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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND TO THE
EUROPEAN PARLIAMENT**

on the Report of the Northern Ireland Task Force

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1. Introduction

The consolidation of peace in Northern Ireland is a matter first of all for the people of the region. But there is clearly also an important European dimension given that the people of Northern Ireland are citizens of a European Union that is founded on the principles of peace, stability and prosperity. This is why the Commission was particularly pleased to be invited to support the peace process in Northern Ireland, in particular, by helping the region in its efforts to improve its economic competitiveness and to create sustainable employment for its people. The Commission is particularly encouraged by the priority that has now been attached to economic development in Northern Ireland by the political leadership.

A key moment in the peace process was the re-establishment of a devolved administration in Northern Ireland in May 2007 based on the sharing of power between communities that have been deeply divided over recent decades. This historic event means that Northern Ireland has the potential to become an example of how deep political divisions can be permanently overcome, and how a more open, tolerant and democratic society can be created even in the most difficult of circumstances. It was also in May 2007 that, in the course of a visit to Northern Ireland, the President of the Commission, José Manuel Barroso, announced his decision to establish a Task Force inside the Commission, under the authority of Commissioner Danuta Hübner, in order to support the peace process, with particular emphasis on how to generate more growth and jobs in line with the Union's overall Lisbon Strategy¹. The NITF represents, in effect, a new and closer partnership between Northern Ireland and the Commission services as the region's long period as major recipient of European regional aid is gradually phased out, and where it will increasingly rely on its own resources.

In the annex to this Communication, the report on the results of the work of the Northern Ireland Task Force (NITF) is set out. Overall, the report confirms that Northern Ireland, in emerging from a prolonged period of conflict, faces many challenges of a socio-economic nature. While many of the headline economic indicators, for example, in relation to unemployment rates or GDP per head, compare very favourably today with the averages for the Union, the region bears the imprint of the period of conflict: a high dependence on the public sector, an inclination against risk-taking and a low level of entrepreneurship, the negative image of the region to international investors, and a high proportion of the population not engaged in economic activity. At the same time, the stability which has now been achieved provides the opportunity for a step-change in economic performance. It is against this background that the NITF has been examining how the region can become more involved in EU policies in order to help move the economy up the value chain and to enter the top league of innovative regions. As explained below, in parallel to the analytical work, a number of initiatives are already underway.

¹ http://ec.europa.eu/growthandjobs/pdf/integrated_guidelines_en.pdf.

2. The remit of the Northern Ireland Task Force.

The specific remit of the NITF is to support efforts in Northern Ireland to improve competitiveness and create sustainable employment, mobilising the services of the Commission most concerned with the competitiveness and sustainable employment agenda². Particular importance is attached to reducing dependence on the public sector and to creating a more dynamic private sector. In taking this remit forward, and in preparing this report, the NITF symbolises a new partnership between the administration in the region and the Commission as well as being an attempt to stimulate a qualitative change in the region's fortunes. In operational terms, the NITF has:

- undertaken, against a background of an analysis of the socio-economic profile of the region, a detailed stocktaking of the achievements of Northern Ireland in different EU policies, especially over the previous planning period, 2000-2006, set where appropriate in a comparative context with other parts of the EU;
- formulated, on the basis of this stocktaking, suggestions and recommendations on how the administration, the private sector, universities and research institutes and other economic actors can contribute to, and benefit more from, Europe.

The Northern Ireland authorities have been consulted throughout the period since the NITF was established and in the preparation of this report. The authorities in the Republic of Ireland have been closely associated. Key players in Northern Ireland have also been consulted including the local members of the European Parliament, the voluntary sector, and the social partners.

