



The Centre for
Cross Border Studies

Meeting with the Oireachtas Joint Committee on Arts, Heritage, Regional, Rural and Gaeltacht Affairs

10 May 2017

“The future of community, social and economic development and cooperation in
border counties”

Statement by the Centre for Cross Border Studies¹

1. Introduction

1.1 Since its creation in 1999, the Centre for Cross Border Studies (CCBS) has pursued its central mission of contributing to the increased social, economic and territorial cohesion of the island of Ireland. It achieves this by promoting and improving the quality of cross-border cooperation between (a) public bodies, and (b) between public bodies, business and civil society. Complementing this strategy, CCBS also works to improve the capacity of people involved in social and economic development to engage in mutually beneficial cross-border cooperation. Finally, it addresses information gaps and other barriers that constrain cross-border mobility and cross-border cooperation through research, provision of resources, tools and other support.² Throughout its existence, therefore, CCBS has been deeply concerned with community, social and economic development and cooperation in the border counties.

1.2 CCBS’s pursuit of its mission has been framed by two primary public policy imperatives: the commitment to cross-border and North-South cooperation integral to Strand II of the 1998 Belfast/Good Friday Agreement, and the European Union’s Cohesion Policy with its focus on social,

¹ This statement has been prepared by Dr Anthony Soares (Deputy Director of the Centre for Cross Border Studies), Dr Katy Hayward and Mr Philip McDonagh (Members of the Board of the Centre for Cross Border Studies).

² For more information on the Centre for Cross Border Studies, see <http://crossborder.ie/>.

economic and territorial cohesion, and supported by the EU's Territorial Cooperation and Structural Funds programmes.

1.3 Within the wider context of potential negative impacts on socio-economic relations within the island of Ireland, and between the island and Great Britain, it is the view of CCBS that the outcome of the UK's referendum on EU membership poses a significant threat to the future of community, social and economic development and cooperation in border counties. The degree to which it can be mitigated will be dependent on the priority border counties will be afforded by the Irish Government and – in particular – the UK Government in the negotiations that will follow the triggering of Article 50. For its part, CCBS will continue to stress the crucial role of cross-border cooperation in the socio-economic development of our border region and how cooperation between public bodies and between public bodies, business and civil society from both sides of the border must be supported whatever the outcome of the UK's exit from the EU.³ That is why we would ask this Committee to join us in our call to secure the means for continued support for cross-border and North-South cooperation, as we have done with other Committees since the UK decided to leave the European Union.⁴

2. The current status of community, social and economic development and cooperation in border counties

2.1 Of the island of Ireland's 6.4 million inhabitants, approximately 19% live within the border region, comprised of five counties in the Republic of Ireland (Donegal, Leitrim, Cavan, Monaghan &

³ In the run-up to the June 2016 referendum, CCBS produced a series of Briefing Papers dedicated to the topic of Brexit in collaboration with Cooperation Ireland. These offered an overview of the core issues ("The UK Referendum on Membership of the EU: What does it mean for us?", <http://crossborder.ie/eu-referendum-briefing-paper-series/>), as well as examining each one in further detail ("Potential Constitutional Consequences", <http://crossborder.ie/site2015/wp-content/uploads/2016/03/EU-Referendum-Briefing-Paper-2.pdf>; "Cross-Border Cooperation, Peace-Building and Regional Development", <http://crossborder.ie/site2015/wp-content/uploads/2016/06/CCBS-Cooperation-Ireland-EU-Referendum-Briefing-Paper-31.pdf>; "Citizen Mobility", <http://crossborder.ie/site2015/wp-content/uploads/2016/06/CCBS-and-Cooperation-Ireland-EU-Referendum-Briefing-Paper-4.pdf>; "Economic Development", <http://crossborder.ie/site2015/wp-content/uploads/2016/06/EU-Referendum-Briefing-Paper-5.pdf>).

