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Oireachtais  
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Oireachtas**

**TITHE AN OIREACHTAIS**

*An Comhchoiste um Poist, Fiontar agus Nuálaíocht*

Tuarascáil ar an nGeilleagar Uile-Oileáin.

Eanáir 2016

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**HOUSES OF THE OIREACHTAS**

*Joint Committee on Jobs, Enterprise and Innovation*

Report on the All-Island Economy.

January 2016

**31 JEI 023**





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## 1. Chair's Foreword



Marcella Corcoran Kennedy  
TD  
**Committee Chair**  
(FG)

At a meeting of the Joint Committee on Jobs, Enterprise and Innovation on 30 September 2014, it was agreed that, as part of its work programme for 2015, the Joint Committee would examine the issue of "*The All-Island Economy*." Deputy Peadar Tóibín offered to act as the Rapporteur for the Committee and this was agreed.

The Committee, over three days of meetings, met with a wide range of stakeholders to elicit their views. All written submissions, opening statements and presentations received and the transcripts of the public meetings of the Joint Committee at which the various organisations and individuals gave evidence can be electronically accessed on the Committee's website as outlined in Sections 3.2 and 3.3 of this report.

On behalf of the Joint Committee, I would like to express my gratitude to Deputy Tóibín, to Committee members, particularly those members of the sub-group, for their input; to the organisations and individuals who came before the Joint Committee to give evidence; and to the Committee Secretariat for the work involved in producing the report.

There are economic challenges facing both parts of the island as a result of the Border. Maximising island-wide trade and job creation is a key priority for the Joint Committee on Jobs, Enterprise and Innovation. To this end, our discussions with stakeholders focussed on how we can enhance the strategic interests of the entire island through cross-border co-operation and innovation. It is clear that there is a need to develop practical collaboration at an economic level in order to exploit the potential that exists.

This report makes a number of detailed recommendations which, if implemented, the Committee feels would deliver the full potential of the All-Island Economy and, in particular, positively affect both employers and employees in the Border area.

The Joint Committee, for its part, is fully committed to monitoring the progress being made on the on-going implementation of the recommendations contained in this report, as well as other policy initiatives, in close consultation with those Ministers, Departments, State Agencies and other stakeholders with responsibility for policy in this area.



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Marcella Corcoran Kennedy, T.D.,  
Chair,  
Joint Committee on Jobs, Enterprise and Innovation.  
21 January 2016.

## 2. Rapporteur's Foreword



Peadar Tóibín TD  
**Rapporteur**  
(SF)

The objective of each member of the Oireachtas Committee on Jobs, Enterprise and Innovation is to improve the economic wellbeing of citizens in the state. Although we may differ in how that can be achieved it's important that we proceed in an empirical fashion and on the basis of evidence.

The process of writing this report has involved up to 100 people from throughout the island and from differing backgrounds. Academics, business people, trade unions, trade organisations, public representatives, farmers and state officials from local authorities and administrations have all generously given of their time, knowledge and experience. Despite differing backgrounds it's safe to say that each one was of the view that where co-operation and collaboration are mutually beneficial economically we should proceed.

Business, enterprise, trade, innovation, employment and service delivery seek two things; demand and the path of least resistance. Many aspects of the Border and the disjointed economic regimes on the island act as resistance to the development of these drivers of growth and prosperity. Logic dictates that in order to improve the economic wellbeing of citizens North and South we have a responsibility to eliminate the barriers to growth and prosperity.

We must also remind ourselves that during the Good Friday Agreement, in Europe after World War 2 and in many other locations since, trade and economic integration are valuable tools in underpinning peace.

However co-operation is not an easy challenge. The island has recently emerged from conflict and is just emerging from the recession. There are many necessary and urgent actions competing for the attention of policy makers North and South. Since partition, Ireland infrastructurally, organisationally, economically, legally and

culturally has seen considerable divergence. There are also many political, state and public institutions that will be cautious of change.

However the underlying logic of collaboration and co-operation remains. Our peaceful coexistence and our economic wellbeing are best served by mutually beneficial co-operation.

I would like to sincerely thank Nuala Toman, Domhnall Doherty, Sinéad Ní Bhroin and Félim Ó Maolmhána for their help in the development of this report.



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Peadar Tóibín, T.D.,  
Rapporteur,  
Joint Committee on Jobs, Enterprise and Innovation.  
21 January 2016.

### 3. Executive Summary

#### 3.1 Review of the All-Island Economy

##### 3.1.1 Stakeholders

The Joint Committee (hereinafter referred to as the “Committee”) held three days of hearings in May and July of 2015 to engage with relevant stakeholders to discuss “The All-Island Economy.” The table below identifies all stakeholders who made presentations to the Committee, the date of their presentations and the session during which they made their presentation.

**Figure 1: Joint Committee hearings – stakeholders / witnesses present**

	12 May	26 May	7 July
Session 1	<ul style="list-style-type: none"> <li>• Dr. Anthony Soares, The Centre for Cross Border Studies</li> <li>• Mr. Padraic White, Border Development Corridor Steering Committee</li> <li>• Mr. Aidan Gough, InterTradeIreland</li> <li>• Mr. Michael Burke, Independent Economist</li> <li>• Dr. Conor Patterson, Newry and Mourne Enterprise Agency</li> </ul>	<ul style="list-style-type: none"> <li>• Dr. Nael G. Bunni, Chair Designate of Panel of Adjudicators</li> <li>• Dr. John Bradley, Economic Modelling and Development Strategies</li> </ul> <p><b>Representatives of NERI:</b></p> <ul style="list-style-type: none"> <li>• Dr. Tom Healy</li> <li>• Mr. Paul Mac Flynn</li> </ul>	<ul style="list-style-type: none"> <li>• Mr. Paddy Malone, Dundalk Chamber of Commerce</li> <li>• Mr. Ian Talbot, Chambers Ireland</li> </ul> <p><b>Representatives of Warrenpoint Chamber of Commerce:</b></p> <ul style="list-style-type: none"> <li>• Mr. Jim Boylan, Warrenpoint Chamber of Commerce</li> <li>• Mr. Denis Brady, Warrenpoint Chamber of Commerce</li> </ul>
Session 2		<ul style="list-style-type: none"> <li>• Minister for Jobs, Enterprise and Innovation, Richard Bruton, TD.</li> </ul>	

The table below identifies contributors to consultation meetings and those who submitted written consultations to the Rapporteur.

**Figure 2: Stakeholders who met with/provided written submissions to the Rapporteur**

Consultation meeting Groups	Written consultation
<ul style="list-style-type: none"> <li>• Inishowen Development Partnership (IDP) – Andrew Ward</li> <li>• Buncrana Chamber of Commerce – Ryan Stewart and John Keyes</li> <li>• Derry City and Strabane District Council – Kevin O’Connor (Head of Business) and Aideen McAteer (Economic Development Manager)</li> <li>• Glenshane Community Development Ltd – Mairead McCormack</li> <li>• Ulster Farmers Association – John Sheridan</li> <li>• Cooperation and Working Together - CAWT – Tom Daly (Director General) and Bernie McCrory (Chief Officer)</li> <li>• NI Chamber of Commerce</li> <li>• Trademark Belfast</li> <li>• Confederation of British Industry</li> <li>• Irish Congress of Trade Unions</li> <li>• Farney Community Development Group</li> <li>• Irish Central Border Area Network (ICBAN)</li> <li>• East Border Region Ltd</li> <li>• North West Region Cross Border Group</li> </ul>	<ul style="list-style-type: none"> <li>• IFA</li> <li>• Centre for Cross Border Studies</li> </ul>

Further desk research was undertaken into relevant policy and literature background.

### 3.2 Transcripts

The transcripts of the meetings of 12 May,<sup>1</sup> 26 May<sup>2</sup> and 7 July<sup>3</sup> 2015 are available online.

### 3.3 Submissions and Presentations

The submissions and presentations made to the Committee for the meetings of 12 May, 26 May and 7 July 2015 are available [online](#).<sup>4</sup>

### 3.4 Terms of Reference

The Oireachtas Joint Committee on Jobs, Enterprise and Innovation review of the All-Island economy set out to explore the unique nature of the economic structure of Ireland, the challenges and opportunities of island-wide trade and to explore the impact of the Border upon Ireland North and South.<sup>5</sup>

- A key focus of the review was to identify recommendations for change for the betterment of Ireland as a whole.
- Evidence sessions were held with key experts in cross-Border development and the island economy.
- Questionnaire based research was conducted with the Chief Executives and Councillors within the North-South Border counties.
- A series of consultation events were held with key organisations and businesses representatives operating within the North-South Border region and who operated on an island-wide basis.

### 3.5 Background and Context to the Review

- There is currently a limited focus by both administrations upon addressing both the challenges and impacts of the non-alignment of economic policies North and South<sup>6</sup>.

<sup>1</sup> Meeting of the Oireachtas Joint Committee on Jobs, Enterprise and Innovation (12 May 2015). Available at: <http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/DebatesWebPack.nsf/committeetakes/BUJ2015051200001?opendocument>

<sup>2</sup> Meeting of the Oireachtas Joint Committee on Jobs, Enterprise and Innovation (26 May 2015). Available at: <http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/DebatesWebPack.nsf/committeetakes/BUJ2015052600001?opendocument>

<sup>3</sup> Meeting of the Oireachtas Joint Committee on Jobs, Enterprise and Innovation (7 July 2015). Available at: <http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/DebatesWebPack.nsf/committeetakes/BUJ2015070700001?opendocument>

<sup>4</sup> Submissions and Presentations. Available at: [http://www.oireachtas.ie/parliament/oireachtasbusiness/committees\\_list/jobsenterpriseandinnovation/presentationsandsubmissions/](http://www.oireachtas.ie/parliament/oireachtasbusiness/committees_list/jobsenterpriseandinnovation/presentationsandsubmissions/)

<sup>5</sup> It must be noted that Northern Ireland (often referred to as NI, 'The North') and Ireland (often referred to as 'The Republic of Ireland', the 'Republic' or 'The South') are distinct and separate jurisdictions. Northern Ireland is a distinct legal jurisdiction from the two other jurisdictions in the United Kingdom (England and Wales, and Scotland).

<sup>6</sup> John Bradley, *An Island Economy or Island Economies? Ireland After the Belfast Agreement* (2006) Available at: [https://www.ucd.ie/ibis/filestore/wp2006/72/72\\_jb.pdf](https://www.ucd.ie/ibis/filestore/wp2006/72/72_jb.pdf)

- The unfortunate reality is that both parts of the island are attempting to improve their competitive advantages largely in isolation from each other.
- The case for building island-wide integration and thus making the two Irish regional economies less peripheral to each other, both economic and geographic.
- The dislocation and lack of alignment within Northern and Southern strategic policy orientations has both negative and disruptive impacts upon the island economy.
- The island economy remains under examined and under developed.
- The island economy as it currently exists has emerged through pragmatic actions by business people of all communities, with limited assistance and guidance from Governments.
- The administrations on both parts of the island need to develop an integrated approach in order to secure the maximum benefits of the island economy.<sup>7</sup>

### **3.6 The Border Region and the All-Island Economy**

- The Irish Border runs for a total of 499 kilometres from Lough Foyle in Donegal to Carlingford Lough in county Louth.
- The creation of the Border had the effect of cutting off hinterlands from their market towns and cities and creating two separate economic jurisdictions where originally there was one. It created political and economic barriers where for hundreds of years there was none.
- There are significant differences between the two economies of Ireland both in terms of scale, structure and performance.
- The South has greater export openness, attraction of foreign direct investment (FDI), intensity of Research & Development (R&D), patenting and Small and Medium Enterprise growth. The Southern economy includes several prominent sectors such as: food and beverages; printing, publishing and reproduction of recorded media; chemicals and chemical products; and electrical and optical equipment. The Southern economy is more of a dual economy, as it has a multinational sector. While the FDI presence can be a benefit to SMEs the Committee recommends that more needs to be done to strengthen the supply chain linkages with local SMEs.
- The Northern economy has suffered to a greater extent from industrial restructuring. The North's economy is relatively more dependent on the public sector. Its current economic development strategy seeks to rebalance the economy for a greater private sector share, focusing on innovation, R&D and creativity as tools to do so.
- InterTradelreland (ITI) plays a central role in building the All-Island and cross-Border economy. The main public programmes are managed by InterTradelreland, but there are other noteworthy programmes with an All-Island focus.
- ITI delivers business support programmes which support All-Island trade and innovation which are funded by both the Irish Government and the Northern Executive.
  - The Innovation Vouchers scheme which is a shared programme between Invest NI and Enterprise Ireland. The Innovation Voucher programme is an

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<sup>7</sup> John Bradley, *A Single All-Ireland Economy would be better for all of us* (2015). Presentation at Sinn Fein Conference, Crowne Plaza Hotel, Dundalk, 3.12.15



example of the benefits of embedding All-Island dimensions into North-South programmes. Planned expenditure for the programme was £6.6m.

- The US-Ireland R&D Partnership programme promotes joint research activities.
- European Territorial Co-operation (INTERREG), funds innovation orientated programmes<sup>8</sup>.

### 3.7 The Framework for Co-operation Established Within the GFA

- The North South Ministerial Council (NSMC) was established within Strand Two of the Good Friday Agreement (GFA).<sup>9</sup>
- The North South Ministerial Council comprises Ministers of the Northern Executive and the Irish Government, working together to take forward co-operation between both parts of the island to mutual benefit.
- Strand Two of the GFA outlined the following provisions:
  1. There would be an institutional relationship—the North/South Ministerial Council (NSMC);
  2. All decisions would be by agreement;
  3. The NSMC would cover subject areas drawn from the list in the Annex to the Agreement. The definitive areas in question were to be identified and agreed through an agreed work programme to be undertaken by the NSMC in its initial transitional form, and this process was to be completed by 31 October 1998; and
  4. The NSMC were charged with agreeing appropriate mechanisms for co-operation in each jurisdiction; and matters where the co-operation will take place through agreed implementation bodies on a cross-Border or All-Island level.
- The NSMC meets in plenary format, with the Northern Executive delegation led by the First Minister and deputy First Minister and the Irish Government delegation led by the Taoiseach and the Tánaiste. The task of the Plenary is to take an overview of co-operation on the island and of the North/South institutions.
- The NSMC also meets in sectoral format to oversee 12 areas of co-operation. The six areas of agriculture, education, environment, health, tourism, including Tourism Ireland and transport are overseen by means of existing bodies which operate separately in each jurisdiction. A further six North/South Implementation Bodies, referred to as the North/South Bodies operate at a cross-Border or All-Island level and have specific responsibilities. In addition Tourism Ireland Limited was created to promote tourism. The six bodies are:
  1. Waterways Ireland;
  2. The Food Safety Promotion Board (SafeFood);
  3. InterTradelreland;
  4. The Special European Union Programmes Body (SEUPB);
  5. The Foyle, Carlingford and Irish Lights Commission (FCILC); and
  6. Foras na Gaeilge.

<sup>8</sup> Claire Nauwelaers, Karen Maguire and Giulia Ajmone Marsan, *The Case of Ireland-Northern Ireland (United Kingdom) – Regions and Innovation: Collaborating Across Borders* (2013). Available at: <http://dx.doi.org/10.1787/5k3xv0llxhmr-en>

<sup>9</sup> *The Northern Ireland Peace Agreement: The Agreement reached in the multi-party negotiations 10 April 1998* (1998). Available at: [http://www.taoiseach.gov.ie/mwg-internal/de5fs23hu73ds/progress?id=XLLmbTYZ7jHLhAveMjnYS8hc-YQOEgaXiBtKUjZKK\\_g](http://www.taoiseach.gov.ie/mwg-internal/de5fs23hu73ds/progress?id=XLLmbTYZ7jHLhAveMjnYS8hc-YQOEgaXiBtKUjZKK_g)

### 3.8 Developing the All-Island Economy

There are currently two approaches to building island wide investment and trade:

1. The cross-Border approach, this is more narrow focus upon developing the Border region. This area is the focus for European Territorial Co-operation programmes, including both INTERREG, the PEACE programme, as well as by the International Fund for Ireland. The reconciliation and peace objective are important motivations for promoting integration within this cross-Border area. Activity of this kind has been developed in order to address the challenges created by the existence of the Border for those communities most directly facing truncated markets and impeded mobility. This approach although necessary, focusing solely on the Border regions has the potential to isolate the Border counties from the most dynamic parts of the island economy.
2. The Integrated All-Island approach which extends beyond the Border and focuses upon driving investment and growth throughout Ireland as a whole. This includes a focus upon developing infrastructure on an All-Island basis and building integrated public services throughout Ireland. The integrated All-Island approach corresponds to the physical maritime boundaries of Ireland, thus covering all of Ireland North and South. It is this approach which is most beneficial towards delivering sustainable economic recovery for all the people of Ireland.

Both are necessary to build sustainable growth and economic recovery throughout Ireland.

### 3.9 Summary of Recommendations

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#### 3.9.1 Deliver the Full Potential of the All-Island Economy

There is a need to rejuvenate, redevelop and facilitate economic growth and recovery within the Border Region.

- Deliver the full potential of the All-Island Economy
- Harmonisation of policies, structures, currency and taxation would strengthen the island economy and eliminate competition.
- An integrated economic development strategy for the island that will remove the policy fault lines that currently hinder industrial renewal and economic development across Ireland.

- Specific attention must be directed towards addressing the peripheral nature of the economy of the Border, which is particularly disadvantaged by the historical legacy of the Border, including the recent Troubles. This at the very core of the goal to renew the island economy in a mutually beneficial way. The reality is that both sides of the Border region suffered after partition and have seen cycles of prosperity and recession. The disadvantage along the Border and the historical legacy of the border are factors that must continue to be taken into account by cross-border bodies when planning for the future.
- There is a need for greater economic integration on the island. Greater integration would reduce barriers to trade and movement of goods, remove the challenges of differentiated tax systems and reduce the impact of currency differentials on business and trade.
- Departments in both jurisdictions should work actively to remove barriers to trade and develop shared economic projects and trade missions.
- The administrations in both parts of the island should work together to fully examine the implications of Brexit on the potential of the All-Island economy including potential interventions to ensure that potential negative impacts are redressed.
- A stronger strategic focus upon the development of indigenous business.
- The need for sustained public investment in physical infrastructure, human resources and innovation, together with effective institutions.
- There is a need to maximise the structural remits of the current state development agencies and to consider the ways in which real integration can be achieved. Currently both Northern and Southern agencies are producing strategies that do not address the additional part of the island.
- State development agencies need to redefine their structural missions in terms of the benefits of the island economy.
- Co-ordinate economic development on an island-wide basis.

### **3.9.2 Maximise the Potential of InterTradelreland**

- There is currently a cap on the number of staff that InterTradelreland may employ. This should be removed in order to enable the organisation to employ staff on the basis of service demand and delivery;
- Develop deeper and more comprehensive data on cross-Border trade;
- Increase North-South Applicants to Horizon 2020;
- Assist SMEs to access finance for growth;
- Exploiting International Funding Streams;
- Continue and expand work on the SME access to Public Procurement; and
- Work with IDA Ireland, Enterprise Ireland (EI), Invest NI (INI) and Local Enterprise Offices (LEOs) on the development of cross-Border Clusters in the Border Development Zone (BDZ).

### **3.9.3 A Single Economic Agency for Ireland North and South**

- Establish a single island wide Agency for the economy and a single agency to drive economic policy and strategy. This agency would integrate IDA, InvestNI and InterTradelreland. It would bring together the experience and expertise of both

jurisdictions and ensure an integrated approach to investment, innovation and economic policy and strategy across Ireland. This agency would build upon InterTradelreland's expertise in building the All-Island economy and facilitate a more strategic use of EU Funds (Territorial Co-operation and Structural Funds).

- Co-ordinate economic development on an island-wide basis.
- Implement an All-Island investment and jobs strategy.
- In the absence of a single All-Island Economic Department ensure that Departments in both jurisdictions engage in joint planning from the point of inception right through to delivery and evaluation. This will ensure the alignment of strategic objectives to allow for greater impact, sustainability and enhanced provision.
- In the interim ensure greater consistency and joint planning of projects and programmes with InvestNI, IDA and InterTradelreland working together to drive forward strategies for investment, enterprise and innovation.

#### **3.9.4 Rejuvenate the Border Corridor**

Specific action is needed to address the peripheral state of the economy of the cross-Border region, which is particularly disadvantaged by the historical legacy of the Border, including the recent Troubles. Far from being a minor issue, this is at the very core of the goal to renew the island economy in a mutually beneficial way.

Develop a Border Economic Development Zone. This would drive forward the socio-economic revitalisation of the Border region. This could be achieved through the implementation of the following key steps:

- Identify industry champions for the Border Development Zone. Two or more similar industry champions could be identified for the Border Development Zone. There are a number of successful businessmen and business women on both sides of the border who could fulfil the role;
- Create a Border Development Zone Forum: In order to develop and strengthen the Border Development Zone concept, a Border Development Zone Forum should be established to build momentum for the project. The proposed Forum could be based upon on the Louth Economic Forum which has been very effective in providing advice to Louth County Council on a wide range of economic and cross-Border issues. This forum could work towards the creation and implementation of a co-operation framework for the Border Development Zone along similar lines to the national Joint Framework. The Forum should have a small number of members, meeting quarterly, including the BDZ champions and two local authority chief executives from each side of the Border in the three sub-zones – North West, Rural Zone and Newry/Dundalk. This forum could include the specific working groups focusing upon trade and tourism;
- Publish an annual 'State of the Border Development Zone' report which would present the current economic status of the Border economy and the opportunities for development and economic growth within the Border area. This might include number of key indicators which are collected on a common basis for the two jurisdictions. There are challenges in assembling data on the same basis; the cross-

Border local authority networks have data capture projects which should facilitate this approach;

- The preferred option of enhanced economic development on the island would be the creation of an All-Island Economic and Enterprise Department tasked with delivering the full potential of the All-Island Economy. In the interim until such a Department is created, InterTradeIreland, Enterprise Ireland and Invest NI should work collaboratively in order to build All-Island trade links and initiatives;
- Develop a joined up approach to funding the Border Development Zone: In the past efforts have been made to make an integrated and more strategic proposal by the three cross-Border network bodies. The Stutt Report in 1999, *Border Corridor Strategy and Integrated Area Plans for Border Corridor Groups*,<sup>10</sup> which was submitted for funding under INTERREG III, was a good and successful example of how proposals can be presented in an integrated strategic manner;
- Support development of North West Partnership: The strengthening of the North West Partnership is already under way supported by the International Centre for Local and Regional Development (ICLRD). It is important that this is successful as the North West pole of the Zone to provide a strong balance with the Newry/Dundalk pole. The North West has particular strengths which it can build on but it also needs to address the issue of access transport which continues to represent a significant challenge to the economic development of the area;
- Implement a co-ordinated development strategy for the cross-Border region: This could draw upon the Irish Central Border Area Network (ICBAN) Regional Strategic Framework (RSF).<sup>11</sup> The ICBAN RSF was published for public consultation in July 2013 and represents a first step at designing a co-ordinated development strategy for the central Border area; and
- Implement Memorandum's of Understanding among all state organisations along the Border region.

A Border Development Zone could be achieved through the implementation of the following key steps:

- Greater priority and urgency in advancing critical infrastructure projects, particularly roads and broadband;
- Expansion by IDA Ireland and Invest NI of the existing FDI base and more determined priority given to locating new FDI in the Border region;
- Focused support given to the needs of SMEs with export potential across the Border Development Corridor;
- Strengthening the local food economy;
- Recognition of and working collectively to harness the opportunities presented by the natural, built, cultural and physical environment of the Border Development Corridor;
- Remove transaction costs including banking, telecommunications, and administration costs on the potential for cross-Border trade;

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<sup>10</sup> Colin Stutt Consulting, *Border Corridor Strategy and Integrated Area Plans for Border Corridor Groups* (1999)

<sup>11</sup> ICBAN, *Regional Strategic Framework for the Central Border Region: 2013-2027* (2013). Available at: [http://www.icban.com/f/Final%20Regional%20Strategic%20Framework%20Final%20Completed%20\(5\).pdf](http://www.icban.com/f/Final%20Regional%20Strategic%20Framework%20Final%20Completed%20(5).pdf)

- Develop Dublin Airport, complemented by Belfast International, as an international hub to improve worldwide connectivity for business on the island;
- Re-examine the regulatory barriers to doing business on the Border. InterTradelreland has already conducted previous studies on this and made a number of recommendations, which can be reviewed and implemented; and
- Examine and present solutions to address the impediments for businesses transferring staff North and South – organise direct co-ordination between relevant Government departments such as Revenue to make it easier for employees to work on either side of the Border.

### **3.9.5 Develop an Integrated Labour Market Strategy Focused on Job Creation**

- Employment Policy and Conditions Should be Harmonised North and South;
- A coherent and integrated strategy All-Island Strategy to develop job creation and tackle job creation is required. All-Island networks should be established which bring together business, Higher Education Institutes, research institutes, key partners and suppliers across all sectors;
- In order to maximise the potential of the All-Island labour market, employment policies and conditions should be harmonised on an island-wide basis;
- Data on the mobility of the workforce on a North/South basis and the retention of graduates would assist a better understanding of labour issues which is needed for better planning;
- Both administrations should work together to develop a strategy to reskill and retrain the workforce with a specific focus upon increasing labour market participation and mobility; and
- The Committee supports the recommendation by Dundalk/Warrenpoint Chambers of Commerce for the need for co-ordination of employment initiatives North and South to encourage a more integrated labour market.
- The Committee notes the massive migrant/refugee crisis impacting upon the European Union, particularly since May 2015. In this respect, it recommends that both Governments strongly take into consideration migrants/refugees who will be employed on both sides of the border may be exploited in spite of existing measures to protect workers.

### **3.9.6 Develop an Integrated All-Island Investment Strategy**

- Ensure a commitment to locate more FDI in the Border Development Corridor where existing and proposed facilities and the skills-base of the local population (and the growing emphasis on R&D by third level institutes) can support it;
- Increase the number of site visits organised by IDA and Invest NI for potential investors to the Border region. This will require local Government and private sector interests to come together to demonstrate critical mass and the existence of the relevant services / skills-set required for particular types of investment; and
- IDA Ireland and Invest NI should consider co-operating following consultation with local authorities in the identification of investment opportunities and suitable locations



in the Border region where success in attracting new FDI would benefit adjacent areas on both sides of the Border.

### **3.9.7 Upgrade Infrastructure across the island**

- Both Governments should look at funding a Dublin to Derry motorway and, in particular, the upgrade of the A5 and N2 as a matter of urgency. This will facilitate cross-border trade. This road link is particularly needed by the people of Co. Donegal and Co. Tyrone given their relative isolation from Dublin and other parts of the country.
- The Northern road system should be exempt from the British HGV Levy which would remove the charge from hauliers accessing the road network in the North;
- Road Taxation on both sides of the Border should be equalised to allow for fair and consistent competition;
- A cost benefit Analysis of the Sligo to Dundalk route needs to be undertaken;
- The Narrow Water Bridge Project needs to proceed;
- The upgrade of the A5 needs to be completed;
- Revive the INTERREG road that was to run between Greenore port Dundalk and Sligo.
- The rail network should be developed in order to facilitate connectivity throughout Ireland North and South;
- Given the absence of a strong rail network in the Border region, there is a necessity to redress the 'three speed' economy that is emerging across the island; led by the city-regions of Belfast and Dublin, followed by the regions well connected to these city-regions through high quality transportation and other infrastructure, and, lastly, the Border region. To redress this imbalance, key stakeholders within the region, from local Government, the community and private sectors must jointly advocate for the progression of strategic road projects, particularly the N16/A4 (Sligo-Ballygawley), and the East-West Link;
- The Dublin to Belfast route needs to be upgraded to an hourly service and the morning service into Belfast does not allow for citizens to attend 9am meetings in Belfast. This route was contrasted to the Edinburgh to Glasgow route which has a 15 minute service;
- Ensure Telecommunications and Broadband can support the All-Island Economy
- Eradicate North-South roaming charges;
- Upgrade mobile phone coverage; and
- Increase the broadband capacity of the region to facilitate the growth of all business, including tourism across the entire Border Development Corridor. The Border region and its enterprises suffer in many locations from low speed broadband capacity through fixed telecom lines with a resultant lack of Wi-Fi. Smartphones and 'tablets' now form part of everyday business life yet 3G is lacking in many areas and numerous 'black spots' exist with little or no service.



