

**Oireachtas Joint Committee on Arts, Heritage, Regional, Rural and Gaeltacht Affairs**

**"The future of community, social and economic development and cooperation in border counties"**

ISME thanks the Committee for this invitation to address the members.

**Background**

**The biggest challenge for businesses, social and community groups is management of the unknown: what will Brexit will look like? We will only start to see clarity emerge on this as Prime Minister May triggers Article 50.**

EU membership has rebalanced bilateral relations between Ireland and the United Kingdom through its various support programmes. Common membership of the EU has solidified the peace process, improved cross community relations, and provided economic prosperity over the last two decades.

Since UK and Irish accession to the Union, both countries have enjoyed economic growth, prosperity and better social cohesion via access to the single market and EU funding programmes.

Britain's decision to leave the European Union questions this continued economic interconnectedness and social cohesion. The social, political and economic fabric between the Republic of Ireland and Northern Ireland will be altered; most particularly through the uncertainty businesses, civic society and social groups along the border counties face.

**Community and social development**

The European Union has invested heavily in Northern Ireland. EU territorial cooperation programmes, which have been in existence since 1990, provide support for cross-community cooperation and reconciliation in Northern Ireland and in border counties.

Since 1995 Europe has paid €1.3 billion euro into the region via the PEACE <sup>1</sup>and Interreg<sup>2</sup> programmes. An example of the social cohesion work is the 'Erne East Sports Partnership Project'<sup>3</sup>.

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<sup>1</sup> [http://www.seupb.eu/Libraries/PEACE\\_IV\\_Programme\\_Guidance/PIV\\_ProgrammeFactsheet.sflb.ashx](http://www.seupb.eu/Libraries/PEACE_IV_Programme_Guidance/PIV_ProgrammeFactsheet.sflb.ashx)

<sup>2</sup> [http://ec.europa.eu/regional\\_policy/en/atlas/programmes/2014-2020/united-kingdom/2014tc16rfcb047](http://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/united-kingdom/2014tc16rfcb047)

<sup>3</sup> <https://www.coady.ie/project-clones-erne-east-sports-centre-the-peace-link.php>

In a post-Brexit world, questions arise as to the future of this funding. Will the British and Irish Governments provide it in lieu of EU funding?

The most recent CSO data on regional quality of life in Ireland shows social deprivation and unemployment levels are highest in border counties. If regional supports from the EU are pulled along border counties, economic prospects will be further worsened.<sup>4</sup>

### **Economic development**

Maintenance of a frictionless and seamless border is vital for businesses in border counties. Spot checks on people travelling across the border, restrictions upon the goods that can be taken across the border, duties to declare goods going across the border, the need for work permits, electronic monitoring of border crossings, the presence of some physical checkpoints would all significantly damage economic prospects in the region.

Businesses are concerned about the reintroduction of tariffs, a decline in competitiveness, delays in business, and administrative costs.

The slide in the value of Sterling against the Euro since 2015 has made cross-border shopping more attractive again. The share of Irish-registered cars in border shopping centres has risen from 33% in Q1 2016 to 43% in Q2, even before the result of the Brexit referendum was known. With the subsequent 10-12 per cent rise in the value of the Euro against Sterling, Q3 2016 has seen a further increase to 56% in flows of cross-border shoppers.<sup>5</sup>

Ireland is Northern Ireland's single largest export market. The latest data shows 37 per cent (£3.6 billion) of Northern Ireland's goods and services exports go to Ireland.

Cross-Border trade in manufacturing alone is worth €3.1 billion (€1.75 billion North to South and €1.3 billion South to North). If the UK removes itself from the Customs Union, this sector will be one of the worst impacted.

In our latest Trends Survey, 8 out of 12 confidence indicators showed a decline; business expectations, confidence, profitability, future employment and sales all experienced declines as a result of the uncertainty of Brexit.

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<sup>4</sup><http://www.cso.ie/en/csolatestnews/pressreleases/2013pressreleases/pressreleaseregionalqualityoflifeinireland2013/>

<sup>5</sup><http://www.intertradeireland.com/researchandpublications/trade-statistics/cross-border-shopping/>