3. Northern Ireland in the framework of EU policy

In the specific policy areas examined in detail in the report, a general conclusion is that Northern Ireland, although apparently less involved in EU policies than the rest of the UK and Ireland, has a creditable track record in general. First and foremost, the region has been able to draw down considerable financial support for investment under EU cohesion policy. There has been long-standing EU financial support for Northern Ireland as one of the priority "Objective 1" regions. In the period 2000-2006, the six programmes (including the 'Building Sustainable Prosperity' and the PEACE II programme) received EU aid of some EUR 2.2 billion to which was added the EU contribution to the International Fund for Ireland. One of the innovative features of EU cohesion policy in Northern Ireland has been the PEACE programme, first established in 1995, specifically targeted on support for joint projects of a socio-economic nature with the view to assisting peace and reconciliation between the two communities. For the current planning period, 2007-2013, Northern Ireland has 6 programmes with a financial contribution of EUR 1.1 billion, including a continuation of the PEACE programme. Through the programmes, the Union has been able, and will continue, to contribute to the improvement of the quality of life of the population.

The region has also been active in other EU policy areas, as detailed in the annex. For illustrative purposes, certain important achievements can be highlighted. In the field of enterprise policy, Northern Ireland has been active in supporting business and innovation through its INVEST-NI agency, the Euro Info centres and the Innovation Relay Centres. The

² DGs AGRI, EAC, EMPL, ENTR, ENV, FISH, RTD, TREN, SG together with the European Investment Bank

Belfast Innovation relay centre is regarded as one among the five best performers in the EU-wide network, measured in terms of promoting transnational technology transfers having, with only a small team, acted as mediator for twenty-eight such transfer operations.

In the field of research policy, under the Sixth Framework programme (2000-2006), Northern Ireland was able to participate along with 161 partners in 146 research contracts, drawing down EUR 33.4 million from the EU budget. In the field of the environment, success stories include the action plan to reduce nitrates, and, in cooperation with Ireland, the preventive action in the field of illegal exports of waste.

In the field of employment and equal opportunities, given the unique experience of Northern Ireland, members of the region's equality authority participate in the steering committee overseeing the Commission's study of multiple discrimination, while NGOs from the region participate actively in anti-discrimination networks.

At the same time, in a forward-looking perspective, the region needs to do more to address the weaknesses of a socio-economic nature, and here a deeper involvement with EU policies, and with the services of the Commission represented in the NITF, are a source of support. In particular, economic prosperity today, in Northern Ireland as elsewhere, is no longer based on the kind of regional specialisation that made Northern Ireland one of the most dynamic regions in a global context at the end of the nineteenth and early twentieth centuries. This classical economy of *places* has been supplanted by an economy of *flows* of labour, capital, ideas and knowledge so that, more than ever, insertion into national, European and global networks has become important for economic competitiveness.

In raising levels of competitiveness, a key challenge is to dynamise the private sector and encourage the formation and development of new businesses. While there has been much progress in this field in Northern Ireland, it is felt that more could be done not only to support start-ups, but also to help sustain competitive enterprises over time.

Part of the effort in this respect is concerned with the development of closer links between business and the main sources of innovation: the universities, research institutes and other sources of knowledge and research, not just in the region but in the wider European context. In addition, increasing competitiveness depends fundamentally on qualified human resources, including the development of the linguistic and other skills needed to deepen relations with the rest of Europe, and indeed beyond. While educational standards in Northern Ireland are high, there are ongoing concerns about the educational attainment gap between those emerging with low or poor qualifications and the high performers. In the context of efforts to reinforce the knowledge economy in Northern Ireland, it is clearly important to exploit the human potential of the region to the full. Linked to this is the need to bring a greater proportion of the population into economic activity, notably by raising and up-grading the skills levels, by promoting risk-taking and enterprise and hence the creation of new small businesses or self-employment. Together with ongoing efforts to increase participation in the labour force on the part of inactive and marginalised groups, this would also improve the situation in Northern Ireland with regard to social inclusion and contribute to the fight against poverty.

