

## **All-Island Sectoral Dialogue on Brexit**

### **The North West and Wider Border Region Protecting the Progress and Maximising Regional Potential**

**Letterkenny, 22 May 2017**

Minister of State Joe McHugh T.D. hosted the sixteenth in a series of all-island sectoral dialogues on 22 May in Letterkenny. The event was attended by over 180 stakeholders representing a wide range of sectors and civic society from across the border region, North and South, including Government and NI Executive departments and bodies.

The event was hosted in partnership with Donegal County Council and Derry City and Strabane District Council whose CEO's outlined their collaborative work on cross-border local government strategies. The new arrangements, supported by the Fresh Start Agreement are aimed at maximising the region's potential and they provide a unique platform to address Brexit impacts and identify regional solutions, all of interest to the wider border region.

The Minister applauded the significant progress that has been achieved in partnership between Donegal, Derry City and Strabane District Councils, Government and the NI Executive. Other local authorities, North and South were encouraged to strengthen existing bilateral or multilateral cross-border arrangements to develop an enhanced partnership-based approach looking at the challenges that face the wider border region, including those posed by Brexit.

Mr Eamonn Molloy, Assistant Secretary General at the Department of An Taoiseach outlined the Government's ongoing response to Brexit and reaffirmed the Government's commitment in the North West. Delegates also heard from European Parliament VP Mairead McGuinness, MEP who highlighted the important role of the EU in the Peace Process.

Two separate panel discussions provided a platform for discussion around a number of key areas including business, community, education and skills, health and local government. These were followed by roundtable discussions engaging all participants. The event underscored the unique challenges posed by Brexit to the North West and wider border region and highlighted the need for 'localised' solutions to mitigate its negative impacts. Reflecting developments in the Brexit process, moving from the initial, preparatory phase into more substantive negotiations on the terms of the UK's exit from the EU, discussions were positive and solutions-focused, identifying ways forward to protect the progress and to maximise the border region's potential, against the backdrop of Brexit.

All interventions, discussions and written submissions contributed at the event were noted and form the basis of this report, which is organised according to the following Sections:

- Section 1 – Suggested Actions
- Section 2 – Panels Discussion
- Section 3 – Roundtable Engagement

## Section 1

### Suggested Actions

*Key suggested actions arising from the roundtable discussions are summarised below.*

#### Secure a Transitional Arrangement

- Across all sectors, transitional arrangements needed to allow adaption to post Brexit environment.

#### Maintain EU Supports

- Secure EU financial support for the island of Ireland post Brexit for a suitable period of time to allow for development of alternative markets to reduce dependency on the UK market and to support cross-border economic, social and infrastructural development.
- Existing EU funding for regional development should be activated. EU should allow for relaxation of State Aid rules for a defined period after Brexit.

#### Targeted North West /Border Region Development

- Investment priorities of the new North West Strategic Growth Partnership should be progressed.
- Regional strategies for planning, waste, energy, and infrastructure to drive regional growth should be pursued.
- Creation of a special North West trade zone with associated exemptions / reliefs etc
- Derry city should build new alliances with City of London and other UK regions and should promote itself a location for UK business seeking to relocate close to EU.
- All bodies and networks (i.e. institutional, sectoral, area based and community) involved in maintaining, animating and facilitating cross-border connectivity should be empowered and reinvigorated.

#### Increased Regional Infrastructure Investment

- Increased infrastructure investment in public transport, airports, ferries, roads (including A5/N2 & A6) and broadband should be committed within the region in order to increase economic prosperity and connectivity.

#### Protect Mobility/Free Movement of People & Goods

- Free movement of goods and people must be guaranteed; no border within Ireland but a border around Ireland.

#### Ensure Citizen/Workers Rights

- Must protect citizen/workers rights and associated workforce mobility.
- Need to maintain access to European Court of Human Rights.

**Seek Special Arrangement**

- Need for some form of arrangement which recognises the unique NI circumstances.

