

Brexit - Implications for Ireland and the Border Areas

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- The Western Development Commission- what we do
- Statistics
- Possible implications of Brexit
- Where are we now?
- Budget 2018 and Brexit
- Proposed WDC work on Brexit

- 7 county Western Region
- State body – Department of Rural & Community Development
- WDC Act 1998

'....foster and promote the economic and social development of the Western Region'



Western Development Commission

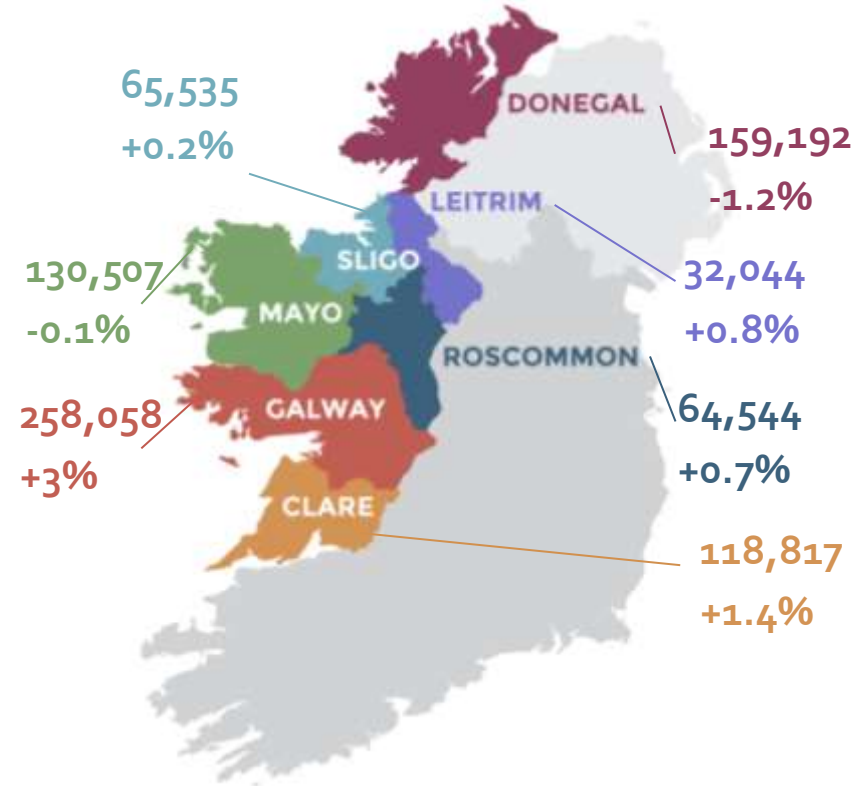
–Introducing the WDC ...



- The Western Development Commission (WDC) is a statutory body under the Aegis of the Department for Rural and Community Development
- It was set up to promote both social and economic development in the Western Region by:
 - Ensuring that government policy is directed at improving the social and economic situation in the region.
 - Developing projects in tourism, creative, renewable energy, technology and organic agri-food, and so on.
 - Operating the €32 million Western Investment Fund (WIF) to provide loans and equity to business and local communities in the West.
 - Engaging with diaspora and promoting the region

