



***BRITISH-IRISH INTER-PARLIAMENTARY BODY***

**COMHLAUGHT IDIR-PHARLAIMINTEACH NA BREATAINE  
AGUS NA hÉIREANN**

**REPORT**

**from**

**Committee A (Sovereign Matters)**

**on**

**Barriers to Trade**

**Doc No. 124**

## **Background**

1. Historically the partition of Ireland had made cross-border trade difficult. In recent times it is apparent that barriers to trade between north and south arise more from a lack of knowledge of what business opportunities exist on each side of the border than from a political or security situation.

The Committee agreed to commence an inquiry to identify the barriers to trade and their possible implications of barriers to trade on the island of Ireland. A series of meetings were arranged at the offices on *InterTradeIreland* in Newry, Northern Ireland on 18 January. The delegation from Committee A included the Chair Mr Jim O’Keeffe, TD, Ms Liz O’Donnell, TD, Mr. John Carty, TD, Lord Dubs, Senator Martin Mansergh, Mr. Michael Mates MP and Mr. Dominic Grieve, MP.

2. *InterTradeIreland* is one of the six North-South Bodies established by both Governments following the Good Friday Agreement. The Committee also met with the employers’ organisations north and south, Irish Business and Employers Federation (IBEC) and the Confederation of British Industry (CBI). The Committee was warmly welcomed by Vice-Chair Barry Fitzsimons and CEO Liam Nellis and would like to extend its sincere thanks to *InterTradeIreland*’s Board members and staff for facilitating such a successful event.

## **Challenges to cross-border trade**

3. The Committee was informed that *InterTradeIreland* carried out a series of surveys and studies shortly after it was established to identify the challenges it faced. While it found that issues such as two different currencies and different rates of corporation tax were acting as barriers to trade, its findings overwhelmingly concluded that the main barriers to trade on the island were a lack of trust and knowledge. This was evident across a range of business sectors mainly arising from decades of the border dividing both jurisdictions.
4. It was apparent that business people on either side of the border were unprepared and unsure of how to establish links and develop relationships. As a result of these findings *InterTradeIreland* focused its programmes on developing networks and growing business contacts. With the assistance and cooperation of the IBEC/CBI Joint Business Council it is confident that, despite setbacks with political developments in Northern Ireland, it has overcome many of the mindsets that existed before its inception. Furthermore IBEC/CBI Joint Business Council identified 20 key priorities to significantly improve trade and business development, increase skills and labour mobility between the two jurisdictions and enhance the competitiveness of businesses on the island of Ireland. These priorities included developing strategic transportation links, developing and promoting an all-island supply chain for small and medium sized enterprises as well as deregulation of the energy market.

## **InterTradeIreland's programmes**

5. Through a range of innovative programmes (FUSION and INNOVA) in the fields of science, technology and innovation, InterTradeIreland has facilitated the first all-island technology transfer programme and technology flows among partnerships and networks of private companies. With new firms seeking new processes and products, InterTrade Ireland gives them the opportunity to work within partnerships that includes placing a third level graduate from the other jurisdiction with that company. The roll-out of the InterTradeIreland Acumen programme designed to increase cross-border sales by €100 million and create 500 new jobs in the small and medium-size enterprise sector was also noted.
6. The Committee was particularly impressed with the focus on science, research and development, biotechnology and innovation; all sectors which the island of Ireland needs to develop in order to adapt to a competitive global economy. Over 740 companies have been assisted by InterTradeIreland, which is a large volume given the modest size of the organisation with only 34 staff members. However, the Committee was told that a growing lack of skilled science and IT graduates in Northern Ireland (NI) will be a problem and unless addressed, may limit the economy in NI in fulfilling its potential.

## **Challenges for the future**

7. InterTradeIreland's view, backed up by its own growth in recent years, is that both unionist and nationalist business people have seen the benefits of cooperation and collaboration by working together. The business sector has in effect moved beyond the attempts to restore devolution in NI. However it is clear that there are real constraints posed by the continuance of the 'care and maintenance' which all six North-South Bodies have been operating under since the NI Assembly was dissolved in October 2002. A key difficulty is that the North-South Ministerial Council has been unable to meet. This has limited the amount of engagement between InterTradeIreland and Ministers, North and South and as such has in some cases delayed decision-making on programmes. **The Committee hopes that restoration of devolved Government in Northern Ireland will enable an early meeting of the restored North South Ministerial Council.**
8. While InterTradeIreland has continued to enhance its programme of activities and its major programmes and promotional activities the Committee was made aware that it needs continued support to continue its level of growth. The Committee urges both Governments to recognise the value of this organisation and not cap its budget and limit the valuable programmes it is undertaking. **While mindful of the constraints of the Comprehensive Spending Review underway in Northern Ireland, nevertheless the Committee's view is that capping the budget at this period (which is funded 2:1 by the Irish Government) would be counterproductive.** The Committee was impressed with the returns to the economy North and South and the range of programmes delivered by this North South Body. **The Committee hopes that efforts to restore devolution will be met by March 26th and that the new incoming Executive will work constructively with the Board of InterTradeIreland to continue to promote its work.**

