

A PAPER SUBMITTED BY THE UNIONIST PARTY

OCTOBER 1992

AN INTER-IRISH RELATIONS COMMITTEE

During the agenda setting meeting for Strand 2, held in the Queen Elizabeth Centre London, the representatives of the Irish Republic indicated their view that the task for Strand 2 was to 'connect structures'. This is a view which was fully supported and endorsed by the delegates representing the Ulster Unionist Party. To this end I would draw your attention to the following portion of this Party's submission to the process. Therein we stated:

'We will be proposing that any (*)Irish and European Community Affairs Committee which may e established within a new devolved Northern Ireland administration should participate, under the rules of that new administration and within the context of the proposed Council of the British Isles, in an (*)Inter-Irish Relations Committee which would facilitate business between the Belfast and Dublin administrations.

The role of such a committee will be to provide a vehicle for dealing with economic, environmental and other matters where it is deemed by the two administrations that there is a common interest and to facilitate better understanding between both Irish traditions and both political entities in Ireland

This paper outlines the cases for cross-border cooperation in economic matters and lists areas where current cooperation might prove of genuine benefit to both Northern Ireland and the Irish Republic.

THE CASE FOR ECONOMIC COLLABORATION

Northern Ireland shared with the Republic a range of common economic and social problems which could benefit from a coordinated cross-border approach to their solution. Unemployment is a severe problem in both areas, with rates higher than in most European Communities regions. This delegation was surprised to discover that the representatives of the Irish Republic were unaware of instances of massive unemployment in areas of Belfast where our supporters live. We were astonished to find that this view was also held by the SDLP.

Both Northern Ireland and the Irish Republic share a common problem of migration. Even though the rate of population outflow from Northern Ireland has been lower than that from the Republic, often west migration forms a persistent concern for many people in both main traditions in Northern Ireland. In particular, somewhere around 70 of children enrolling in universities come from the Protestant community and about 70% never return to Northern Ireland after their studies. Society in Northern Ireland is being decapitated. Other economic concerns are low wages in many industries and low levels of female employment. Solutions to these problems must focus on the creation of additional jobs preferably in high-wage modern, competitive sectors. Both areas have individually put huge efforts into raising the level of economic activity. In both cases the results have been at best mixed.

Both areas have attempted in the past to rely heavily on inward investment by externally-owned multi-nationals to generate economic growth, but both have discovered that this approach is indigenous industry and commerce more competitive. Recent research shows that each area has similar shortcomings and lack of dynamism among its indigenous firms.

Common difficulties are faced by companies on both regions of the British Isles. All share a location peripheral from the centre of gravity of European activity. We noted the views expressed by the SDLP on European regionalisation, but we are of the opinion that when we achieve a Europe of the regions it will be more likely to be the British Isles.

The development of Eastern Europe during the 1990s and into the next century will accentuate this peripherality. Nearer in time the deregulation associated with the European Community's 1992 reforms, referred to earlier by Minister Flynn, will make it more difficult to compete in both local and external markets.

At present too many companies both in Northern Ireland and the Irish Republic fail to develop markets on the other side of the border. As a result goods are frequently imported when products from either Northern Ireland or the Republic could be used. While recent Confederation of Irish Industry estimates of the benefits of increased cross-border trade are

almost certainly over-optimistic, all would agree that extra jobs could be created from enhanced cross-border trade in both directions.

The range of collaborative possibilities which would enhance competitive performance are numerous, and new possibilities would inevitably be discovered as cooperation development. An initial list of areas for increased economic cooperation might include the following:

TRANSPORT

Both areas share a common problem of peripherality and high transport costs and have a joint interest in improving Irish sea crossings and road and rail links through Great Britain to the continent. Cheaper and faster links to the continent would provide one of the single most important economic benefits from cooperation. There is a possibility of the European Community lowering ferry costs through capital subsidies to operators. This could be most strongly argued by a joint North-South submission. There are currently different weight limits on vehicles in the Republic and Northern Ireland. Harmonisation would help the Republic immediately and could help Northern Ireland in the longer run.

Cross-border transport links are poor in many instances. Belfast/Dublin road and rail links are among the poorest in the European Community for cities of their size. Consequently, Unionists were disappointed to find that the Government of the Irish Republic dragged its feet in endorsing the upgrading of the Belfast to Dublin rail line and thus delayed improvements. Both areas would gain jobs from better links. Northern Ireland's trade would also gain from better road and rail provision with the Republic itself. The completion of the market (SEM) in 1992 with the abolition of customs controls and the beginning of VAT harmonisation will lead to increased cross-border trade and more pressure on transport infrastructure.

