

**Northern Ireland**

A REGION  
OF THE



**European Union**

### Information about Northern Ireland

Population	(1991)	1.6 million:	0.46% of the EU
Employment	(1991)	0.6 million:	0.46% of the EU
GDP per head	(1992)	78% of EU average	(in current exchange rates)
Birth rate, per 1000	(1991)	16.5:	EU average 11.9 (highest regional rate of EU regions)
Unemployment (Av. 1990-2)		17%:	EU average 8% (using EU Labour Force survey definitions)
Employment in agriculture		4.5%:	EU average 6.4%
Employment in industry		28.3%:	EU average 33.3%
Employment in services		67.2%;	EU average 60.3%



Giant's Causeway. Photo COI Picture Library

The term "European Union" stemming from the Treaty agreed at Maastricht is preferred in this text. However, whenever funding programmes or policies/laws stemming from the original EEC or ECSC treaties are referred to the term "European Community" is used.

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## General Introduction

### 1. The needs of the region

**The contrasts:** There has been some progress:

In the past decade, 1982 to 1992, from a lower starting level, growth in GDP per head in Northern Ireland increased faster than in most other regions of the United Kingdom. It was bettered only in East Anglia followed by the South East, excluding London.

In 1991, GDP per head in Northern Ireland, for the first time in recent years, was higher than in Merseyside. (Economic Trends, December 1993)

But the scale of the changes has been large:

Since 1970, manufacturing employment has fallen by 75,000, (or by 42%). Farm employment has fallen by 25,000.

Since 1970, in contrast, employment in services has increased by over 130,000, of which some is in part-time jobs.

In total, employment in Northern Ireland increased by over 30,000, yet, unemployment also increased by 70,000 over the same period.

With jobless totals running well above the UK and Community average, Northern Ireland needs to tackle its unemployment problem through increased economic growth and investment. The European Commission recognises that the unemployment problem Europe-wide must be a priority area for action.

“In order to reverse the course which our societies, bedevilled by unemployment, are taking, the European Union should aim to create 15 million jobs by the end of the century.” (Growth, Competitiveness, Employment. Commission White Paper, 1993)

The Commission job creation objectives, using population ratios, would convert to the creation of 75,000 jobs in Northern Ireland. The aim must be to do better than the EU average.

The European Union offers: an open Single Market; an opportunity to compete; financial support for economic growth and funding to target specific needs such as improved R & D, rural development, opportunities for women and cross-border cooperation.

## 2. Europe's regional response

The European Union places a special emphasis on the effects of its policies on the less prosperous regions. The harmonious development of the regions can only be achieved by reducing the disparities between the economically strong and the less advanced amongst them. This is why the European Union is committed to reallocate more of its resources, now 25% of the Budget, to the regions which are lagging behind.

The EC Structural Funds consist of the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the guidance section of the European Agricultural Guidance and Guarantee Fund (EAGGF), sometimes known by its French acronym, FEOGA.

Nearly two-thirds of the money in the Structural Funds goes to disadvantaged priority regions. The highest priority is Objective 1, which applies to Northern Ireland, even though Northern Ireland has a level of GDP per head, slightly above the criterion set by the EU.

The European Union is concerned about more than narrowly focused economic development. It also aims to promote the balanced social development of its regions. This takes the Union into programmes related to education, training and mobility. It also includes help for technology training, vocational training for young people, as well as student exchanges between countries.

As later pages will make clear, EC spending programmes represent only a small part of the whole picture. Many important Community policies relate to non-monetary questions, such as the fundamental objectives of securing ease of trade, freedom of movement of people to live and work in any part of the Union, cross-border development of business links, and harmonisation of many aspects of business regulation for the mutual benefit of all citizens of the Union.

At the heart of the Union lies the Single European Market. Within a fully developed Single Market lie the freedoms which can give Europe's businesses a competitive edge in the rest of the world. The logical extension is the adoption of an agreed external trade policy. This sets the scene for the advantages of acting together as, for example, in the recent Uruguay round of world trade talks under the GATT. These trade negotiations, in themselves, may be nearly as significant for regions such as Northern Ireland as the direct application of the Structural Funds.

