

RESTRICTED

19 September 1996

TO: 1. PS/Baroness Denton  
2. Mrs Brown (Cent Sec)

FROM: Ashley Ray  
(Central Management Branch)

cc Secretary  
Mrs Brown (Cent Sec)  
MC

**BRIEFING FOR THE PRIME MINISTER**

1. The Minister requested that the briefing supplied with my earlier note required considerable editing to make it more concise.
2. Attached below are drastically reduced contributions, as requested, as follows:
  1. Trade and economic co-operation between Northern Ireland and the Republic of Ireland;
  2. Impact of summer disturbances on inward investment;
  3. Impact of summer disturbances on tourism performance;
  4. Unemployment/employment;
  5. Targeting Social Need (TSN); and
  6. MacBride Principles/Campaign.

*Ashley Ray*

**ASHLEY RAY**

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TRADE AND ECONOMIC CO-OPERATION BETWEEN NORTHERN IRELAND AND  
THE REPUBLIC OF IRELAND

**LINE TO TAKE**

There continues to be good co-operation between Government agencies and private sector business organisations in Northern Ireland their counterparts in the Republic of Ireland on a wide range of cross-border trade and economic development projects. Any initiatives which will contribute to the provision of job opportunities and prosperity for people in both parts of the island will be encouraged.

**BACKGROUND NOTES**

**1. CROSS BORDER TRADE**

- (i) CBI(NI) and Irish Business and Employers Confederation (IBEC) have co-operated increasingly over recent years to bring firms from North and South into contact for trade, possible joint ventures etc. CBI(NI) and IBEC now have a Joint Council.
- (ii) Northern Ireland Chamber of Commerce and the Chambers of Commerce in Ireland are also involved in a number of joint initiatives including "Business without Borders" and "Chamberlink" which are aimed at fostering contacts between business people on both sides of the border.
- (iii) Total trade between NI and RoI amounted to £1,444 million in 1995.
- (iv) Republic of Ireland is a major export market for Northern Ireland goods and services, accounting for 24% of total exports in 1994. For small companies the Republic is even more important, representing 63% of total export sales.
- (v) The Northern Ireland Economic Research Centre (NIERC), have estimated that a doubling of North/South trade to raise output by an extra £500m, would create 7,500 additional jobs in Ireland as a whole.

**2. EXAMPLES OF COOPERATION**

**Reciprocal Graduate Training**

A reciprocal agreement exists with FAS which operates graduate training programmes similar to those operated by the T&EA in Northern Ireland. Under that agreement, both organisations recruit candidates irrespective of where they live on the island of Ireland.



## **Sourcing**

In May 1996 IDB and Forbairt (Irish Agency with responsibility for Home Industry) organised a joint sourcing visit to Japanese companies based in Great Britain. A total of eight companies from the Precision Engineering Sector, (4 from the North and 4 from the South) met Sharp, Panasonic, Sony and NEC - all in the consumer electronics sector.

## **The Technological Innovation Centre Scheme (TICS)**

Administered jointly by IRTU and Forbairt (RoI), this IFI funded scheme aims to increase the competitiveness of Irish Industry through the promotion of innovation and technological change. TICS introduced in 1994, established, on an all-Ireland basis, centres of technological excellence.

## **Energy**

### **North South Gas Interconnector**

Agreement has been reached between the Department of Transport, Energy & Communications and DED to undertake a detailed feasibility study into the possibility of a North South Interconnector linking the Gas Systems in Northern Ireland and the Republic. The perceived benefits would be security of supply, a reduction in costs and an increase in the availability of natural gas.

### **Electricity Interconnection**

The restored 275kV electricity interconnector linking the systems of Northern Ireland Electricity and the Electricity Supply Board has been used since April 1995 to provide support on a standby basis to both systems. The interconnector has had a beneficial effect on the costs of providing spinning reserve and has opened up the opportunity for profitable trading. The two undertakings are currently studying the feasibility of further interconnection.