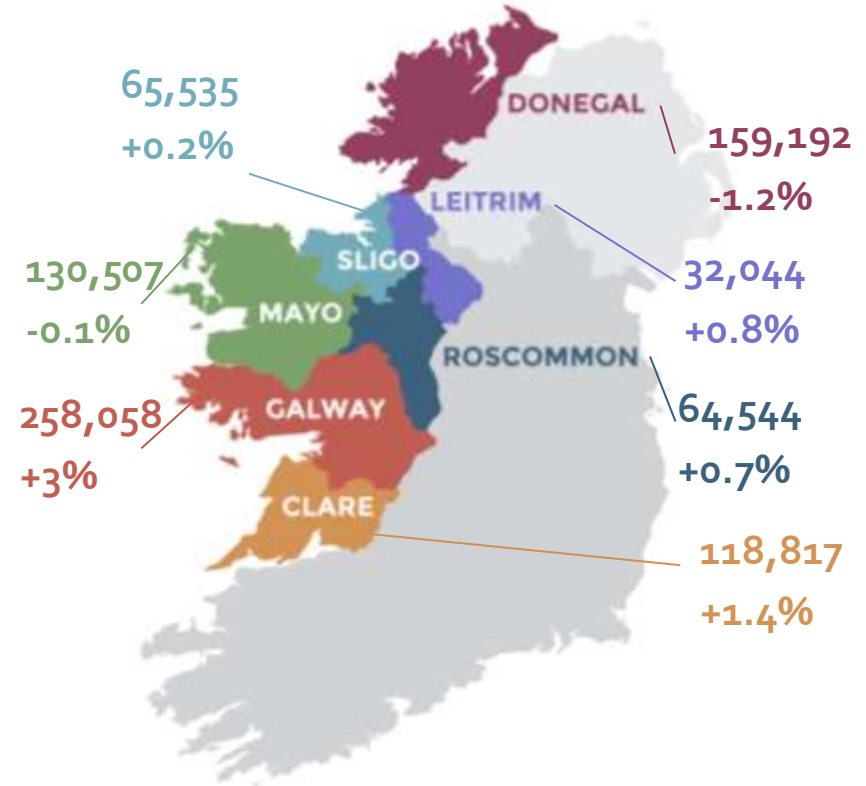
The Western Region

- 828,697 people (2016)
 - 17.4% of national population
 - 1841: 30.7%
 - +0.95% in WR v +3.8% in State (2011-2016)
 - Home to only 2 counties in Ireland with pop decline
- 64.7% live in rural areas v 37% in State
- 37.1% of Republic of Ireland land area
 - 31.82 persons km²
- Urban centres: 1 city; 5 towns 10,000+; 34 towns 1,500-9,999



The Western Region

- Income
 - Household disposable Income Western Region is €16,963 (2014) 88.5% of state avg
- Output
 - West GVA is 71.3% of state avg (2014)
 - Border GVA is 48.2% of state avg (2014)
- Labour Market
 - 333,919 people 'at work' (2016)
 - 53,811 unemployed (2016)



What do we do?

- The Western story (16K citizens involved, 30K monthly visits to www.Lookwest.ie)
- Working in strategic regional development (Creative economy, Renewable Energy, Tourism)
- Linking local authorities
- € 8.2 M invested in regional businesses from the Western Investment Fund (WIF)
- Micro loan fund, WRAP fund

