

BREXIT Discussion Forum



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The Issues

The loss of EU funding of £500m pa. from the EU along with the projected £500m p.a, loss of Barnett Formula funding after April 2018 when devolved Corporation Tax is introduced. A loss of £1bn p.a. is damaging to a £28bn economy

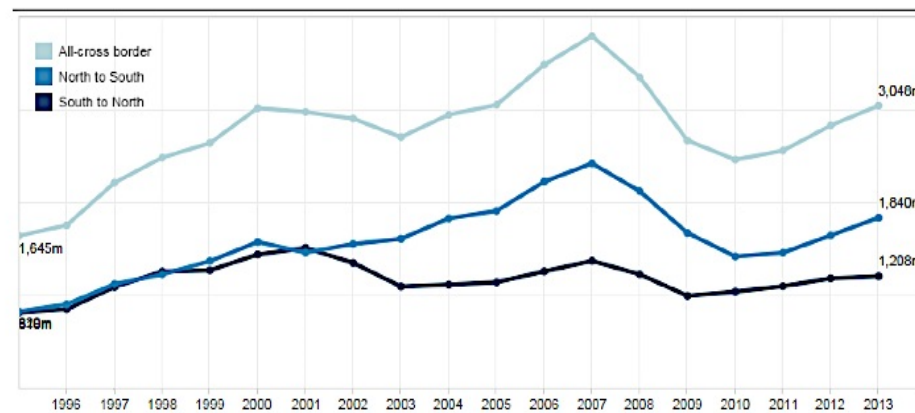
NI has two world class universities and the EU contributes nearly £4bn net p.a from the R&D budget most of which goes to UK universities. The loss of this net EU contribution may inhibit important all-Ireland research in the areas of renewable energy, agri-business and sustainable fisheries: all crucial to the whole of the Island of Ireland

BREXIT will undermine the logic of devolved CT to a rate equivalent to the Republic of Ireland in that the relative costs in of inward investing firms in the North will rise as BREXIT will increase transactions costs (cost of doing business) across the border.

The Issues II

- Trade is an important issue but as 50% of EU trade is between firms regionally based Global Value Chains (GVCs) are crucial, whose linkages and spillovers across the whole of Ireland to the rest of EU could be broken;
- Northern Ireland has a competitive advantage in attracting high level and low level value-added FDI but needs to attract more medium level to balance its portfolio. This would be reduced with BREXIT;
- Greater real and virtual connectivity is an important component of sustaining this form of Foreign Direct Investment (FDI) and the linkages between MNCs and local firms.
- This is also important for sustain local demand - NI has the highest level of sustainable high-growth start-ups in the UK given the impact on local demand from BREXIT this position would be difficult to maintain.

- *Budgetary contribution:* UK Net Contribution to EU Budget is £11.1bn in 2015 declining in following years. It accounts for 0.76% of UK national income and about ¼ of Northern Ireland's. Northern Ireland receives nearly £2.5bn (2007-13) from EU funding with respect to agriculture, structural funds and the PEACE programme. EU net contribution to UK university research of £3bn p.a;
- *Trade:* Slight balance of payments surplus with Republic of Ireland



17% of ROI exports to UK and 45% of UK trade with EU. BUT trade is not the one key issue but overall integration within a 500m market in which large economies and scale and scope can be realised in all sectors (music!).

Narrow Focus on Economic Factors II

- *Foreign Direct Investment*: crucial for MATRIX sectors
Telecommunications & ICT; Life & Health Sciences;
Agrifood; Advanced Materials; Advanced Engineering;

Value added	% of FDI projects attracted (2006 -10)			% of new jobs attracted (2006 -10)		
	NI	UK	ROI	NI	UK	ROI
Very High	44.3	39.4	46.7	37.3	20.4	41.6
High	12.1	15.8	16.1	16.5	16.8	11.2
Medium	14.1	18.0	15.8	10.5	13.4	18.9
Low	16.8	17.5	16.9	6.0	36.1	19.8
Very Low	12.8	9.2	4.5	29.7	13.4	8.5

