



# Submission on the All Island Economy to the Oireachtas Joint Committee on Jobs, Enterprise and Innovation (12 May 2015)

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## **Executive Summary**

1. In addressing the theme of the All Island Economy, the Centre for Cross Border Studies is informed by its core mission of supporting and promoting cross-border cooperation on the island of Ireland as a means towards greater social and territorial cohesion. Greater cohesion will reduce socio-economic disparities between regions of the island – North and South – particularly where the border may represent a challenge to developing coordinated strategies and implementing joint interventions aimed at areas of disadvantage and their communities.
2. In line with the Centre for Cross Border Studies' approach to cross-border cooperation, the development of an All Island Economy should adhere to the principles of Integrated Cross-Border Cooperation. This entails the development of policies and interventions with effects across four pillars: the social, the economic, the environmental and the cooperation pillar itself. Policies and interventions designed to have effects on only one of these pillars are normally unsustainable and more likely to have negative effects on the other pillars. Economic concerns, therefore, are not and cannot be divorced from other societal concerns, and economic development – including the development of an All Island Economy needs to be placed within a wider Wellbeing Framework.
3. Our understanding of the economy and the ways in which we look to develop it need to see economic productivity in a holistic manner. This means regarding the public and voluntary and community sectors as economic drivers or enablers, and not simply as sources of expenditure that drain the income derived from what are considered to be the primary (or only) producers of wealth in the economy.

4. If the further development of an All Island Economy is to be pursued, it has to become a platform for increased social and territorial cohesion rather than a mechanism to maintain or even exacerbate existing socio-economic disparities in either or both jurisdictions.

5. If we are to achieve a genuinely effective All Island Economy of benefit to all citizens, then it will not be simply a matter of more intensive coordination between two economies, but rather between several geographical areas with very different levels of economic performance and of socio-economic disadvantage. However, whilst these divergences may represent a challenge to its development – and perhaps an insurmountable one if existing disparities are ignored – the creation of an All Island Economy could do much to redress geographical imbalances in economic performance and more general wellbeing.

6. Along with a range of stakeholders and partners that constitute the Border Development Corridor Steering Committee, the Centre for Cross Border Studies believes that the establishment of a Border Development corridor is an essential cornerstone of any All Island Economy. The Border Development Corridor constitutes an invaluable opportunity to bring a strategic focus capable of revitalising the economic fortunes of the populations in the immediate region, as well as of those North and South of the island.

7. Research undertaken by and on behalf of the Centre for Cross Border Studies provides an evidence-base for the establishment of a Border Development Corridor, and has informed proposals relating to the socio-economic revitalisation of the border region. These focus on seven main themes: 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; advance the region as a champion of the green economy and renewables agenda; and to embrace the goodwill of the Diaspora and engage with the proposed National Diaspora Centre.

8. However, in order for there to be the required degree of cooperation between both jurisdictions to bring about a Border Development Corridor and an effective All Island Economy, we need ambitious leadership at all levels. Such leadership and strategic thinking will need to counter arguments that potential investments will be lost if policy-makers attempt to promote regions of the island North and South seen as underperforming economically, particularly in terms of their levels of innovation.

9. In the absence of the policy imperative for cross-border cooperation that was contained within the Common Chapter, the establishment of an effective and regionally balanced All Island Economy will depend on policy-makers on both sides of the border proactively “proofing” relevant economic strategies for opportunities for cross-border and all-island cooperation. Leadership will then be needed to provide the necessary resource framework when such opportunities are identified in order to fully exploit their potential.

10. A potential and serious obstacle to the development of both a Border Development Corridor and an effective All Island Economy is the UK’s possible exit from the European Union. It is the view

of the Centre for Cross Border Studies, therefore, that leadership is also required in order to avoid the possibility of a UK exit from the EU that would reinforce Northern Ireland's peripherality and create more significant imbalances and obstacles in the creation of an All Island Economy.

