

When Harry Met Agri

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As we enter the week of the Balmoral Show, it is worth reminding ourselves that Northern Ireland has a proud tradition of excellence within both the agriculture and manufacturing sectors. One individual who successfully straddled both fields, and who has become a household name, was Henry George Ferguson. “Harry” (*as he was more commonly known*) Ferguson is best known for his development of the modern agricultural tractor and his name lives on with the iconic Massey Ferguson brand today. But Harry Ferguson’s success and pioneering developments didn’t stop there. He also became the first Irishman to build and fly his own aeroplane and developed the first four-wheel drive Formula One car – the Fergusson P99.

Indeed, this year marks the sixtieth anniversary of the formation of Massey Ferguson which came about from the merger of the Canadian firm Massey-Harris with Harry Ferguson’s own company. Prior to this merger in 1953, Harry Ferguson was doing deals with the global business giants of their day such as Henry Ford Senior. He too was a global giant in terms of being an engineer, inventor and businessman. Only when penning this article did I realise that I was doing so from the site of Harry Fergusson’s former showroom at Ulster Bank on Donegall Square East, Belfast.

Harry Fergusson is just one example of a company that started off from humble beginnings and by linking up with a Canadian partner became a global success story. Unfortunately for Northern Ireland the manufacturing production and employment associated with Harry Fergusson’s legacy lies beyond these shores.

Other examples of local success stories that have entered into alliances with North American companies include: FG Wilson (*Engineering*) founded by Fred Wilson in 1966 and is now a subsidiary of Caterpillar; and Short Brothers which was bought by the Canadian firm Bombardier in 1989. These foreign-owned firms are an important source of employment and account for a significant share of Northern Ireland exports. Last year Bombardier was the third largest private sector employer in Northern Ireland with 4,990 employees and Caterpillar Corporation (*formerly FG Wilson*) with 2,923 employees was ranked tenth.

Since the 1970s, the relative importance of Northern Ireland’s manufacturing sector, like economies elsewhere, has been waning. Manufacturing output accounts for 15% of Northern Ireland’s total annual economic output (*Gross value added or GVA*) – half the level relative to the 1970s. In terms of jobs, in 1971 almost 180,000 people were employed in the manufacturing sector which was one third of total employment. Fast forward 41 years and manufacturing employment has shrunk from 1 in 3 of all jobs to less than 1 in 9. In Q4 2012 there were just 74,340 manufacturing employee jobs.

The headline figures quoted earlier conceal significant growth and opportunities within the manufacturing sector. Textiles and ship building are no longer the powerhouses they once were, but other industries within manufacturing have been on the rise and offer significant growth potential. In particular, these include engineering, food & drink and pharmaceuticals.

Wrightbus of Ballymena is keeping Harry Ferguson's spirit of vehicle design and manufacturing alive, having established itself as a leading global player in the public transport vehicle market. Meanwhile another Ballymena firm with almost 1,000 employees, tyre manufacturer Michelin, is keeping the wheels turning in the European vehicle market. And there are other excellent, successful companies in engineering and pharmaceuticals including Montupet, Radox, Almac and Norbrook.

Whilst a number of the aforementioned engineering firms have announced new orders, and indeed in some cases record orders, Northern Ireland's engineering sector has still not fully recovered from the savage 2008/09 recession. Engineering output fell by almost 40% in just five quarters between Q2 2008 and Q3 2009. Over 60% of this lost output was regained in just two years. However, engineering output has fallen by almost 7% in the last three quarters of 2012 and as of Q4 2012 just half of the output lost during the recession had been recouped.

Within engineering, the *Transport Equipment* sector (includes *Wrightbus & Bombardier*) has fared much better than the other engineering sub-sectors. Output in Q4 2012 was just 10% below its pre-downturn peak. Meanwhile, the rest of engineering which includes the *Machinery & Equipment* and *Computer, Electronic, Electrical & Optical Products* sub-sectors have regained only 41% and 25% of the output they have lost during the recession.

The pharmaceuticals and food & drink sectors have fared much better than other parts of Northern Ireland manufacturing. Output within the *Chemicals & Pharmaceutical Products* sector is currently at a record high with output 22% higher than the level prevailing in Q2 2008 (*the pre-recession peak in manufacturing output*). Meanwhile, output within our *Food, Drink & Tobacco* sector is also higher (+3.7%) than the level that prevailed before the manufacturing sector entered recession. These gains in output have also been accompanied by gains in employment, bucking the trend of most other sectors during the recession.

So Northern Ireland's proud tradition of excellence within both manufacturing and agri-food lives on. The challenge is to cultivate more Henry George Fergusons, because whilst Northern Ireland has world-class manufacturing companies, the economy needs more of them.

Richard Ramsey,
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