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Bi-lateral with Ulster Unionist Party

Points in response to arguments that may be made by UUP

Possible Unionist Argument

1. General - Irish Government position is too maximalist - beyond what Unionists could accept

Response Points

- Good Friday Agreement was carefully balanced. A strong Strand Two, on the North-South Ministerial Council and on Implementation Bodies is a critical element in the balance, so far as the Irish government is concerned, as with nationalists in Northern Ireland.
- As part of the balance
 - * the Assembly is in place, the legislation is well advanced, as are the other preparations for the Assembly to operate
 - * we in the South have put the consent principle into an amendment to our constitution which will be triggered if and when the Implementation Bodies are created and are ready to operate
- At earlier stages in this process
 - * we agreed to the concept of Implementation Bodies brought forward by the UUP, at the time the Proposition on Heads of Agreement document was produced, a document on which we took significant political risks, in order to accommodate Unionist concerns and give the process a fillip, at a time when it badly needed it.
 - * during Holy Week, we agreed to the Unionist idea of a work programme in which the incoming Administration in Northern Ireland could play a significant part in settling the areas for North-South co-operation, including Implementation Bodies; this was a substantial departure from the Joint Framework Document and without this positive move on our part, there would have been no Agreement.
- Now there has to be satisfactory delivery on Strand Two. This requires serious co-operation in serious areas of the economy, not footling co-operation in marginal areas.
- The economic imperatives point firmly in the same direction. Having regard to the need to put both parts of this island in a position to compete against global competition, we need the critical minimum scale the island economy

can give us as a launch platform into xxx international markets and we need a hands-on approach by public authorities to make this island economy happen

- These requirements dictate that we reap the added value that can only come, where Implementation Bodies are concerned, with significant domains in major sectors of the economy, North and South, domains that can impact solidly on business and economic performance. This has been fully acknowledged by IBEC - CBI (NI) in their paper on North-South co-operation.

2. Tourism

Possible Unionist Argument

- In previous joint marketing exercises, the distinctiveness of Ulster, its British dimension, was totally obscured under a "green and Gaelic" projection of Ireland. If we had an Implementation Body for tourism, the same green blanket would be thrown. We won't even get the proportionate space in the literature.

Response Points

- Northern Ireland would have a 50/50 position on the governing structure of the Body. There is a range of possible structures and the Departments concerned, North and South, favour a limited company model under company law with a view to maximising the involvement of the tourist industry - and their financial contribution to marketing expenditure. But to meet your concerns, we are prepared to go for the State board model, so as to facilitate the opportunity for Ministers from North and South, through the Ministerial Council, to give general directions as to policy. This should ensure that the Body would not operate in a way that would not be satisfactory to you. This assurance should be strengthened by the accountability mechanisms, under which the Chief Executive could be called before the Ministerial Council or before Assembly and Oireachtas Committees, to account for his or her stewardship.
- It is clear that the Northern Ireland tourist industry would welcome a vigorous all-island marketing and promotion body. For us, there are some risks, as in some markets potential visitors may retain a residual mental link between Northern Ireland and violence and we could possibly suffer by association. But we are prepared to take that risk which, from a Northern standpoint, will be minimised where the marketing is of the island as a whole as a destination.
- The two Departments, North and South, clearly see that an all-island Body to market and promote the island as a whole can bring significant added value, including by larger marketing campaigns making a significant impact against the multiple competitors in target markets.

3. Trade Promotion, Business Development and Inward Investment

Possible Unionist Arguments

- There is no added value in a full merger of trade promotion efforts, because Northern Ireland firms can already benefit from the trade promotion activities of the much bigger UK Department of Trade and Industry (it may be suggested that access to the latter would be lost if there were to be an all-island trade promotion entity).
- The two areas are in competition for inward investment. This is a reality of life and a single body could not serve two masters in this cutthroat field. Northern Ireland would stand to lose, because with the South's predatory low corporation tax regime, the body would inevitably be impelled to steer most investment prospects to the South.
- The IDB and LEDU already do an excellent job in business development for indigenous industry and there would be no added value from giving this area to an all-island body.

