements** that can affect cross-border activity. (InterTradelreland, 2025).

Network and relationship barriers

The revised **Uppsala model of internationalisation** (Johanson and Vahlne, 2009) provides the theoretical basis for understanding how **networks and relationships shape firms' ability to enter and succeed in foreign markets**. The model's central insight, that firms lacking embeddedness in the business networks of a destination market suffer a 'liability of outsidership' restricting their access to information, opportunities and trust, is particularly relevant to services trade, where the intangible nature of the product means that relationships, reputation and repeated interaction play a more central role in client acquisition than in goods trade. This dynamic is most significant in knowledge-intensive professional services, where service quality is difficult to assess prior to purchase and where contracting relationships depend heavily on established trust. It is also most acute under Mode 3 (commercial presence), where building local networks is integral to establishing the client relationships through which services trade flows.

That said, **the NI-IE context mitigates some of these barriers relative to other international markets**. Geographic proximity, a shared language and long-standing commercial linkages mean that firms on the island often already operate within partially overlapping business networks, which reduces the severity of the liability of outsidership compared with genuinely foreign markets. Consistent with this, the 2024 All-Island Business Monitor finds that firms do not widely identify lack of contacts or market intelligence as a significant growth barrier (InterTradelreland, 2024). Network barriers are therefore better understood as a **constraint on the scale and pace of cross-border expansion rather than an absolute bar to entry**, and one that targeted support around cross-border networking and market visibility can meaningfully reduce.

8. Barriers Impacting Cross-Border Trade

KEY TAKEAWAYS

- For most firms and sectors, cross-border services trade is **regarded as relatively low-friction** compared with other international markets.
- **The main barriers are practical and informational:** Post-Brexit regulatory divergence has added complexity, particularly in financial services and professional sectors, though for most firms the primary challenge is navigating uncertainty rather than confronting hard barriers to trade.
- **Regulatory barriers tend to be sector-specific** and are most acute in financial services and professional, scientific and technical services.
- The primary frictions identified relate to uncertainty about **compliance requirements, limited visibility** of cross-border opportunities, and gaps in **market knowledge** and networks.
- **Physical connectivity constraints** also remain a practical deterrent for firms considering cross-border trade, particularly for firms located outside of the Belfast-Dublin economic corridor.
- **SMEs are disproportionately affected** by these frictions when trading cross-border for the first time, as they face the same fixed entry costs as larger firms but with fewer resources to absorb them.

To support the assessment of barriers to cross-border services trade and possible mitigation strategies, a series of stakeholder interviews were conducted. These interviews explored how firms deliver their services across the IE-NI border, the challenges they face, what enables cross-border activity, and what support would help them grow. The research focused mainly on firms that engage, or could potentially engage, in cross-border services trade, while also including trade bodies that support, represent, or advise businesses in this space. They also help validate the relevance of the regulatory and structural issues identified in the previous chapter, while highlighting that many of the challenges firms face in practice are more operational and informational in nature.

8.1 What the stakeholder consultations tell us

8.1.1 Survey design, scope and methodology

A key part of the approach was to examine the different ways companies deliver services across the border, using the GATS modes of supply as the organising framework. The interviews focused mainly on remote delivery (Mode 1), consumers travelling to the location of the service provider (Mode 2), and staff travelling to deliver the service (Mode 4). Less

emphasis was placed on cases where a business establishes a commercial presence across the border (Mode 3), as this is not captured as cross-border trade in trade statistics. However, given its practical relevance for some firms, it was still covered where appropriate.

Not all firms use all modes of supply. The interviews were therefore tailored to focus on the modes relevant to each respondent. Moreover, the topic guide was semi-structured to provide a consistent framework across interviews, while allowing enough flexibility to reflect differences in business models, delivery methods, and barriers.

The interview topic guide was structured as follows:

- ▶ Warm-up and firm profile
- ▶ Ways of delivering services across the border
- ▶ Barriers and frictions by mode of supply
- ▶ Practical impacts on cost, time, and business outcomes
- ▶ Critical incidents
- ▶ Workarounds and firm-level solutions
- ▶ Enablers and positive drivers
- ▶ Support needs and future solutions
- ▶ Use of official statistics and public information for planning

Fieldwork took place between January and March 2026. A total of 16 interviews were completed, with broad coverage across IE and NI. This included **7 firms based in NI, 6 based in IE, and 3 operating across both jurisdictions**.

8.1.2 Key findings from the stakeholder consultations

1. IE-NI cross-border services trade is generally regarded as relatively low-friction, but it is not completely frictionless.

“There’s no real barrier to trading across the border... it’s straightforward compared to dealing with other countries.”

- Software firm based in NI

Across the interviews, firms consistently described IE-NI services trade **as relatively easy compared with trading with other jurisdictions**. Remote delivery (Mode 1), in particular, is widely seen as smooth and effective, reflecting the shift to digital working practices. When necessary, the absence of a hard border also supports ease of movement across the island. This positive view was expressed explicitly in 12 of the 16 interviews. The remaining interviews focused more on specific frictions or sector-level challenges than on offering a general assessment.

However, some frictions remain, and the interviews suggest they continue to shape how firms operate across the border. **Regulatory, tax, and compliance requirements** can lead to delays, additional costs, and, in some cases, lost work. These issues appear most clearly when firms begin trading, or later when building a more formal presence across the border. SMEs, having fewer resources, appear to be more affected. A respondent from a trade body in the financial sector noted that smaller firms are particularly exposed to the paperwork and compliance costs. In their words, **“smaller businesses are really impacted” as they “cannot afford the paperwork or the professional support to manage the issues”**.

2. Regulatory and administrative burdens are uneven and sector-specific

“The compliance side is where it becomes complex... especially when you’re dealing with both jurisdictions at once.”

- Financial services firm based in IE

Compliance challenges are most pronounced in financial services, insurance, and IT and cybersecurity-related activity. These are sectors where dual regulatory frameworks, client verification requirements, VAT complexity and payroll obligations create meaningful friction. These issues were a primary theme in 5 of the 16 interviews, with respondents raising specific challenges around HMRC and Irish Revenue requirements, insurance differences and system compatibility. As outlined earlier, it is these types of compliance requirements that create a disproportionate administrative burden for smaller firms.

For many other sectors, however, these issues are less prominent in day-to-day delivery, emerging **mainly as a friction at key expansion moments**, such as when formalising a cross-border presence or entering a regulated procurement process, rather than as a constant obstacle.

3. Distance and connectivity remain important constraints, particularly for SMEs.

“If I have to be there and back in a day, it’s just not always doable... it turns into an overnight job.”

- Media services firm based in NI

The experience of cross-border trade differs significantly by mode of supply. Remote delivery (Mode 1) is largely frictionless for most sectors, with only limited challenges reported in more regulated or technical areas such as finance and IT.

On the other hand, where cross-border activity requires the movement of people (Mode 4), travel time becomes a binding constraint. Firms point to fuel costs, tolls, overnight stays and the limits imposed by weaker connectivity outside the main Belfast-Dublin corridor. This challenge was raised in 7 of the 16 interviews, particularly in transport, finance, media and business support activity.

Beyond direct service delivery, **travel constraints also affect sales activity and client relationship management**, which are critical in services sectors where trust and repeated interaction underpin commercial relationships. Outside the main corridor, this can make sustained cross-border engagement commercially unviable for smaller or less resourced firms. Thus, it is travel and time connectivity, rather than physical distance alone, that can shape trade patterns in practice.

4. Firms often rely on intermediaries to navigate cross-border requirements

“We just leave that to the accountant... they handle the VAT and the cross-border side of things.”

- Manufacturing firm based in NI

Many businesses make use of accountants, solicitors, couriers, customs agents, and other intermediaries to **manage VAT, payroll, shipping, and compliance requirements** which can reduce the direct administrative burden on firms. This reliance is explicit in 5 of the 16 interviews, spanning transport, construction, finance, software, and manufacturing-related firms. Other interviews imply similar reliance, but do not describe it directly.

However, it is worth noting that while reliance on intermediaries is one way that firms can manage the complexities associated with cross-border requirements, it does not eliminate them entirely. Firms still face uncertainty, and the **quality of support available can vary** depending on their ability to pay.

5. The main constraints are often commercial rather than regulatory

“It’s not regulation that stops you... it’s getting in front of the right people.”

- Manufacturing consultancy based in NI

For several firms the main constraint is not compliance, but market access. This comes clearly through in 6 of the 16 interviews, particularly in IT, consulting, and other service-based activity. A further 4 interviews pointed to similar issues more indirectly. Participants mentioned challenges understanding local markets, identifying opportunities, building relationships, improving visibility, and overcoming buyers’ preference for local suppliers.

Most firms rely on networks, referrals, and direct market engagement rather than formal data or structured analysis. While this can be effective, it can also limit the scale and speed of expansion. As one respondent from a technical services firm noted, networking is “the primary driver for client referrals and hearing about potential tendering opportunities”.

Taken together, this suggests that **cross-border trade is not constrained necessarily by a lack of interest, but by capability and information gaps.** Several firms expressed a clear ambition to expand cross-border, but pointed to **the need for better market intelligence,**

greater visibility on opportunities, and more practical support in areas such as recruitment, networking, and business development.

6. Public support is valued but an awareness gap remains

“InterTradelreland have been very helpful... but not everyone knows what’s available.”

- Construction firm based in NI

Positive references to public support appear in 9 of the 16 interviews, across a broad mix of sectors. The remaining interviews either did not discuss support in detail or confirmed that they had not made much use of it. At the same time, **some participants highlighted gaps in awareness** and occasional concerns around delivery or eligibility. The excerpt above from a construction firm based in NI underpins a key challenge: **the support ecosystem is broadly valued by those who engage with it, but awareness gaps mean it may not reach all the firms that could benefit**, suggesting that there is scope to improve how support is communicated, targeted, and tailored to firms’ needs.

7. Barriers faced by firms are also shaped by differences in size and business model.

Regulatory and administrative burdens are concentrated mainly among pure service players. This comes through in 5 of the 9 service-based interviews, particularly in finance and insurance as well as IT. By contrast, **operational frictions linked to travel, logistics, and delivery are more visible in firms with hybrid business models** that supply both goods and services across the border. Distance and connectivity constraints are raised in 4 of the 7 hybrid interviews, as well as in 3 pure service interviews where in-person contact remains important for sales, relationship management, or client experience. This distinction broadly reflects the mode of supply. Where delivery depends on physical presence, or where services are bundled with goods, firms face additional constraints linked to time, cost, and coordination.

Firm size also shapes how these frictions are experienced. Smaller firms appear more exposed to administrative burden and capability gaps, reflecting more limited internal capacity and greater reliance on external support. This comes through directly in the interviews. Of the 6 interviews where commercial or growth-related barriers come through most clearly, 4 are with firms employing fewer than 50 people. Similarly, of the 5 interviews where regulatory and administrative burdens are a primary theme, 2 are with firms employing fewer than 50 people, while 2 are trade body interviews that explicitly comment on wider SME challenges.

These findings reinforce a clear and actionable principle and one that shapes the recommendations from this report: **the primary policy challenge is not to dismantle regulatory barriers**, which for most firms and sectors are manageable, but to **reduce the uncertainty and practical friction that prevent willing firms from taking the step into cross-border trading**, and to **make the opportunities more visible and accessible** to SMEs who may not yet have considered it.

An overview of all stakeholder interview responses including the sector, size and main challenges of each respondent can be found in Annex 3.

8.2 Recommendations: mitigating practical and regulatory barriers

The research findings point to a clear principle: the most impactful opportunity lies in reducing uncertainty and practical friction that currently prevent willing firms from trading cross-border, and in making opportunities more visible and accessible to SMEs. The four recommendations below directly address the barriers identified in this chapter.

Recommendation: Commission sector-specific deep dive studies

Issue addressed: Services trade barriers are not generic. They are often **highly sector-specific**, and aggregate data or cross-cutting analysis cannot fully capture them. Modes of supply, regulatory touchpoints, the role of relationships and trust, and the practical constraints on cross-border activity differ substantially across sectors. Moreover, as explained later in the report, barriers to cross-border services trade on the island are not usually prohibitive. Many firms already rely on established workarounds and coping strategies to manage them in practice. Without sector-level intelligence on how these dynamics play out, there is a risk that interventions are not tailored to firms' specific needs and therefore miss the issues that are most binding in each sector.

The adjusted trade dataset shows that bilateral services trade between NI and IE is concentrated in a small number of sectors: **construction, financial and insurance services, professional, scientific, and technical activities, manufacturing (looking at manufacturing-related services), and transportation and storage**. These sectors represent the main areas of cross-border services trade potential within InterTradelreland's remit, which excludes education and tourism.

Proposal: InterTradelreland should commission a series of "deep dive" analytical studies covering those key 5 sectors. Each study should combine quantitative analysis, drawing on the adjusted NIETS dataset and other available sources, with structured qualitative research involving firms, sector bodies, and regulators on both sides of the border. Key questions should include:

- ▶ **Mapping cross-border ecosystems** and identifying where value is created, including subcontracting links between SMEs and larger firms.
- ▶ Analysing the **regulatory and compliance landscape specific to each sector** (e.g. licensing, qualifications, procurement rules) and assessing the impact of dual UK/EU frameworks.
- ▶ Assessing **skills requirements, labour mobility and workforce development needs**, especially in areas facing shortages (e.g. digital and green skills in construction and manufacturing).
- ▶ Exploring the **role of digitalisation and new technologies** in enabling cross-border trade (e.g. digital procurement platforms, AI-enabled compliance tools, data-driven logistics).
- ▶ **Comparing the experiences of firms** operating in the Dublin-Belfast corridor with those in other regions to identify geographically specific barriers and opportunities.

Findings should be linked directly to the recommendations in this report. They should inform the design of the compliance navigator, support advocacy on mutual recognition, shape training and capability programmes, and help develop cross-border sector clusters. The studies should also feed into future iterations of the all-island services monitor.

Expected impact: The main value of these studies is that they would increase the effectiveness of the wider recommendation set by ensuring **interventions are designed around barriers that are genuinely binding in each sector**. By showing how firms experience the border in practice, what triggers cross-border activity, and what support would make a material difference, the deep dives would turn the broad picture developed in this project into granular and actionable intelligence. They would also help identify where real pain points remain despite existing workarounds, and where firms would benefit from better visibility of the support already available. In addition, they would help identify emerging opportunities that aggregate data cannot easily capture, such as the role of AI in legal and compliance services, or digital twins in construction, ensuring that InterTradelreland's priorities keep pace with sectoral change.

Recommendation: AI-assisted compliance navigator and support marketplace

Issue addressed: **Uncertainty about compliance requirements**, including VAT, payroll, licensing, professional qualifications, insurance, data protection, and sector-specific rules, creates significant friction for SMEs navigating the dual regulatory environment of IE and NI. Businesses often lack a fast, reliable route to understanding what is required before committing time and resources to cross-border services trade.

Proposal: **InterTradelreland's Trade Hub already provides strong foundations**, including free specialist guidance on VAT, customs, regulatory issues, and employment, alongside fully funded one-to-one consultancy for more complex queries. **The recommendation is to extend this foundation in two ways, both of which could be meaningfully enhanced through the use of technology, particularly AI.**

First, InterTradelreland could develop a **self-serve cross-border compliance navigator** embedded within the Trade Hub that enables firms to access initial information and guidance tailored to their situation. Rather than relying only on static guidance, the navigator would provide dynamic, personalised information based on a firm's sector, mode of delivery, destination market, and intended activity. The tool should be grounded in verified guidance and practical recommendations from the wider trade support ecosystem, including advice from initial consultations (Level 1) and specialist support (Level 2).

It could act as an interface for firms to engage with this knowledge base, serving as a first step to help them identify the most relevant issues, access useful validated self-service materials, understand likely next steps, and prepare for later one-to-one consultations. Firms could use it to clarify their starting point and generate a structured summary of their needs before speaking to a human adviser. This summary, along with suggested next steps, could be shared with specialist advisers working on the project, making

consultations more efficient and allowing advisers to focus on interpretation, judgement, and complex cases where human expertise adds most value. Where appropriate, recommendations provided by human advisers could also be incorporated into the underlying knowledge base, helping improve the tool over time while maintaining human oversight.

A governance framework would need to be put in place to ensure the navigator is used appropriately and that it is not interpreted as a substitute for professional advice. The tool should act as a triage and signposting mechanism, strictly adhering to verified guidance from InterTradelreland and its advisers, with content reviewed regularly and clearly dated. Outputs should always direct firms to a human adviser, especially where the query is complex, high risk, sector-specific, or dependent on firm-specific circumstances. This would preserve the value of AI-assisted guidance while ensuring that judgement, interpretation, and final advice remain with qualified specialists.

