



# The Belfast Agreement & Cross-Border Economic Co-operation in the Tourism Industry.

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# Overview

- 1) Examines the Impact of the Belfast Agreement on economic co-operation in Ireland using the tourism industry as a case study
- 2) It looks at the suggested benefits that may arise from greater economic co-operation
- 3) It develops a policy framework which we believe is established by the Agreement to deliver economic benefits
- 4) Some propositions are developed to assess the conditions that such benefits will materialise
- 5) The tourism industry is explored for evidence
- 6) Conclusions

# The Belfast Agreement & North-South Co-operation

- NSMC – brings together those executive responsibility in gov. twice yearly from north & south to: '*develop consultation, co-operation and action within the island of Ireland*'.
- NSMC is supported by a Standing Joint Secretariat staffed by NI and ROI Civil Servants
- Six Institutions established by the Agreement (Implementation Bodies) (Waterways, Food Safety Promotion Board, InterTrade Ireland, the SEUPB, The Foyle Carlingford and Irish Lights Commissions; and the North-South Language Body)
- Six Designated Areas of Co-operation (transport, agriculture, education, health, environment and tourism)

# Cross-Border Co-operation

- Active promotion of greater co-operation eases the longstanding disagreement between the rival nationalists and unionists political blocs.
- *“Where Unionists have been cautious about greater cross-border economic & policy connections, nationalists have been enthusiastic* (Bradley and Birnie, 2001)
- Contrasting positions contribute to political stalemate in the region
- Strand Two of the Agreement helps to dismantle a barrier to political progress

# Potential Economic Gains from North-South Co-operation

- Greater Economies of Scale (Krugman, 1995)
- Efficiency Dynamics arising from market widening effects
- More open market allows industries to explore new business opportunities, new suppliers, redesign logistical strategies and view Ireland as one commercial zone.
- Agglomeration Economies or External Economies of Scale (Michie and Sheehan, 1998)
- Reduction of Market Failures (separate national territories create distinctive institutional support structures for economic & social activities- it stabilises business & can deliver +ve externalities)

# Potential Economic Gains from North-South Co-operation

- Potential down side – higher transaction costs across jurisdictions (Grahl & Teague, 1992)

# Market Failures

- Information Asymmetries leading to higher transaction costs
- Co-ordination Deficit – e.g. different tax regimes
- Contrasting social preferences may make it difficult to co-ordinate economic policies across jurisdictions.

# Three Possible Policy Approaches

- Promotion of Policy Complementarity – programmes dovetails across the border
- Policy Recombination – incremental / gradual change (Nelson & Winter, 1982)
- Policy Entrepreneurship (Roberts & King, 1996) – benefits not always clear – risky

# Strand Two Policy Framework

- The main purpose of Strand Two is to create a supervening policy framework to establish stable forms of co-operation & predictable patterns of behaviour – ‘*To Create a Vision*’
- **Create Procedural Consensus**
- Monitor the Various Initiatives

Strand Two promotes a myriad of different initiatives and networks, existing inside and outside established public bureaucracies, to advance the goal of north-south co-operation.

‘Light many small fires and hope for far reaching cumulative effects on north-south co-operation’

# Strand Two Policy Framework

- Cross-border goal setting, policy co-ordination and mobilisation may trigger a process of interaction, interpretation and internalisation (Simon, 1977) that gives rise to a new set of expectations about the possibilities of all-island economic activity.
- Strand Two holds out the possibility of a new economic and business identity emerging on the island based on a respect for existing constitutional frontiers.

