



## DEBATE PACK

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# The Northern Ireland Economy

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## Summary

This pack has been prepared ahead of the debate on **the Northern Ireland economy** to take place in Westminster Hall on 11 May 2016 at 4:30pm. The subject for the debate has been chosen by David Simpson MP.

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The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

# 1. Background

The table below shows Northern Ireland's performance in a range of economic indicators measured against the UK national average. For further information see the House of Commons Library briefing paper [Regional and National Economic Indicators](#).

		Northern Ireland	UK
<b>Population</b>			
2014	000s	1,841	64,597
<b>Economy</b>			
Total GVA, 2014	£ billions	34	1,618
GVA per head, 2014	£	18,682	24,958
Economic Growth, 2010-14	Real terms % change	2.9%	8.2%
<b>Forecast economic growth (real terms)</b>			
2015	% change on year	1.9%	2.7%
2015-25	Average % change on year	2.2%	2.7%
<b>Labour market, December 2015 - February 2016</b>			
Employment level	000s	834	31,409
Employment rate	Rate, %	68.9%	74.1%
Unemployment level	000s	56	1,696
Unemployment rate	Rate, %	6.3%	5.1%
Weekly earnings, 2015	£, Full time weekly	485	528
<b>Industries - employment, Q4 2015</b>			
Manufacturing	% of workforce jobs	10.0%	7.8%
Public sector	% of employment	25.7%	17.0%
<b>House prices, February 2016</b>			
Average	£	157,000	284,000
Annual change	% change on year	2.4%	7.6%
<b>Fiscal indicators</b>			
Government spending per head, 2014/15	£s	11,106	8,913
Median income tax paid, 2012/13	£s, taxpayers only	2,120	2,360
<b>Businesses</b>			
Number of businesses, 2015	000s	117	5,389
New businesses, 2010-2013	000s	17	1,113

Northern Ireland ranks below the UK national average on a range of economic indicators; some headline figures are highlighted below:

- In 2014/15 Northern Ireland had the highest level of government spending per head of all regions and countries of the UK at £11,106 compared to £7,756 in the South East.
- Northern Ireland recorded the lowest total economic output in the UK in 2014 at £34 billion. However, using economic output per head figures, Northern Ireland was ranked above both Wales and the North East.
- Northern Ireland had the lowest employment level in the UK for the most recent quarter (December 2015 – February 2016) at 68.9%, compared to a national rate of 74.1%. In the same quarter, Northern Ireland's unemployment rate was 6.3%, above a national rate of 5.1%.
- Northern Ireland had the highest level of public sector employment in Quarter 4 2015, with 25.7% of the workforce engaged in public sector employment.
- Northern Ireland has an above average percentage of workforce jobs in the manufacturing sector at 10%.
- Northern Ireland had the lowest level of labour productivity in the UK in 2014.
- Average weekly earnings in Northern Ireland in 2015 were slightly above those in Scotland and Wales, but below the national average.
- Northern Ireland has the lowest average house prices in the UK.

A briefing by the Northern Ireland Assembly Research and Information Service ahead of the 2016-17 Executive Budget summarised Northern Ireland's recent economic performance and long term trends thus:

Despite returning to positive growth since the recent recession, the NI economy continues to experience faltering growth relative to the UK average... To sum up, NI can be viewed as having a low growth, low productivity, and low wage economy, with the additional problem of high levels of economic inactivity that are apparently resistant to positive changes in the economic cycle.<sup>1</sup>

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<sup>1</sup> Northern Ireland Assembly Research and Information Service Public Finance Scrutiny Unit [Executive Budget 2016-17: Northern Ireland Economic Context](#), pg. 12

## 2. Press Articles

The following is a small selection of recent press and media articles which may be relevant to this debate. Please note: the Library is not responsible for either the views or accuracy of external content.

[Will our new Assembly rise to the challenges we face?](#)

Belfast Telegraph

3 May 2016

[Whoever wins the regional elections, the economy will be the loser](#)

Daily Telegraph

2 May 2016

[A vote to remain in EU would be best for Northern Ireland economy, say 72% of accountants in new survey](#)

Belfast Telegraph

22 April 2016

[Next Stormont Executive must work to re-industrialise north's economy says new MNI report](#)

Irish News

24 March 2016

[Claims of £25bn Irish reunification boost 'fantasy economics'](#)

News Letter

23 March 2016

[Bombardier job cuts: the Executive has failed economy](#)

Belfast Telegraph

22 February 2016

[Manufacturing 'at the centre' of new economic strategy, minister pledges](#)