⁴ CCBS has provided written and oral evidence on the implications of Brexit to the following parliamentary committees: "Submission to the House of Lords European Union Select Committee Call for Evidence: Visions of EU reform" (<http://crossborder.ie/site2015/wp-content/uploads/2015/11/CCBS-Response-to-House-of-Lords-EU-Committee-Inquiry.pdf>), "Submission to the House of Commons Northern Ireland Affairs Committee: Northern Ireland and the EU Inquiry" (<http://crossborder.ie/northern-ireland-affairs-committee-publish-centre-for-cross-border-studies-evidence-to-inquiry/>), "Introductory statement to oral evidence submitted to the Joint Committee on the Implementation of the Good Friday Agreement: Implications of the UK Referendum decision for the GFA and its Institutions" (<http://crossborder.ie/oral-evidence-implications-of-the-uk-referendum-for-the-good-friday-agreement-and-institutions/>), "Submission to the Northern Ireland Affairs Committee Inquiry: Future of the land border with the Republic of Ireland" (<http://crossborder.ie/submission-to-the-ni-affairs-committee-inquiry-future-of-the-land-border-with-the-republic-of-ireland/>), "Introductory statement to oral evidence submitted to the Joint Committee on Jobs, Enterprise and Innovation: Economic Implications of the UK Referendum Decision" (<http://crossborder.ie/oral-evidence-economic-implications-of-the-uk-referendum-decision/>), "Submission to the House of Lords European Union Select Committee's Inquiry on Brexit and UK-Irish Relations" (<http://crossborder.ie/house-of-lords-european-union-inquiry-on-brexit-uk-irish-relations/>). It has also met with the British-Irish Parliamentary Assembly (<http://crossborder.ie/site2015/wp-content/uploads/2015/10/CCBS-Briefing-Notes-for-Meeting-with-the-British-Irish-Parliamentary-Assembly-Jan-2017.pdf>).

Louth) and the district council areas of Armagh, Banbridge and Craigavon, Derry and Strabane, Mid-Ulster, Fermanagh and Omagh, and Newry, Mourne and Down in Northern Ireland.⁵

2.2 Whilst there are no definite data on the number of commuters who cross the Ireland-Northern Ireland border to work, based on the available estimates the Centre for Cross Border Studies' Border People project suggests between 23,000 and 30,000 people are cross-border workers,⁶ with many of them living and working within the border counties.

2.3 Bearing in mind that the border region could be understood as containing three distinct areas (the North West, the Central Border Area, and the East Border Region), many of its component districts are characterised by a high degree of rurality, peripheral geo-political positioning, and significant socio-economic disparities. In terms of rurality, much of the border region presents exceptionally low rates of urbanization relative to the rest of the island of Ireland, which not only limits the number of towns available to facilitate economic development, but also contributes to low levels of employment in technical and professional occupations.⁷ The dispersion of the border region populace not only contributes to economic underdevelopment, it also provides the demographic basis for their geopolitical peripherality. Here, geopolitical peripherality refers not only to the physical and cognitive distances between border region communities and their metropolitan centres of governance and commerce, but also their historical inability to attract equivalent levels of investment from the public and private sector in comparison to regions more distant from the border.

2.4 The peripheral nature of the border region is experienced in its generally limited access to public transportation, tertiary education, and hampered development of communications infrastructure. From a public administration perspective this can be understood in terms of the various public service providers' difficulties in achieving economies of scale in such small, and physically dispersed communities. This reality and public policy challenge is openly recognized in the Northern Ireland's Department for Infrastructure's *Regional Development Strategy 2035*,⁸ as well as Ireland's Department of Housing, Planning, Community and Local Government's position paper, *Ireland 2040*:

⁵ For population figures relating to the administrative boundaries prior to the reforms of local government and creation of the existing district council areas in Northern Ireland, see CSO and NISRA, *Census 2011: Ireland and Northern Ireland* (June 2014), p.13, <http://www.nisra.gov.uk/census/2011/results/ireland-and-northern-ireland-report.html> [last accessed 15/03/2017].

⁶ For an overview of the available estimates, see *Border People Briefing* no.5, "The Referendum on UK Membership of the EU: Freedom of Movement of People" (May 2016), <http://borderpeople.info/a-z/briefing-paper-eu-referendum-free-movement-of-people.html>. The CSO in its report *Brexit: Ireland and the UK in Numbers* (December 2016), uses 2011 census information to arrive at a figure of 14,751; p.7, <http://www.cso.ie/en/statistics/othercsopublications/brexit-irelandandtheukinnumbers/> [last accessed 15/03/2017].

⁷ Stephen Roper, "Cross-border and local cooperation on the island of Ireland: An economic perspective", Mapping Frontiers, Plotting Pathways Working Paper No. 7 (2006), <https://www.qub.ac.uk/research-centres/CentreforInternationalBordersResearch/Publications/WorkingPapers/MappingFrontiersworkingpapers/Fileupload,175403,en.pdf> [last accessed 15/03/2017].

