

CCBS – BORDERING BETWEEN UNIONS

*THE REFORM AGENDA FROM A NI
BUSINESS PERSPECTIVE*

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***OUR MISSION IS TO PROMOTE THE CONDITIONS IN
WHICH BUSINESSES OF ALL SIZES AND SECTORS IN
THE UK CAN COMPETE AND PROSPER FOR THE
BENEFIT OF ALL***

EU referendum – the key issue for business - the Economic Reform Agenda

Touch on this morning

- The broader benefits, and specifically for NI
- The need for reform
- The Tusk proposals – await outcome of Council meeting today
- The alternative arrangements
- What may happen in the case of Brexit?



Member views of the benefits of continued membership

1. A single market of over **500 million** customers, **8 times** the number in the UK & Ireland
2. Common rules make it **easier** to do business across Europe, particularly for **SMEs**
3. The **size** of the single market attracts international **investment** – to the UK & N Ireland
4. Increases **access** to the people with the right **skills** boosting economic growth
5. The **size** of the single market helps open third country markets for **trade**.
6. Major consultation with members in 2013 – c 80% of CBI members wished to stay in a reformed EU



Benefits for Northern Ireland

1. Some 57% of NI's **exports** go into EU markets, against 45% for the UK as a whole
2. Ireland is our largest export market - a return to **border/customs controls** would be harmful.
3. Our very large **agri-food** sector dependent on EU support and access to the EU market
4. The aerospace sector believe access to **EU research funding** and pan-European **supply chains** is critical
5. Members depend on **free movement of labour** across the island of Ireland
6. Northern Ireland will rely on **FDI** to drive economic growth



CBI members want a reformed EU – we need the EU to be successful and competitive

1. Improvements to the single market
– especially for **digital businesses**
and the **services industry**
2. More outward looking and seek to
secure more **trade deals**
3. **Simplified** EU rules and further
spending on **innovation** and
infrastructure
4. Non-Eurozone countries need
safeguards

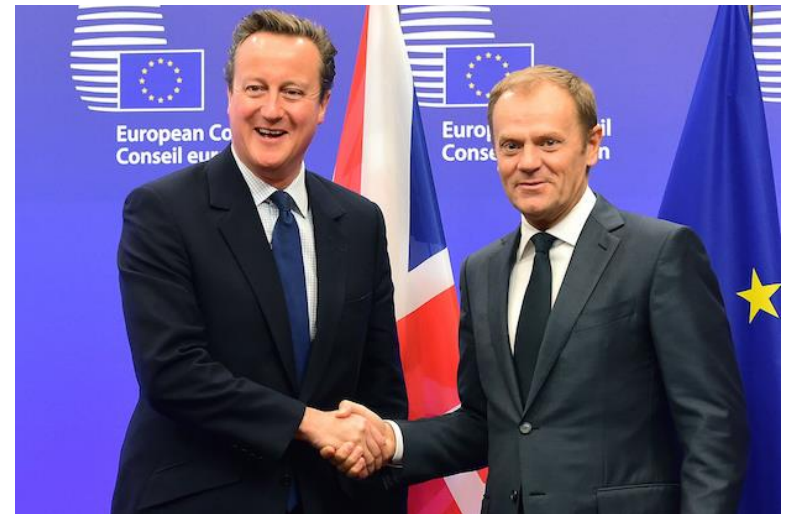


Summary of Donald Tusk's draft reform proposal

On 2nd February, European Council President Donald Tusk circulated a draft text outlining the state of play on reform negotiation with the UK Government. The CBI believes this is an important milestone on the way to a deal that could deliver positive changes to the EU, to benefit not just the UK but the whole of Europe.

The draft deal outlines progress on each of the four areas of reform presented by David Cameron:

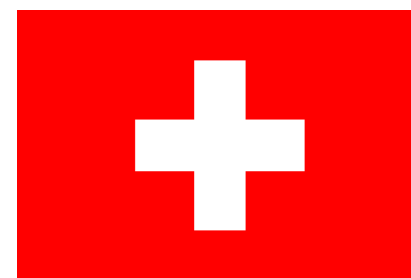
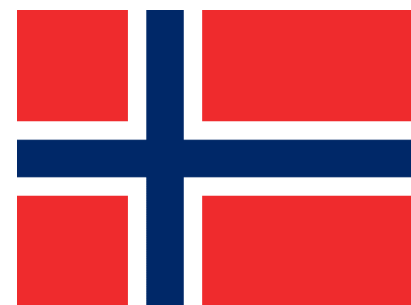
- **Economic governance** - to establish principles safeguarding the rights and competences of non-Eurozone Member States;
- **Competitiveness** - to increase efforts to enhance competitiveness, regularly assess progress of better regulation, establish an annual target to reduce administrative burden;
- **Sovereignty** - the recognition that the UK is not committed to further political integration, to reinforce the respect of subsidiarity, a 'red card' for national parliaments to block EU rules;
- **Social benefits and free movement** - to create a tapered safeguard mechanism on in work benefits and the indexation of the export of child benefits, and to respond to exceptional inflow of EU workers.



David Cameron (L), European Council President Donald Tusk (R)

What are the alternatives?

1. World Trade Organisation - **90%** of UK exports to the EU by value would face **tariffs**.
2. The Norway example - **10th highest** per capita **contributor** to the EU between 2009 and 2014
3. The Swiss option - **complex** series of 17 treaties in place and over 120 bilateral agreements – took **9 years** to negotiate and implement



What would happen in the case of 'Brexit'?

If we leave - the key questions that need answered

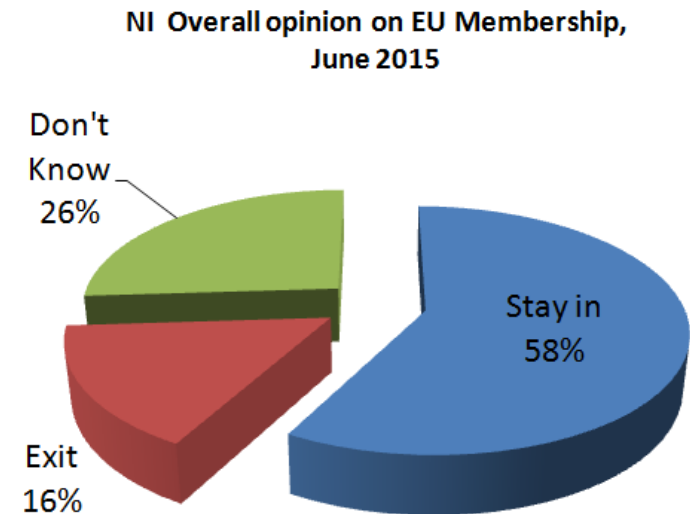
1. How would we secure the same **benefits** we currently get from the EU?
2. How could we be confident we can secure **a good deal** from the EU post Brexit?
3. How could we mitigate the post Brexit **policy uncertainty** – stalling business investment for years



Uncertainties abound for NI business

1. What impact on our ability to attract FDI ? Access to markets is No 1 criteria in investment decisions
2. What impact on our large agri-food sector?
3. What impact on our trade and business development?
4. What impact on labour mobility across the island of Ireland, and with the rest of the EU?

We need informed research to contribute to an informed debate!



Source: Danske Bank

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