### **3.9.8 Build SMEs to ensure they deliver their full potential**

- Make it easier to set-up a business on both sides of the border. As a concrete target, both sides should aim to be as efficient as New Zealand where the World Bank's *Doing Business 2016* report<sup>12</sup> ranks it as 1<sup>st</sup> in the world in terms of ease of starting a business. In this respect, the South and the North are only ranked 25<sup>th</sup> and 17<sup>th</sup> respectively. In New Zealand, it takes one online procedure to start a business. By making it easier to set-up a business, both sides will set the conditions to get more entrepreneurs to establish their own business and lay the groundwork for more job creation.
- Encourage high potential start-ups (HPSUs) along the Border Development Corridor, capitalising on the emphasis being placed by central Government policy and European Union funding programmes on the development of the knowledge economy, the greater role of local Government in driving and supporting economic development, the greater emphasis being placed on R&D in third level institutions, and the successes and intellectual capital of existing enterprises;
- Undertake an audit of the different types of training available to SMEs across the Border region - including those courses and training events provided by local Government, enterprise agencies, colleges and other training providers - with an emphasis being placed on identifying the type of training for which there is most demand and opportunities for providing such programmes on a cross-Border basis. Roll-out a communications plan aimed at making businesses aware of the types of training / courses which are available to them supporting innovation and exporting. Local councils can also be brought together to share their resources and expertise and engage in a programme of peer-to-peer learning;
- Support the fostering of new SMEs across the Border Development Corridor with export potential - especially in higher value-added sectors - and where possible, to do this in association with the diaspora; and
- Local councils in the Border region should be supported in the seconding of staff across clusters of councils to improve the transfer of knowledge and encourage export and innovation among SMEs. Such Export / Innovation Officers could play a key role in harnessing the concept of clustering, bringing businesses together on a cross-Border basis, and encouraging the development of technologies - such as Apps - to support local businesses.
- The South should seek to harmonise future crowd-funding legislation with the North. By introducing such legislation; much-needed protections will be afforded to businesses who are seeking credit in this way; and thus will encourage them to avail of this emerging and alternative sources of financing.

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<sup>12</sup> World Bank Group, *Doing Business 2016: Measuring Regulatory Quality and Efficiency* (2016). Available at: [http://www.doingbusiness.org/~/\\_media/GIAWB/Doing\\_Business/Documents/Annual-Reports/English/DB16-Full-Report.pdf](http://www.doingbusiness.org/~/_media/GIAWB/Doing_Business/Documents/Annual-Reports/English/DB16-Full-Report.pdf)

### **3.9.9 Develop Retail Opportunities on an All-Island Basis**

- Based on the findings of the research, the Committee recommends that the administration in the North and the South promote Ireland as a visitor shopping destination and grow visitor retail spend on the island of Ireland;
- The administration should work together to establish an All-Island Retail Forum to bring together key retail business groups and representatives to provide a framework for enhanced co-operation and joint working;
- The tourism industry should promote cross-Border weekend shopping breaks for Dublin and Belfast and other shopping destinations on the island; and
- The promotion of town centres and Retail should be included as a core part of the Tourism Strategy of both Tourism NI and Fáilte Ireland.
- The Committee notes that many businesses in the North are able to take advantage of lower supply chain costs due to the North's integration in the UK which is a major population centre. Where supply chain costs are lower in the North than in the South, the Committee recommends that InterTradeIreland and relevant state bodies, should explore ways to best mitigate this imbalance.

### **3.9.10 Island-wide Harmonisation will reduce Black Market Activity**

- Harmonisation of excise and VAT will help alleviate the scourge of the black market. This Committee also recommends that protocols be constituted that will allow for both the PSNI and An Garda Síochána to pursue criminals into the opposite jurisdiction and in keeping with the law of that jurisdiction make an arrest;
- In 2013, Denmark abandoned its so-called 'fat-taxes' and 'beverage taxes' as it found that it encouraged people to cross the border into Germany for cheaper products and it was losing major business. The Committee notes that both sides should take on board such important examples in the context of discussion over the possible introduction of similar taxes in both jurisdictions; and
- The Committee also recognizes efforts by the government to prevent illegal black market manipulation of diesel such as a new, additional fuel marker which was added to diesel in March last year.<sup>13</sup> However if the criminality and losses to the exchequer persist the Committee recommends that the Department of Transport should consider scrapping the green dyeing of diesel for agricultural purposes as it provides a strong incentive for fuel laundering. The Department should instead seek to rebate farmers the difference in excise rates.

### **3.9.11 Review the North South Ministerial Council to increase Practical Delivery**

In order to ensure the most effective operation of the NSMC and to ensure that there is a substantial increase in the delivery of All-Island initiatives the following steps should be taken:

<sup>13</sup> Mineral Oil Tax (Amendment) Regulations 2015 S.I. No. 19 of 2015. Available at: <http://www.irishstatutebook.ie/eli/2015/si/19/made/en/print>

- In order for the NSMC to function effectively it is essential that both the Good Friday Agreement and the St Andrew's Agreement are implemented in full;
- The NSMC should take up leadership in developing a strategy and timescale for the full integration of public services; and
- The NSMC should take up leadership to ensure that the All-Island economy is prioritised and work to ensure that economic strategy becomes both integrated and co-ordinated on an All-Island basis for the betterment of all. There would be a real value in investing in closer co-operation, and eventual integration, between various organisations and public bodies.

### **3.9.12 Develop a Strategy for Integrating Public Services**

Opportunities for All-Island co-operation in the provision of public services are under-utilised. Ireland North and South could benefit from more joined-up delivery of public services (such as health, higher education, energy and water). The situation could be improved by:

- Developing an All-Island health service provision plan to accelerate the sharing of certain acute hospital, community health and general medical services;
- Creating a Single Energy Market (or "SEM II") to take full advantage of renewable wind, wave and biomass combined heat and power (CHP) energy and retain the benefits of the Single Electricity Market (or "SEM I");
- Including North-South co-ordination on treated water in the plans for infrastructure upgrades being progressed by both jurisdictions so as to more effectively tap into the island's "water wealth";
- Ensuring Departments in both jurisdictions engage in joint planning and delivery;
- A full examination of the processes required to fully integrate public services across the island should be undertaken;
- Produce a full and detailed examination of the best use of resources and the most appropriate models of accountability for the delivery of integrated public services across the island and produce a timescale and strategy for the integration of public services across Ireland;
- As an interim step towards the full integration of public services departments in both jurisdictions should work together to develop the joint delivery of public services;
- Establish a single economic agency for Ireland North and South and implement an All-Island investment and jobs strategy; and
- Both administrations on the island to work together to deliver a resourced All-Island Health Planning Unit tasked with the development and distribution of health services in the most efficient manner on the basis of need.

### **3.9.13 Ensure Education Opportunities Are Accessible Throughout Ireland**

Cross-Border access to education is an important component to an All-Island economy. The Centre for Cross Border Studies identified a number of barriers that needs to be overcome. These form the backbone of this Committee's recommendations;

- Overcome the lack of information within schools regarding third level and further education options within the other jurisdiction;
- Educate students and institutions regarding the university application system (UCAS, CAO) in the other jurisdiction. An official App could be provided to assist in achieving this objective;
- Resolve persisting concerns with regard to the fairness of the methodology used to assess the value of school leaving qualifications (A-Levels, Leaving Cert) and alternative qualifications such as HND, BTEC and FETAC from the alternate jurisdiction when dealing with cross-Border applications for third level study;
- Converge the differing student funding regimes on either side of the Border;
- Create Memorandums of Understanding between third level education institutes on both sides of the Border. Identify what shared services could be provided for more efficiently and ensure training is not needlessly replicated in small geographic areas; and
- Educational Training Boards and Local Enterprise Offices in the South to plan, deliver and accept applicants on an All-Island basis.

#### **3.9.14 Ensure Spatial Planning is Undertaken on an Island-Wide Basis**

- Much work has been done to date in giving datasets added value by making data available using a geographic address. The spatial planning process in both parts of the island would benefit from the harmonisation and integration of key datasets such as population, employment, transportation, housing, retailing and environmental indicators;
- The Administrations on both sides of the island need to continue to co-operate at the strategic level. Government Departments in both jurisdictions need to be directed at a statutory level to collaborate and proof development on an All-Island basis; and
- Local Authorities North and South are responsible for achieving national and regional spatial planning objectives through the delivery of local plans, programmes and projects. The Local Authorities who are responsible for the 11 Border counties need also to be directed on a statutory level to collaborate and proof development on an All-Island basis.

#### **3.9.15 Reconstitute the Common Chapter**

- The Common Chapter should be reconstituted in order to refocus on its initial remit. This remit should be broadened to include all aspects of island-wide spatial planning.

#### **3.9.16 An Integrated Data Strategy for Ireland**

- Departments in both jurisdictions should work together to produce an integrated data strategy for the island to support economic and development zones.

### **3.9.17 Develop Agriculture, Food and Fish Processing on an Island-Wide Basis**

- Identify existing local food procurement policies and practices across both jurisdictions with respect to local food sourcing;
- Develop a consumer awareness campaign to highlight the benefits of sourcing local food through a variety of media;
- Promote increased local food procurement in local Government, education, and healthcare bodies;
- Enhance linkages between the agri-food sector and tourism and recreation initiatives, placing an emphasis on food-based tourism - including local festivals, cookery schools, farmers markets, artisan food producers, and gourmet restaurants;
- Establish a One Stop Shop with credit, innovation, scaling and export supports to which small agribusinesses can apply for help; and
- Create international food brands pertaining to geographic areas with high quality standards and marketing supports to allow smaller agribusiness to grow.

### **3.9.18 Produce an All-Island Integrated Strategy for Tourism and Recreation**

- To reduce replication of services and organisations, integrate the tourism planning, training and delivery of responsibilities of Fáilte Ireland and Northern Ireland Tourism;
- Produce an All-Island Integrated Strategy for Tourism and Recreation Tourism has the potential to bring increased spending and jobs throughout the Border Development Zone. Tourists seek to follow their recreation interests irrespective of administrative or political boundaries;
- Enhance the tourist offering by encouraging connectivity between tourist assets on both sides of the Border - cycle ways, walking routes, greenways, and blueways on the water amenities, heritage and cultural tours, accommodation packages;
- Recognising that tourism has the potential to bring increased spending and resultant jobs across the entire Border region and that the traveller is more interested in following their recreation interests irrespective of administrative or political boundaries – support given to enhance the tourist offering by encouraging connectivity between tourist assets on both sides of the Border - cycle ways, walking routes, greenways, blueways on the water amenities, heritage and cultural tours, accommodation packages - in the interests of attracting greater tourist impact and the resultant enhanced prosperity of the Border area; and
- Recognising that Fáilte Ireland, the Northern Ireland Tourist Board (trading as Tourism Northern Ireland) and Tourism Ireland are seeking to capture greater international interest by promoting strategic attractions of scale and signature tourist attractions such as the Wild Atlantic Way and the Titanic Quarter, these agencies should co-operate by:
  1. Imaginatively assisting the Border region to connect with or capitalise on these strategic attractions; and
  2. Taking a fresh look at the development and promotion of the East-West axis of outdoor recreation attractions and cultural inheritance in the Border region.
- Given that the Schengen system is a massive barrier to attracting tourism to the island of Ireland; it is recommended that the relevant state bodies consider

lengthening the duration of the regular tourist Visa (3 months). Less paperwork will result in more visits to the island and more tourist spending.

### **3.9.19 Support and Maintain Cross-Border Groups**

- Cross-Border groups should be maintained and supported; and
- Councils in Border areas should develop memorandums of understanding and collaborate on the delivery of public services.

### **3.9.20 The Economic Potential of a United Ireland should be examined**

- Evidence submitted to the Committee suggested that there are potential economic benefits which would be secured through the full integration and unification of the economy of Ireland. This should be fully examined.

### **3.9.21 Ensure Civil Society is fully integrated within the Island Economy**

- Civil Society groups, charitable and voluntary organisations who would benefit from cross-Border linkages and who do not co-operate should be encouraged to do so. The Administrations North and South need to task and resource cross-Border bodies such as the Centre for Cross Border Studies to facilitate this process.

### **3.9.22 Diaspora**

- The Diaspora could play an essential role in delivering sustainable economic recovery for Ireland. This could be achieved by engaging with the diaspora to identify how they might wish to contribute to the sustainable development of the Irish Border Corridor. For example, such a campaign could use many different mediums to seek their advice on different areas of development where they have expertise and their willingness to make connections on behalf of the Border region.

#### 4. Why a report on the island economy?

The Oireachtas Joint Committee on Jobs, Enterprise, and Innovation review of the island economy sets out to explore the unique nature of the economic structure of Ireland, the challenges and opportunities of island-wide trade and to explore the impact of the Border North and South. A key focus of the review has been to identify recommendations for the betterment of Ireland as a whole.

In 1992, the late Sir George Quigley placed the concept of the island economy firmly on the policy table. More than two decades later the island economy has yet to become a primary motivating force for policy makers, and as a result its potential remains under-examined and under-developed. Both the British and Irish Governments still broadly consider the island economy in limited terms, and it is the view of the Committee that this is an opportunity lost. Local economies have in the interim progressed and the island economy is now a reality despite the absence of a Government-led policy framework. The island economy as it currently exists has emerged through pragmatic actions by business people of all communities. The administrations on both parts of the island must develop an integrated approach in order to secure the maximum benefits of the island economy.<sup>14</sup>

The two regions of Ireland are characterised by very different economic policy environments as they plan for their futures.<sup>15</sup> According to Bradley<sup>16</sup> the Southern policy agenda is characterised by:

- Modest scope for national policy-making autonomy associated with the progressive rendering of fiscal and monetary policy autonomy to the EU.
- Policy orientation towards openness to inward investment using a mainly tax-based system of industrial incentives with improvements in physical infrastructure and human capital.
- Modernisation of the industrial base via foreign direct investment in high technology areas and the expansion of indigenous industry.<sup>17</sup>
- Continued differentiation from and low reliance upon British economy.<sup>18</sup>

The strategic policy context for the North is more difficult to characterize with any degree of precision given that the majority of economic levers remain in Westminster. From a strategic perspective, the North faces major policy challenges. According to Bradley<sup>19</sup> these include:

- The continuation into the medium term of a situation where the region has limited regional policy-making autonomy;

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<sup>14</sup> John Bradley, *A Single All-Ireland Economy would be better for all of us* (2015). Presentation at Sinn Fein Conference, Crowne Plaza Hotel, Dundalk, 3.12.15

<sup>15</sup> John Bradley, *An Island Economy or Island Economies? Ireland After the Belfast Agreement* (2006) Available at: [https://www.ucd.ie/ibis/filestore/wp2006/72/72\\_ib.pdf](https://www.ucd.ie/ibis/filestore/wp2006/72/72_ib.pdf)

<sup>16</sup> Ibid.

<sup>17</sup> John Bradley, *Industrial development in Ireland, North and South: case studies of the textile and information technology sectors* (2006). Available at: [https://www.ucd.ie/ibis/filestore/wp2006/73/73\\_ib.pdf](https://www.ucd.ie/ibis/filestore/wp2006/73/73_ib.pdf)

<sup>18</sup> John Bradley, *An Island Economy or Island Economies? Ireland After the Belfast Agreement* (2006) Available at: [https://www.ucd.ie/ibis/filestore/wp2006/72/72\\_ib.pdf](https://www.ucd.ie/ibis/filestore/wp2006/72/72_ib.pdf)

<sup>19</sup> Ibid.



- The continued dependence on a narrow range of policy instruments and grant-based industrial incentives;
- Challenges in modernising its manufacturing base towards higher value-added products;
- Continuing dependence on Britain for external sales;<sup>20</sup>
- Economic peripherality with respect to Britain; and
- Low standards of living in comparison with British regions.<sup>21</sup>

The dislocation and lack of alignment within Northern and Southern strategic policy orientations has both negative and disruptive impacts upon the island economy. There is currently a limited focus by both Governments upon addressing both the challenges and impacts of the non-alignment of economic policies North and South.<sup>22</sup>

Both parts of Ireland are individually small. The North is not only separated geographically from Britain but is also weakly integrated into the supply side of the UK's economy. The North is never central to strategic planning by British firms, and risks becoming both geographically and economically peripheral to Britain.

The unfortunate reality is that both parts of the island are attempting to improve their competitive advantages largely in isolation from each other.

A recently published study has quantified the financial benefits of greater economic integration and unification in Ireland. This report, *Modelling Irish Unification*,<sup>23</sup> uses complex economic modelling tools to create an econometric scenario which would model the outcomes of a unified economy for Ireland. The report shows massive gains for the island economy, with the largest returns for the Northern economy when measured in terms of increased income per head. Three unification scenarios were presented, with the most aggressive estimating a 35.6 billion Euro boost in All-Island GDP in the first eight years of unification. Larger returns to the Northern economy can be explained in that the much larger Southern economy has managed to reap many, but not all, of the economic benefits of its limited sovereignty while playing a larger role in the world economy than is possible for the North. The economic governance of the North by Britain and its physical isolation from Britain continue to represent challenges. The North should also look to further develop integration with the South's economy.

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<sup>20</sup> John Bradley, *Industrial development in Ireland, North and South: case studies of the textile and information technology sectors* (2006). Available at: [https://www.ucd.ie/ibis/filestore/wp2006/73/73\\_ib.pdf](https://www.ucd.ie/ibis/filestore/wp2006/73/73_ib.pdf)

<sup>21</sup> John Bradley, *An Island Economy or Island Economies? Ireland After the Belfast Agreement* (2006) Available at: [https://www.ucd.ie/ibis/filestore/wp2006/72/72\\_ib.pdf](https://www.ucd.ie/ibis/filestore/wp2006/72/72_ib.pdf)

<sup>22</sup> Ibid.

<sup>23</sup> Kurt Hubner and Renger van Nieuwkoop, *Modelling Irish Unification* (2015). Available at: <http://prcg.com/wp-content/uploads/2015/11/Modeling-Irish-Unification-Report.pdf>

<sup>23</sup> Sir George Quigley, *Ireland 2020* (2009). Available at: [http://www.northsouthministerialcouncil.org/index/whats-new/lecture\\_ireland\\_2020\\_10th\\_anniversary\\_of\\_north\\_south\\_ministerial\\_council.htm](http://www.northsouthministerialcouncil.org/index/whats-new/lecture_ireland_2020_10th_anniversary_of_north_south_ministerial_council.htm)



The *Northern Ireland Economic Strategy* was published on March 13, 2012<sup>24</sup> by the then Minister of Enterprise, Trade and Investment, Arlene Foster MLA. This remains the current strategy for economic development policy in the North until the end of the mandate in 2016. Yet in it there are only two explicit references to the economy of the South:

1. "A large majority of sales outside NI are presently destined for either GB or the ROI, which is too narrow."<sup>25</sup>

And

2. "Other countries such as Singapore and the Republic of Ireland (RoI) have developed their economies on the basis of a low corporation tax strategy and a pro-business regulatory environment."<sup>26</sup>

This illustrates the reluctance on the part of some Northern Unionist policy makers to fully explore and benefit from the island economy. This makes no sense from a business or economic perspective.<sup>27</sup>

There are also limitations with respect to Northern economic statistics. It is currently not possible to explore the performance of sub-regional economies for example Newry and Mourne or Derry city relative to the Northern or island economy. A range of socio-economic indicators of population, unemployment, poverty, are available but these are not sufficient to support in full an economic strategy aimed at addressing sub regional economies. Data to support sub-regional economies is available for both Scotland and Wales, but not for the North.

## 4.1 Economic Output in Ireland

The Office of National Statistics defines gross value added (GVA) and gross domestic products (GDP) as follows:

Gross Value Added (GVA) is the value generated by any unit engaged in a productive activity. It is measured at current basic prices, excluding taxes (less subsidies) on products. GVA plus taxes (less subsidies) on products is equivalent to Gross Domestic Product (GDP).<sup>28</sup>

Figure 3 as set out in the following pages focuses on the Northern and Southern economies. The GVA data used to create this table has been sourced from the Office of National Statistics<sup>29</sup> and the Central Statistics Office in the South.<sup>30</sup> The Southern data has been

<sup>24</sup> Northern Ireland Executive, *Northern Ireland Economic Strategy* (2012). Available at:

<http://www.northernireland.gov.uk/ni-economic-strategy-revised-130312.pdf>

<sup>25</sup> Ibid. p.30.

<sup>26</sup> Ibid. p.33.

<sup>27</sup> John Bradley, *A Single All-Ireland Economy would be better for all of us* (2015). Presentation at Sinn Fein Conference, Crowne Plaza Hotel, Dundalk, 3.12.15

<sup>28</sup> Office for National Statistics, *Gross Value Added by Sector*. Available at: <http://www.ons.gov.uk/ons/guide-method/compendiums/compendium-of-uk-statistics/economy/find-out-more/index.html>

<sup>29</sup> Office for National Statistics, *Regional Gross Value Added (Income Approach) NUTs1 Tables*. Available at: <http://www.ons.gov.uk/ons/rel/regional-accounts/regional-gross-value-added--income-approach-/december-2014/rft-nuts1.xls>

converted from Euros into Sterling based on Bank of England average exchange rates for each year.<sup>31</sup> The Northern and Southern data has also been combined to illustrate economic output on an island wide basis. This is imperfect, not least because it relies on average rather than actual exchange rates and as such the data should be treated as indicative only.

While the South measures economic growth through the standard measure – GDP, the full range of data sources required for a comprehensive measure of GDP are not currently available at the Northern level. As a result, GVA is typically used as the standard measurement of the North's economic performance. In 2012 Northern Ireland's Gross Value-Added (GVA) amounted to £29.4bn, GVA per head was £16,127, 76% of the British average. GVA in the South amounted to €148.8bn in 2012. GVA per head was €32,449 with the North's GVA per head just 60% of this figure.

Both economies expanded between 2004 and 2007. In 2005 the Southern economy grew at a faster rate in comparison with the Northern economy, 8.6% increase in GVA in comparison with just 5.9% in the North. The gap between the two economies closed slightly in 2006 and 2007. At this point island-wide output was strong 7.3% and 8.0% respectively. The onset of the recession in 2007 resulted in the contraction of both economies. Southern output remained stronger than Northern output. The Northern economy began to expand again in 2010, while the Southern economy continued to contract. Both economies began to expand in 2011 but both have yet to reach their pre-recession growth rates. Figure 3 also illustrates the impact of the exchange rate on comparisons with the North and South. In both 2008 and 2012 converting from euros to sterling has marked impact on the extent of growth or contraction of the Southern economy.

Figure 4 looks at comparable EU regions. The regions have been selected on the basis of existing research carried out by the University of Cambridge on Regional Innovation (prepared for the Department of Enterprise, Trade and Investment) which selected five regions similar to the North of Ireland as comparator case studies as they were found to be closest to Northern Ireland in industrial structure.<sup>32</sup>

The regions chosen for this study were:

- Luneburg, Leipzig and Schleswig-Holstein in Germany;
- Overijssel, Gelderland, Drenthe and Noord-Brabant in The Netherlands;
- Liguria in Italy;
- Lisbon in Portugal; and

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<sup>30</sup> Central Statistics Office, *Gross Value Added by Year, Region and Statistic*. Available at: <http://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=RAA01&PLanguage=0>

<sup>31</sup> Bank of England, *Interactive Database: Interest & Exchange Rates*. Available at: <http://www.bankofengland.co.uk/boeapps/iadb/index.asp?Travel=NlXRx&levels=1&XNotes=Y&G0Xtop.x=35&G0Xtop.y=10&C=IN0&XNotes2=Y&Nodes=X3951X3952X3955X3958X3961X3965X3969X3972X3975X3978X3981X3985X3989X3992X3995X3998X4001X4004X4007X4010X4013X4016X4019X41107X41122X3790X3801X33940X41209&SectionRequired=I&HideNums=-1&ExtraInfo=true#BM>

<sup>32</sup> Maria Abreu, Vadim Grinevich, Michael Kitson and Maria Savona, *The Changing Face of Innovation Policy: Implications for the Northern Ireland Economy* (2011). Available at: <https://www.detini.gov.uk/sites/default/files/publications/deti/the-changing-face-of-innovation-policy.pdf>

- Wales.

Figure 4 has been compiled using national data on GVA growth in the selected regions:

- For the Netherlands regions the source data is from Statistics Netherlands,<sup>33</sup> this data is available for the 2010 to 2013 only.
- For the German regions the data source is The Regional Database Germany,<sup>34</sup> this data is only available for the 2008 to 2012 only. No data on Leipzig is available.
- The data for Liguria in Italy is sourced from the Italian statistics portal Istat,<sup>35</sup> and is available for all years.
- The data for Lisbon in Portugal is sourced from Statistics Portugal<sup>36</sup> and is available for all years. This data refers to the Greater Lisbon area.
- The data for Wales is sourced from the Office of National Statistics<sup>37</sup> and is available for all years.

All data is presented in its original currency and is at current basic prices.