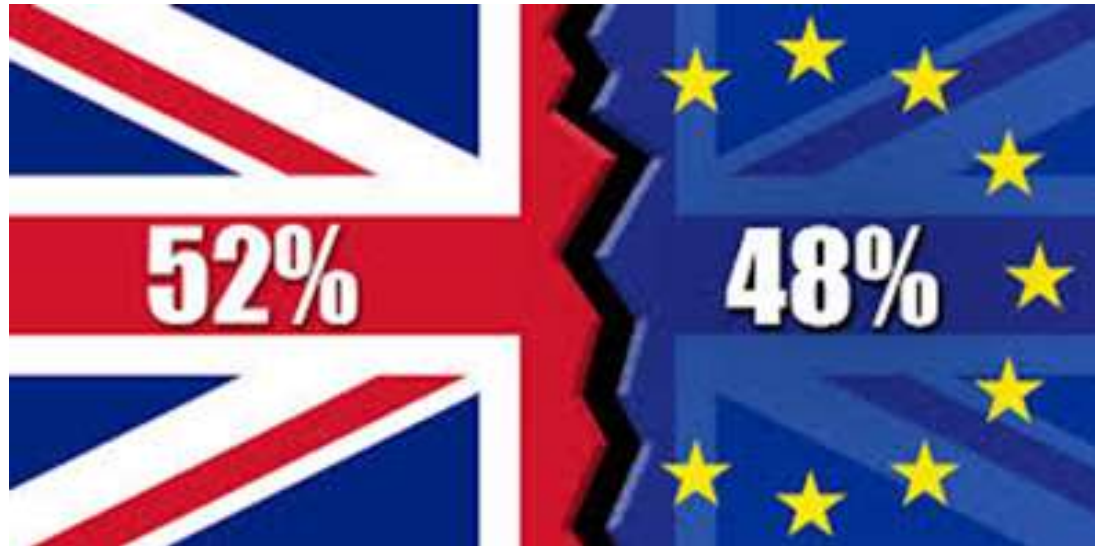
What we do

- Inform **policy**-making through **analysis** of region's issues & needs (e.g. labour market, infrastructure)
- Focus on:
 - Socio Economic Analysis
 - Census, employment, income, output, sectoral
 - Infrastructure
 - Transport: Rail, aviation, road
 - Energy: Electricity, Natural Gas, Renewables
 - Broadband
 - Engaging with policy formulation/ monitoring



- **Census 2016**
 - Results until December 2017
 - Blog posts, Insights, Infographics ...
 - Responding to queries from LAs, community groups etc.
 - Travel to Work – commissioned detailed analysis
- **Other data**
 - Labour market (Live register, QNHS)
 - Regional income & GDP
 - Population projections
 - State assisted employment / IDA

Brexit -23rd June 2016



- Arts, Heritage, Regional, Rural and Gaeltacht Sectoral Dialogue
- Considering commissioning a Brexit Communities Study
- Brexit Analysis

- Trade- practicalities and costs
- Supply chains
- Infrastructure
- Services
- EU programmes
- Commuting
- Communities
- Opportunities

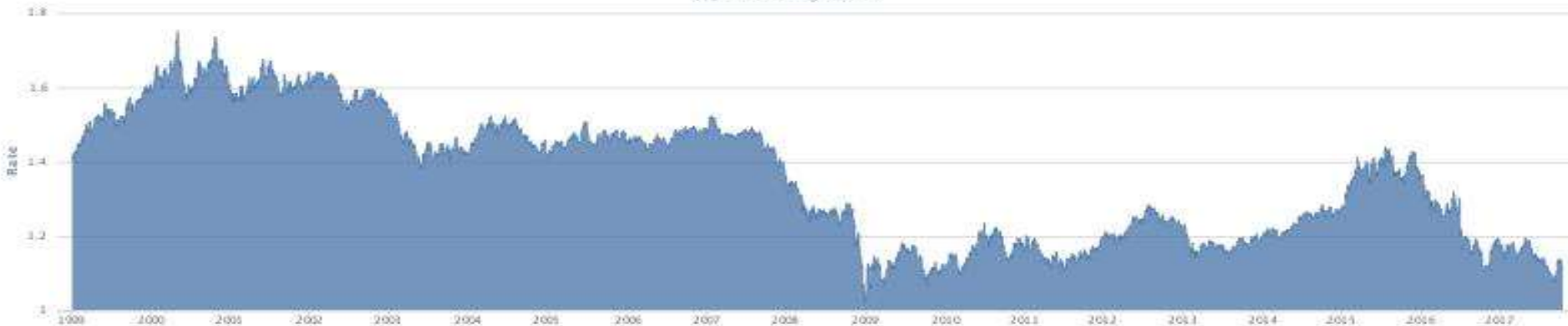


BREXIT

The word 'BREXIT' is rendered in a bold, blocky font. The letters are filled with a pattern of the Union Jack (UK flag) and the European Union flag (blue with yellow stars). The letters are slightly shadowed, giving them a 3D appearance.

Some Statistics: Currency

Historical Spot Exchange Rates for GBP to EUR: Year 1999 – 2017
(c) poundsterling@live.com



- Although the main impact so far has been on currency, it may not be the main impact
- We have been here before...
- Cross border trade, hedging and management of risk

Date	1€=?p	1£=€
26.4.2000	58.4p	1.71
29.12.2008	97.8p	1.02
23.07.2015	70.7p	1.41
27.08.2017	92.2p	1.08
10.10.2017	89.4p	1.12

Ireland- Northern Ireland

- 110m border crossings (person)
 - Mainly by private vehicle
- 0.9m crossings by rail
- 15 principal crossing points- 43m recorded vehicle crossings
- Many other crossings
- Road network can mean multiple crossings

Ireland –GB

- 15.4m crossings of which:
 - 12.7m by air
 - 2.7m by ferry
- Main reason is to visit friends and family
- Holiday and business trips next most important.

