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SCOPE FOR ENHANCED ECONOMIC AND SOCIAL CO-OPERATION

Discussion Paper by HMG

Introduction

Purpose of this paper

1. At an earlier stage, HMG undertook to provide a further paper setting out the scope for enhanced social and economic co-operation within the island of Ireland. This paper provides a brief summary of existing co-operation and illustrative examples of areas where greater North/South co-operation might be both possible and of benefit to both parts of the island. The illustrative examples are provided, not as defining HMG's preferences, but to stimulate discussion.

2. The principles set out in Annex C to the Strand 2 Committee report on Agenda Item 6 refer to the development of a two-way channel of communication which would enable issues of mutual benefit, or of concern to one party, to be addressed. This paper focusses particularly on the scope for co-operation for mutual benefit.

Existing North/South Co-operation

3. As would be expected of two jurisdictions sharing a land boundary and other common interests, there is already a substantial amount of North/South co-operation, some of which developed largely

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as a result of the EC dimension. Current North/South co-operation includes:

- a. Agriculture: there are excellent working relationships between Forestry services in relation to the commercial exploitation of forests and cross-border forestry activities; and well developed co-operation on inland fisheries eg the Foyle Fisheries Commission and the Erne Joint Protection Committee. There has also been close co-operation on animal and plant health, particularly the containment and eradication of certain diseases.
  
- b. Economic Development: steps to promote greater North/South trade have included allocation of road haulage permits allowing access of road transport to ports in both parts of Ireland. More recently, there have been joint seminars by the Industrial Development Board and the Irish Export Board; jointly organised sourcing exhibitions; and initiatives in conjunction with the Confederation of Irish Industry (CII) and the CBI to open up the field of public strengthen companies' ability to bid successfully for public sector procurement contracts in the rest of the EC. In addition, EC programmes such as INTERREG, (a programme to encourage joint marketing, R and D etc between complementary, small firms in border areas) are presented to Brussels on a joint basis.

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- c. Tourism: the two Tourist Boards have been developing joint marketing activities in a number of markets including the US, Europe and Japan. An all-Ireland computerised information and booking service was also launched earlier this year.
- d. Energy: While the electricity inter-connector was destroyed by terrorist action, there have been discussions more recently on the development of standby linkages in particular cross border areas. There is also an agreement in principle that the proposed gas pipeline from Scotland to the Republic can be used to part deliver a gas supply to Northern Ireland.
- e. Transport: There is well established co-operation on the maintenance and management of the cross border railway infrastructure and shipping and navigation requirements on Carlingford Lough, Lough Foyle and inland waterways. A number of joint projects are currently in hand eg the upgrading of the Belfast Dublin railway link, improvement of cross border roads, and the construction of the Ballyconnell Canal.
- f. Other Infrastructure etc there has been co-operation on the supply of water at various localities in the border areas and in the work of the Ordnance Survey.

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- g. Education: The Departments of Education in London, Dublin and Belfast have devised and funded jointly a European Studies Project focussed on students between 11 and 18 which involves 9,500 pupils and 300 teachers in 55 schools. There are also teacher and youth exchange schemes. There is a considerable amount of joint research between the universities North and South, some funded by the IFI. Collaboration is growing in a wide range of areas between research centres including telecommunications, environment and energy.
- h. Health: there have been discussions of issues such as supplies and procurement, health promotion and payment for treatment.

4. This gives only a flavour of North/South contacts on public service issues. Extensive, generally ad hoc and bilateral, contact takes place between Government departments and public sector agencies on a continuous basis, to their mutual benefit.

Expanding co-operation

5. Enhanced co-operation is most likely to be workable and sustained where it is in recognition and pursuit of mutual benefit. While the scope of North/South institutions could extend to cross-border issues only, in principle the potential for mutually beneficial co-operation could extend across the full range of transferred services in Northern Ireland and their equivalents in Republic of Ireland.

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6. The paragraphs below seek to highlight some areas where it seems possible that further co-operation could bring economic and social benefits to both parts of Ireland.