⁸ Department for Regional Development [now Department for Infrastructure], *Regional Development Strategy 2035: Building a Better Future* (2015), pp.75-78, <http://www.planningni.gov.uk/index/policy/rds2035.pdf> [last accessed 13/03/2017].

Our Plan.⁹ Unfortunately, the resultant lack of agglomerated economies in small border towns and villages further spurs the outmigration of skilled labour towards those more developed urban centres with concentrations of higher value-added industries.

2.5 Material deprivation underscores a characteristic fiscal/economic deficit exhibited across the border region – seen in elevated levels of unemployment, financial dependency, and overrepresentation of declining and low-value added industries. The fiscal/economic deficit of the region can also be observed in its ‘growth lag’ during the Celtic Tiger boom period, and in its comparatively slower recovery following the 2008 financial crisis, suggesting that over time the border region (or parts thereof) has struggled with peripherality in terms of economic development.

2.6 It was as an attempt to contribute to the resolution of this situation that the Centre for Cross Border Studies along with a number of other organisations and interested parties developed the “Solidarity Charter for the Economic Revitalisation of the Irish Border Development Corridor”. Its purpose was “to capitalise 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”.¹⁰ Those assets and disadvantages remain, and we would suggest that consideration be given again to the concept of the Solidarity Charter.

2.7 However, the current state of health of community, social and economic development and cooperation in border counties needs to be placed in its historical context, where progress must be measured in relation to the situation that pertained prior to the cessation of paramilitary violence in Northern Ireland and the establishment of the EU’s Single Market.¹¹ It was only with the paramilitary ceasefires and subsequent 1998 Good Friday Agreement that border communities and the wider populations of Northern Ireland and the Republic of Ireland could fully begin to benefit from the opening of the border and the ability to move freely across it.

2.8 Before the ceasefires and the 1998 Agreement, the conflict in Northern Ireland meant the border’s material manifestation became increasingly visible as the Irish and British governments made their security presence felt. Along with military bases, watchtowers and fortified checkpoints along the northern side of the border, more than 200 border crossings were closed, cratered, blocked or check-pointed, making cross-border contact more difficult.¹² The closure of border crossings meant “an entire generation of contact and social intercourse was broken”,¹³ with long-lasting effects. The “hardness” of the border due to the conflict created an additional dimension of suspicion between communities separated by the border to add to the mutual distrust between

⁹ Department of Housing, Planning, Community and Local Government, *Ireland 2040: Our Plan* (February 2017), <http://npf.ie/wp-content/uploads/2017/02/Position-Paper-Issues-and-Choices-Ireland-2040-web.pdf> [last accessed 13/03/2017].

¹⁰ “Draft Solidarity Charter for the Economic Revitalisation of the Irish Border Development Corridor, *The Journal of Cross Border Studies in Ireland*, vol. 9 (2014), pp.25-35 (p.25), <http://www.crossborder.ie/oldsite/wp-content/uploads/journal9-2014.pdf>. See also in the same issue, Philip McDonagh and Maureen O’Reilly, “Towards a Border Development Zone”, pp.9-24.

¹¹ Although formally known as the Internal Market, we will adopt the more widely used term “Single Market”.

¹² See Ruth Taillon, “Cross-Border Cooperation and Peacebuilding in Ireland”, *The Journal of Cross Border Studies in Ireland*, vol. 9 (2014), pp.91-99.

¹³ Brian Harvey, Assumpta Kelly, Sean McGearty, and Sonya Murray, *The Emerald Curtain: The Social Impact of the Irish Border* (Carrickmacross: Triskele Community Training & Development, 2005), p.64.

communities in Northern Ireland. In this sense the border not only divided people for decades, it also “crystallise[d] the issues of identity and allegiances that [went to] the heart of the conflict”.¹⁴ Violence and distrust were not elements supportive of the development of significant cross-border cooperation networks, and therefore the socio-economic peripherality of the border region would only be exacerbated over the decades of the conflict, despite the efforts of some (including civil society organisations and some local authorities) to improve conditions for their communities through cross-border cooperation even at the worst periods of “the troubles”.

2.9 Non-Governmental Organisations and a range of community groups were amongst those who “argued that in the absence of governmental cooperation, it was all the more important that trust be built between the people of both parts of the island through informal contacts”.¹⁵ Similarly, beginning in the 1970s efforts were made at the local authority level to cooperate on a number of issues of common concern, including tourism, communications and transport, despite the obvious manifestation of the border as a potential obstacle. For much of this period, however, lacking adequate financial resources and genuine political support (and without a devolved government in Northern Ireland) cross-border cooperation was largely piecemeal in nature, sporadic, and highly localised. Nevertheless, these early cross-border interventions should not be dismissed as in many cases they served to break down distrust between local politicians and communities along the border, providing a positive foundation for the future.