Second, building on the Trade Hub's existing network of specialist service providers, InterTradelreland could develop a structured signposting tool and directory of vetted providers, organised around key cross-border trade activities such as tax registration, payroll setup, licensing, and foreign exchange hedging support.

In the first instance, this would not need to operate as a full transactional marketplace. Instead, it would provide firms with a clear route from identifying what they need to do to finding trusted providers who can support execution.

At a later stage, the directory could evolve into a fuller marketplace if standardised service categories, contract terms, and pricing arrangements were developed with participating providers for the most common use cases for small businesses. This could help reduce the cost and complexity of securing support by increasing transparency, improving comparability, and giving small businesses clearer access to trusted providers under more consistent terms. This would also strengthen the practical value of the AI-assisted navigator by ensuring that firms are not only signposted to relevant requirements but are also connected to the support needed to act on them.



Expected impact: These measures would complement **InterTradelreland’s existing Trade Hub offering** with the aim of **reducing friction at two key stages of the SME journey: understanding what is required and implementing it in practice**. The compliance navigator would reduce uncertainty by helping firms understand what is required before committing to cross-border trade. The marketplace would reduce the practical burden of implementation by making it easier to access the support needed to complete those steps. For SMEs with limited internal capacity, this could materially lower the threshold for entering or expanding in cross-border services trade.

Recommendation: Advocate for mutual recognition of professional qualifications

Issue addressed: The **post-Brexit patchwork of professional qualification recognition** creates administrative burden for firms deploying staff cross-border in regulated sectors such as legal, accounting, and construction services.

Proposal: InterTradelreland could advocate to relevant government departments and professional regulatory bodies for progress on sector-specific mutual recognition agreements, raising the profile of the practical burden on SMEs that arises from the current patchwork. Alternatively, InterTradelreland could provide clear, centralised guidance on cross-border qualification recognition to increase transparency for firms.

Expected impact: In both the case of greater alignment on qualification recognitions and the provision of guidance on navigating cross-border differences, the **administrative complexity of deploying staff across the border** is reduced for firms in regulated sectors.

Recommendation: Strengthen intermediary support and accessibility

Issue addressed: Many SMEs rely on accountants and advisers to navigate cross-border requirements, but **advice quality is inconsistent and finding reliable cross-border expertise can be difficult.**

Proposal: InterTradelreland could develop a **targeted support and engagement programme for intermediaries** who regularly advise SMEs, such as accountants, legal advisers, and business consultants, focused on evolving areas of cross-border regulation. This would provide practical guidance on key requirements, including VAT, payroll, and other compliance considerations. It could be supported by regular briefings and access to a centralised resource hub to help advisers stay up to date as rules evolve.

Building on this, InterTradelreland could introduce a **formal accreditation scheme for intermediaries** who complete the programme and demonstrate a verified level of cross-border expertise. This would give firms a trusted signal when selecting an adviser, while also giving intermediaries a clear incentive to participate. Accredited advisers could be listed in a publicly searchable directory, complementing the one-stop tool proposed in Recommendation 1 and making it easier for firms to identify qualified support quickly.

More broadly, this could **form the basis of a stronger intermediary ecosystem around cross-border trade**. To keep the programme responsive to changing regulatory issues, InterTradelreland could convene sector-specific working groups in priority sectors, bringing together intermediaries and relevant business and professional bodies. This would reflect the fact that regulatory divergence affects sectors in different ways, with distinct challenges around areas such as VAT, qualification recognition, and payroll. These groups could help identify emerging pain points, feed them into guidance materials and advocacy priorities, and provide InterTradelreland with practical market intelligence grounded in firms' day-to-day experience to then share with the broader public. In this way, intermediaries would not just act as a channel for delivering support, but as part of a wider community of practice that helps firms navigate cross-border trade more confidently.

Expected impact: This approach would strengthen intermediary support at three connected levels:

- **At the firm level**, the accreditation scheme and searchable directory would make it easier for SMEs to identify trusted advisers with relevant cross-border expertise, reducing the risk of incomplete or outdated guidance.
- **At the intermediary level**, the programme and resource hub would help ensure advisers have practical and up-to-date knowledge as the regulatory environment evolves.
- **At the system level**, sector-specific working groups would generate ongoing intelligence. Over time, this could help build a broader network of InterTradelreland-connected accredited advisers, extending its reach into the SME community in a scalable way.

Recommendation: Encourage and elevate SMEs skills for remote service delivery

Issue addressed: **Travel time and connectivity** remain deterrents for some firms in starting to trade cross-border, particularly **outside of the Belfast-Dublin corridor**. A strong online presence and effective remote delivery can help firms reach customers beyond the main Belfast-Dublin corridor and engage more fully with clusters elsewhere on the island.

Proposal: Recognising that remote delivery is a key part of services trade, InterTradeIreland could **provide targeted support to help firms strengthen how they present, sell, and deliver services online**. This could include guidance on virtual pitching, remote client engagement, and best practice in digital delivery, including areas such as cloud-based project management and virtual communication. The aim would be to help firms build a more professional and scalable online presence, making it easier to reach clients and opportunities across the island. Training could draw on case studies from NI and IE firms already trading services successfully without a physical presence.

Expected impact: Improve firms' ability to engage clients and deliver services remotely, **reducing reliance on travel and lowering the cost of entering the cross-border market**. This would be particularly beneficial for firms outside the Belfast-Dublin corridor, enabling a broader participation from these firms in cross-border services trade.

9. Growth Opportunities for Cross-Border Services Trade

KEY TAKEAWAYS

- Service-oriented sectors tend to have a stronger urban footprint, with firm density and employment concentrated in the main cities.
- Dublin and Belfast repeatedly emerge as the main centres of activity, underlining the importance of the DBEC as the island's most relevant geography for cross-border services trade.
- The corridor is not one-sided. While Dublin dominates in scale, Belfast shows stronger growth signals in several knowledge-intensive activities, including advanced manufacturing and cybersecurity, pointing to complementary rather than competing strengths on both sides of the border.
- Cork emerges consistently as a third hub across most sectors, while Galway, Limerick, and Derry appear at meaningful but smaller scale in selected sectors, suggesting secondary clusters with untapped cross-border potential.
- There is a risk of an agglomeration shadow beyond the DBEC. Secondary clusters often show weaker or more uneven growth across sectors, suggesting that without targeted intervention, deeper integration may disproportionately benefit the DBEC, with the gains from trade not being shared evenly across the rest of the island.
- There are several sub-sectors that stand out as the clearest near-term growth opportunities, particularly within construction services, IT services, FinTech, and life sciences.

This chapter draws on firm-level data to map where services activity is concentrated across the island and where cross-border potential may be strongest. Using data from The Data City, it provides a granular picture of SME activity across key sectors, including firm counts, employment, and growth. The analysis focuses on SMEs, reflecting both InterTradeIreland's policy remit and the practical constraints of the dataset. While the data does not measure cross-border trade flows directly, the geographic and sectoral patterns it reveals help indicate where conditions for cross-border services trade are most favourable, and where targeted support could have the greatest impact.

9.1 A firm-level view of SME activity: data and methodology

For this part of the analysis, we have used **data from The Data City**, which provides **granular, firm-level metrics that allowed us to identify where services activity is concentrated across the island** and where cross-border potential may be strongest.

The **dataset covers 2020 to 2025**, although coverage is not uniform across firms or years. It is based on Data City's **proprietary Real-Time Industrial Classifications (RTICs), based on machine learning analysis of company websites and other real-time signals**. This makes the dataset useful for identifying firms in emerging or cross-cutting activities, where traditional SIC classifications can be incomplete or slow to reflect structural change. It also provides a granular view of firm characteristics including location, sector classification, employment, turnover, and estimated growth.

Overall, the analysis focused on SMEs. Companies with more than 250 employees or turnover above €50 million were reclassified as Large and excluded from the analysis. This reflects both InterTradelreland's policy focus on SMEs and important data quality considerations. Turnover and employment were often estimated rather than directly observed, and estimation errors were more significant for large firms, especially multinationals. Because these firms are outliers relative to the SME population, such errors can skew sector averages significantly, especially in Dublin where multinational concentration is highest. Excluding them therefore improves the reliability of the results and keeps the analysis focused on the firms most relevant to InterTradelreland's policy objectives.

However, the **data should be treated more like survey evidence and therefore as directional and indicative rather than definitive**. Key variables, including employment and turnover, are frequently estimated using available information, and firm classification relies on real-time online data rather than official statistical or self-reported information. Growth metrics should therefore be interpreted as broad indicators of direction and magnitude rather than precise measures. Comparisons across sub-sectors should be made with that qualification in mind. Moreover, and particularly relevant for this analysis, the dataset does not measure services trade flows directly or identify which firms trade across the border.

Finally, **a firm-level clustering was used to identify the main geographic concentrations of sector activity across the island**. The approach combined an algorithmic clustering method with a small number of **additional clusters to ensure consistent coverage of key urban centres across sectors**. A separate Dublin-Belfast Economic Corridor metric was also constructed to capture activity across the island's most important cross-border economic geography. Further methodological details are provided in the Annex.

9.2 Insights from the sector and cluster analysis

The sectors included in the analysis were agreed with InterTradelreland, balancing policy relevance on both sides of the border with potential for cross-border services trade and SME growth. Some sectors were aligned to one-digit SIC-based categories to ensure consistency with the wider evidence base. Additional definitions can be found in the footnotes below the table in each relevant sector sub-section later in the chapter.

Analysis of the cluster breakdown adds a geographic dimension to the sector analysis and helps show where SME activity is concentrated across the island. A clear pattern emerges across almost all sectors:

- ▶ **Technological and service-oriented sectors** tend to have a higher urban footprint, with company density and employment concentrated in the main cities.

-
- ▶ **Dublin and Belfast appear repeatedly as the main centres of activity**, usually accounting for the largest clusters by both firm count and employment. This **underlines the importance of the DBEC as the island's most relevant geography for cross-border services trade**, given the concentration of firms and connectivity.
 - ▶ **Cork** is also present in most sectors as an important **secondary hub**.

Table 9: Summary statistics for key sectors

Sector	All Companies	SME Companies	SME Employees	% Total SME Companies	% Total SME Employees	Mean Firm Growth %	Mean Emp. Growth %
Construction	30,558	30,260	147,333	-	-	3.7%	5.3%
IE	20,921	20,675	111,893	68%	76%	4.3%	5.8%
NI	9,637	9,585	35,440	32%	24%	2.6%	4.4%
Construction Services	8,383	8,310	27,689	-	-	3.6%	4.2%
IE	5,332	5,271	19,109	63%	69%	4.2%	4.4%
NI	3,051	3,039	8,580	37%	31%	2.8%	4.0%
Manufacturing	13,771	13,312	134,125	-	-	3.9%	4.5%
IE	9,279	8,932	88,782	67%	66%	4.0%	4.3%
NI	4,492	4,380	45,343	33%	34%	3.6%	4.8%
Advanced Manufacturing	3,801	3,560	57,100	-	-	4.2%	4.1%
IE	3,393	3,159	50,901	89%	89%	4.0%	4.0%
NI	408	401	6,199	11%	11%	5.0%	4.6%
ICT	10,696	10,470	54,614	-	-	4.5%	5.1%
IE	6,448	6,238	37,730	60%	69%	5.6%	5.9%
NI	4,248	4,232	16,884	40%	31%	2.8%	4.0%
IT Services	7,143	6,944	40,684	-	-	4.9%	5.9%
IE	4,267	4,082	27,400	59%	67%	5.7%	6.5%
NI	2,876	2,862	13,284	41%	33%	3.7%	5.1%
Emerging Digital	1,147	1,034	18,521	-	-	4.9%	5.7%
IE	938	830	14,775	80%	80%	4.2%	4.7%
NI	209	204	3,746	20%	20%	7.4%	9.1%
Financial & Insurance	14,747	13,740	151,923	-	-	16.6%	6.6%
IE	11,690	10,752	137,723	78%	91%	19.3%	6.3%
NI	3,057	2,988	14,200	22%	9%	2.5%	7.2%
FinTech	1,201	1,125	19,274	-	-	4.6%	5.4%
IE	1,148	1,073	18,468	95%	96%	4.4%	5.1%
NI	53	52	806	5%	4%	10.9%	12.3%
Culture, Media & Recreation	5,573	5,542	27,565	-	-	9.6%	6.0%
IE	3,490	3,462	20,067	62%	73%	12.6%	6.6%
NI	2,083	2,080	7,498	38%	27%	3.6%	5.0%
Screen Industries	1,907	1,892	7,099	-	-	3.2%	2.7%
IE	1,102	1,088	5,331	58%	75%	4.6%	3.2%
NI	805	804	1,768	42%	25%	1.4%	2.1%
Other Creative Industries	2,633	2,602	10,597	-	-	4.1%	5.1%
IE	1,383	1,353	7,022	52%	66%	4.4%	4.8%
NI	1,250	1,249	3,575	48%	34%	3.7%	5.4%
Personal Services	11,993	11,815	117,297	-	-	6.4%	7.0%
IE	7,701	7,563	84,121	64%	72%	7.1%	7.4%
NI	4,292	4,252	33,176	36%	28%	4.9%	6.2%
Transport & Logistics	5,996	5,867	50,696	-	-	4.9%	6.9%
IE	4,158	4,051	36,511	69%	72%	5.7%	6.7%
NI	1,838	1,816	14,185	31%	28%	3.4%	7.2%
Life Sciences	4,331	4,084	43,693	-	-	7.8%	7.5%
IE	2,935	2,708	35,244	66%	81%	8.7%	8.1%
NI	1,396	1,376	8,449	34%	19%	5.7%	6.1%
AgriTech & FoodTech	1,059	1,005	14,910	-	-	5.9%	6.4%
IE	867	827	12,708	82%	85%	5.8%	6.3%
NI	192	178	2,202	18%	15%	6.5%	7.2%
Net Zero & ESG	1,808	1,719	21,953	-	-	6.0%	7.4%
IE	918	864	13,384	50%	61%	5.1%	4.9%
NI	890	855	8,569	50%	39%	6.9%	9.6%

*Mean firm growth is calculated using a metric estimated by The Data City, derived from an algorithm that combines employee and turnover growth where available. More details about the algorithm are set out in the Annex.

Construction and Construction Services sectors

Construction represents the largest sector in cross-border services trade and plays a critical enabling role for other critical sectors across the island, through housing, energy, transport, utilities, and digital infrastructure. It is also one of the most geographically dispersed sectors covered, with the lowest concentration in the DBEC region, suggesting that it is less shaped by corridor-led agglomeration than other sectors and more dependent on local population, housing demand, land availability, and infrastructure investment.

Construction Services, the higher-value and more knowledge-intensive component of the sector, seems to be more concentrated in the DBEC region, suggesting that agglomeration plays a stronger role in activities such as design, engineering, consultancy, and project development, which benefit from scale, specialisation, and access to skilled workers.

Within Construction Services, **development of building projects is by far the largest sub-sector** identified, accounting for around 85% of employment. Among smaller specialist activities, **engineering consulting and engineering design show stronger growth**. This is broadly consistent with Ireland's growing infrastructure pipeline, with government capital investment and civil engineering starts forecast to rise strongly in 2026 and 2027. Overall, the sector has strong demand-side support, but future growth will depend on delivery capacity, including skills, planning, and wider infrastructure constraints.