**Recognise and maintain the benefits of the Peace Process**

- Maintain the Good Friday agreement to ensure that the progress achieved to date can be further maximised.

**Restoration of a Functioning NI Executive and Assembly**

- Restoration of the NI Executive and Assembly paramount to ensure NI voice represented in the negotiations.
- Empowering core NI Departments. NI Executive needs to be working across all departments to match and mirror the arrangements and processes which the Irish Government have been involved in.

**Increased Business Support**

- Need for supports for businesses (SME) that do not necessarily have access to information on mitigating the impact of Brexit, should include support to manage/mitigate exchange rate volatility.
- Supports for market & product diversification including measures to assist enhanced product and process efficiencies.
- Targeted support measures to enable businesses improve competitiveness levels.
- Delivery of North South Interconnector to reduce energy costs.
- Skills/training support to enable business employees adapt to new environment – e.g. EU Customs Declarations.

**Support Agri-food Sector**

- Subvention / investment in Irish agri sector needed until alternatives to the UK market are found.
- Introduction of special labelling arrangements/certificate of origin.
- Seek to have common legislation for agri-food product/commodities for produce from the island of Ireland.
- Potential impact on fisheries sector needs to be addressed.

**Support Research & Innovation**

- Support greater investment and capacity in research and innovation at all levels.
- Partnerships with other EU institutions should be encouraged and supported.

**Develop Tourism**

- Increased support for Tourism Ireland and other Tourism agencies.
- Infrastructure needed to support development of cruise ship industry on Lough Foyle to help harness the region's tourism potential.

**Develop All island Economy**

- Continued commitment to development of all island economy, the island of Ireland should operate as one Economic/Trade Zone (state aid rules not to be allowed to hinder effort).
- Introduction of tariff free trade quotas for companies operating on an all island basis.
- All-island broadband infrastructure/ motorway network prioritised.

**Simplified Customs Controls**

- Ensure there is no physical or visible border. Development of electronically operated border in consultation with all sectors in order to avoid any tariffs and delays and minimise bureaucracy.

**Enhance Education co-operation/ Skills and Training**

- Ensure a level playing field North and South for FE and third level students for the purposes of matriculation.
- Access and mobility on an all-island basis should be prioritised and specific considerations warranted to avoid export of talent and skills from the North West and border region.
- Recognition of qualifications (across various professions) on an all-island basis.
- Capitalise on regional status for Education Sector, including advancement of Technological University Status, expansion of Magee, creation of Derry as a University City with links to Letterkenny for the North West region.

*The Agenda is provided in Annex 1. The key discussion points around the panel discussions are summarised below. Details of attendance at the event is provided in Annex 2.*

## Section 2

### Panel Discussions

Panel 1 - Making Connections Work	Panel 2 - People
<b>Brian McGrath</b> , CEO, Londonderry Port & Harbour Commission	<b>Gavin Kileen</b> , CEO, Nuprint Technologies
<b>Toni Forrester</b> , CEO, Letterkenny Chamber of Commerce	<b>Tom Daly</b> , Director General, Co-operation and Working Together (CAWT)
<b>Sinead McLaughlin</b> , CEO, Londonderry Chamber of Commerce	<b>John Peto</b> , Director of Education, The Nerve Centre
<b>Liam Hannaway</b> , CEO, Newry, Mourne & Down District Council	<b>Peter Sheridan</b> , CEO, Co-operation Ireland
<b>Caitriona Mullan</b> , Chair, International Centre for Local and Regional Development (ICLRD)	<b>Gerard Deane</b> , CEO, Holywell Trust
<b>Aidan Gough</b> , Strategy & Policy Director, InterTradeIreland	<b>Padraic Fingleton</b> , CEO, Donegal Local Development Company LTD
<b>Mary McKenna</b> , Tech Entrepreneur and Investor	<b>Anne McHugh</b> , CEO, Donegal Education & Training Board (ETB)