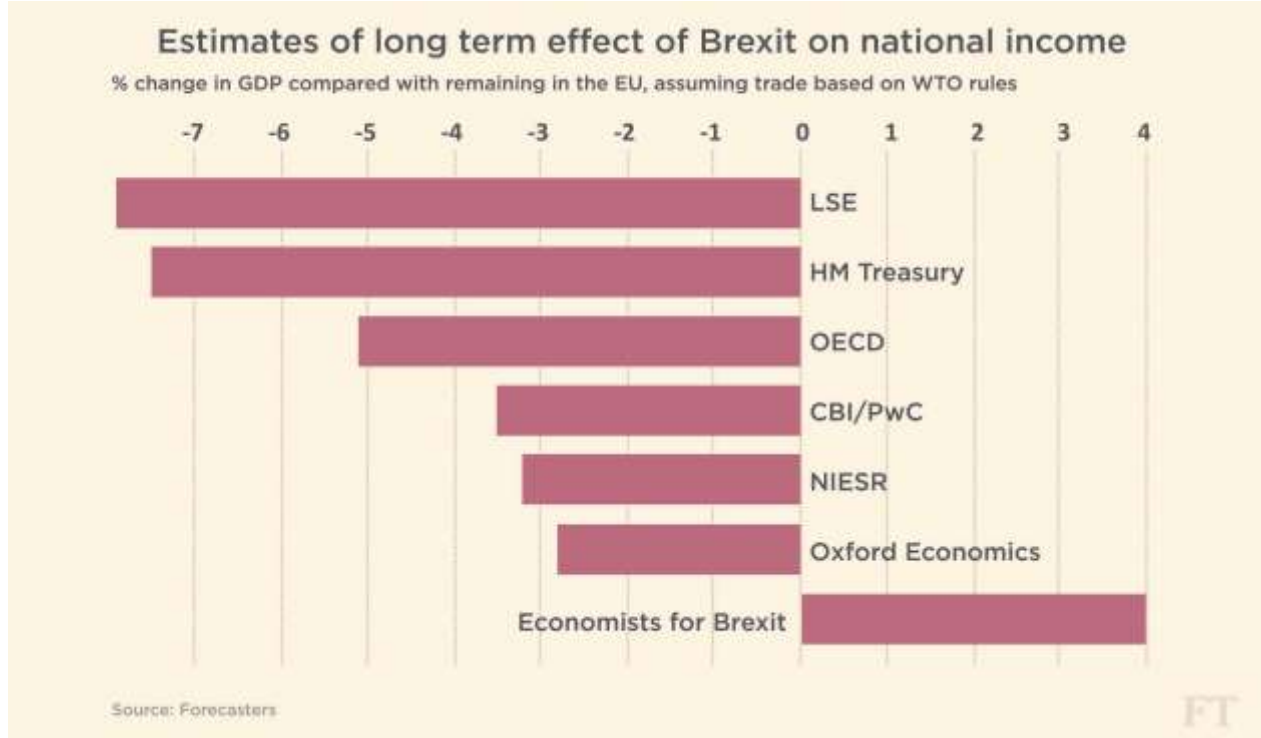
Source: HM Government, 2017, Northern Ireland and Ireland - position paper [Additional data paper: Common Travel Area data and statistics](#)

Some Statistics: Border Crossings

- Over 480 km of border between Northern Ireland and the Republic of Ireland and 275 border crossings
- 6,000km long border to the to the East of the EU - 137 border crossings
- Poland and Ukraine- 11 crossings on a 850 km border
- 13 official border crossings between Finland and Russia (1,340 km)



Some Statistics: Potential effects of Brexit



- Source: Financial Times, 27 June 2016 –from Initial Analysis of the Challenges and Opportunities of Brexit for the Derry City and Strabane and Donegal County Council Areas- the North West City Region

Brexit – the immediate response

Swift market response

- Large shifts in Exchange rates
 - Global equity markets sell off and recovery
 - Large movements in financial markets