The progress of the regions and of the Union itself are indivisible.



### 3. European funds for regional development

Although the original European Community of six Member States, in the Treaty of Rome, accepted the objective of reducing regional differences in living standards, it was not until the accession of Denmark, Ireland and the United Kingdom that the EC adopted formal policies directly to help these regions. From the earliest days of the Structural Funds, Northern Ireland has been a beneficiary.

In the late 1980s, the EC adopted the present approach to its funding policy. Indicative Community-wide spending totals were set and the regions were classified according to need. A programme was agreed for each region and linked to an earmarked financial contribution.

Northern Ireland was given Objective 1 status and, for the 5-year period 1989-93, a sum of 793mEcu (£550m) was earmarked within a Community Support Framework (CSF). An additional 95m.Ecu (£72m.) came to Northern Ireland as a result of separate EC Initiatives. These figures exclude agricultural price support and some of the direct income support for the farming sector.

During 1992-93, Northern Ireland Government estimates show that Departments, on their own behalf and for other agencies, received over £140m. from the ERDF and ESF Structural Funds. In addition another £82m. came in payments to help farming (excluding price guarantees). To these figures can be added the indirect contribution to farm prices, through the intervention mechanisms, which is estimated to be worth almost £65m.

For the 6-year period from 1994-99, a new Northern Ireland Plan has been drawn up and submitted to the Commission for approval. The detail of the schemes which will be assisted has (at the time of writing) not yet been decided although it is known that a total allocation of 1,233 mEcu (£940m) has been made. This sum will be supplemented by further amounts agreed by the Commission under special EC initiatives approved for the whole EU. In total, the EC will be providing over £1bn for Northern Ireland over the period. Direct income support for farmers also has to be added to this total.

Whilst this is less than 5% of all Government expenditure, in some sectors, the rate of EC funding is usually 40-45%, and exceptionally more, for particular projects.

## **4. Business generation**

### **a. Trade and expansion**

The effect of European policies on business comes, first and foremost, in the development and implementation of the Single European Market. Access to a tariff-free market with 350 million people, and competition from firms located in the other Member States, as well as in the home market, has fundamentally changed the Northern Ireland business environment. Many local manufacturers depend on sales outside the United Kingdom for their prosperity.

Two examples may serve to illustrate the range of different possibilities.

In 1993, Shorts, the largest local manufacturing employer, formed two new partnerships in addition to the existing European links. For many years Shorts has had a risk and profit sharing venture with Fokker, the Dutch plane makers, in which Shorts supplies the wings for the F100 and, more recently, the F70. Now joint ventures have been set up with two French companies: Thomson CSF, to link to missile production, and Hurel Dubois, to co-ordinate special work on nacelles.

In a recent illustration of the advantages of European access, Benelux International, from Hong Kong, has decided to locate its first European manufacturing unit in Limavady. Benelux hope to supply 'shells', known as jewel boxes, for CD manufacturers in Europe and the United States, and have ambitions to gain nearly 10% of the market.

A rhetorical question serves to illustrate that the creation and evolution of the EU has itself influenced business. Would Daewoo Electronics, Daesung, Texmaco, Seagate Technology, Fruit of the Loom, Montupet, Ford, Michelin and Du Pont be in Northern Ireland to-day if Northern Ireland was not within the EU?

In financial terms, the ERDF is a major source of funds for the Industrial Development Board budget. In 1992-93, when the IDB spent over £90m. on selective assistance and the provision of land and buildings, nearly £19m was earned from the ERDF: the equivalent of just over 20% of the total. £11m. was used to support Selective Financial Assistance to firms. Another £5m. was received to offset some of the expenditure by LEDU, as well as the Industrial Research and Technology Unit and the Northern Ireland Tourist Board.



The industrial development programme approved for 1989-93 paid particular attention to the need for increased investment and improved competitiveness of the small and medium sized enterprises in the economy. Some of the funding was earmarked to encourage better marketing, better quality standards and training and development. A total of £93m. was allocated over the four years.

### **b. Competition and regulation**

One of the important aspects of the Single Market is the freedom of transport operators, especially for freight services, to function across national boundaries without restrictions. Until recently, cabotage (the right to carry goods picked up away from the Member State in which the firm was based and deliver to a third country) was constrained excessively by the number of licences issued by the authorities. In this industry, deregulation (as part of the Single European Market legislation) is now improving competitiveness.