## **Introduction: The Centre for Cross-Border Studies working towards social and territorial cohesion**

I would like to begin by thanking the Committee for this opportunity to speak to you today on behalf of the Centre for Cross Border Studies on the theme of the All Island Economy. Since its establishment in 1999, the Centre for Cross Border Studies has provided a non-governmental vehicle to support and promote cross-border cooperation on the island of Ireland that will be of mutual socio-economic benefit to citizens and communities in both jurisdictions. In this sense the Centre supports and promotes cross-border cooperation as a means towards greater cohesion, reducing socio-economic disparities between regions of the island, particularly where the border may represent a challenge to developing strategies and actions aimed at tackling disadvantaged areas and their communities.

The Centre works towards social, economic and territorial cohesion on the island of Ireland through three principal areas of activity. We undertake research into areas where there are knowledge-gaps impeding socio-economic cohesion and develop appropriate tools and provide expert information that can assist in overcoming obstacles to cross-border cooperation and movement of citizens where such cooperation and movement would have a cohesive function. We also advocate to policy-makers the need for the adoption and continual development of cross-border cooperation between public bodies and other sectors in both jurisdictions. Finally, we work closely with those involved in social and economic development in order to give them the tools to engage in mutually beneficial cross-border cooperation.

All of this work takes place under a policy framework with two central pillars: the first is the commitment to all-island and cross-border cooperation enshrined in Strand II of the 1998 Good Friday Agreement, whilst the second is the European Union's Cohesion Policy. Therefore, in discussing the question of an all-island economy, our approach is informed by this overarching policy framework.

Moreover, the Centre for Cross Border Studies promotes and equips its end-users with an integrated approach to cross-border cooperation. This entails cross-border cooperation with effects across four pillars: the economic, social, environmental, and the cooperation pillar. Economic development, therefore, is not – and cannot – be divorced from other societal concerns when adopting an integrated approach. As the authors of the *Towards a Wellbeing Framework* note, "Economic outcomes are part of any wellbeing framework, but they should be on an equal footing with and informed by social and environmental outcomes".<sup>1</sup> If an All Island Economy is to be pursued it should be a platform for greater social and territorial cohesion, and not a driver to maintain or even exacerbate existing socio-economic disparities in both jurisdictions. Additionally, the Centre for Cross Border Studies believes that economic productivity should be seen holistically, and that the

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<sup>1</sup> Peter Doran et al, *Towards a Wellbeing Framework: Background Report prepared for the Roundtable on Measuring Wellbeing in Northern Ireland* (2015), pp.7-8.

public and community and voluntary sectors should also be regarded as economic drivers, and not simply as burdens to the public purse.

## 1. Island economies

1.1 The current landscape suggests that there are significant divisions within both jurisdictions on the island of Ireland, and that an All Island Economy will not simply be the result of greater coordination between two economies, but rather between several areas with very different levels of economic performance. This differing landscape – which can be illustrated, for example, through rates of unemployment and regional positioning in relation to Europe 2020 targets (figures 1 and 2, respectively) – represents a challenge to the establishment of an All Island Economy that could alter that landscape by mitigating against existing socio-economic disparities.