Table 10: Construction and Construction Services sectors

Cluster	Sector	Geography	All Companies	SME Companies	SME Employees	% Total SME Companies	% Total SME Employees	Mean Firm Growth %	Mean Emp. Growth %
	Construction								
Unclustered	Construction	—	9,773	9,725	49,188	32.1%	33.4%	3.3%	5.2%
Cluster 1	Construction	Dublin	8,332	8,176	44,897	27.0%	30.5%	4.9%	6.5%
Cluster 2	Construction	Belfast / Newry	6,767	6,721	26,049	22.2%	17.7%	3.1%	4.7%
Cluster 3	Construction	Cork / Limerick	3,068	3,039	16,287	10.0%	11.1%	3.2%	4.7%
Cluster 4	Construction	Derry	1,268	1,267	4,598	4.2%	3.1%	3.3%	5.7%
Cluster 6	Construction	Galway	801	787	3,112	2.6%	2.1%	4.4%	4.3%
Cluster 7	Construction	Waterford	549	545	3,202	1.8%	2.2%	4.5%	2.9%
-	Construction	DBEC	15,991	15,783	75,654	52.2%	51.3%	5.9%	6.9%
-	Construction	Rest of IE-NI	14,567	14,477	71,679	47.8%	48.7%	3.9%	5.4%
Sector Total	Construction	—	30,558	30,260	147,333	100.0%	100.0%	3.7%	5.3%
	Construction Services								
Unclustered	Construction Services	—	2,304	2,296	6,105	27.6%	22.0%	2.6%	4.2%
Cluster 1	Construction Services	Dublin	2,821	2,773	11,837	33.4%	42.7%	4.8%	3.8%
Cluster 2	Construction Services	Belfast	1,435	1,428	4,452	17.2%	16.1%	3.8%	4.2%
Cluster 3	Construction Services	Cork	471	468	1,430	5.6%	5.2%	3.4%	6.5%
Cluster 4	Construction Services	Derry	214	214	678	2.6%	2.4%	4.7%	3.9%
Cluster 5	Construction Services	Limerick	227	225	644	2.7%	2.3%	3.1%	2.4%
Cluster 6	Construction Services	Galway	257	254	639	3.1%	2.3%	6.1%	5.3%
Cluster 7	Construction Services	Waterford	77	76	93	0.9%	0.3%	-1.9%	3.0%
Cluster 8	Construction Services	Ballymena	81	80	298	1.0%	1.1%	0.8%	1.4%
Cluster 9	Construction Services	Newry	213	213	577	2.6%	2.1%	-0.1%	1.9%
Cluster 11	Construction Services	Dundalk	171	171	545	2.1%	2.0%	3.2%	13.0%
Cluster 10	Construction Services	Tralee	112	112	391	1.3%	1.4%	0.8%	0.5%
-	Construction Services	DBEC	5,255	5,198	18,969	62.6%	68.5%	5.5%	4.8%
-	Construction Services	Rest of IE-NI	3,128	3,112	8,720	37.4%	31.5%	3.5%	4.6%
Sector Total	Construction Services	—	8,383	8,310	27,689	100.0%	100.0%	3.6%	4.2%

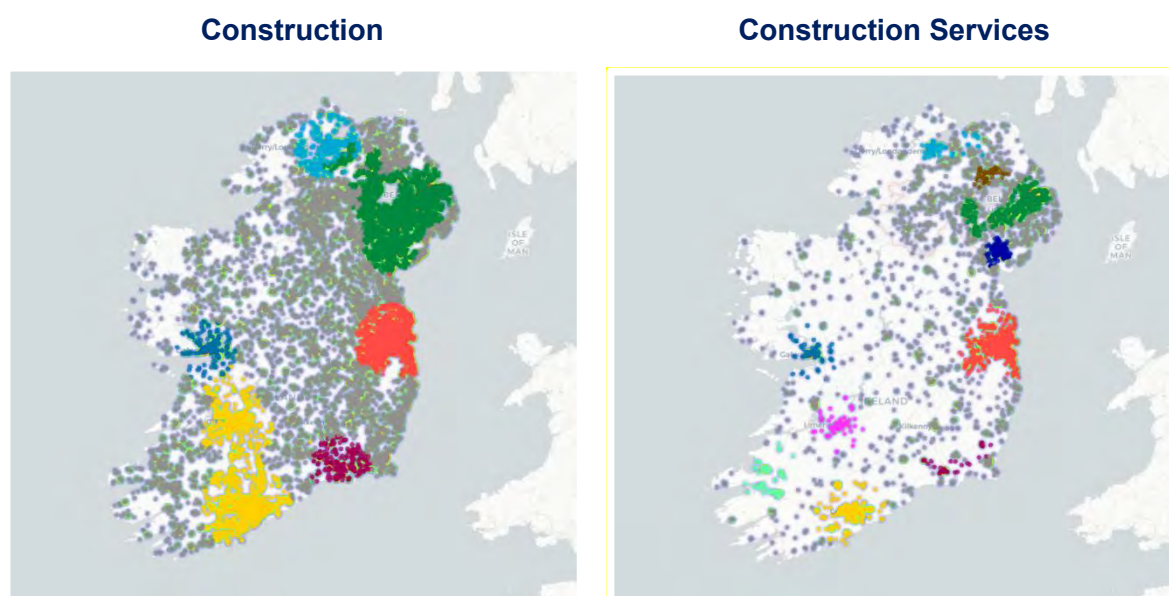
***Construction** covers all companies classified under SIC Section F (Construction). **Construction Services** includes architecture, urban planning and landscape architecture, engineering design and technical consulting, and development of building projects.

Table 11: Construction Services key sub-sectors

Type	Code	Name	SME Firms	SME Employees	% of Sector Employment	Mean Firm Growth %	Mean Emp. Growth %	Average	Selection Criteria
SIC	41100	Development of building projects	7,228	23,578	87.4%	3.2%	3.5%	3.4%	Top Weighted (Size & Growth)
SIC	71122	Engineering related scientific and technical consulting	370	1,189	4.4%	6.4%	5.4%	5.9%	Growth / Weighted
SIC	71121	Engineering design activities for industrial processes	146	638	2.4%	7.9%	9.6%	8.8%	Top Growth

*Depending on its activities, a firm may be classified in more than one sector and may therefore appear in more than one sub-sector. As a result, employment figures across sub-sectors are not mutually exclusive and should not be summed to sector totals.

Figure 16: Geographic distribution of Construction and Construction Services firms



Manufacturing and Advanced Manufacturing sectors

Manufacturing is one of the fastest-growing cross-border services trade sectors and has strong potential for further growth linked to supply-chain integration, specialist production networks, and regional capability across the island. As with Construction, it is less concentrated in the DBEC region than many other sectors covered, reflecting its dependence on land availability and production sites.

Advanced Manufacturing is the higher-value and more innovation-intensive part of this opportunity, linked more closely to automation, robotics, and digital manufacturing. The dataset suggests it is slightly more concentrated in the DBEC region than Manufacturing overall, consistent with a segment that depends more on innovation assets, skilled workers, and proximity to larger enterprise and research ecosystems. Dublin remains the largest cluster by scale, but Belfast shows the strongest growth, suggesting momentum around more specialised advanced manufacturing activity in NI.

Within Manufacturing overall, excluding Advanced Manufacturing and Life Sciences, the clearest opportunities are in **food manufacturing and coating technologies**. Within Advanced Manufacturing, the clearest opportunities seem to be in **Robotics & Autonomous Systems, particularly energy and sports and entertainment**. **Photonics & Optical** also looks promising. The **fastest growth signals come from smaller sub-clusters within Robotics and Automation**, which point to rising demand for firms that can help manufacturers adopt and connect automation technologies.

Table 12: Manufacturing and Advanced Manufacturing sectors

Sector	Geography	All Companies	SME Companies	SME Employees	% Total SME Companies	% Total SME Employees	Mean Firm Growth %	Mean Emp. Growth %
Manufacturing								
Manufacturing	—	4,244	4,140	42,695	31.1%	31.8%	3.9%	3.8%
Manufacturing	Dublin	3,875	3,670	35,604	27.6%	26.6%	4.3%	5.1%
Manufacturing	Belfast / Antrim	3,413	3,336	34,548	25.1%	25.8%	3.8%	5.1%
Manufacturing	Cork	812	789	6,618	5.9%	4.9%	2.7%	3.2%
Manufacturing	Derry	423	413	3,181	3.1%	2.4%	1.7%	4.4%
Manufacturing	Limerick / Galway	750	718	9,686	5.4%	7.2%	4.2%	3.9%
Manufacturing	Waterford	254	246	1,793	1.9%	1.3%	3.9%	4.8%
Manufacturing	DBEC	7,726	7,439	72,494	55.9%	54.1%	4.7%	5.4%
Manufacturing	Rest of IE-NI	6,045	5,873	61,631	44.1%	46.0%	3.9%	4.2%
Manufacturing	—	13,771	13,312	134,125	100.0%	100.0%	3.9%	4.5%
Advanced Manufacturing								
Advanced Manufacturing	—	949	929	15,411	25.4%	26.1%	5.0%	4.6%
Advanced Manufacturing	Dublin	2,025	1,849	28,569	50.5%	48.4%	2.5%	3.1%
Advanced Manufacturing	Belfast	231	225	2,986	6.1%	5.1%	6.1%	5.6%
Advanced Manufacturing	Cork	292	273	4,973	7.5%	8.4%	2.9%	2.8%
Advanced Manufacturing	Derry	50	48	595	1.3%	1.0%	3.4%	4.9%
Advanced Manufacturing	Limerick	194	176	3,282	4.8%	5.6%	2.1%	2.4%
Advanced Manufacturing	Galway	112	102	2,607	2.8%	4.4%	4.3%	3.6%
Advanced Manufacturing	Waterford	64	61	544	1.7%	0.9%	2.0%	1.6%
Advanced Manufacturing	DBEC	2,388	2,205	33,256	60.2%	56.4%	4.0%	4.1%
Advanced Manufacturing	Rest of IE-NI	1,529	1,458	25,711	39.8%	43.6%	4.9%	4.3%
Advanced Manufacturing	—	3,917	3,663	58,967	100.0%	100.0%	3.5%	3.7%

* **Manufacturing** covers all companies classified under SIC Section C (Manufacturing). **Advanced Manufacturing** includes Advanced Materials, Robotics and Autonomous Systems, Sensors, Photonics, Semiconductors, Design and Modelling Technologies, Advanced Screens and Future Telecoms Supply Chain, plus manufacture of electronic components, computers, communication equipment, precision instruments, electric motors and generators, and aerospace equipment.

Table 13: Manufacturing key sub-sectors

Type	Code	Name	SME Firms	SME Employees	% of Sector Employment	Mean Firm Growth %	Mean Emp. Growth %	Average	Selection Criteria
RTIC	RTIC006504	Coating Tech	18	443	0.5%	4.8%	4.8%	4.8%	Top Weighted (Size & Growth)
SIC	10890	Manufacture of other food products n.e.c.	197	2,396	2.6%	12.5%	12.4%	12.4%	Top Growth
SIC	10710	Manufacture of bread and fresh pastry goods	179	3,466	3.8%	4.4%	9.3%	6.8%	Top Growth
SIC	32500	Manufacture of medical and dental instruments	226	2,890	3.2%	5.6%	6.3%	5.9%	Top Weighted (Size & Growth)
SIC	21100	Manufacture of basic pharmaceutical products	134	1,721	1.9%	11.5%	14.8%	13.2%	Top Growth

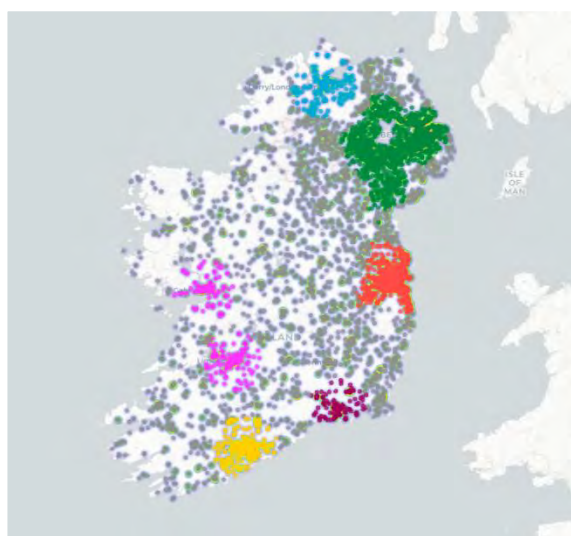
Table 14: Advanced Manufacturing key sub-sectors

Type	Code	Name	SME Companies	SME Employees	% of Sector Employment	Mean Firm Growth %	Mean Emp. Growth %	Average	Selection
RTIC	RTIC009111	Energy: Oil, Gas, Grid & Other (Robotics & Autonomous Systems)	920	15,672	27.4%	4.5%	4.1%	4.3%	Top Weighted (Size & Growth)
RTIC	RTIC009109	Consumer: Sports and Entertainment (Robotics & Autonomous Systems)	354	5,584	9.8%	3.3%	6.0%	4.6%	Top Weighted (Size & Growth)
RTIC	RTIC009401	Photonic and Optical (Future Telecoms Supply Chain)	145	1,953	3.4%	3.9%	3.0%	3.5%	Top Weighted (Size & Growth)
RTIC	RTIC009121	Integrators (Robotics & Autonomous Systems)	24	491	0.9%	7.4%	7.6%	7.5%	Top Growth
RTIC	RTIC009123	Manufacturing (Robotics & Autonomous Systems)	26	506	0.9%	9.1%	9.1%	9.1%	Top Growth

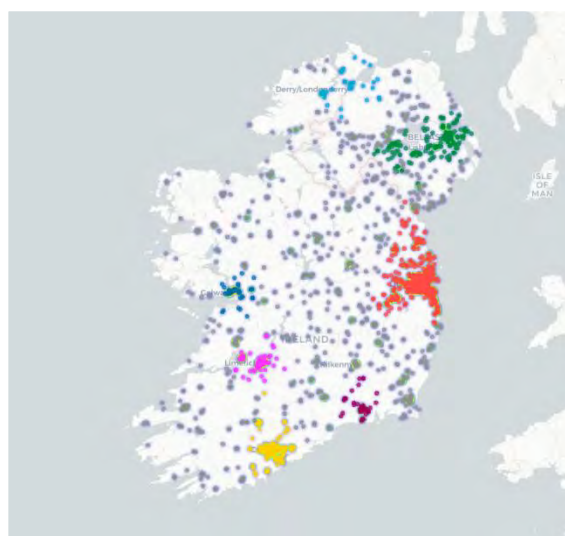
* Depending on its activities, a firm may be classified in more than one sector and may therefore appear in more than one sub-sector. As a result, employment figures across sub-sectors are not mutually exclusive and should not be summed to sector totals.

Figure 17: Geographic distribution of Manufacturing and Advanced Manufacturing firms

Manufacturing



Advanced Manufacturing



ICT, IT Services and Emerging Digital sectors

ICT has strong cross-border trade potential because it combines scale with a high suitability for services trade. Notably, NI has one of its strongest footprints among the sectors covered, particularly in IT Services. Activity is also strongly anchored in the Dublin-Belfast corridor, making it one of the clearest examples of a corridor-linked opportunity. This reflects the importance of access to specialist workers, enterprise clients, and digital infrastructure.

IT Services, the largest and most commercially oriented part of the ICT grouping, shows stronger employee growth compared to ICT overall. Its scale in both IE and NI suggests strong cross-border potential, particularly in activities that can be delivered remotely or across regional markets.

Emerging Digital is smaller than IT Services and more centred in IE, which accounts for around 80% of SME companies and employment. It covers frontier and enabling activities such as AI, Internet of Things, SaaS, wearables, and cyber. These activities are more innovation-led and tend to depend on specialist skills, research links, and early-stage enterprise ecosystems. NI records stronger growth from a smaller base, suggesting that Belfast and other NI firms may be developing more specialised capabilities. With Dublin playing a leading role, the sector has a strong DBEC footprint, pointing to a corridor-linked opportunity with scope for more specialised growth outside the largest IE hubs.

The strongest opportunities in IT Services are in **information technology consultancy and other IT service activities**, which provide the main source of scale. **Business and domestic software development** is also relevant because it combines a meaningful employment base with stronger growth, while **data infrastructure hardware** is much smaller but has a strong growth profile. Within Emerging Digital, **natural language processing** provides the main source of scale, while **cybersecurity** shows the strongest employment growth signal.

Table 15: ICT Sector

Sector	Geography	All Companies	SME Companies	SME Employees	% Total SME Companies	% Total SME Employees	Mean Firm Growth %	Mean Emp. Growth %
ICT								
ICT	—	1,465	1,458	4,602	13.9%	8.4%	3.6%	3.3%
ICT	Dublin	4,192	4,013	27,319	38.3%	50.0%	6.4%	7.1%
ICT	Belfast	3,919	3,903	16,421	37.3%	30.1%	3.2%	4.3%
ICT	Cork	491	476	2,987	4.6%	5.5%	3.1%	3.0%
ICT	Derry	83	83	153	0.8%	0.3%	-3.6%	-2.6%
ICT	Limerick / Galway	455	447	2,776	4.3%	5.1%	5.4%	4.7%
ICT	Waterford	91	90	356	0.9%	0.7%	-3.1%	1.3%
ICT	DBEC	7,942	7,746	43,159	74.0%	79.0%	5.9%	6.4%
ICT	Rest of IE-NI	2,754	2,724	11,455	26.0%	21.0%	3.8%	3.5%
ICT	—	10,696	10,470	54,614	100.0%	100.0%	4.5%	5.1%

*ICT covers all companies classified under SIC Section J (Information and Communication).