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<sup>33</sup> Statistics Netherlands, Regional key figures; national accounts (2015). Available at:

<http://statline.cbs.nl/StatWeb/publication/?VW=T&DM=SLEN&PA=82801ENG&LA=EN>

<sup>34</sup> Statistischen Ämter des Bundes und der Länder, *The Regional Database Germany*. Available at:

<https://www.regionalstatistik.de/genesis/online;jsessionid=DECDAE21D27C388CC76536D98D80995F?Menu=Willkommen>

<sup>35</sup> Istituto nazionale di statistica (Istat), *Gross value added at basic prices and Gross Domestic Product by year (millions of euro)*. Available at:

[http://www.istat.it/en/piemonte/data?qt=gettable&dataset=DCCN\\_PILPRODT&dim=5,0,9,0,1,1,2,2165,0&lang=1&tr=0&te=0](http://www.istat.it/en/piemonte/data?qt=gettable&dataset=DCCN_PILPRODT&dim=5,0,9,0,1,1,2,2165,0&lang=1&tr=0&te=0)

<sup>36</sup> Statistics Portugal, *Gross value added by NUTS 3 (current prices; annual)*. Available at:

[https://www.ine.pt/ngt\\_server/attachfileu.jsp?look\\_parentBoui=224213196&att\\_display=n&att\\_download=y](https://www.ine.pt/ngt_server/attachfileu.jsp?look_parentBoui=224213196&att_display=n&att_download=y)

<sup>37</sup> Office for National Statistics, *Regional Gross Value Added (Income Approach) NUTS1 Tables*. Available at:

<http://www.ons.gov.uk/ons/rel/regional-accounts/regional-gross-value-added--income-approach-/december-2014/rft-nuts1.xls>

**Figure 3: GVA and year-on-year changes Northern economy, Southern economy and island-wide economy (with Euro to Sterling conversion)**

	2004	2005		2006		2007		2008	
	£m/€m	£m/€m	% change	£m/€m	% change	£m/€m	% change	£m/€m	% change
Northern economy (£m)	25,712	27,241	5.9%	29,175	7.1%	31,285	7.2%	31,180	-0.3%
Southern economy (€m)	139,019	149,887	7.8%	161,417	7.7%	173,904	7.7%	167,563	-3.6%
Average annual exchange rate	0.6787	0.6837	-	0.6817	-	0.6844	-	0.7964	-
Southern Economy (£m)	94,352.2	102,477.74	8.6%	110,037.97	7.4%	119,019.9	8.2%	133,447.17	12.1%
All-Island Economy (North and South Combined )(£m)	120,064.2	129,718.74	8.0%	139,212.97	7.3%	150,304.9	8.0%	164,627.17	9.5%

	2009		2010		2011		2012		2013	
	£m/€m	% change	£m/€m	% change	£m/€m	% change	£m/€m	% change	£m/€m	% change
Northern economy (£m)	30,830	-1.1%	31,444	2.0%	31,961	1.6%	32,444	1.5%	32,841	1.2%
Southern economy (€m)	152,866	-8.8%	149,735	-2.0%	156,192	4.3%	157,481	0.8%	-	-
Average annual exchange rate	0.8909	-	0.858	-	0.8679	-	0.811	-	-	-
Southern Economy (£m)	136,188.32	2.1%	128,472.63	-5.7%	135,559.04	5.5%	127,717.09	-5.8%	-	-
All-Island Economy (North and South Combined )(£m)	167,018.32	1.5%	159,916.63	-4.3%	167,520.04	4.8%	160,161.09	-4.4%	-	-

**Figure 4: GVA and year-on-year change in selected EU regions (original currency)**

		2004	2005		2006		2007		2008	
		€/£m	€/£m	% change	€/£m	% change	€/£m	% change	€/£m	% change
The Netherlands	Gelderland (€m)	-	-	-	-	-	-	-	-	-
	Overijssel (€m)	-	-	-	-	-	-	-	-	-
	Drenthe (€m)	-	-	-	-	-	-	-	-	-
	Noord-Brabant (€m)	-	-	-	-	-	-	-	-	-
Germany	Schleswig-Holstein (€m)	-	-	-	-	-	-	-	65,361	-
	Luneburg (€m)	-	-	-	-	-	-	-	32,218	-
Italy	Liguria (€m)	39,390	40,484	2.8%	41,433	2.3%	43,853	5.8%	45,043	2.7%
Portugal	Lisbon (€m)	42,980	44,401	3.3%	45,697	2.9%	48,532	6.2%	49,971	3.0%
UK	Wales (£m)	40,023	42,241	5.5%	44,803	6.1%	46,814	4.5%	46,533	-0.6%

		2009		2010		2011		2012		2013	
		€/£m	% change	€/£m	% change	€/£m	% change	€/£m	% change	€/£m	% change
The Netherlands	Gelderland (€m)	-	-	25,641	-	26,631	3.9%	27,610	3.7%	28,605	3.6%
	Overijssel (€m)	-	-	31,545	-	32,666	3.6%	32,355	-1.0%	32,227	-0.4%
	Drenthe (€m)	-	-	11,711	-	11,985	2.3%	11,787	-1.7%	11,847	0.5%
	Noord-Brabant (€m)	-	-	83,939	-	86,867	3.5%	86,127	-0.9%	86,357	0.3%
Germany	Schleswig-Holstein (€m)	63,111	-3.4%	64,811	2.7%	66,974	3.3%	68,719	2.6%	-	-
	Luneburg (€m)	31,205	-3.1%	32,220	3.3%	33,707	4.6%	34,833	3.3%	-	-
Italy	Liguria (€m)	43,009	-4.5%	42,520	-1.1%	43,303	1.8%	43,101	-0.5%	43,238	0.3%
Portugal	Lisbon (€m)	49,998	0.1%	50,652	1.3%	49,181	-2.9%	47,289	-3.8%	47,702	0.9%
UK	Wales (£m)	46,520	-0.03%	47,538	2.2%	49,665	4.5%	50,233	1.1%	52,070	3.7%

Figure 5 provides GVA by industry sector for the North and Britain.<sup>38</sup> The table includes a total GVA excluding Public administration, defence and compulsory social security. This provides an indication of private sector output. However, the data is problematic as it includes a crossover between private and public sectors in some key industry sectors. As the Office of National Statistics note, the education and health categories include both public and private sector activities. Other sectors, including finance and construction also include some public sector activity.<sup>39</sup>

Figure 6 provides similar information for the South. Again, this data should only be viewed as indicative due to the potential crossover of public and private sector activities in areas such as education and health. The table includes both original Euro figures and those figures converted into Sterling. This conversion has been calculated using the same figures as outlined in Figure 3.<sup>40</sup>

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<sup>38</sup> Office for National Statistics, *Regional Gross Value Added (Income Approach) NUTS1 Tables*. Available at: <http://www.ons.gov.uk/ons/rel/regional-accounts/regional-gross-value-added--income-approach-/december-2014/rft-nuts1.xls>

<sup>39</sup> Office for National Statistics, *Gross Value Added by Sector*. Available at <http://www.ons.gov.uk/ons/guide-method/compendiums/compendium-of-uk-statistics/economy/find-out-more/index.html>

<sup>40</sup> Central Statistics Office, *Gross Value Added (GVA) by Region, Year and Statistic*. Available at: <http://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=RAA01&PLanguage=0>

**Figure 5: GVA at basic prices by industry sector (£m)**

	Northern Economy					Britain				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
Agriculture, forestry and fishing	359	169	373	374	385	8,724	7,336	9,108	8,850	9,612
Mining and quarrying	58	59	52	47	46	6,515	5,127	6,048	6,459	7,233
Manufacturing	4,221	4,028	4,113	4,081	4,403	141,745	132,250	139,033	142,168	142,457
Electricity, gas, steam and air-conditioning supply	282	264	244	257	342	14,290	21,558	14,853	14,723	20,383
Water supply; sewerage and waste management	443	385	320	348	327	16,065	15,218	16,711	16,217	15,977
Construction	2,412	2,053	2,023	2,115	1,830	87,553	78,767	81,585	89,402	86,887
Wholesale and retail trade; repair of motor vehicles	4,004	4,075	4,645	4,502	4,618	149,801	146,006	152,787	155,204	157,367
Transportation and storage	1,086	1,123	1,161	1,203	1,110	59,435	57,134	59,236	59,387	61,035
Accommodation and food service activities	894	905	858	801	889	37,981	38,053	38,958	40,403	42,443
Information and communication	958	992	914	1,027	1,156	87,265	82,444	85,521	88,331	91,058
Financial and insurance activities	1,297	1,564	1,513	1,489	1,453	107,107	124,131	118,518	117,251	118,308
Real estate activities	3,392	2,809	3,053	2,923	2,727	133,033	120,821	143,079	152,490	164,558
Professional, scientific and technical activities	1,325	1,306	1,208	1,321	1,300	97,444	93,349	96,105	103,133	104,793
Administrative and support service activities	811	973	928	861	1,014	62,106	60,990	62,364	62,977	68,670
Public administration and defence; compulsory social security	3,115	3,231	3,268	3,604	3,700	68,046	71,268	73,921	73,506	74,158
Education	2,589	2,636	2,653	2,708	2,742	86,746	90,252	92,834	95,375	95,996
Human health and social work activities	2,940	3,155	3,027	3,125	3,281	91,502	95,062	97,333	99,151	100,353
Arts, entertainment and recreation	402	477	382	432	425	20,001	19,646	19,139	20,583	21,726
Other service activities	561	597	680	691	663	25,398	25,637	29,969	29,917	30,790
Activities of households	30	28	27	51	35	5,882	5,393	6,146	5,817	6,015
<b>Total</b>	<b>31,179</b>	<b>30,829</b>	<b>31,442</b>	<b>31,960</b>	<b>32,446</b>	<b>1,306,639</b>	<b>1,290,442</b>	<b>1,343,248</b>	<b>1,381,344</b>	<b>1,419,819</b>
Total Excluding public admin etc.	28,064	27,598	28,174	28,356	28,746	1,238,593	1,219,174	1,269,327	1,307,838	1,345,661
% Total Excluding public admin etc.	90%	90%	90%	89%	89%	95%	94%	94%	95%	95%

**Figure 6: GVA by industry sector Southern Economy 2007 to 2011**

	2007		2008		2009		2010		2011	
	€m	£m	€m	£m	€m	£m	€m	£m	€m	£m
Agriculture, forestry and fishing	2,046	1,400	1,657	1,320	1,030	918	1,683	53,856	2,183	1,895
Mining and quarrying	923	632	592	471	594	529	466	400	481	417
Manufacturing	31,433	21,513	30,199	24,050	32,006	28,514	30,921	26,530	36,695	31,848
Electricity, gas, steam and air-conditioning supply	2,431	1,664	2,456	1,956	2,740	2,441	2,252	1,932	3,146	2,730
Water supply; sewerage and waste management	967	662	1,058	843	974	868	1,014	870	946	821
Construction	15,465	10,584	11,005	8,764	5,124	4,565	2,413	2,070	2,413	2,094
Wholesale and retail trade; repair of motor vehicles	17,352	11,876	16,112	12,832	13,841	12,331	15,252	13,086	14,939	12,966
Transportation and storage	6,280	4,298	5,453	4,343	5,795	5,163	5,302	4,549	5,907	5,127
Accommodation and food service activities	4,041	2,766	3,725	2,967	3,488	3,107	3,513	3,014	3,161	2,743
Information and communication	11,878	8,129	11,508	9,165	10,811	9,632	12,388	10,629	16,264	14,116
Financial and insurance activities	17,938	12,277	16,257	12,947	16,449	14,654	15,571	13,360	14,721	12,776
Real estate activities	11,263	7,708	12,986	10,342	8,001	7,128	8,456	7,255	10,473	9,090
Professional, scientific and technical activities	11,793	8,071	11,560	9,206	10,472	9,330	9,255	7,941	12,662	10,989
Administrative and support service activities	1,643	1,124	1,271	1,012	1,046	932	1,664	1,428	1,683	1,461
Public administration and defence; compulsory social security	7,707	5,275	8,198	6,529	7,254	6,463	6,450	5,534	6,363	5,522
Education	7,316	5,007	7,956	6,336	8,412	7,494	8,222	7,054	9,067	7,869
Human health and social work activities	11,259	7,706	12,195	9,712	12,618	11,241	12,769	10,956	11,992	10,408
Arts, entertainment and recreation	3,235	2,214	2,956	2,354	2,732	2,434	2,861	2,455	2,682	2,328
Other service activities	484	331	548	436	598	533	571	490	547	475
Activities of households	254	174	247	197	205	183	136	117	179	155
<b>Total</b>	<b>165,708</b>	<b>113,411</b>	<b>157,939</b>	<b>125,783</b>	<b>144,190</b>	<b>128,459</b>	<b>141,159</b>	<b>121,114</b>	<b>156,504</b>	<b>135,830</b>
Total excluding public administration etc.	158,001	108,136	149,741	119,254	136,936	121,996	134,709	115,580	150,141	130,307
% Total excluding public admin etc.	95%	95%	95%	95%	95%	95%	95%	95%	96%	96%



## 5. The Border Region and the All-Island Economy

The Irish Border runs for a total of 499 kilometres from Lough Foyle in Donegal to Carlingford Lough in county Louth. It was created in 1921 after a revolutionary period that brought independence to 26 of the 32 counties of Ireland. The creation of the Border had the effect of cutting off hinterlands from their market towns and cities and creating two separate economic jurisdictions where originally there was one. It created political and economic barriers where for hundreds of years there were none.

Not only did the 11 Border counties (Donegal, Leitrim, Sligo, Cavan, Monaghan, Louth, Down, Armagh, Tyrone, Fermanagh and Derry) endure a new physical barrier but the two economies North and South started to diverge significantly. Infrastructure and services which had been designed and delivered on an All-Island basis started to be provided in a purposefully disjointed fashion. The Southern economy reduced its dependence on Britain, in time became more EU focused with enterprise policy increasingly FDI focused. Across the Border the North's economy remained dependent on Britain.

While the effects of this sundering of the economy was felt most acutely in the North the whole island suffered due to a significant reduction in the size of the home market, with new barriers to trade and commercial distortions.

In the early 1990s civil society, political organisations on both sides of the Border and senior civil servants such as Sir George Quigley argued that as the island emerged from conflict the development of an All-Island economy could help copper fasten the new peace and prosperity. These views were shared across the political divide.

The economic principle that underpinned this belief was that cross-Border co-operation and collaboration would provide opportunities to boost economic performance and competitiveness across the Island through collaboration.

As the historic Good Friday Agreement (GFA) was signed in 1998 this belief was reinforced by both the Irish and British Governments with commitments to an All-Island economy (The Comprehensive Study on the All-Island Economy - The British Irish Intergovernmental Conference).

However, as the peace bedded down neither Government delivered on their earlier commitments. As we emerge from the recession, now is an opportune time to assess how best to optimise the All-Island economy.

## 5.1 Strengths and Weaknesses of the North-South Border Regions

**Figure 7: Strengths and weaknesses of the North-South Border Regions<sup>41</sup>**

### Strengths, weaknesses, opportunities and threats for cross-border innovation policy in the Ireland-Northern Ireland cross-border area

Strengths and assets	Weaknesses and barriers
<ul style="list-style-type: none"> <li>• Strong political commitment to cross-border relationships</li> <li>• Institutionalisation of collaboration through InterTradelreland</li> <li>• Structural bi-national funding sources for cross-border efforts, limiting dependency on external funding sources (i.e. European Territorial Co-operation funding)</li> <li>• Development and use of strategic intelligence produced by InterTradelreland</li> <li>• Cross-border innovation co-operation instruments by InterTradelreland and their positive impacts</li> <li>• Lack of language barriers and limited cultural barriers</li> </ul>	<ul style="list-style-type: none"> <li>• History of social conflict limiting trust and social capital</li> <li>• Accessibility/proximity challenges for the peripheral areas of the island</li> <li>• Different economic structures and innovation potential (Ireland multinational corporations [MNC] base, Northern Ireland public sector)</li> <li>• Insufficient linkages of Ireland-based MNCs with island-based SMEs (both sides of border)</li> <li>• Weak open innovation practices by many SMEs</li> <li>• Differences in university regulations and study programmes</li> <li>• Limited visibility of InterTradelreland</li> <li>• Public sector-dominated cross-border initiatives (need for more privately led initiatives)</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Greater critical mass of public research and technology development through national policy</li> <li>• Use of European Cohesion funding sources (e.g. ERDF and ESF) for cross-border innovation</li> <li>• All-island branding for foreign direct investment attraction, particularly in key sectors</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient job creation in the crisis recovery throughout the cross-border</li> <li>• Lack of long-term sustainability of publicly funded efforts</li> </ul>

There are significant differences between the two economies both in terms of scale, structure and performance. The South of Ireland has greater export openness, attraction of foreign direct investment (FDI), intensity of R&D, patenting and SME growth. Their current industrial structures differ markedly. The Southern economy includes several prominent sectors such as: food and beverages; printing, publishing and reproduction of recorded media; chemicals and chemical products; and electrical and optical equipment. The South is more of a dual economy, as it has a multinational sector that remains generally disconnected from the local SME base. This can be problematic and a greater emphasis upon building indigenous business would be welcome. The North's economy has suffered to a greater extent from industrial restructuring, and is relatively more dependent on the public sector. Its current economic development strategy seeks to rebalance the economy for a greater private sector share, focusing on innovation, R&D and creativity as tools to do so.

InterTradelreland plays a central role in building the All-Island and cross-Border economy. The concept of mutual benefit is at the core of cross-party political commitment to the All-Island economy. The establishment of InterTradelreland ensures structural funding and continuity for the promotion of All-Island and cross-Border economic and innovation activities.

<sup>41</sup> Claire Nauwelaers, Karen Maguire and Giulia Ajmone Marsan, *The Case of Ireland-Northern Ireland (United Kingdom) – Regions and Innovation: Collaborating Across Borders* (2013). Available at: <http://dx.doi.org/10.1787/5k3xv0llxhmr-en>

There are several publicly-funded organisations and initiatives acting on an All-Island basis. Individual initiatives by different organisations are not tracked and therefore difficult to estimate. The main public programmes are managed by InterTradelreland, but there are other noteworthy programmes with an All-Island focus:

- InterTradelreland delivers business support programmes which support All-Island trade and innovation which are funded by both the Irish Government and the Northern Executive.
- The Innovation Vouchers scheme which is a shared programme between Invest NI and Enterprise Ireland. The Innovation Voucher programme is an example of the benefits of embedding All-Island dimensions into North-South programmes. Planned expenditure for the programme was £6.6m, as follows:
  - Pilot (2008-09): £200k;
  - Phase 1 (2009-12) : £2.7m
  - Phase 2 (2012-15): £3.7m

Actual expenditure is outlined in the Figure 8 below; illustrating that cumulative expenditure on the programme was £4.732m over the period 2008/09 to 2013/14. In addition to this £850,000 was spent on staff costs and £275,000 was spent on marketing, evaluation and economic appraisals, bringing the overall expenditure to £5.857m.

**Figure 8: Innovation Voucher Scheme**

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Projects completed p.a	28	120	143	176	228	252
Projects completed cumulative	28	148	291	467	695	957
Expenditure p.a. (£k)	115	647	782	940	1,124	1,124
Expenditure cumulative (£k)	115	762	1,544	2,484	3,608	4,732

- InterTradelreland does not currently offer innovation vouchers but offer a £500/€500 voucher to encourage cross-Border participation in Horizon 2020.
- The US-Ireland R&D Partnership programme promotes joint research activities. The first project under the US-Ireland R&D Partnership was supported in 2009. At the moment, the current portfolio of supported projects stands at 25. The contributions made by each jurisdiction towards the costs of these 25 projects can be broken down as follows:
  - North: £10.35m
  - South: €11m
  - US: \$15.9m

- European Territorial Co-operation (INTERREG), funds innovation orientated programmes.<sup>42</sup> Funding and match funding for the INTERREG IVA tranche is provided in the table below. This data was provided by the Special EU Programmes Body (SEUPB). According to the SEUPB the total European Regional Development Fund (ERDF) funding available under the INTERREG IVA programme was €192.02m. As shown in the Table, €168.8m of ERDF expenditure has occurred to date; this leaves an ERDF balance of €23.2m. INTERREG IVA Programmes must be defrayed by 31 December 2015. It should also be noted that the spend to date for the entire INTERREG IVA programme includes the West of Scotland as an eligible area. The average in the table is a 9 year average, rather than a 7 year average as requested (due to the overrun of the funding stream).

**Figure 9: Funding and match funding (INTERREG IVA)**

Programme	EU Funding	Match Funding NI	Match Funding ROI	Total Match Funding	Total
	(spend to 20 Aug 15)				
	€m	€m	€m	€m	€m
INTERREG IVA	168.80	35.60	16.0	51.60	<b>220.40</b>
9 year average	18.76	3.96	1.8	5.73	<b>24.49</b>

## 5.2 The Current Framework for North-South Co-operation

In the decades following Ireland's partition Government there was little shared provision of public services.<sup>43</sup> The North and South are predominantly focussed on their own internal issues.<sup>44</sup> Nevertheless, according to the Communiqué issued after their most recent North South Ministerial Council (NSMC) Plenary in June 2015, members of both Governments discussed, "the challenges facing both administrations and the policies being implemented to support economic growth, job creation and improve living standards. This included discussions on FDI and on working together to build trade links with key developing

<sup>42</sup> Claire Nauwelaers, Karen Maguire and Giulia Ajmone Marsan, *The Case of Ireland-Northern Ireland (United Kingdom) – Regions and Innovation: Collaborating Across Borders* (2013). Available at: <http://dx.doi.org/10.1787/5k3xv0llxhmr-en>

<sup>43</sup> While the Government of Ireland Act, 1920 contained a small number of areas where it was envisaged that co-operation would take place between the two jurisdictions, this never actually occurred. Arguably, the first formal sharing of a public service task was the establishment of a joint agency to oversee the governance of Lough Foyle in the early 1950s.

<sup>44</sup> D'Arcy, M (2012) *Delivering a Prosperity Process: Opportunities in North/South Public Service Provision*. Armagh: CCBS

markets.”<sup>45</sup> The Communiqué’s progress update identified thirteen points of action including those within transport, health, agriculture, and the economy. In spite of this focus within the NSMC, North-South co-operation remains limited. Current projects include:

- INTERREG IV funding of the Belfast-Dublin Enterprise Service upgrade and Drogheda viaduct works.
- Construction of the joint Radiotherapy Unit at Altnagelvin Area Hospital.
- Implementation of the Common Agricultural Policy reforms agreed in 2013, including administrative measures for Direct Payment Schemes.
- The repatriation of waste programme for 2015 under which two illegal waste landfill sites will be addressed.
- Closer co-operation with respect to fuel laundering and stressed the importance of closer co-operation between agencies to tackle this issue.
- The Horizon 2020 Research and Innovation Programme which received 45 cross-Border applications to the Programme and an economic value of €8.8m for successful cross-Border Horizon 2020 collaboration.
- The promotion and marketing of Foyle and Carlingford Loughs in particular as marine leisure infrastructural developments, outreach and community activity and promotion of local seafood products by the Loughs Agency.
- The development of the new English/Irish dictionary flagship project ([www.focloir.ie](http://www.focloir.ie)) which includes an App.
- The restoration by Waterways Ireland of a 2.5km stretch of the Ulster Canal, connecting Castle Saunderson International Scouting Centre to the Erne basin with an estimated cost of approximately €2 million.<sup>46</sup>

Co-operation between the North and the South is not new. The Northern Executive and the Irish Government have worked together on a range of projects for economic, social and environmental benefit. This has happened, for example, through the creation of the Single Electricity Market, joint investment in the City of Derry Airport, and by significant road and rail investment on routes linking Dublin to Belfast, Project Kelvin and electricity grid strengthening proposals. Other ongoing co-operation themes include agriculture and plant and animal health policy and research, education, environmental protection and waste management, in a cross-Border context. There is also joint working on animal and plant disease prevention and contingency planning, accident and emergency planning, health promotion and co-operation, energy matters, transport planning, road and rail infrastructure, and public transport services and road safety. These and other projects are advanced both through the NSMC and through other contacts between Departments and Agencies, in both jurisdictions for example the North West Gateway Initiative.

Councils from both jurisdictions are working with ILEX, the urban regeneration company in the North-West. Local authorities in Newry and Dundalk have come together to deliver the Twin City Region project and have developed and signed a Memorandum of Understanding

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<sup>45</sup> Joint Communiqué, North-South Ministerial Council, Twentieth Plenary Meeting, Dublin Castle, 5th June 2015 [http://www.NorthSouthministerialcouncil.org/index/publications/joint-communiqués/plenary-jc/plenary\\_joint\\_communique\\_5\\_june\\_2015.htm](http://www.NorthSouthministerialcouncil.org/index/publications/joint-communiqués/plenary-jc/plenary_joint_communique_5_june_2015.htm)

<sup>46</sup> Ibid.

to the benefit of both communities. The Irish Central Border Area Network (ICBAN), a network of Councillors, is also working together to respond to unique economic and social needs of the central Border region.

This work detailed above illustrates the potential of working together, but it is clear co-operation is not enough. Integration, joint planning and joint delivery are the way forward. Integration provides opportunities to boost economic performance. More can be achieved through integration and joint delivery than competition. Strand Two of the Good Friday Agreement outlines a framework for North-South co-operation. This framework can be enhanced in order to deliver greater integration, a stronger economy and stronger public services.

### **5.3 The Framework for Co-operation Established Within the GFA**

The North South Ministerial Council (NSMC) was established within Strand Two of the Good Friday Agreement. The NSMC comprises of Ministers of the North's Executive and the Irish Government, working together to take forward co-operation between both parts of the island to mutual benefit. The NSMC was established in Armagh on December 2, 1999. The Council has joint North and South Secretaries and a staff of 24 drawn from the civil service North and South. Its aim is to develop consultation, co-operation and action within the island, on matters of mutual interest within the competence of both administrations.

Strand Two of the GFA outlined the following provisions:

- There would be an institutional relationship—the North South Ministerial Council.
- All decisions would be by agreement.
- The NSMC would cover subject areas drawn from the list in the Annex to the Agreement. The definitive areas in question were to be identified and agreed through an agreed work programme to be undertaken by the NSMC in its initial transitional form, and this process was to be completed by 31 October 1998.
- The NSMC was charged with agreeing appropriate mechanisms for co-operation in each jurisdiction; and matters where the co-operation will take place through agreed implementation bodies on a cross-Border or All-Island level.

The NSMC meets in plenary format, with the Northern Executive delegation led by the First Minister and deputy First Minister, and the Irish Government delegation led by the Taoiseach and the Tánaiste. The task of the Plenary is to take an overview of co-operation on the island and of the North/South institutions. The NSMC also meets in Sectoral Format to oversee 12 areas of co-operation. The six areas of agriculture, education, environment, health, tourism, including Tourism Ireland and transport are overseen by means of existing bodies which operate separately in each jurisdiction. A further six North/South Implementation Bodies, referred to as the North/South Bodies operate at a cross-Border or All-Island level and have specific responsibilities. In addition, Tourism Ireland Limited was created to promote tourism. The six bodies are:

- Waterways Ireland;
- The Food Safety Promotion Board (SafeFood);
- InterTradelreland;



- The Special European Union Programmes Body (SEUPB);
- The Foyle, Carlingford and Irish Lights Commission (FCILC); and
- Foras na Gaeilge.

### **5.3.1 Outstanding Commitments**

Strand One, Two and Three of the GFA were to commence consecutively. In spite of this, several key elements of the GFA have yet to be implemented. The outstanding elements represent important aspects of the architecture required to facilitate greater North-South co-operation and include:

- A Bill of Rights for the North - The GFA provided for a definition, in legislation, of rights supplementary to those in the European Convention on Human Rights, to reflect the particular circumstances of the North, drawing as appropriate on international instruments and experience. These additional rights would reflect the principles of mutual respect for the identity and ethos of both communities and parity of esteem, and - taken together with the ECHR - to constitute a Bill of Rights. The British Government have no plans to legislate for an appropriate Bill of Rights for the North.
- An All-Island Charter of Rights - The GFA envisaged an All-Island Charter of Rights, open to signature by all democratic political parties, to reflect and endorse agreed measures for the protection of the fundamental rights of everyone living in the island of Ireland. The Joint Committee of the two Human Rights Commissions, North and South, which was established as a forum to consider this, has called for the establishment of this Charter.
- A North/South Consultative Forum – Both the GFA and St Andrews Agreements provided for the establishment of this. There has been no significant consideration given to a North/South Consultative forum.
- Review of the Implementation Bodies – The St. Andrews Agreement provided for a review of the North/South Implementation Bodies which were established under the GFA. The review was to assess the value of existing bodies and consider the case for additional bodies. The initial part of this work has been completed and the value of the existing bodies validated. The review has stalled and no meaningful consideration of possible additional bodies is underway.
- Acht na Gaeilge - An Irish Language Act was agreed as part of the St Andrews Agreement. This continues to be blocked by political interests opposed to the rights of Irish language speakers particularly in the North.

### **5.3.2 Cross-Border Corridor Groups (CBCGs)**

Cross-Border Corridor Groups (CBCGs) have been set up over the last three decades in order to allow local Government to co-operate on issues of cross-Border cohesion. Their work only really started to develop under the aegis of EU funding initiative INTERREG III.

The CBCGs are positioned to play a pivotal role in tackling deprivation and facilitating cross-Border integration in a very practical manner. Their powers and relationships with social partners, Government departments, local councils and All-Island bodies can potentially transform the scope of integrated development, delivery and decision-making for the benefit of communities living adjacent to the Border.

The developmental capacity and skills of the CBCGs could be supplemented and enhanced. Indeed, to enhance this aspect of cross-Border integration, the creation of an EU exchange programme on balanced integration and social inclusion to allow the members to network, learn and impart best practice with contemporaries in other EU Border groups could be developed.

The CBCGs and the social partners need to be given an even more strategic role in the allocation and distribution of EU and central funds. Decentralising the process and locating decision-making to promote balanced integration at the heart of a participative democratic framework along the Border Corridor.

### **5.3.3 Moving Forward**

Post-Agreement there are vast opportunities for economic integration North and South which remain under-exploited. Institutions and policies have been enacted jointly by Irish and British authorities and the North's Executive, with support from the EU and the international community. Greater economic integration across Ireland will deliver economic growth and employment, reinforcing strengths and opportunities in each jurisdiction by capitalising on proximity linkages to expand innovation.

### **5.3.4 Recommendations**

Delivering Island-wide Co-operation and Integration:

- The full implementation of the Good Friday Agreement and commitments within the St Andrew's Agreement should be delivered in full.
- The development of All-Island public sector and civil society institutions.
- The development of a cross-Border health service provision plan to accelerate the sharing of certain acute hospital, community health and general medical services.
- The development of the Single Energy Market (or "SEM II") to take full advantage of renewable wind, wave and biomass CHP energy and retain the benefits of the Single Electricity Market (or "SEM I").
- Island-wide co-ordination on treated water in the plans for infrastructure upgrades being progressed by both jurisdictions so as to more effectively tap into the island's "water wealth".



## 6. Developing the All-Island Economy

A planned and agreed approach to economic development across the island of Ireland would deliver greater:

- All-Island trade and export trade;
- Economic and jobs growth and improved workforce skills;
- Productivity and innovation; and
- Inward investment and Research and Development spend.

Both administrations on the island struggle to find efficiencies in the delivery of public services yet we have back to back provision. North and South we have disconnected policies and practice. Yet where joint island wide enterprise has been applied it has improved service delivery. Integrated island wide co-operation within public services makes economic sense. Jointly funded cancer services have illustrated that co-operation is not only possible, but that it improves the lives of citizens. The joint Cancer Centre in Derry will provide services for patients from throughout the North-west. No longer will patients from Donegal or Derry have to travel to Belfast or Dublin for treatments. Repeating this key performance indicator could transform how we deliver health services across the island. The total spend per capita within the current overall health system in the South is more than the per capita spend in the North or in Britain. There are opportunities within a new integrated island wide structure to reconfigure how we deliver health services across this island. With vision, commitment and determination we could deliver better services to all the people of Ireland North and South.