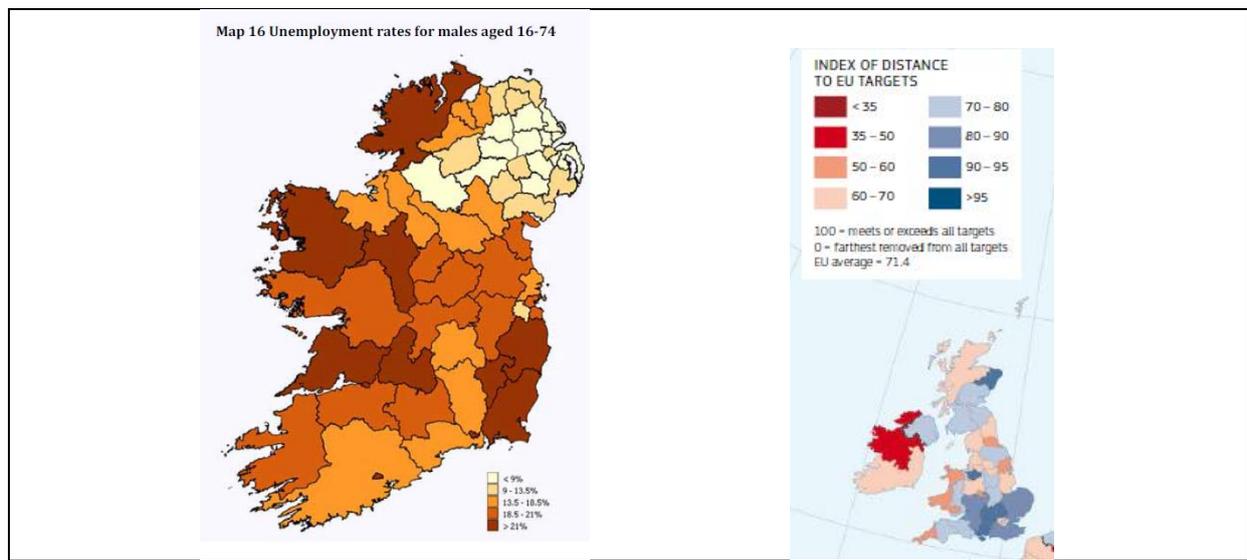


Figure 1: Unemployment rates for males aged 16-74

Figure 2: Distance to Europe 2020 targets

1.2 Genuine and sustained cross-border and all-island cooperation are essential means to reduce socio-economic disparities by exploiting common potentials and addressing shared problems through collaboration between local and central governments, as well as Civic Society Organisations, in both jurisdictions. Significant collaboration has undoubtedly been enabled through access to EU funds and through the efforts of the all island bodies, the North South Ministerial Council and – on the economic front – InterTradelreland has been undertaking essential work in driving the performance of SMEs on the island of Ireland. A very recent example of this is InterTradelreland’s launch of the Elevate programme, which “aims to help small businesses across Ireland, in particular microbusinesses with less than ten employees, develop sales opportunities through first time cross-border exports”.<sup>4</sup>

<sup>2</sup> Central Statistics Office and Northern Ireland Statistics and Research Agency, *Census 2011: Ireland and Northern Ireland* (2014), p.46.

<sup>3</sup> DG REGIO, *Panorama 52* (Spring 2015), p.24.

<sup>4</sup> InterTradelreland, “InterTradelreland helps Micro Businesses Elevate their Sales” (5 May 2015), <http://www.intertradeireland.com/newsevents/news/2015/intertradeireland-helps-micro-businesses-elevate-their-sales.php>.

## 2. The Border Development Corridor

2.1 However, the Centre for Cross Border Studies along with a range of stakeholders regards the establishment of a Border Development Corridor as a cornerstone in any All Island Economy.<sup>5</sup> As a geographical area (see figure 3) that displays significant socio-economic disparities in relation to both jurisdictions, as well as differing levels of economic performance within itself, and also as an area that represents the boundary of strategies developed by two central governments that even when addressing a common issue may not always jointly exploit common synergies, the Border Development Corridor constitutes an invaluable opportunity to bring a strategic focus capable of revitalising the economic fortunes of the populations North and South. The expression of a shared desire to seize that opportunity is contained within the draft Solidarity Charter for the Economic Revitalisation of the Irish Border Development Corridor.