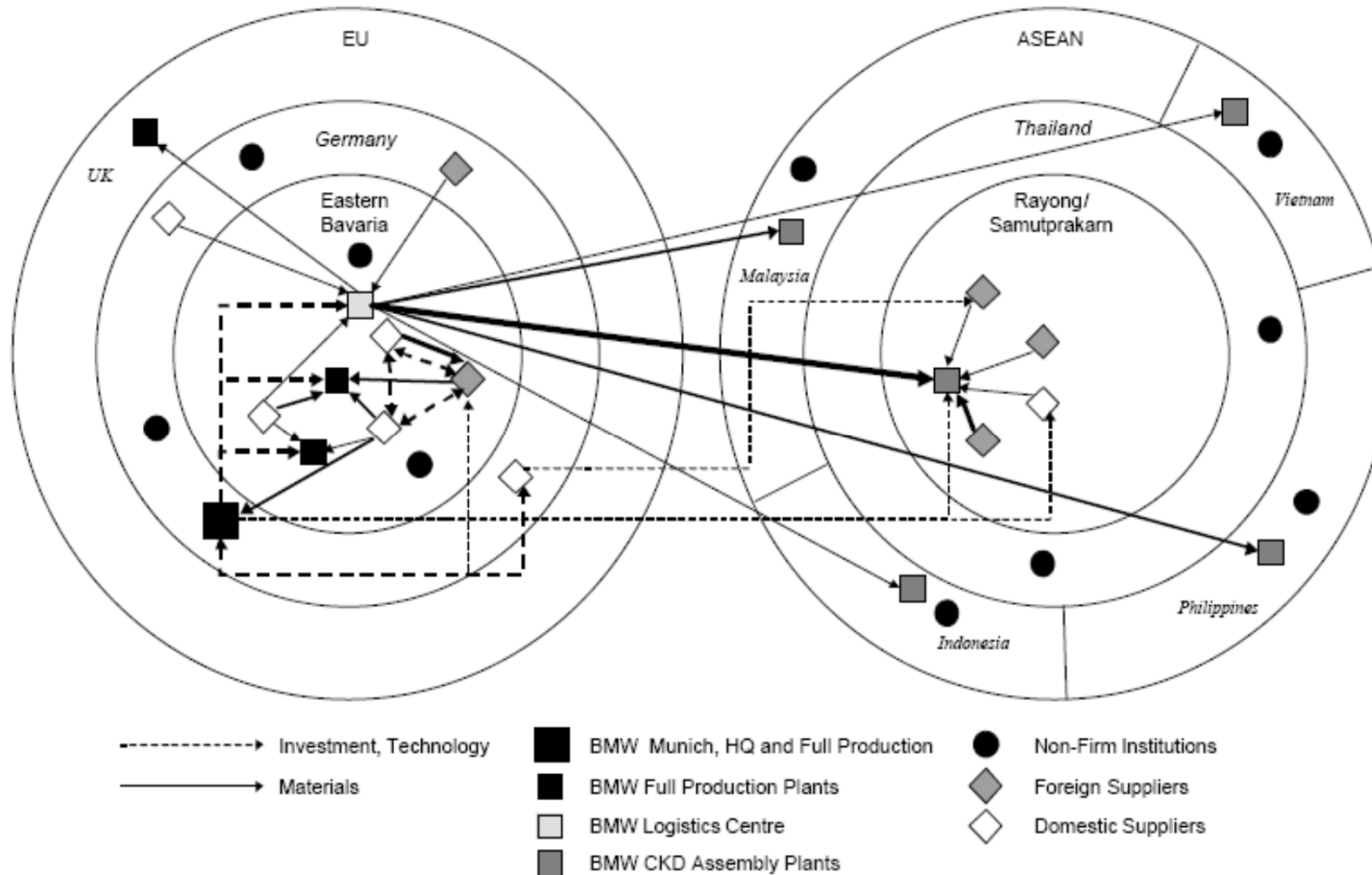
Also for utility of reduced Corporation Tax rate from 1st April 2018 and the changing the effective rate of doing business across border with ROI and gaining advantage of all-Island market and beyond in EU;

Especially the case in examining the role of Global Values Chains (GVCs) in integrating economic activities in a large economic space.