Short term economic outlook negative for UK

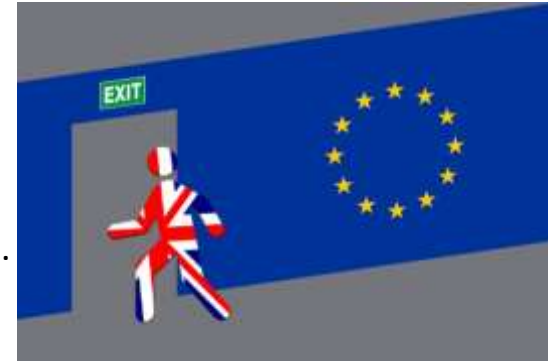
- BOE reduced its forecast for 2017 from 2.3% to 0.9% (largest in 20 years) .
- Rating agencies have cut the UK's credit rating.

Irish growth likely to slow in response

- Reduced exports (sterling)
- Reduced business investment (uncertainty)
- Goodbody Stockbrokers expecting growth to slow by 0.5 to 1%

Impact on EU likely lower in near term

- EU commission forecasting growth to slow by 0.25 to 0.5%



Information courtesy
of IDA Ireland

Negotiating the new UK/EU relationship- Uncertainty

- Numerous potential outcomes of negotiations

European Economic Area (e.g. Iceland, Liechtenstein, Norway)

- Single market.
- 4 freedoms - people, services, goods & capital.
- Comply with standards but little influence on them.

EU/UK Free Trade Agreement (e.g. Canada)

- 99% of customs duties removed.
- Sector specific access to single market
- Free movement of key personnel only

Customs Union (e.g. Turkey)

- Tariff free trade on goods
- No access to services market
- No free movement.

World Trade Org (e.g. USA)

- UK businesses trading with EU comply with EU standards.
- Introduction of tariffs and customs barriers .

- First we need to think about:
 - Uncertainty
 - Complexity
 - Timelines



Business Impacts

- Imports and exports from UK (currency swings)
- Competition in 3rd markets
- Uncertainty leading to delay in decision making
- Global economic impact with likely impact on FDI flows
- Financial Services
 - Regulatory Passports



- Customs Payments
- Border Crossings
- Inspections
- Traded services?
- VAT application and rules

- Development of a grey economy?



- Raw materials and product crossing the border at different stages of the production process
- Manufacturers
- Dairy Processors



Infrastructure impacts

- Roads- major and minor
- Rail- customs and management of service
- Bus-border crossings routes and time
- Air- crossing borders to access airports
- Ports and Ferries
- Energy-
 - Electricity
 - Natural gas



Infrastructure Priorities- North West City Region



- A5 Western Transport Corridor
- The A6
- The N14 Letterkenny/Lifford road
- Increasing the frequency of inter-rail connectivity
- The development of our Airport & Port
- The A2 Buncrana Road Economic Corridor
- A multi-modal transport hub
- Significantly improving rural broadband connectivity