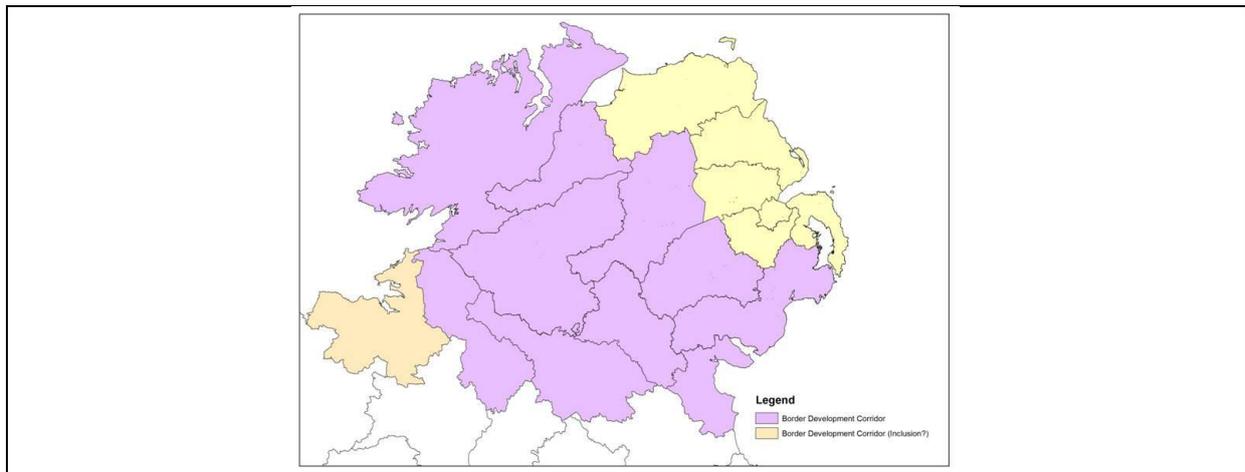


Figure 3: The Border Development Corridor

2.2 The Solidarity Charter proposes action “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” (p.1). In order to help resolve the border region’s economic disadvantages, joint action is proposed in relation to seven principal themes: critical infrastructure; Foreign Direct Investment; SMEs with export potential; agriculture, food and fish processing; tourism and recreation; low carbon, energy saving and renewables; and the diaspora.

2.3 The high level themes articulated by the Solidarity Charter are:

- greater priority and urgency in advancing critical infrastructure projects, particularly roads and broadband, to facilitate the economic and social development of the Border Development Corridor;
- 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, which has demonstrated its capacity to support internationally trading enterprises, both foreign and indigenous;

<sup>5</sup> The Centre for Cross Border Studies is a member of the Irish Border Development Corridor Steering Committee that also includes: the Chairman of Louth Economic Forum and Leitrim Recreation Strategy Forum, Mr. Padraic White, the East Border Region, the North West Region Cross Border Group, the Irish Central Area Border Network, InterTradeIreland, IBEC, Donegal County Council, Newry & Mourne District Council (prior to 1 April 2015), Cavan County Council, the International Centre for Local and Regional Development, as well as Mr. Colin Stutt, Mr. Michael Curran, and Mr. Andy Pollak (independent consultants).

- focused support given to the needs of SMEs with export potential across the Border Development Corridor, encouraging knowledge transfer and networking, and capitalising on the up-to-date research findings on cross-border businesses emerging from InterTradeIreland
- strengthening the local food economy by encouraging greater public and private sector purchasing from local and regional food producers and suppliers, and working closely with local producers to develop their branding and export potential;
- recognition of and working collectively to harness the opportunities presented by the natural, built, cultural and physical environment of the Border Development Corridor so as to maximise the growth and development of tourism and recreation for the greater benefit of the communities in the border area;
- advance the region as a champion of the green economy and renewables agenda on the island of Ireland through the maximisation of the local resource-base and assets;
- and to embrace the goodwill of the Diaspora and capitalise on successful initiatives through sharing the learning across the Border Development Corridor and engaging with the proposed National Diaspora Centre.

2.4 Priority actions have been identified under each of these seven thematic areas:

#### Infrastructure

- 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 N2/A5 (Dublin-Derry/Londonderry), N16/A4 (Sligo-Ballygawley), and the East-West Link.
- 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. This impedes: a) the normal functioning of firms and business; b) the start-up of micro-businesses or SMEs; and c) expansion in numbers of tourists who expect to have access to modern communications.

#### Foreign Direct Investment

- 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.
- 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.

### SMEs with Export Potential

- Encourage high potential start-ups along 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.
- Where appropriate, contribute to the implementation of the recommendations as outlined in the InterTradeIreland *Mapping the potential for all-island clusters and clustering* report. This research identifies a number of clusters with potential for cross-border or all-island clustering and suggests some lines of action on how best develop them.
- 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.

### Agriculture, Food and Fish Processing

- 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.

### Tourism and Recreation

- 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.
- Recognising that Fáilte Ireland, the Northern Ireland Tourist Board 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, the Titanic Quarter, these agencies should co-operate by: a) imaginatively assisting the border region to connect with or capitalise on these strategic attractions; and b) 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.