### Summary of Key Areas of Consideration

- **Importance of EU Funding:** the quantum of EU funding investment in Northern Ireland is significant. Concern expressed across all sectors about the possible loss of EU funding to NI and the likelihood of competition with other parts of the UK for funding post-Brexit;
- **Need for NI political representation in negotiations:** the absence of a Northern Ireland Executive is a major issue – NI has no voice in the forthcoming negotiations. High hopes for a unified position on Brexit when the talks resume;
- **Cross Border Business & Trade:** more than 80% of businesses in the border region are SMEs and are particularly vulnerable to Brexit. Most are heavily reliant on cross-border trade and will feel the impact of border controls most;
 

Business re-location is not an option for many businesses. Incremental border delays and resultant impact on business in terms of delayed deliveries and increased costs highlighted;

The impact on agri-food industry will be great, with obvious questions arising over country of origin labelling. Impact on construction and transport sectors also significant
- **Competitiveness:** business needs to enhance cost competitiveness and contain increases in energy and insurance costs;

- **Skills/Training:** NI business needs to attract and retain its talent pool, potential loss of talent a major concern for larger businesses including multinationals in NI;

- **Education:** desire to strengthen degree of co-operation in the education sector to ensure young people attain the right qualifications and are retained in the region;

Mobility of students and academics and access to research funding post Brexit considered major concerns for the Education and Third level sector; and

The North West's education and IT sectors in tandem could deliver a technological solution to any issues relating to the movement of goods, services and people post Brexit.

- **Cross-border Co-operation:** recognition that cross-border cooperation, including the latest local government alliances, has provided a stable and effective platform for progress in the North West and border region which must be protected and enhanced; and

Strengthened links in health cooperation, education mobility and cross-border mobility as a result of the Peace Process, which is underpinned by joint EU membership and EU funding.

- **Community/Society:** Need to minimise the impact of Brexit on local communities through increased investment in order to avoid the risk of economic isolation in the border area;

Recognition that 'people matter', citizens' rights must be considered in the context of forthcoming UK/EU negotiations; and

EU membership and funding has played a key role in the voluntary and community sector; open border has facilitated relationship building.

- **Tourism:** UK visitor numbers to Ireland in decline as consumer confidence has dropped due to poor value for money in the sector.

## Section 3

### Roundtable Discussions

During the roundtable discussions, the following three questions were posed to delegates:

1. What, if any, have been the principal impacts of the United Kingdom European Union membership referendum on your business/sector/area of interest?
2. What are the likely future implications for your business/sector/area of interest in the short to medium term?
3. Can you identify any specific considerations which may mitigate the impacts on your business/sector/area of interest?

Delegates were encouraged to concentrate their discussion primarily on Q3, in line with the overall theme of the event to be forward-looking.

### **Summary of responses**

#### ***Q1: What, if any, have been the principal impacts of the United Kingdom European Union membership referendum on your business/sector/area of interest?***

There was general agreement that a principal impact of the UK Referendum has been a volatile euro/sterling exchange rate, resulting in reduced business competitiveness, with sectors such as agri-food and tourism being more exposed than others to its negative effects. There are delays on investment (including FDI) decisions, while concerns related to mobility of people are impacting on employment and education. Concerns exist over the impact of any form of border control.

#### ***Q2. What are the likely future implications for your business/sector/area of interest in the short to medium term?***

Implications likely to affect different sectors to varying degrees include increased administration and associated costs brought about by customs checks, tariffs, currency volatility and divergence in standards and regulations that could emerge after Brexit. Loss of access to EU single market and labour also cited as concerns. The particular consequences for Ireland's unique cross-border relationship and all-island economy were emphasised.

A common view was shared that the North West and wider border region, in particular its education, tourism and agri-food offerings, are most exposed to the negative effects of Brexit. Fears of eventual economic and regional isolation were strongly expressed. The region as a whole is considered most vulnerable to impact. Loss of EU Funding (PEACE, INTERREG, Horizon 2020, CAP & Structural Funds) and the resulting consequences for the peace process in the region featured as a common theme throughout the discussions.