Northern Ireland and the Irish Republic stand to gain from improvements in port facilities whichever side of the frontier these facilities are established. Cooperation will help to avoid expensive duplication of facilities. Most ports in Northern Ireland which are being improved with European Community funds have important cross-border markets. In the case of Warrenpoint and Londonderry the ports have proportionately large potential markets in the Republic and both governments have an interest in further development.

Continual improvement in air transport will be required to assist companies in their marketing and related activities, for tourism, and for personal travel. London currently serves as a regional hub and links are good from both North and South. However, direct links with destinations outside Great Britain are less well developed. Joint approaches to the expansion of these links will be beneficial to both areas.

ENERGY

The common lack of local fuel sources (except turf and lignite) results in energy costs which are inevitably high throughout the island. Successive governments in the Republic and in Northern Ireland have pursued independent energy policies which have not minimised energy costs. All possible efforts need now to be made to reduce these costs and thus improve the competitiveness of industry. The small size of the electricity generation network poses problems on both sides of the border which could be ameliorated through inter-connection. A

previous North-South inter-connector has not been used since 1975 due to IRA terrorist attacks, and a new Northern Ireland-Scotland inter-connector is being examined. Considerable mutual benefit could flow from a joint approach including Northern Ireland and Scotland and the Irish Republic.

Both parts of Ireland possess potential for renewable energy sources involving biomass (eg willow) and wave energy. Since natural conditions are similar on both sides of the border, potential benefits exist from collaboration in research and development. The same can be said for research into optimal energy conservation energy for the Irish climate.

Industry in Northern Ireland and the Irish Republic has suffered from lack of access to natural gas. A pipeline for UK North Sea Gas to the Republic is at an advanced stage of planning with European Community financial aid. Recent agreement has been made to connect Northern Ireland with this pipeline.

INDUSTRIAL DEVELOPMENT

While competition between Northern Ireland and the Irish Republic for inward investment projects is likely to continue, there is a common interest in enhancing the competitiveness and growth of indigenous industrial companies. Much has still to be learnt about how public agencies can effectively enhance competitiveness among indigenous firms, and there is much sense in the various industrial development agencies working closely together. This aspect of the work of the IDA, IDB, SFADCO or LEDU does not involve any serious conflict of interest and cooperation should be encouraged.

Evidence suggests that the level of research and development within industrial companies is low on both sides of the border. This must be improved if economic growth is to be accelerated, and if companies are to remain competitive within the post-1992 Single European Market. The island suffers in this respect from its small size and from the relatively small number of universities and research institutes. Open access to all centres of Research and Development advice will assist companies throughout the island. A number of North-South research cooperation projects are already in existence including the Institute for Advanced Micro-electronics in Ireland, and the Ceramics Technology Centre. These initiatives will need to be extended in future to other areas of technology.

The promotion of exports and marketing can be difficult and expensive. Economies of scale may be realisable by combining trade promotion exercises North and South. Northern Ireland gains from its membership of the United Kingdom in this respect. Collaboration with the Irish Republic would enhance but not replace trade promotion by United Kingdom national agencies.

Large amounts of European Community finance are available for industrial development. Since Northern Ireland has in some cases more in common with the Irish Republic than with other sections of the United Kingdom in the nature of its industrial problems, there may be scope for joint approaches and strategies directed towards Brussels to maximise the level of European Community funding. However, we would stress that such cooperation would prove

impossible to achieve if the Constitutional position of Northern Ireland within the United Kingdom was to become compromised.

The 'Irish' brand label is used to advantage by companies in Northern Ireland and the Irish Republic as in the case of Irish Linen or Irish Butter. And in the presence of a Tyrone MP a Cavan TD it would be dangerous not to add Irish Crystal.

On both sides of the frontier we have an interest in developing the brand image and in maintaining its favourable impact. Any actions which damage the image (as in the case of Goodman allegations or use of 'angle dust' in beef production) will be of concern to both areas. North-South collaboration will help to minimise the occurrence of such abuses.

SKILLS AND EDUCATION

More than anything else the success of modern economies increasingly depends on the educational and vocational skill attainments of their populations. The raising of standards is critical to the future competitiveness of industry North and the Irish Republic to the employment prospects of citizens throughout the island.