#### Low Carbon, Energy Saving and Renewables

- Local government to become a leader in motivating and progressing energy management and wider Green Economy initiatives at a local and regional level. This will involve local councils making a commitment to monitor and reduce their own energy usage and look seriously at the use of alternatives.
- Councils - and where possible other public sector bodies - be encouraged to undertake energy audits which will, in turn, lead to the roll-out of energy-saving measures. At the heart of such a policy is the promotion of the use of an energy mix.
- Identify exemplars from both the business, private and farming communities to demonstrate what is possible.
- Develop an 'Advice Pack' on renewable energies for community groups, businesses, the farming community, the education and healthcare sectors and others across the Border Development Corridor as a whole.

#### Diaspora

- Engage 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.

2.5 As it currently stands the draft Solidarity Charter is a document that will require the support of local authorities in the border region and is therefore being disseminated by the Border Development Corridor Steering Committee for consideration and comment. Having taken account of responses, more formal support will be sought for a finalised version of the Charter.

2.6 Scoping studies undertaken on behalf of the Centre for Cross Border Studies have also provided an evidence base and led to specific proposals that underpin the concept of a Border Development Corridor.<sup>6</sup> Taking the examples of SMEs with export potential and the agri-food sector, some of these proposals include:

- The potential to increase the proportion of businesses engaged in high tech manufacturing/higher value-added niche markets in the border region, whether indigenously or through increased FDI, should be explored in more detail. This should involve input from the economic development divisions/local enterprise offices in relevant

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<sup>6</sup> This work was part of the Ireland-Northern Ireland Cross-Border Cooperation Observatory (INICCO) project led by the Centre for Cross Border Studies, which in partnership with the International Centre for Local and Regional Development delivered a diverse package of research, information and capacity-building projects funded through the INTERREG IVA Programme. The scoping studies and their authors were: Philip McDonagh, *Towards a Border Development Zone Scoping Study: Overall Strategy & Structure*; Maureen O'Reilly and Philip McDonagh, *Towards a Border Development Zone: SME Enterprise in Goods and Services with Export Potential*; Eileen McGloin, *Towards a Border Development Zone – Scoping Study: Tourism and Recreation*; MDR Consulting, *Towards a Border Development Zone – Scoping Study: Agriculture, Food and Fish Processing*; Karen Keaveney and Cody Mayoh, *Towards a Border Development Zone: Scoping Study: low carbon initiatives, energy saving and renewable energy*. Completed in 2013, all of these studies are available from the CCBS website, at <http://www.crossborder.ie/?cat=11>.

Local Authorities as well as the national business development organizations based in both jurisdictions.<sup>7</sup>

- Greater collaboration between InvestNI and Enterprise Ireland in business development/trade interventions. The Border Development Zone could be used to pilot joint initiatives between the two business development bodies. This might include, for example, joint trade missions or export workshops. The development of more channels through which meetings could take place or networks could be developed was considered key.<sup>8</sup>
- Provide greater Southern Border Region business exposure to trade opportunities with Northern Ireland and Scotland. Northern businesses appear more open to trade opportunities with the South than Southern businesses are with the North. It would be useful to establish the potential to provide a more targeted approach to encouraging trade with Northern Ireland and, through Northern Ireland, the wider UK market including Scotland.<sup>9</sup>
- Develop linkages between large firms in the region and local producers. The BDZ area contains many large food producers, often part of large international groups, and opportunities exist to leverage their expertise to support smaller firms.<sup>10</sup>
- Develop initiatives to share resources between SMEs to overcome scale disadvantages. Barriers of scale and expertise can be addressed by collaboration to reduce costs and share learning between SMEs, and between the primary agriculture and fishery producers and their processors.<sup>11</sup>

2.7 Taking forward such proposals and the establishment of the Border Development Corridor would represent the realisation of an essential element in an All Island Economy to which all parts of the island can contribute and benefit from.

### 3. Leadership and an All Island Economy

3.1 However, in order for there to be the required degree of cooperation between both jurisdictions to bring about a Border Development Corridor and an effective All Island Economy, we need ambitious leadership at all levels. As the Centre for Cross Border Studies noted in its submission to the joint meeting of the Oireachtas Joint Committee on Jobs, Enterprise and Innovation, and the Northern Ireland Assembly Committee for Enterprise, Trade and Investment in November 2014, “If the economic problems of the border region of Ireland/Northern Ireland are to be addressed it will require a coordinated effort by all stakeholders that builds on the strengths of the area in relation to its potential for development of SMEs with export potential, the agri-food sector, tourism & leisure and the green economy”.<sup>12</sup> Coordinated effort is vital, therefore, for socio-economic development that brings about genuine wellbeing for citizens in both the border region in particular and the island as a whole.