Island-wide trade currently generates £3bn for the island. Removing barriers to island-wide trade also makes sense. There is no doubt that a planned and agreed approach to economic development across the island of Ireland would have a positive impact on trade, investment, economic growth, workforce skills, productivity, innovation, research and development.

There are currently two approaches to building island-wide investment and trade:

- The cross-Border approach has a narrower focus on developing the Border region. This area is the focus for European Territorial Co-operation programmes, including both INTERREG, the PEACE programme, as well as by the International Fund for Ireland. The reconciliation and peace objectives are important motivations for promoting integration within this cross-Border area. Activity of this kind has been developed in order to address the challenges created by the existence of the Border for those communities most directly facing truncated markets and impeded mobility. This approach although necessary, focusing solely on the Border regions, has the potential to isolate the Border counties from the most dynamic parts of the island economy.
- The Integrated All-Island approach extends beyond the Border and focuses on driving investment and growth throughout Ireland as a whole, including developing infrastructure on an All-Island basis and building integrated public services. It is this

approach which is most beneficial towards delivering sustainable economic recovery for all the people of Ireland.

Both are necessary to build sustainable growth and economic recovery throughout Ireland.

InterTradeIreland is one example of an agency with the mission to promote cross-Border trade and innovation but the spatial remit of this agency has always been on an All-Island basis, which makes sense since the spatial scale of economic relationships extends beyond regions.

See Figure 10 below which outlines the characteristics of the economies of Ireland.

**Figure 10: Characteristics of the Northern and Southern economy<sup>47</sup>**

*The South of Ireland is in normal text and the North is in **bold**.*

Characteristic	Specification	Comments
Region settlement patterns	Metropolitan area <b>Network of small and medium-sized cities</b> <b>Sparsely populated with small towns</b>	The island of Ireland is characterised by the presence of two medium-sized metropolitan areas on both sides (Dublin and Belfast) as well as several smaller cities. Much of the area on the island is sparsely populated.
Internal accessibility and flows ( <i>geographic proximity</i> )	Strong <b>Moderate</b> Weak	Motorways connect most of the larger cities; however, the size of the island renders internal accessibility challenging in some parts, such as from the Southern and Western areas with Northern Ireland.
Industrial and knowledge specialisations ( <i>cognitive proximity</i> )	Similar with complementarities Same <b>Different</b>	The two regions have different economic structures. There are, however, several areas of common specialisations, such as agri-food and ICT, among others.
Socio-cultural context ( <i>social proximity</i> )	<b>Very similar</b> Somewhat similar Different	This is a cross-border area with a very similar socio-cultural context. However, some civil unrest related to historical issues has limited other aspects of social proximity and trust.
Innovation system interactions	<b>Pervasive</b> Hub-to-hub On the border	Some SME business and community development issues are addressed at the border, largely supported by EU funds, but most innovation potential is between large urban hubs. InterTradeIreland activities focus on cross-border interactions more generally, across the island.
Level of innovation development across border	Balanced, strong Balanced, weak <b>Unbalanced</b>	There are several imbalances between the two sides of the cross-border area that impact the level of innovation development. Ireland itself is a dual economy. However, looking on an OECD-wide basis, Ireland and Northern Ireland have relatively similar innovation performance as compared to many other OECD regions.

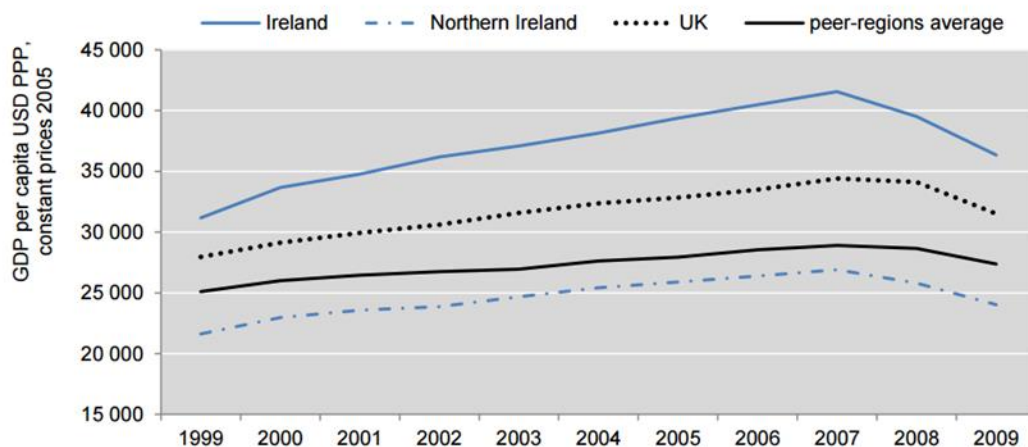
<sup>47</sup> Claire Nauwelaers, Karen Maguire and Giulia Ajmone Marsan, *The Case of Ireland-Northern Ireland (United Kingdom) – Regions and Innovation: Collaborating Across Borders* (2013). Available at: <http://dx.doi.org/10.1787/5k3xv0llxhmr-en>

**Figure 11: Socio-economic overview of the Border region<sup>48</sup>**

Variable	Ireland	Northern Ireland
Surface (km <sup>2</sup> )	70 283	14 148
Population (2011)	4 588 282	1 810 910
Population density (inhabitants/km <sup>2</sup> )	66	128
Main cities	Dublin 28% of island population	Main city: Belfast 18% of island population
Unemployment rate (Q2 2012)	14.8%	7.8%
GDP per capita (2009) (USD PPP constant prices 2005)	36 346	24 014

Sources: InterTradeIreland (2013), "Background report for OECD study on cross-border regional innovation policies: Ireland-Northern Ireland", InterTradeIreland, January; OECD (2013), *OECD Regional Statistics* (database), <http://dx.doi.org/10.1787/region-data-en>.

**Figure 12: Evolution of GDP per Capita North and South<sup>49</sup>**



Note: Peer regions average: average of the cluster "Medium-tech manufacturing and service providers". For a definition of peer regions on the basis of knowledge economy indicators, see the OECD categorisation of regions with respect to innovation-related indicators developed in Ajmone Marsan and Maguire (2011). In this paper, OECD regions with sufficiently similar characteristics have been grouped together by means of a statistical methodology called "cluster analysis", on the basis of 12 socio-economic indicators related to innovation and economic performance.

Source: OECD (2013), *OECD Regional Statistics* (database), <http://dx.doi.org/10.1787/region-data-en>.

## 6.1 The Benefits of Economic Integration

The report *Modelling Irish Unification* undertaken by Hubner and Van Nieuwkoop (2015)<sup>50</sup> was recently launched at the Harvard Club in New York. This report showed significant long-term improvement in the Northern economy could be achieved by removing currency, trade and tax barriers that currently impede economic growth. The report also showed

<sup>48</sup> Claire Nauwelaers, Karen Maguire and Giulia Ajmone Marsan, *The Case of Ireland-Northern Ireland (United Kingdom) – Regions and Innovation: Collaborating Across Borders* (2013). Available at: <http://dx.doi.org/10.1787/5k3xv0llxhmr-en>

<sup>49</sup> Ibid.

<sup>50</sup> Kurt Hubner and Renger van Nieuwkoop, *Modelling Irish Unification* (2015). Available at: <http://prcg.com/wp-content/uploads/2015/11/Modeling-Irish-Unification-Report.pdf>

<sup>50</sup> Sir George Quigley, *Ireland 2020* (2009). Available at: [http://www.northsouthministerialcouncil.org/index/whats-new/lecture\\_ireland\\_2020\\_10th\\_anniversary\\_of\\_north\\_south\\_ministerial\\_council.htm](http://www.northsouthministerialcouncil.org/index/whats-new/lecture_ireland_2020_10th_anniversary_of_north_south_ministerial_council.htm)

improvements for the South, which would benefit from barrier-free access to the Northern Irish market. By modelling three separate unification scenarios, the researchers showed a long-term improvement of GDP per capita in the North of 4 to 7.5 percent, while the South would see a boost of 0.7 to 1.2 percent.

The report presents the first comprehensive economic models simulating the political and economic integration of the economies of the North and South. Three unification scenarios were presented, with the most successful estimating a €35.6 billion boost in an All-Island GDP in the first eight years of unification<sup>51</sup>.

Available literature has illustrated that in order to maximise the potential of the All-Island economy, the goal must now be to remove hurdles or distortions which prevent the island operating as fully as possible as a single market on both the demand and supply sides of the equation. The existence of two separate currency regimes in Ireland leads to distortions within the All-Island economy.<sup>52</sup>

- There is a need to maximise the structural remits of the current state development agencies and to consider the ways in which real integration can be achieved. Currently both North and South agencies are producing strategies that do not address the other.

State development agencies need to redefine their structural missions in terms of the benefits of the island economy.

## 6.2 A Summary of Key Evidence Presented to the Committee<sup>53</sup>

### Centre for Cross Border Studies:

- The Centre for Cross Border Studies emphasised that cohesion needs to be at the core of enhancing the border region and developing the island economy. Cohesion will reduce the socio-economic disparities in the island.
- An All-Island economy should adhere to principles of Integrated cross-Border co-operation.
- Four pillars must be addressed by any policies or interventions:
  1. Social;
  2. Economic;
  3. Environmental; and
  4. Co-operation.
- Community groups and those in voluntary sector must be properly involved in building cross-Border co-operation and building the island economy.

<sup>51</sup> Kurt Hubner and Renger van Nieuwkoop, *Modelling Irish Unification* (2015). Available at: <http://prcg.com/wp-content/uploads/2015/11/Modeling-Irish-Unification-Report.pdf>

<sup>52</sup> Sir George Quigley, *Ireland 2020* (2009). Available at: [http://www.northsouthministerialcouncil.org/index/whats-new/lecture\\_ireland\\_2020\\_10th\\_anniversary\\_of\\_north\\_south\\_ministerial\\_council.htm](http://www.northsouthministerialcouncil.org/index/whats-new/lecture_ireland_2020_10th_anniversary_of_north_south_ministerial_council.htm)

<sup>53</sup> Transcripts of meetings; and presentations and submissions to the Oireachtas Joint Committee on Jobs, Enterprise and Innovation are available online via the links identified in sections 3.2 and 3.3 of this report.

- There should be a focus upon increasing social and territorial cohesion within the All-Island economy.
- An All-Island economy could do much to address socio-economic imbalances between several geographical areas.
- A Border Development Corridor is necessary if an All-Island economy is to be established.
- The Border Development Corridor Steering Committee conducted research regarding developing the Border Corridor and identified seven key issues:
  1. Critical Infrastructure Project;
  2. Expansion of IDA Ireland and Invest NI re: FDI;
  3. Focus on SMEs with export potential across the BDC;
  4. Strengthening of the local food economy;
  5. Work collectively to harness opportunities presented by physical/cultural etc. environment;
  6. Green Economy and renewables; and
  7. Embrace goodwill of diaspora.
- Leadership is required to counter the argument that investments will be lost if businesses are established in weaker performing geographical areas.
- Policy makers on both sides of the Border should proof economic strategies in terms of an All-Island economy. Brexit would damage any progress on the island economy, the North will move further into the periphery. Leadership is required to avoid a Brexit.

**Dr Conor Patterson, Chief Executive Newry and Mourne Enterprise Agency:**

- Dr Patterson outlined the major problems which were inhibiting the island economy:
  1. Two currencies which fluctuate;
  2. Two fiscal systems;
  3. Separate political systems;
  4. Different administrative structures;
  5. Public services which have been set up and delivered differently;
  6. Underdeveloped infrastructure links; and
  7. Poorly scheduled public transport.
- Brexit could undermine the development of the All-Island Economy.
- An Inter-Governmental action plan is needed in order to ensure the full potential of the island economy is maximized.
- The support and development of indigenous businesses is core to a successful island economy.
- The subsidiarity principle brings the conception and delivery of policy as close as possible to the end beneficiaries.
- A strategy for integrating public services would be beneficial to the island as a whole.
- Clarify geographical extent of the Border Development Zone.
- A North-South internship programme would assist labour market mobility and be of benefit to institutions, businesses and individuals.

**Michael Burke, Independent Economist:**

- Michael Burke focused upon the benefits of economic integration to the island as a whole advocating that a unified economy would help the home market reach its full potential
- The Border hinders the development of the home market and acts as a barrier to the free movement of labour, capital etc. due to differences in currency, taxation, policies and administrative structures.
- Reunification would result in an increase in the home market of 25% for businesses in the South and a fourfold increase for businesses in the North.
- The missing link in the Irish economy is indigenous industries and reunification could reduce heavy reliance on multi-national corporations (MNCs).
- Education performance North and South is currently slightly below OECD average but a combined approach could address this North and South
- 25.5% of the Northern economy is reliant on public sector vs 16.9% in the South. The South is below the OECD average when it comes to health services output and would benefit greatly from the Northern model.
- Reunification would provide a competitive boost in some sectors and other sectors that are complementary would benefit from unification e.g. aerospace – good financial/leasing services in the South and building upon good industrial capacity in the North.
- Public sector output and integration is key to economic development.
- Economic integration already taking place e.g. ESB purchasing Northern Ireland Electricity (NIE).
- Cross-Border businesses are facing obstacles and haphazard integration within the island economy.
- The big prize of a much larger and more prosperous economy across the island requires Irish unification. 25% addition to home market would improve Ireland's standing in EU in terms of competition and integration.

**Padraic White:**

- Padraic White outlined the manner in which both the OECD and the European Commission have emphasised the significant disparities in GDP between the Border areas and the rest of Britain and Ireland.
- InterTradeIreland cannot focus solely on the Border region as it is an All-Island body.
- There is a need to fully develop the island economy and develop the Border region after decades of underinvestment, to address the lack of integrated policy development that has caused economic disadvantage within the Border counties.
- The Solidarity Charter for the Economic Revitalisation of the Border Development Corridor represents a co-ordinated effort to capitalize on the economic, social and environmental assets of the Irish Border region and to redress the economic disadvantages that have accrued in the area from decades of underinvestment, back-to-back policy development and the legacy of our troubled history. The full implementation of the Solidarity Charter for the Economic Revitalization of the Irish

Border Development Corridor should be achieved. This focuses upon seven main areas

1. Infrastructure;
2. FDI;
3. SMEs with Export Potential;
4. Agriculture, Food and Fish Processing;
5. Tourism and Recreation;
6. Low Carbon, Energy Saving and Renewables; and
7. Diaspora.

#### **Nevin Economic Research Institute (NERI):**

- NERI emphasised that the level of research into All-Island economic issues is less now than in the past and cross-Border exchanges between economists and analysts is not what it could be.
- The extent of trade between the Republic and the North remains limited, particularly within areas such as goods manufacturing and exports, which represent untapped opportunities.
- As an island, both economies are exposed and vulnerable to international shocks in the price and supply of energy and fossil fuels. This requires strategic investment in new forms of energy supply, developing our renewable energy resources island-wide and re-examining the terms and conditions applied to coastal oil and gas exploration.
- Long-term, courageous, strategic thinking would be required, beyond the limited scale of cross-Border co-operation, in order to see real economic benefits on an All-Island basis.
- Institutional inertia on developing the All-Island economy has arisen as a result of the recent economic crisis when the priorities were to create employment, maintain investment and grow exports without regard to regional balance.
- The North-West has lost out particularly in the jobs recovery since 2012. The Border area has lower levels of labour activity, higher disparities in income per capita and higher level of dependency on fiscal transfers.
- What the North and the South have in common in particular is a problematic dependency on fossil fuel imports, so any initiative, either at European level or commercially to rise to that challenge and shift the dependency on traditional sources of energy is welcome.
- Public and private investment has not kept pace with economic development. We have had a huge surge forward in terms of road transport in the South.
- The M1 motorway has made a huge contribution to shortening the distance between Belfast and Dublin compared to 20 years ago.
- The carriages on the Enterprise express train between Dublin and Belfast are not up to spec for the modern era due to there being no sockets and unreliable Wi-Fi en route.
- From a business point of view, Wi-Fi is important in every area of the country, including areas of the West and North, from the perspective of tourism, services, and activity in all sectors. That is an area where public and private strategic investment could play a crucial role.

- Both jurisdictions on the island underwent a substantial economic downturn since 2008. While the North's house prices increased substantially in the two years prior to the crash, increases in the South saw a trend of growth going back to the previous decade, resulting in proportionally more people in the South in negative equity. Unemployment reached a peak of 13% in this State, and peaked at just above 8% in the North in early 2013.
- Financial institutions in Northern Ireland faced similar losses to those in the South, but the cost of this was borne either by the British or Irish Government, depending on where the institution was headquartered. Northern Ireland has experienced more significant cuts in Government expenditure than the rest of the United Kingdom. Austerity measures are estimated to have totalled some 18% of GDP in the North, compared with a UK figure of 9%.
- The North saw the largest fall in incomes of any UK region during the recession and is now the lowest-income region. Incomes in the Republic also fell significantly, but the downward trend began two years earlier.
- Currency has been a barrier to the All-Island economy and recent fluctuations have affected trade significantly. Areas close to the Border, on either side, have some of the highest levels of unemployment and lowest levels of productivity in Ireland and the UK.
- There is scant evidence to suggest that introducing enterprise/development zones would increase economic development. However, there are opportunities to harness cross-Border co-operation to enhance the Border region, particularly with regard to public services and in the important areas of education and skills, in order to remove a possibly false limit on economic growth.
- A job creation strategy requires a significant shift in industrial policy both North and South. The Northern economy has suffered years of underinvestment in the public and private sector and would not likely be able to compete with the South simply by reducing corporation tax.
- The focus on an All-Island economy is a longer-term strategy for-growth.
- There should be a focus on demand-side measures in parallel with infrastructure to-increase the amount of economic activity rather than supply-side measures-of 'enterprise zones' which tend to encourage the shifting of activity.
- Regional growth involves identifying where particular sectoral or industrial strengths lie within particular regions and then deciding to make a long-term commitment in terms of focused capital spending or research grants towards a goal of growth in a particular sector.
- Tax allowances and cutting of red tape will not magically create economic activity.
- If a foreign multinational corporation looking to create its European base had to choose between Northern Ireland and the Republic, it would look at the insecurity that would be created by an EU referendum and decide to put its money on the safe bet of the South.



**Professor Stephen Roper, Director, Enterprise Research Centre at Warwick Business School:**

- Professor Roper emphasised that an All-Island focus on policy-making is long overdue.
- Emphasis on exporting from the island is more important than exporting within the island.
- Innovation and exporting are very closely related and innovation is enhanced when firms work together or with external organisations.
- A study which he recently published, based on data from the North and South, suggested that for small firms, approximately 40% of the value of their innovative activity derives from partnerships rather than from knowledge that is developed within the firm. For large firms it is approximately 25%, so that is quite a big difference. The Border Zone, particularly in the central Border, is dominated by those types of smaller companies.
- Productivity gains arise when innovation and exports come together. Firms should be supported to become innovative and to export the results of that innovation by assisting them to broker partnerships and prioritising collaborative innovation.
- There is potential for greater collaboration between Enterprise Ireland and Invest NI in terms of the targeting of State support for innovation and exporting. It could involve the provision of export market information and information about partner networks or partners which might enhance brokerage.
- The North is the least connected of the UK regions to the EU in terms of trade so any positive or negative impact of a Brexit for the UK will likely be of lesser impact for the North.

**Dr. John Bradley, Economic Modelling and Development Strategies Consultancy:**

- Dr Bradley highlighted that when writing the 2012 report *Cross-border Economic Renewal: Re-thinking Regional Policy in Ireland*,<sup>54</sup> the weaknesses of strategic thinking in the area of regional development in both jurisdictions became apparent. The report also highlighted the urgent need for joined up thinking in regional development policy and enterprise development policy. This would redress the challenges of peripherality, rural demographics and the policy fault line established by the border between North and South.
- Recent initiatives by the Irish Business and Employers Confederation (IBEC) and the Confederation of British Industry in the North are resulting in a massive increase in cross-Border interest on the part of firms. The private sectors, North and South are evolving and co-operating on an island-wide basis.
- The stark regional imbalances in GDP per head are more evident than the disparity in household disposable income per head due to the social welfare transfer system. The North is the most dependent region of the UK on this transfer system. There is a dependency on this welfare transfer system due to the lack of drive for enterprise, entrepreneurship and the investment measures to support production.

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<sup>54</sup> John Bradley and Michael Best, *Cross-Border Economic Renewal: Rethinking Regional Policy in Ireland* (2012). Available at: <http://www.crossborder.ie/pubs/2012-economic-report.pdf>

- A graphic example of the limits placed on Northern opportunities for growth is the island transport system, where the train service between rural Westport to Dublin is better served than between the islands 2 largest urban centres. (Dr. Bradley cites the example that he can leave Westport at 5.15 a.m. on the red-eye, get into Heuston Station at 8.28 a.m. and be in the centre of Dublin at 9 a.m. The earliest he can leave Dublin for Belfast is 7.35 a.m., getting in at 9.45 a.m., which means he is in the centre of Belfast at 10.15 a.m.)

**Minister for Jobs, Enterprise and Innovation Richard Bruton, TD:**

- The Minister stated that “it should be noted that IDA Ireland competes with INI for inward investment in certain areas”.
- According to the Minister both development agencies, Enterprise Ireland (EI) and IDA Ireland, engage with relevant bodies in the North to pursue areas of mutual advantage. Links have been forged by EI with various agencies and bodies in the North and that Agency’s work in this context has focused on liaison with, and participation in - the Ireland Fund; Joint Business Council; International Fund for Ireland; Special EU Programmes Body; the North South Secretariat; as well as local authority-led cross-Border networks.
- Highlighted InterTradelreland’s successes of surpassing jobs targets year on year.
- The activity of InterTradelreland (ITI) is designed to have an economic impact. ITI exceeded its employment target by 50% last year and is well past the halfway mark for its three-year target. As such, it is having an impact.
- InterTradelreland is the only All-Island enterprise agency. Demand for their programmes is very high. In 2014, more than 470 inquiries were made for 64 places on a Fusion (Graduate) programme. In that same period, there were 430 inquiries for 112 places on the Acumen (exports) programme and the same applies for other programmes. They could offer only 81 places on the Elevate programme but 544 inquiries were made for it. Demand for these opportunities and programmes is very high.
- SMEs that have benefitted from ITI support and advice have generated close to €1 billion worth of trade and business development value. It is estimated that more than 3,000 jobs have been created over the past six years through its interventions. This is despite the budget being cut by 30% since 2008.
- A recent OECD study on collaborating across Borders recommended the mainstreaming of cross-Border programmes within national and regional strategies.<sup>55</sup> The study also recommended that all policy instruments programme rules should be aligned so that businesses can easily participate in programmes on a cross-Border basis.
- The INTERREG programme resulted in 28 projects coming forward. The programme supported the science parks in Derry and Letterkenny as well as enterprise centres in Omagh and Carrick-on-Shannon.

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<sup>55</sup> Claire Nauwelaers, Karen Maguire and Giulia Ajmone Marsan, *The Case of Ireland-Northern Ireland (United Kingdom) – Regions and Innovation: Collaborating Across Border* (2013). Available at: [http://www.oecd.org/gov/regional-policy/The\\_case\\_of\\_Ireland-Northern-Ireland.pdf](http://www.oecd.org/gov/regional-policy/The_case_of_Ireland-Northern-Ireland.pdf)

- There has been improvement in North-South trade in recent times. This year to date (2015), there has been 12% growth in Irish trade to the North, which is an increase on the previous year's rate (2014) of 8% and that of 3% (2013) in the year before that. Both economies are seeing some recovery in employment. In the North, there was 1.7% growth in employment last year and in the South, it was just over 2%.
- Regular bi-lateral discussions and meetings are held between the various parties. There is also close collaboration between EI, INI and InterTradeIreland (ITI) on the specific cross-Border programmes which are run by the latter body, in order to ensure effective operation and non-duplication.
- There is a commitment by the IDA and INI to jointly develop a North West Business Technology Zone (NWB TZ). The fundamental aim of this initiative was to capitalise on the combined strengths of Letterkenny and Derry City as an economic corridor. The focus was on developing compatible infrastructure and property solutions, which are now in place, to assist in the enhancement of the region's attractiveness for investment in advanced facilities in Letterkenny, Dundalk and Sligo.
- North-South links have been established between local authorities
- Resources have been invested in developing stronger economic performance in the Border regions.
- Regional policy is evolving with a number of new tools that have been developed. The aim is to develop practical collaboration at an economic level to build the connections to exploit the potential that clearly exists, build the export base, increase trading and building employment North and South.
- There is significant collaboration in the research area, innovation, exporting and cross-Border placement of people from colleges to build those connections.
- Funding has been targeted to research collaboration, particularly through SFI, in the context of Horizon 2020, which has €80 billion in funding resources. Attempts are being made to build collaboration on a North-South basis to ensure greater access to resources available under Horizon 2020.
- A Memorandum of Understanding is in place between EI and INI to enable clients of both agencies to access market services, trade missions/fairs, and seminars of one another and to provide INI clients with access to EI management development programmes such as Leadership 4 Growth and the International Selling Programme. The first joint trade mission with Arlene Foster MLA was successful. The mission was centred on aviation to Singapore, where there is an aviation cluster. A number of the precision engineering companies which operate in the South are sub-suppliers into that marketplace and so the mission proved a good fit. This is an area in which North and South are engaged in similar initiatives. A reflection on the depth of co-operation in this area is that just four Northern firms have attended Southern trade missions in total in the last five years.
- Southern trade missions are increasingly being geared towards aviation, ICT, water technologies and clean technologies.
- Priority is being given to encouraging FDI to set up in the Border region by IDA.

### 6.3 Results from a Survey of Border County Local Authority Chief Executives and Councillors

In order to inform the development of the report a short questionnaire comprising of twenty questions was distributed to Chief Executives (CE) and Councillors of local authorities from the Border region.

The survey covered the themes of:

- Cross-Border trade;
- Cross-Border enterprise support;
- Cross-Border banking issues;
- Intercouncil Relationships;
- North-South Tax Differentiation;
- Investment within the Border region;
- The Border Development Corridor;
- Employment;
- State support;
- Operation of state agencies within the Border region;
- Cross-Border Agricultural Issues;
- Cross-Border Transport Issues;
- Cross-Border Education Issues;
- Cross-Border Health Issues; and
- Civic and Voluntary Organisations within the Border Region.

The survey consisted off structured yes and no questions, with open-ended follow up questions.

A total of 11 questionnaires were distributed to Chief Executives (CEs). There were a total of eight responses which consisted of four responses from the North and four from the South.

322 Surveys were distributed and 47 Councillors or 15% of all Councillors in local authorities adjoining the Border responded to the survey. It must be remembered the some of these local authorities geographically stretched a considerable distance from the Border and so some of the 322 would have little direct experience of the Border. Those who replied to the survey represented experience and opinion on both sides of the Border and from both Nationalist and Unionists communities.

#### **Question on Cross-Border Trade**

**Chief Executive Responses:** 37% (three) of CE respondents to the survey indicated that the majority of their trade originated from the opposite side of the Border. There was a strong consensus that the level of Cross-Border trade tends to fluctuate depending on currency rates.

75% (six) of the CE respondents recognised the Border as posing clear challenges to business due to currency fluctuations, poor infrastructure, exchange rates, VAT, regulatory issues and lack of knowledge among SMEs.

However, within this number, one quarter of CEs (two) identified both opportunities and disadvantages to doing business in the Border area suggesting that once a business had overcome the difficulties presented by cross-Border trade locally, they felt more confident in doing international trade overseas.

**Responses from Councillors:** Councillors responding to the survey articulated the view that current currency differentials impact upon trade with the result that there is currently more trade going from North to South. Donegal businesses receive more trade from Northern shoppers than from any part of their own jurisdiction. In the North many people shop locally however, there is a lot less business coming from the South than in the past. This is more prevalent the further you move from the Border. Purchasing fuel in the South is a major driver for cross-Border trade.

Two thirds of these Councillors believed the Border was a clear barrier to trade between Border counties. 42% (32) of Councillor respondents cited currency as the main obstacle to cross-Border trade. Responses cited exchange rates making it difficult to plan for long-term business development to extra administration involved in currency exchange. One Councillor stated that:

“Fluctuations in currency rates mean income is never stable for businesses on the Border. Certain businesses may find that trade will periodically dry up due to factors beyond their control”.