Table 16: IT Services and Emerging Digital sectors

Sector	Geography	All Companies	SME Companies	SME Employees	% Total SME Companies	% Total SME Employees	Mean Firm Growth %	Mean Emp. Growth %
IT Services								
IT Services	—	1,090	1,083	2,822	15.6%	6.9%	3.2%	3.6%
IT Services	Dublin	2,785	2,630	19,886	37.9%	48.9%	6.6%	7.9%
IT Services	Belfast	2,382	2,368	12,069	34.1%	29.7%	3.9%	5.5%
IT Services	Cork	347	330	2,627	4.8%	6.5%	4.1%	3.1%
IT Services	Derry	183	182	707	2.6%	1.7%	3.7%	3.3%
IT Services	Limerick	150	148	1,310	2.1%	3.2%	3.3%	3.9%
IT Services	Galway	129	127	942	1.8%	2.3%	9.0%	7.5%
IT Services	Waterford	77	76	321	1.1%	0.8%	-1.8%	0.6%
IT Services	DBEC	5,270	5,100	32,058	73.4%	78.8%	6.4%	7.2%
IT Services	Rest of IE-NI	1,873	1,844	8,626	26.6%	21.2%	4.4%	4.4%
IT Services	—	7,143	6,944	40,684	100.0%	100.0%	4.9%	5.9%
Emerging Digital								
Emerging Digital	—	192	188	2,758	18.2%	14.9%	2.9%	3.1%
Emerging Digital	Dublin	605	523	10,145	50.6%	54.8%	4.8%	4.8%
Emerging Digital	Belfast	163	158	2,794	15.3%	15.1%	8.3%	10.2%
Emerging Digital	Cork	75	63	746	6.1%	4.0%	2.1%	2.0%
Emerging Digital	Derry	27	26	408	2.5%	2.2%	4.2%	3.5%
Emerging Digital	Limerick / Galway	71	63	1,541	6.1%	8.3%	5.1%	12.1%
Emerging Digital	Waterford	14	13	129	1.3%	0.7%	3.3%	4.1%
Emerging Digital	DBEC	780	693	13,269	67.0%	71.6%	6.4%	6.4%
Emerging Digital	Rest of IE-NI	367	341	5,252	33.0%	28.4%	4.3%	4.9%
Emerging Digital	—	1,147	1,034	18,521	100.0%	100.0%	4.9%	5.7%

***IT Services** includes Software Development, Data Infrastructure and Cloud Computing, plus business and domestic software development, IT consultancy, computer facilities management, data processing and hosting, and web portal and information service activities. **Emerging Digital** includes Artificial Intelligence Technologies and Applications, AI Ecosystem, Immersive Technologies, Internet of Things, Software as a Service, Geospatial Economy, Quantum Economy and Technology, Wearables and Quantified Self, and Cyber.

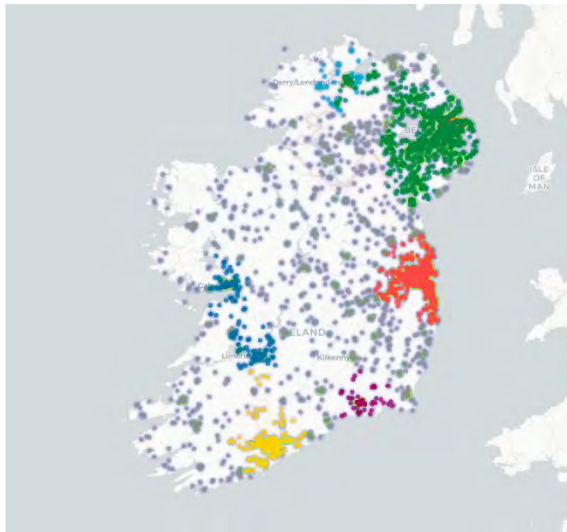
Table 17: IT Services and Emerging Digital key sub-sectors

Type	Code	Name	SME Companies	SME Employees	% of Sector Employment	Mean Firm Growth %	Mean Emp. Growth %	Average	Selection
SIC	62020	Information technology consultancy activities	2,275	11,871	32.2%	7.0%	8.1%	7.6%	Growth / Weighted
SIC	62090	Other information technology service activities	2,918	16,968	46.0%	3.6%	4.4%	4.0%	Top Weighted (Size & Growth)
RTIC	RTIC000703	Data Infrastructure Hardware (Data Infrastructure)	49	594	6.1%	7.4%	6.8%	7.1%	Top Growth
SIC	62012	Business and domestic software development	856	5,084	13.8%	4.9%	6.8%	5.9%	Growth / Weighted
RTIC	RTIC000410	Natural Language Processing (AI Technologies)	218	4,131	22.2%	3.4%	6.6%	5.0%	Top Weighted (Size & Growth)
RTIC	RTIC000607	Risk Management (Cyber)	51	965	5.2%	6.9%	12.7%	9.8%	Growth / Weighted
RTIC	RTIC000801	Data Capture (Geospatial Economy)	48	409	2.2%	11.3%	6.1%	8.7%	Top Growth

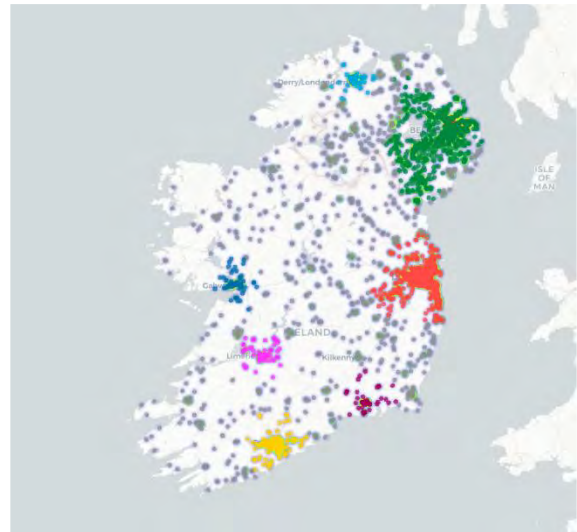
*Depending on its activities, a firm may be classified in more than one sector and may therefore appear in more than one sub-sector. As a result, employment figures across sub-sectors are not mutually exclusive and should not be summed to sector totals.

Figure 18: Geographic distribution of ICT, IT Services, and Emerging Digital firms

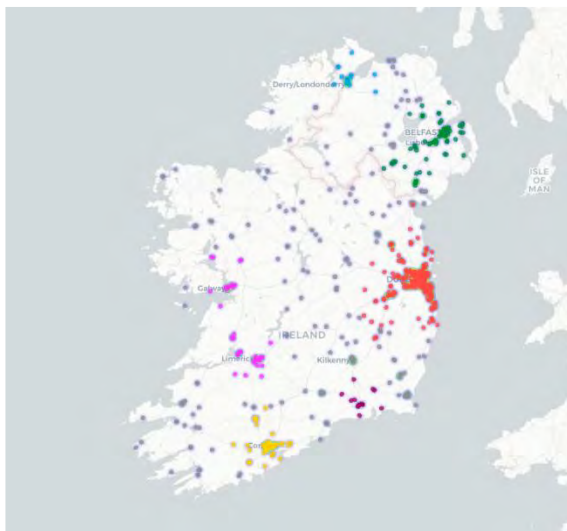
ICT



IT Services



Emerging Digital



Financial & Insurance and FinTech sectors

Financial and Insurance, although absent from the NISRA services trade data, is estimated by OE to be the second-largest cross-border services sector. It is the most concentrated sector in the Data City dataset, with Dublin accounting for most SME firms and a very large share of SME employment. Together with Belfast/Newry, the DBEC region accounts for close to 80% of SME firms and nearly 90% of SME employment, underlining the highly centralised nature of the sector. This reflects the pull of large financial centres, where access to clients, specialist workers, professional services, and regulatory infrastructure reinforces agglomeration.

FinTech is smaller than Financial & Insurance, but more distributed than the wider sector. Dublin remains the clear centre of gravity, accounting for around 60% of SME firms and employment, but Cork and Limerick/Galway also show meaningful FinTech bases. Belfast is smaller by scale, but its stronger employment growth suggests it may be developing a more specialised role within the all-island ecosystem.

Within FinTech, **digital capital raising** provides the main source of scale, while **digital identity and RegTech**, or regulatory compliance technology, show the strongest growth signals. These activities are well suited to cross-border services trade because they address compliance, identity verification, and regulatory complexity, which are increasingly important for firms operating across both EU and UK regulatory environments.

Table 18: Financial & Insurance and FinTech sectors

Sector	Geography	All Companies	SME Companies	SME Employees	% Total SME Companies	% Total SME Employees	Mean Firm Growth %	Mean Emp. Growth %
Financial & Insurance								
Financial & Insurance	—	1,587	1,562	7,890	11.4%	5.2%	2.8%	6.7%
Financial & Insurance	Dublin	9,105	8,224	123,671	59.9%	81.4%	23.7%	6.5%
Financial & Insurance	Belfast / Newry	2,547	2,490	11,809	18.1%	7.8%	3.1%	8.3%
Financial & Insurance	Cork	508	492	2,682	3.6%	1.8%	6.2%	4.1%
Financial & Insurance	Derry	232	226	981	1.6%	0.7%	4.0%	4.1%
Financial & Insurance	Limerick	465	452	3,565	3.3%	2.4%	-2.0%	3.1%
Financial & Insurance	Galway	220	213	1,017	1.6%	0.7%	3.4%	3.3%
Financial & Insurance	Waterford	83	81	308	0.6%	0.2%	1.2%	-0.3%
Financial & Insurance	DBEC	11,574	10,638	134,525	77.4%	88.6%	55.9%	9.7%
Financial & Insurance	Rest of IE-NI	3,173	3,102	17,398	22.6%	11.5%	4.4%	5.6%
Financial & Insurance	—	14,747	13,740	151,923	100.0%	100.0%	16.6%	6.6%
FinTech								
FinTech	—	193	185	2,741	16.4%	14.2%	7.0%	6.5%
FinTech	Dublin	729	671	11,909	59.6%	61.8%	4.4%	5.7%
FinTech	Belfast	40	39	705	3.5%	3.7%	6.8%	10.2%
FinTech	Cork	115	112	1,837	10.0%	9.5%	2.4%	2.7%
FinTech	Derry	14	14	90	1.2%	0.5%	2.8%	3.0%
FinTech	Limerick / Galway	95	90	1,871	8.0%	9.7%	4.3%	3.5%
FinTech	Waterford	15	14	121	1.2%	0.6%	0.4%	0.4%
FinTech	DBEC	715	658	11,877	58.5%	61.6%	5.7%	6.7%
FinTech	Rest of IE-NI	486	467	7,397	41.5%	38.4%	4.5%	4.5%
FinTech	—	1,201	1,125	19,274	100.0%	100.0%	4.6%	5.4%

***Financial and Insurance** covers all companies classified under SIC Section K (Financial and Insurance Activities). **FinTech** includes FinTech, InsurTech, and Cryptocurrency Economy.

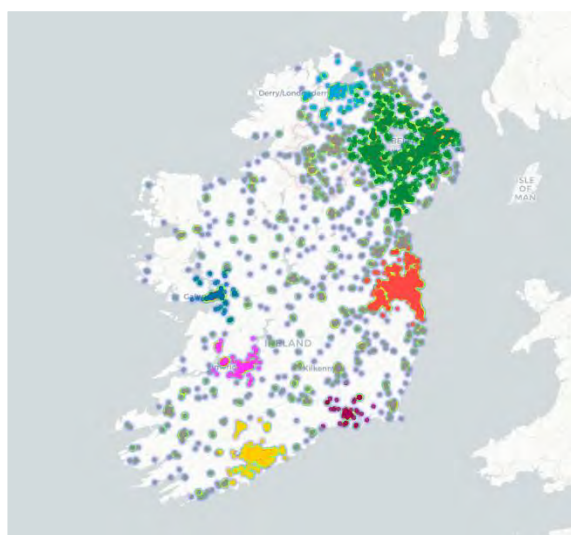
Table 19: FinTech key sub-sectors

Type	Code	Name	SME Companies	SME Employees	% of Sector Employment	Mean Firm Growth %	Mean Emp. Growth %	Average	Selection
RTIC	RTIC005205	Digital Capital Raising (FinTech)	828	12,182	53.2%	4.3%	5.4%	4.9%	Top Weighted (Size & Growth)
RTIC	RTIC005208	Digital Lending (FinTech)	247	3,684	16.1%	4.5%	4.4%	4.5%	Top Weighted (Size & Growth)
RTIC	RTIC005207	Digital Identity (FinTech)	33	920	4.0%	13.4%	12.2%	12.8%	Top Growth
RTIC	RTIC005212	Regtech (FinTech)	25	764	3.3%	12.0%	11.2%	11.6%	Top Growth

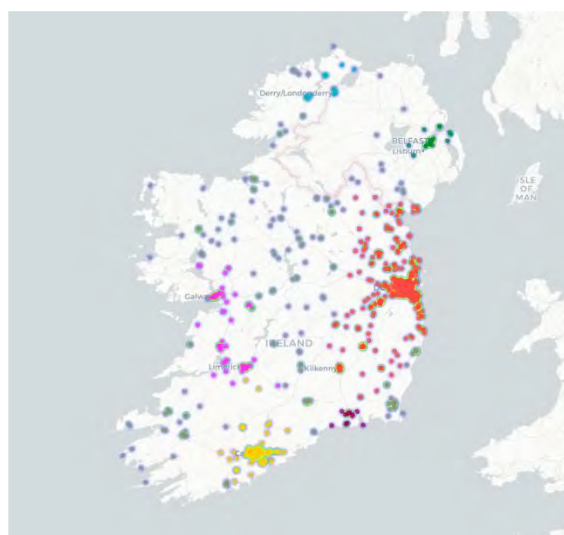
*Depending on its activities, a firm may be classified in more than one sector and may therefore appear in more than one sub-sector. As a result, employment figures across sub-sectors are not mutually exclusive and should not be summed to sector totals.

Figure 19: Geographic distribution of Financial and Insurance, and FinTech firms

Financial and Insurance Services



FinTech



Culture, Media and Recreation, Screen Industries, Other Creative Industries, and Personal Services sectors

Culture, Media, and Recreation is one of the more geographically dispersed sectors in the dataset, with around 40% of SME firms employment outside the DBEC region. Dublin and Belfast have similar shares of SME firms, although Dublin has a much larger employment base. This likely reflects the local nature of many cultural, recreational, and sporting activities, which are embedded in communities rather than only concentrated in major business centres.

Screen Industries covers a wider set of audio-visual and digital media activities. It includes the streaming economy and film/tv production, as well as motion picture, video, and television programme production, post-production, distribution, and TV broadcasting. The sector is highly concentrated in the DBEC region, with Dublin leading by employment, but the broader Belfast cluster, extending towards the border, playing a disproportionately large role.

While the dataset points to modest recent growth, this should be interpreted in a broader context. NI's screen sector is coming from a high base after the expansion of the 2010s, when major productions helped build its infrastructure, skills base, and international profile. More recent evidence also points to resilience, with NI Screen-supported productions contributing £477 million to the local economy between 2022 and 2026, "despite challenging global market conditions" (Northern Ireland Screen, 2026). IE also recorded record production spend in 2025, "despite the challenges experienced across the international industry [...], supported by public investment, targeted funding, training, and improvements to tax incentives across large-scale production, independent film, visual effects, unscripted content, and digital games" (Screen Ireland, 2026). This suggests that growth opportunities are more likely to come from building on established production hubs, virtual production capability, post-production services, and the island's wider offer as a competitive screen location.

Other Creative Industries is more concentrated than its firm count might suggest, with the Dublin-Belfast corridor accounting for over three quarters of SME firms and around 84% of employment. Advertising agencies provide the main source of scale, while computer games publishing and other software publishing show the strongest growth signals from smaller bases. Growth outside the main centres is more modest, suggesting that the main opportunity remains concentrated in larger creative and digital markets.

Personal Services has one of the broadest geographic footprints in the analysis, with activity spread across many clusters. The sector is dominated by health, social care, and education, with other social work and human health activities providing the largest employment bases. Primary education and residential care show the strongest growth signals, although these should be interpreted carefully given the role of public provision, demographics, and post-pandemic recovery effects.