3.2 Effective coordination that can bring about an All Island Economy that does not maintain or even increase existing regional socio-economic disparities will require strong leadership and strategic thinking. Such leadership and thinking will need to counter arguments that potential

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<sup>7</sup> Maureen O’Reilly and Philip McDonagh, *Towards a Border Development Zone: SME Enterprise in Goods and Services with Export Potential*, p.6.

<sup>8</sup> O’Reilly and McDonagh, p.6.

<sup>9</sup> O’Reilly and McDonagh, p.5.

<sup>10</sup> MDR Consulting, *Towards a Border Development Zone – Scoping Study: Agriculture, Food and Fish Processing*, p.4.

<sup>11</sup> MDR Consulting, p.4.

<sup>12</sup> The Centre for Cross Border Studies, “Briefing Paper for Meeting of the Joint Oireachtas Committee for Jobs, Enterprise & Innovation, and the Assembly Committee for Enterprise, Trade & Investment” (3 November 2014), p.14.

investments will be lost if policy-makers attempt to promote regions of the island North and South seen as underperforming economically, particularly in terms of their levels of innovation.

3.3 This argument can be exemplified through evidence recently provided to the Northern Ireland Assembly's Committee for Enterprise, Trade and Investment as part of its inquiry into economic growth and job creation in a reduced tax environment. In responding to the question of setting sub-regional targets for investment as a means of tackling regional imbalances, the Chief Executive of Invest NI, Mr. Alastair Hamilton, having made reference to experiences in Ireland, stated:

As for setting targets [...] I would be very wary and cautious of setting unrealistic targets at a micro level when all that that will do is to stimulate a situation in which we may miss opportunities because we are not able to secure them for Northern Ireland as a whole. [...] [O]nce you start to break that down and take the focus off the delivery of economic benefit for Northern Ireland as a whole, and you start to parse, divide and split that and force investors, perhaps unwillingly, to go to a location that they do not want to go to, the bar will drop, and overall performance on delivery of jobs, particularly from foreign direct investors, will not happen. My last point [...] is that, quite apart from all the usual reasons that I give you about people wanting proximity to universities, colleges, infrastructure, airports and all those things, bear in mind that, for the vast majority of projects that we compete for — I re-emphasise that, just because of the over-performance that has been delivered over the past few years, people think that this is an easy job, which it is not — we compete with over 200 economic development agencies around the world for mobile inward investment. The vast majority of times that we compete for projects, we are being compared with cities and regions of the world, particularly within the European dimension, that have populations in excess of one million or 1.5 million. That is what people are looking at.<sup>13</sup>

3.4 This argument raises two interrelated concerns. The first is risk: the risk to potential investment if generally under-represented locations are promoted to investors seemingly unwilling to venture further than Belfast, Dublin or Cork. The second relates to critical mass: two relatively small economies on the island of Ireland, with few major cities, have to compete with other larger economies around the world that can boast of significant metropolitan areas. Taken together, these concerns lead to the conclusion that economic investment needs to be concentrated where there is some critical mass and where potential investors are willing to locate. This is not the basis for an All Island Economy since it maintains a vicious circle that will leave parts of the island economically stranded — including significant parts of the border region — and doing little to help address regional variations in wellbeing.

3.5 Leadership at all levels and in both jurisdictions is needed to break this circle and, where it is of mutual benefit, a cross-border and all-island cooperation approach should be taken. Such leadership, whilst cognisant of areas where the two jurisdictions may be in competition, must be ready to recognise others where strategic overlaps point to mutually beneficial cooperation. However, as the Centre for Cross Border Studies noted in a submission to the Committee on the Implementation of the Good Friday Agreement, that recognition may have become more problematic and more piecemeal in recent years:

Since the demise of the Common Chapter, the limited but nevertheless important references to cross-border cooperation have dwindled and all but disappeared from major policy documents. Unless there is a clear policy imperative supported by resources — and it is made clear to civil servants and other public officials that it is