# The Potential Pitfalls

- 1) Principal-agent framework – delegation of power to agents who act contrary to the interests of the principals.
- 2) Joint decision making trap (Scharpf, 1988)
- 3) Imperfect Feedback Loops (Systems theory literature)
- 4) Joint Policy Initiatives may only exist for the duration of the programme

# Tourism Sector Case-Study

- Selective for its relatively non-contentious area of economic activity on the island and where there appeared to be scope and support for deeper north-south economic co-operation.
- It is also one of the six designated areas of co-operation identified by the Belfast Agreement

# Methodology

- Assembly of secondary data from gov. statistics and industry sources to understand the context & dynamics of the industry
- 28 Semi-structured interviews with relevant policy makers
- Review of relevant public agencies' literature to assess level of discourse on north-south co-operation on tourism

# Overview of ROI and NI Tourism Industry

	<b>ROI</b>	<b>NI</b>
<b>Overseas Visitors in 2004</b>	6.6 million (tourists spent 3.2 billion Euro)	1.7 million in 2004 (tourists spent 400 million Euro)
<b>No. Employed</b>	230,000	19,000 in 2003 (up from 11,000 in 1993)
<b>Contribution to GDP</b>	4% (down from 6% in mid-nineties)	2%
<b>Concerns</b>	Promotion of the area to be reinvented	Sector still not ‘punching its weight’
<b>Hotel Accommodation</b>	846 hotels offering 43,000 rooms	131 hotels providing 6,000 rooms
<b>Avg. Length of Stay</b>	10 Days	6 Days

## Country of Origin of Overseas Visitors in 2004

	<b>ROI</b>	<b>NI</b>
<b>GB</b>	3.7 million (56%)	1.4 million (81.4%)
<b>Other EU</b>	1.6 million (24%)	133,000 (7.6%)
<b>USA</b>	1.0 million (15%)	122,000 (7%)
<b>'Other'</b>	317,000 (5%)	70,000 (4%)

# Industry Bodies

- In ROI – ‘ITIC’ ‘Irish Tourism Industry Confederation established in 1984 – Vibrant Self Motivated – membership from major private & commercial state organisations & tourism rep bodies
- In NI – ‘NITIC’ – established in 2003 – driven mainly by public sector “attempts to mirror the southern equivalent however appears to be bogged down in operational activity which has prevented it from looking at the future of the industry” (interviewee)

# Some Evidence of North-South Co-operation

- Interactions between gov officials in tourism DETNI and Dept Tourism Sport & Recreation in ROI increased. (SARS, inflation, standards)
- Progress on defining the interface between each national tourism body
- Tourism bodies have identified similar matters to be addressed (quality standards, training, access routes, labour pool, prices)
- Broadly similar policy agenda ‘improve the quality of tourist experience for international visitors’

# Some Evidence of North-South Co-operation

- Number of cross-border initiatives have emerged – e.g. similar grading of hotels cross-border training programmes, integration of IT from reservation systems
- Some EU funded cross-border projects (Sustran project, re-development of disused railways in North West project, car ferry between Magilligan and Greencastle)
- Cross-border local gov networks (EBR, ICBAN NWR)
- ‘Host Town programme’ of Special Olympics
- Federations, private interests (hoteliers etc. and local gov bodies collaborating more with each other)

# Some Negatives

- All Ireland Marketing Prog – promoted by Tourism Ireland – perceived by many in terest in ROI to change tourism patterns in a manner which will result in zero-sum outcomes.

# Characteristics of Cross-border Tourism Initiatives

- Broader rather than Deeper
- Initiatives not strategic
- Each area doing its own thing
- Stronger reliance on public funds in NI than ROI

# Conclusions

- Cross-border co-operation has increased in tourism since signing of Belfast Agreement but this has not led to radical change in the business or institutional dynamics of the sector either side of the border.
- Progress has been made towards policy complementarity but still significant gains to be captured
- Policy Recombination has occurred but mainly on matters that do not touch core strategic activities – i.e. at local gov level

# Conclusions

The Emergence of a genuinely all-island approach to tourism remains some way off.

The two governments (principals) have overseen the creation of an Agency for cross-border tourism co-operation which has neither the authority or capacity to launch far reaching initiatives.

The institutional design of the Agreement constrains:

Policy Entrepreneurship

Recombination Activity

And even the Search for Policy  
Complementarity