The underlying approach of the EU to the problems of unemployment in the less prosperous regions is to offer assistance, in terms of appropriate policies or financial support or both, to help those regions become self-sustaining on a competitive basis in the enlarged Union. This brings together a number of aspects of policy, especially those relating to competition and State Aids (normally known, in Northern Ireland, as selective financial assistance for industry).

Government financial assistance for industrial investment projects throughout the EU is subject to limits agreed by the Member States. Northern Ireland, as an Objective 1 region, is allowed to offer more generous levels than other regions. However, the whole EU benefits from the creation of a 'level playing field' and the avoidance of unfair competition between competing regions. For some industries with problems of over-capacity or facing structural changes, orderly evolution is influenced by specific Community-wide agreements. Northern Ireland has experienced these problems in the shipbuilding, man-made fibres and textiles sectors.

#### Textiles

Proposals for the granting of State Aids in specific sectors must be referred to the Commission for approval before authorisation can be given. If a project proceeds without State Aid, then the competitive process will influence survival and success and the Commission has no say. What the Commission must do, and has the support of National Governments to do, is ensure that states do not give financial assistance which gives an unfair competitive outcome to a firm which is adding to existing surplus capacity in a critical sector.

## Shipbuilding

Like other shipbuilding companies, the Belfast yard – Harland and Wolff – has suffered the effects of the downward trend in the European industry. More recently, the company has been privatised. No direct EC funds have gone into the company, yet EC policy has been a critical factor during this period. The role of the Commission has been to try to regulate and influence shipbuilding activity across the whole of the EU. For many years, to avoid some of the pitfalls of subsidising excess capacity, the various Shipbuilding Directives have created a Europe-wide constraint on the level of subsidies.

Within the European framework, Harland and Wolff have benefited from agreed intervention funding towards accepting new orders, paid by Government, and an agreement on the launch aid needed for privatisation. Shipbuilding in Belfast now differs dramatically from the labour intensive diversified organisation of the 1970s.



Belfast skyline (Harland & Wolff).

## 5. The physical and social environment

In a unique recognition of the particular problems facing Northern Ireland, the European Commission accepted, in 1989, a special programme as part of the Community Support Framework which was designed to lessen the negative image of the region and promote cross community reconciliation. Although the allocation was initially for £24m., this was increased to £38m. during the programme (1989 - 1993).

Some of the most pressing social and economic problems in Northern Ireland exist in the larger urban centres. These combine the familiar Europe-wide problems of urban regeneration with the additional local dimensions of community divisions.

A feature of this programme has been the support for projects to improve community relations. In the last five years, 58 projects were approved, including significant grants to the Community Relations Council and to promote integrated education facilities.

Funding has also been provided to support the Belfast Action Teams which work in some of the most deprived areas of Belfast to encourage local economic growth and community involvement.

Substantial amounts of ERDF assistance have been allocated to Laganside Corporation to support the development of an inner city area in Belfast alongside the River Lagan. In 1992-93, £7.8m. was received to offset part of the costs of the Lagan Weir, Walkways and the Interpretative Centre. This is part of the continuing, and growing, impact of the Corporation which is ultimately expected to generate over £150m. of investment from the private sector.

In addition to the commercial development, which includes a major Concert and Conference Centre, linked to a new hotel, Laganside will revitalise a large inner city area from the docks along the river and including large parts of the Maysfield leisure complex, the Markets, the lower Ravenhill Road, and the former Gas works site which has now been cleared.

In the next CSF, for 1994-99, the Commission is considering suggestions that this "Physical and Social Environment Programme" should be continued and enhanced as part of the efforts to target social need and give more formal assistance to the development of community infrastructure.

## 6. Farming and rural development

The EU has, over the last 30 years, moved from needing to import a proportion of its supplies of temperate foodstuffs, such as dairy produce and meat, to a position of self-sufficiency and surpluses. Consequently, the relationship between farm prices, farm incomes and stable supplies to consumers has become more difficult to manage.