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<sup>13</sup> Official Report (Hansard), Committee for Enterprise, Trade and Investment, "Inquiry into Economic Growth and Job Creation in a Reduced Tax Environment: Department of Enterprise, Trade and Investment, InterTradeIreland and Invest Northern Ireland" (21 April 2015), pp.10-11.

part of their job – even the most motivated people will, with the increasing pressures of austerity, see cross-border cooperation as an unaffordable luxury.<sup>14</sup>

3.6 In the absence of the policy imperative for cross-border cooperation that was contained within the Common Chapter, the establishment of an effective and regionally balanced All Island Economy will depend on policy-makers on both sides of the border proactively “proofing” relevant economic strategies for opportunities for cross-border and all-island cooperation. Leadership will then be needed to provide the necessary resource framework when such opportunities are identified in order to fully exploit their potential.<sup>15</sup>

3.7 North-South economic co-operation, to the mutual benefit of Northern Ireland and Ireland, holds a strong institutional grounding on the island of Ireland. The Centre for Cross Border Studies regularly monitors the activity of the NSMC and notes its role in providing an opportunity for Executive Ministers to exchange information, discuss and consult with their counterpart Ministers with a view to co-operating on matters of mutual interest within the competence of the Assembly and the Oireachtas. Nevertheless, the Centre for Cross Border Studies expresses its concern at the laggard progress to date on the Saint Andrews Agreement review of the NSMC’s work, as significant decisions remain on the backburner.

3.8 However, a potential and serious obstacle to the development of both a Border Development Corridor and an effective All Island Economy is the UK’s possible exit from the European Union. In its response to the consultation on the review of Ireland’s foreign policy and external relations, the Centre for Cross Border Studies had already raised this concern. In reference to comments made by Mr. Noel Dorr, former Irish Ambassador, who noted that “Even the lead-up to the proposed referendum could cause difficulties because of the need to negotiate and the question of how far we should go to accommodate the UK’s remaining in the EU and worries that we might diminish the fabric we have created in the Union”, the Centre for Cross Border Studies stated: “That fabric, importantly, also includes the island of Ireland and how Northern Ireland benefits from European funds in terms of social, economic and territorial cohesion”.<sup>16</sup> It is the view of the Centre for Cross Border Studies, therefore, that leadership is also required in order to avoid the possibility of a UK exit from the EU that would reinforce Northern Ireland’s peripherality and create more significant imbalances and obstacles in the creation of an All Island Economy.

3.9 In closing, an additional point can be made here concerning the institutional remit for North South cooperation as it pertains to developing an all-island economy. Given the present devolved settlement in Northern Ireland, key devices (i.e. corporation tax and VAT variation powers) for attracting foreign direct investment and enhancing the competitiveness of the all-island economy are currently beyond the legislative competence of the Northern Ireland Assembly.<sup>17</sup> In the event of devolved corporation tax powers Northern Ireland’s Employment and Learning Minister, Stephen Farry warned against an attempt by the Executive to undercut the Republic of Ireland’s corporation tax rate. Rather, Mr Farry noted that: “There are advantages in having a common regime on the

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<sup>14</sup> The Centre for Cross Border Studies, “Submission to the Committee on the Implementation of the Good Friday Agreement” (26 June 2014), p.3.

<sup>15</sup> See, for example, the Centre for Cross Border Studies Briefing Paper, “Areas of All Island Economic Strategic Planning and Delivery in the Agri-Food Sector” (May 2015).

<sup>16</sup> The Centre for Cross Border Studies, “Consultation Response: Review of Ireland’s Foreign Policy and External Relations” (February 2014), p.5.

<sup>17</sup> The UK Government's Corporation Tax (Northern Ireland) Bill passed the UK House of Commons in March 2015. However, Northern Ireland Secretary Theresa Villiers stated that the new powers will only be commenced if the Northern Ireland Executive parties "put their finances on a long-term sustainable footing."

island so that we can both compete based upon our other strong attributes in our respective jurisdictions.”<sup>18</sup>

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<sup>18</sup> Northern Ireland Assembly, Official Report (Hansard), Monday 13 April 2015