This fluctuation is seen as a break on investment. There were no differences in terms of response from North or South of the Border.

Differing Tax, VAT, Corporation Tax rates were deemed to be the second major obstacle to cross-Border trade according to the respondents. In this instance the majority who cited this as an issue were from North of the Border.

Southern respondents felt disadvantaged when it comes to winning tenders as it was felt that there were lower labour costs for Northern contractors often means that councils must award Northern contractors the work according to EU rules of having to choose the most competitive tender. Employers and workers in the South feel aggrieved that there is not a level playing field.

### **Question on Cross-Border Enterprise Support**

**Chief Executive Responses:** 62% (five) of CE respondents indicated that citizens and businesses in their area had received some form of cross-Border enterprise supports. 50% (four) of CE respondents indicated that support and assistance came via INTEREG IVA and the Spatial Planning Initiative and 37% (three) indicated that they had accessed support from InterTradelreland.

37% (three) of CE respondents gave examples of support which they had accessed in the past including the North West Construction Network Programme which supported 90

construction businesses and related businesses across Donegal, Derry, Limavady, Strabane and Magherafelt.

Other programmes that were discussed by CE respondents included the Renewable Energy Project aimed at establishing structures for businesses providing green renewable energy in Donegal, Derry, Limavady, Strabane and Magherafelt, and the Tradable Services Joint Project between Cookstown District Council and County Cavan Enterprise Board.

**Responses from Councillors:** Councillors had a low level of awareness of enterprise support issues. The majority of respondents were unaware of any enterprise help or support that their constituents had accessed from state agencies in the other jurisdiction. However, some Councillors in Donegal reported that some business in the area had received support from Invest NI when they were looking to expand or set up in the North.

It is fairly common however for enterprise support to come from the cross-Border groups and EU funding projects. ICBAN is cited quite frequently as having been a tremendous support for business located in the Central Border Area. The Cross-Border working group that was set up between Donegal and Derry/Strabane Councils has worked on a variety of initiatives which benefitted from joint funding. For example, money that came from Europe via INTERREG supported a cluster of companies in the Derry-Letterkenny area. This was only achieved because the cross-council grouping was in place.

#### **Question on North South Differentiation**

**Responses from Chief Executives:** 62 % (five) of CE respondents were concerned about the negative impacts of tax differentiation North and South. Lower corporation tax was cited as generating positive impacts South of the Border. 25% (two) of CE respondents (from the North) believed Southern corporation tax rates put them at a disadvantage. Fuel laundering was cited as a cause of the loss of revenue for the State.

**Councillor Responses:** 62% (30) of Councillor respondents claimed that tax issues had caused difficulties for their constituents. Some cited two separate tax systems as presenting key challenges. This added to the complexity of business and for individuals who had to complete two tax forms if they worked on one side of the Border and lived on the other. The two tax systems have evolved totally separately and there are accounting and legal firms specialising in this area in the Border region. Some Councillors in the North raised the challenges associated with the differential rate of Corporation Tax North and South indicating that this resulted in towns such as Enniskillen becoming starved of investment and development.

‘Difference in rates of VAT also impacts on business and individuals. The red tape of two differing systems is a minefield to navigate’.

#### **Question on Investment within the Border Region**

**Chief Executive Response:** 50% (four) of CE respondents referred to the Border as influencing investment decisions. Investment confidence was described as improved as a result of the peace dividend although cross-Border investment was referred to as having stalled due to currency fluctuations. The failure of the road infrastructure to be brought to the required standards on both sides of the Border was described as repelling some investment

prospects. One Northern CE respondent held the view that investments were more likely to be made within the Southern side of the Border due to a less restrictive planning regime and tax incentives. One respondent expressed the view that investment in the poultry industry was greater North of the Border due to lower energy costs and reliefs.

**Councillor Responses:** 30% (14) of respondents stated that constituent's investment plans had been negatively affected by the Border. The majority of Councillors highlighting these issues were from the North.

### **Question on State Support**

**Chief Executive Responses:** 75% (six) of the respondents advocated for greater state support and policy focus in order to resolve the challenges which the Border presents both citizens and businesses in their area. The need to progress the N2/A5 and the A6 roads has been well documented by the North South Ministerial Council and requires central Government support. There is a need for greater state consideration and input on currency exchange fluctuations and more investment in times of austerity and greater collaboration between the two States. It should be noted that the work done by ICBAN has been roundly commended. Other resources which require prioritisation and investment within the Border areas include Broadband, Telecom and mobile phone coverage.

**Councillor Responses:** 86% (41) of respondents reported that there was not enough state support and policy focus with regards the resolution of issues faced by their constituents and would like to see more financial and human resources directed towards alleviating the difficulties created by the Border. The treatment of the North and the Border Region as peripheral areas needs addressing with more investment required in road and rail infrastructure.

55% (26) of respondents believed that agencies in either jurisdiction acted in a territorial manner with regards to their function. The majority cited a lack of joined-up thinking amongst agencies with agencies ignoring the benefits of co-operation between North and South. These Councillors articulated the view that state agencies protected their own domains and worked in isolation from each other. Some expressed the view that State agencies exhibited parochialism in that agencies tended to prioritise their own area at the expense of regional development. 23% (11) did not agree with this view.

### **Question on The Border Development Corridor**

62% (five) of CE respondents expressed interest in the Border Development Corridor. The majority of these views were expressed by Northern respondents. Particular issues were raised with respect to Louth and Monaghan. Louth now forms part of Midlands/East region and it was thought that the focus is being placed upon Dublin - Belfast Corridor, with less attention paid to other regions.

Councillors in Monaghan noted that The Border Development Zone does not sit comfortably with existing policy and the mismatch of political process would make such a concept difficult to deliver.

Newry, Mourne and Down is strategically located on the Dublin - Belfast route and the success of their Economic, Regeneration and Investment Plan is dependent upon the development of the Border Corridor.

One CE respondent expressed the view that there were in fact three different Border areas along the Border, each with their own unique features and issues, and that it may not be appropriate to treat the entire length of the Border the same.

### **Question on Employment Rights**

**Chief Executive Responses:** Only one CE respondent cited employment rights as presenting challenges. This respondent expressed the view that contractors from North of the Border had an advantage in pricing for contracts in the South due to lower labour costs.

**Responses from Councillors:** 63% (30) of Councillors indicated that they had received requests to resolve issues created by the Border. This included requests from cross-Border workers trying to access their entitlements including Tax credits or Jobseekers Benefit. Some who have earned benefits have lost them by moving across the Border. Many citizens working in Derry may move to the city's Donegal suburbs and find they have lost a lot of their entitlements. Respondents identified difficulties with the social welfare systems in terms of child and family allowances, tax credits, medical cards and family income supplements. The payment of Stamp is of no benefit.

34% (16) of Councillor respondents identified challenges associated with employment rights in a cross-Border context. The majority of these responses came from Councillors in the North which suggests that is more of an issue for people living in the North and working in the South than vice versa.

Redundancy North of the Border is cited as not being on a par with the South. 27% of Councillor responses focused upon the challenges of living in one jurisdiction and working in another and the complexity of being laid off and claiming redundancy, benefits and credits etc.

### **Question on the Work Force**

According to the Minister for Jobs, Enterprise and Innovation the economies of the North and the South both have a highly educated workforce and the IDA highlights this competitive advantage to perspective investors. To this end, the skills pool available both North and South of the Border are presented to potential investors as a key competitive advantage of investing in the Border region on the island of Ireland. For example, PayPal now located in Dundalk, made a decision to invest in this location based on the pool of skilled staff it could recruit from the large catchment area incorporating both sides of the Border. Its operation is now a significant employer in the region, having had a number of investment expansions since initially established.

### **Question on Cross-Border Banking Issues**

**Chief Executive Responses:** 50% (4) of CE respondents had experienced cross-Border banking costs with the exchange rate being cited as the main source of additional costs to businesses and individuals. There were also examples given of the negative impacts of



closures of local bank branches in small towns, for example Aughnacloy experienced the closure of two banks. Bank closures added additional transport costs to both individuals and businesses. One CE respondent noted that many traders have bank accounts on both sides of the Border or an additional Euro account within Northern branches if this service was available.

**Responses from Councillors:** 40% (19) of Councillor respondents stated that their constituents experienced banking problems. Cross-Border workers were seriously impacted by this issue. One Councillor respondent noted that big businesses could negotiate deals on charges and fees but this was not open to small business or individuals. Another Councillor respondent stated that cross-Border bank accounts were more expensive in terms of fees due to currency differentiations and cross-Border transaction costs. Another Councillor respondent noted that the lack of a bank in Lifford, County Donegal meant a trip to Letterkenny or Ballybofey with additional costs. Banks could be more closely accessed in Strabane, but use of the banking services was not possible without incurring additional costs. Difficulties in transferring money across the Border were also highlighted. This included costs for the transfers and time delays in transferring the money. Time delays could initiate fines and penalties for late payments. Constituents dealt with the problem by opening up two accounts and physically withdrawing from one account and then lodging the money directly into the other.

#### **Question on Inter-Council Relationships**

**Chief Executive Responses:** All respondents confirmed they had positive working relationships with their neighbouring Border Council. This included membership of the All-Island Local Government Forum, Cross-Border Emergency Management Working Group, ICBAN and tourist partnerships. Each area had links with cross-Border councils nearest to them, for example, Donegal with Strabane/Derry and Fermanagh/Omagh, and Louth with Newry, Mourne and Down District Councils. Monaghan linked with colleagues from three separate councils across the Border.

A range of initiatives which have been developed in order to address the challenges created by the Border were highlighted including the MOU between Newry, Mourne and Down and County Louth and their membership of the East Border Region Group. The All-Island Local Authority Programme<sup>56</sup> is also a useful vehicle through which to develop successful partnership and collaboration. It is hoped that the successful cross-Border working group between Donegal and Derry/Strabane councils will now be emulated with the newly established Fermanagh/Omagh council.

All respondents meet regularly with counterparts across the Border. Some of the meetings are facilitated by ICBAN. Some respondents reported meeting once a fortnight while others reported meeting bi-monthly. It was noted that relationships between some councils are patchy and uneven.

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<sup>56</sup> The All-Island Local Authority Programme is a strategic partnership of Chief Executives from the *Society of Local Authority Chief Executives, NI (SOLACE, NI)* and five Chief Executives from the *County and City Managers' Association (CCMA)*. The Forum is the only cross-border focused Local Authority group operating at a Council Chief Executive Level, providing leadership to Local Authorities in the field of cross-border co-operation.

**Councillor Responses:** All Councillor respondents reported they had a strong relationship with their neighbouring council across the Border. Respondents indicated that there was good communication between councils and that the working groups that have been established are seen as essential for positive cooperation. 50% (24) of respondents reported that they did not meet regularly enough with their counterparts across the border. Varying timeframes for cross-border meetings were reported ranging from bi-monthly to biannually. ICBAN was referred to as a valuable resource for border areas. The cross-Border groups also engage in lobbying Stormont or An Taoiseach on issues such as the A5.

### **Question on Agriculture**

**Chief Executive Respondents:** 37% (three) of CE respondents indicated agricultural difficulties caused by the Border; however, it is notable that all were from the North. There may be instances where subsidy payments differ either side of the Border which in turn leads to various claims of anomalies. Exchange rate fluctuations would also be a factor which can determine where farmers source and sell stock. Producers of milk and livestock in the North feel they are unfairly exposed to additional bureaucracy compared to their Southern competitors when their product is transported across the Border.

**Councillor Responses:** 55% (26) of Councillor respondents highlighted challenges with respect to cross-Border agricultural issues which were impacting upon their constituents. Within the Beef and Dairy industry, the value of the euro was highlighted as reducing farmer incomes. Levies on cattle trade have decimated cross-Border trade. Particular challenges were raised with respect to dairy produce. Northern dairy producers can no longer market their products as Irish under the Dairy Council of Ireland. Currency differentials have undermined the value of the Single Farm Payment.<sup>57</sup>

The major disparity in price between machinery North and South was flagged up as undermining the industry. The lack of co-operation between veterinary practices has created a barrier to farmers transporting cattle from North to South for display due to quarantine issues.

Pollution within the Border region was flagged up as having a disastrous impact upon the agricultural sector. Greater North-South co-operation is required in order to address pollution and drainage. Concerns in relation to the level of co-operation as regards the Foyle Fisheries were raised.

### **Question on Transport**

**Chief Executive Responses:** One respondent indicated that the Border region suffers from poor transport infrastructure. Another respondent was concerned about the negative impact of the HGV Levy on cross-Border trade.

**Responses from Councillors:** Cheaper diesel in the South was put forward as a reason for traders in the North going out of business. Exorbitant postage costs with regards sending products South of the Border were identified as another barrier to trade.

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<sup>57</sup> [The Basic Payment Scheme \(BPS\)](#), introduced in 2015, as part of the Common Agricultural Policy (CAP) replaces the Single Payment System (SPS).

Transportation costs such as the different taxation costs on trucks, the impending hauliers charge and fuel costs were cited as of major concern. Not only does this impact on trading of cross-Border goods but also goods and materials traded between Donegal and the rest of the South. Those affected by the Hauliers charge<sup>58</sup> are unsure of where to make their representations.

The new levy on heavy duty vehicles crossing the Border is portrayed as punitive, one respondent quoted the figures between £650 for triple axel lorries and £1,000 for double axel lorries while respondents referred to a £/Euro 10 levy.

Transport cost of taking children across the Border to Irish schools as they do not qualify for free school transport. The new cross-Border bus service between Donegal and Derry does not accept the bus pass which was accepted by Lough Swilly bus company in the past is also costly on a personal level.

There are transport costs associated with children travelling across the border to schools as they do not qualify for free school transport.

The new cross-border bus service between Donegal and Derry does not accept bus passes which were previously accepted by Lough Swilly bus company.

There is an overall lack of cross-border bus routes and train services, one example given was the fact that there are no direct public service transport links between Dundalk and Crossmaglen.

Companies that have bus depots North and South incur extra costs including the requirement for international licenses.

Companies that have bus depots North and South incur extra costs including the requirement for international licenses.

One Councillor respondent referred to a cancer patient having to undertake a six-hour round journey on public transport for treatment when that treatment was available ten minutes away in a cross-Border hospital.

### **Question on Health**

**Chief Executive Responses:** 50% (four) of CE respondents reported difficulties in accessing health services from either side of the Border. Difficulties were cited with respect to the availability of services including hospitals and ambulance provision. CE respondents advocated for a system in which citizens could access the service closest to them irrespective of which side of the Border these services were provided. One respondent highlighted the growing practice of the contracting out of health services from North of the Border to South of the Border.

**Councillor Responses:** 71% (34) of Councillor respondents claimed that their constituents had difficulties due to the impact of the Border with respect to health provision. Greater cross-Border access to hospital, ambulances and cancer services was highlighted as a solution. The need for people in Donegal to access Altnagelvin Hospital in Derry and for

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<sup>58</sup> HGV road users levy <https://www.gov.uk/government/collections/hgv-road-user-levy>

people in Leitrim and Cavan to have access to the Enniskillen hospital was raised. Particular mention was made of ambulance availability in Ballyshannon and Crossmaglen and the need for a co-ordinated cross-Border response.

Difficulties were raised with respect to cancer patients having to travel to Dublin or Galway for cancer care that could be accessed much more easily by accessing a hospital across the Border. Differences in the nature of health provision North and South of the Border were also highlighted. There are no direct charges for doctor visits or prescriptions in the North, whereas people from the South were subject to having to pay directly to access these services.

The closure of hospitals North of the Border was flagged as were the cutbacks to staff and beds South of the Border. Some people South of the Border go North for private paid appointments due to delays in the South. One Councillor respondent noted the situation of a person living North of the Border and working South of the Border and paying his taxes there but his/her family not being eligible to access services South of the Border.

### **Question on Education**

**Chief Executive Responses:** The majority of CE respondents did not directly cite any challenges with respect to accessing education services due to the Border. However, similar to views regarding the health sector respondents advocated for services that could be accessed based on locality rather as opposed to jurisdiction. Citizens should be made aware of and have full access to Education services that are located a short distance over the Border. One respondent expressed the view that there were currently fewer students crossing from South of the Border to study in the North than in the past.

**Councillor Responses:** Councillors highlighted that their constituents had faced difficulties in accessing the nearest and most suitable schools and colleges. Four Councillor respondents referred to the lack of transport to Gaelscoileanna across the Border.

One respondent noted that Special Needs students from Inishowen in County Donegal were forced to travel to Letterkenny, 30 miles distance, for educational services when they could travel 14 miles to Derry to access such services if cross-Border provision could be established. There has been some co-operation and one Councillor respondent noted the good work of the Centre for Cross Border Education but noted that considerable work is required to improve access.

The “granny” factor was raised by three Councillor respondents. In these cases families living South of the Border were using their granny’s address to send children to school North of the Border because it was cheaper and books were provided without charge.

Significant problems were highlighted regarding the lack of proper recognition of A-levels by the CAO. The rising cost of university fees was said to be prohibiting students from South of the Border crossing the Border Northwards.

### **Question on Planning**

**Chief Executive Responses:** 37% (three) of CE respondents indicated that they had some experience of agencies operating in a territorial manner, focusing solely within one jurisdiction. One respondent gave an example of an agency in the other jurisdiction which operated in a territorial manner with regards waste disposal. Another CE respondent indicated that there was more collaboration now but that opportunities had been lost in the past. One respondent described agencies South of the Border as exhibiting greater flexibility with respect to cross-Border co-operation.

**Responses from Councillors:** Respondents raised the absence of a development plan for the cross-Border region. This was thought to undermine the development of the cross-Border region. Joined-up work where it does occur is viewed as successful but was also described as patchy and uncoordinated. The Derry/Down/Donegal business clusters were flagged up as a best practice example. Councillors highlighted the A5, Narrow Water Bridge and Ulster Canal as projects that should commence to completion.

Cross-Border planning between councils is most embedded between Derry/Strabane & Donegal Councils as well as Newry, Mourne, Down & Louth Councils. Other council areas were at a less advanced stage of North-South collaboration. Lack of access to information with respect to the operation of cross-Border agencies and regulations was cited as a barrier to co-operation.

### **Question on Civil Society**

37% (three) of CE respondents cited the lack of similar priorities, responsibilities and actions within councils North & South of the Border as creating barriers to effective collaboration. There were also challenges in developing suitable cross-Border projects that satisfied the requirements of SEUPB (Peace and INTERREG) projects.

Councillor respondents referred to co-operation between cross-Border agencies including the EU grant funded sustainable living gardens project, Women in Politics Programme, and Women in Business courses.

## **6.4 The Challenge: Redressing Economic Divergence on an Island-Wide Basis**

The evidence from the Committee hearings illustrates that both parts of the island face similar challenges in ensuring that the more peripheral parts of the island enjoy economic growth. This applies both to the Border region and to other parts of Ireland North and South, outside the main cities. Counties bordering the North are less advanced in the knowledge economy than the Southern and eastern areas.

Across the economic spectrum divergence has developed. This costly divergence will not be solved through *ad hoc* co-operation but through comprehensive collaboration. Amongst all the evidence that was submitted to the Oireachtas Joint Committee on Jobs, Enterprise and

Innovation the most commonly cited key success factor identified was **'joint planning, funding and delivery'**.

On an Island-wide basis both economies have to sustain two separate tax regimes, two currencies and legal systems, two public service systems and two separate competing economies.

Reducing barriers to trade by harmonising structures across the island would create a fully integrated and healthy economy. A single island economy for all citizens across Ireland would provide the opportunity for fair and harmonised progressive taxation, regulation and trade. It would provide the tools to create greater opportunities for growth, harmonisation of workers' rights and creation of a better business climate for advancement of entrepreneurial spirit North and South.

There are currently significant differences North and South due to regulations, laws, practices, exchange rates, taxes, wages etc. Many of these are not static. When they change they can have a significant impact on the competitiveness of one side of the Border in comparison to another, for example in the sale of diesel and petrol. Service stations appear and disappear in cyclical fashion on either side of the Border depending on the separate tax, excise and exchange rate policies. This volatility prohibits investment not just in the Service Station sector but in many other retail sectors.

There is a mix of factors affecting the swings in competitiveness on the island. This fact has been validated by previous Ministers for Finance. In 2009 the late Minister for Finance, Brian Lenihan, resisted an increase in excise due to the leakage of revenue North of the Border. However, to significantly address this problem both Governments need to seriously consider the advantages of tax harmonisation. This will not eliminate the problem as exchange rates and cost of living disparities also feed into pricing. However, these steps will reduce the distortion between the two sides of the island. This process has started with the transfer of Corporation Tax powers to Belfast. It is now time to seek the transfer and harmonisation of Excise and VAT also.

Evidence collected throughout this process has illustrated the radically different structure of the two economies of Ireland and their interrelationship to each other. Focusing attention on rejuvenating the border region is necessary but in order to maximise the return from the island economy for the border region and the island as a whole, attention must be placed upon developing mechanisms which fully integrate the border region within the island economy, and which fully integrate the economies of the island. All-Island flows are below their potential at present in terms of:

- Trade;
- Commuting;
- Business networks;
- Access to public procurement;
- Sales of design services;
- Students;

- Tourists; and
- Collaboration between research and technology development (RTD) centres and between these centres and industry.

The main driving force for building an All-Island economy is shared political will to capture the peace dividends, including innovation-driven economic growth. This could be supported by creating greater critical mass of innovation-related assets. For example, the authorities North and South are supporting research centres in similar fields: ICT, life sciences, nanotechnology, agri-food and aerospace. In total, there are more than 100 centres, which suggests that there are likely opportunities for synergies and complementarities across centres on an All-Island basis. While the industrial structures differ, studies have noted opportunities in common areas of specialisation to support collaboration as well as complementarity. Bringing together actors with complementary expertise that are linked to different networks and markets could be an opportunity of mutual benefit.

Urgent issues for consideration include:

1. Harmonisation of policies, structures, currency and taxation would strengthen the island economy and eliminate competition.
2. An integrated economic development strategy for the island that will remove the policy fault lines that currently hinder industrial renewal and economic development across Ireland.
3. Specific attention must be directed towards addressing the peripheral nature of the economy of the Border, which is particularly disadvantaged by the historical legacy of the Border, including the recent Troubles. This at the very core of the goal to renew the island economy in a mutually beneficial way. The reality is that both sides of the Border region suffered after partition and have seen cycles of prosperity and recession. The disadvantage along the Border and the historical legacy of the border are factors that must continue to be taken into account by cross-border bodies when planning for the future.

#### **6.4.1 Integrated Economic Development**

SMEs that have benefitted from InterTradeIreland's support and advice have generated close to €1 billion worth of trade and business development value. It is estimated that more than 3,000 jobs have been created over the past six years through its interventions. This is despite its budget being cut by 30% since 2008.

InterTradeIreland recently participated in an OECD study on collaborating across Borders which recommended the mainstreaming of cross-Border programmes in national and regional strategies. All policy instruments programme rules should be aligned so that businesses can easily participate on programmes on a cross-Border basis.

Trade Missions that have been carried out by the Southern Government have included Northern enterprises but only at an extremely minimal level. Indeed only four Northern businesses have taken part in Southern trade missions to date.

In order to build island-wide economic infrastructure and strategy a single All-Island enterprise agency should be established.

#### **6.4.2 Recommendations**

- Establish a single island-wide agency to drive enterprise policy and strategy. This agency would integrate the IDA, InvestNI and InterTradelreland. It would bring together the experience and expertise of both jurisdictions and ensure an integrated approach to investment, innovation and economic policy and strategy across Ireland. This agency would build upon InterTradelreland's expertise in building the All-Island economy and facilitate a more strategic use of EU Funds (Territorial Co-operation and Structural Funds). In the interim ensure greater consistency and joint planning of projects and programmes with InvestNI, IDA and InterTradelreland working together to drive forward strategies for investment, enterprise and innovation
- Co-ordinate economic development on an island-wide basis.
- Ensure that Departments in both jurisdictions engage in joint planning from the point of inception right through to delivery and evaluation. This will ensure the alignment of strategic objectives to allow for greater impact, sustainability and enhanced provision.

#### **6.5 Employment and Earnings within the Border Corridor**

The Border counties tend to have greater unemployment rates and lower incomes in comparison with other parts of the island. This illustrates the need for a strategy to rejuvenate and redevelop the Border Corridor.

##### **6.5.1 The North**

Table 13 overleaf provides information on the claimant count<sup>59</sup> in the pre-Review of Public Administration (pre-RPA) Border area councils. It should be noted that it is not possible to provide claimant count data at county level for the North as a result of how the data is collected. As such, Table 13 provides data at the lowest available level.<sup>60</sup>

<sup>59</sup> Claimant count provides a complete census of all those claiming Jobseekers Allowance.

<sup>60</sup> NINIS, Claimant Count Annual Averages (Administrative Geographies),

<http://www.ninis2.nisra.gov.uk/public/Theme.aspx?themeNumber=18&themeName=Labour%20Market>



**Figure 13: Claimant count in pre-RPA Border councils**

LGD	2010		2011		2012		2013		2014	
	Claimant Count Annual Averages	Claimant Count Annual Averages (%)	Claimant Count Annual Averages	Claimant Count Annual Averages (%)	Claimant Count Annual Averages	Claimant Count Annual Averages (%)	Claimant Count Annual Averages	Claimant Count Annual Averages (%)	Claimant Count Annual Averages	Claimant Count Annual Averages (%)
Northern Ireland	56,813	4.9	59,910	5.1	63,031	5.4	62,625	5.4	54,101	4.6
Armagh	1,774	4.7	1,914	5.1	1,900	5	1,823	4.8	1,466	3.9
Derry	5,181	7.3	5,655	8	6,017	8.5	6,075	8.6	5,833	8.3
Dungannon	1,713	4.6	1,730	4.6	1,672	4.4	1,579	4.2	1,252	3.3
Fermanagh	1,737	4.4	1,890	4.8	1,990	5	2,033	5.2	1,773	4.5
Newry and Mourne	3,658	5.8	3,885	6.1	3,730	5.8	3,535	5.5	2,969	4.6
Omagh	1,669	5.1	1,699	5.1	1,762	5.3	1,694	5.1	1,390	4.2
Strabane	1,716	6.8	1,792	7	1,854	7.3	1,953	7.7	1,854	7.3

As can be seen in Figure 13, Derry City Council had the highest number and percentage of claimants of the Border region councils.

Only three of the Border region councils had a claimant count percentage above that of the Northern average in 2014. These were Derry City Council (8.3%), Newry and Mourne District Council (4.6%) and Strabane District Council (7.3%).

### 6.5.2 The South

The data below is sourced *via* the Live Register which tracks the number of people in the South claiming Jobseekers Allowance. Figure 14 below details the July figures for each of the last five years, for those on the register by Border County.

**Figure 14: Live Register for Southern Border counties (July, 2011 – 2015)<sup>61</sup>**

	2011	2012	2013	2014	2015
<b>Donegal County</b>	23,223	22,462	21,719	20,106	18,197
<b>Louth County</b>	18,839	18,394	17,536	16,313	14,781
<b>Monaghan County</b>	7,126	7,340	6,999	6,385	5,297
<b>Cavan County</b>	7,872	7,801	7,530	6,801	6,076
<b>Sligo County</b>	5,962	5,832	5,650	5,335	4,865
<b>Leitrim County</b>	3,839	3,821	3,523	3,193	2,932

<sup>61</sup> Central Statistics Office, Live Register, databases, <http://www.cso.ie/en/databases/index.html>

As can be seen in Figure 14, there is a general trend in all the Southern Border counties of falling claimant counts.

Within the South unemployment rate data is not produced at the county level. As such, data is only available at NUTS 3 level.<sup>62</sup> This information is provided in Figure 15 below for the Border region.

**Figure 15: Unemployment for Persons aged 15 years and over by Border region and state (Quarter 2)**

	2011	2012	2013	2014	2015
<b>Border region Unemployment rate (%)</b>	15.2%	16.7%	15.4%	13.1%	9.4%
<b>Border region Number of Unemployed People (thousands)</b>	33.4	34.8	33.2	27.7	20.0
<b>Rol Unemployment rate (%)</b>	14.6%	15.0%	13.9%	11.9%	9.8%
<b>Rol Number of Unemployed People (thousands)</b>	317.4	323.0	300.7	254.5	211.2

In 2011 the Border region had a higher unemployment rate than the Southern average. This trend continued until 2015 when the unemployment rate for the Border region fell significantly from 13.1% in 2014 to 9.4% in 2015, a drop of approximately 7,700 people. In the second quarter of 2015, the Border region unemployment rate was slightly lower than that of the Southern average. It is too early to say whether this trend will continue.