Table 20: Culture, Media and Recreation, Screen Industries, Other Creative Industries, and Personal Services sectors

Sector	Geography	All Companies	SME Companies	SME Employees	% Total SME Companies	% Total SME Employees	Mean Firm Growth %	Mean Emp. Growth %
Culture, Media & Recreation								
Culture, Media & Recreation	—	1,498	1,497	5,733	27.0%	20.8%	14.3%	5.4%
Culture, Media & Recreation	Dublin	1,615	1,591	10,491	28.7%	38.1%	9.0%	6.4%
Culture, Media & Recreation	Belfast / Newry	1,603	1,599	6,160	28.9%	22.3%	4.0%	5.3%
Culture, Media & Recreation	Cork	287	285	1,603	5.1%	5.8%	20.2%	4.4%
Culture, Media & Recreation	Derry	215	215	1,082	3.9%	3.9%	9.6%	5.7%
Culture, Media & Recreation	Limerick	130	130	846	2.3%	3.1%	10.3%	14.8%
Culture, Media & Recreation	Galway	143	143	915	2.6%	3.3%	6.7%	8.3%
Culture, Media & Recreation	Waterford	82	82	735	1.5%	2.7%	9.7%	7.1%
Culture, Media & Recreation	DBEC	3,348	3,320	17,194	59.9%	62.4%	7.2%	6.2%
Culture, Media & Recreation	Rest of IE-NI	2,225	2,222	10,371	40.1%	37.6%	13.6%	6.0%
Culture, Media & Recreation	—	5,573	5,542	27,565	100.0%	100.0%	9.6%	6.0%
Screen Industries								
Screen Industries	—	218	218	924	11.5%	13.0%	5.7%	2.8%
Screen Industries	Dublin	743	730	3,840	38.6%	54.1%	4.6%	3.8%
Screen Industries	Belfast	720	719	1,745	38.0%	24.6%	2.2%	2.3%
Screen Industries	Cork	59	59	266	3.1%	3.8%	1.8%	5.9%
Screen Industries	Derry	48	48	47	2.5%	0.7%	-3.3%	-3.4%
Screen Industries	Limerick / Galway	108	107	240	5.7%	3.4%	0.9%	0.7%
Screen Industries	Waterford	11	11	37	0.6%	0.5%	-7.6%	-7.6%
Screen Industries	DBEC	1,482	1,468	5,597	77.6%	78.8%	3.5%	3.2%
Screen Industries	Rest of IE-NI	425	424	1,502	22.4%	21.2%	2.9%	1.1%
Screen Industries	—	1,907	1,892	7,099	100.0%	100.0%	3.2%	2.7%
Other Creative Industries								
Other Creative Industries	—	386	386	969	14.8%	9.1%	3.5%	4.0%
Other Creative Industries	Dublin	941	914	5,618	35.1%	53.0%	5.1%	5.1%
Other Creative Industries	Belfast	1,019	1,018	3,222	39.1%	30.4%	3.6%	5.6%
Other Creative Industries	Cork	100	99	410	3.8%	3.9%	2.5%	-0.5%
Other Creative Industries	Derry	86	86	144	3.3%	1.4%	3.2%	2.0%
Other Creative Industries	Limerick / Galway	83	81	200	3.1%	1.9%	2.8%	7.8%
Other Creative Industries	Waterford	18	18	34	0.7%	0.3%	-4.9%	9.5%
Other Creative Industries	DBEC	2,020	1,992	8,908	76.6%	84.1%	4.4%	5.3%
Other Creative Industries	Rest of IE-NI	613	610	1,689	23.4%	15.9%	3.0%	4.2%
Other Creative Industries	—	2,633	2,602	10,597	100.0%	100.0%	4.1%	5.1%
Personal Services								
Personal Services	—	3,734	3,706	36,337	31.4%	31.0%	6.1%	8.4%
Personal Services	Dublin	3,596	3,497	42,855	29.6%	36.5%	8.7%	7.7%
Personal Services	Belfast	2,364	2,335	18,584	19.8%	15.8%	4.5%	4.6%
Personal Services	Cork	694	687	6,589	5.8%	5.6%	4.0%	4.9%
Personal Services	Derry	275	274	1,718	2.3%	1.5%	5.5%	7.9%
Personal Services	Limerick	376	372	3,299	3.1%	2.8%	8.1%	5.0%
Personal Services	Galway	323	319	3,115	2.7%	2.7%	4.9%	7.0%
Personal Services	Waterford	176	172	1,660	1.5%	1.4%	1.1%	2.1%
Personal Services	Newry	316	316	1,754	2.7%	1.5%	5.0%	7.6%
Personal Services	Kerry	139	137	1,386	1.2%	1.2%	6.8%	8.4%
Personal Services	DBEC	7,316	7,179	71,963	60.8%	61.4%	8.1%	7.3%
Personal Services	Rest of IE-NI	4,677	4,636	45,334	39.2%	38.6%	5.7%	7.9%
Personal Services	—	11,993	11,815	117,297	100.0%	100.0%	6.4%	7.0%

***Culture, Media, and Recreation** includes publishing, motion picture and sound recording, radio and television broadcasting, arts and entertainment, recreational activities, and sporting activities. Excludes Screen Industries. **Screen Industries** includes the Streaming Economy and Film/TV production, plus motion picture, video and television programme production, post-production, distribution, and broadcasting. **Other Creative Industries** includes AdTech, Gaming and Digital Creative Industries covering gaming and design verticals, plus interactive leisure and entertainment software development, book and software publishing, computer games publishing, specialised design activities, advertising agencies, and media representation services. **Personal Services** includes education, human health and social work, residential and non-residential care, and personal service activities. Excludes hairdressing and beauty treatment.

Table 21: Culture, Media, and Recreation key sub-sectors

Type	Code	Name	SME Companies	SME Employees	% of Sector Employment	Mean Firm Growth %	Mean Emp. Growth %	Average	Selection
SIC	93120	Activities of sport clubs	1,350	7,256	26.9%	18.6%	8.1%	13.4%	Top Weighted (Size & Growth)
SIC	93110	Operation of sports facilities	749	5,256	19.5%	8.2%	8.9%	8.6%	Top Weighted (Size & Growth)
SIC	90020	Support activities to performing arts	146	436	1.6%	3.9%	22.3%	13.1%	Top Growth

Table 22: Screen Industries key sub-sectors

Type	Code	Name	SME Companies	SME Employees	% of Sector Employment	Mean Firm Growth %	Mean Emp. Growth %	Average	Selection
SIC	59111	Motion picture production activities	1,012	3,692	62.5%	3.8%	2.4%	3.1%	Top Weighted (Size & Growth)
RTIC	RTIC006411	Film/TV (Digital Creative Industries)	128	1,089	100.0%	5.7%	5.3%	5.5%	Top Weighted (Size & Growth)
SIC	59120	Post-production activities	43	92	1.6%	3.5%	3.0%	3.3%	Top Growth

Table 23: Other Creative Industries key sub-sectors

Type	Code	Name	SME Companies	SME Employees	% of Sector Employment	Mean Firm Growth %	Mean Emp. Growth %	Average	Selection
SIC	73110	Advertising agencies	1,317	6,555	67.0%	5.3%	6.1%	5.7%	Top Weighted (Size & Growth)
SIC	58210	Publishing of computer games	38	154	1.6%	44.3%	20.9%	32.6%	Growth / Weighted
SIC	58290	Other software publishing	119	362	3.7%	6.1%	12.2%	9.2%	Top Growth

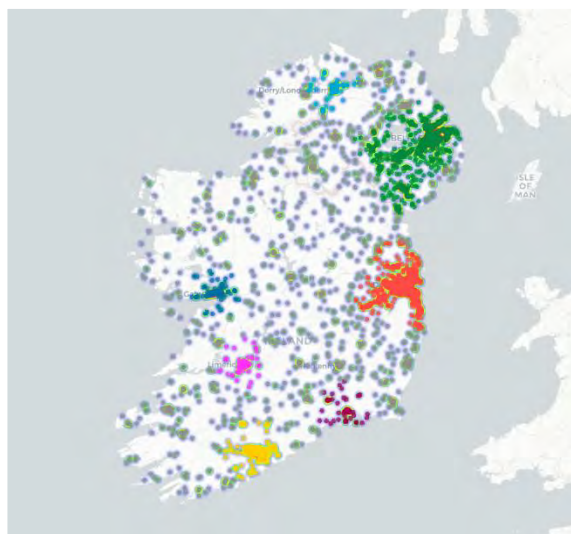
Table 24: Personal Services key sub-sectors

Type	Code	Name	SME Companies	SME Employees	% of Sector Employment	Mean Firm Growth %	Mean Emp. Growth %	Average	Selection
SIC	88990	Other social work activities without accommodation n.e.c.	1,617	22,377	18.6%	6.4%	5.6%	6.0%	Top Weighted (Size & Growth)
SIC	86900	Other human health activities	2,449	19,148	15.9%	6.3%	6.3%	6.3%	Top Weighted (Size & Growth)
SIC	87900	Other residential care activities n.e.c.	86	2,217	1.8%	23.8%	55.2%	39.5%	Top Growth
SIC	85200	Primary education	403	5,596	4.7%	7.8%	19.4%	13.6%	Top Growth

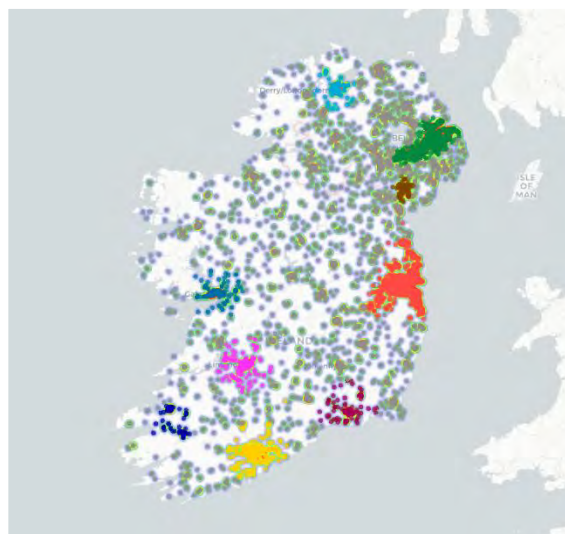
*Depending on its activities, a firm may be classified in more than one sector and may therefore appear in more than one sub-sector. As a result, employment figures across sub-sectors are not mutually exclusive and should not be summed to sector totals.

Figure 20: Geographic distribution of Culture, Media and Recreation, Screen Industries, Other Creative Industries, and Personal Services firms

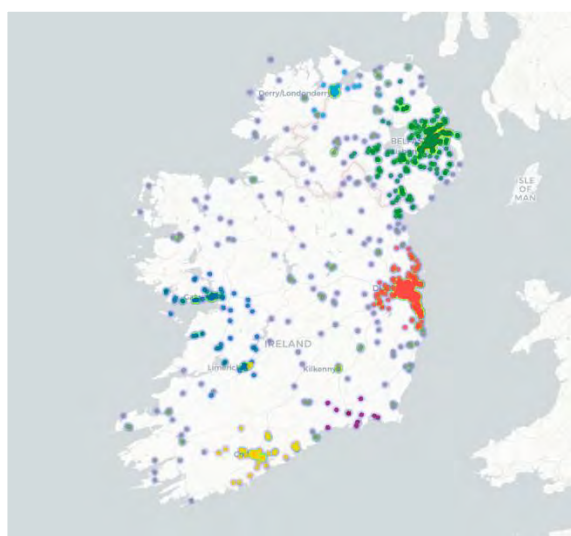
Culture, Media, and Recreation



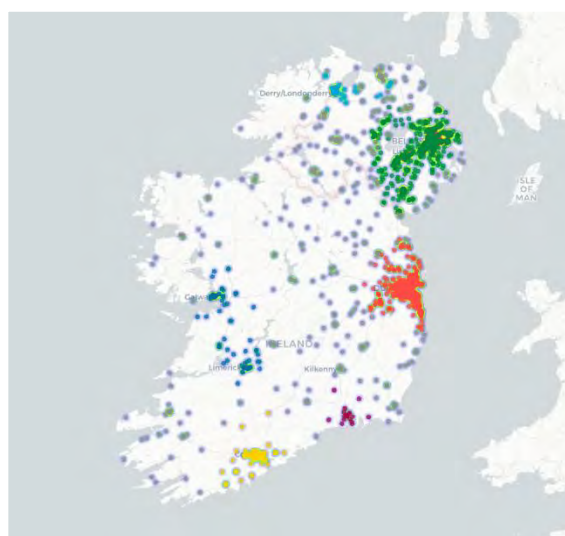
Personal Services



Screen Industries



Other Creative Industries



Transport and Storage sector

Transport and Logistics is concentrated in Dublin and Belfast, but less strongly than the more knowledge-intensive service sectors. Together, the two clusters account for around half of SME firms and slightly less than half of SME employment, with Cork/Limerick providing a meaningful third centre.

Growth is positive across all main clusters, but Cork/Limerick shows the strongest performance, slightly ahead of Dublin and Belfast. Overall, the pattern remains relatively even, suggesting steady expansion rather than sharp structural change. The sector's importance lies primarily in its enabling role, supporting activity across the wider economy rather than acting as a major source of tradable services in its own right.

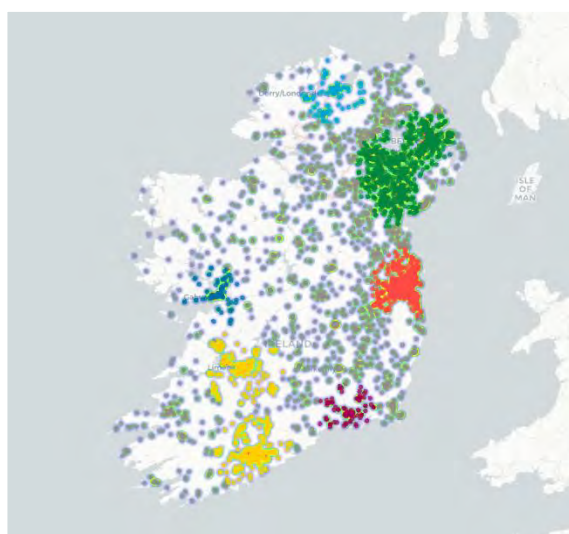
Table 25: Transport and Storage sector

Sector	Geography	All Companies	SME Companies	SME Employees	% Total SME Companies	% Total SME Employees	Mean Firm Growth %	Mean Emp. Growth %
Transport & Storage								
Transport & Storage	—	1,813	1,806	16,573	30.8%	32.7%	5.1%	7.6%
Transport & Storage	Dublin	1,739	1,657	13,468	28.2%	26.6%	4.2%	6.8%
Transport & Storage	Belfast	1,426	1,404	11,078	23.9%	21.9%	4.7%	5.6%
Transport & Storage	Cork	614	599	5,813	10.2%	11.5%	5.6%	4.4%
Transport & Storage	Derry	162	162	910	2.8%	1.8%	1.4%	19.5%
Transport & Storage	Galway	121	118	1,445	2.0%	2.9%	9.9%	9.9%
Transport & Storage	Waterford	121	121	1,409	2.1%	2.8%	5.3%	7.1%
Transport & Storage	DBEC	3,439	3,334	26,826	56.8%	52.9%	9.0%	8.4%
Transport & Storage	Rest of IE-NI	2,557	2,533	23,870	43.2%	47.1%	6.9%	7.7%
Transport & Storage	—	5,996	5,867	50,696	100.0%	100.0%	4.9%	6.9%

*Transport and Storage covers all companies classified under SIC Section H (Transportation and Storage).

Figure 21: Geographic distribution of Transport and Storage firms

Transport and Storage



Life Sciences, AgriTech/FoodTech, and Net Zero/ESG sectors

Life Sciences has strong cross-border potential because it combines high-value activity, strong export orientation, and links to manufacturing, research, regulation, and specialist services. The sector has a clear DBEC footprint, with Cork present as an established third cluster. Notably, Cork shows below-average SME growth in the dataset, but this should be interpreted carefully given its role as a major biopharma and MedTech hub, with a large multinational presence that falls outside the SME-focused analysis.

AgriTech/FoodTech is smaller and more dispersed, with Dublin playing a clearly dominant role. Belfast and Cork are both present at more modest scale. Cork's weaker SME growth should again be read alongside its wider agri-food and manufacturing base, with larger firms excluded from this analysis. Within the sector, **management platforms**, meaning sector-specific software and data analytics tools, provide the main source of scale, while **consumer food tech** is a much smaller but faster-growing niche.

Net Zero/ESG has strong cross-border potential given its links to the energy transition, infrastructure investment, and evolving business reporting requirements. The sector has a strong DBEC footprint, but activity is less dominated by Dublin and Belfast alone. Selected clusters outside the two main centres, including Newry, show strong growth signals, pointing to more specialised opportunities linked to local energy, infrastructure, and sustainability capabilities. Within the sector, **low carbon and renewable energy generation** provides the main source of scale, while **low emission vehicles**, **ESG consulting**, and **energy storage** show stronger growth signals from smaller bases.