Response Points

- We are satisfied that there would be significant added value from an all-island approach to trade promotion. We see no reason why Northern firms should not continue to have full access to the DI efforts - but if there were any doubt, I would certainly be ready to take the matter up strongly with Tony Blair. The Northern firms could have the best of both worlds. Some Southern firms may feel this would put them at a disadvantage vis-à-vis Northern competitors but, again, we are prepared to ride out any such concern, in the wider interest of a settlement that brings lasting stability and peace to the whole island.
- *X* We acknowledge that hitherto the two areas have been in competition, as both are with many other countries and regions. In that international competition for mobile investment, it is widely acknowledged, around the world that IDA Ireland is the Rolls Royce of investment attraction organisations. They have unrivalled contacts, including drawing on the Irish-Americans now very widespread at the top of the corporate tree in the U.S. The IDA ~~record~~ *second*, over the past 10 years, in particular, speaks for itself. We are prepared to put that track record, those contacts and skills, at the disposal of the whole island. *X*
- *X* There certainly will be some difficulties ^{for} ~~from~~ an all-island Implementation Body that aims to attract investment but has to do on the basis of two different mixes and packages of incentives. [If it is an area of concern to you, we would be prepared to set target quotas, as regards the division of inward investment projects between North and South]. In this area, there can be no absolute guarantees - ultimately investors decide themselves where they will locate. But I venture to suggest that the results from the North will be considerably better than those achieved to date by the IDB - admittedly operating under *X*

considerable handicaps. [We are ready to operate a very strong guideline to an all-island body as to the target North-South division of inward investment]

- Yes, the IDB and LEDU do a good job but the area of business development is a resource - intensive activity. There are very significant economies of scale and of specialisation to be got from operating on an island scale. This is, in any case, what more and more businesses are doing themselves.
- With us, the relatively new Enterprise Ireland organisation is still only bedding down. But we are prepared to write the organisation large on the island level, in order to reap the political and economic benefits that can flow in the longer term, even if at the cost of some disruption in the shorter term. But, so long as we have a clearly agreed path of evolution, we can develop this Implementation Body on a phased basis, in order to allow the time needed for the substantial organisation - building job involved.

4. EU Programmes

Possible Unionist Arguments (inspired perhaps by Northern Ireland Department of Finance and Personnel)

- It is not possible to separate out the Peace and INTERREG Programmes. They are closely integrated with programmes financed under the mainstream Structural Funds and with public expenditure generally. Related to this, the officials dealing with various measures under Peace and INTERREG are far from being full-time on them - often they spend only 1/3 or 1/4 of their time on those initiatives.
- The determination of funding for these programmes is too closely interwoven with the settlement of overall expenditure priorities for it to be possible to separate it out.

Response Points

- [We are not proposing that the administration of individual measures falling under separate individual Departments would be transferred to the Body].
- The considerations you mention ^{arise} ~~arise~~ in our system too but we are quite satisfied ~~x~~ that the issues can be handled without any major difficulty. Admittedly the expenditure involved is a somewhat higher percentage of total expenditure in the North than with us in the South - but still the percentage even with you is quite low.
- Much more important than any of these issues is that the proposal for an Implementation Body is very much going with the grain of European Commission thinking. The reality is that without a cross-border Implementation Body to manage these programmes, the amount of resources either of us,

North and South, will get, in the next round will be a lot lower than it would otherwise be.

The establishment of an Implementation Body will recognise in a concrete way the role of the EU and of Structural Funds and Community Initiatives, in particular, in promoting reconciliation in Northern Ireland. There is a feeling in Europe that, as compared with the U.S., the European Union's role has not received comparable or adequate recognition. If we now more clearly ~~to~~ give this recognition, through establishment of a dedicated body, it will ~~be~~ help us strongly, in both parts of the island in our efforts to secure Objective 2/ Status for all or a substantial part of our territory in the next round of Structural Funds.

5. Training and Employment Services

Possible Unionist Argument

- Without harmonisation of certification arrangements for qualifications, an Implementation Body for Training could not operate effectively or provide training courses open to trainees from either part of the island.

Response points

- It is ~~time~~ ^{true} that harmonisation of certification would be necessary before there could be full integration of the TEA and ~~its~~ Southern counterpart, FÁS. But promotion and planning of such harmonisation could be a ~~function~~ ^{function} of an Implementation Body and, in the meantime, we should not let the best be the enemy of the good

- There are not insignificant economies of scale to be ~~regard~~ ^{reaped} from operating certain training activities on an all-island basis. One can start on a modest but useful level, while preparing integration by planned stages.

- The labour markets will increasingly become a single island labour market, reflecting the wider economic and political developments, ^{and} including peace in Northern Ireland. It makes sense to prepare for an ^{and} service this emerging island labour market.

- The grassroots contacts between Northern and Southern trainees will be important in building intercommunal trust and in promoting better mutual knowledge and ~~the~~ ^{thus} consolidating peace.

6. Strategic Transport Planning

Possible Unionist Argument

- We could perhaps consider a small planning body but it does not make sense to try to graft on these other functions, where the added value is doubtful.

Response points

- We don't see the added value as doubtful. To serve the balance between Strands that is a key to the Agreement, Implementation Bodies need to have a strong impact and profile. The transport planning work ~~prepared~~ *prepared* for the Body is particularly