Belfast Telegraph

22 February 2016

[Momentum of economic recovery under threat, says Finance Department](#)

Belfast Telegraph

19 January 2016

[Fight for jobs as Northern Ireland to slash corporation tax to match Republic](#)

Belfast Telegraph

18 November 2015

[Northern Ireland shows no sign of bowing to austerity push](#)

Financial Times

5 May 2015

[A new kind of trouble: With the guns mostly silent, Ulster can begin to deal with its lamentable economy](#)

The Economist

24 January 2015

[Theresa Villiers announces plan to give Northern Ireland corporate tax control](#)

Financial Times

8 January 2015

## 3. Press Releases

### Northern Ireland Composite Economic Index (NICEI)

Northern Ireland Statistics and Research Agency, 14 April 2016

The NICEI is an experimental quarterly measure of the performance of the Northern Ireland (NI) economy based on available official statistics.

Latest results - published 14th April 2016:

- The Northern Ireland Composite Economic Index (NICEI) results show that NI economic activity was estimated to have increased by 0.4% in real terms between Quarter 3 (July – September) and Quarter 4 (October – December) 2015. The index also increased by 0.9% over the year (Quarter 4 2014 to Quarter 4 2015) in real terms.
- Over the last two years annual output, (averaged over the four quarters to Quarter 4 2015 compared to the previous four quarters) increased by 1.4%. Although the measures are not produced on a fully equivalent basis, comparisons with the UK over the same period show that the NICEI grew at a slower rate (1.4%) compared to UK GDP growth (2.3%).
- The NI private sector was estimated to have grown by 0.7% over the quarter, by 2.0% over the year to Quarter 4 2015, and by 2.3% for the whole of 2015, compared to 2014.
- The Public sector jobs index decreased by 0.5% over the quarter, and is now at its lowest level since the series began in 2002. As previously reported, the index has been impacted by the Voluntary Exit Scheme (VES), currently being implemented by the Northern Ireland Civil Service, which will see an ongoing reduction in the number of public sector employees.
- The NICEI is currently 3.1% above the minimum reached in Quarter 3 2012.

### Chancellor's Budget delivers for Northern Ireland

HM Treasury, Northern Ireland Office, The Rt Hon George Osborne MP and The Rt Hon Theresa Villiers MP, 16 March 2016

Northern Ireland is thriving as part of the UK. Since early 2010, employment has grown with 51,000 more people in work and lower unemployment. Earnings grew faster than any other UK region over the past year.

The Budget confirms an additional £220 million of funding through the Barnett formula for the Northern Ireland Executive, thanks to the prioritisation of frontline services and support for business through the rates system in England.

The Budget also announces that the income tax personal allowance will be £11,000 from April this year, and increase to £11,500 in 2017-18. The income tax higher rate threshold will be £43,000 this year and rise to £45,000 in 2017-18, a £2000 increase. These changes mean that by 2017-18, 800,000 individuals in Northern Ireland will gain by £182 and a total of 35,000 individuals will have been removed from income tax altogether, compared to 2015-16. 14,000 individuals will no longer pay the higher rate of income tax compared to 2015-16.

The government also remains committed to the devolution of corporation tax rate-setting powers to the Northern Ireland Assembly – but in producing a budget after the May elections, the Executive need to demonstrate continuing progress towards sustainable finances if we are to meet their 2018 ambition.

The government has supported the Northern Ireland Executive with significant additional funding and flexibility as part of the Stormont House Agreement and Fresh Start implementation plan. The Executive's 2016-17 budget demonstrates that this money is being spent to improve infrastructure, including major road schemes and Belfast city centre transport projects. Northern Ireland will also benefit from a range of additional support set out in the Budget including:

£4.5m funding towards a helicopter emergency medical service (HEMS) for Northern Ireland.

Legislation to ensure that investors in the Executive's pilot Enterprise Zone near Coleraine will be able to benefit from Enhanced Capital Allowances.

The Chancellor of the Exchequer, George Osborne said:

If the UK is to be fit for the future, we need to ensure our great nations have real incentives to grow the private sector, and reap the rewards when they do.

So my Budget today puts the next generation of Northern Ireland first with a tax cut for over 800,000 people by 2017-18 thanks to an increase in the income tax personal allowance and higher rate threshold.

But we haven't stopped there. I'm delighted to announce that we are providing £4.5 million towards the launch of a Helicopter Emergency Medical Service for Northern Ireland – it will no longer be the only region of the UK which does not benefit from this life-saving service.