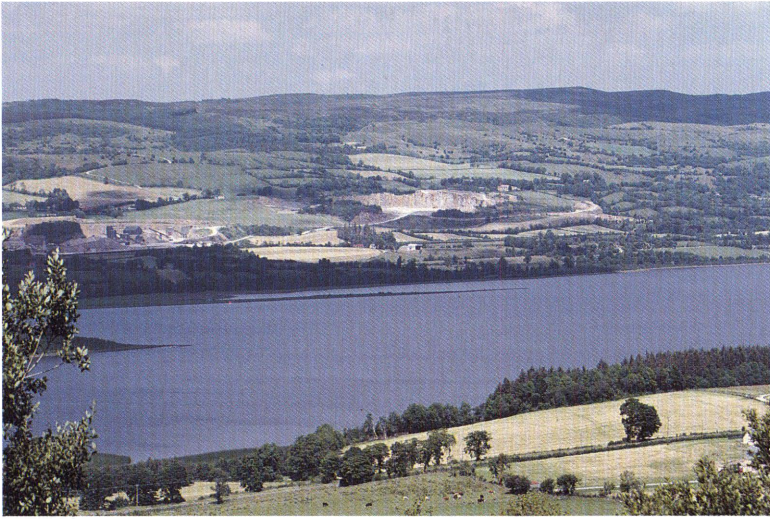
For many years, world market prices have tended to be below those maintained in the EU. Increasingly this imbalance has distorted world trade, partly because the Community exported surpluses at prices which were subsidised by its budget. Intervention stocks have imposed financial and administrative costs.

The reform of the Common Agricultural Policy is shifting the balance. Cereal producers will receive lower intervention prices, but incomes will be compensated by special payments such as the premia to set-aside land from production. Cattle and sheep producers will receive lower intervention support, but this will be offset by lower prices for animal feed and special headage and extensification premia. Milk producers now live with output quotas and penalties for excess supplies.

Despite the constraints of the reformed CAP, milk, beef and sheep meat producers have had a degree of market stability which is sometimes the envy of pig, poultry and potato producers. One sector which would benefit from a stable set of exchange rates, and possibly from full Economic and Monetary Union, is farming. 'Green' pound devaluations, and revaluations, have not eased the working of the CAP and its budget costs.

The benefits to Northern Ireland farmers are the improved prices on selling output, which are difficult to assess on a regional basis but may have been worth nearly a £100m each year in the early 1990's and the other grants and support payments which, in 1992-93, brought payments of £83m. to the Department of Agriculture.

Some of these monies contributed the greater part of the headage payments in certain categories. Over 18,000 farmers each year benefited from the Hill Livestock Compensatory Payments. For example, sheep producers received the equivalent of 30% of the final income from the sale of sheep and lambs in the form of grant support. Other payments helped to finance 35% of the investment costs in marketing and processing projects, as well as a range of capital grants and supports for conservation, drainage, diversification and other structural improvements.



Fermanagh.

## 7. Peripherality and infrastructure needs

One of the unalterable features of Northern Ireland is its geographical setting. Distance from the centre of the Single Market and sea freight movements are both important influences on economic activity.

Peripherality is, of course, relative. Japanese exporters must consider anywhere on the island of Ireland as being not only close to, but within the European market. Cross border trade on this island is easier for some sectors than imports from elsewhere. Nevertheless, the interdependence of economic benefit and improved transport infrastructure is not in doubt.

Consequently, transportation projects were a key component of the first CSF for 1989-93. Around £123 million was provided in EC support for these projects during the period.

### Belfast

Several schemes to assist the economic regeneration of Belfast and its main transport infrastructures were accepted. They included large grants towards the cost of the cross-Lagan railway bridge, linking York Street to Central Station, and major investment in a new lo-lo freight handling terminal in Belfast Harbour.

### The North West

In the north west of the Province, a large part of the cost of the new Foyle Bridge and the port serving the Foyle at Lisahally was paid for by the ERDF. In addition, the major investment at City of Derry airport qualified for assistance.

### Other external links

Larne harbour and Belfast International Airport have both been grant aided through the ERDF. At Larne, this helped to finance the improved freight handling capacity and, at Aldergrove, the investment saw the completion of an extension to the passenger terminal and the opening of a specialised cargo terminal.