Table 26: Life Sciences sector

Cluster	Sector	Geography	All Companies	SME Companies	SME Employees	% Total SME Companies	% Total SME Employees	Mean Firm Growth %	Mean Emp. Growth %
	Life Sciences								
Unclustered	Life Sciences	—	910	867	10,014	21.2%	22.9%	7.7%	7.9%
Cluster 1	Life Sciences	Dublin	1,561	1,424	18,888	34.9%	43.2%	10.4%	8.1%
Cluster 2	Life Sciences	Belfast	1,085	1,068	6,835	26.2%	15.6%	4.7%	4.9%
Cluster 3	Life Sciences	Cork	286	264	3,183	6.5%	7.3%	3.6%	4.3%
Cluster 4	Life Sciences	Derry	114	112	554	2.7%	1.3%	7.8%	9.7%
Cluster 5	Life Sciences	Limerick	140	128	1,452	3.1%	3.3%	4.4%	13.0%
Cluster 6	Life Sciences	Galway	166	158	2,357	3.9%	5.4%	13.7%	15.3%
Cluster 7	Life Sciences	Waterford	69	63	410	1.5%	0.9%	6.7%	5.2%
-	Life Sciences	DBEC	2,835	2,676	27,483	65.5%	62.9%	8.8%	7.8%
-	Life Sciences	Rest of IE-NI	1,496	1,408	16,210	34.5%	37.1%	7.3%	8.4%
Sector Total	Life Sciences	—	4,331	4,084	43,693	100.0%	100.0%	7.8%	7.5%

***Life Sciences** includes Omics, MedTech, Pharma, Biopharmaceutical, Engineering Biology, Neurotechnology and FemTech, plus pharmaceutical manufacturing, biotech R&D, medical technology manufacturing, and specialist medical practice.

Table 27: AgriTech/FoodTech and Net Zero/ESG sectors

Cluster	Sector	Geography	All Companies	SME Companies	SME Employees	% Total SME Companies	% Total SME Employees	Mean Firm Growth %	Mean Emp. Growth %
AgriTech & FoodTech									
Unclustered	AgriTech & FoodTech	—	361	339	4,198	33.7%	28.2%	7.0%	7.1%
Cluster 1	AgriTech & FoodTech	Dublin	420	398	6,404	39.6%	43.0%	6.5%	7.9%
Cluster 2	AgriTech & FoodTech	Belfast	92	89	1,410	8.9%	9.5%	4.8%	4.9%
Cluster 3	AgriTech & FoodTech	Cork	70	68	983	6.8%	6.6%	0.9%	0.8%
Cluster 4	AgriTech & FoodTech	Derry	28	27	318	2.7%	2.1%	5.0%	4.1%
Cluster 5	AgriTech & FoodTech	Limerick	37	36	740	3.6%	5.0%	2.8%	1.3%
Cluster 6	AgriTech & FoodTech	Galway	35	34	559	3.4%	3.8%	7.9%	7.4%
Cluster 7	AgriTech & FoodTech	Waterford	16	14	298	1.4%	2.0%	3.5%	3.9%
-	AgriTech & FoodTech	DBEC	609	579	9,286	57.6%	62.3%	6.6%	7.6%
-	AgriTech & FoodTech	Rest of IE-NI	450	426	5,624	42.4%	37.7%	5.3%	5.1%
Sector Total	AgriTech & FoodTech	—	1,059	1,005	14,910	100.0%	100.0%	5.9%	6.4%
Net Zero & ESG									
Unclustered	Net Zero & ESG	—	653	636	7,810	37.0%	35.6%	6.0%	8.0%
Cluster 1	Net Zero & ESG	Dublin	407	374	5,916	21.8%	27.0%	4.5%	5.0%
Cluster 2	Net Zero & ESG	Belfast	429	406	4,191	23.6%	19.1%	7.9%	8.6%
Cluster 3	Net Zero & ESG	Cork	92	87	1,237	5.1%	5.6%	3.7%	4.0%
Cluster 4	Net Zero & ESG	Derry	54	53	301	3.1%	1.4%	4.9%	4.4%
Cluster 5	Net Zero & ESG	Limerick	53	49	558	2.9%	2.5%	3.9%	3.9%
Cluster 6	Net Zero & ESG	Galway	37	34	671	2.0%	3.1%	5.6%	4.5%
Cluster 7	Net Zero & ESG	Waterford	21	19	157	1.1%	0.7%	7.8%	9.9%
Cluster 8	Net Zero & ESG	Newry	62	61	1,112	3.6%	5.1%	7.8%	15.7%
-	Net Zero & ESG	DBEC	1,158	1,095	13,767	63.7%	62.7%	7.3%	7.8%
-	Net Zero & ESG	Rest of IE-NI	650	624	8,186	36.3%	37.3%	6.2%	8.2%
Sector Total	Net Zero & ESG	—	1,808	1,719	21,953	100.0%	100.0%	6.0%	7.4%

***AgriTech /FoodTech** includes AgriTech, Traditional and Precision Breeding and FoodTech, plus manufacture of other food products. **Net Zero/ESG** includes CleanTech, Net Zero, ESG, plus recovery of sorted materials, waste remediation and management services, and environmental consulting activities.

Table 28: Life Sciences, AgriTech/FoodTech and Net Zero/ESG key sub-sectors

Sector	Type	Code	Name	SME Companies	SME Employees	% of Sector Employment	Mean Firm Growth %	Mean Emp. Growth %	Average	Selection
Life Sciences	SIC	72190	Other R&D on natural sciences	636	5,886	39.4%	10.7%	14.9%	12.8%	Top Weighted (Size & Growth)
Life Sciences	RTIC	RTIC007803	Human Health Services (Life Sciences)	454	6,259	22.7%	10.8%	6.1%	8.5%	Top Weighted (Size & Growth)
Life Sciences	SIC	72110	R&D on biotechnology	62	488	3.3%	23.7%	16.9%	20.3%	Top Growth
Life Sciences	RTIC	RTIC007804	Biology and Biotech (Life Sciences)	48	1,456	5.3%	11.1%	14.5%	12.8%	Top Growth
Agritech & Foodtech	RTIC	RTIC000304	Management Platforms (AgriTech)	535	9,413	78.9%	4.2%	4.6%	4.4%	Top Weighted (Size & Growth)
Agritech & Foodtech	RTIC	RTIC005702	Consumer Products and Services (FoodTech)	30	183	1.5%	26.5%	25.1%	25.8%	Top Growth
Net Zero & Esg	RTIC	RTIC005514	Low Carbon and Renewable Energy Generation (Net Zero)	362	4,387	15.7%	8.8%	10.1%	9.5%	Top Weighted (Size & Growth)
Net Zero & Esg	SIC	38320	Recovery of sorted materials	277	3,233	78.8%	4.4%	11.0%	7.7%	Top Weighted (Size & Growth)
Net Zero & Esg	RTIC	RTIC005512	Low Emission Vehicles (Net Zero)	69	597	2.1%	21.9%	20.1%	21.0%	Top Growth
Net Zero & Esg	RTIC	RTIC111101	ESG Consultants (ESG)	35	677	2.4%	12.9%	13.1%	13.0%	Top Growth

*Depending on its activities, a firm may be classified in more than one sector and may therefore appear in more than one sub-sector. As a result, employment figures across sub-sectors are not mutually exclusive and should not be summed to sector totals.

Figure 22: Geographic distribution of Life Sciences firms
Life Sciences

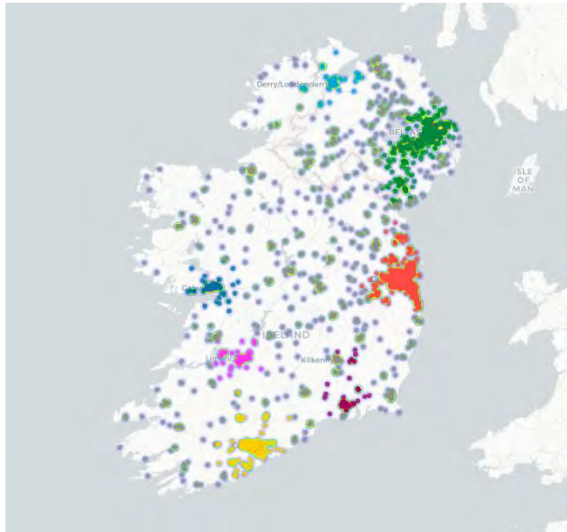
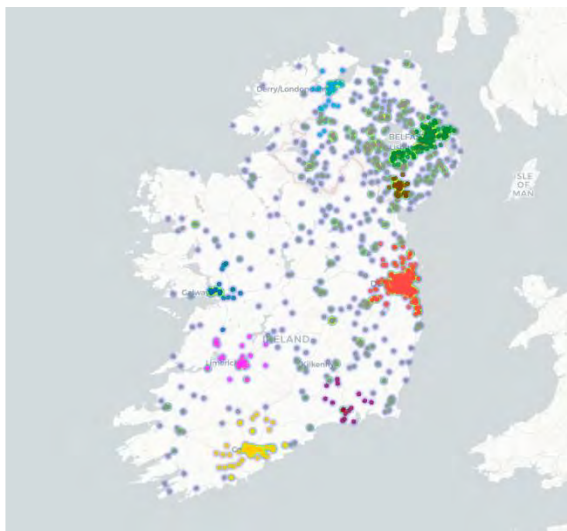
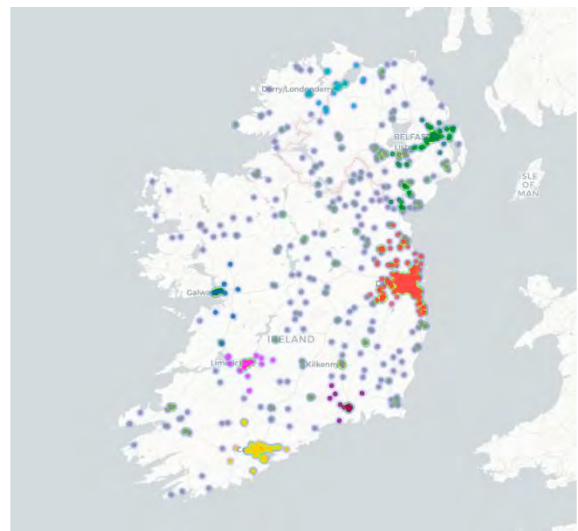


Figure 23: Geographic distribution AgriTech/FoodTech and Net Zero/ESG firms

Net Zero/ESG



AgriTech/FoodTech



9.3 Key findings

The Dublin-Belfast axis dominates across almost all sectors

Dublin and Belfast consistently appear as the two largest clusters in almost every sector, typically accounting for between 50% and 80% of SME firms and employment. This confirms the DBEC as the main functional geography for cross-border services activity, rather than merely a transport axis. The corridor has the scale, density, and connectivity through which cluster effects, knowledge spillovers, and firm-level linkages are most likely to operate. Cork is also a consistently present third hub across most sectors, while smaller clusters in Galway, Limerick, Derry, and Newry appear in selected sectors, although at significantly smaller scale. This points to a strongly urban and corridor-concentrated footprint for services activity.

Belfast brings distinct strengths to the corridor and not just scale

Within the Dublin-Belfast axis, the data suggests that the relationship is not one-sided. While Dublin dominates by scale, Belfast shows stronger growth signals in several knowledge-intensive activities, including Advanced Manufacturing and Emerging Digital. In Advanced Manufacturing, this includes momentum in areas such as robotics, semiconductors, and photonics, supported by research clusters linked to Queen's University and Ulster University. In Emerging Digital, Belfast also records strong employment growth, with AI and cybersecurity standing out as important areas of specialisation. This points to a corridor where both ends bring distinct and potentially complementary strengths, reinforcing the case for DBEC as a geography for two-way knowledge-intensive trade.

A small number of sub-sectors stand out as the clearest near-term opportunities

Construction Services overall stands out as the higher-value and more tradeable part of the construction value chain, with engineering consulting and engineering design showing stronger growth. In FinTech, Digital Identity and RegTech show the strongest growth signals and are well suited to firms operating across EU and UK regulatory environments. Within ICT, consultancy and other IT service activities provide the main source of scale, while software development and data infrastructure hardware add stronger growth signals, albeit a smaller bases. Advanced Manufacturing also shows clear potential, with robotics and autonomous systems and photonics and optical technologies combining reasonable scale with solid growth, reflecting Belfast's emerging specialisms in these areas. Life Sciences remains a priority sector, given its high-value activity, export orientation, and links to manufacturing, research, regulation, and specialist services.

There is a risk of an agglomeration shadow beyond the corridor

Secondary clusters in Cork, Galway, Limerick, and Derry are present across many sectors, but they are typically smaller than Dublin and Belfast and, in several cases, show weaker or more uneven growth. This creates a risk that deeper cross-border services integration primarily strengthens the DBEC region, particularly in highly concentrated sectors such as Financial & Insurance, ICT, and parts of FinTech. This sits alongside a wider regional development challenge, as national policy in IE seeks to reduce over-concentration in Dublin by supporting other cities by building scale, regional connectivity, digital infrastructure, and remote working. Without stronger connectivity, market visibility, and network access for firms

outside the main corridor, the benefits of deeper services integration could remain geographically narrow.

9.4 Recommendations: expanding market access, networks and sectoral clusters

Realising the potential for deeper cross-border services integration requires targeted interventions that improve market visibility, strengthen business networks, and support SMEs in identifying and pursuing opportunities. The recommendations below address these themes directly. The full set of recommendations across all four themes is presented in Chapter 10.

Recommendation: Improve visibility of cross-border opportunities

Issue addressed: Firms often cite limited visibility of opportunities across the border as a key deterrent; they are unaware of relevant contracts, partnerships or demand beyond their existing networks.

Proposal: InterTradelreland could explore practical ways to improve the visibility of public procurement opportunities across NI and IE, building on existing procurement platforms. Initially, this could take the form of a procurement information aggregator that brings together links to relevant tender portals (primarily eTenders, eTendersNI, and EU TED), explains where different types of opportunities are advertised, and provides practical tips on how to navigate procurement systems in both jurisdictions. This would help firms identify where to look, what to monitor, and how to approach public procurement opportunities across the border.

At a later stage, InterTradelreland could develop a voluntary opportunity alert service for firms that choose to register their sector, location, capabilities, and markets of interest. This could be supported by AI-assisted matching to flag relevant tenders, procurement notices, or partnership opportunities based on the firm's profile. The aim would not be to replace existing procurement systems, but to help SMEs monitor relevant opportunities more efficiently and reduce the risk that cross-border opportunities are missed.

Expected impact: By making cross-border opportunities more visible and accessible, this enables firms to identify and act on demand that previously they may not have been aware of and can also reduce the search costs and uncertainty associated with entering a new market for SMEs.

Recommendation: Promote cross-border partnerships to scale local presence

Issue addressed: For many service providers, especially those outside of the Belfast-Dublin corridor, the provision of services may require a degree of physical presence that is difficult to regularly fulfil due to travel time and cost constraints.

Proposal: InterTradelreland could facilitate targeted “match-making” between SMEs in both jurisdictions with complementary capabilities, enabling firms to discover trusted

partners across the border who could work on a different part of the value chain (e.g. on-the-ground delivery, client management or training). This could be achieved through structured networking initiatives including sector-specific events where InterTradelreland identify firms' specialisms and link them with complementary providers, an online partner database where firms can find potential collaborators based on applying filters for the specialisms they require, and practical support from InterTradelreland in developing joint bids.

Expected impact: Enables firms to enter the neighbouring market without needing to deliver the full service themselves, reducing the travel requirements that can often act as a deterrent for SMEs located outside of the well-connected Belfast-Dublin corridor. This can therefore open cross-border opportunities for firms that otherwise may have been unviable, and SMEs are likely to feel more confident in these partnerships if they are facilitated through a trusted organisation such as InterTradelreland.

Recommendation: Promote cross-border clusters in high-potential services sectors

Issue addressed: Lack of cross-border networks and market visibility limits firms' ability to identify partners and develop the relationships needed to support services trade, particularly outside the main corridor.

Proposal: InterTradelreland should **support and promote the development of cross-border sector clusters in high-potential services industries**, bringing together firms, educational institutions, intermediaries, trade bodies, and public agencies across both NI and IE. This should focus on linking complementary strengths across regions, particularly along key economic corridors, to build ecosystems where firms can collaborate, access talent, and jointly pursue opportunities on both sides of the border.