A thriving Northern Ireland is crucial to our plans to ensure we are providing economic security to everyone across the UK and with earnings growing faster than any other region we must continue to back its strengths to make it fit for the future.

This is a Budget that delivers on our plan for working people in Northern Ireland and sets out the next steps in building a stronger Northern Ireland economy.

The Secretary of State for Northern Ireland, Theresa Villiers, said:

Today's Budget will help to safeguard Northern Ireland's economic security in a turbulent world. People across Northern Ireland will particularly welcome the delivery of our manifesto commitments to raise tax thresholds for basic and higher rate taxpayers, delivering tax cuts for over 800,000 people. I am delighted that the Chancellor has also been able to provide significant support for the Helicopter Emergency Medical Service for Northern Ireland.

Since early 2010 there are over 51,000 more people in work in Northern Ireland, with the unemployment register down 40 per cent from its peak. This Budget will ensure that Northern Ireland continues to benefit from the Government's long term economic plan and from being part of a strong United Kingdom which is set to be the fastest growing advanced economy in the world this year.

Over the past year this Government has taken great strides in helping to deliver greater political and financial stability in Northern Ireland through the Stormont House and Fresh Start Agreements. This Budget will take us further towards our goal of a brighter, more secure future for Northern Ireland.

### **PM: Northern Ireland is better off in a reformed EU**

Prime Minister's Office, 10 Downing Street, The Rt Hon David Cameron MP and Northern Ireland Office, 22 February 2016

Northern Ireland is better off in a reformed European Union, the Prime Minister has said ahead of his first visit to the region since the date of the EU referendum was announced.

With more than 60% of Northern Ireland exports going to the EU, the Prime Minister today warned that leaving the single market of 500 million people would be a "leap in the dark".

And with the United Kingdom's only land border with another EU member state, he warned that access to trade and investment from the EU is particularly important for Northern Ireland.

Speaking ahead of his visit, the Prime Minister said:

I'm clear that the people of Northern Ireland, and the whole UK, are better off in a reformed European Union.

More than 60% of Northern Ireland's exports go to the EU, and around 40% of its investment comes from the EU. Putting that at risk is a leap in the dark.

The Prime Minister also highlighted the importance of the EU to Northern Ireland's large farming sector, saying:

It's vital that the voices of Northern Ireland's farmers are heard in this debate. They want security and certainty. I've never argued the EU is perfect, but I believe a reformed Europe gives them access to a huge single market and an income that helps them keep food prices low for families.

Those who want the UK to leave the EU need to give answers on their alternatives.

**Key facts: EU and the Northern Ireland economy**

- the Treasury estimates 50,000 jobs in Northern Ireland could be linked to trade with the rest of the European Union
- since 1998, the value of Northern Ireland's exports to the EU has increased by over 50% in real terms
- exports of food and livestock products and road vehicles more than trebled in real terms over the same period

## 4. Parliamentary Material

### 4.1 Parliamentary Questions

**Northern Ireland Office: Economic Situation: Northern Ireland** [[PQ 904526](#)]

**Asked by Kate Osamor**

**Asked on 12 April 2016**

To ask the Secretary of State for Northern Ireland, what steps the Government is taking to strengthen the Northern Ireland economy.

**Answered by Mrs Theresa Villiers**

**Answered on 20 April 2016**

The Government's long-term economic plan is strengthening the Northern Ireland economy.

Last year legislation was passed to allow the devolution of corporation tax rate-setting powers.

This could bring benefits for an estimated 34,000 companies of all sizes in Northern Ireland.

#### [Inward Investment: HC Deb 20 April 2016: Column 901 – 902](#)

**Maria Caulfield**

What steps the Government are taking to encourage inward investment in Northern Ireland. [904512]

**The Secretary of State for Northern Ireland (Mrs Theresa Villiers)**

Before I answer the question, I would like to convey my condolences to the family of Adrian Ismay, the prison officer who sadly died as a result of a terrorist attack in the period since our last Northern Ireland questions. I would like to extend the same condolences to the family of Michael McGibbon, who was brutally murdered in north Belfast, in an attack that has all the hallmarks of a paramilitary assault.

To encourage inward investment in Northern Ireland, the Government have reduced UK corporation tax to the joint lowest in the G20 and legislated to enable the devolution of rate-setting powers to Northern Ireland. Working with the Executive, we are also making progress on the establishment of a new enterprise zone near Coleraine.

**Maria Caulfield**

I echo the sentiments of condolence expressed by the Secretary of State, and I thank her for her reply. What benefit does she think this inward investment will bring to the local economy of Northern Ireland? In particular, what steps are being taken to ensure that all communities will benefit from it?