2.10 The means of more properly exploiting the potential of cross-border cooperation to contribute to socio-economic development in the border counties came with the introduction of the EU’s INTERREG and PEACE programmes, particularly after the restoration of devolved government in Northern Ireland. Cross-border and wider cross-jurisdictional (North-South) cooperation on the island of Ireland has had many successes in a range of sectors, and the formal structures for cooperation created under Strand II of the 1998 Belfast/Good Friday Agreement represent a significant source for innovation in the area of multi-level governance of such cooperation. Moreover, as Ruth Taillon notes, “one of the most valuable outcomes of the EU cross-border programmes has been the facilitation of multi-level cross-border networks [where] partnership working has effected a real change in culture for civil society organisations”.¹⁶

2.11 Whilst cross-border cooperation has made a significant contribution to the socio-economic development of the border counties, its full potential may not have been achieved. After having noted that the “period since the [1998] Agreement has opened a new era of possibilities for developing cross-border linkages”, in 2013 the OECD remarked that “Cross-border flows are below their potential at present in terms of trade, commuting, business networks, access to public procurement, sales of design services, students and tourists, collaboration between research, technology and development (RTD) centres and between these centres and industry”.¹⁷ Unless the

¹⁴ Channel Research, *Peacebuilding and Reconciliation Across the Border: Evaluation of the Peace and Reconciliation Impact of the Cross Border Measures 5.3 and 5.4 of the Peace II Programme 2000-2006* (Monaghan and Belfast: The Cross Border Consortium, 2007), p.62.

¹⁵ Harvey et al, op. cit., p.121.

¹⁶ Ruth Taillon, “Cross-Border Cooperation and Peacebuilding in Ireland”, *The Journal of Cross Border Studies in Ireland* 9 (2014), p.97; available at: <http://crossborder.ie/the-journal-of-cross-border-studies-in-ireland-no-9/>.

¹⁷ OECD, *Regions and Innovation: Collaborating across Borders* (2013), p.194 and p.196, <http://www.oecd.org/innovation/regions-and-innovation-collaborating-across-borders.htm> [last accessed 15/03/2017].

means are secured for continued support for cross-border and North-South cooperation, therefore, the UK's departure from the EU will seriously undermine efforts to maximise the potential of cross-border cooperation.

3. The future of community, social and economic development and cooperation in border counties

3.1 Brexit poses a number of headline challenges to the future health of community, social and economic development and cooperation in the border counties. The manner in which the Governments in London, Dublin and Belfast recognise and face these challenges will stand as a litmus test of their respective commitment to cross-border and North-South cooperation, and to Strand II of the Good Friday Agreement.

3.2 As historically the border counties have usually been most affected by economic downturns and not benefiting from economic upturns to the same extent as other regions, the post-Brexit future of economic development in border counties will encounter significant challenges. These will be all the more challenging given the all-island and cross-border integration of much economic activity, including the nature of many supply chains, which cannot readily be accommodated by the UK Government's stated position on its future relations with the EU's Single Market and Customs Union.¹⁸ The gravity of the economic threat to border counties is underlined by the Department of Finance's analysis of sectoral exposure to Brexit, which notes that "In terms of regional impacts, the most exposed manufacturing sectors have a comparatively large share of employment outside of Dublin", and that "The highest share of total employment in the exposed sectors in a particular region is found in the Border Region".¹⁹

3.3 The post-referendum period has seen differentiated economic experiences on either side of the border that are not likely to provide reliable indicators for what will follow in the post-Brexit future. Devaluation of sterling has spurred some increase in export flows from North to South, and a boost to the retail and hospitality sectors in Northern counties as they become more attractive to customers from Southern counties, but these trends not only point to the fact that such gains in Northern Ireland are often at the cost of the equivalent sectors in the Republic of Ireland, they are also likely to be short-lived. In the medium-term, continued weaknesses in sterling will affect input costs to manufacturing in Northern Ireland as well as imports more generally, which could contribute to continuing North-South divergences in economic development in border counties and present an obstacle to cross-border or all-island economic integration.