### Internal transport

Perhaps the piece of infrastructure development which has been longest in planning is the scheme to radically upgrade the Belfast to Dublin rail link. This programme is now under way with EC support.

Road schemes which have gained EC funding in the last five years include the Castledawson and Strabane bypasses. Work has been started on the strategically important bypass around Newry. Another investment with similar assistance was the new bus station at Enniskillen.

For the next decade, perhaps the most important transport infrastructure question affecting Northern Ireland will be developments in other Irish ports, investments in the main inter-city roads on this island, and the rail and road improvements in Scotland, England and Wales which affect trade and travel between the two islands. In part these will be affected by the encouragement of better cohesion, in planning and execution, the impact of the Cohesion Fund, and the development of Trans European Networks.



Foyle Bridge.

## 8. Human resources

The European Social Fund (ESF) is the main financial instrument through which the EU can aid the many programmes to train, retrain, educate and help people in Northern Ireland to gain professional and technical qualifications. Schemes have been approved to tackle long-term unemployment, for which £25m. was made available, and to assist young people to prepare for employment, for which £113m. was allocated in the years 1989-93.

The main funding for vocational training is in support of activities arranged by, or through, the Training and Employment Agency. In 1992-93, £29m. was received from the European Social Fund to reinforce the skills and competitiveness programmes. £19m of these funds were allocated to the Youth Training Programme and £2m to the Company Development Programme. Another £10m. was paid to organisations outside central Government, including a number of specialist training agencies.

From 1989 to the end of December 1992, over 150,000 people in Northern Ireland had received training under one or more of the various courses.

As part of the special training needs, extensive use has been made in Northern Ireland of support from the HORIZON, NOW and EUROFORM funding initiatives.

EUROFORM has promoted training programmes to meet the new needs resulting from the completion of the Single Market and technological development. In the last 2 years, 22 projects with over 270 trainees and costing more than £1.3m have been funded.

NOW is a scheme to encourage training and employment for women. In 2 years, 18 schemes costing over £0.7m. have secured funds and more than 300 women benefited from the initiative.

HORIZON is a means of helping the integration of disabled people in the less developed regions. This has been used by the Department of Health and Social Services and the T & EA to help around 200 people, through 16 proposals costing £0.9m. in the last 2 years.

Another important part of the contribution from the EU to regions such as Northern Ireland is achieved by initiatives in schools and universities. Some of these are summarised in section 12.



## 9. Energy policies

One of the recent features of European policy has been the emphasis on opening up, linking, and supervising the operation of the markets for energy across the Union. The island of Ireland has attracted particular attention because of the, until now, essentially separated nature of the markets, north and south, from elsewhere.

Four energy interconnections are now being built, or planned, from both parts of the island to Great Britain and, therefore, effectively into European electricity and gas distribution systems.

- The gas pipeline from Moffat in Scotland to Dublin is nearly complete.
- Proposals for an electricity connection from south of Dublin to Wales are at a tentative stage.
- In Northern Ireland, a natural gas link with Scotland has now been commissioned.
- An electricity interconnector to Islandmagee from Ayrshire is now a firm proposal.

European energy and environmental policies now affect Northern Ireland, as well as other parts of the Community.

Northern Ireland has an agreed target to reduce the gaseous emissions from power stations in phases in the next two decades. To contribute to overall environmental improvements, oil and coal burning in power stations without flue-gas desulphurisation will be reduced. The next steps in this process will be met by converting Ballylumford power station to use natural gas.

The Scottish interconnector would also help Northern Ireland meet its obligations. The EC has agreed that, to assist domestic energy prices in Northern Ireland, the ERDF should contribute £61m. to the capital cost.

As part of the European-wide efforts to promote the generation of electricity from non-fossil fuels, the Commission has approved a Northern Ireland scheme for NIE to purchase up to 45 MW of electricity generated using renewable sources, even though this electricity will be more expensive than conventional supplies.

The Valoren scheme has contributed to the costs of providing an electricity supply on Rathlin Island, and is also part-funding a windfarm feasibility study, along with a demonstration wind turbine and wind monitoring project.