**Mrs Villiers**

There has been significant investment in Northern Ireland in recent years, and it continues to perform beyond many parts of the United Kingdom. Recent good news includes 110 new jobs for Cookstown from CDE; 74 new jobs in Belfast from HighWire Press; and about 70 new jobs in Fermanagh and Omagh. Invest NI reports that it has promoted 37,000 new jobs since 2011 and delivered £2.6 billion of investment to the local economy, benefiting all parts of Northern Ireland.

**Dr Alasdair McDonnell (Belfast South) (SDLP)**

I thank the Secretary of State for her answers so far. She will be aware that key Northern Ireland companies such as Allstate and Almac have had to look outside Northern Ireland to recruit suitably skilled staff in recent times. Has she any suggestion as to how we might ensure a suitable supply of potential staff who are skilled up to take advantage of opportunities offered by inward investment?

**Mrs Villiers**

I agree with the hon. Gentleman that a skilled workforce is crucial for attracting inward investment. Northern Ireland has an excellent workforce, with many highly-skilled individuals, but there is always more that can be done. The UK Government have invested significantly in apprenticeships, which is reflected in Barnett consequentials to the block grant. I know that apprenticeships are also something the Northern Ireland Executive take very seriously, and they are delivering many of them.

**Mr Laurence Robertson (Tewkesbury) (Con)**

Does the Secretary of State agree that airport connectivity is a vital tool in attracting inward investment? Given that Dublin has announced that it will be increasing its airport capacity by 2020, is it not time Her Majesty's Government took a decision on airport capacity in the south-east of England?

**Mrs Villiers**

Yes, the Government will be making a decision on the expansion of airport capacity in the south-east in due course. We are clear that new capacity is needed and that a decision will be made shortly.

**Ian Paisley (North Antrim) (DUP)**

May I personally thank the Secretary of State for the efforts she made in helping to secure a £67 million contract for the Wrights Group in Ballymena, which was very well received there, and for the work she did behind the scenes in securing that contract? Like me, is she appalled, however, by the scare stories and scare tactics being deployed by the remain campaign, which are turning people away from investment because they are scared of the consequences and all this hate activity that is going on? Will she, like me, ensure that, irrespective of the outcome on 23 June, every effort is made to make sure that moneys

released to the United Kingdom will be used to attract inward investment in Northern Ireland?

**Mrs Villiers**

I thank the hon. Gentleman for his question and his comments on my role in relation to the Wrightbus contract. I did press Transport for London hard to go through with that contract, because I think it is important for job opportunities in Northern Ireland and so that we can have great buses for my constituents. On his question about the referendum, I think it is important for all sides to address the facts of the debate in a measured way, so that on 23 June the people of this country can make a judgment based on the objective facts of the situation.

**Economic Development: HC Deb 2 March 2016: Column 936-937**

**Karl McCartney (Lincoln) (Con):** What recent discussions she has had with Ministers of the Northern Ireland Executive on economic development in Northern Ireland.

**The Secretary of State for Northern Ireland (Mrs Theresa Villiers):** I hold regular discussions with Executive and Government Ministers on a range of economic issues. Our long-term economic plan continues to deliver for Northern Ireland: the economy is growing, there are 46,000 more people in employment today than in 2010 and wages are up by more than 5% over the year.

**Karl McCartney:** I welcome the recent news that 10,300 fewer people in Northern Ireland were claiming jobseeker's allowance last month than in January 2015. Does my right hon. Friend agree that that is a clear indication that the economic pact is working?

**Mrs Villiers:** The economic pact that was signed between the Executive and the Government means that we are working more closely than ever before to rebalance the Northern Ireland economy and boost jobs. Unemployment is down by more than 40% from its peak in February 2013 and progress is being made towards implementing the devolution of corporation tax, which shows that working together between our two Administrations is effective in delivering for Northern Ireland.

**Mr Nigel Dodds:** I welcome the very good news on the economy in Northern Ireland, but in the light of the recent job losses in the manufacturing sector in Northern Ireland, with companies identifying high energy costs as one of the impediments to manufacturing growth, will the Secretary of State say what she is doing, along with the Executive, to tackle that issue?

**Mrs Villiers:** I have discussed that matter with the Executive and companies such as Michelin on many occasions, and I appreciate their concerns. It is also right to acknowledge the grave concern that people

affected by redundancies at Bombardier will have. It is important to acknowledge that Bombardier is clear that that was part of a global restructuring, and that there was nothing that the Government or the Executive could have done to change its decision. However, it is also worth noting that manufacturing in Northern Ireland is strong and growing.

