

Londonderry Chamber of Commerce

Opening Statement for briefing the Joint Committee on the Good Friday Agreement Committee

16 December 2021

About the Londonderry Chamber of Commerce

Thank you Chair and good afternoon members of the Committee. It is our great pleasure to be here today, and I would like to thank the Chair for his invitation.

My name is Paul Clancy, I am Chief Executive of the Londonderry Chamber of Commerce, and I am joined today by Aidan O'Kane, President of the Chamber. We will share with you a brief update on the key issues and priorities facing the North West business community, and will be happy to answer any follow-up questions you may have.

The Londonderry Chamber represents over 350 businesses across the North West City Region, providing support and advocacy at a local, regional, and national level. As the **largest business network in the region**, the Chamber promotes strong business engagement to support the development, growth and sustained economic viability of our members and the wider North West business community.

NI Protocol and post-Brexit

With our position on the Derry-Donegal border, **Brexit** has posed significant challenges to North West businesses in the last five years. Amid continued uncertainty over the status of the Protocol and the Brexit Withdrawal Agreement, it is imperative that local businesses have the stability, certainty, and support that they require to meet current challenges head-on.

Recent survey results, including the Chamber's own membership surveys, have shown the desire among business owners here to make the **Protocol** work. The current GB-NI trading arrangements are providing post-Brexit economic opportunity to the North West, and going forward, it is imperative that we grasp the opportunities that unique access to both the EU and UK markets can bring to the local economy.

All-island economy and cross-border links

The North West is a unique **cross-border city region** covering an expanded area into the Republic of Ireland, providing unfettered access to UK, Ireland and EU markets. Given our proximity to the border, many businesses here straddle two jurisdictions and face the challenge of contending with contrasting regulatory frameworks daily.

We have a strong relationship with the **Letterkenny Chamber of Commerce**, a partnership which reflects the shared goals and objectives that we hope to achieve through cross-border collaboration. Border areas like ours have proven very attractive for Foreign Direct Investment in recent years, and it is imperative that we build on the Letterkenny-Derry digital corridor and continue to bring high-paying jobs and opportunities for skilled workers across the island.

A strong, prosperous **all-island economy** is a key priority for Chamber members. The growth in cross-border trade we have seen since the start of the year reflects the shared economic prosperity and opportunity that we can achieve under current GB-NI trading arrangements. It is imperative that through the likes of the Shared Island Unit and Fund, much-needed investment is granted to border regions to support growth of our island economy.

North West Infrastructure & Connectivity

The North West is a unique cross-border city region covering an expanded area into the Republic of Ireland, providing unfettered access to UK, Ireland and EU markets. While regional infrastructure and connectivity continues to improve, the pace of change is slow, with several projects needed to be prioritised to support Derry's links with other economic hubs in Northern Ireland and beyond.

City of Derry Airport ensures air connectivity between the North West and the rest of Ireland, the UK and Europe. Regular direct flights to other economic centres include London Stansted, Liverpool, Glasgow, and the recently announced Manchester route. A road and rail network ensures links with Belfast, Dublin, and the rest of the island. The A6 Dualling project, expected to be completed by Spring 2022, is estimated to cut journeys to Belfast to around one hour.

Other projects such as the A5 and the North-West Transport Hub must continue to be supported as part of a properly funded investment programme to bolster transport connectivity for the North West.

City Deal

Launched on 24th February 2021, the Derry and Strabane City Deal and Inclusive Future Fund is the largest ever single investment package by the government into the Derry and Strabane District Council area. City Deal is an historic and exciting intervention that will contribute to building a stronger, more competitive, resilient and inclusive economy, will deliver higher paid jobs and contribute to creating a more regionally-balanced economy over the coming years.

In all, the capital investment package will total around £250m, one of the most generous city deals across the UK. The impact of the investment delivered through the City Deal and Inclusive Future Fund is forecast to triple the expected rate of employment growth, with an additional 7,000 jobs created by 2032 and GVA is anticipated to have increased by £240m per annum by the end of the decade.

Innovation, digital, and health and life sciences sits at the heart of the City Deal and Inclusive Future Fund investment plan. It includes establishing super-charged research centres of excellence building on excellence in health and life sciences, data and advanced manufacturing – £16.5m investment in Cognitive Analytics and Research Lab (CARL), £22.5m in the Centre for Industrial Digitalisation Robotics and Automation (CIDRA), and £20m in the Transformational Healthcare Research Innovation Value Based Eco-System (THRIVE) and £25m in School of Medicine based at Ulster University's Magee campus.