## 10. Green, open and welcoming

Northern Ireland has the potential to attract large numbers of visitors to enjoy the natural amenities of the region. Part of the first CSF acknowledged the specific benefits to be gained from the expansion of facilities for the tourism and leisure industries, and £33m. was earmarked in EC assistance.

Projects undertaken included several flagship investments such as the promotion of Armagh as a tourist centre, (including the development of facilities at Navan Fort), an expansion of the Lough Erne charter fleet of cruising boats, and the Pickie Park complex in Bangor.

Some local District Councils have received EC finance for other tourism projects. Carrickfergus received £1.2m in 1992-93 towards the heritage centre. In that same year, Coleraine received £1.3m for the Dunluce Centre.

Another interesting example of EC influence on tourist facilities has been the loan granted to the Burrendale Hotel in 1989 from the European Investment Bank.

Natural amenities, water quality, waste disposal plans and control of pollutants are all also of critical interest to the residents of the region.

Water quality is now being monitored against European standards. The standards of drinking water and bathing water are being assessed throughout Northern Ireland on a regular basis. The distinguished European 'blue flag' award has been made to several of Northern Ireland's favoured beaches.

In addition, discharges of foul water or contaminated water, into rivers or the sea, is now constrained by legislation based on the Urban Waste Water Treatment Directives.

Co-operation through the EU has implications for these amenities and, indeed, for the wider urban and rural environment. European policies on air and water quality and handling of waste and pollutants are all contributing to an enhanced environment.

## 11. Special EC initiatives

Outside the mainstream CSF funding programme, the EC also provides aid for special initiatives which target funds to areas of specific need. These include interventions in the following areas:

### Science and technology

EC aid in Northern Ireland is designed to encourage the increased competitiveness of business by the improved application of modern science and technology, research and development.

Special initiatives, such as STRIDE, TELEMATIQUE, PRISMA and ENVIREG, funded under the ERDF, have benefited sectors of industry or aided the links between the Universities and industrial partners.

STRIDE promotes regional research and technological development and seeks to promote links between local business and research establishments. In 1992-93, over £4m. was drawn in Northern Ireland under this scheme. More recently, in a major development, Du Pont announced that it is locating a research facility for the application of Kevlar at Maydown. This £8m. project is being backed by the ERDF through the Industrial Research and Technology Unit of the Department of Economic Development. Kevlar, an exceptionally strong but light man-made fibre, was first manufactured at Maydown in 1988.

TELEMATIQUE offers funds to promote the use of advanced telecommunication services in the least favoured regions, of which Northern Ireland is one. As a result, British Telecom (BT) recently installed a high quality optical fibre network for BT services in the Province.

In 1991 BT in Northern Ireland also arranged a loan of £90m from the European Investment Bank to extend local investment.

ENVIREG targets EU funding to be used to improve the environment, for example, in the control and management of toxic waste. In 1993-94, it is estimated that over £8m. will be received from the ERDF for these schemes.

PRISMA: provides support to companies to help them improve the quality of their products, including technical assistance for certification and testing.

## Industrial change

One of the most recent examples of a new Community Initiative in Northern Ireland is the KONVER scheme to help areas where jobs have been lost because of cutbacks in defence, or related industries. In December, 1993, it was announced that £15 m. had been allocated to the United Kingdom. Northern Ireland, which is not sharply affected by defence cuts, benefits with a small allocation of £300,000. Half will go to the Northern Ireland Economic Research Centre for work on 'Skills, innovation and company adaptability'. The remainder will aid the development of European Satellite Information Services, an enterprise venture to improve low cost links between suppliers and buyers across the EU, and will be of particular benefit to Northern Ireland businesses.

Another example is the RETEX initiative which targetted regions heavily dependant on the textile and clothing industry. It provided funds to pave the way for economic diversification. The total allocated to Northern Ireland was 2.3mEcus.

## Rural development and border areas

In recent years the Commission has introduced two special programmes which each have relevance to the rural areas. LEADER is an initiative to encourage special rural development measures, and has been used to part fund the newly established Rural Development Council.