**Mr Dodds:** For our part, as leaders in the Northern Ireland Executive, we will continue to drive forward economic growth in conjunction with the Government here. Tourism is a major and important factor in driving that growth, and the Executive have invested heavily in, for example, Titanic Belfast and bringing major events to Northern Ireland. Will the Secretary of State help us by reducing VAT on tourism and air passenger duty? That would really drive forward our region economically.

**Mrs Villiers:** The right hon. Gentleman will, of course, know that EU law constrains us from reducing VAT on those matters. However, I am committed to doing all I can to bring more tourists to Northern Ireland, which is a fabulous place to visit. In particular, the Executive's investment in Titanic Belfast has been an outstanding success.

**Dr Alasdair McDonnell:** I thank the Secretary of State for her answers so far. However, although she can speak eloquently, and we are all very pleased about the economic development that has taken place, does she agree about the need to work more closely with Northern Ireland MPs and the Executive to establish a much more robust economic strategy to regenerate the economy and stimulate job creation, rather than a series of disconnected policies?

**Mrs Villiers:** Closer working between Ministers and MPs is always desirable. The economic pact gives us a strong platform for doing that. We have brought the economic pact implementation into line with the process for implementing the fresh start and Stormont House agreements, and that gives even more scope for working closely with the hon. Gentleman's party and others to ensure that the Northern Ireland economy thrives into the future.

#### [Economy: HC Deb 2 March 2016: Column 940](#)

**Paula Sherriff:** What steps the Government are taking to strengthen the Northern Ireland economy.

**The Parliamentary Under-Secretary of State for Northern Ireland (Mr Ben Wallace):** The Government remain committed to working with the Executive and rebalancing the Northern Ireland economy. The Government's long-term economic plan is working and delivering for Northern Ireland: the economy is growing; there are 46,000 more people in employment than in 2010; and wages are up more than 5%.

**Paula Sherriff:** The Government recently set up an independent National Infrastructure Commission to ensure a long-term view on key

infrastructure projects. What work is the Minister doing to ensure that the infrastructure commission is of benefit to the Northern Ireland economy, and can he name some specific infrastructure projects that it will undertake?

**Mr Wallace:** My right hon. Friend the Chancellor has been in touch with Andrew Adonis to ensure that the commission is UK-wide. I am also delighted that, because of the efforts of the Government and the Northern Ireland parties through the fresh start agreement, the Northern Ireland Executive are well on their way to investing in new infrastructure for Northern Ireland, including hopefully work on the A5, the M2, the A6 up to Derry, and Northern Ireland will get a 21st century road network that will improve economic development.

[\*\*Exports: HC Deb 2 March 2016: Column 931-933\*\*](#)

**Chris White:** What recent discussions she has had with Ministers of the Northern Ireland Executive on increasing the level of exports from Northern Ireland.

**The Parliamentary Under-Secretary of State for Northern Ireland (Mr Ben Wallace):** The Secretary of State and I hold regular discussions with Executive Ministers on a range of issues impacting the Northern Ireland economy. I welcome the recent visits to Northern Ireland by the Prime Minister, the Minister for Small Business, Industry and Enterprise and the Mayor of London to see at first hand the businesses and people who make the country's strong export record a reality.

**Chris White:** I welcome the Government's ambition to increase the number of companies in the UK that export by 100,000 by 2020. What steps are being taken, alongside the Executive, to ensure that Northern Ireland plays a major role in achieving that target?

**Mr Wallace:** As a consequence of both the Northern Ireland Executive's efforts and this Government's long-term economic plan, I am delighted to report that Northern Ireland's exports have grown 4% over the year—higher than any other country in the United Kingdom.

**David Simpson:** The Secretary of State will be aware that the agri-food sector in Northern Ireland employs something in the region of 100,000 people. Will she assure us that she will work alongside Ministers in the Department for Environment, Food and Rural Affairs to try to find new markets, which are essential to the agri-food sector, such as India, Mexico and Brazil?

**Mr Wallace:** The hon. Gentleman is right about the importance of the agri-food business. Indeed, on Monday night my right hon. Friend the Secretary of State and I met Moy foods, one of the biggest employers in Northern Ireland. New markets around the world are key to growing the agri-food business, not only in the EU but in China and elsewhere. That

is why I am delighted that in May the GREAT campaign to promote Britain and United Kingdom exports will be visiting Northern Ireland.