## IMPACT OF SUMMER DISTURBANCES ON TOURISM PERFORMANCE

### LINE TO TAKE

With the situation now stabilised it will be important for NITB and the industry to work to overcome the problems of the summer and build on what has already been achieved. The strength of the product, and the sustained growth seen over the past seven years, show that there can still be a bright future for tourism in Northern Ireland.

### BACKGROUND NOTE

Acceptability of Northern Ireland as a holiday destination in Great Britain and Scotland, which increased during 1995, dipped following the Canary Wharf bombing but had recovered well by June. Levels remain well up on 1994, which is particularly encouraging given the 7% increase in hotel bedroom stock since 1994.

Recent events, especially those of the last two months, have had a significant impact on Northern Ireland's tourism industry. We will certainly be looking at tourism performance on the level of 1994, rather than that seen in 1995. However there is still much good news to report. Investment in development is continuing, media interest in good news stories is increasing and tour operator plans for 1997 and beyond remain by and large unchanged.



IMPACT OF SUMMER DISTURBANCES ON INWARD INVESTMENT

**LINE TO TAKE**

Throughout "the troubles" the economy (with the help of strong public spending levels) has shown considerable resilience. Whilst company confidence in the stability of Northern Ireland has been damaged and whilst NI will be regarded as a region with increased risk I am sure that the NI economy will weather the adverse effects of Drumcree and its aftermath.

Supportive Background Notes (To be used if required)

Since September 1994, 59 projects have been announced by externally owned companies involving £782 million investment, promoting 10,199 new jobs and safeguarding a further 124 jobs. This includes £184 million investment and 3,415 new jobs promoted in 14 new inward investment projects.

Since 9 February 1996 there have been 23 inward investment projects announced by new and existing overseas owned companies involving investment of £397 million, promoting 4,571 and safeguarding 14 jobs. Korean firm YG-1 Tool Company announced it intends to establish £8.5 million project at Poleglass. The US Copeland Corporation announced in June it was to establish a £33 million project at Cookstown creating 330 new jobs. Established overseas owned companies, Daewoo Electronics, Seagate Technology and F G Wilson recently announced expansion projects creating 330,300 and 1,533 jobs respectively.

In addition to Seagate's expansion project the company has announced plans to establish a new £68.2m plant at Limavady which will create 759 new jobs.

In same period 12 NI companies have announced expansions with investment totalling almost £24 million, promoting 518 new jobs and safeguarding further 77 jobs.

## UNEMPLOYMENT/EMPLOYMENT

### LINE TO TAKE

Over the last year employees in employment reached their highest figure on record. Unemployment has fallen to reach its lowest level in over 14 years.

### BACKGROUND NOTES

Northern Ireland unemployment at August 1996 - seasonally adjusted figures - 87,500 (11.3%) up 100 on last month and down 1,700 over the year [unemployment figures reflect enormous effect on the province of the BSE crisis and the summer violence which has reduced business confidence].

One of the most pleasing aspects is that long term unemployment has continued to fall - decrease of 3,684 (7.9%) over the year.

Over the last 6 months there has been an average increase in seasonally adjusted unemployment of 300 per month - compared with average decrease of 200 per month over previous 6 months.

## TARGETING SOCIAL NEED (TSN)

### LINE TO TAKE

The Targeting Social Need (TSN) initiative the Government seeks to improve social and economic conditions by directing resources to areas and people objectively defined as being the most disadvantaged. Northern Ireland's main unemployment blackspots are key TSN targets.

### BACKGROUND NOTE

The Department of Economic Development has developed a strategy for promoting economic growth and the creation of new employment opportunities based on the achievement of international competitiveness. Complementing this strategy the Department, through a heightened emphasis on TSN via IDB and LEDU focusing on companies in TSN areas, seeks to ensure that all areas and sections of the community benefit from economic growth by targeting its spending on those in greatest need. Through T&EA programmes every effort is made to ensure that individuals from TSN areas are participating in their training schemes.