



Subject:	EU Exit: Proposed Economic Study and Briefing
Date:	21st May, 2021
Reporting Officer:	John Greer, Director of Economic Development
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Restricted Reports	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Sometime in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

Call-in	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

1.0	Purpose of Report or Summary of main Issues
1.1	The purpose of this report is to set out the process and resource implications around a study on economic opportunities on the island of Ireland to be gained through new trading and economic relationships, following a request raised at the April 2021 meeting of the Council.
2.0	Recommendations
2.1	If the Committee is minded to approve the study, the Members of the Committee are asked to recommend that, in accordance with the Council decision of 4th May, the Chief Executive exercise her delegated authority to: i. agree that officers work up terms of reference for approval by the Brexit Committee;

	<ul style="list-style-type: none"> ii. agree that officers bring back a costed proposal; and iii. agree that officers explore the potential for cost sharing with another statutory or academic body
3.0	Main Report
3.1	Members will be aware that, following the UK's exit from the EU, there are new processes in place governing trading relationships between Northern Ireland and GB and Northern Ireland and the European Union. The EU-UK Trade and Cooperation Agreement (TCA) was approved in April and sets out a framework for the UK and EU's future relationship. It sets out arrangements in areas such as trade in goods and services (including financial and legal services), digital trade, intellectual property, public procurement, aviation and road transport, energy, fisheries, social security coordination and collaboration on scientific research and collaboration, thematic issues, health collaboration, participation in EU Programmes.
3.2	In addition to the TCA, under the NI Protocol arrangements, NI remains in the EU's single market for goods. This allows goods to flow to and from NI to ROI and the rest of the EU without customs checks, tariffs or new paperwork. The EU's rules on customs and regulation of agri-food products continues to apply to goods arriving in NI. The Protocol covers a wide range of areas: human rights, the Common Travel Area, the Single Electricity Market, limited state aid provisions, regulation of manufactured goods and VAT and excise.
3.3	Invest NI has set out its position for trade and investment, noting that Northern Ireland continues to have access to the Great Britain (GB) and the EU markets for goods and that "this dual market access position means that Northern Ireland can become a gateway for the sale of goods to two of the world's largest markets and the only place where businesses can operate free from customs declarations, rules of origin certificates and non-tariff barriers on the sale of goods to both GB and the EU".
3.4	The implementation of the new trading relationships has clearly brought challenges. In April 2021, QUB released the results of an opinion poll undertaken on their behalf which demonstrated that public views are evenly split over whether the protocol is overall positive for Northern Ireland (43%; 44% disagree) although 65% of respondents acknowledged that particular arrangements for Northern Ireland are necessary to manage Brexit.
3.5	At the beginning of May 2021, Manufacturing NI released the results of the first survey of member businesses since EU exit. This demonstrated that while 1 in 4 businesses are struggling with post-Brexit operations, only 19% of respondents want the protocol to be

replaced. The survey noted that the most significant challenges for manufacturing businesses at present related to supply chain issues and the availability of raw materials as well as current uncertainties related to both Brexit and ongoing impact of Covid-19.

3.6 At the April 2021 Council meeting, it was agreed that a report on the potential for commissioning an economic study to explore opportunities on how best to exploit the unique position of Belfast (post EU exit) would be brought back to a future meeting of the Strategic Policy and Resources Committee. It was also agreed that a briefing session be held – to which all members would be invited – to receive an update on the work that had already been done by council officers and other agencies on this issue, and that relevant economic experts be invited to contribute to the discussion. It is suggested that in considering terms of reference for the study, if agreed, that this could be added to the agenda for the Brexit Committee with an invitation to other members to attend.

Economic Study

3.7 In terms of the economic study, it is important to note that the protocol and other instruments apply at a Northern Ireland level and therefore it will be important to engage with and take account of any work being undertaken by the Department for the Economy and/or Invest NI in this field. Areas of focus for a Belfast study may include:

Trade:

- Analysis of current export activity for Belfast-based firms (subject to data availability) – by volume and destination
- Assessment of potential impact on trade levels taking account of new governance structures (excluding Covid implications)
- Consideration of specific support required to help local businesses to maximise trade opportunities arising from new governance arrangements, including budget implications of the investment (details to be provided for NI/ROI; NI/GB: NI/EUE; NI/RoW).

Foreign Direct Investment:

- Forecasting global FDI trends for the coming five years, with a focus on those key sectors that have contributed most significantly to recent employment growth in Belfast

	<ul style="list-style-type: none"> • An assessment of the implications of EU exit on the ability to continue to attract FDI in each of these sectors, including economic modelling in terms of jobs, salary levels and GDP • Assessment of emerging opportunities in existing and/or new sectors to be targeted, based on new operating environment and Belfast's existing economic offer, to include consideration of investments such as City Deal • Consideration of the role of city government in supporting Invest NI in this work, including specific recommendations on areas of investment and support to be developed • Consideration of potential new opportunities (sectors/FDI locations) that may arise from the new trading arrangements, including relative assessment of Belfast's ability to capitalise on these opportunities and investment required to do so • Consideration of implications for city positioning work, including target markets and locations.
3.8	<p>Subject to further refinement of the terms of reference for this work – including engagement with other partner organisations – it is estimated that the costs associated with the study would be in the region of £80-£100k. Members will be aware that the Brexit Committee does not have a budget. At this point, no budget has been set aside in any departmental estimates to carry out this work. Ultimately approval will need to be sought from SP and R following consultation with the Director of Finance and Resources.</p>
3.9	<p><u>Financial and Resource Implications</u></p> <p>The costs associated with undertaking the research study are likely to be in the range of £80-100k. Members are advised that there has been no budget set aside within this financial year to cover the costs associated with this work. However if members decide to agree to the recommendations of this report a further report will come back with proposed terms of reference and detailed costings.</p> <p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p>
3.10	<p>Equality/good relations implications to be considered as part of the brief.</p>
4.0	<p>Documents Attached - none</p>