The cluster analysis developed in Chapter 9 provides a starting point for prioritising where this support could have the greatest impact. The Dublin-Belfast Economic Corridor emerges as the most developed cross-border cluster, with significant concentrations of activity in construction services, professional services, FinTech, and digital sectors on both sides of the border.

To make this actionable, InterTradelreland should begin with a single, focused pilot rather than an island-wide cluster programme. **As an initial stage, this pilot could focus on construction and related services, including engineering consulting, design, and other technical services, within the DBEC.** It could be delivered in collaboration with the DBEC Partnership and relevant sector bodies. Construction is a strong sector to lead with because it is one of the largest sectors in measured cross-border services trade, meaning the activity base already exists. It is also more geographically dispersed than several other priority sectors, with meaningful clusters beyond the corridor as well as within it. This makes it well suited to a model that could later be extended outward, rather than one confined to the corridor.

The pilot would help firms identify cross-border partners and combine their capabilities to win and deliver projects on both sides of the border. In practice, this would mean identifying firms with complementary strengths, brokering partnerships between them, and helping smaller firms join larger contractors' supply chains or form consortia to bid for work they could not win alone. It could also address workforce mobility by identifying where professional certifications differ across the border, helping firms and workers understand what dual certifications may be needed to operate in both jurisdictions, and advocating to relevant professional and standards bodies for closer alignment over time. Where firms face tax, payroll, procurement, or insurance issues, these could be routed through the Trade Hub and the compliance navigator in Recommendation 1.

Such clusters can support SME growth. For example, the CT Biotech cluster spanning the border of Spain and Portugal provides support services for smaller firms through training, advisory services, and financing support mechanisms. Similarly, the Øresund Medicon Valley cluster between eastern Denmark and southern Sweden shows how coordinated cross-border collaboration between firms and research institutions can build a shared ecosystem that combines complementary strengths to attract investment and support joint commercial opportunities.

While wider cluster development would need to involve relevant government departments and agencies, InterTradeIreland could play a practical convening role by facilitating collaboration between firms, intermediaries, sector bodies, local partners, and public agencies. It could also advocate for cluster development with the relevant government departments on both sides of the border.

There may also be scope to leverage existing funding mechanisms to support the development of clusters. Programmes such as PEACEPLUS, a €1bn+ EU-supported initiative focused on cross-border economic development, skills, and collaboration, could provide funding for joint innovation projects, SME support, and cluster-based initiatives.

Expected impact: Evidence from the OECD (2013) highlights how clusters can reduce the frictions that often deter firms, particularly SMEs, from collaborating across borders:

- **Market knowledge and visibility:** Clusters can increase firms' visibility of cross-border opportunities and partners by embedding them in shared business development activities and market insights, reducing the information gaps that may limit expansion into cross-border markets.
- **Practical and compliance frictions:** Shared infrastructure, advisory support and joint initiatives enable firms to navigate regulatory and market entry requirements more efficiently.
- **Trust and relationship-building:** By facilitating repeated interaction with cross-border partners, clusters strengthen trust between firms, which is critical in services sectors where relationships and tacit knowledge play a central role.
- **Enhancing SME capabilities to scale cross-border:** Access to shared training, innovation support and financing within the cluster can enable smaller firms to scale and participate in cross-border trade that may otherwise be out of reach.

10. Conclusion and Recommendations

10.1 Conclusion

Total cross-border trade between NI and IE has expanded rapidly over the last decade, and services are becoming an increasingly important component of that. Strong structural foundations including geographic proximity, shared culture and language, the Common Travel Area, and well-established commercial linkages are particularly favourable by international standards. Services trade has more than quadrupled in value since 2011 and now accounts for around 25% of total bilateral cross-border trade, a share that has grown consistently over the period. Even before the data adjustments developed as part of this project, NI-IE services trade intensity is already at the upper end of what comparable contiguous-border economies achieve, reflecting the depth of integration that already exists.

The evidence assembled through this project points to a clear message: **despite these strong foundations, there is still room to increase cross-border services trade.** For most firms and sectors, the main barriers are not primarily regulatory. They are practical, informational, and commercial, including uncertainty about compliance requirements, limited visibility of opportunities, gaps in market knowledge, and the time and cost of monitoring and complying with two different regulatory frameworks. These frictions disproportionately affect SMEs, which make up most cross-border traders on the island. The post-Brexit dual regulatory environment has added real complexity, particularly in financial services and professional activities where UK-EU divergence is already materialising, with rising concerns around AI and digital services. However, even here, there are well established work-arounds, and the main challenge is consequently navigating uncertainty and dealing with paperwork rather than facing prohibitions on cross-border activity.

Realising this potential will not happen automatically. The sectoral cluster analysis points to where the conditions for achieving such outcomes are already most favourable: construction services, FinTech, IT services, software development, cybersecurity, and Net Zero activities all show strong growth signals and clear cross-border potential along the Dublin-Belfast corridor and, in some sectors, beyond it. Realising this, however, requires concerted and sustained action to reduce friction, improve visibility and build the networks through which services trade flows.

This is precisely the type of action that InterTradelreland and its partners are positioned to lead. The fifteen recommendations set out in this report reflect an evidence-based, actionable agenda. **They are practical, largely within InterTradelreland's direct remit or sphere of influence, and are directly grounded in the research and stakeholder consultation evidence gathered throughout this project.** They are organised across four themes: mitigating practical and regulatory barriers; incentivising trade through visibility, market access, and networks; supporting cluster development and sectoral growth; and strengthening the evidence base. The recommendations within each theme are presented and discussed in the relevant chapters of this report; the following section provides a consolidated summary with an assessment of impact, time horizon and priority to guide implementation.

10.2 Summary of recommendations

The fifteen recommendations outlined in the previous chapters of this report are summarised in the table below, with additional assessments of impact, time horizon and priority to guide implementation:

- **Impact** is assessed on a High/Medium/Low basis, reflecting the breadth of firms and sectors affected and the magnitude of the likely change to cross-border trade dynamics.
- **Time horizon** indicates whether a recommendation can be initiated and begin to deliver within 12-18 months (Short-term), requires 2-3 years of development (Medium-term), or depends on structural or institutional change that will take longer to realise (Long-term).
- **Priority** combines both dimensions, with High Priority recommendations being those that are both high-impact and actionable in the near term, and therefore the most compelling starting points for InterTradelreland's implementation programme.

Recommendation	Summary	Impact	Time horizon	Priority	Chapter
Theme 1: Mitigating practical and regulatory barriers					
1. AI-assisted compliance navigator and support marketplace	InterTradelreland should design, develop and maintain an AI-assisted compliance navigator giving firms tailored guidance by sector, delivery mode, and market, built as a self-serve tool embedded within its existing Trade Hub and grounded in InterTradelreland's own verified Level 1 and Level 2 advisory guidance. Alongside this, InterTradelreland should curate and operate a marketplace linking firms to vetted support providers across key activities such as tax registration, payroll, licensing and FX, under standardised terms.	High	Short-term	High	Ch. 8
2. Advocate for mutual recognition of	InterTradelreland should act as the lead evidence based advocate for an	High	Long-term	Medium	Ch. 8

professional qualifications	all-island accreditation framework or facilitate sector-by-sector regulator-to-regulator recognition agreements, making the case to relevant government departments and professional regulatory bodies and using its evidence base to raise the profile of the practical burden the current patchwork places on SMEs. As an interim measure within its direct control, InterTradelreland should compile and publish clear, centralised guidance on existing cross-border qualification pathways to improve transparency for firms.				
3. Strengthen intermediary support and accessibility	InterTradelreland should develop and operate a support programme for cross-border advisers such as accountants, legal advisers and business consultants, supported by regular briefings and a centralised resource hub. InterTradelreland should establish and administer a formal accreditation scheme with a publicly searchable directory of certified advisers that complements the navigator in Recommendation 1. InterTradelreland should convene sector-specific working groups, using the regulatory intelligence	High	Short-to-medium	High	Ch. 8

	they generate to shape its own guidance materials and feed into InterTradelreland advocacy.				
4. Encourage and elevate SME skills for remote service delivery	InterTradelreland should develop and deliver targeted training in virtual pitching, remote client engagement and digital delivery best practice, including areas such as cloud-based project management and virtual communication, sourcing and packaging case studies of NI and IE firms already trading cross-border without a physical presence and prioritising firms located outside the Belfast-Dublin corridor.	Medium	Short-term	Medium	Ch. 8

Recommendation	Summary	Impact	Time horizon	Priority	Chapter
Theme 2: Incentivise trade through visibility, market access, and networks					
5. Improve visibility of cross-border opportunities	InterTradelreland should build and maintain an integrated public procurement portal spanning both jurisdictions alongside a structured firm directory recording specialisms and service offerings, and should operate the matching and notification function itself so that it proactively alerts firms to relevant cross-border contracts and opportunities as they arise.	High	Short-to-medium	High	Ch. 9
6. Promote cross-border partnerships to	InterTradelreland should facilitate targeted match-making between SMEs with	Medium	Medium-term	Medium	Ch. 9

scale local presence	complementary capabilities, convening and running sector-specific events at which it identifies firms' specialisms and links them with complementary partners across the border, building and hosting an online partner database with specialism filters, and providing hands-on support in developing joint bids, acting as the trusted intermediary that gives SMEs the confidence to partner cross-border.				
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Recommendation	Summary	Impact	Time horizon	Priority	Chapter
Theme 3: Supporting cluster development and sectoral growth					
7. Promote cross-border clusters in high-potential services sectors	InterTradelreland should support development of cross-border sector clusters such as Belfast-Dublin and emerging hubs such as the Northwest, playing a convening role by facilitating collaboration between firms, educational institutions, intermediaries, trade bodies and public agencies, and lobbying the relevant government departments on both sides of the border to lead and resource cluster development. InterTradelreland should actively pursue funding through mechanisms such as PEACEPLUS to support joint innovation projects, SME support and cluster-based initiatives, drawing on models such as the Øresund Medicon Valley and CT Biotech.	High (long-run)	Long-term	Medium	Ch. 9

Recommendation	Summary	Impact	Time horizon	Priority	Chapter
Theme 4: Strengthening the evidence base					
8. Commission sector-specific deep dive studies	InterTradelreland should commission and steer a series of analytical studies covering the five largest sectors for cross-border services trade: construction, financial services, professional services, manufacturing, and transport & storage.	High	Short-term	High	Ch. 8

9. Commission an all-island services monitor	InterTradeIreland should introduce a services-focused pulse survey to generate timely directional indicators of all-island services activity. The survey would track whether cross-border services revenues are increasing, stable, or declining, with results potentially weighted by sector and firm size to produce indicative growth estimates. It would also include a small number of focused questions on challenges to trade, providing a more timely evidence base for business support and policy advocacy.	High	Short-term	High	Ch. 4 & 9
10. Engage with CSO to demonstrate the relevance and value of publishing bilateral NI-IE EBOPS data	InterTradeIreland should lead senior-level engagement with the CSO to prioritise processing and publication of NI-IE bilateral services trade data already collected through the BOP40A survey under the EBOPS framework.	High	Medium-term	High	Ch. 4 & 9
11. Engage with CSO to demonstrate the relevance and value of publishing bilateral NI-IE data on an ISIC basis	As part of the same senior-level CSO engagement, InterTradeIreland should advocate specifically for an NACE/ISIC-based release alongside any EBOPS output, framing the case around the analytical value of being able to reconcile CSO and NISRA estimates	Medium	Medium-term	Medium	Ch. 4 & 9

	directly and cross-validate the bilateral picture.				
12. Engage with NISRA to demonstrate the relevance and value of enhancing NIETS services trade data	InterTradelreland should engage NISRA to advocate for a review of whether a supplementary or redesigned NIABI-based methodology could expand coverage to sectors currently excluded (especially financial services and tourism) and improve sectoral granularity and regional disaggregation, offering practical input by pointing to usable sources for imputation such as Input-Output tables and visitor expenditure data from Tourism NI and Fáilte Ireland; delivery sits with NISRA while InterTradelreland's role is to champion and evidence the need.	High	Long-term	Medium	Ch. 4 & 9
13. Engage with NISRA to explore options to improve the timeliness of NIETS	InterTradelreland should make the user case to NISRA for reducing the current 2+ year publication lag, including publishing provisional figures ahead of final data, informed by an assessment of whether the lag is structurally reducible.	Medium	Medium-term	Medium	Ch. 4 & 9
14. Develop enhanced modelling for timely services trade insights	InterTradelreland should sponsor and commission the next stage of analytical development building on the proxy indicator framework	Medium	Medium-term	Medium	Ch. 6 & 9

	developed in this project, scoping and funding a nowcasting model that combines multiple demand, capacity and cost indicators to provide timelier and more predictive estimates of cross-border services trade between official releases.				
15. Convene CSO, NISRA, and other stakeholders through an annual evidence roundtable	InterTradelreland should convene and act as a host and secretariat for an annual forum bringing together CSO, NISRA, InterTradelreland and other stakeholders to review the state of the NI-IE services trade evidence base, discuss methodological developments, and assess and update the adjusted estimates. This positions InterTradelreland as the institutional anchor that keeps the evidence base live and actionable rather than a one-off exercise.	High (systemic)	Short-term	High	Ch. 4 & 9

10.3 An indicative assessment of the potential uplift

To provide an **indicative assessment of the scale of opportunity**, a simple framework was used to assess each recommendation against each sector. This should not be interpreted as a forecast or central estimate of the impact of the recommendations. It is an illustrative upper-bound scenario designed to show the possible scale of opportunity if the recommendations were implemented fully and effectively over time. This was **based on professional judgement, informed by the findings of this project**, including the adjusted trade figures, stakeholder interviews, sectoral evidence, and wider desk research. Each recommendation was assessed using a three-point relevance scale (i.e. low, medium, high), to reflect how far it addresses binding barriers in each sector and was then combined with an assumed maximum uplift under full implementation. Higher uplifts were generally assumed for service exports from IE to NI, reflecting the project's finding that current trade is imbalanced and that

there is greater scope for growth in that direction. The resulting estimates are therefore illustrative and directional rather than predictive or precise. More detailed methodological information is provided in the Annex.

Taken together, the illustrative upper-bound scenario suggests a combined **potential uplift of around £3.7bn (approx. €4.3bn)** at 2024 constant prices, comprising **£2.1bn (approx. €2.4bn) in additional services exports from NI to IE and £1.6bn (approx. €1.8bn) from IE to NI**. This would represent increases of 58% and 95% respectively on adjusted exports, with the larger proportional gain on exports from IE to NI consistent with the greater untapped potential identified in that direction. These uplifts would raise services exports from NI to IE and services imports from IE to NI to the equivalent of 9.7% and 5.5% of NI GDP respectively, up from around 6.2% and 2.8% at present. As a share of IE GDP, the uplift would still amount to less than 1%, although this partly reflects the well-known distortion in Ireland's headline GDP measure caused by multinational-related transactions.

The estimated gains are concentrated in a small number of sectors, with **Construction, Professional Services, and Financial Services accounting for most of the uplift** in both directions. The largest single contribution comes from easing qualification-related barriers, particularly in sectors where cross-border activity depends on recognition of credentials and professional eligibility. Notably, for financial and insurance services, the estimated impact assumes that current passporting rights continue to operate as they do at present under the post-Brexit framework.

It should be emphasised that these estimates represent an upper bound, reflecting the combined effect of all recommendations being implemented. In practice, realising this potential would require sustained effort over several years, and the figures are **best understood as an illustration of the scale of the opportunity**.

10.4 Looking ahead

The findings of this project tell a story of both achievement and untapped opportunity. Cross-border services trade has grown substantially, and the structural conditions for further deepening are strong. But the evidence is equally clear that realising the remaining potential will not happen passively. It will require sustained action to reduce practical frictions, improve visibility of opportunities, and strengthen the networks and support systems through which services trade develops.

The central insight from this research is straightforward. When firms identify a relevant commercial opportunity to trade cross-border, there is usually a way to make it happen. The barriers are real, but they are generally navigable. In many cases, firms already rely on well-established workarounds and coping strategies to manage them in practice. These often require time, expertise, and internal resource that smaller firms may not always have, but they show that the barriers are typically surmountable rather than prohibitive. The challenge is therefore not usually the absence of a route forward. It is whether enough firms can see the opportunity clearly, judge it worth pursuing, and access the support needed to act on it.

That is why the next phase of the agenda matters. Firms need confidence that the compliance landscape is manageable, that trusted guidance is accessible, and that the practical complexity of operating across two jurisdictions does not have to be a reason to hold back. They also need better visibility of where demand exists, which partners could help them reach

it, and where the strongest opportunities lie across the clusters and corridors that are already beginning to take shape. Just as importantly, InterTradelreland and its partners need a stronger and more current evidence base, one that is maintained, updated, and acted on rather than produced once and left to age.