There are also needs in more traditional fields. Among those that have been highlighted is the need to continue the process of modernisation of the agri-food sector which remains an important activity for the future of the region. In addition, a legacy of the past is that resources for investment in certain infrastructures have been lower than what might otherwise have been

the case. This includes infrastructure for transport, and environmental infrastructure in view of increasing concern about the decline in the traditionally high quality of water where there are needs covering water and waste management and investment in eco-innovation and environmental research.

4. The work of the Northern Ireland Task Force, May 2007 – March 2008

As indicated above, the NITF, in parallel with its analytical work, has cooperated closely with the authorities in Northern Ireland since May 2007 in pursuit of the growth and jobs agenda. First, the Commission services gave priority to obtaining rapid decisions on the new generation of socio-economic development programmes for 2007-2013:

- By the end of 2007, five out of the six programmes had been agreed: PEACE III, the Competitiveness and Employment programme, the Northern Ireland European Social Fund programme, the territorial cooperation programme with Western Scotland and Ireland and the rural development programme. The decision on the fisheries programme, which is organised nationally for the whole of the UK, is expected to be taken in the coming months, assuming the programme is submitted according to the agreed timetable.
- The total financial allocation from the EU for the six programmes is over 1 billion euros. The significance of the decisions taken on the programmes is that they cleared the way for the payment of advances in 2007 of EUR 42 million, which will help the region to kick-start the new round of investment.
- Most encouragingly, the new ERDF Competitiveness and Employment programme, which is the largest of the six, with EU financial support of EUR 473 million, together with the Social Fund programme with EU support of EUR 165 million, have been set firmly within the context of the Lisbon agenda in the sense that more than 85% of the resources have been earmarked for investments directly targeting competitiveness. The Commission looks forward to the implementation of these important European programmes, with the prospect that Northern Ireland will become an example of best practice in the EU in using European regional policy to deliver the growth and jobs agenda.
- In an effort to increase the level of resources available for investment, the Commission has encouraged the authorities to explore the possibilities for loan-based financial support through the JEREMIE and JESSICA initiatives for SME and urban development, respectively. Contacts have already been held with the European Investment Bank (JESSICA) and the European Investment Fund (JEREMIE) to explore the possibilities.
- In addition, in the light of the major industrial closure (the Seagate factory), attention was drawn by the NITF to the new European Globalisation Adjustment Fund, which if the necessary criteria are met, can help to finance the costs of retraining, etc.

Second, the NITF has worked closely with the Northern Ireland administration in an effort to bring the region more firmly into EU networks:

- **Networking with the Commission.** Contacts with the Commission departments have been established on a more systematic basis and, as a result, there is improving awareness in Northern Ireland of the different possibilities offered by the EU policies and on how to

compete for support in different fields. A number of actions are under consideration or already underway in this regard:

- An early example was that of the call for tender under the Union's **transEuropean transport networks (TEN)** policy where, in the past, the region had expressed relatively limited interest. By bidding in the framework of the UK proposal for the TEN-Transport programme, 2007-2013, the region secured support for a road project with an EU grant of €10.64m. The support rate will be the highest in the UK at 16% of total cost, compared to 5% for other UK road sections.
 - In the field of **the knowledge economy**, the possibilities offered by the **Seventh Framework Programme** for the universities, research centres and the private sector represent a particular priority for the region. The Commission supports the authorities in Northern Ireland on the principle of concentrating participation in calls for proposals in fields where the region enjoys particular strengths: aeronautics, nanotechnologies, information society, food quality and services. In the field of small businesses, the possibilities offered to enterprises under the **Competitiveness and Innovation Programme** have been highlighted, in particular, under the **eco-innovation initiative** and in the field of **financial engineering**. In parallel, in the light of the important human resources dimension to the development of the knowledge economy, attention has been drawn to increasing Northern Ireland's participation in the different EU education, training and youth-related initiatives. The record suggest that more could be done to prepare Northern Ireland's students for involvement in the **ERASMUS** programme, which offers the possibility for students from the region to develop language and other skills through studying in institutions in other EU Member States.
 - In the field of the **environment and energy**, contacts with the Commission have revealed potential interest in EU transport and energy programmes (**Concerto, Intelligent Energy, Civitas**) which could help to reinforce the important steps already taken by the region in the field of renewable energy and energy efficiency, while there is more scope for involvement in the framework of the sustainable development strategy through projects supported financially under **Life+**.
 - Other actions underway include a peer learning seminar on EU **employment and social policy** which is scheduled for April 2008. Preparatory work is also well advanced for a conference on antidiscrimination which will take place in Belfast in early June 2008.
 - In addition, in the important domain for Northern Ireland of **agricultural policy**, the promotion of quality food has been identified as a priority using geographical denominations. Accordingly, applications for **quality food schemes** have been prepared and their submission to the Commission is imminent.
- **EU-financed network programmes.** The attention of Northern Ireland has been drawn to the opportunities for participation in **EU network programmes**. In particular, the region has expressed interest in taking the lead role in a network supported under the *Regions for Economic Change* initiative which is co-financed by the European Regional Development