I look forward to working with the Northern Ireland Executive to help that promotion to go from strength to strength.

**Deidre Brock (Edinburgh North and Leith) (SNP):** Will the Secretary of State commit to commissioning research into the possible effects of leaving the EU on Northern Ireland's exports and wider economy? Will she further commit to making a statement to the House on the economic effects on Northern Ireland of a UK withdrawal from the EU thereafter?

**Mr Wallace:** The Government are very clear that being in the EU makes us better off, stronger and safer. I do not think that we will be diverted by commissioning external reports about what may or may not happen. The United Kingdom knows exactly what being in the EU looks like, because we are in it now. The reforms that my right hon. Friend the Prime Minister has got will achieve that goal.

**Ms Margaret Ritchie (South Down) (SDLP):** Earlier this week, a Cabinet Office report was published that stated that leaving the EU would result in the imposition of customs checks at the Irish border. Do the Minister and the Secretary of State accept the assessment of the Cabinet Office? What impact do the Government expect customs checks to have on Northern Irish exports to the south—and this is being positive?

**Mr Wallace:** Of course, as a member of the Government, I accept the Cabinet Office's views. We should not forget that Ireland and the United Kingdom have a long-standing agreement, the common travel area, which would mean that certain barriers would not be in place. However, should we leave the European Union, we will be outside the customs union, and that will inevitably lead to some form of extra barriers to trade.

**Vernon Coaker (Gedling) (Lab):** I do not know how the Minister keeps a straight face in some of his answers. It is no wonder that the Secretary of State is again avoiding answering these questions on the economy. Has the Minister discussed with Executive Ministers the survey by the Northern Ireland chamber of commerce, which showed that 81% of businesses in Northern Ireland support continued EU membership? Is it the case that there is little surprise in that finding, given that 60% of Northern Ireland's exports—a higher percentage than in any other part of the UK—go to the EU?

**Mr Wallace:** My right hon. Friend the Secretary of State and I discussed that with the Northern Ireland chamber of commerce at a reception on Monday night in Northern Ireland. If the hon. Gentleman wants to know how I keep a straight face, let me tell him that I look across the Dispatch Box at two Labour Members who are in favour of replacing Trident, and I remember that their leader has no intention whatsoever of using it or replacing it. *[Interruption.]*

**Mr Speaker:** I do not think that that is germane to the matter of exports from Northern Ireland.

**Vernon Coaker:** We are all amazed by the Minister's response. That really was going to the bottom of the barrel to try to find something to say.

Building on the question asked by my hon. Friend the Member for South Down (Ms Ritchie), has the Minister discussed with Ministers in the Executive the fact that more than a third of exports to the EU—well over £1 billion a year—go to the Republic? She referred to a report. The Government report was published today, and her remarks are supported by the Newry chamber of commerce. There are very real concerns about customs checks having to be put in place at the border, because that would be a border between the UK and the EU. I discussed that last night in Belfast with Nigel Farage. We had a big debate about it. Let me say to the Minister that it deserves a better answer than, "It'll be all right on the night."

**Mr Wallace:** I think I would rather have seen Adele last night, who is playing in Belfast, than Nigel Farage.

The United Kingdom Government believe that we are better off, stronger and safer if we stay in the EU. Of course we do not want barriers to further trade. We recognise the importance of trade across the border to the Republic of Ireland. I can say that my right hon. Friend the Secretary of State and I are absolutely united in making sure that Northern Ireland business prospers and does the best it can, because this Government's long-term economic plan will ensure that exports and domestic trade flourish.

[\*\*Northern Ireland: Economic Development: HC Deb 20 January 2016: Colum 1397 - 1400\*\*](#)

**Jake Berry:** What recent discussions she has had with the Northern Ireland Executive on economic development.

**The Parliamentary Under-Secretary of State for Northern Ireland**

**(Mr Ben Wallace):** Last week, the Secretary of State and I met the Executive parties to review the implementation of the Stormont House and fresh start agreements, and the economic pact. Commitments include devolving corporation tax and rate-setting powers, if sustainable Executive finances are secured. This has the potential to have a truly transformational impact on the local economy.

**Jake Berry:** I congratulate the ministerial team and the Department on their success in the creation of the economic pact, which has such a direct impact on Northern Ireland. What further steps can be taken to ensure that the Executive remain focused on how they can deliver those objectives?