INTERREG is an initiative to promote cross-border cooperation and the economic development of border areas. Over £55m. was made available up to the end of 1993 under this initiative and a revised scheme is being introduced from 1994 onwards. The best known project helped under INTERREG has been the Ballyconnell Canal restoration.

EC funding for rural development, border areas and other development programmes is also made available through a contribution by the Commission to the International Fund for Ireland (15mEcus per year).

The combined actions of the International Fund and INTERREG have made a big impact on tourist facilities, community development, economic regeneration and rural activities in the border counties.

Another group of EC programmes focus on the education sector.

These include ERASMUS and LINGUA which encourage educational mobility for students in higher education. In the last four years over 700 local students have benefitted from this experience. Another 200 people participated in the COMETT programme which is designed to promote co-operation between universities and industry.

## 12. Cross border co-operation – see also INTERREG in Section 12

The Single Market is just as 'single' between Northern Ireland and the Republic of Ireland, as between any two other parts of Europe with a frontier within the Union.

At times, in recent years, the Irish border seemed to be a bigger economic barrier because of the influence of the EU rather than in spite of it. The evolution of the European Monetary System and the attempt to launch an Exchange Rate Mechanism took sterling and the Irish currency out of parity. The 'green pound' of the CAP made smuggling a profitable if illegal past-time when monetary compensatory levies should be paid. Differences in VAT and excise duties distorted cross-border shopping.

Gradually these differences, or divergences, have reduced or are being reduced.

Cross-border trade is now no longer subject to border checks. The potential for more cross-border business is being studied by the Irish Business and Employers Council, working with the Confederation of British Industry in Northern Ireland.

Freedom of movement within the European Union and the opportunity to seek employment, or residence, now exists. Mutual recognition of qualifications poses only minor problems and reciprocal rights in the social security mechanisms are available.

Business links and integration are being influenced by market conditions. Nearly all the large dairy industry organisations in the Republic now have subsidiary plants in Northern Ireland. So also do many of the large beef processors. For example, Golden Vale, which owns Leckpatrick, is co-operating with Unigate, which owns Fermanagh Creameries, in rationalising cheese manufacture. One of Northern Ireland's most profitable companies, the Ulster Bank, now does over 50% of its business in the Republic of Ireland and earns nearly 60% of its profits there. AIB has now merged with the TSB Bank in Northern Ireland and registered a new 'third force' local company, First Trust Bank, in the region. Glenn Electric, perhaps the second largest manufacturer registered in Northern Ireland, operates its world wide business from headquarters in Dunleer in the Republic.

### 13. Some questions answered

#### Which area does best?

**Fact:**

The Republic of Ireland receives more, per person, from the EC to assist Irish economic development than does Northern Ireland.

**Comment:**

When the money from the various Structural Funds, and the agricultural intervention funds, is converted to a total, Northern Ireland received about £350m. in 1992-93 from the Community budget. This is indeed less than proportionate to the sum allocated to the Republic of Ireland. From a Commission viewpoint this must be seen as the difference between support for a less well-off Member State and support for a region within a better off Member State. When United Kingdom subventions are added to EC funding, Northern Ireland gains a larger amount of financial support.

#### Why does Northern Ireland not receive a share of the Cohesion Fund?

**Fact:**

The Member States agreed at the Edinburgh summit, in 1992, to create a Cohesion Fund to help the four Member States with the lowest levels of GDP to adjust to the costs of European Economic and Monetary Union: Spain, Greece, Portugal and Ireland qualify.

**Comment:**

The Cohesion Fund is designed to ease the funding problems of the four qualifying Member States as they adapt to the closer integration of the EU. The fund is to provide support to encourage necessary investments in transport infrastructure and environmental schemes. The Cohesion Fund is not directly applicable to regions. The United Kingdom is not one of the four countries which qualifies.

The fear that this may mean better road and port developments in the Republic of Ireland than in Northern Ireland is linked to the notion that the Cohesion Fund gives a relative advantage to Ireland. Northern Ireland's transport infrastructure is a component part of the CSF plan which is under consideration for 1994-99.

## **Why does the Commission want to abolish the Milk Marketing Board?**

### **Fact:**

All the five milk marketing boards in the United Kingdom are being wound up and replaced by non-statutory organisations.