Importance of GVCs as integrators

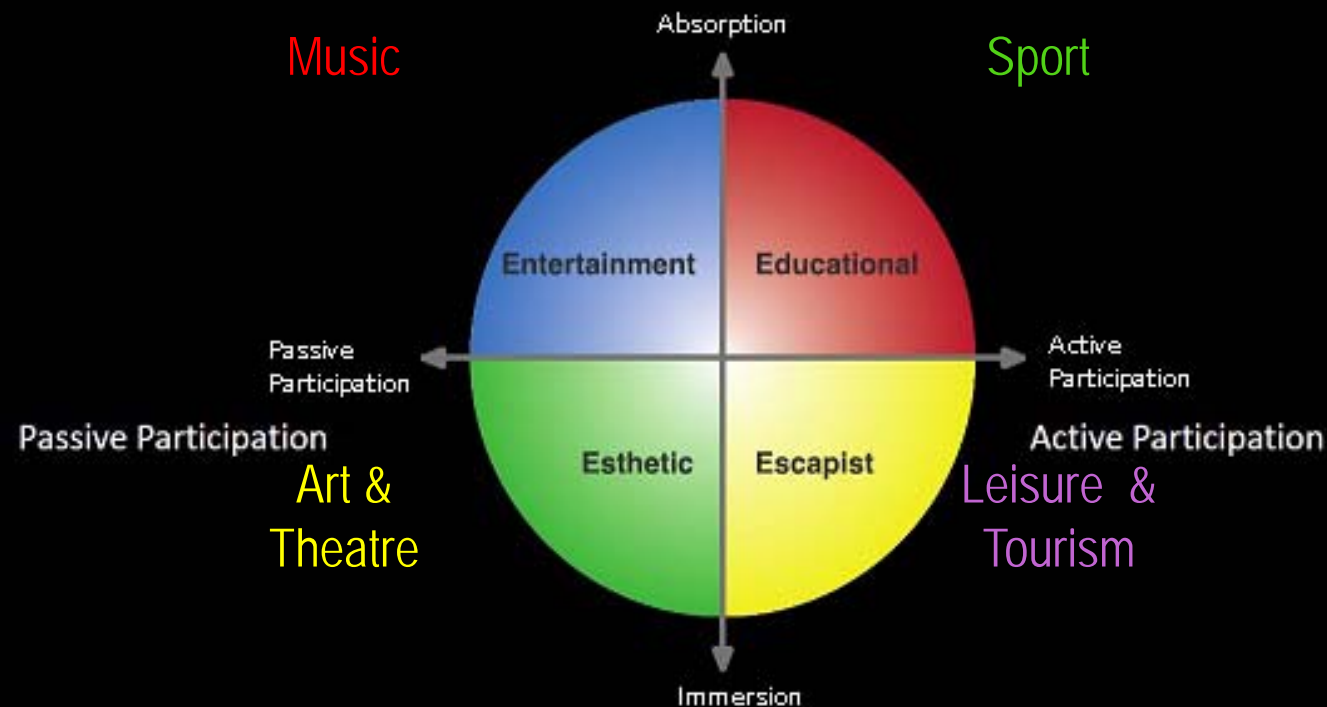
- International production, trade and investments are increasingly organised within so-called global value chains (GVCs) where the different stages of the production process are located across different countries;
- Globalisation motivates companies to restructure their operations internationally through outsourcing and offshoring of activities;
- Firms try to optimise their production processes by locating the various stages across different sites. The past decades have witnessed a strong trend towards the international dispersion of value chain activities such as design, production, marketing, distribution, etc;

Similarly the OECD has noted the high level of cross-border innovation that is related to branch plants of Multi-National-Corporations (MNCs) focused on exports. In case of Northern Ireland GVCs are crucial in regard to sustaining cross-border co-operation and employment.



But all apply to The Experience Economy

Value in the Experience Economy



In which Northern Ireland Excels



Lasting Musical Heritage as Culture of Identity



!ENIGMA!



The Economy of Northern Ireland's Music Industry



Business School

- Music is a crucial part of the creative industries and experience economy in Northern Ireland (NI);
- it contributes almost £70m in annual gross value added (GVA) to the local economy (£25bn annually) , and;
- A further £8m generated through music related tourism;
- It is also a fundamental expression of culture and identity and a source of inspiration for the whole population;
- Important linkages to other parts of experience economy as well as design, film, video, graphics; publishing intellectual property; digital and vinyl production; professional services and other performance activities;
- Essential cultural and cross-border linkages to wider EU GVCs;



Strategically positioning Music as Cultural Capital within Europe



“A creative and vibrant music sector that achieves consistent and sustainable economic growth contributing to wealth creation and to a positive image of Northern Ireland on the world stage”.

- Opportunity to create new GVCs based upon music and wider culture linkages and spillovers;
- Demonstration effect of multi-dimensional linkages of economy and culture in Derry-Londonderry as European City of Culture, 2013.



Northern Ireland's Alternative Future



Business School

- Northern Ireland has amply demonstrated its alternative that is a lesson to all former conflict areas;
- For the younger generation, the European dimension of their lives is a given but also the deeper and wider attractiveness of Northern Ireland's music and culture to other Europeans;
- Northern Ireland's music is central to the culture underpinning the dynamism of the *Experience Economy*. It would be a shame if it was diminished.
- Finally, there is an inter-generational issue in the whole of the UK with respect to the cost burden of higher education, housing and employment opportunities all of which could worsen under BREXIT with consequences of out-migration by the younger and more educated section of NI's population.