Succeed North West

Succeed North West, held in collaboration with partners including the Chamber, Invest Northern Ireland, North West Regional College, Ulster University, Western Health and Social Care Trust, Derry City and Strabane District Council, seeks to showcase the North West as a leading place to do business. The first event, which took place on Thursday 4 November at the Merchant Hotel, Belfast, sought to encourage business leaders to invest in the region.

In 2022, we will continue to operate this partnership-led approach to attracting investment into the North West City Region. We would be grateful for the opportunity to host an event in Dublin, where we can share with leading Irish employers the value of locating and investing in the North West, be it Donegal or Derry.

Through this approach, we have sought to market the border regions to employers who may not have thought about investing in them. However, we would seek to work with the Irish

Government and bodies such as the Shared Island Unit to further market the often-overlooked border regions and to unlock the true potential that we have in the North West.

Green Policy

The Chamber would advocate a joint, all-island approach to work together on environmental issues facing employers on both sides of the border. Considering COP26 and the challenges we face, an interdepartmental, co-operative, and cross-border approach is needed if we are to see the climate resolutions that we need on a regional level.

As a Chamber, we are committed to working with employers to support them in the movement towards net-zero emissions. Earlier this year we hosted our annual North West Annual Energy Conference, where we discussed in detail the challenges facing business in this area. Going forward, we need to have the concerns of business organisations and their employees heard to make the meaningful change we all desire on this island.

Current Issues

On **current issues**, with energy costs rising and inflation high, members are facing unsustainable increases in production and material costs posing significant challenges to their finances. Nearly half of all respondents to a recent Chamber survey cited a lack of access to a skilled workforce as one of their dominant concerns, and the continued expansion of Magee campus at Ulster University, as agreed in the New Decade, New Approach Agreement, must be implemented.

In conclusion, this is an **exciting and optimistic time** for the North West City Region. Our region's continually growing economic offering, coupled with our strong connectivity and infrastructure, promises to bring sustained prosperity to local businesses. Our regional economy continues to grow in strength, and while pressing challenges remain, there is a strong feeling of optimism among local traders.

Cross Border Tax Issue

Given our proximity to the border, it is imperative that tax regulations North and South are fair, harmonised, and that **cross-border workers** have the flexibility they need to meet the demands of the local economy. The restrictive conditions set under Trans Border Workers Relief means that Republic of Ireland-based cross-border workers can face a 'double tax' by performing any work-related activities from home. We reiterate the call from the Cross Border Workers Coalition to act now and introduce a long-term solution to protect border employers and workers.

Cross Border Workers Coalition

- The Cross Border Workers Coalition is an alliance of individual employees who live in the Republic of Ireland but work in Northern Ireland. Under current legislation, cross-border workers, who live in the Republic of Ireland but work in Northern Ireland, can face a '**double tax**' on their income if they work-from-home.
- This requirement, specified under the terms of **Trans Border Workers Relief**, has been suspended for the pandemic, but is set to be re-introduced from January 2022. This concession initially applied for the 2020 tax year and was later extended to the 2021 tax year. **It was set to end from 1 January 2022, but has now been extended further.**

- Employees are very concerned that, from next year, they will have to advise their employees can no longer **work-from-home** without incurring a financial penalty, with businesses potentially being forced to restrict their hiring to one side of the border.
- The Coalition have met with Irish Finance Minister **Paschal Donohoe TD** three times in the last six months. The Coalition's issue was included in **IBECs** ask for Budget 2022, and a report was commissioned by Minister Donohoe into our issue by the **Tax Strategy Group** as part of 12 papers commissioned by the Finance Minister.

Next Steps

- Ahead of the current waiver on tax rules ending in **January 2022**, the Coalition have sought to ensure that that temporary fixes are made permanent. By introducing long-term, pragmatic reform, the rights, and interests of cross-border workers (employed in NI but resident in ROI), their employers, communities and families are upheld to ensure **equal access** to employment opportunity and conditions.
- While the overarching priority of the Coalition's campaign remains the introduction of permanent change to current legislation, an extension of the **temporary Covid-19 waiver** for the full 2022 Tax Year is the current priority of the CBWC's work.

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