**Mr Wallace:** The best thing we can do is to celebrate the fact that, under the recent spending review, the Chancellor put in place measures to see a 12% rise in real-terms funding for capital projects by 2021. That will mean over £600 million more will be available than if we had frozen funding at 2015-16 levels. That is good news for Northern Ireland infrastructure. Hopefully, it will mean the A5 and the A6 will start to progress and we can open up Northern Ireland for more foreign investment.

**Ms Margaret Ritchie:** Does the Minister agree with the CBI and the trade union movement that the UK's exit from the European Union would be damaging to economic development in Northern Ireland? Will he encourage his colleague the Secretary of State to argue for a yes vote?

**Mr Wallace:** There is a temptation in front of me. What I would say is that to date membership of the European Union has been good for Northern Ireland. I support the Prime Minister's efforts to achieve reform. A reformed EU is where the United Kingdom wants to be: an EU that works for the benefit of everyone in the United Kingdom. If we can achieve that, we can take advantage of being neighbours of Ireland, one of Northern Ireland's biggest economic partners, to make sure that the economy goes from strength to strength.

**Mr Laurence Robertson:** Later this week I will have the pleasure of visiting Royal Portrush golf course in Northern Ireland, which has been awarded the 2019 Open golf championship for the first time since 1951. Does the Minister agree that this is a tremendous achievement and opportunity for Northern Ireland? Will he work closely with the Executive and the golf club to ensure that it is a success similar to that in Scotland last year, which brought £140 million into the economy?

**Mr Wallace:** I am struck by how much effort Northern Ireland has made in trying to secure becoming the new home of golf. The marketing and promotion of golf courses in Northern Ireland is a real strength. *[Interruption.]* I know Scottish nationalists are so insecure about everything that they may take issue with that, but what is good for Northern Ireland and golf is also good for golf in Scotland. It will go from strength to strength. Major sporting events, whether horse-racing or golf, bring in real money in today's economy.

**Mr Speaker:** The Chair of the Select Committee wishes to undertake a practical inspection of the course.

**Mr Nigel Dodds:** I am sure we all look forward to visiting the Open in 2019.

Further to the Minister's answer on infrastructure, will he undertake to speak to the National Infrastructure Commission and Treasury colleagues about transport links between Northern Ireland and the rest of the UK? This is an important issue. Infrastructure spending is vital for the development of Northern Ireland's economy. This would be a very good way to ensure that more investment came to Northern Ireland.

**Mr Wallace:** I and my right hon. Friend the Secretary of State are determined to maintain air links. For example, when British Airways purchased Aer Lingus, we both had conversations with it over the past few months to ensure there was no degrading of the service provided to people at both main airports in Northern Ireland. We will work very hard, in partnership with the Executive, to maintain it. We should also point out that today's economic figures for Northern Ireland are tremendously successful. It is the eighth successive month of growth, according to the Ulster bank purchase managers' index. Over the year, the claimant count is down by 11,000 in Northern Ireland, a fall of 22.1%, outstripping the rest of the United Kingdom.

**Mr Dodds:** I join the Minister in welcoming that news, and I certainly pay tribute to colleagues on the Northern Ireland Executive for their excellent work on the economy and the new First Minister's commitment to making economic growth her first priority.

At the last Northern Ireland questions, the Secretary of State undertook to speak to the Chancellor about linking Northern Ireland to the northern powerhouse. This is a very important initiative, and I would welcome any news of progress on that front. Will the Minister update the House?

**Mr Wallace:** My right hon. Friend the Secretary of State has spoken to the Chancellor, who I think is considering the matter as we speak. I fully support the initiative. As a Lancashire MP, I certainly know the importance of our links with the west, including the Isle of Man and Belfast, via the ferry at Heysham, for example. I think we can both work to our mutual advantage on the northern powerhouse.

**Deidre Brock:** Further to the question from the hon. Member for South Down (Ms Ritchie) about EU membership, would the Minister care to comment on a study by an Irish think-tank last year that said:

"Estimates...suggest that a Brexit could reduce bilateral trade flows between Ireland and the UK by 20 per cent."

and that

"the expected impact of Brexit is likely to be more significant for Northern Irish exporters to Ireland"?

**Mr Wallace:** The hon. Lady asks if I would like to comment. The answer is no.

**Vernon Coaker:** The Minister will know that there is very real concern in Northern Ireland about the impact of withdrawal from the EU on trade, investment and funding for various projects, as other Members have already mentioned. An Economic and Social Research Institute report at the end of 2015 said that a Brexit would have "very serious consequences" for the Northern Ireland economy. Has he discussed this matter with the Northern Ireland Executive?