This project has established the broad picture. It has shown the scale of the bilateral relationship, the structural conditions that support it, the barriers that still constrain it, and the sectors and geographies where potential is most concentrated. The next step is greater depth. Construction, financial services, manufacturing services, professional services, IT services, and life sciences each have their own regulatory touchpoints, delivery dynamics, and firm-level realities that aggregate analysis cannot fully capture. Sector-specific intelligence is therefore not a secondary refinement to the support agenda. It is the next stage of making that agenda genuinely effective.

For SMEs on both sides of the border, a stronger, more visible, and better-supported all-island services market is not a distant ambition. It is one of the most accessible growth opportunities available. InterTradelreland's role is to help more firms recognise that, and to make the path into cross-border trade clearer, more practical, and more achievable.

Annex 1: Glossary of Key Terms

All-Island Business Monitor (AIBM): InterTradeIreland's periodic survey tracking business sentiment and activity across NI and IE, used in this report as a source of qualitative intelligence on cross-border trade conditions.

Balance of Payments (BoP): A statistical statement summarising all economic transactions between residents of an economy and the rest of the world over a given period. The IMF's BPM6 manual provides the international standard framework, within which services trade is classified using EBOPS.

BOP40A Survey: The CSO survey instrument used to collect services trade data as part of IE's Balance of Payments compilation. CSO collects NI-specific bilateral data through this survey but does not currently process or publish it at a bilateral NI-IE level.

Common Travel Area (CTA): A long-standing arrangement between the UK and Ireland that allows British and Irish citizens to move freely and reside in either jurisdiction without immigration controls, facilitating Mode 4 services trade.

CSO (Central Statistics Office): The official statistics agency of IE responsible for compiling and publishing IE's Balance of Payments services trade data on an EBOPS basis.

Dublin-Belfast Economic Corridor (DBEC): The functional economic geography linking Dublin and Belfast via the M1/A1 motorway corridor, including surrounding urban areas and key nodes such as Newry, Dundalk, and Drogheda. The DBEC is the dominant geography for cross-border services activity across almost all sectors analysed in this report.

EBOPS (Extended Balance of Payments Services Classification): The internationally standardised product-based classification for services trade, organising services by the type of service traded (e.g. financial services, computer services, travel). Used by CSO and recommended by the IMF; not currently available for bilateral NI-IE trade.

GATS (General Agreement on Trade in Services): The WTO's multilateral agreement governing international trade in services. Defines the four Modes of Supply framework used throughout this report to analyse how services are delivered and where barriers arise.

GVA (Gross Value Added): A measure of the value of goods and services produced in an economy, sector, or region, net of input costs. Used in this report as an indicator of economic output and to express trade as a share of the economy.

Mode of Supply: Under the GATS framework, the four channels through which services can be traded across borders: Mode 1 - Cross-border supply (e.g. remote digital delivery); Mode 2 - Consumption abroad (e.g. a consumer travelling to receive a service); Mode 3 - Commercial presence (e.g. establishing a subsidiary in the destination market); Mode 4 - Movement of natural persons (e.g. staff travelling temporarily to deliver a service). The mode of supply determines which regulatory requirements apply and which barriers a firm is likely to face.

NIABI (Northern Ireland Annual Business Inquiry): The firm-level survey conducted by NISRA that underpins the NIETS dataset. It collects data on the value of sales and purchases across geographic markets, classified by the respondent firm's primary SIC industry. By design, it covers only non-financial business economy activities.

NIETS (Northern Ireland Economic Trade Statistics): NISRA's published dataset providing bilateral NI-IE services trade flows at the SIC sector level. The primary empirical foundation for this report's analysis of cross-border services trade. Published with a lag of approximately 12-15 months and excludes financial services and tourism by design.

NISRA (Northern Ireland Statistics and Research Agency): The official statistics agency for Northern Ireland, responsible for publishing NIETS and other official statistics cited throughout this report.

Proxy indicator: An observable economic variable used to provide a timely signal of directional change in a measure that is unavailable or lagged. In this report, proxy indicators are used to track trends in NI-IE services trade between official NIETS releases, drawing on publicly available data from CSO, NISRA, and ONS.

SIC (Standard Industrial Classification): The UK's industry-based classification system (SIC 2007), categorising businesses by their primary economic activity. Used in NISRA's NIETS data. Captures who produces a service rather than what service is traded, which limits direct comparability with EBOPS-based international data.

SME (Small and Medium-sized Enterprise): A business below defined size thresholds; generally fewer than 250 employees and turnover below €50m in the EU and UK context. SMEs account for the majority of cross-border traders on the island and are the primary beneficiary group for InterTradeIreland's support programmes.

TCA (Trade and Cooperation Agreement): The agreement governing the UK-EU trade relationship following Brexit, providing for tariff-free trade in goods but only limited liberalisation provisions for services, broadly equivalent to WTO-level commitments. Governs the regulatory context for NI-IE services trade alongside the Windsor Framework.

Windsor Framework: The 2023 agreement between the UK and EU revising the Northern Ireland Protocol, primarily addressing the movement of goods between Great Britain and Northern Ireland. Its provisions do not extend to services trade, which continues to be governed by the TCA.

Annex 2: Sector proxy summary

Proxy indicators were identified and validated for six individual sectors in addition to total services trade. The table below summarises the selected proxies and their correlations with observed NISRA trade data for each sector and direction of trade.

Table 29: Overview of selected sectoral proxies by direction of trade

Sector	NI exports to IE proxy (correlation)	IE exports to NI proxy (correlation)
Total Services Trade	IE Average Hourly Labour Cost - Total Economy (+0.7)	NI Annual Gross Pay - Total Economy (+0.5)
Construction	IE Average Hourly Labour Cost - Construction (+0.60)	NI Construction (Output) Index (-0.10)*
Manufacturing	IE Weekly Earnings - Manufacturing (+0.4)	NI GVA Growth - Manufacturing (-0.3)*
Transportation & Storage	CSO Goods Imports from NI into IE (+0.50)	IE Employment - Transportation & Storage (+0.40)
Wholesale & Retail Trade	IE-NI Wholesale & Retail GVA Growth Differential (+0.5)	NI Real Household Disposable Income Growth (+0.10)*
Information & Communication	NI GVA Growth - Information Service Activities (+0.5)	NI GVA Growth - Information & Communication (-0.7)
Professional, Scientific & Technical	NI Index of Services - Business Services & Finance (+0.40)	NI Annual Gross Pay - Professional, Scientific & Technical (+0.50)

* Following the incorporation of 2024 services trade data, the correlation coefficient for three proxies fell below the minimum threshold of 0.3. These were:

- IE → NI Construction services trade (NI Construction Index): The coefficient for this proxy weakened from -0.7 to -0.1
- IE → NI Manufacturing services trade (NI GVA growth in Manufacturing): The coefficient for this proxy weakened from 0.8 to 0.3
- IE → NI Wholesale & Retail services trade (NI real household disposable income growth): The coefficient for this proxy weakened from 0.4 to 0.1

For **NI exports to IE**, most proxies are demand-side indicators in IE, reflecting that NI's export success is driven substantially by demand conditions in the IE market. For **IE exports to NI**, the theoretical foundations for proxies are more mixed. In some sectors, **positive supply-side indicators in IE** (such as employment growth) point to **stronger export capacity**. In others, **negative domestic supply indicators in NI** point to **substitution dynamics**: when NI's domestic capacity expands in a given sector, firms substitute towards domestic providers and away from cross-border sourcing, consistent with NI and IE services being treated as imperfect substitutes in those sectors.

Proxy indicators are directional signals rather than precise estimates of trade levels or growth, a distinction that is even more relevant at the sectoral level than for the total aggregate. For total services trade, both proxies exhibit relatively robust correlations and have been validated by the 2024 NIETS outturn, as discussed above. **At the sectoral level**,

however, the picture is more mixed. Several proxies that demonstrated meaningful correlations over the historical period saw their statistical strength weaken following the incorporation of 2024 services trade data. Sectoral services trade data in the NI-IE bilateral context is inherently volatile: individual sectors can be dominated by a small number of large transactions, coverage gaps create discontinuities in the time series, and estimates are subject to substantial revision as later data becomes available. Correlations calculated against such a series will always be more fragile than those derived from aggregate totals, where individual fluctuations tend to average out.

The framework should therefore be understood and applied with this in mind. The total services trade proxies offer the most reliable forward-looking signal and are the appropriate starting point for any monitoring exercise. The sectoral proxies provide useful supplementary context, particularly where the economic logic is strong and the historical relationship has been stable but should be treated as indicative of direction rather than confident predictions of sectoral outturns.

Annex 3: Overview of stakeholder interview responses

Table 30: Overview of stakeholder interview responses

Sector	Type	Location	Size	Modes of Supply	Key Findings	Other Challenges
Software / EPOS	Services	NI	<50	1, 4	1, 2, 4	VAT issues and hardware sourcing, but largely resolved
Label Manufacturing	Hybrid	IE	<50	1, 4	1, 6	FX, but not as a major barrier; interest in support to grow business in NI
Timber Products Manufacturing	Hybrid	NI	<50	4	1, 3, 4, 6, 7	VAT number collection; long-distance deliveries
Insurance & Finance	Services	NI/IE	<50	1, 3, 4	1, 2, 3	Client software limitations; reluctance to take distant clients
Transport / Logistics	Hybrid	IE	10-20	4	1, 3, 4	Traffic, motorway breakdowns, and customs/VAT issues linked to UK flows
Trade Body (Insurance / Finance)	Services	NI/IE	100+	3, 4	1, 2, 5, 7	Payroll and pension complexity; SMEs priced out by paperwork and fees
Engineering (Pumps / Components)	Hybrid	IE	<10	1	1, 4, 5, 6	Some couriers route IE to UK to NI; smaller NI market and lower visibility
Tech & Creative / Startup Support	Services	IE	50-100	1, 2, 4	1, 3, 5	Travel costs, broadband limits, distance, weaker networking when remote
Life & Health Sciences	Hybrid	NI	<50	1, 4	1, 4	Courier delays, pick-up/drop-off timing, and late deliveries
Construction (Recycling Plants)	Hybrid	NI	50-100	4	1, 2, 3, 4	Hiring outside the UK
IT / Software	Services	NI/IE	50-100	1, 3	1, 2, 5, 6	Tax issues, Brexit uncertainty, and NI tendering concerns
Transport / Logistics	Hybrid	NI	<50	4	1, 3, 7	Parking / service-area shortages; fuel cost asymmetry; customs inspection delays
Media / Creative Services	Services	NI	<10	4	1, 3, 5, 6, 7	Public liability paperwork, FX / banking costs
Finance & Insurance	Services	IE	<50	1, 4	1, 2, 3, 4	Data verification delays; legal cost exposure; FX / VAT pricing issues
Manufacturing Consultancy	Services	NI	<25	1, 2, 4	1, 2, 5, 6, 7	Higher insurance requirements in ROI tenders; risk-averse clients
Trade Body (Cybersecurity)	Services	IE	200+	1, 2, 4	1, 2, 5, 6	Public procurement seen as restrictive; NI cluster maturity / capacity gap

Annex 4: Clustering methodology

Clusters were identified using the HDBSCAN algorithm, a density-based method that groups firms based on geographic proximity. Rather than requiring a predefined number of clusters, it uses a minimum cluster size to identify meaningful groupings. This helps identify natural concentrations of activity and highlight where cluster dynamics may be present.

After the clustering algorithm was run, new clusters were added for Belfast, Cork, Derry, Limerick, Galway, and Waterford where these cities were not represented in a given sector. This was done to ensure consistent geographic coverage across sectors. New clusters were defined using a 30km radius around each city centre. Existing algorithm-based cluster assignments were left unchanged. Dublin was already present across all sectors. For Screen Industries only, a 40km radius around Dublin city centre was applied to merge nearby Dublin-area clusters.

Given the economic significance of the Dublin-Belfast Economic Corridor (DBEC), a separate corridor metric was also constructed. Companies were classified as part of the DBEC if they fell within a 50km radius of Dublin or Belfast city centre, or within a 35km radius of Newry, Dundalk, or Drogheda. These catchment areas were chosen to capture the functional economic geography of the corridor, including the area between the two main cities. Firms outside all five areas were classified as Rest of IE-NI.

The Life Sciences sector required additional cleaning prior to analysis. A subset of firms classified under SIC code 86210, general medical practice activities, were identified as sole-practitioner GP and clinical trading vehicles rather than life sciences businesses in the intended sense of the sector definition. These firms were identified using name-matching against keywords associated with individual medical practices and were removed from the sector. Just over 1,000 firms were excluded on this basis, while ambiguous cases were retained. This brought the sector into closer alignment with its intended scope.

A further sector-specific adjustment was made to the cluster structure for Manufacturing and Advanced Manufacturing. In both sectors, the algorithm produced small and geographically proximate clusters around Limerick and Galway that were too limited to support robust analysis separately. In Manufacturing, a cluster of 39 companies in the Galway area was merged into the larger Limerick cluster, creating a combined Limerick-Galway cluster of 750 companies. In Advanced Manufacturing, the equivalent Limerick and Galway clusters, comprising 194 and 112 companies respectively, were merged on the same basis. In both cases, the two cities were judged sufficiently close geographically, and sufficiently similar in sectoral profile, for a combined regional cluster to be more analytically robust than two smaller standalone clusters. All other cluster assignments were left unchanged.

Annex 5: An estimate of the potential uplift from the recommendations

To provide an indicative assessment of the **potential impact of each recommendation**, a simple two-stage framework was applied. This **should not be interpreted as a forecast or central estimate of the impact of the recommendations**. It is an illustrative upper-bound scenario designed to show the possible scale of opportunity if the recommendations were implemented fully and effectively over time.

In the first stage, each recommendation was assessed against each sector using a three-point relevance scale: low (20%), medium (50%), and high (100%). These scores reflect our **professional judgement, informed by the findings of this report**, of the extent to which each recommendation addresses barriers that are binding in that sector, based on the evidence presented in the preceding chapters. Notably, these estimates are not derived from econometric modelling and **should therefore be treated as indicative rather than precise**.

Table 31: Assessment of intensity of barriers addressed by recommendations by sector

Sector	Compliance Support	Qualification Recognition	Market Visibility	Partnerships & Match-making	Cluster Development
(A) Agriculture, Forestry And Fishing	Low	Low	Low	Low	Low
(B) Mining And Quarrying	Low	Low	Low	Low	Low
(C) Manufacturing	Mid	Low	Low	Mid	High
(D) Electricity, Gas, Steam And Air Conditioning Supply	Low	Low	Low	Low	High
(E) Water Supply; Sewerage, Waste Management, etc.	Low	Low	Low	Low	High
(F) Construction	Mid	Mid	High	High	High
(G) Wholesale And Retail Trade, etc.	Low	Low	Low	Low	Low
(H) Transportation And Storage	Low	Mid	Low	Mid	Low
(I) Accommodation And Food Service Activities	Low	Low	Low	Mid	Low
(J) Information And Communication	Mid	Mid	Mid	High	High
(L) Real Estate Activities	Low	Mid	Low	Low	Low
(M) Professional, Scientific And Technical Activities	High	High	High	High	High
(N) Administrative And Support Service Activities	High	Mid	High	High	High
(P) Education	Mid	High	Mid	Mid	Low
(Q) Human Health And Social Work Activities	Mid	High	Mid	Mid	High
(R) Arts, Entertainment And Recreation	Mid	Mid	Mid	Mid	High
(S) Other Service Activities	Low	Low	Mid	Mid	Low
Other sector not disclosed	Low	Low	Low	Low	Low
Financial and insurance activities	Mid	Low	Low	Mid	Mid

In the second stage, a potential impact estimate was defined for each recommendation. This **was also based on our professional judgement, informed by the findings of this report**, and represents the upper bound of impact under full relevance, that is, the percentage increase in cross-border services trade that could be expected if the intervention were fully effective. To reflect one of the project's key findings, we generally assumed a higher potential uplift from IE to NI, given the current trade imbalance and the view that there is greater scope for additional growth on that side through improved visibility and more active support.

Table 32: Assessment of baseline potential impact

	Compliance Support	Qualification Recognition	Market Visibility	Partnerships & Match-making	Cluster Development
Potential increase (baseline)	15%	80%	5%	5%	10%

The sector-level impact estimate for each recommendation was then derived by multiplying the relevance score by the anchor value. This produced an indicative estimate of upside by sector and initiative, which can be used to help prioritise interventions and identify where expected gains are most concentrated.

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