### **Annual Earnings within the Border Region**

The CSO has published statistics (May 2015) on income per county. Those statistics indicate that out of eight regions in Ireland, the Border region has the lowest amount of disposable income per head at €16,981. It has the largest deviation from the State average and that has actually gotten worse since the previous year. Within that income, 35%, more than a third of disposable income comes from social welfare transfers.

It should be noted that in the North the standard measure for earnings is the median figure (i.e. the value below which 50% of employees fall), rather than the mean figure (i.e. the mean is the average of a set of numbers and is calculated by adding together all of the

<sup>62</sup> Nomenclature of Territorial Units for Statistics (NUTS) is a hierarchical system for dividing up the economic territory of the EU, with NUTS 1: major socio-economic regions; NUTS 2: basic regions for the application of regional policies; NUTS 3: small regions for specific diagnoses. For more information, please see: <http://ec.europa.eu/eurostat/web/nuts/overview>

numbers and then dividing the sum by the total count of numbers). The mean figure is used below for comparative purposes because median figures are unavailable for the South.

Figure 16 below details information found at the lowest level available. It details gross annual mean pay by parliamentary constituencies that are along the Border. Northern data is not gathered at the county level. As such, data is only available at the constituency level.

The table also contains Northern annual mean earnings and those of Britain.

**Figure 16: Mean annual earnings by pre-RPA Border council, the North and Britain<sup>6364</sup>**

	2011	2012	2013	2014
<b>Armagh</b>	£19,418	£19,569	£22,729	£19,718
<b>Derry</b>	£18,007	£18,294	£18,774	£19,895
<b>Dungannon</b>	£19,689	£20,434	£20,304	£18,678
<b>Fermanagh</b>	£18,926	£18,301	£19,392	£18,575
<b>Newry &amp; Mourne</b>	£21,130	£21,382	£20,581	£21,411
<b>Omagh</b>	£20,069	£21,281	£22,351	£21,244
<b>Strabane</b>	£18,867	£17,685	£17,530	£17,185
<b>North</b>	£21,580	£21,845	£21,740	£21,616
<b>Britain</b>	£26,228	£26,559	£27,123	£27,310

As can be seen above, the Northern mean annual earnings lag behind the British figure by a significant amount (a gap of £5,694) in 2014.

Strabane District Council has the lowest mean annual earnings at £17,185 in 2014, and of particular note is that mean annual earnings have consistently dropped in the Strabane area over the four years of data provided. Newry and Mourne has the highest wage level, but it still lags slightly behind the Northern mean.

<sup>63</sup> NINIS, Gross Annual Pay, ASHE, administrative geographies AA. British data sourced from NOMIS, ASHE residents analysis

<sup>64</sup> Correspondence with DFP, 29 September 2015

## Develop an Integrated Labour Market Strategy Focused on Job Creation

Employment rates are consistently higher in the North than in the South.

**Figure 17: North and South Employment Rates<sup>65 66</sup>**

	2011	2012	2013	2014	2015
<b>North</b>	67.4	66.7	66.6	68.3	67.9
<b>South</b>	59.2	58.8	60.2	61.3	63.1

The unemployment rate in the South is significantly higher than in the North. At various points over the last few years the unemployment rate has been almost twice as high in the South when compared to the North. Care should be taken with these figures due to the fact that the North collects data on labour market inactivity while the South does not. This may mean that the proportion of people not in work is not fully reflected in the Northern labour market statistics.

**Figure 18: North and South Unemployment Rates<sup>67 68</sup>**

	2011	2012	2013	2014	2015
<b>North</b>	7.4	8.1	7.3	6.1	6
<b>South</b>	14.6	15	13.9	11.9	9.8

The following table provides data on youth unemployment (16-24 for the North, 15-24 for the South). Youth unemployment is high in both jurisdictions. To note, due to differences in data collection methods used North and South, these figures are not directly comparable. Youth unemployment is high in both jurisdictions. In the five years of data available for the North, youth unemployment reached a high of 22.6% in 2013. It has since reduced to 18.7% in 2015. Youth unemployment rates in the South remain high.

<sup>65</sup> DETI, Labour Force Survey, Key Historical Data, NI Labour Market Structure and NOMIS, Economically Active,  
[https://www.nomisweb.co.uk/reports/lmp/gor/2092957698/subreports/nrhi\\_time\\_series/report.aspx?](https://www.nomisweb.co.uk/reports/lmp/gor/2092957698/subreports/nrhi_time_series/report.aspx?)

<sup>66</sup> Eurostat, Employment Main Characteristics – Quarterly data,  
<http://ec.europa.eu/eurostat/web/lfs/data/database>

<sup>67</sup> CSO, ILO Participation and Unemployment Rates by Sex, Quarter and Statistic,  
<http://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/saveselections.asp>

<sup>68</sup> DETI, Labour Force Survey, Key Historical Data, NI Labour Market Structure and NOMIS, Economically Active,  
[https://www.nomisweb.co.uk/reports/lmp/gor/2092957698/subreports/nrhi\\_time\\_series/report.aspx](https://www.nomisweb.co.uk/reports/lmp/gor/2092957698/subreports/nrhi_time_series/report.aspx)

**Figure 19: North and South Youth Unemployment Rates<sup>69</sup>**

	2011	2012	2013	2014	2015
North	18.4	21.2	22.6	18.4	18.7
South	29.4	27.9	28.8	27.2	28.0

Both jurisdictions need to work together to develop a coherent job creation strategy. The North is the only region under British jurisdiction that has the policy tool and power to create an employment framework that encourages job growth and investment. These policy tools provide the North with the capacity to work closely with the South to address unemployment.

## 6.6 Employment Policy and Conditions

Different economic structures, regulations and laws North and South have created two labour markets and significantly reduced labour mobility. Employment and unemployment rates have evolved distinctively in both jurisdictions. Cross-Border movement has been impeded by different levels of vehicle registration tax, differences in direct and indirect tax rates, eligibility for tax credits and differences in tax years. Differing exchange rates mean that the value of wages earned in one jurisdiction and spent in another is subject to wide fluctuations. Wide fluctuations in earnings militate against a stable family existence. These issues act as a barrier and are apparent from the perspective of employers as well as employees.

Employment law in the North and South is generally governed by European Union standards transposed into Member State law. In this respect, employment laws in both states would be expected to converge in key respects. Employment law is devolved in the North, unlike in the other devolved administrations, where employment law is common to England, Scotland and Wales.

Legislation in Northern Ireland has traditionally followed that of Britain, consequently the introduction of over-arching legislation in the 1990's has led to both jurisdictions having relatively consolidated employment law. In contrast, employment law in the South is more dispersed among several pieces of legislation.

Equality law, including that relating to employment, is consolidated in Britain and the South of Ireland, but dispersed in the North among different pieces of legislation according to protected group. There are key differences in employment policy North and South.

<sup>69</sup> Eurostat, Employment Main Characteristics – Quarterly data, <http://ec.europa.eu/eurostat/web/lfs/data/database>

### 6.6.1 Flexible Working Hours

While employees in the North are entitled to request flexible working hours as an entitlement under statute,<sup>70</sup> there is no such statutory entitlement for flexible part-time work in the South but an employer must be aware of its obligations under the Code of Practice on Access to Part-Time Working 2006,<sup>71</sup> which advocates best practice where an employee makes a request for flexible working hours. Furthermore, in certain instances an employer would run the risk of breaching the terms of the Employment Equality legislation<sup>72</sup> in declining a flexible working request where there is no objective reason for doing so.

#### Minimum Notice

The minimum notice periods which an employer is obliged to give to an employee is different North and South. This creates challenges in a collective redundancy situation, a cross-Border employer needs to be conscious of the different minimum notice periods which apply between the relevant jurisdictions.

#### Employment Status

While, under legislation as applied in the North,<sup>73</sup> the status of a person retained by an employer can be either that of an “Employee”, a “Worker” or a “Contractor”, in the South the legislation and Codes of Practice only recognise “Employees” and “Contractors”. It can be stated therefore that the term “Employee”, as defined in the South, is a more restrictive definition than that of “Employee”/“Worker” as defined under Northern legislation, thus making it easier in some instances for the employers in the South of Ireland to argue that a person retained to undertake a particular type of contract work is a “Contractor” and not an “Employee”.

#### Agency Workers

Under the Agency Workers Regulations enacted in the North, agency workers have day one rights access to collective facilities and information about permanent vacancies in the hiring organisation but only have equal rights after 12 weeks to terms and conditions relating to pay, working time, night time, rest periods/rest breaks and annual leave. Agency workers hired in the South have such rights from their first day at work under the Protection of Employees (Temporary Agency Work) Act, 2012.<sup>74</sup> While this Act was only enacted on 16 May 2012 the right to equal pay was backdated to 5 December 2011 (being the date when the Act should have been enacted in the first instance).

<sup>70</sup> Flexible Working (Eligibility, Complaints and Remedies) Regulations (Northern Ireland) 2003. Available at: <http://www.legislation.gov.uk/nisr/2003/174/contents/made>

<sup>71</sup> Industrial Relations Act 1990 (Code of Practice on Access to Part-Time Working) (Declaration) Order 2006 S.I. No. 8 of 2006. Available at: [https://www.workplacelrelations.ie/en/Publications\\_Forms/Code\\_of\\_Practice\\_on\\_Access\\_to\\_Part-time\\_Working.pdf](https://www.workplacelrelations.ie/en/Publications_Forms/Code_of_Practice_on_Access_to_Part-time_Working.pdf)

<sup>72</sup> The Flexible Working Regulations 2014. Available at: <http://www.legislation.gov.uk/uksi/2014/1398/made>

<sup>73</sup> The Employment Rights (Northern Ireland) Order 1996. Available at: <http://www.legislation.gov.uk/nisi/1996/1919/contents/made>

<sup>74</sup> Protection Of Employees (Temporary Agency Work) Act 2012. Available at: <http://www.irishstatutebook.ie/eli/2012/act/13/enacted/en/print.html>

### **Discipline/Dismissal**

Statutory dismissal procedures still apply in the North of Ireland. These statutory dismissal procedures are reinforced by the Code of Practice<sup>75</sup> which is issued by the Labour Relations Agency in the North and failure to comply with the Code or the Statutory Procedures can lead to an increase in the compensatory award of between 10% and 50%. Employers in the South of Ireland commencing a business in the North, where they employ Northern employees, are often (particularly where they are an SME) unaware of these statutory procedures when it comes to disciplining/dismissing an employee in the North. This can often leave the Southern employer subject to the penal consequences of the statutory procedures even though the employer may have treated the employee fairly in the substantive hearing. Failure to abide by the strict procedures which apply under Northern legislation will in itself leave the employer open to penalties.

### **Collective Redundancies**

The circumstances in which obligations arise under collective redundancies legislation differ in the South of Ireland from those which arise in the North. A Northern employer which employs a large workforce in the South and is intending to undertake a collective redundancy must be aware of the Protection of Employment (Exceptional Collective Redundancies and Related Matters) Act 2007<sup>76</sup> where the circumstances of the collective redundancy must be notified to the Redundancy Panel set up by the Department of Jobs, Enterprise and Innovation during the 30-day redundancy consultation period which applies in Ireland. If the panel makes a preliminary decision that the redundancies proposed are being carried out simply for the purpose of replacing the existing employees with workers on lower pay or less favourable terms and conditions (i.e. that it is an “exceptional collective redundancy”), and the local resolution has failed, the panel must refer the matter to the Minister for a decision of the Labour Court. Where the Labour Court confirms that what is proposed is indeed an exceptional redundancy but the employer proceeds nonetheless with the dismissals, the employees concerned will be entitled to take action for unfair dismissal (with increased compensation limits) and the employer could be liable to a conviction or fine of up to €250,000. Finally, while an employee in the North must make a claim for redundancy within six months of being made redundant, the employee in the South of Ireland has one year within which to make such a claim and this claim can be extended up to a period of two years from the date of dismissal in exceptional circumstances.

### **Transfer of Undertakings (TUPE)**

While in the North, the employer must only notify employees of the proposed transfer of the business within a reasonable period prior to the transfer, this period is defined as a 30-day period under Southern legislation.

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<sup>75</sup> Labour Relations Agency, *Disciplinary and grievance Procedures* (2011) Available at: <https://www.lra.org.uk/publications/agency-publications/advice-and-guidance-on-employment-matters/codes-of-practice/disciplinary-and-grievance-procedures-3rd-april-2011>

<sup>76</sup> Protection of Employment (Exceptional Collective Redundancies and Related Matters) Act 2007. Available at: <http://www.irishstatutebook.ie/eli/2007/act/27/enacted/en/html>

### **Registered National Collective Agreements**

With the exception of Sectoral Agreements which can apply in the North, there are no registered national collective agreements in Northern Ireland/Britain. This is very different to the situation which applies in the South where Registered National Collective Agreements are registered in the form of Employment Regulation Orders (EROs) and Registered Employment Agreements (REAs).

Registered Employment Agreements to the construction industry and the electrical contracting industry have been a particular bone of contention to Northern Employers who tender for contract work in the South where, in endeavouring to tender competitively for such work in the South, they find that they are obliged to apply rates of pay, travel expenses and pension contributions applicable under the Registered Employment Agreements even though those rates are far in excess of the rates legally payable to their employees in the North.

### **Trade Union Recognition**

While there are provisions for the compulsory recognition of trade unions in the North, there are no national laws and practices in the South which acknowledge the right of employees to engage in compulsory bargaining/compel the employer to recognise a union.

### **Working Time Regulations**

While there is provision in Northern legislation for an employee to “opt out” of the 48 hour working week restriction, there is no such entitlement in the South.

### **Recommendations**

- Employment policy and conditions should be harmonised North and South with a maximalist approach to apply ensuring no diminution of current rights.
- A coherent and integrated All-Island strategy to develop job creation and tackle job creation is required. All-Island networks should be established which bring together business, HEI's, research institutes, key partners and suppliers across all sectors.
- In order to maximise the potential of the All-Island labour market, employment policies and conditions should be harmonised on an island-wide basis.
- Data on the mobility of the workforce on a North-South basis and the retention of graduates would assist a better understanding of labour issues which is needed for better planning.
- Both jurisdictions should work together to develop a strategy to reskill and retrain the workforce to increase labour market participation and mobility.
- The Committee supports the recommendation by Dundalk/Warrenpoint Chambers of Commerce for the need for co-ordination of employment initiatives North and South to encourage a more integrated Labour Market.
- The Committee notes the massive migrant/refugee crisis impacting upon the European Union, particularly since May 2015. In this respect, it recommends that both Governments strongly take into consideration migrants/refugees who will be employed on both sides of the border may be exploited in spite of existing measures to protect workers.



## **6.7 Developing the Border Corridor: Creating a Border Development Zone**

Specific action is needed to address the peripheral state of the economy of the cross-Border region, which is particularly disadvantaged by the historical legacy of the Border, including the recent Troubles. Tailored responses to new challenges need to be undertaken by state bodies. Far from being a minor issue, this is at the very core of the goal to renew the island economy in a mutually beneficial way. The challenge of the Border cannot be addressed in isolation but rejuvenating the Border Corridor is essential if a healthy island economy is to be delivered. Rejuvenating the Border Corridor must be accompanied by an integrated approach to economic recovery throughout the island.

The development of a Border Economic Development Zone to develop the Border Corridor, harmonise trade and maximise returns for Border businesses and the island economy would drive forward the socio-economic revitalisation of the Border region. The concept of a Border Development Zone has gained traction although there remain differences of opinion which were expressed during the review as to how such a zone would be implemented.

### **Location of Border Development Zone**

There is some disagreement as to whether the total Border region should be included or whether the focus should be limited to a number of specific geographical areas. Historically on the island of Ireland when spatial plans are not focused, the impact is diluted and beneficial results reduced.

Many aspects of the Border Development Zone such as those which are enterprise related should be focused upon in the Border Hubs, other aspects such as communications infrastructure should be implemented in the Border Hubs first and then rolled out more generally along the Border Zone. Other actions for roll-out such as infrastructure, agriculture and tourism by their nature should be actioned in the zone in its entirety.

For the Border Development Zone to be successful it needs to be aligned with areas of current competitive advantage. In an international context competitive advantages are based upon existing enterprise and urban centres, existing education and communication infrastructure.

The three areas of infrastructural, educational and population advantage in the Border region are;

- North West Hub; Letterkenny, Derry, Strabane and Lifford
- Mid Border Hub; Cavan, Monaghan, Enniskillen and Omagh
- East Hub; Newry and Dundalk

### **Developing a Border Development Zone**

The following section outlines the steps required to build a Border Development Zone. The first series of steps are aimed at building the appropriate infrastructure to facilitate the creation of a Border Development Zone.

Promote the concept of the Border Development Zone: There is an opportunity to build awareness of and support for a Border Development Zone by ensuring the concept is promoted in a visible manner. There are important lessons to be learned from the development of the Belfast-Dublin Economic Corridor during the 1990s. This Corridor was developed without any specific new measures or initiatives. The Corridor also did not have defined geographic boundaries, it was loosely framed to cover the area between Belfast and Dublin.

The promotion of the concept of the Border Development Zone, and its three constituent elements, could lead to a greater awareness both in business and amongst public sector policy makers of the economic development potential that it offers. This could be achieved by the following:

1. Identify industry champions for the Border Development Zone. Two or more similar industry champions could be identified for the Border Development Zone. There are a number of successful businessmen and business women on both sides of the border who could fulfil the role;
2. Establish a Border Development Zone to build momentum for the project: The proposed forum could be based upon on the Louth Economic Forum which has been very effective in providing advice to Louth County Council on a wide range of economic and cross-Border issues. This forum could work towards the creation and implementation of a co-operation framework for the Border Development Zone along similar lines to the National Joint Framework. The forum should have a small number of members, meeting quarterly, including the BDZ champions and two local authority chief executives from each side of the Border in the three sub-zones – North-West, Rural Zone and Newry/Dundalk. This forum could include the specific working groups focusing upon trade and tourism;
3. Publish an annual 'State of the Border Development Zone' report which would present the current economic status of the Border economy and the opportunities for development and economic growth within the Border area. This would include a number of key indicators which are collected on a common basis for the two jurisdictions. There are challenges in assembling data on the same basis, the cross-Border local authority networks have data capture projects which should facilitate this approach;
4. While the preferred option for enterprise development on the island would be a single agency, in the interim, InterTradeIreland, Enterprise Ireland and Invest NI should be supported to develop an All-Island trade support initiative;
5. The preferred option of enhanced economic development on the island would be the creation of an All-Island Economic and Enterprise Department tasked with delivering the full potential of the All-Island Economy. In the interim until such a Department is

created, InterTradelreland, Enterprise Ireland and Invest NI should work collaboratively in order to build All-Island trade links and initiatives;

6. Support development of North West Partnership: The strengthening of the North West Partnership is already under way supported by the ICLRD team. It is important that this is successful as the North-West pole of the zone to provide a strong balance with the Newry/Dundalk pole. The North-West has particular strengths which it can build on but it also needs to address the issue of access transport which continues to represent a significant challenge to the economic development of the area;
7. Implement a co-ordinated development strategy for the cross-Border region: This could draw upon the Irish Central Border Area Network (ICBAN) Regional Strategic Framework (RSF).<sup>77</sup> The ICBAN RSF was published for public consultation in July 2013 and represents a first step at designing a co-ordinated development strategy for the central Border area; and
8. Implement Memorandum's of Understanding among all state organisations along the Border region.

A Border Development Zone could be achieved through the implementation of the following key steps:

1. Greater priority and urgency in advancing critical infrastructure projects, particularly roads and broadband;
2. Expansion by IDA Ireland and Invest NI of the existing FDI base and more determined priority given to locating new FDI in the Border region;
3. Focused support given to the needs of SMEs with export potential across the Border Development Corridor;
4. Strengthening the local food economy;
5. Remove transaction costs including banking, telecommunications, and administration costs for cross-Border trade;
6. Further develop Dublin Airport, complemented by Belfast International, as international hubs to improve worldwide connectivity for business on the island;
7. Re-examine the regulatory barriers to doing business on the Border. InterTradelreland has already conducted previous studies on this and made a number of recommendations, which can be reviewed and implemented; and
8. Examine and present solutions to address the impediments for businesses transferring staff North and South – organise direct co-ordination between relevant Government departments such as Revenue to make it easier for employees to work on either side of the Border.

## **6.8 An Integrated All-Island Investment Strategy**

Investment policy North and South is currently uncoordinated. This has direct impacts upon industrial, enterprise and employment strategies. The Border and subsequent back to back approaches undermines the normal processes of clustering and synergies which undermines economic development across the island. This could easily be resolved through

<sup>77</sup> ICBAN, *Regional Strategic Framework for the Central Border Region: 2013-2027* (2013). Available at: [http://www.icban.com/f//Final%20Regional%20Strategic%20Framework%20Final%20Completed%20\(5\).pdf](http://www.icban.com/f//Final%20Regional%20Strategic%20Framework%20Final%20Completed%20(5).pdf)

the development of an integrated All-Island Investment Strategy. InterTradeIreland should start working to best mitigate any major shocks to the employment market in the South as major employers potentially re-locate to the North.

### **Recommendations**

- Ensure a commitment to locate more FDI in the Border Development Corridor where existing and proposed facilities and the skills-base of the local population (and the growing emphasis on R&D by third level institutes) can support it;
- Increase the number of site visits organised by IDA and Invest NI for potential investors to the Border region. This will require local government and private sector interests to come together to demonstrate critical mass and the existence of the relevant services / skills-set required for particular types of investment; and
- IDA Ireland and Invest NI should consider co-operating following consultation with local authorities in the identification of investment opportunities and suitable locations in the Border region where success in attracting new FDI would benefit adjacent areas on both sides of the Border.

### **Upgrade Island-Wide Infrastructure**

Increase the broadband capacity of the region to facilitate the growth of all business, including tourism. The Border region and its enterprises suffer in many locations from low speed broadband capacity through fixed telecom lines with a resultant lack of Wi-Fi. 3G is lacking in many areas and numerous 'black spots' exist with no or poor service.

### **Develop All-Island Road Infrastructure**

There has been deep division particularly in the North with regards the orientation of infrastructure. Nationalists had sought that new Motorways such as the M1 would link Dublin and Belfast while Unionists sought to have the M1 link Belfast and the town of Dungannon. In the 1970s a dual carriage way was built between Newry and Warrenpoint, a small sea side port in south County Down while it took until 2007 for the Newry to Dublin section of Motorway to be built.

The A5 road is still the only radial route from Dublin not to have Motorway status despite it servicing Derry which is the 4<sup>th</sup> most populous urban area on the island. The Border area is also missing a key East-West road link from Dundalk to Sligo taking in Monaghan town and Enniskillen.

A single-carriageway, 195 metres cable-stayed Narrow Water Bridge was designed to connect Omeath, Co Louth with Narrow Water near Warrenpoint, Co Down. The Bridge was planned to be built by 2015 however due to insufficient funding it has not proceeded. The bridge would have been an economic boon to the Down-Louth region but was envisaged as a symbolic construct representing the unfolding peace process.

The British Government have recently introduced a HGV levy for Southern hauliers that pass through the North. This levy is charged at €10 per journey or as an annual sum of £1,000, depending on the haulage operator's preference. This levy has met with great resistance

amongst Southern hauliers for obvious reasons especially given the fact that road tax is higher on the Southern side of the Border and the Southern Government has invested tens of millions of euros into the road network in the North. This levy is, in effect, a tax on the All-Island economy and is a retrograde step.

Of course there are other significant infrastructural gaps throughout the island however many of these exist due to lack of funding rather than lack of planning. There exist gaps in road and rail along the Atlantic Corridor which negatively affects Donegal, Leitrim, Sligo, Derry, Tyrone and Fermanagh.

### **Recommendations**

- Both Governments should look at funding a Dublin to Derry motorway and, in particular, the upgrade of the A5 and N2 as a matter of urgency. This will facilitate cross-border trade. This road link is particularly needed by the people of Co. Donegal and Co. Tyrone given their relative isolation from Dublin and other parts of the country.
- The Northern road system should be exempt from the British HGV Levy which would remove the charge from hauliers accessing the road network in the North;
- Road taxation on both sides of the Border should be equalised to allow for fair and consistent competition.
- A cost benefit analysis of the Sligo to Dundalk route needs to be undertaken.
- The Narrow Water Bridge Project needs to proceed.
- The upgrade of the A5 needs to be completed.
- Revive the INTERREG road that was to run between Greenore port Dundalk and Sligo.

### **Rail infrastructure to support the island**

The North-Western quadrant of the island is also the only missing rail line radial route on the island. There is no access by rail from the largest city, airport and sea port to an area stretching from Sligo to Belfast. Indeed the Dublin to Sligo route and the Belfast to Derry Route is considered weak in terms of speed and regularity.

In their evidence to the Rapporteur, CBI representatives in the North stated that the Dublin to Belfast Rail line is not operating at a high enough standard. "The length of time it takes to get from Belfast to Dublin is a time warp with regards how slow it is. There is no appetite to put this on the agenda".

The Dublin to Belfast route needs to be upgraded to an hourly service and the morning service into Belfast does not allow for citizens to attend 9am meetings in Belfast, in contrast to the Edinburgh to Glasgow route which has a 15-minute service.

### **Recommendations**

- The rail network should be developed in order to facilitate connectivity throughout Ireland North and South;
- Given the absence of a strong rail network in the Border region, there is a necessity to redress the 'three speed' economy that is emerging across the island; led by the

city-regions of Belfast and Dublin, followed by the regions well connected to these city-regions through high quality transportation and other infrastructure, and, lastly, the Border region. To redress this imbalance, key stakeholders within the region, from local government, the community and private sectors must jointly advocate for the progression of strategic road projects, particularly the N16/A4 (Sligo-Ballygawley), and the East-West Link; and

- The Dublin to Belfast route needs to be upgraded to a service that is enterprise-orientated

### **Ensure Telecommunications and Broadband can support the All-Island Economy**

The communications regulator Ofcom notes that “mobile phone users in NI, particularly in border regions, may incur international roaming charges without ever leaving their country.”<sup>78</sup> This occurs when their domestic network signal is weak or unavailable and their phone picks up a stronger signal from a mast in the South of Ireland. When this occurs users in these areas may be charged at more expensive international roaming rates, resulting in unexpectedly high mobile phone bills.

EU regulation has sought to mitigate the impact of inadvertent roaming. To prevent ‘bill shocks’ mobile operators have been obliged since 2007 to notify their customers, upon entering another EU state, that they are roaming and to inform the customer of the “basic personalised pricing information on the roaming charges (including VAT) that apply to the making and receiving of calls by that customer in the visited Member State”.<sup>79</sup>

In the same year the Euro-tariff was introduced, this placed a cap on the maximum charge for calls and text messages, made and received when roaming. Since 2007, the Euro-tariff has been periodically reformed, further reducing the maximum charge and introducing additional caps for data usage. Figure 20 outlines changes to these caps since 2012. It should be noted that these price caps are the maximum permissible prices (excluding VAT). Mobile operators may offer cheaper rates to their customers.

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<sup>78</sup> Ofcom, *Information on inadvertent roaming in NI* (2015). Available at: <http://consumers.ofcom.org.uk/phone/mobile-phones/mobiles-abroad/inadvertent-roaming-northern-ireland/>

<sup>79</sup> Eur-lex Regulation (EC) NO 717/2007 of the European Parliament and of the Council of 27 June on roaming on public mobile networks within the Community and amending Directive 2002/21/EC <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32007R0717>

**Figure 20: EU-tariff maximum tariffs (excluding VAT) for calls, texts and downloading<sup>80</sup>**

	1 July 2012	1 July 2013	1 July 2014
<b>Outgoing calls (per minute)</b>	€0.29	€0.24	€0.19
<b>Incoming calls (per minute)</b>	€0.08	€0.07	€0.05
<b>Outgoing texts (per message)</b>	€0.09	€0.08	€0.06
<b>Online (data download, per MB)</b>	€0.70	€0.45	€0.20

In June 2015, the European Parliament and the Council reached a *provisional political agreement* that from the 15 June 2017 “retail roaming consumption within the Union will be provided at domestic price”, with no additional surcharge. The same agreement states that from 30 April 2016 retail roaming consumption when travelling within the Union will be provided at domestic price plus a small surcharge which represents “25% of the current retail roaming caps for calls made and data, and 33% of the current retail roaming cap for SMS”.<sup>81</sup> These changes are still to be formally adopted by the European Parliament and the Council.