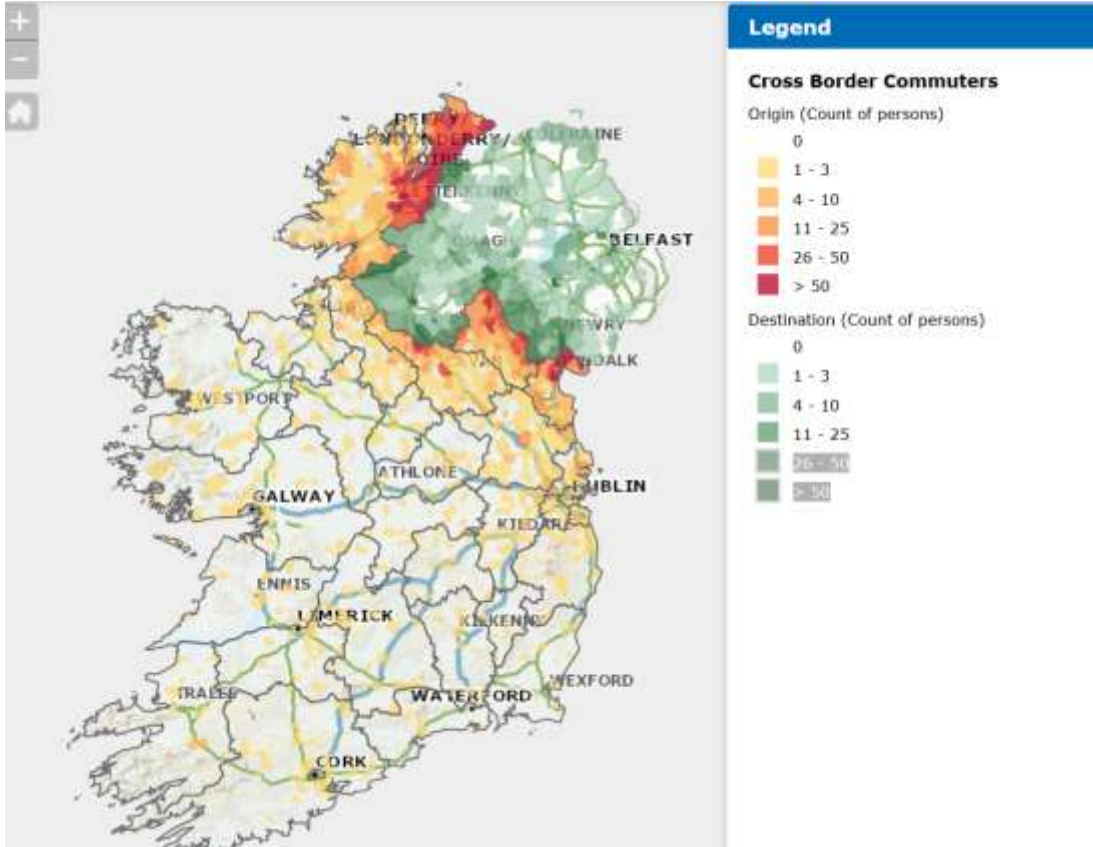
Initial Analysis of the Challenges and Opportunities of Brexit for the Derry City and Strabane and Donegal County Council Areas- the North West City Region

Commuting- Potential Issues

- Border Crossings
 - Time
 - Unpredictability
 - Visas for non EU workers
- Currency of wages and salaries
- Location of spend
- Taxation



Commuting: origin and destinations of cross border workers and students- Census 2016



- Commuting
- Border crossings
- Wages and salaries
- Where will they live

CSO, Census 2016

Commuting: Top six origin and destination of cross border workers and students (CSO Census 2016)



County	Armagh	Antrim	Down	Derry	Fermanagh	Tyrone	Total
Donegal	21	252	33	4,256	131	915	5,608
Monaghan	533	97	89	21	154	218	1,112
Louth	410	128	350	15	2	21	926
Cavan	33	19	12	9	396	24	493
Dublin City	23	81	37	15	2	19	177
Leitrim	3	10	1	4	113	17	148
All other counties	123	345	153	87	79	85	872
Total	1,146	932	675	4,407	877	1,299	9,336

Cross Border Commuting to School in NI

- Primary School- 693 pupils (aged 5-12)
- Secondary School- 707 pupils (aged 13-18)
- Students at school or college – 899 (commuting) (19 years+)



Source: CSO Census 2016

- A total of 3,531 people stated on the 2016 Census form that their place of work was outside the island of Ireland.
- The most popular overseas working destination was Great Britain; 2,144 commuted to England, Scotland and Wales



Source: CSO Census 2016

- Cross Border Health Services
 - Cancer treatment and radiology services in Derry
 - All Island children's cardiac care in Dublin
 - Local hospital services including renal, ENT, urology

- Primary and secondary- relatively small numbers but complex for those involved
- Third level impacts?
 - Fees and loans
 - Attracting students
 - Entry qualifications
 - Erasmus
 - Horizon 2020 and other funding
 - Staff

- North West Strategic Growth partnership
- Library services (Donegal County Council and Western Library Board)
- EU projects
- Day to day co-operation



- Peace iv €270m
- Interreg VA €283m
- Interreg VA: Ireland – Wales €100m

- Other Interreg vc:
 - Northern Periphery and Arctic €56m
 - North West Europe-€390m
 - Atlantic Area -€140m

- Interreg Europe (vc)(28 MS,€359m)
 - Specific priorities

- Future of Interreg?



