



The Centre for  
Cross Border Studies

# MEDIA WATCH

---

01/04/2016 - 08/04/2016

01 April 2016

## Business - Brexit 'will negate north's corporation tax advantage'

A United Kingdom exit from the European Union would negate any positive benefits of Northern Ireland's 12.5 per cent independent rate of corporation tax, a new report from stockbrokers Davy claims.

And it predicts that the north will face huge hurdles to trading with its nearest neighbours in the Republic - even if a free trade deal is hammered out in the wake of a Brexit.

The report, written by economist Conall MacCoille, in advance of the June 23 referendum, also paints a grim picture for the north's agricultural sector.

Davy's report concludes that Brexit is "clearly threatening the UK's growth prospects" and says that in the past a single percentage point reduction in UK GDP has led to a fall on 0.3 per cent in Ireland.

It says a sharp depreciation in sterling could also hurt Irish exports although just 15 per cent of goods now go to the UK from the Republic, down from 50 per cent in previous decades.

Specifically with regards to Northern Ireland, the Davy report says that while arrangements applying to the movement of people might not be directly affected by Brexit, the UK might have to impose customs controls on the goods trade with the Republic as it would no longer be a member of the EU customs union.

The UK currently accounts for EUR13.8 billion, or 14 per cent, of Irish goods exports. Of this, Northern Ireland accounts for just EUR1.7 billion, or 1.6 per cent, of goods exports - a relatively small share.

However, **cross-border** trade has grown sharply over time, rising from EUR1.65bn in 1996 to EUR3bn in 2013. The Republic accounts for close to 33 per cent of Northern Ireland's goods exports.

"So, the imposition of non-tariff barriers could be particularly costly for Northern Ireland," the report says.

It adds: "A recent report by the Northern Ireland Assembly estimated that the economy there would lose EUR1bn as a result of Brexit and register a 3 per cent drop in GDP.

"Trade effects, with potential spill-overs onto productivity growth, would again be key factors. Similarly, uncertainty on the UK's future membership of the EU would undermine the potential benefits of Northern Ireland's independent corporation tax rate. Attracting FDI into Northern Ireland would clearly be problematic with access to the EU single market at risk.

"Also at risk would be transfers under the EU Common Agricultural Policy (CAP). This has been estimated to provide 82 per cent of farm income in Northern Ireland.

"According to the European Commission, EUR3bn was expected to have been paid through 2014-20. In the event of Brexit this income stream would be lost, although it could be replaced by the treasury."

Earlier this week employers' group Ibec in Dublin, in its latest quarterly economic outlook, said a British exit from the EU is the biggest current threat to the Irish economy.

Ibec said the mere threat of Brexit has been enough to precipitate a serious drop in the value of sterling and that a vote to leave would prompt a further significant depreciation.

"A UK exit would send Ireland, Britain and Europe into uncharted and treacherous waters," Ibec's chief executive Danny McCoy said.

**Source:** The Irish News

**04 April 2016**

## All-island competition to help grow budding firms

BUSINESS start-ups and fledgling companies have a chance to win just over £80,000 as Inter-TradeIreland's annual Seedcorn competition gets under way.

There is an overall prize fund of (EURO)280,000 (£224,000) in the competition - the biggest in Ireland and aimed at entrepreneurs **north and south**.

A total of nine prizes of (EURO)10,000 (£8,000) upwards offer a lifeline to young companies seeking to raise equity to help their business grow and develop.

Businesses can enter in one of the two categories: new start or early stage. And there are four regions: Northern Ireland; Dublin (city and county); Munster, and Connacht and Leinster (including counties Donegal, Cavan and Monaghan).

Two Belfast workshops will be hosted by InterTradeIreland this Friday at Halo in the NI Science Park and Propel to help those considering entering the competition, including providing advice on preparation of video clips, presentation slide decks and business plans.

The new start category encompasses companies under five years old which are seeking to raise new equity of between (EURO)50,000 and (EURO)299,999.

The early stage category encompasses companies under five years old which are seeking to raise in excess of (EURO)300,000. Connor Sweeney from InterTradeIreland said: "Seedcorn is much more than money - entrants can gain invaluable guidance, tips and advice from our experts, as well as investors and other entrepreneurs."

This year's competition is now open for registration at [www.intertradeireland.com/seedcorn](http://www.intertradeireland.com/seedcorn). Businesses should submit their entry by May 27.

**Source:** Belfast Telegraph

**05 April 2016**

## Paterson returns to campaign for Brexit

Braving unpredictable elements in Northern Ireland is an art in which Owen Paterson is well practised.

Whether it is a walkabout on a wet morning in Belfast's Royal Avenue to talk about the drawbacks of the European Union, or a tense debate about the changes that Brexit might deliver for the local business community, the former secretary of state for Northern Ireland always likes to remain calm in the face of an impending storm.

Paterson may no longer have a day job in the North - he was shadow secretary and subsequently secretary of state from 2007 to 2012 - but he maintains he still has the best interests of Northern Ireland at heart.

That is why he was back yesterday to share his thoughts on why it is better for the North to be "outside of the European Union as part of the UK - the fifth biggest economy in the world".

Paterson claims the EU is "leaving us behind" and that the euro zone is moving towards a treaty change which will create a new federal state - one which he believes the UK can never be part of.

He is adamant that if the UK remains inside the EU its sphere of influence is going to become increasingly limited.

Paterson's message is that Brexit would help free the UK from bowing to EU law and its European courts and give the UK greater control over how it spends its resources.

He says the UK is contributing billions of pounds to the EU but has very little say in how it is spent.

### **Peace process**

**Paterson also claims it is "ludicrous" to suggest that Brexit could pose any threat to the peace process or result in a new border being built overnight between Northern Ireland and the Republic.**

He also argues that the common travel area arrangements which exist between the UK and the Republic which mean there are no passport controls between the two jurisdictions would continue and that "electronic" solutions - which already exists across Europe - would be put in place for **cross-border** trade.

But while Paterson is touring the North reassuring farmers and fishing communities that they will not suffer if EU subsidies dry up - because they will get new UK financial support instead - his former ministerial home - the Northern Ireland Office (NIO) - is not convinced.

The official line from NIO headquarters at Stormont House in Belfast is that: "Northern Ireland is stronger, safer and better off as part of a United Kingdom that remains in the European Union" and for a wide number of reasons.

According to the NIO in the past five years over two fifths of all foreign direct investment projects won by Northern Ireland have been funded by investment from the EU.

Paterson's former office also highlights that the North exports in the region of more than £3.6 billion worth of goods to the EU each year - which is more than Northern Ireland exports to anywhere else in the world.

In evidence submitted to an inquiry currently being conducted by a House of Commons committee on Brexit and the North, the NIO said that since 1998 the value of Northern Ireland's exports to the EU has increased by over 50 per cent in real terms.

### **Tourism**

It is not just exports that are an important Brexit consideration for the North according to Paterson's former NIO colleagues, they also point to imports of a somewhat different nature which are playing an increasingly important role in growing the local economy and that is people.

Tourism statistics show that 653,000 visitors came to the North from Europe in 2014 and spent almost £140 million.

Aside from the economic issues the NIO says it is also concerned about the security implications of Brexit.

"The UK and Ireland will always co-operate closely against terrorism, but membership of the EU enhances our ability to co-operate with member states to combat crime and terrorism and keep our country safe," the NIO asserts.

**Source:** The Irish Times