In addition to the activity taking place at European level, mobile operators themselves have introduced special tariffs to lower the costs of roaming. Figure 21 outlines the tariffs on offer for Northern customers in the South.

<sup>80</sup> European Commission, Digital Agenda for Europe, *Roaming Tariffs*. Available at: <https://ec.europa.eu/digital-agenda/node/90>

<sup>81</sup> European Commission, *Roaming charges and open Internet: questions and answers* (2015). Available at: [http://europa.eu/rapid/press-release\\_MEMO-15-5275\\_en.htm](http://europa.eu/rapid/press-release_MEMO-15-5275_en.htm)

**Figure 21: Northern operators roaming tariffs for the South<sup>82</sup>**

Operator	Tariff	Call & Texts	Data
EE	EE Extra Plan (pay monthly customers only)	Customers can use their UK mins and text allowance in Ireland for no extra charge	Data roaming add-ons available from £3/day.
	Other EE pay monthly plans	Unlimited texts and mins in EU for £2/day.	
O2	O2 Ireland Bolt-on Available to pay & go customers only	£1.99 per month charge. Calls are free to receive. Standard European rates apply for making calls (18p pm) and sending texts (5p)	£1 per day for data use. 50MB daily allowance.
	O2 Travel: No-cost option Available to Pay monthly and Pay & go customers	Pay monthly customers: 50p connection charge for voice calls – first 60 mins free and 35p/min after 60 mins when roaming. Standard European rates (5p) for texts.	Pay monthly customers: £1.99 per day data use. No upper limit, but data speeds vary with usage.
		Pay & go customers: Standard European call (18ppm for making calls & 4ppm for receiving calls) and text (5p) charges apply.	Pay & go customers: £1.99 per day for data use. 50MB daily allowance.
Orange	£2/day EU talk and text. Available on Orange Pay monthly plans	Unlimited texts and mins in EU for £2/day. Add by text. Only paid on days phone is used abroad	Data roaming bundles from £3/day
Three	Feel At Home Available to pay-monthly customers and pay as you go customers, but different conditions apply. Available in 18 countries globally including Rol	Pay monthly customers: Can use UK mins/text allowance to call/text back to the UK with no additional roaming charges. There is no charge for service	Pay monthly customers: Can use UK data allowance with no additional roaming charges. There is no charge for this service
		Pay as you go customers: Can convert PAYG credit to an Add-On and use UK mins/text allowance to call/text back to the UK with no additional roaming charges. Otherwise, calls free to receive and 18.8ppm to make. Texts 5.9p to send.	Pay as you go customers: Can convert PAYG credit to an Add-On and use UK data allowance with no additional roaming charges. Otherwise, data 10p per megabyte.
Vodafone	Ireland plus tariff: Available to pay-monthly customers living in Northern Ireland	£5 per month (but no additional roaming charges): Can use UK mins/text/data allowance with no additional roaming charges.	

Poor mobile reception is an issue in the Border areas. The British Department for Culture, Media and Sport is rolling out the Mobile and Infrastructure Project (MIP). The purpose of the project is to improve mobile coverage in geographically remote and rural communities where normal market forces have failed to deliver. The project is being delivered by a number of partners:

<sup>82</sup> Ofcom, *Information for consumers on inadvertent roaming in Northern Ireland* (2014). Available at: <http://consumers.ofcom.org.uk/files/2014/01/ni-roaming-pdf>



- The British Government, through the Department of Culture, Media and Sport is funding the capital cost of deploying the MIP infrastructure (up to £150m);
- The Mobile Network Operators have committed to provide a service from every MIP base station for 20 years and to meet operating costs;

The programme is being implemented by Arqiva, a major communications company who own and operate the UK television broadcast network and most of the radio broadcast network; and Arqiva have employed the skills and expertise of two companies, HF Comms and Harlequin, who are undertaking the acquisition, town and country planning, design and build of the MIP.

A total of 16 sites in the North will receive improved coverage – these sites are in Derry, Fermanagh, Tyrone, Down, Antrim and Armagh. Of these sites, seven are in the contractual build phase, four have received planning permission and five are awaiting planning permission. The project is to be completed by Spring 2016.

There are some limitations to the project due to its State Aid status. The project's European State Aid approval means it cannot consider 'partial hot spots' where there is coverage from at least one MNO but not from others. The State Aid approval mandates the MIP to provide voice and basic data services ('2G'), but the MNOs may choose to upgrade to 3G & 4G services. The mobile operator '3' has no 2G licence so 3G services will be available from all MIP sites from them.

The transmission network (also known as 'backhaul') connecting the base stations into the MNOs' networks must have the capability to handle these upgraded services.<sup>83</sup>

### **Broadband**

Poor access to broadband is a serious issue within the Border region. In 2014, all but five Northern councils had above 90% access to Next-generation Access (NGA)<sup>84</sup> – Ballymena had 83% access, Ballymoney 85%, Banbridge 88%, Fermanagh 89% and Moyle 88%. By contrast, only four local authorities had superfast<sup>85</sup> broadband availability of 90% or above – Belfast, Derry, Newtownabbey and North Down. In a number of regions superfast broadband availability was below 60%:

- Armagh, 56%;
- Cookstown, 53%;
- Dungannon, 58%;
- Fermanagh, 50%;
- Magherafelt, 54%; and
- Omagh, 51%.

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<sup>83</sup> Department for Culture Media and Sport, Briefing to the Enterprise, Trade and Investment Committee 20 October 2015

<sup>84</sup> Also known as Next Generation Access Networks.

<sup>85</sup> The Government of the UK describes superfast broadband as having a speed of 24Mbps or more.

Steps are being taken to improve broadband access throughout the North. The NI Broadband Improvement Project is a scheme to provide increased or improved broadband services in certain areas (a full list is available [here](#)). According to the project documentation:

The project aims to provide basic broadband in areas that have no service and to improve broadband services in certain areas where the choice is poor or broadband speeds are low. Some of these are in rural and remote parts of NI. Following procurement, BT was appointed and work began in February 2014. It is scheduled to finish by December 2015 and, when completed, it will bring more choice and improve speeds to over 45,000 premises.<sup>86</sup>

For phase 1 of the project Northern Ireland was allocated £4.4 million through Broadband Delivery UK (BDUK), and as part of phase 2, BDUK allocated a further £7.2 million. The £7.2 million is set to be matched by the Department of Enterprise, Trade and Investment and BT has agreed to commit £3 million of its own money.<sup>87</sup>

### Recommendations

- Eradicate North-South roaming charges;
- Upgrade mobile phone coverage; and
- Increase the broadband capacity of the region to facilitate the growth of all business, including tourism across the entire Border Development Corridor. The Border region and its enterprises suffer in many locations from low speed broadband capacity through fixed telecom lines with a resultant lack of Wi-Fi. Smartphones and 'tablets' now form part of everyday business life yet 3G is lacking in many areas and numerous 'black spots' exist with no or poor service.

### Build SMEs to ensure they deliver their full potential

SME internationalisation and progress in R&D investments could result in important sustainable economic growth and job creation across all of Ireland. Local studies show that SMEs with cross-Border linkages perform better and, in some cases, those cross-Border linkages serve as a stepping stone for access to EU and world markets.

Microenterprises and SMEs form an essential aspect of the All-Island Economy. Securing sustainable economic growth within this sector is essential to delivering sustainable island-wide economic recovery. Core to this is building and supporting a micro-enterprise and SME culture across the island.

Crowd-funding is a massive area of potential in terms of credit for both SMEs and larger enterprises. Supporting the development of crowd-funding is of particular importance to SMEs on both sides of the border; some of which are still facing difficulties in accessing credit through the regular banking system.

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<sup>86</sup> Department of Enterprise, Trade and Investment, the Northern Ireland Broadband Improvement Project <https://www.detini.gov.uk/sites/default/files/publications/deti/Northern-ireland-broadband-improvement-project-nibip-factsheet.pdf>

<sup>87</sup> House of Commons Library, Briefing Paper, Fixed Broadband: Policy and Speeds (7 October 2015) <http://researchbriefings.files.parliament.uk/documents/SN06643/SN06643.pdf>

While the UK has brought in legislation to regulate crowd-funding, the South is still somewhat behind in this area, lacking a lot of legal protections.

### Recommendations

- Make it easier to set-up a business on both sides of the border. As a concrete target, both sides should aim to be as efficient as New Zealand where the World Bank's *Doing Business 2016* report<sup>88</sup> ranks it as 1<sup>st</sup> in the world in terms of ease of starting a business. In this respect, the South and the North are only ranked 25<sup>th</sup> and 17<sup>th</sup> respectively. In New Zealand, it takes one online procedure to start a business. By making it easier to set-up a business, both sides will set the conditions to get more entrepreneurs to establish their own business and lay the groundwork for more job creation.
- Encourage High Potential Start-Ups (HPSUs) along the Border Development Corridor, capitalising on the emphasis being placed by central Government policy and EU funding programmes on the development of the knowledge economy, the greater role of local government in driving and supporting economic development, the greater emphasis being placed on R&D in third level institutions, and the successes and intellectual capital of existing enterprises;
- Undertake an audit of the different types of training available to SMEs across the Border region - including those courses and training events provided by local government, enterprise agencies, colleges and other training providers - with an emphasis being placed on identifying the type of training for which there is most demand and opportunities for providing such programmes on a cross-Border basis. Roll-out a communications plan aimed at making businesses aware of the types of training / courses which are available to them supporting innovation and exporting. Local councils can also be brought together to share their resources and expertise and engage in a programme of peer-to-peer learning;
- Support the fostering of new SMEs across the Border Development Corridor with export potential - especially in higher value-added sectors - and where possible, to do this in association with the diaspora; and
- Local councils in the Border region should be supported in the seconding of staff across clusters of councils to improve the transfer of knowledge and encourage export and innovation among SMEs. Such Export / Innovation Officers could play a key role in harnessing the concept of clustering, bringing businesses together on a cross-Border basis, and encouraging the development of technologies - such as Apps - to support local businesses.
- The South should seek to harmonise future crowd-funding legislation with the North. By introducing such legislation; much-needed protections will be afforded to businesses who are seeking credit in this way; and thus will encourage them to avail of this emerging and alternative sources of financing.

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<sup>88</sup> World Bank Group, *Doing Business 2016: Measuring Regulatory Quality and Efficiency* (2016). Available at: [http://www.doingbusiness.org/~media/GIAWB/Doing\\_Business/Documents/Annual-Reports/English/DB16-Full-Report.pdf](http://www.doingbusiness.org/~/media/GIAWB/Doing_Business/Documents/Annual-Reports/English/DB16-Full-Report.pdf)

### **Develop Retail Opportunities on an All-Island Basis**

In 2015 the Northern Ireland Retail Trade Association and Retail Excellence Ireland published a joint survey of retail visitors to Ireland North and South with accompanying recommendations. Retail is our largest private industry employer on the island of Ireland, providing hundreds of thousands of jobs in every village. Of the 502 visitors they surveyed across both Belfast and Dublin, the total average spend was €1,142. However, this varies substantially depending on length of stay, visitor region, age and segment. Average spends are higher in Dublin than in Belfast. The average spend on shopping (North and South combined) was circa €120. In 2013 there were 6.64 million non-business related visitors to the island of Ireland. Therefore, tourist shopping is worth potentially €796.8 million to retailers North and South.<sup>89</sup>

### **Recommendations**

- Based on the findings of the research, the Committee recommends that the administration in the North and the South promote Ireland as a visitor shopping destination and grow visitor retail spend on the island of Ireland;
- The administration should work together to establish an All-Island Retail Forum to bring together key retail business groups and representatives to provide a framework for enhanced co-operation and joint working;
- Tourism Industry should promote cross-Border weekend shopping breaks for Dublin and Belfast and other shopping destinations on the island; and
- The promotion of town centres and retail should be included as a core part of the Tourism Strategy of both Tourism NI and Fáilte Ireland.
- The Committee notes that many businesses in the North are able to take advantage of lower supply chain costs due to the North's integration in the UK which is a major population centre. Where supply chain costs are lower in the North than in the South, the Committee recommends that InterTradeIreland and relevant state bodies, should explore ways to best mitigate this imbalance.

### **Island-wide Harmonisation will reduce Black Market Activity**

The Border offers a competitive advantage to criminals over law enforcement agencies. Smuggling and fuel laundering distort the All-Island economy, tie up scarce policing resources and put genuine business people out of business. The Committee commends the recently constituted Joint Agency Task Force which will help address some of these problems in the future.

The South enforces a carbon tax on solid fuel which amounts to about €2.40 per standard bag of coal. There is no such tax in the North and, therefore, for business adjoining that narrow Border area, there is a distortion of trade which has a serious effect.

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<sup>89</sup> Northern Ireland Independent Retail Trade Association and Retail Excellence Ireland, *Building Retail: North and South* (2015). Available at: [http://www.retailexcellence.ie/wp-content/uploads/2015/03/NIIRTA\\_REI\\_AllIslandSurvey\\_Final\\_Digital.pdf](http://www.retailexcellence.ie/wp-content/uploads/2015/03/NIIRTA_REI_AllIslandSurvey_Final_Digital.pdf)

## Recommendations

- Harmonisation of excise, carbon tax and VAT will help alleviate the scourge of the black market;
- This Committee also recommends that protocols be constituted that will allow for both the PSNI and An Garda Síochána to pursue criminals into the opposite jurisdiction and in keeping with the law of that jurisdiction make an arrest. While neither Ireland nor the United Kingdom participate in the Schengen Area there exists an EU precedent which facilitates the pursuit of criminals over international borders; and
- The Committee also recognizes efforts by the government to prevent illegal black market manipulation of diesel such as a new, additional fuel marker which was added to diesel in March last year.<sup>90</sup> However if the criminality and losses to the exchequer persist the Committee recommends that the Department of Transport should consider scrapping the green dyeing of diesel for agricultural purposes as it provides a strong incentive for fuel laundering. The Department should instead seek to rebate farmers the difference in excise rates.

## Ensure Education Opportunities Are Accessible Throughout Ireland

Dr Anthony Soares has written a consultation response<sup>91</sup> for the Centre for Cross Border Studies to the DEL Consultation “Have Your Say”.<sup>92</sup> The response states that the administrations that the North and South share many common approaches to educational practice. The nature and content of each territory’s standard qualifications differ but both support a primary/secondary/tertiary model with closely comparable curricula and models of pedagogy. In the case of third-level institutions, university systems on either side of the border share, in general, a common structure and culture.

North and South share many common approaches to educational practice. Although the nature and content of each territory’s standard qualifications may differ, both support a primary/secondary/tertiary model with closely comparable curricula and models of pedagogy. In the case of third-level institutions, university systems on either side of the border share, in general, a common structure and culture.

Under these circumstances, it could be assumed that that students should find little difficulty in crossing the border to further their education — particularly for third-level studies — and that many do so on a regular basis. Unfortunately, this is far from the case in reality. In higher education, for example, figures from the Higher Education Statistics Agency in the UK indicate that in the year 2011/12 only 6.8% of students in tertiary education

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<sup>90</sup> Mineral Oil Tax (Amendment) Regulations 2015 S.I. No. 19 of 2015. Available at: <http://www.irishstatutebook.ie/eli/2015/si/19/made/en/print>

<sup>91</sup> Martin McTaggart and Dr Anthony Soares, *Response to The Higher Education Big Conversation: Have Your Say* (2015). Available at: <http://crossborder.ie/site2015/wp-content/uploads/2015/12/Centre-for-Cross-Border-Studies-Response-to-The-Big-Conversation.pdf>

<sup>92</sup> Department for Employment and Learning, *Higher Education Big Conversation* (2015) Available at: <https://www.delni.gov.uk/consultations/higher-education-big-conversation>

in Northern Ireland were domiciled in the Republic. Similarly, figures from the Higher Education Authority in the Republic of Ireland reveal that only 0.9% of students in ROI higher education institutions were domiciled in Northern Ireland. An extensive corpus of research suggests that cross-border mobility in education falls far short of that which should be expected.<sup>93</sup>

## Recommendations

Cross-Border access to education is an important component to an All-Island economy. The Centre for Cross Border Studies identified a number of barriers that needs to be overcome. These form the backbone of this Committee's recommendations;

- Overcome the lack of information within schools regarding third level and further education options within the other jurisdiction;
- Educate students and institutions regarding the university application system (UCAS, CAO) in the other jurisdiction. An official App could be provided to assist in achieving this objective;
- Resolve persisting concerns with regard to the fairness of the methodology used to assess the value of school leaving qualifications (A-Levels, Leaving Cert) and alternative qualifications such as HND, BTEC and FETAC from the alternate jurisdiction when dealing with cross-Border applications for third level study;
- Create Memorandums of Understanding between third level education institutes on both sides of the Border. Identify what shared services could be provided for more efficiently and ensure training is not needlessly replicated in small geographic areas; and
- Educational Training Boards and Local Enterprise Offices in the South to plan, deliver and accept applicants on an All-Island basis.

## Ensure Spatial Planning Is Undertaken on Island-Wide Basis

The 2002 National Spatial Strategy (NSS) was designed by the Government in the South to address the imbalanced development in the South which saw the Dublin region increase in terms of the economy and population growth out of proportion with the rest of the state. The 20 year strategy has fallen out of use and the current Government is in the process of developing a new National Development Framework. In the North the Regional Development Strategy has been the basis of development since 2001. It will be superseded in 2025 by the next spatial development plan.

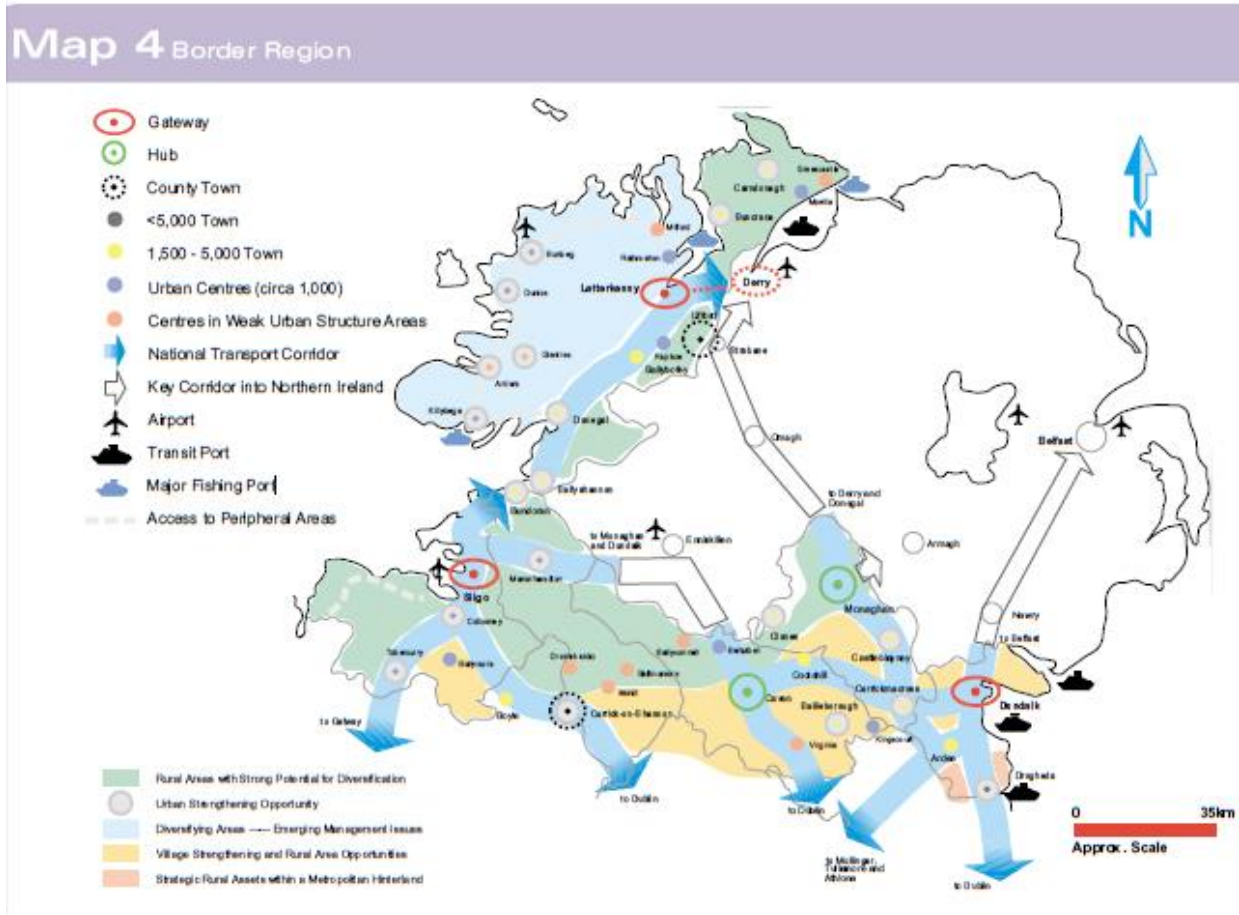
The NSS and the Regional Development Strategy identify the Dublin to Belfast corridor as an opportunity for large scale co-operation. They also provide for Derry as a Regional City for the North West, including Donegal. The NSS identifies the All-Island energy market as an opportunity for the development of sustainable gas and electricity markets.

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<sup>93</sup> Dr Anthony Soares, (*Higher Education: Crossing the Border* (2014)). Available at: <http://www.crossborder.ie/oldsite/wp-content/uploads/EducationFinal.pdf>



Figure 22: Border Region<sup>94</sup>



<sup>94</sup> Department of the Environment, Heritage & Local Government, *2002 National Spatial Strategy for Ireland 2002-2020: People, Places and Potential* (2002). Available at: <http://nss.ie/pdfs/Completea.pdf>  
The Department of the Environment, Heritage & Local Government has since become The Department of the Environment, Community and Local Government.

**Figure 23: The Regional Development Strategy 2010-2035<sup>95</sup>**



The RDS has a legislative basis with Government Departments in the North having to have regard to it in their development functions. While the NSS does not have such a legislative basis, it is specifically referenced in planning legislation through the 2010 Planning (Amendment) Act.<sup>96</sup>

In practice the NSS has been more strongly built into the development of Government policy through, for example, its influence on the National Development Plan, and other capital investment plans and programmes.

The 2002 NSS unfortunately lacked success as its initial objective of creating viable urban areas with critical mass in order to rebalance the development gravity towards Dublin was diluted by the identifying of too many hubs and gateways. It also lacked the necessary resources for infrastructural development.

The Regional Development Strategy is limited in both its All-Island ambition and delivery. Neither strategy has identified a strategic objective for a Border Development Zone or for development of the mid-Border region.

<sup>95</sup> Department for Regional Development, *The Regional Development Strategy 2010-2035*(2010). Available at: [https://www.drni.gov.uk/sites/default/files/publications/drd/Regional%20Development%20Strategy%202035\\_0.pdf](https://www.drni.gov.uk/sites/default/files/publications/drd/Regional%20Development%20Strategy%202035_0.pdf)

<sup>96</sup> Planning and Development (Amendment) Act 2010. Available at: <http://www.irishstatutebook.ie/eli/2010/act/30/enacted/en/print>



In 2011 the Department of Regional Development in the North and the Department of the Environment, Heritage and Local Government initiated a consultation document on Spatial Strategies on the Island of Ireland.<sup>97</sup>

However, a cross-Border agency told the Rapporteur that little is happening. In their view “there is a joint programme of planning but that it’s being resisted at departmental level. Institutional Government departments don’t have to work together and there is neither the political nor economic will to make it happen. At Local Authority level attitudes of the Chief Executives are very uneven in their interest”.

Official forecasts show that the Island could have a population of just over 7 million by 2021 made up of just over 5 million in the South and close to 2 million in the North. The CBI in their engagement with the Rapporteur stated that the island of Ireland was likely to have a population of 10 million in the future. Strategically, Belfast needed a population of 250,000 more in order to position itself as a global city. This could be done in the context of an island with a higher population.

### **Recommendations**

- Much work has been done to date in giving datasets added value by making data available using a geographic address. The spatial planning process in both parts of the island would benefit from the harmonisation and integration of key datasets such as population, employment, transportation, housing, retailing and environmental indicators;
- The Administrations on both sides of the island need to continue to co-operate at the strategic level. Government Departments in both jurisdictions need to be directed at a statutory level to collaborate and proof development on an All-Island basis; and
- Local authorities North and South are responsible for achieving national and regional spatial planning objectives through the delivery of local plans, programmes and projects. The Local Authorities who are responsible for the 11 Border counties need also to be directed on a statutory level to collaborate and proof development on an All-Island basis.

### **Reconstitute the Common Chapter**

The Common Chapter is an agreed chapter of text written within the National Development Plan (NDP) for Ireland and the Structural Funds Plan for Northern Ireland. The aim of the chapter, which is described as a framework for co-operation, is to encourage increased co-operation North and South where it is mutually beneficial to do so. The chapter focuses on three key areas:

- Co-operation along the Border Corridor;
- Co-operation North/South within the island of Ireland; and
- Co-operation East-West between the island of Ireland and Britain, Europe and internationally.

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<sup>97</sup> Department for Regional Development and The Department of the Environment, Heritage and Local Government, *Spatial Strategies on the Island of Ireland: Framework for Collaboration* (2011). Available at: <http://www.environ.ie/en/Publications/DevelopmentandHousing/Planning/NationalSpatialStrategy/FileDownload,25407,en.pdf>

At an NSMC Special EU Programmes Sectoral format meeting on 30 October 2001 NSMC approved the recommendations of a Working Group that had been established to consider how to take forward the work of the Common Chapter.<sup>98</sup> A Joint Steering Group was established and membership included; the two Finance Departments, Office of the First Minister and deputy First Minister, Department of Foreign Affairs and Trade, Taoiseach's Department, NSMC Joint Secretariat and SEUPB jointly chaired by the Finance Departments, The Steering Group met in June 2002 and did not meet again until mid-2005 in order to consider the Second Interim Activity Report 2002-2003 on Common Chapter.<sup>99</sup> Work to promote the Common Chapter was not taken forward during the suspension period. Only reporting work has continued since then.

### **Recommendation**

The Common Chapter should be reconstituted in order to refocus on its initial remit. This remit should be broadened to include all aspects of island-wide spatial planning.

### **Develop an Integrated Data Strategy for Ireland**

There is no coherent data strategy for Ireland. The implementation of joint projects and initiatives on an island-wide basis would be greatly enhanced and assisted by having a jointly commissioned data strategy. This means establishing shared criteria and methodologies for data collection, together with a strategy to address data sensitivities and gaps.

### **Recommendation**

Departments in both jurisdictions should work together to produce an integrated data strategy for the island to support economic and development zones.

### **Develop Agriculture, Food and Fish Processing on an island-wide basis**

The island economy is heavily reliant on the agri-food sector. This sector withstood the recession better than most.

### **Recommendations**

- Identify existing local food procurement policies and practices across both jurisdictions with respect to local food sourcing;
- Develop a consumer awareness campaign to highlight the benefits of sourcing local food through a variety of media;
- Promote increased local food procurement in local government, education, and healthcare bodies;
- Enhance linkages between the agri-food sector and tourism and recreation initiatives, placing an emphasis on food-based tourism - including local festivals, cookery schools, farmers markets, artisan food producers, and gourmet restaurants;

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<sup>98</sup> North South Ministerial Council, *Special EU Programmes Sector: Joint Communiqué* (2001) Available at: [http://www.northsouthministerialcouncil.org/index/publications/joint-communications/sectoral-ic/seupb\\_ic/seupb\\_joint\\_communique\\_30\\_october\\_2001.htm](http://www.northsouthministerialcouncil.org/index/publications/joint-communications/sectoral-ic/seupb_ic/seupb_joint_communique_30_october_2001.htm)

<sup>99</sup> Information provided by the Office of First Minister and Deputy First Minister

- Establish a One Stop Shop with credit, innovation, scaling and export supports to which small agri-businesses can apply for help; and
- Create international food brands pertaining to geographic areas with high quality standards and marketing supports to allow smaller agri-business to grow.