7. The practical scope for co-operation can only be properly determined following detailed examination of the implications in each subject area (including legal, organisational, personnel, machinery, operational, finance and accountability). Subject to this, it does seem likely that the scope for co-operation could usefully be explored in relation to selected sectors:

(a) Economic Co-operation

There may be further scope for the opportunities for cross border trade to be highlighted or for the encouragement of joint marketing initiatives overseas to promote goods produced on both sides of the border. On more detailed points it may be helpful for there to be joint action to substitute Irish products and services for imports through joint "local sourcing" exhibitions, seminars or data bases; and provision of better information on public sector contracts.

A number of studies are being initiated at a more strategic level.

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- i. a study being undertaken in the South on the impact of the Single European Market on the economy of the whole of Ireland.
- ii. a new programme cross-border research by NIERC and ESRI on the two economies

In addition there are private sector proposals for treatment of Northern Ireland and the Republic as a single entity by the EC or for a special initiative to create a Dublin-Belfast economic corridor backed by appropriate infrastructure.

Other areas where there may be scope for enhanced co-operation include training, public procurement and support for R&D.

The scope for co-operation on industrial development is constrained in that the two jurisdictions are in competition for scarce mobile investment. This is likely to limit the scope for expanded co-operation, though it would not necessarily eliminate it.

(b) Energy

The steps already being considered for linkages between the two electricity networks could be developed to produce closer integration. The developments of gas

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supply could in the longer term give rise to the possibility of a gas pipeline interconnection between Northern Ireland and the Republic. As this would be largely commercially driven, with the added benefit of increasing competition, it seems a potentially positive area for co-operation.

(c) Tourism

There is scope for further co-operation in the development of tourism, including further co-operation on planning and development of tourism related infrastructure etc. While constrained somewhat by the fact that the tourist industries in Northern Ireland and the Republic are competing, further developments could be seen to promote both sides.

(d) Transport

Future co-operation in respect of transport might extend to further joint planning of eg railways or transport more generally affecting road planning/construction/maintenance, ports, bus services and air transport. Co-ordination of transport planning may have practical benefits (eg in helping firms to compete in the Single Market, and forestalling damaging or unfair competition eg in ferry services).

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(e) Education/Research

Co-operation between the universities might be increased in a more structured way, especially in relation to studies in the economic development field. Co-operation in testing and laboratories services could be promoted to help local businesses to meet the growing volume of EC legislation on technical standards.

At a more ambitious level, there could be some scope for effective co-operation in teacher training and provision of higher education where duplication could be reduced and economies of scale obtained.

(f) Health

Co-operation in respect of emergency planning, provision of acute services, or procurement of equipment for diagnostic purposes on a cross-border basis might be worth pursuing. Co-ordination of medical research could be cost effective.

(g) Arts/Sport etc

Increased co-operation on the managing and promotion of events etc could be productive.

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(h) Agriculture

There is scope for co-operation in relation eg to animal and plant health, forestry, and fisheries where existing co-operation could be developed, and also areas such as agricultural education and training; research; and rural development.

There would, however, be substantial difficulties in operating CAP Support on an all-Ireland basis. It would be extremely difficult in practice to operate agriculture support on an all-Ireland basis because currency fluctuations could make it necessary to apply different green rates in the two parts of Ireland or to apply MCAs on trade between Northern Ireland and Great Britain.

(i) Social Security

The potential for creating "losers" in the context of harmonised policies and legislation would be a constraint: for example, a Social Security beneficiary might be less favourably treated as a result of moving from a separate Northern Ireland or Republic of Ireland regime to a harmonised regime. The long-standing practice of maintaining virtually complete parity between the Northern Ireland and Great Britain social services systems might also be a constraint.

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8. The creation of any new institutions to promote the sort of co-operation possibilities in individual subject areas mentioned above would need to be carefully examined case by case. It may be convenient to address any such proposals in the light of consideration by Talks participants of overall North/South institutional arrangements.

9. HMG's preferred approach is that the opportunities for and constraints on greater co-operation should be examined on their merits within newly - created North/South arrangements; and thus that the Talks should address general structures rather than specific sectoral arrangements.

10. However it might also be possible to agree to study particular sectors and/or produce outline agreements, subject to detailed examination, on sectoral arrangements in the Talks package.

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