3.4 North-South divergences in the border counties may also emerge as a result of their differing capacity to exploit any opportunities presented by Brexit. There may be wholesale relocations of some businesses from one side of the border to the other, or the creation of a presence in the other jurisdiction to ensure market access, but it may be considered more appropriate for some Irish

¹⁸ See HM Government, "The United Kingdom's exit from and new partnership with the European Union" (February 2017), https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/589191/The_United_Kingdoms_exit_from_and_partnership_with_the_EU_Web.pdf [last accessed 15/02/2017].

¹⁹ Department of Finance, *UK EU Exit – An Exposure Analysis of Sectors of the Irish Economy* (October 2016), p.vi, http://www.budget.gov.ie/Budgets/2017/Documents/An_Exposure_Analysis_of_Sectors_of_the_Irish_Economy%20final.pdf [last accessed 15/03/2017].

businesses in these cases to relocate or create a presence in Great Britain rather than in Northern Ireland in light of the greater importance of the British market.

3.5 Depending on the final outcome of the UK's negotiations with the EU, businesses in border counties may no longer have the same access to a cross-border labour market, whilst the current cross-jurisdictional transportability of professional qualifications may also be placed at risk.

3.6 Regardless of the outcomes of the negotiations between the EU and the UK after Article 50 is triggered, citizens in the border counties will inevitably experience significant change in the environment for cooperation and mobility. These changes may be wide-ranging, significant and with very practical effects. For example, customs controls will have to be in place in some form (e.g. to comply with the need to enforce rules of origin and ensure correct declarations for VAT purposes), and this will require some means of stopping and checking goods in transit. With a customs border the potential for organised crime to benefit from smuggling will also increase, and with it the activity of such gangs in the border region. Notwithstanding the envisaged Great Repeal Bill in the UK to write EU law into UK law, it can be anticipated that future UK external trade agreements will see rules on environmental protection and food safety standards diverge from those of the EU, with direct effects on the ease of trade across the Irish border. Finally, citizens may experience the reimposition of a border in ways such as the reintroduction of mobile phone roaming charges or the ending of access in its current form to healthcare services across the border.

3.7 In this context, the Centre for Cross Border Studies is concerned that future cooperation contributing to the socio-economic development of border counties could be severely constrained unless any loss of funding currently derived from the EU's Territorial Cooperation programmes is fully compensated for with replacement funding programmes.

3.8 The Centre for Cross Border Studies notes that currently the Irish Government provides an important additional source of funding for cross-border and North-South cooperation through the Department of Foreign Affairs and Trade's Reconciliation Fund. There is no equivalent funding provided by the UK Government or the Northern Ireland Executive.

3.9 Without either the UK retaining post-Brexit access to the relevant European Territorial Cooperation programmes (and therefore contributing to the relevant EU budgets), or the UK and Irish Governments ensuring new and sufficient resources are available for the social and economic development of the border region, including local authority and civic society-led cross-border projects, there will be a significant risk to community cohesion and the cross-border and North-South dimensions of the ongoing peace and reconciliation process.

3.10 Therefore, in order to ensure the future of cross-border cooperation as a means of contributing to the socio-economic development of border counties, the Centre for Cross Border Studies makes the following recommendations:

- means should be found to ensure the eligibility of continued participation by Northern Ireland (and those parts of Wales and Scotland currently involved in INTERREG programmes with Ireland) in the European Territorial Cooperation Programmes and transnational programmes such as Horizon 2020, Erasmus+, Life and Europe for Citizens (which would require a financial commitment from the UK Government);

- whether or not the UK is excluded from EU programmes and projects, the Irish and UK Governments must take steps to ensure new and sufficient resources are available for the social and economic development of the border region. On the UK side, additional funding allocations should be derived from the UK's current contribution to the EU budget that will revert to HM Treasury post-withdrawal from the EU, and not from the "block grant" to Northern Ireland;
- additional funding be allocated by the UK and Irish Governments to the PEACE IV programme specifically to address the challenges of inter-community conflict and cross-border relationships in the context of political and economic uncertainty and instability arising in the post-referendum context;
- a "PEACE V" programme, funded by the UK and Irish Governments should be developed – in consultation with civil society organisations and local authorities – specifically to address the challenges of inter-community conflict and cross-border relationships in the context of uncertainty and instability arising in the post-Brexit context; and
- although always conditioned by any political instability affecting the institutions under Strand I, the post-Brexit maintenance of the institutional architecture under Strand II (and, with it, Strand III) should not be placed in any doubt.