- Living
- Shopping
- Socialising
- Family and local networks
- Culture and identity



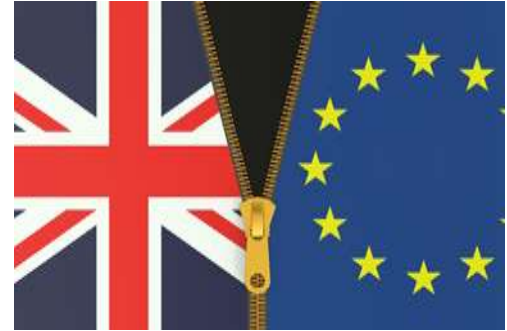
- Visas for visitors?
- Border for visitors?
- **Currency value is crucial**
- Will the border affect visitors plans?



- Labelling and standards
- Access to markets
 - Milk processing
 - Dairy produce
 - Meat exports
- Border delays
- Labour and mobility
- Ports for export?



- Attracting enterprises?
- Access to EU markets- filling a gap?
- Where will the benefits be felt?
- Import substitution?
- More certainty then adapt and get on with it!



Where are we now?

- Three separation issues to be resolved before talks can progress:
 - the Northern Ireland border,
 - the rights of EU citizens living in Britain,
 - the divorce bill
- These separation issues to be resolved before talks can progress:
 - Potential for 2 year transition period- what will it mean?

Brexit Measures in Budget 2018

- 5 new Missions with trade focus for Department of Foreign Affairs & Trade and increased resources for Brexit response;
- New €300 million low-cost Brexit Loan Scheme for Business
- Doubling of additional Brexit-related staff for State Agencies
- €25 million in loan schemes for Agri-food Sector
- Supports for Capital Investment in the Food Industry and for Bord Bia marketing and promotion activities
- VAT Rate on Tourism and Services Sector to Stay at 9%

Proposed WDC work on Brexit

- WDC is considering a study of potential local consequences for the rural communities living along the Border who are most exposed to Brexit and for other rural areas which might be affected by changes to the operation of the Border and to associated regulations and practices. **No decision has been made on this study.**
- We have a weak understanding of:
 - the reasons people are travelling across the Border;
 - how often they travel;
 - whether it is for work, trade or social reasons.
- Similarly, we don't have good information about:
 - local businesses trading;
 - service provision;
 - community engagement;
 - local social and cultural activities across the Border.

Potential WDC work on Brexit- areas to consider

- Better knowledge of the negative effects and how, in as far as possible, they might be mitigated.
- Insights into the ways we can take advantage of potential opportunities from Brexit to stimulate job growth, competitiveness and innovation in rural areas.
- Baseline information about current cross Border activities, both economic and social, so that the *actual impact* of Brexit may be measured in the future.
- Ensure that potential problems and benefits are considered from a *local community* perspective with a particular focus on *rural communities*
- Show clearly the impacts for local communities and rural dwellers of a Brexit rather than provide a national view of the challenges and opportunities.

- It could consider key aspects of cross-border activity and the impacts of Brexit in relation to some of the following:
 - communities
 - individuals' leisure and social activities
 - employment,
 - enterprise
 - local trade
 - health and social care services
 - education
 - other services
 - local area identities
 - psychological impacts of a return to a more visible Border

Potential WDC work on Brexit

The study *might* provide insight information on some of the following:

- Services which are supplied across the Border to rural communities which could be impacted by Brexit including services provided by public, private and voluntary sector should be considered.
- The extent of cross-border commuting and the nature of the employment associated with it and potential difficulties which might arise as a result of Brexit
- Types and numbers of cross-border journeys taken and the reasons for such journeys, their importance in a local communities context and in the wider region
- Local retail and other local trading activities which take place on both sides of the Border
- Numbers and types of *local* businesses –with particular emphasis on small and micro businesses– which currently have cross-border activities or which might be affected by Brexit.
- The types and estimated of number of cross-border social and community interactions for personal and community activities
- Information about impacts of Brexit on day to day living for those close to the Border including on local and regional identity