Fund. This is the first time NI has put itself forward as leading player, which reflects the fact that NI is gaining confidence in its own capacities in an EU context.

- **Sharing experience with other regions.** Northern Ireland has been encouraged to share its specific - and in many ways unique - experience in the field of conflict resolution with other regions. In this regard, a first step was taken with the organisation in October 2007 of a specific workshop in the annual regional event held in Brussels, known as **the Open Days**, on the theme of the PEACE experience in Northern Ireland in comparison with experience in Cyprus and the Western Balkans. As taken up again below, there is much interest in Northern Ireland in developing this area of activity into some form of **European institutional facility for conflict resolution**.
- **Combining forces with other regions.** As part of its integration into the less formal networks that characterise the EU economy, Northern Ireland has been encouraged by the NITF to engage, and exchange experience, with other regions on its own initiative. To start the process off, the NITF organised contacts with the successful Helsinki Innovation Strategy.

5. Northern Ireland and the Northern Ireland Task Force: next steps

As a result of the work of the NITF, as indicated above, a number of important leads have been identified for the region to follow-up. The Commission proposes to maintain the NITF in order to accompany the region in this work, and to monitor progress. As part of the effort to ensure its success, the exchange of officials, including for short periods, is envisaged. The Northern Ireland Office in Brussels will also have an important role to play in this regard.

The NITF will also continue to seek to raise the awareness in Northern Ireland regarding new European programmes, events and fora that could be of interest to the region.

The NITF will also support the region in its declared objective of becoming more involved in the shaping of the EU policies. This implies a change of perspective and role, from the status of a region receiving EU financial assistance to that of player in the development of the EU policy agenda. Success in this regard will depend on the national context through which consultation on EU policy is organised, although the NITF can help by ensuring that the authorities and other actors are fully informed, for example, using the Commission's office in Belfast.

Finally, as indicated above, the Northern Ireland authorities have expressed an interest in promoting the development of a facility to provide research and advice on the theme of conflict resolution. The role of such a facility, its organisation and sources of finance are under active consideration in Northern Ireland, taking account of the fact that there are already existing initiatives in this direction within the region itself and in Ireland. The Commission services have recognised the potentially valuable contribution which the experience of the Northern Ireland peace process could make in conflict prevention, resolution and peace building in other parts of the world, and have responded positively to a request from the authorities to examine together the ways forward. For example, within the context of the ongoing policy dialogue between the European Union and third countries and the rules that govern the current support programmes as well as in the specific context of the dialogue with countries such as China, Russia and Brazil on regional policy, the Commission will draw attention to the specific contribution of the PEACE programmes to social and economic development. It could be envisaged that this would give rise to cooperation with

third countries specifically on peace and reconciliation issues as promoted under the PEACE programmes and which could benefit from expertise gathered within Northern Ireland.