**Mr Wallace:** Obviously I have regular discussions with Ministers in the Executive and the south of Ireland. Of course, an economic free zone in the EU, which we are part of, is important to our trade, not only for

England but in Northern Ireland. The ability of the 34,000 businesses in Northern Ireland to trade without barriers across the border to the south is very important to its economy. That is why the Prime Minister wants Britain to remain in a reformed EU. The first thing we can do is wait to see what those reforms are.

**Vernon Coaker:** Notwithstanding that, the Minister will know there are very serious concerns in Northern Ireland about a possible Brexit, particularly because it is the only part of the UK with a land border with another EU country. Will he reassure the Executive and the people of Northern Ireland on this matter, in view of the mixed messages on Brexit emanating from the ministerial team? In particular, I am talking about his views, as opposed to the Secretary of State's.

**Mr Wallace:** There is no mixed message. Both I and my right hon. Friend are keen for the EU to produce some reforms, as is the Prime Minister in his strategy. Perhaps the hon. Gentleman knows—perhaps he has a special hotline—what reforms the EU will agree. When those reforms are presented to the House, we will be able to make a decision. For my part, I believe that in the past membership of the EU has been good for Northern Ireland.

## 4.2 Written Statements

**Building a Prosperous and United Community: 2016 Progress Report: Written statement - [HCWS577](#)**

**Made by: Mrs Theresa Villiers (Secretary of State for Northern Ireland), 3 March 2016**

Today the Government and Northern Ireland Executive have published a progress report on the Northern Ireland Economic Pact. The “Building a Prosperous and United Community: 2016 Progress Report”, highlights our successes since the Economic Pact was first signed in June 2013. I have placed a copy of this report in the Libraries of both Houses.

The Government and the Executive continue to work together to advance our shared aim to strengthen the private sector and rebalance the Northern Ireland economy. The economy is growing, there are 46,000 more people in employment today than in 2010, wages are up more than 5 per cent over the year, and exports are up 4 per cent.

Through the economic pact the Government and the Executive have helped deliver the Corporation Tax (Northern Ireland) Act 2015. This provides the legislation to devolve rate-setting powers to the Northern Ireland Assembly. The commencement of these powers is subject to the Executive demonstrating that its finances are on a sustainable footing for the long term. Through the Fresh Start Agreement the Executive reaffirmed its commitment to take the necessary actions to demonstrate this and also set out its intention to have a Northern Ireland rate of 12.5 per cent from April 2018.

Through the Joint Ministerial Taskforce on Banking and Access to Finance the Government has worked with the Executive to help deliver

approximately £60 million in finances to Northern Ireland businesses. The Green Investment Bank has now committed to invest over £70 million to projects in Northern Ireland and over 450 Start-Up Loans have been approved in Northern Ireland.

The Executive continues to make use of the additional borrowing the Government made available through the Economic Pact including to improve facilities at integrated primary schools and increased provision of shared housing. Last month the Ministry of Defence announced its intention to gift 59 surplus properties to the Executive. These properties will be used to increase the provision of shared housing and the Ministry of Defence will continue to explore whether it might be possible to transfer further surplus properties in the future.

The progress report also sets out the British-Irish Visa Scheme is now operating allowing recipients to travel to both Ireland and Northern Ireland on the same visa. There has now been approval for Government funding for a space propulsion test facility in Crossgar as well as a further €5.5 million for engine design in Northern Ireland. Furthermore the report sets out that Northern Ireland will significantly benefit from the Government's Regional Air Connectivity Fund.

The Economic Pact sets out a new approach for the Government and the Executive to work more closely on our joint objectives. We will continue to work hard towards rebalancing the Northern Ireland Economy and building a shared future.

## 4.3 Debates

### **EU Referendum: Northern Ireland**

[HC Deb 16 Mar 2016: Column 353WH – 362WH](#)

## 5. Further Reading

[Regional and National Economic Indicators](#), House of Commons Library briefing paper, May 2016

[Northern Ireland Composite Economic Index](#), Northern Ireland Statistics and Research Agency, April 2016

[Productivity in the UK](#), House of Commons Library briefing paper, April 2016

[UK Economic Outlook](#), Pricewaterhouse Coopers, March 2016

[Northern Ireland's Manufacturing: The Engine of Prosperity](#), Manufacturing Northern Ireland, March 2016

[Executive Budget 2016-17: Northern Ireland Economic Context](#), Northern Ireland Executive Research and Information Service, 6 January 2016

[Northern Ireland Economic Outlook: Measuring the Extent of the Recovery](#), Pricewaterhouse Coopers, January 2016

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