## **CBI/IBEC concerns regarding barriers to trade**

9. During the course of its discussions with senior representatives of IBEC and CBI (Maurice Healy, William Poole, Declan Billington, Bernard Butler, Nigel Smyth) accompanied by Lord Rana, the Committee learnt of a number of other barriers to trade on the island of Ireland. One issue that was highlighted was the necessity for all non-EU and non-North American nationals to obtain a visa from each jurisdiction. This in effect means that business people from the Gulf States, India and Asia cannot travel freely on the island once they arrive. **It is the Committee's view that the requirement to obtain two visas to visit Northern Ireland and the Republic of Ireland is overly bureaucratic and burdensome.** This imposition also prevents potential tourists from visiting both parts of the island with a consequential loss of revenue. **In light of the Common Travel Area that is in place the Committee would urge both Government's to review the requirement to obtain two visas to visit Northern Ireland and the Republic of Ireland as a matter of urgency and find a solution to it.**
10. CBI highlighted the distortions that existed in the market because of separate fiscal policies adopted by both Governments. One consequence is the amount of fuel smuggling due to the fuel price difference which has resulted in the need for an extensive customs and excise service to contain it. Another issue is the creation of a single all-island energy market. **The Committee would urge the Governments to continue their efforts to liberalise the market as far as is necessary to create an all-island market.**
11. While mindful of the North-South focus, the Committee was also interested in developing a further East-West dimension with regard to cooperation and collaboration between the regions. It welcomes the inclusion of Scotland in the latest EU PEACE III funding round for Ireland and Northern Ireland.
12. The Committee was impressed with Lord Rana's comments on the difficulties in trying to get one agency to coordinate inward investment trade missions to both North and South of the island. While NI companies have been invited in recent years by the Taoiseach to come along on his annual trade missions abroad (the Gulf States, India and China) it was difficult to get a handle of who could do the inward side of things. The NI market alone was too small for any prospective delegations, but that a visit taking in both jurisdictions could be marketed without difficulty. **The Committee recommends that the Governments take note of Lord Rana's suggestion that InterTradeIreland's remit could be expanded to take on the role of coordinating inward investment trade missions to both North and South of the island.** This is supported by IBEC/CBI Joint Business Council.
13. Finally the Committee endorses the approach set out by both Governments in its recently published Comprehensive Study on the All-Island Economy. **The Committee urges both Governments to take the necessary steps to implement this important Comprehensive Study on the all-Island Economy in full without delay.**

## Summary of recommendations and conclusions

**The Committee hopes that restoration of devolved Government in Northern Ireland will enable an early meeting of the restored North South Ministerial Council. (*Paragraph 7*)**

**While mindful of the constraints of the Comprehensive Spending Review underway in Northern Ireland, nevertheless the Committee's view is that capping the budget at this period (which is funded 2:1 by the Irish Government) would be counterproductive. (*Paragraph 8*)**

**The Committee hopes that efforts to restore devolution will be met by March 26th and that the new incoming Executive will work constructively with the Board of InterTradeIreland to continue to promote its work. (*Paragraph 8*)**

**It is the Committee's view that the requirement to obtain two visas to visit Northern Ireland and the Republic of Ireland is overly bureaucratic and burdensome. (*Paragraph 9*)**

**In light of the Common Travel Area that is in place the Committee would urge both Government's to review the requirement to obtain two visas to visit Northern Ireland and the Republic of Ireland as a matter of urgency and find a solution to it. (*Paragraph 9*)**

**The Committee would urge the Governments to continue their efforts to liberalise the market as far as is necessary to create an all-island market. (*Paragraph 10*)**

**The Committee recommends that the Governments take note of Lord Rana's suggestion that InterTradeIreland's remit could be expanded to take on the role of coordinating inward investment trade missions to both North and South of the island. (*Paragraph 12*)**

**The Committee urges both Governments to take the necessary steps to implement this important Comprehensive Study on the all-Island Economy in full without delay. (*Paragraph 13*)**

## **Minutes of Proceedings relating to the Report**

### *Members visiting Newry on 18 January 2007*

Mr Jim O’Keeffe, TD (Chair),  
Mr. John Carty, TD,  
Lord Dubs,  
Mr. Dominic Grieve, MP,  
Senator Martin Mansergh,  
Mr. Michael Mates MP (Vice-Chair), and  
Ms Liz O’Donnell, TD.

### *Members visiting Dublin on 5 March 2007*

Mr Jim O’Keeffe, TD (Chair),  
Baroness Blood,  
Lord Brooke of Sutton Mandeville,  
Mr. John Carty, TD,  
Lord Dubs,  
Mr. Dominic Grieve, MP,  
Senator Brian Hayes,  
Mr Andrew Mackinlay, MP,  
Senator Martin Mansergh,  
Mr. Michael Mates MP (Vice-Chair),  
Ms Liz O’Donnell, TD, and  
Lord Smith of Clifton.

*Ordered*, That the Report be made to the Body.