### **Comment:**

This change is designed to introduce acceptable competition within the EU for milk supplies. It is not a criticism, as such, of the Boards. In the past Boards played a valuable role in giving some security to producers and disposing of milk to processors. However, in the EU, a competitive market can now operate without statutory powers and thus remove any suggestions of consumers paying higher prices because of undue market protection. The competition policy is not designed directly to affect the profitability of milk production by farmers.



## Will Enlargement adversely affect Northern Ireland?

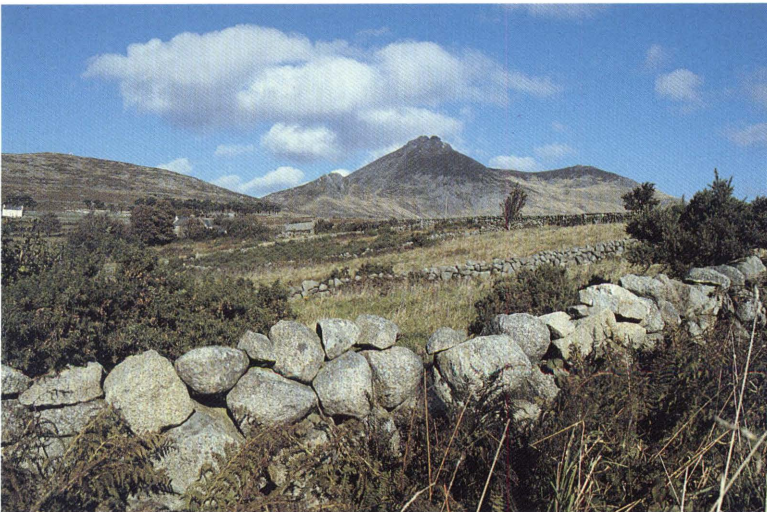
### Fact:

Plans for the accession of Austria, Norway, Sweden and Finland to the EU are near conclusion. This will bring four relatively prosperous new Member States who will be net contributors to the EU budget.

### Comment:

The advantage to Northern Ireland is that the Scandinavian members will bring an understanding of the problems of peripherality and will offer markets on the northern edge of the EU. In anticipation of the changing orientation of the Union, one particular initiative in the North of England shows a potential area of interest.

The Northern Arc: early in 1993, the Northern Development Office in Newcastle upon Tyne initiated studies to examine the potential for special initiatives to link the countries lying on the Northern Arc of the EU, reaching from the northern counties of the Republic of Ireland, Northern Ireland, the North of England, Scotland, Denmark and the Nordic countries, possibly extending into other Baltic States and Russia. This concept gives reinforcement to the role of cross-Pennine routes, road links through southern Scotland and the development of sea ports which will be helpful to Northern Ireland.



Mournes.

## 14. Useful sources of information

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# United Kingdom Regions

NORTHERN IRELAND A REGION  
OF THE EUROPEAN UNION

## 1 South West

Devon  
Cornwall

## 2 West

Dorset  
Wiltshire  
Somerset  
Avon  
Gloucestershire

## 3 East

Norfolk  
Cambridgeshire  
Suffolk  
Bedfordshire  
Essex  
Hertfordshire

## 4 West Midlands

Staffordshire  
Shropshire  
West Midlands  
Warwickshire  
Hereford and Worcester

## 5 North

Durham  
Tyne and Wear  
Cleveland  
Northumberland  
Cumbria

## 6 South East

Kent  
West Sussex  
East Sussex  
Surrey

## 7 South

Hampshire  
Berkshire  
Oxfordshire  
Isle of Wight  
Buckinghamshire

## 8 East Midlands

Leicestershire  
Nottinghamshire  
Northamptonshire  
Lincolnshire  
Derbyshire

## 9 Yorkshire & Humberside

South Yorkshire  
West Yorkshire  
North Yorkshire  
Humberside

## 10 North West

Greater Manchester  
Merseyside  
Lancashire  
Cheshire

## 11 Greater London

## 12 Scotland

## 13 Wales

## 14 Northern Ireland

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**Northern Ireland  
Region**

- Antrim
- Armagh
- Down
- Fermanagh
- Londonderry
- Tyrone