### An Integrated Strategy for Tourism

Border areas are underdeveloped and underfunded with respect to investment in tourism. For example, when the Tourism Capital Investment Programme from 2007-2015 is examined on the basis of the NUTs 3 definition of the Border region - Cavan, Donegal, Leitrim, Louth, Monaghan and Sligo received total funding in this period was €47,021,76. Funding to projects falling within the NUTs 3 region was €1,411,028. On this basis 3% of funding was to projects in the Border region. However, one of these projects was cross-county (Meath & Louth), valued at €243,601.

**Figure 24: Tourism Capital Investment Programme 2007-2015 - Grant Approvals<sup>100</sup>**

Category	County	Project Name	Grant Amount €
Infrastructure 2011	Clare	Doolin Cycle Hub	10,000
Infrastructure 2011	Clare	Burren Heritage Trail	51,315
Infrastructure 2011	Tipperary	Clare Glens	119,625
Infrastructure 2011	Clare	Blackhead Driving Routes	40,656
Infrastructure 2011	Cork	Spike Island	226,249
Infrastructure 2011	Dublin	Meeting House Square Temple Bar B	224,088
Infrastructure 2011	Kerry	Killarney Downhill Mountain Bike Trail	430,353
Infrastructure 2011	Kerry	Portmagee Visitor Pontoons	200,000
Infrastructure 2011	Leitrim	Glencar	300,000
Infrastructure 2011	Leitrim	Lough Rynn	212,250
Infrastructure 2011	Limerick	Limerick Riverside	3,151,651
Infrastructure 2011	Longford/Roscommon	Tarmonbarry	51,677
Infrastructure 2011	Offaly	Lough Boora	731,500
Infrastructure 2011	Mayo	Mayo Greenway - Croagh Patrick	832,735
Infrastructure 2011	Mayo	Mayo Greenway - Castlebar to Westport	948,024
Infrastructure 2011	Tipperary	Nenagh Signage	12,724
Infrastructure 2012	Dublin	Dublin	3,460,017
Infrastructure 2012	Galway	Connemara Signage WAW	1,879,513
Infrastructure 2012	Meath & Louth	Boyne Valley Kells & Drogheda	243,601
Infrastructure 2012	Kilkenny	Kilkenny - Medieval Mile	5,575,558
Attractions 2012	Mayo	Westport Cultural Centre	920,000

<sup>100</sup> Data provided on request by Fáilte Ireland.

Infrastructure 2013	Various	WAW Signage Fund	2,000,000
Infrastructure 2013	Dublin	Shackleton Gardens	213,750
Infrastructure 2013	Roscommon	Ballyleague	95,000
Infrastructure 2013	Cork	Beara Breifne	105,750
Infrastructure 2013	Limerick	Thomond Park	125,000
Infrastructure 2013	Cork	Spike Island Fortress	2,500,000
Infrastructure 2014	Clare	Burren Driving Route	95,000
Attractions 2011	Cork	Garnish Island	2,402,100
Attractions 2011	Dublin	Trinity College Book Of Kells	2,712,450
Attractions 2011	Kerry	Killarney House	5,229,954
Attractions 2011	Kerry	Derrynane House	1,220,891
Attractions 2011	Kildare	Castletown	1,547,459
Iconic Attraction 2012	Waterford	Waterford Viking Triangle - Ph 2	1,885,884
Attractions 2013	Offaly	Birr Castle	174,375
Attractions 2013	Limerick	King John's Castle	80,699
Activity 2013	Donegal	Cuan Na Ri Activity Resort	175,332
Heritage Fund 2011	Dublin	Dalkey Castle	165,800
Heritage Fund 2011	Kerry	Dunloe Castle	185,213
Heritage Fund 2011	Mayo	Enniscoe House	15,798
Heritage Fund 2011	Donegal	Glencolmcille Folk Village	180,845
Heritage Fund 2011	Wexford	Hook Head Lighthouse Visitors Ctr	102,280
Heritage Fund 2011	Kerry	Kerry Literary & Cultural Ctr	20,421
Heritage Fund 2011	Wicklow	Kilruddery House & Gardens	112,099
Heritage Fund 2011	Kilkenny	St. Canices Cathedral	21,000
Heritage Fund 2011	Limerick	St. Mary's Cathedral	79,640
Heritage Fund 2011	Kildare	Steam Museum	68,000
Heritage Fund 2011	Wicklow	Wicklow Goal	192,000
Dub Dev Fund 2014	Dublin	Tailors Hall	29,040
Dub Dev Fund 2014	Dublin	Smock Alley Tours	17,824
Dub Dev Fund 2014	Dublin	Dublinia 2014	184,000
Dub Dev Fund 2014	Dublin	Redevelopment of St Werburgh's Church	200,000
Dub Dev Fund 2014	Dublin	Christ Church Cathedral	188,550
Dub Dev Fund 2014	Dublin	Irish Whiskey Museum	150,000
Dub Dev Fund 2014	Dublin	The Learning Space - St Patricks Cathedral	152,650
Dub Dev Fund 2014	Dublin	Dublin Bike Tours	33,200
2015	Dublin	Newman House	2,500,000
2015	Donegal	Fanad Lighthouse	299,000
2015	Galway	Connemara Cultural Centre	750,000
Ireland's Ancient East Grant Fund	Tipperary	Tholsel Visitor Centre	198,000
Ireland's Ancient East Grant Fund	Wicklow	Powerscourt House	80,000
Ireland's Ancient East Grant Fund	Westmeath	Athlone Castle	76,524
Ireland's Ancient East Grant	Wexford	Hook Head Lighthouse	80,000

Fund			
Ireland's Ancient East Grant Fund	Cork	Blackrock Castle	160,300
Ireland's Ancient East Grant Fund	Carlow	Dunleckney Maltings	200,000
Ireland's Ancient East Grant Fund	Offaly	Birr Signage	84,000
Ireland's Ancient East Grant Fund	Meath	Boyne Valley	86,000
Ireland's Ancient East Grant Fund	Kilkenny	St. Canice's Cathedral	80,000
Ireland's Ancient East Grant Fund	Kildare	Lullymore Heritage & Discovery Park	29,399
Ireland's Ancient East Grant Fund	Cork	Titanic Connections Cork	50,000
Ireland's Ancient East Grant Fund	Westmeath	The Hill of Uisneach	65,000
			47,021,763
<b>Border region</b>			
Infrastructure 2011	Leitrim	Glencar	300,000
Infrastructure 2011	Leitrim	Lough Rynn	212,250
Infrastructure 2012	Meath & Louth	Boyne Valley Kells & Drogheda	243,601
Activity 2013	Donegal	Cuan Na Ri Activity Resort	175,332
Heritage Fund 2011	Donegal	Glencolmcille Folk Village	180,845
2015	Donegal	Fanad Lighthouse	299,000
Total			1,411,028
<b>Proportion Border Region</b>		3%	
<b>Proportion Border Region excluding Meath &amp; Louth</b>		2.5%	

Evidence submitted to the Committee indicated that All-Ireland Tourism initiatives were operating below potential and remain disjointed.

Fáilte Ireland, the NI Tourist Board and Tourism Ireland currently have individual objectives and responsibilities which lead to disconnected planning and development. The Wild Atlantic Way does not include Derry or North Antrim and Ireland's Ancient East does not include the burial place of St. Patrick in Co Down.

Tourism has the potential to attract increased investment, revenue generation and job creation across the Border region. The traveller is more interested in following their recreational interests irrespective of administrative or political boundaries – support given to enhance the tourist offering by encouraging connectivity between tourist assets on both sides of the Border: cycle ways, walking routes, greenways, blueways (on the water amenities), heritage and cultural tours and accommodation packages - in the interests of attracting greater tourist impact and the resultant enhanced prosperity of the Border area.

## Recommendations

- To reduce replication of services and organisations, integrate the tourism planning, training and delivery of responsibilities of Fáilte Ireland and Northern Ireland Tourism;
- Produce an All-Island Integrated Strategy for Tourism and Recreation Tourism and increase the potential to bring increased spending and jobs throughout the Border Development Zone. Tourists seek to follow their recreation interests irrespective of administrative or political boundaries;
- Enhance the tourist offering by encouraging connectivity between tourist assets on both sides of the Border - cycle ways, walking routes, greenways, blueways on the water amenities, heritage and cultural tours, accommodation packages - in the interests of attracting greater tourist impact and the resultant enhanced prosperity of the Border area;
- Recognising that Fáilte Ireland, the Northern Ireland Tourist Board (trading as Tourism Northern Ireland) are seeking to capture greater international interest by promoting strategic attractions of scale and signature tourist attractions such as the Wild Atlantic Way and the Titanic Quarter, these agencies should co-operate by:
  1. Imaginatively assisting the Border region to connect with or capitalise on these strategic attractions; and
  2. Taking a fresh look at the development and promotion of the East-West axis of outdoor recreation attractions and cultural inheritance in the Border region.
- Given that the Schengen system is a massive barrier to attracting tourism to the island of Ireland; it is recommended that the relevant state bodies consider lengthening the duration of the regular tourist Visa (3 months). Less paperwork will result in more visits to the island and more tourist spending.

## Support and Maintain Cross-Border Groups

Reduced public funding available to cross-Border groups such as ICBAN has been cannibalised by cash-starved local authorities.

A key success factor of ICBAN has been that when all political parties come together at local level and leave party politics at the door they become a powerful tool to lobby central government.

When Louth, Newry and Mourne signed their memorandum of understanding it was hailed in Europe as an example of how two local authorities in different jurisdictions should work. Both Chambers of Commerce have signed up to the MOU also.

The local authorities have been given enhanced economic responsibilities, North and South, in the past 12 months. It makes sense that closer collaboration in this area be developed.

Monaghan-Armagh is not remotely as strong. The cross-Border groups are under pressure and could disappear.

## Recommendations

- Cross-Border Groups should be maintained and supported; and
- Councils in Border areas should develop memorandums of understanding and collaborate on the delivery of public services.

## 7. Conclusion

This report details the evidence submitted to the Committee, analyses the challenges and provides numerous practical and achievable recommendations that can have a material benefit for citizens North and South.

In order to proceed with the recommendations, a full costings and economic appraisal should be developed. This would be a necessary step towards maximising the potential of the island economy and island-wide infrastructure.

The evidence from the Committee has illustrated the unique nature of both economies and their relationship two each other. The full potential of North-South economic co-operation is currently not being fully achieved. Divergence between the two economies will only be resolved through joint planning and delivery.

Ireland, North and South is a small island. It has a population of 6.4million, smaller than many international cities. Yet there exists two separate tax regimes, two currencies and legal systems, two public service systems and two separate competing economies.

Duplication does not come free and has been shown can impede the endeavours of citizens to improve their lives. An All-Island market increases opportunity to enterprise and reduces costs. Successful examples of this can be seen in the All-Island Energy Market and InterTradelreland.

Great social disadvantage exists along the border. Although disadvantage is not unique to the border region there are unique contributors to that disadvantage presented by the border. The Border Development Zone offers an opportunity to redress that disadvantage and spatially rebalance the island.

For me one simple key success factor shines through the whole report. In order to achieve real success, real economies of scale and real implementation of real benefit we need to plan, fund and deliver together.

This report identifies a number of recommendations across a wide variety of sectors which aim to redress the economic challenges presented by the border for the betterment of all.

The Committee commends this report to the administrations North and South and hopes for its speedy and comprehensive implementation.

## 8. Appendices

### 8.1 Appendix 1: Membership of the Committee

Chair: Marcella Corcoran Kennedy (FG)

Deputies: Dara Calleary (FF)  
Áine Collins (FG)  
Michael Conaghan (LAB)  
Marcella Corcoran Kennedy (FG)  
Seán Kyne (FG)  
Anthony Lawlor (FG)  
John Lyons (LAB) (Vice-Chairman)  
Peadar Tóibín (SF)  
Mick Wallace (IND)

Senators: David Cullinane (SF)  
John Kelly (LAB)  
Michael Mullins (FG)  
Hildegarde Naughton (FG)  
Feargal Quinn (IND)  
Mary White (FF)



## 8.2 Appendix 2: Terms of Reference

### a. Functions of the Committee – derived from Standing Orders [DSO 82A; SSO 70A]

- (1) The Select Committee shall consider and report to the Dáil on—
  - (a) such aspects of the expenditure, administration and policy of the relevant Government Department or Departments and associated public bodies as the Committee may select, and
  - (b) European Union matters within the remit of the relevant Department or Departments.
- (2) The Select Committee may be joined with a Select Committee appointed by Seanad Éireann to form a Joint Committee for the purposes of the functions set out below, other than at paragraph (3), and to report thereon to both Houses of the Oireachtas.
- (3) Without prejudice to the generality of paragraph (1), the Select Committee shall consider, in respect of the relevant Department or Departments, such—
  - (a) Bills,
  - (b) proposals contained in any motion, including any motion within the meaning of Standing Order 164,
  - (c) Estimates for Public Services, and
  - (d) other matters as shall be referred to the Select Committee by the Dáil, and
  - (e) Annual Output Statements, and
  - (f) such Value for Money and Policy Reviews as the Select Committee may select.
- (4) The Joint Committee may consider the following matters in respect of the relevant Department or Departments and associated public bodies, and report thereon to both Houses of the Oireachtas:
  - (a) matters of policy for which the Minister is officially responsible,
  - (b) public affairs administered by the Department,
  - (c) policy issues arising from Value for Money and Policy Reviews conducted or commissioned by the Department,
  - (d) Government policy in respect of bodies under the aegis of the Department,

- (e) policy issues concerning bodies which are partly or wholly funded by the State or which are established or appointed by a member of the Government or the Oireachtas,
  - (f) the general scheme or draft heads of any Bill published by the Minister,
  - (g) statutory instruments, including those laid or laid in draft before either House or both Houses and those made under the European Communities Acts 1972 to 2009,
  - (h) strategy statements laid before either or both Houses of the Oireachtas pursuant to the Public Service Management Act 1997,
  - (i) annual reports or annual reports and accounts, required by law, and laid before either or both Houses of the Oireachtas, of the Department or bodies referred to in paragraph (4)(d) and (e) and the overall operational results, statements of strategy and corporate plans of such bodies, and
  - (j) such other matters as may be referred to it by the Dáil and/or Seanad from time to time.
- (5) Without prejudice to the generality of paragraph (1), the Joint Committee shall consider, in respect of the relevant Department or Departments—
- (a) EU draft legislative acts standing referred to the Select Committee under Standing Order 105, including the compliance of such acts with the principle of subsidiarity,
  - (b) other proposals for EU legislation and related policy issues, including programmes and guidelines prepared by the European Commission as a basis of possible legislative action,
  - (c) non-legislative documents published by any EU institution in relation to EU policy matters, and
  - (d) matters listed for consideration on the agenda for meetings of the relevant EU Council of Ministers and the outcome of such meetings.
- (6) A sub-Committee stands established in respect of each Department within the remit of the Select Committee to consider the matters outlined in paragraph (3), and the following arrangements apply to such sub-Committees:
- (a) the matters outlined in paragraph (3) which require referral to the Select Committee by the Dáil may be referred directly to such sub-Committees, and
  - (b) each such sub-Committee has the powers defined in Standing Order 83(1) and (2) and may report directly to the Dáil, including by way of Message under Standing Order 87.

- (7) The Chairman of the Joint Committee, who shall be a member of Dáil Éireann, shall also be the Chairman of the Select Committee and of any sub-Committee or Committees standing established in respect of the Select Committee.
- (8) The following may attend meetings of the Select or Joint Committee, for the purposes of the functions set out in paragraph (5) and may take part in proceedings without having a right to vote or to move motions and amendments:
  - (a) Members of the European Parliament elected from constituencies in Ireland, including Northern Ireland,
  - (b) Members of the Irish delegation to the Parliamentary Assembly of the Council of Europe, and
  - (c) at the invitation of the Committee, other Members of the European Parliament.

**b. Scope and Context of Activities of Committees (as derived from Standing Orders [DSO 82; SSO 70])**

- (1) The Joint Committee may only consider such matters, engage in such activities, exercise such powers and discharge such functions as are specifically authorised under its orders of reference and under Standing Orders.
- (2) Such matters, activities, powers and functions shall be relevant to, and shall arise only in the context of, the preparation of a report to the Dáil and/or Seanad.
- (3) It shall be an instruction to all Select Committees to which Bills are referred that they shall ensure that not more than two Select Committees shall meet to consider a Bill on any given day, unless the Dáil, after due notice given by the Chairman of the Select Committee, waives this instruction on motion made by the Taoiseach pursuant to Dáil Standing Order 26. The Chairmen of Select Committees shall have responsibility for compliance with this instruction.
- (4) The Joint Committee shall not consider any matter which is being considered, or of which notice has been given of a proposal to consider, by the Committee of Public Accounts pursuant to Dáil Standing Order 163 and/or the Comptroller and Auditor General (Amendment) Act 1993.

- (5) The Joint Committee shall refrain from inquiring into in public session or publishing confidential information regarding any matter if so requested, for stated reasons given in writing, by—
- (a) a member of the Government or a Minister of State, or
  - (b) the principal office-holder of a body under the aegis of a Department or which is partly or wholly funded by the State or established or appointed by a member of the Government or by the Oireachtas:

Provided that the Chairman may appeal any such request made to the Ceann Comhairle / Cathaoirleach whose decision shall be final.

### 8.3 Appendix 3: Acronyms

BDC: Border Development Corridor

BDZ: Border Development Zone

BTEC: Business and Technology Education Council (award)

CAO: Central Applications Office

CBI: Confederation of British Industry

CBCG: Cross Border Corridor Groups

CSO: Central statistics Office

ECHR: European Convention on Human rights

EI: Enterprise Ireland

ERDF: European Regional Development Fund

ESB: Electricity Supply Board

ESF: European Social Fund

EU: European Union

FCILC: Foyle, Carlingford and Irish Lights Commission

FDI: Foreign Direct Investment

FETAC: Further Education and Training Awards Council

GDP: Gross Domestic Product

GFA: Good Friday Agreement

GVA: Gross Value Added

HEI: Higher Education Institution

HGV: Heavy Goods Vehicle

HND: Higher National Diploma

ICBAN: Irish Central Border Area Network

ICLRD: International Centre for Local and Regional Development

ICT: Information and communications technology

IDA: Industrial Development Agency (Ireland)

IBEC: Irish Business and Employers Confederation

ILEX: Urban Regeneration Company based in Ebrington, Derry

INI: Invest Northern Ireland

INTERREG: European Territorial Co-operation (ETC), better known as INTERREG, is a financing instrument of European regional development.

LEO: Local Enterprise Office

MLA: Member of the Legislative Assembly

MNC: Multinational Corporation

MOU: Memorandum of Understanding

NERI: Nevin Economic Research Institute

NGA: Next Generation Access (referring to broadband)

NIE: Northern Ireland Electricity

NSMC: North South Ministerial Council

NUTS: Nomenclature of Territorial Units for Statistics

OECD: Organisation for Economic Co-operation and Development

OFMDFM: Office of First Minister and Deputy First Minister

PEACE: A series of EU funded programmes promoting reconciliation

PSNI: Police Service of Northern Ireland

R&D: Research and Development

SEUPB: Special EU Programmes Body

SEM: Single Electricity Market

SME: Small and Medium Enterprise

TUPE: Transfer of Undertakings (Protection of Employment) Regulations 2006

UCAS: Universities and Colleges Admissions Service

VAT: Value Added Tax

## **8.4 Appendix 4: Councillor and Chief Executives' Questionnaire and Respondants**

These questionnaires were circulated to every Chief Executive and County Manager of all border Councils in the North and the 6 County councils of the border region. Similarly the questionnaires were circulated to all Councillors from the 5 Border Councils in the North and 5 Border Councils in the South.

In some cases the Chief Executive designated somebody to complete the questionnaire on their behalf. Instances of this are noted.

### **8.4.1 Chief Executive Respondents**

Donegal – Seamus Neely

Leitrim – Frank Curran

Monaghan – Eugene Cummins

Louth – Joan Martin

Fermanagh/Omagh – The CE designated Director of Regeneration and Planning, Alison McCullagh to complete the questionnaire.

Mid-Ulster – Anthony Tohill

Armagh/Banbridge/Craigavon – The CE designated Director of Development Olga Murtagh to complete the questionnaire.

Newry Mourne and Down – The CE designated Enterprise, Regeneration & Tourism Director, Marie Ward to complete the questionnaire.

**8.4.2 Questionnaire for Council Chief Executives, North and South**

Please indicate your name \_\_\_\_\_

Council \_\_\_\_\_

Date \_\_\_\_\_

Please complete the following questions to the best of your ability.

1. In your opinion is **trade by local/regional businesses** from counties in the other jurisdiction less or more than **from counties in your own jurisdiction**?

\_\_\_\_\_  
\_\_\_\_\_

2. In your opinion does the **border hamper local/regional businesses** in their efforts to do cross border business? Yes \_\_\_ No \_\_\_ In what way?

\_\_\_\_\_  
\_\_\_\_\_

3. What are the **most costly aspects** with regards Cross Border Trade?

\_\_\_\_\_  
\_\_\_\_\_

4. In your work as the Chief Executive are you **requested to resolve issues** created by the border? Yes \_\_\_ No \_\_\_ If yes can you detail what these issues are?

\_\_\_\_\_  
\_\_\_\_\_

5. In your experience have citizens in your council area received any enterprise help or support from state agencies from the other jurisdiction? Yes \_\_\_ No \_\_\_ If yes what support has been received?

\_\_\_\_\_  
\_\_\_\_\_

6. In your experience have any of the state agencies in either jurisdiction acted in a territorial manner with regards their function?

\_\_\_\_\_  
\_\_\_\_\_

7. Have any citizens in your council area complained or suffered a cost or challenge to their existence because of agricultural differences on either side of the border? Yes \_\_\_ No \_\_\_ If yes please indicate what their experience has been?



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- 
- 
8. Have any citizens in your council area complained or suffered a cost or challenge to their existence because of transportation costs arising from the border? Yes\_\_\_ No\_\_\_ If yes please indicate what their experience has been?

- 
- 
- 
9. Have any citizens in your council area complained or suffered a cost or challenge to their existence because of banking costs arising from the border? Yes\_\_\_ No\_\_\_ If yes please indicate what their experience has been?

- 
- 
- 
10. Have any citizens in your council area complained or suffered a cost or challenge to their existence because of differing tax, excise and financial regulations arising from the border? Yes\_\_\_ No\_\_\_ If yes please indicate what their experience has been?

- 
- 
- 
11. Have any citizens in your council area complained or suffered a cost or challenge to their existence because of education or health differences or capacities arising from the border? Yes\_\_\_ No\_\_\_ If yes please indicate what their experience has been?

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12. Have the employment rights of citizens in your council area been effected by the existence of the border? Yes\_\_\_ No\_\_\_ If yes please indicate what their experience has been?

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- 
13. Have any investment decisions of citizens in your council area been affected by the border? Yes\_\_\_ No\_\_\_ If yes please indicate what their experience has been?

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14. Has the limited nature of some civil society organisations which are constituted on one side of the border only, created any difficulties with regards citizens in your council area efforts to do business on the other side of the border?

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15. What steps have been taken by your council with regards resolving any of the above issues?

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16. Does your council have an institutional relationship with any council on the other side of the border? Yes\_\_\_No\_\_\_ If yes please indicate what they are, if they need improvement and what improvements could be made?

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17. Do you meet regularly with counterparts in the other jurisdiction? Yes\_\_\_No\_\_\_

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18. Are you satisfied that there is enough state support and policy focus with regards the resolution of the issues faced by citizens in your council area? Yes\_\_\_No\_\_\_

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19. Do you feel that there is enough resources both financial and human directed to alleviating the difficulties created by the existence of the border? Yes\_\_\_No\_\_\_ If no please indicated what is needed and where it should be focused.

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20. Would your Council be interested in participating in a Border Development Corridor?  
Yes \_\_\_No\_\_\_

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If you have any other opinions, information or real life examples as to the economic and social barriers created by the border and potential solutions please detail here?

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### 8.4.3 Councillors

Every Councillor from to County and District Councils on the border were contacted to complete the questionnaire. Below is a list of the Councillors who responded.

<u>Donegal</u> Jack Murray Liam Doherty Ian McGarvey Albert Doherty Liam Blaney Enda Bonner Seamus O Domhnaill Terence Slowey	<u>Leitrim</u> Mary Bohan Martin Kenny Brendan Barry	<u>Cavan</u> Paddy O'Reilly Shane O'Reilly Sean Smith Damien Brady
<u>Monaghan</u> Pat Treanor Colm Carthy Noel Keelan Brian McKenna Seamus Treanor	<u>Louth</u> Tomas Sharkey	<u>Derry/Strabane</u> Hugh Hastings John Boyle Angela Dobbins Paul Gallagher Gary Donnelly Kevin Campbell Christopher Jackson
<u>Fermanagh/Omagh</u> Stephen McCann Glen Campbell John Coyle Sean Donnelly Sean Clarke Josephine Deehan Chris Smyth Thomas O'Reilly Tommy Maguire Howard Thornton	<u>Mid Ulster</u> Kenneth Reid Denise Mallon Dominic Molloy Sean McGuigan	<u>Newry Mourne and Down</u> Charlie Casey Gillian Fitzpatrick Barra Ó Muirí Mickey Larkin Terry Hearty

**8.4.4 Questionnaire for Councillors in the Border Counties, North and South**

Please indicate your name \_\_\_\_\_

Party \_\_\_\_\_

Council \_\_\_\_\_

Date \_\_\_\_\_

Please complete the following questions to the best of your ability.

1. In your opinion is trade by local/regional businesses from counties in the other jurisdiction less or more than from counties in your own jurisdiction?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. In your opinion does the border hamper local/regional businesses in their efforts to do cross border business? Yes \_\_\_ No \_\_\_ In what way?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. What are the most costly aspects with regards Cross Border Trade?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. In your work as a Councillor are you requested to resolve issues created by the border? Yes \_\_\_ No \_\_\_ If yes can you detail what these issues are?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. In your experience have any of your constituents received any enterprise help or support from state agencies from the other jurisdiction? Yes \_\_\_ No \_\_\_ If yes what support has been received?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. In your experience have any of the state agencies in either jurisdiction acted in a territorial manner with regards their function?

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7. Have any of your constituents complained or suffered a cost or challenge to their existence because of agricultural differences on either side of the border? Yes\_\_\_ No\_\_\_ If yes please indicate what their experience has been?

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8. Have any of your constituents complained or suffered a cost or challenge to their existence because of transportation costs arising from the border? Yes\_\_\_ No\_\_\_ If yes please indicate what their experience has been?

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9. Have any of your constituents complained or suffered a cost or challenge to their existence because of banking costs arising from the border? Yes\_\_\_ No\_\_\_ If yes please indicate what their experience has been?

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10. Have any of your constituents complained or suffered a cost or challenge to their existence because of differing tax, excise and financial regulations arising from the border? Yes\_\_\_ No\_\_\_ If yes please indicate what their experience has been?

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11. Have any of your constituents complained or suffered a cost or challenge to their existence because of education or health differences or capacities arising from the border? Yes\_\_\_ No\_\_\_ If yes please indicate what their experience has been?

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12. Have the employment rights of your constituents been effected by the existence of the border? Yes\_\_\_ No\_\_\_ If yes please indicate what their experience has been?

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13. Have any investment decisions of your constituents been affected by the border? Yes \_\_\_  
No \_\_\_ If yes please indicate what their experience has been?

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14. Has the limited nature of some civil society organisations which are constituted on one side  
of the border only, created any difficulties with regards your constituents efforts to do  
business on the other side of the border?

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15. What steps have been taken by your council with regards resolving any of the above issues?

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16. Does your council have an institutional relationship with the nearest councils on the other  
side of the border? Yes \_\_\_ No \_\_\_ If yes please indicate what they are, if they need  
improvement and what improvements could be made?

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17. Do you meet regularly with counterparts in the other jurisdiction? Yes \_\_\_ No \_\_\_

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18. Are you satisfied that there is enough state support and policy focus with regards the  
resolution of the issues faced by your constituents? Yes \_\_\_ No \_\_\_

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19. Do you feel that there is enough resources both financial and human directed to alleviating  
the difficulties created by the existence of the border? Yes \_\_\_ No \_\_\_ If no please indicated  
what is needed and where it should be focused.

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20. If you have any other opinions, information or real life examples as to the economic and social barriers created by the border and potential solutions please detail here?

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