Potential WDC work on Brexit- Supply Chains



- The study could also examine supply chains tracking interaction among suppliers and users, any intermediaries, funders or those commissioning services which cross the Border, and consider how these interactions might be affected by Brexit.
- These *could* be examined in relevant areas such as:
 - health care
 - education service provision,
 - local retail activities,
 - local trading,
 - employment
 - local enterprise activities
 - tourism

- WDC Insights papers
- WDC Insights Blog
- WDC Reports
- WDC Policy Briefings
- Submissions
- Data and Infographics

- Short, 2-page analysis of key issues or data
- **19 published to date**
- Targeted at politicians and policy makers
- Published on WDC website, circulated by Mailchimp (530+), blog post & tweet
- May be summaries of longer reports



WDC Insights - the policy team blog

- Weekly blog on variety of topics: data analysis, policy comment, news and policy issues
- **115 blog posts to date**
- **40 blog followers, posts are tweeted**
- Recent items: Census, income and poverty, RSES
- Follow the WDC Policy Analysis Team Blog at <https://wdcinsights.wordpress.com/>



WDC Reports

- Longer, more detailed reports
- Full Designed/Printed or In-house style
- **29 (approx) published to date**
- Sectoral Issues, Infrastructure, Data Analysis
- Published on WDC website, circulated by Mailchimp (530+), blog post & tweet
- Previously hard copy posting, but rare now



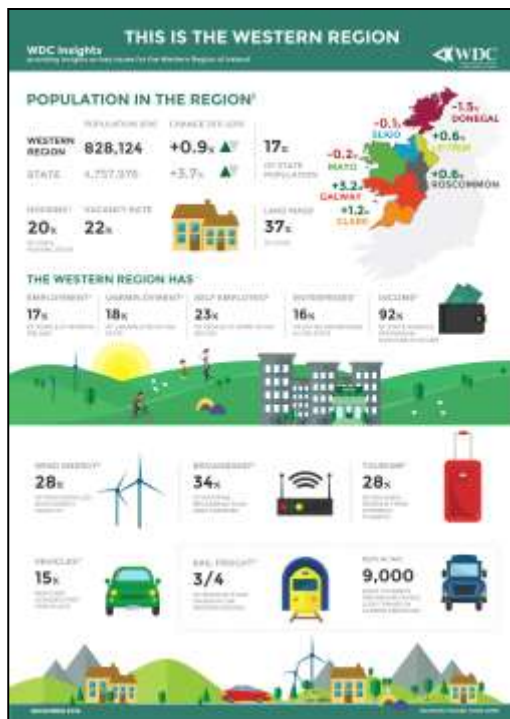
1. Why care about regions?
2. How is the Western Region doing?
3. Air access and the Western Region
4. Education, Enterprise & Employment
5. Why invest in gas?
6. Commuting to Work
7. e-Working in the Western Region: A Review of the Evidence



Published on WDC website, hard copy print run, circulated by Mailchimp (530+), selected hard copy posting, blog post & tweet

National Policy Submissions (examples)

Sector	Submission
Infrastructure	<ul style="list-style-type: none">• Mid-Term Review of Capital Plan 2016 – 2021• Rail Review 2016• National Broadband Plan Strategy Intervention• Gas Networks Ireland 2016 Ten Year Network Development Plan• Draft EirGrid Transmission Development Plan• Aviation Policy
Regional & Spatial Development	<ul style="list-style-type: none">• Ireland 2040 – Our Plan: National Planning Framework• Census of Population 2021• Spatial Strategies Framework for Collaboration• Mid-term Evaluation of BMW Regional OP• Regional Planning Guidelines (West, Mid-West, Border)
Sectoral	<ul style="list-style-type: none">• Renewable Heat Incentive• Bioenergy Strategy• Energy White paper• Ocean Wealth• Framework for Sustainable Development





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