**Q3. Can you identify any specific considerations which may mitigate the impact on your business/sector/area of interest?**

Discussions provided a solutions-focused approach to managing the negative impacts of Brexit.

There were strong calls for a lengthy transitional arrangement to allow all sectors adapt to a post-Brexit environment. The need to maintain the current arrangements, having regard to the potential impact on business and the economy, and on the daily lives of citizens and the peace process was stressed.

The need of additional supports (EU, UK and Irish) in various forms to manage the consequences of Brexit for businesses was stressed. These ranged from increased support to mitigate exchange rate volatility, support market diversification, enhance competitiveness, build research capacity, and support skills and training development.

In recognition of the unique challenges posed by Brexit in the North West and wider border region, targeted investment in infrastructure and pursuit of regional focussed strategies were identified as part of the required mitigation response.

Discussions also called for the restoration of the Northern Ireland Executive and Assembly, strong support for the all-island economy to be protected, not least because of the very practical implications such as economies of scale and efficient and effective use of resources to deliver benefits for the citizens of this island, particularly in health and education.

## **Conclusion**

Highlighting the unique challenges posed by Brexit to the North West and wider border region, the event emphasized the need for 'localised' solutions to mitigate its negative impacts. Reflecting developments in the Brexit process, moving from the initial, preparatory phase into more substantive negotiations on the terms of the UK's exit from the EU, discussions were positive and solutions-focused.

In line with previously held sectoral dialogues, many of the solutions proposed by delegates are reliant on maintenance of an open border, preservation of the Common Travel Area and ensuring as close a trading relationship as possible between the EU and UK.

Concluding, Minister McHugh emphasised the value of the day's proceedings to his own and to the Government's preparations for Brexit. He noted in particular the importance of the progress that has been achieved to date with respect to cross-border co-operation and encouraged the dialogue to continue among stakeholders North and South identifying solutions that may mitigate the impacts of Brexit for the region as a whole.



## Annex 1 Programme and Panellists

0900-0930	<i>Registration</i>
0930-0940	<b>Welcome and Introduction</b> Joe McHugh TD, Minister of State for the Diaspora and International Development at the Departments of the Taoiseach and Foreign Affairs and Trade Eamonn Molloy, Department of An Taoiseach
0940-0950	<b>North West–Cross-Border Cooperation and a Brexit Response</b> Seamus Neely, CEO Donegal County Council John Kelpie, CEO Derry City and Strabane District Council
<b>Moderated Panel Discussions with Q&amp;A</b>	
0950-1030	<b>Panel 1 – Making Connections Work</b>
1035-1110	<b>Panel 2 – People</b>
1110-1140	<i>Tea &amp; Coffee/Networking</i>
1140- 1145	<b>Mairead McGuinness MEP - Vice President, European Parliament</b>
<b>Roundtable Discussions</b>	
1145-1230	<b>Roundtable Engagement</b> Breakout roundtable discussions, addressing key set questions across various sectoral pillars
1230-1245	<b>North West Diaspora Presentation</b>
1245-1325	<b>Roundtable Feedback Discussion</b>
1325-1330	<b>Close by Minister of State Joe McHugh TD</b>
1330	<i>Lunch</i>
<b>Moderator : Enda McClafferty, BBC Political Correspondent</b>	

## **Annex 2 All-Island Sectoral Dialogue Attendance**

Invitations were issued to 300+ people, with over 180 attending.

Representation at the event included:

- Government Departments and agencies
- Northern Ireland Executive Departments and agencies
- All-island organisations and North South Bodies
- Local Authorities in border regions
- Representatives of political parties across the island
- Representatives from the business, manufacturing, retail, transportation, tourism, creative industries, agri-food, health, education and community sectors
- Individual companies
- Academic institutions as well as universities and Institutes of Technology, along with Education and Training Boards and the Higher Education Authority