Small size and peripherality hamper efforts to improve standards in some cases. Management education standards would for example gain from the presence of a management School of international calibre. While the Irish Management Institute in Dublin has been a success, both Northern Ireland and the Irish Republic would benefit from the establishment of an all-Ireland Institute of larger size.

European Community rules on tuition fees for university students now mean that a substantial number of Irish citizens apply for courses in NI. Future co-operation should encourage a reciprocal flow, with perhaps some specialisation in courses to build up a larger number of world-class university departments shared between North and South. The recent extension of the Open University into the Republic should be encouraged and further developed.

Levels of vocational skill training both Northern Ireland and the Irish Republic are well below those in advanced economies like Germany and Holland. This is one area in which Northern Ireland sorely needs to break away from British traditions which clearly fail to meet the needs of its fast growing young population and its large numbers of unemployed. A very substantial extension of training provision at NVQ3 (ie apprenticeship or equivalent) and technical levels is needed throughout the island. While much of this can be achieved within each jurisdiction there will be possibilities for specialisation in certain vocations in either North or South. A large scale extension of training will require European Community funding and again joint approaches to Brussels will strengthen the probability of success.

AGRICULTURE

Northern Ireland and the Irish Republic possess similar agricultural economies, both facing severe problems as the CAP is reformed to reduce European over-production. The reduction

and eventual abolition of European Community governed cross-border farm priced differences after 1992 will increase the integration and mutual dependence of the two industries.

Animal health is an issue of vital common concern. Considerable coordination takes place between veterinary authorities on both sides of the border. It is of great importance that expensive campaigns such as the eradication of bovine TB are equally successful throughout the island. A joint cooperative authority could help to insure that necessary measures are equally applied in all areas.

The similarity of farm production Northern and the Irish Republic means that considerable economies of scale are available in agricultural research. Cooperation between Northern Ireland and the Irish Republic will permit the sharing of expensive equipment and facilities avoidance of duplication, and the promotion of complementary programmes as well as strengthening applications to Brussels for research funds.

However, it would be a curious development to find the Government of another member state becoming responsible for the negotiation of support arrangements within a region of the United Kingdom resulting in an increase in United Kingdom funding commitments to the European Community.

ENVIRONMENT

Both parts of the island share an environment which escaped the worst ravages of mineral exploitation and heavy industry, and both are fortunately upwind of most of Europe's worst polluters. The resulting relatively clean environment is considerable potential asset in marketing both food products and tourism. And we would agree with the Tanaiste's statement about the significance of the 'green' aspect of the entire island.

Several environmental problems are present however and these are best tackled through joint approaches. Disposal of solid and toxic waste will always be a problem, and extensions to the Basel convention may lead to a ban on exports of wastes. The small size of both economies means that toxic waste disposal will be cheaper if a single facility can serve the entire island. Recent proposals for an incinerator near Lough Foyle have implications on both sides of the border. Air pollution from solid fuels is another issue which cannot be confined to either side of the border.

The Republic shares with all countries of UK a joint concern about effluent pollution of the Irish Sea. An Irish Sea Scientific Coordinator has recently been appointed by the British and Irish governments. Any Northern Ireland assembly would need to be involved in this initiative.

TOURISM

The tourist industry may in future become inter-related with tourists tending to spend time in both parts of the island during any visit. Hence both areas have a common economic interest in the conservation of buildings and the environment throughout the island.

CONCLUSION

Northern Ireland is already part of the United Kingdom economic union, and benefits in many and various ways from this connection. This is not always well understood in the Republic of Ireland where closer links have been developed with the European Community, precisely to create some of the advantages enjoyed by Northern Ireland within the United Kingdom.

Even so, Northern Ireland suffers some disadvantages from its peripheral position within the United Kingdom and within Europe, and is further disadvantaged at times by the fact that social and economic conditions differ in some respect from other parts of the United Kingdom. Under these conditions there are benefits to be achieved by closer cooperation with a friendly and unthreatening neighbour with which we share a land border as well as similarities of climate, environment, economy and culture.

These are not arguments for political integration which has always been decisively rejected by the overwhelming majority of the people of Northern Ireland. It is rather a case for the extension and formalisation of those good neighbourly relations which already exist. Of course, good neighbourly relations which already exist. Of course, good neighbourly behaviour is unlikely to flourish so long as the Irish Republic retains a territorial claim or even a constitutional aspiration to control the Northern Ireland. The removal of the harsh and irredentism claim over the people and territory of Northern Ireland will unlock the door to closer, mutually beneficial cooperation.